

# Oakleigh Flagship Equities Portfolio

## Quarterly Report 30 September 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 <sup>1</sup>	Target Return <sup>2</sup>	Excess Return
3 Months	+4.2%	+2.2%	+2.0%
6 Months	+11.2%	+4.2%	+7.0%
Since Inception <sup>3</sup>	+23.8%	+8.2%	+15.6%

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

## Commentary

Australian markets again traded higher early in the quarter but reversed moderately in September neutralizing their earlier gains.

The Oakleigh Flagship Equities Portfolio generated a +4.2% quarterly return, performing favorably against our CPI+ 5% per annum Target Return and outperforming the S&P/ASX 200 Benchmark which returned a flatlined 0.0%.

The Portfolio entered the quarter with higher-than-normal cash levels sitting at 30%, as our concerns regarding an overdue share market correction were elevated. These concerns were justified seeing broad share market weakness in September.

At the end of the quarter the Portfolio cash levels had fallen to 20% as the Portfolio selectively added quality businesses at more favorable price levels.

Stocks acquired during the quarter include the new stock Viva Energy (VEA), an increase in the holding in Evolution Mining (EVN) and acceptance of the Transurban (TCL) via their Rights Offer Entitlement.

New additions late in the quarter included purchases of Auckland International Airport (AIA) and Mineral Resources (MIN).

All stocks were held through the quarter.

It is our view that the market weakness through September may continue and thus the Portfolio maintains a reasonable cash holding into the end of the quarter. Yet, we are cognisant there is substantial 'cash on the sidelines' looking to invest, and are not convinced any further weakness will be substantial nor long-lived.

## Top Performers

Sydney Airports	+42%
National Storage	+20%
Challenger	+19%
Medibank Private	+17%
Viva Energy	+15%

## Top Holdings

Cash	20%
Commonwealth Bank	5.9%
Wesfarmers	4.5%
WAM Capital	4.2%
Telstra	3.8%

*'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.*

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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

## 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

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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). 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 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).

