

# Oakleigh Flagship Equities Portfolio

## Quarterly Report – Q3 2022



### Investment Objective and Strategy:

The Oakleigh Flagship Equities Portfolio aims to generate returns in excess of CPI + 5% over rolling 5-year periods through a managed portfolio of Australian and international securities.

Stock selection focuses on growth and value securities with emphasis on companies that have a sustainable competitive advantage or business model with monopolistic traits, high sustainable cash flow generation or structural tailwinds.

Performance	Portfolio Return <sup>1</sup>	S&P/ASX 200 Accum Index	Excess Return
3 Months	-3.4%	+0.4%	-3.8%
1 Year	-5.1%	-7.7%	+2.6%
Since Inception (annualised) <sup>3</sup>	+8.4%	+6.4%	+2.2%

*Past performance is not a reliable indicator of future performance.*

## Commentary

Apart from a relief rally mid quarter, the September quarter saw the continuation of the downwards trend in markets that began in early 2022.

The Portfolio underperformed the S&P/ASX 200 during the quarter largely due to its exposure to property and gold sectors but continues to outperform its benchmark over the last year and since inception.

During the quarter, central banks continued their aggressive interest rate hiking campaign causing renewed pressure on the property and banking sectors. It is our view that central banks have acted way behind the curve with the rate rise cycle. While 'behind the curve' is entirely normal, we feel the aggressive double/ triple/ quadruple hikes will prove to be too much, too soon and may require a policy reversal. A central bank pivot as becoming more likely / getting closer, which should likely coincide with a low in markets.

Purchases made (predominantly early July & late September) include adding Cooper Energy (COE), ANZ Bank (ANZ) via acceptance of the Rights Offer, Evolution Mining (EVN), VanEck FTSE Global Infrastructure Hedged ETF (IFRA) & VanEck Vectors MSCI World Ex Australia Quality Hedged ETF (QHAL).

South32 (S32) was repurchased following a price decreased over 20% from the May exit. While Mineral Resources (MIN) was also repurchased a slightly higher levels than exited in May, with the aim of capturing the potential upside, given the increased likelihood of a strategic deal on their high-quality lithium assets.

Furthermore, new holdings Treasury Wines Estate (TWE), Steadfast Group (SDF) and Vicinity Centres (VCX) were added into the Portfolio.

As a result of acquisitions during the quarter, cash levels reduced from 16% to 4%.

## Top Performers

South 32 (S32)	+13%
Woodside Energy (WDS)	+7%
Cooper Energy (COE)	+4%
Wesfarmers (WES)	+5%
ANZ Bank (ANZ)	+5%

## Top Holdings

VanEck MSCI World Ex Aus Quality Hedged ETF (QHAL)	7.2%
Commonwealth Bank (CBA)	5.5%
Wesfarmers (WES)	4.2%
Woodside Energy (WDS)	4.2%
National Aust. Bank (NAB)	4.0%

*'Top Performers' - Total Returns (stock price gains plus distributions) over the quarter or for the period the stock position was held by the Portfolio during the quarter.*

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## Portfolio Details

### Investment Objective:

CPI + 5%p.a. over rolling 5-year periods

### Benchmark:

S&P/ASX 200

### Minimum Investment:

\$50,000

### Management Fee:

0.75%

### Performance Fee:

Nil

### Investments:

Australian shares and listed property International shares (via Exchange Traded Funds (ETF's) and managed investments)

### Indicative Number of Holdings:

15-30

### Suggested investment timeframe:

5 Years

### Availability:

- Macquarie Manager II
- Macquarie Consolidator II

# Stock of the Quarter

**VanEck MSCI International Quality Hedged ETF (QHAL)** is an Exchange Traded Fund (ETF) which efficiently delivers a portfolio of high-quality global equities for a competitive price.

The MSCI World ex Australia Quality Index is intended to capture the performance of quality stocks selected from the Parent Index, MSCI World ex Australia, by identifying companies with high quality scores based on three key fundamental factors: high return on equity; stable year-on-year earnings growth; and low financial leverage.

The quality factor captures durable businesses that generate earnings that are less susceptible to broader economic cyclicality, giving them a competitive edge.

Performance-wise, QHAL has a strong record from inception. Quality has done well over multiple periods, but investors should be careful not to extrapolate past returns.

QHAL offers a solid cost-value proposition too. At 0.43% pa, it may be a little more expensive than other passive options but remains more attractive than funds offered by the average active manager.

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## About the Portfolio Manager

Oakleigh Investment Management Pty Limited is the Portfolio Manager of several investment portfolios, including the Oakleigh Flagship Equities Portfolio. Oakleigh Investment Management is part of the Oakleigh Financial Services group, an Adelaide based, boutique financial services business with advisers who have been providing financial solutions to small business owners, families and high-net-worth clients since 2004. The group specialise in portfolio construction, asset allocation and investment management with a focus on equities. Oakleigh Investment Management is advised by the experienced investment professionals that comprise its Investment Committee.

### Performance

1. Performance is calculated before the Management Fees (but inclusive of indirect investment management fees). Assumes reinvestment of distributions and franking credits. Returns over periods longer than 12 months are annualised.
2. Based on CPI + 5% per annum where CPI is Consumer Price Index, Australia. CPI + figures shown here use the most recent published figure based on CPI data issued by the Australian Bureau of Statistics (ABS). The quarterly Target Return is calculated based on a quarter of the most recent publicised annualised CPI rate (due to the quarterly CPI not being released by the ABS for one month after the end of the latest quarter).
3. Inception Date 16 October 2020.

Past performance is not a reliable indicator of future performance. Oakleigh Investment Management does not guarantee the performance of the Oakleigh Flagship Equities Portfolio.

### Important information

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The disclosure document for the Oakleigh Flagship Equities Portfolio can be obtained at [macquarie.com.au/investing/macquarie-wrap](http://macquarie.com.au/investing/macquarie-wrap). For more information on services provided by the Oakleigh Financial Services group refer to the Financial Services Guide (FSG) at [oakleighfinancial.com/tcs](http://oakleighfinancial.com/tcs).



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