

Oakleigh Flagship Equities Portfolio

Quarterly Report 31 March 2021

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 ¹	Target Return ²	Excess Return
3 Months	+4.34%	+2.15%	+2.19%
6 Months	N/A	N/A	N/A
1 Year	N/A	N/A	N/A
Since Inception³	+10.55%	+4.30%	+6.25%

Past performance is not a reliable indicator of future performance.

Commentary

The Australian market traded higher over the quarter, providing an approximate +4% return. Banks and resources were key drivers, while higher yield securities (aka bond proxies) saw pressure as global bond yields moved higher (making these yields relatively less attractive).

This weakness in property stocks was used an opportunity to add to holdings in GDI Property (GDI) and National Storage (NSR). Other major portfolio changes included:

- acceptance of the WAM Capital (WAM) scrip takeover offer for Amaysim (AYS)
- adding new holdings ASX (ASX) and Boral (BLD)
- trimming the Virgin Money (VUK) holdings after a significant rally
- removal of Australian Ethical (AEF) on valuation concerns

While the Investment Objective is not linked to outperforming the market, but rather long-term returns in excess of inflation, it was pleasing to see the Oakleigh Flagship Equities portfolio outperform the S&P/ASX Accumulation Index, despite the fact the portfolio held between 16-20% cash throughout the quarter.

Top Performers

Virgin Money	+52%
Australian Ethical	+36%
Elders	+26%
ANZ Banking Group	+24%
Telstra Corp.	+17%

Top Holdings

Cash	16.5%
Vaneck MSCI World Ex-Australia Quality ETF	7.4%
Commonwealth Bank	5.5%
Wesfarmers	4.9%
ANZ Group	4.0%

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

Boral Limited (BLD)

Boral Limited (BLD) is an international building products and construction materials group with three strong divisions- Boral Australia, USG Boral (now sold) and Boral North America. Boral's operations span 826 building and construction materials operating and distribution sites globally.

We assess Boral as having a competent management team and hold a favourable view that building activity will continue to improve and/or remain elevated for several years to come.

As such, we added Boral to the portfolio in early March when the stock dipped below \$5.50.

After the end of the quarter (1 April 2021), Boral announced the sale of USG Boral for A\$1.33b and announced a large on-market buy back (10% of outstanding shares over the next year). This asset sale puts Boral in a strong capital position for dividend increases and/or capital management in the future.

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 Management Fees (but inclusive of indirect investment management fees). Returns over periods longer than 12 months are annualised.
2. Based on CPI + 5% per annum. CPI = Consumer Price Index, Australia. CPI + figures shown here use 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

This Report is issued by Oakleigh Investment Management Pty Ltd ABN 59 640 392 516, Authorised Representative 1285 526 of Oakleigh Financial Services Pty Ltd. The information provided in this Report is general in nature and does not take account of your specific needs or circumstances. You should consider your personal situation and seek professional advice before making any financial decisions. Performance data is provided 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.

The commentary reflects Oakleigh Investment Management's views and beliefs at the time of preparation which are subject to change without notice. The information is provided in good faith and no representations or warranties are made by Oakleigh Investment Management as to its accuracy and reliability. To the extent permitted by law, no liability is accepted by Oakleigh Investment Management for any loss or damage as a result of any reliance on this information.

The disclosure document for the Oakleigh Flagship Equities 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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