

Oakleigh Flagship Equities Portfolio

Quarterly Report – March 2022

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	+2.5%	+2.1%	+0.4%
6 Months	+6.8%	+4.7%	+2.1%
1 Year	+18.7%	+8.7%	+10.0%
Since Inception (annualised)³	+20.9% p.a.	+8.5% p.a.	+12.4%

Past performance is not a reliable indicator of future performance.

Commentary

The March quarter saw a complete reversal of fortune for global stock markets. After rallying +7% in the prior quarter, global shares fell 5% giving up all their previous quarterly gains. Losses started early in January, before most of Australia was even considering returning to work, then compounded in February on the unexpected Ukraine invasion.

The Australian market was a global standout, outperforming all developed markets and finishing +3.3% despite being down nearly 10% at one stage. This outperformance was driven by Australia's Materials (resources, energy & agriculture) and bank heavy stock market, benefiting from higher commodity prices and interest rates expectations respectively during the quarter.

The Oakleigh Flagship Equities Portfolio generated a +2.5% quarterly return, performing favorably against both our Investment Objective, and continuing to outperform the ASX 200 over a 1 year period (despite elevated Portfolio cash balance risking less investor capital).

The Portfolio held a relatively consistent 15-20% cash throughout the quarter.

Three underperforming holdings were exited in mid-February on concerns around the military buildup around Ukraine. Broadly we were comfortable with a 20% cash buffer for use in a heavy selloff in share markets.

No holdings were added during the quarter as we remain content with the quality composition of holdings inside the Portfolio.

Top Performers

Woodside Petroleum	+58%
BHP Group	+33%
South32	+30%
Santos	+25%
Newcrest Mining	+10%

Top Holdings

Commonwealth Bank	5.7%
Woodside Petroleum	4.3%
BHP Group	3.9%
Wesfarmers	3.9%
National Storage	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

BHP Group Limited (BHP) is a diversified natural resources company producing commodities along with substantial interests in oil and gas. BHP's principal business lines are mineral exploration and production, as well as petroleum exploration, production and refining. BHP's assets, operations and interests are separated into petroleum and potash, copper, iron ore, coal and nickel.

BHP has several of the world's largest mines. Key commodities are iron ore, coking coal, and copper. In addition, the company has oil exposure with conventional petroleum, and liquefied natural gas assets. The iron ore mines in particular are at the low end of the industry cash cost curve; however, overinvestment during the peaks of the China boom, when capital costs were very high relative to historical standards, diluted returns.

As one of the world's flagship resource companies, we were waiting for an attractive entry price to own BHP. BHP was added into the Portfolio at under \$40 per share in November 2021.

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

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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.



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