

Oakleigh 18.6 Strategic Investment Portfolio

Quarterly Report 30 September 2021



Investment Objective and Strategy:

The Oakleigh 18.6 Strategic Investment Portfolio (18.6 SIP) is an investment solution tailored to a philosophy driven by the long-term cyclical real estate and banking cycle.

The Portfolio aims to generate returns in excess of the MSCI World Index over rolling 5-year periods through a managed portfolio of Australian and international securities.

Performance	Portfolio Return ¹	Target Return ²	Excess Return	Average Cash Holdings
3 Months	+2.0%	+0.0%	+2.0%	40%
6 Months	+10.6%	+12.4%	-1.8%	41%
Since Inception³	+11.8%	+11.2%	+0.6%	40%

Past performance is not a reliable indicator of future performance.

Real Estate & Banking Cycle Stage

Transitioning to 'Early Second Half Expansion'.

As we transition out of the 'Mid Cycle Slowdown' stage of the underlying philosophy on which asset allocation is based, the Portfolio continues to hold a moderate cash position to preserve capital against further potential weakness in equity markets.

Quarterly Commentary

The MSCI World Index (global stockmarket barometer & Portfolio Benchmark) started and finished the quarter flat. During July & August the market continued to trend higher until early September when some broad weakness and volatility began, largely due to the focus on the demise of the Evergrande property group in China.

Preluding this, we had seen articles highlighting an implosion of the Chinese property group as early as late July. In addition, the company's bond holders had been pricing trouble for a long time (note the Shanghai index has trended up since late July). If it wasn't Evergrande, it would have been something else as the market moved into its 11th month of straight gains. More likely this was just the 'excuse' for a much-anticipated rest/correction.

Heading into September the Portfolio was positioned for possible weakness, holding more than 40% cash. The reality is we felt the market could have retraced significantly more and are surprised by its resilience to date.

Accordingly, the Portfolio started to selectively deploy capital in late September, focusing on businesses that will benefit from 'reopening' in Australia/NZ; Webjet, Servcorp, Auckland International. Other Portfolio additions included adding to legacy holdings such as Commonwealth Bank and REA Group, new holdings in Viva Energy, South32 and a small initial holding in Auswide Bank.

Top Performers

Sydney Airports	+31%
National Storage	+20%
Challenger	+19%
Uniti Group	+17%
Viva Energy	+15%

Top Holdings

\$A Cash	25.3%
Vaneck Vectors Australian Property ETF	5.4%
Commonwealth Bank	5.2%
Wesfarmers	4.9%
Uniti Group	4.4%

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

08 8470 9060

invest@oakleighim.com

Adelaide, South Australia

oakleighfinancial.com/oim

Portfolio Details

Investment Objective:

Returns In excess of Benchmark

Benchmark:

MSCI World Index

Minimum Investment:

\$50,000

Management Fee:

0.95%

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

Viva Energy (VEA)

There is a lot to like about Viva Energy's business. The firm enjoys a strategically advantageous infrastructure base from which it can refine, store, and distribute fuel across Australia. It has a market-leading position in Victoria, and near-market-leading positions in most other Australian states. It is the second-largest refined fuel supplier in Australia at 14.5 billion litres or 24% share of the 60 billion litre market overall, second only to largest player Ampol with approximately 27% share. It is also one of the most vertically integrated players in the country with the second-highest refining capacity, second-most comprehensive pipeline infrastructure, the highest number of fuel terminals, and third-largest number of retail sites.

- Viva operates in a highly regulated high barrier to entry industry with the 2 largest players representing 50% of fuel sales.
- Pricing is still considered to be highly competitive
- Prior to the governments proposal to subsidise the Geelong refinery, the asset had volatile cash flow. The proposal has removed the downside whilst leaving investors exposed to significant upside should refinery margins improve
- VEA largest shareholder is Vitol Energy Australia with 45.55%
- With an ungeared balance sheet and reliable medium term cash flows, VEA is well positioned to continue the share buy back and pay out significant portions of its profit to shareholders

About the Portfolio Manager

Oakleigh Investment Management Pty Limited is the Portfolio Manager of several investment portfolios, including the Oakleigh 18.6 Strategic Investment 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. The 18.6 Strategic Investment Portfolio is advised by Phil Anderson and Akhil Patel as specialists in the field of real estate and stock market cycles.

Performance

1. Performance is calculated before the Management Fees (but inclusive of indirect investment management fees). Returns over periods longer than 12 months are annualised.
2. Based the MSCI World Index (Accumulation).
3. Inception Date 5th March 2021.

Past performance is not a reliable indicator of future performance. Oakleigh Investment Management does not guarantee the performance of the Oakleigh 18.6 Strategic Investment Portfolio.

Important information

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Performance data provided is before fees and is sourced from Iress Portfolio System (IPS). Iress, a listed Australian technology company, is used by more than 9,000 businesses and 500,000 globally.

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The disclosure document for the Oakleigh Strategic Investment Portfolio ('Portfolio') can be obtained at 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.



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