

Oakleigh Multi Asset Growth Portfolio

Quarterly Report – Q4 2022



Investment Objective and Strategy

The Oakleigh Multi Asset Growth Portfolio aims to generate returns in excess of CPI + 3.5% over rolling 5-year periods through a managed multi-asset portfolio of Australian and international securities, property, fixed interest and cash.

The composition of the Portfolio is positioned around Morningstar's 'Growth' Strategic Asset Allocation, with a higher exposure to Australian assets.

Performance	Portfolio Return ¹	Benchmark Return	Excess Return
3 Months	+2.2%	+5.1%	-2.9%
1 Year	-2.3%	-14.9%	+9.3%
Since Inception (per annum) ³	+7.0%	+2.3%	+4.7%
Since Inception (absolute) ³	+17.6%	+5.2%	+12.4%

Past performance is not a reliable indicator of future performance.

Commentary

2022 was largely a tale of two halves!

Global markets retested the June lows in early October and found support, recovering throughout the remainder of the December quarter.

During the quarter exposure to defensive assets was lightened via sales in floating rate holdings HBRD & GCAP and rotated into two quality Australian shares, ASX (ASX) and Telstra (TLS).

Overall positioning of the Portfolio couldn't be much difference between the start and end of 2022. In early 2022 the Portfolio held a heavily defensive stance, whereas by late 2022 where the Portfolio is positioned for growth.

These asset allocation tilts assisted the Portfolio's material outperformance during 2022. Since inception the Portfolio was outperforming the Vanguard Growth Index (a popular low cost 70/30 multi asset portfolio) by over 20% since inception or over +8% per annum.

Due to strength in our growth assets in the December quarter, overall growth asset allocation skew grew to 79% at the end of the quarter.

This growth asset allocation exposure is nearing the top end of our target range, but we remain comfortable holding growth exposure with the favourable macro outlook.

Broadly our view is that growth assets will return to positive returns as soon global central banks halt interest rate rises. This is likely either mid or late 2023, subject to inflation statistics in the March quarter. Either way, as long-term investors we see the next growth period as drawing near and it time to be exposure to capture upside.

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Portfolio Details

Investment Objective:

CPI + 3.5%p.a. over rolling 5-year periods

Benchmark:

Morningstar AUS Growth Target Allocation NR AUD

Minimum Investment:

\$50,000

Management Fee:

0.40%

Performance Fee:

Nil

Investments:

Australian shares and listed property. International shares, fixed interest and cash (via Exchange Traded Funds (ETF's) and managed funds)

Indicative Number of Holdings:

15-30

Suggested investment timeframe:

5 Years

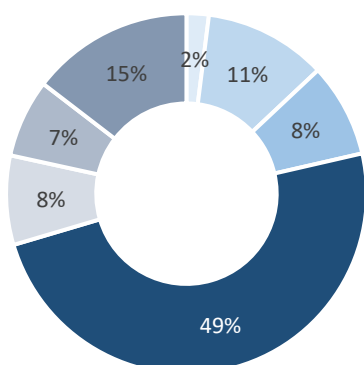
Availability:

- Macquarie Manager II
- Macquarie Consolidator II

Neutral Asset Allocation:

Morningstar Risk Profile	Growth
Portfolio Characteristics %	
Growth Assets	70
Defensive Assets	30

Asset Allocation



- Australian Cash
- Australian Fixed Interest
- Australian Property & Infrastructure
- Australian Shares
- International Fixed Interest
- International Property & Infrastructure
- International Shares

'Asset Allocation' - as at the end of the quarter.

Stock of the Quarter

Telstra (TLS) is the dominant player in the Australian telecom industry. It is the market leader in fixed voice, broadband, mobile services, and the corporate telecom market. Telstra's mobile unit benefits from a network quality advantage that underpins a 40%-plus subscriber market share position. The Government-owned National Broadband Network (NBN) has changed the structure of the broadband market. How management handles its broadband businesses under the NBN regime is key, with significant bearing on maintainability of current dividends. The balance sheet is solid, and the group has a good track record of extracting productivity benefits and replacing lost earnings. TPG Telecom's aborted plans to enter the mobile network market have diminished fears of heightened competition for Telstra, although the merged TPG-Vodafone entity will be a more formidable competitor.

In October 2022, Telstra shareholders approved a significant corporate restructure into four separate subsidiaries. The key reason for the complex restructure, was in our view, was to separate the infrastructure assets from the retail and wholesale business.

We anticipate that the sale of the infrastructure assets will occur in 2023, most likely through the sale of 49% of those assets to investors who will more highly value these income streams than Telstra shareholders.

If an asset sale does occur, it is likely to realise substantial value for Telstra shareholders that could underpin major capital returns or special dividends for shareholders.

About the Portfolio Manager

Oakleigh Investment Management Pty Limited is the Portfolio Manager of several investment portfolios, including the Oakleigh Multi Asset Growth 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 Fee (but inclusive of indirect investment management fees). Assumes reinvestment of distributions and franking credits. Returns over periods longer than 12 months are annualised.
2. CPI + 3.5% per annum where CPI is Consumer Price Index, Australia. CPI + figures shown use the most recent published 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 quarter).
3. Inception Date 6 October 2020.

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 Multi Asset Growth Portfolio.

Important information

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The disclosure document for the Oakleigh Multi Asset Growth 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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