

# Oakleigh Flagship Equities Portfolio

Quarterly Report 30 June 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	+6.8%	+2.4%	<b>+4.4%</b>
6 Months	+11.4%	+4.2%	<b>+7.2%</b>
1 Year	N/A	N/A	N/A
<b>Since Inception<sup>3</sup></b>	<b>+18.8%</b>	<b>+6.3%</b>	<b>+12.5%</b>

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

## Commentary


Australian and global markets again traded higher over the quarter, providing a solid return for the quarter. The Oakleigh Flagship Equities Portfolio participated in this strength despite high cash balances.

During mid-May, we exited some of the more riskier stocks, viewed as more vulnerable to a broad market retracement. In addition, we took profits in our recent 'Stock of the Quarter' Boral, after its largest shareholder Seven Group Holdings made a takeover offer. Some this capital was used to increase our Telstra holding.

Telstra is gaining positive traction again. We were very pleased with the markets response to the recently announced minority sale of InfraCo Towers to a super fund consortium at a very favourable price.

The Portfolio's recently increased exposure to property provided tailwinds as bond yields eased and 'yield proxies' recovered after recent weakness. The Portfolio accepted its Rights Entitlement for National Storage (NSR) & whilst we saw the capital raising as a defensive move against another takeover bid (sub optimal), we like the now under geared balance sheet, property/land assets and still see corporate appeal to a suitor.

**Remembering share markets goes up by the stairs & down by the elevator**, we have comfort in current 30% cash levels in the Portfolio to protect investors' capital.

 08 8470 9060

 invest@oakleighim.com

 Adelaide, South Australia

[oakleighfinancial.com/oim](http://oakleighfinancial.com/oim)

## 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

## Top Performers

Boral	+23%
Mineral Resources	+21%
Commonwealth Bank	+16%
Deterra Royalties	+15%
Vaneck MSCI World Ex-Australia Quality ETF	+13%

## Top Holdings

Cash	30.1%
Commonwealth Bank	5.9%
Wesfarmers	5.0%
WAM Capital	4.0%
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.*

# Stock of the Quarter

## Challenger Limited (CGF)

Challenger Limited (CGF) is an investment management firm focusing on providing Australians with financial security in retirement. Challenger operates two core investment businesses, Life and Funds Management division.

The Life segment mainly comprises Challenger Life Company Limited (CLC), provider of annuities and guaranteed retirement income products. Life's products are distributed via independent financial advisers. Life's products are included on all major hub Approved Product Lists (APLs) and are available on other investment and administration platforms.

The funds management segment focuses on the retirement savings phase of Australia's superannuation system by providing products seeking to deliver superior investment returns. Funds Management is also expanding into international markets.

Challenger has a dominant position in an industry with strong long-term tailwinds; aging Australian demographic impacting demand for annuities and the compulsory superannuation system. Earnings are highly leveraged to rising interest rates, and while we do not view interest rates returning to pre-2015 levels anytime soon, we do believe interest rates at a cyclical low and likely to move modestly higher over the next 3-5 years.

In addition, Challengers' funds management business has been performing strongly and we view the asset as underappreciated by the market.

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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).



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