

# Oakleigh Multi Asset Growth Portfolio

## Quarterly Report – June 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 <sup>1</sup>	Benchmark Return	Excess Return
3 Months	-7.2%	-8.9%	+1.7%
1 Year	-1.8%	-7.9%	+6.1%
Since Inception (annualised) <sup>3</sup>	+6.0%	+4.4%	+1.6%

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

## Commentary

The Oakleigh Multi Asset Growth Portfolio underperformed against the Investment Objective (CPI+ target) returning -1.8%, over the last year but materially outperformed the Benchmark - 7.9% and Vanguard Growth Index (a popular low cost 70/30 multi asset index) -13%.

The Portfolio performed well considering the substantial headwinds, in particular the continued material weakness in both global shares and bonds (i.e S&P500 is -20% in 2022 YTD).

Investors will remember, the Portfolio has been very cautious on Fixed Interest securities, due to their vulnerability to higher interest rates globally (our cyclical expectation). During the quarter long-term government bond yields in the US and Australia started to offer towards 4%. In Australia the yield available back in 2020 was less than 1%! We see 4% yields as attractive on a risk/reward basis and increased our exposure to fixed rate securities during the quarter, albeit moderately.

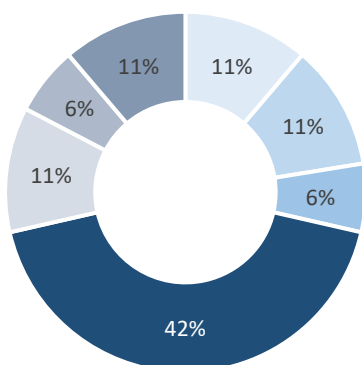
Late in the quarter the Portfolio started to deploy its cash reserves adding to its growth exposures. Positions in BHP Group (BHP), Commonwealth Bank (CBA), VanEck Equal Weight ETF (MVW), Wesfarmers (WES), National Aust Bank (NAB), Elders (ELD), The Lottery Company (TLC) and Woodside (WDS) were accumulated.

Overall net exposure to growth assets increased 5% in the last fortnight of June, ending the quarter at 65%.

On balance, we see recent declines in global sharemarkets as an overreaction to the speed of interest rate increases (these increases should have been occurring steadily over the last 18 mths). **Our view is quite optimistic over the medium-term against a backdrop of broad "recession" based pessimistic sentiment. We will be looking to gradually increase our growth exposure from 65% towards >75% over the coming weeks and months.**

While our exposure to international shares remains underweight, we did switch (and add) to our exposure to VanEck Quality ex Aus (QUAL) to the \$A hedged version (QHALL) as the \$A traded under \$0.70. We view recent negative \$A sentiment as driven by USD safe haven buying (typical during times of fear) and now the opportune time to switch to hedged positions where possible.

## 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.*

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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

### 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

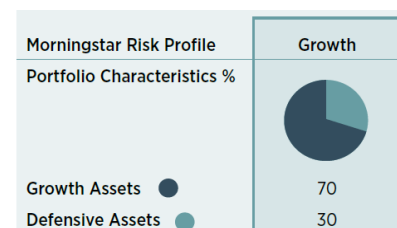
### Suggested investment timeframe:

5 Years

### Availability:

- Macquarie Manager II
- Macquarie Consolidator II

### Neutral Asset Allocation:



# Stock of the Quarter

**The Lottery Company (TLC)** an Australian lottery operator underpinned by its national distribution network of 3,863 lottery outlets, 3,409 Keno venues and digital platforms (web and app). The group is licensed to provide Keno to venues in NSW, VIC, QLD, SA and the ACT (including digital approvals in the ACT and VIC). The Lottery Corporation operates the whole of its lotteries business under "The Lott" umbrella brand.

With significant barriers to new competitors, we expect The Lottery Corp will continue to dominate the Australian lotteries landscape. The Lottery Corp's lotteries are underpinned by long-dated state-based licenses in all Australian states, except WA—adding a degree of earnings certainty. We expect the scale of the business will be such that new entrants will find it extremely hard to compete against The Lottery Corp's distribution network and national jackpot pool size, at the conclusion of The Lottery Corp's exclusive state-licenses.

Our favourable view on The Lott Corp is supported by;

- TLC's earnings are defensive, with historical performance indicating resilience during economic recessions, furnishing TLC with a stable earnings profile.
- With state-based lottery licenses in all Australian states except Western Australia, TLC enjoys a near-monopoly position in Australian lotteries.
- COVID-19 lockdowns and restrictions have accelerated the move to digital sales. Greater digital sales improve TLC's operating margins while offsetting the impact of a decline in newsagent retailers.

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## 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.

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](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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