

# Oakleigh 18.6 Strategic Investment Portfolio

## Quarterly Report – December 2023



### 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 global share market over a rolling 5-year period through a managed portfolio of Australian and international securities.

Performance	Portfolio Return <sup>1</sup>	MSCI Index Return <sup>2</sup>	Relative Return	Ave Cash Holdings
Since Inception (per annum)	+4.6%pa	+7.6%pa	-3.0%pa	25%
Since Inception (absolute)	+13.0%	+21.4%	-8.4%	
1 Year	+6.9%	+23.8%	-16.9%	
3 Months	+4.8%	+11.4%	-6.6%	

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

## Real Estate & Banking Cycle Stage

### Second Half Expansion

As the cycle moves into 'Second Half Expansion' phase, the Portfolio is holding low cash, positioning in growth assets aiming to capture potential gains.

### Quarterly Commentary

The volatility in global equities escalated in the last quarter of 2023.

During October markets started to decline on renewed interest rate rise fears, compounded by uncertainty of the geopolitical situation in the Middle East would morph into a broader regional conflict.

The investment committee became concerned at the geopolitical backdrop and market behaviour (against bullish expectations) in October and made the decision to put a 'line-in-the-sand' for several of our holdings to ensure investor capital was protected.

By the latter weeks of October, several weaker holdings were exited and cash levels in the portfolio increased to approximately 40%.

At the end of October, the Middle East conflict started on the ground which simultaneously brought in a low. Once again, we are reminded of a quote from 1810 attributed to a Rothschild "buy on the cannons". However distasteful, the start of a widely anticipated conflict often brings in market lows, with a turning point in escalating uncertainty and fear.

After the initial market bounce (on easing fears of a wider Middle East conflict emerging), the market continued to rally aggressively on a switch in sentiment around inflation and interest rates. Finally, the rest of the world started to agree with our stated views that inflation and rates had peaked.

The timing of the sentiment shift was unfortunate given the increased Portfolio cash levels. The rally out of the October low was one of the fastest and hardest in decades and gave us limited time to re-establish long positions on a clear base/turn in the market.

Whilst we are disappointed the Portfolio did not capture more of the market's upside during the quarter (due to high cash levels in early November), we are not apologetic for focusing heavily on preservation of investors capital. The Portfolio will continue to maintain this focus as we move into the final phase of this cycle.

Notwithstanding, many Portfolio holdings displayed very strong returns in the quarter, and the majority have been seen on the 1-Year or All-Time-New-Highs lists recently.

Portfolio cash levels at the end of the quarter were back to under 10%.

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## 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

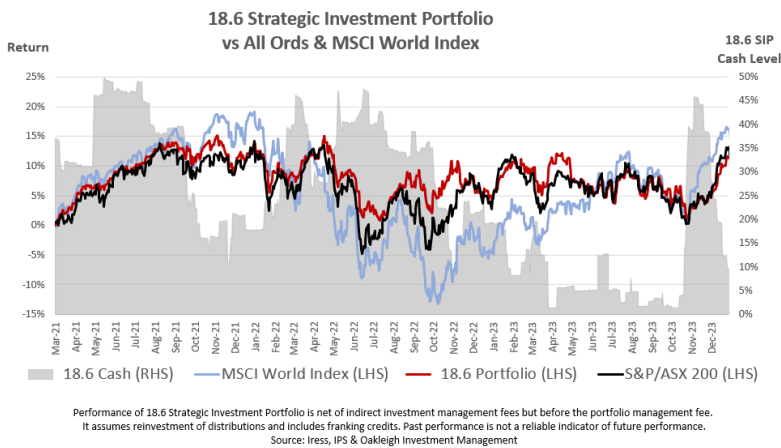
### Suggested investment timeframe:

5 Years

### Availability:

- Macquarie Manager II
- Macquarie Consolidator II

## Performance



Source: Iress and IPS.

Past performance is not a reliable indicator of future performance.

## Long Term Asset Allocation Outlook

Phase	Moderate Expansion	Mid-Cycle Recession	Strong Expansion	Bust/Deep Recession
Duration	5-7 Years	1-2 Years	5-7 Years	4 Years
Asset Class Tilts	Overweight Growth	Underweight Growth	Overweight Growth	Heavily Underweight Growth
		2020 - 2022	2023 - 2026/27	2027 - 2031

The chart reflects Oakleigh Investment Management's views and beliefs at the time of preparation which are subject to change without notice.

### Performance

- 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.
- Based the MSCI World Index.
- Inception Date 5<sup>th</sup> March 2021 (closing prices).

Performance data provided is sourced from Iress Portfolio System (IPS).

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

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 AFSL 501454. 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.

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. 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 Strategic Investment Portfolio ('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).

## Top Performers

Austin Engineering (ANG)	+25%
Ridley Corporation (RIC)	+22%
Boral (BLD)	+21%
Seven Group Holdings (SVW)	+18%
Reece (REH)	+17%

'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.

## Top Holdings

Cash	9.6%
Commonwealth Bank (CBA)	7.7%
BHP Group (BHP)	7.0%
Wesfarmers (WES)	6.8%
National Australia Bank (NAB)	6.8%

### About the Portfolio Manager

Oakleigh Investment Management Pty Ltd (Oakleigh Investment Management) 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.



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