

# Oakleigh 18.6 Strategic Investment Portfolio

## Quarterly Report – 1Q 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 MSCI World Index over rolling 5-year periods 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)	+5.4%pa	+2.7%pa	+2.7% pa	30%
Since Inception (absolute)	+11.2%	+5.7%	+5.5%	
1 Year	-1.1%	-7.0%	+5.9%	27%
3 Months	+5.2%	+7.7%	-2.5%	13%

*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

In our last quarterly report (as at [December 2022](#)) we stated: "Looking ahead we see possible continued/renewed volatility over the first quarter of 2023, but view any sharemarket weakness as a potential buying opportunity."

Furthermore... "Any first quarter 2023 market weakness is likely to be tied to how 'behind the curve' global central banks are in abandoning their interest rate rises."

In early March, while the market was softening mildly, inflation data was not softening as quickly as it was at the end of 2022, and a change in Central Bank direction was looking increasingly unlikely by the end of the quarter. Then the US Silicon Valley Bank & Credit Suisse collapses unfolded, creating an (unexpected) mini banking panic.

We note a couple of things we think are important in relation to the whole saga:

- The media content released during the SVB/Credit Suisse bank failure/s was prolific. Overnight, inboxes were filled with articles explaining why this was a reason to panic or 2008 all over again. Everyone was a banking, market crash and related recession expert overnight.
- The bank failures (to date) have been linked to poor operational exposures (exacerbated by the aggressive FED hikes) and not broad/systemic issues in the banking system linked to a downturn in land prices.
- US bond markets (pricing expectations for future interest rates) reversed materially, now pricing rate cuts over 12-24 months.
- **The US stock market made a higher low during the peak fear stage 15-21<sup>st</sup> March.**

Phil Anderson has stated many times that historically events somehow manifested to ensure the Real Estate & Banking Cycle repeats. Tick, Tick.

Our view is that a failure of meltdown in 2023 will cement a loss of credibility in the Cassandra's (those perpetually calling for collapse) and simultaneously create a belief system going forward that the system can, and will, be saved by central banks in the future. This all sets up a psychological backdrop that encourages more aggressive and speculative investment activity and strong asset price performance in the Second Half Expansion. *Continued next page...*



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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

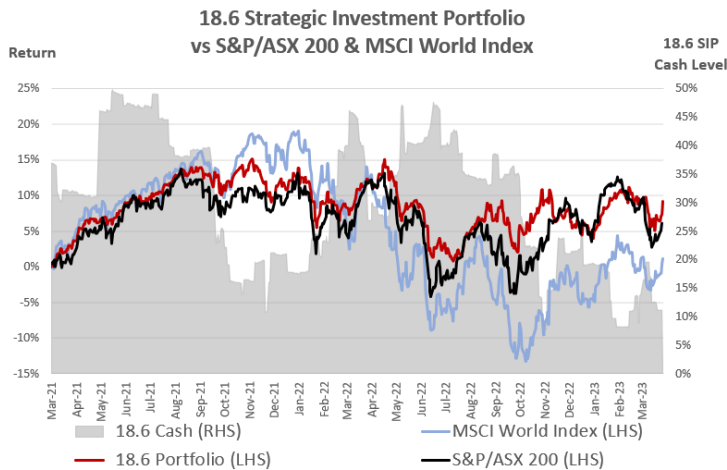
### Suggested investment timeframe:

5 Years

### Availability:

- Macquarie Manager II
- Macquarie Consolidator II

# Performance



Performance of 18.6 Strategic Investment Portfolio is net of indirect investment management fees but before the portfolio management fee. It assumes reinvestment of distributions and includes franking credits. Past performance is not a reliable indicator of future performance. Source: Iress, IPS & Oakleigh Investment Management

Source: Iress and IPS.

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Ironically, it will also likely embed utter disbelief when central banks are unable to hold everything together as this Cycle inevitability reaches its final phase.

**We continue to see a March as a buying opportunity and acted with the Portfolio accordingly.**

**The Portfolio ended March 2023 fully invested for the first time since inception.**

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The Portfolio's quarterly performance was hindered by its banking exposures. Banks globally were sold-off in 'sell now, and ask questions later' fashion. Against the trend, in the mid-March bank panic the Portfolio used this weakness to add to all its banking holdings in the mid-March bank panic, a strategy that started to benefit towards the end of the Quarter.

Furthermore, during the quarter defensive holdings like Viva Energy (VEA) and Auckland Airport (AIA) were rotated into higher growth exposures like BHP Group (BHP) and Adriatic Metals (ADT).

Our best performing holding last quarter was Austin Engineering (ANG) +40% for the quarter.

## 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). Assumes reinvestment of distributions and franking credits. Returns over periods longer than 12 months are annualised.
2. Based the MSCI World Index.
3. 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

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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).

