

Oakleigh Flagship Equities Portfolio

Quarterly Report - December 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	+4.2%	+2.0%	+2.2%
6 Months	+8.6%	+4.0%	+4.6%
1 Year	+20.9%	+8.0%	+12.9%
Since Inception (annualised)³	+22.6%	+8.0%	+14.6%

Past performance is not a reliable indicator of future performance.

Commentary

Australian markets again traded higher in the final quarter, largely due to a December ‘Santa Clause’ rally.

The Oakleigh Flagship Equities Portfolio generated a +4.2% quarterly return, performing favorably against both our CPI+ 5% per annum Investment Objective, and once again outperforming the S&P/ASX 200 Benchmark.

The Portfolio matched the ASX 200 over 12 months (+21%), despite holding between 10% and 35% cash throughout the year. The cash holdings for this Portfolio worked to decreases volatility (Beta 0.7) and capital at risk to a general selloff in share markets.

The Portfolio selectively added quality businesses at favorable price levels throughout the quarter, however this reduced cash levels to 10%.

Early in the quarter we added the global packaging company Amcor (AMC) and global banking exposure ETF (BNKS). In November, the Portfolio purchased BHP Billiton (BHP) at around \$38.50 and South32 (S32) around \$3.60, both stocks performed strongly in December.

Woodside (WPL) was added to the portfolio at sub \$22 prior to Christmas, as it is our view the asset merger with BHP’s energy assets is highly value accretive for shareholders.

These purchases were funded by cash and the sale of Sydney Airports (SYD) due to their takeover having now played out. Additionally, a number of underperforming shares were exited in a constant endeavor to ensure the Portfolio maintains its core values.

Entering 2022, the Portfolio holds a good cross section of a high quality businesses.

Top Performers

Mineral Resources	+25%
National Storage	+17%
Evolution Mining	+16%
ASX	+15%
Sonic Healthcare	+15%

Top Holdings

Commonwealth Bank	5.5%
Wesfarmers	4.6%
Vaneck Vectors MSCI World Ex-Aus	3.9%
Sonic Healthcare	3.9%
Telstra	3.9%

‘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

Commonwealth Bank of Australia (CBA) is Australia's leading providers of integrated financial services, providing retail, business and institutional banking, funds management, superannuation, life insurance, general insurance, broking services, and finance company activities.

CBA's reputation has been tested following a string of compliance shortcomings and missteps. However, execution in profitably growing the loan book has been promising in recent years.

We see potential in CBA due to the bank's robust balance sheet, dominant market positions, strong profitability, organic capital generation, sound loan book, and high returns on equity.

Although a severe economic downturn in Australia or housing collapse could force sharp falls in earnings and dividends, it would likely put more pressure on smaller challengers.

CBA has traded at a premium to major bank peers due to lower financial risk and a long history of sustainable earnings and dividend growth despite slow system credit growth and pressure on funding costs.

Some market investors consider CBA's strong emphasis on home loans a weakness, but we would argue it is a key strength.

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). Assumes reinvestment of distributions and franking credits. 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

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.

Performance data 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.

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The disclosure document for the Oakleigh Flagship Equities 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.

