ISSUE 23

DECEMBER
2019

QUARTERLY UPDATE

The New Financial World

IN THIS ISSUE

2019: A Decade in Review

This quarterly update sees the curtains drawn on the 2010-2019 decade. Unquestionably a great decade for those who stomached volatility in the early years and held equities throughout. The ASX200 was up 113% (dividends re-invested) over the period, an admirable performance, but nevertheless much lower than the 183% return achieved by the American S&P500 index.

Without context this return provides little value and it is worth re-visiting how this decade started. While the ASX bottomed in February 2009 from its Global Financial Crisis lows, December 2009 was still a bleak time. Babcock and Brown had just entered administration leaving many wondering whether this was Australia's Lehman Brothers. On top of this, many of Australia's largest companies long considered blue chip and immune from the volatility of macroeconomics, such as the big four banks, Wesfarmers and Westfield were forced into capital raisings to sure up their balance sheets. Despite ten years now passing, 2009 remains the record for rights issues and share placements on the ASX with

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over $90billion raised in that year[1].
Despite this soft start to the decade, three external factors soon provided strong tailwinds for many ASX listed companies

- a decline in the Australian dollar,
- the boom in iron ore prices, and
- falling global interest rates.

The Australian dollar peaked at $1.10 to the US dollar in 2011 but has since steadily declined to just under 70c today. This 35% fall has provided significant earnings tailwinds for Australian companies who earn revenues in US dollars (particularly if they incur costs in Australian dollars). Beneficiaries of a falling Australian dollar include CSL (748% gain), James Hardie (249%) and Amcor (172%).

The large miners on the ASX (BHP, Rio Tinto and Fortescue) also benefited from the skyrocketing iron ore price which peaked at over $180 in 2011 in response to China's infrastructure boom. Whilst this tailwind was unable to last throughout the later parts of the decade, it was an important factor in Australia avoiding a technical recession as mining became an increasing part of Australia's gross domestic product. The additional income allowed the Government to provide fiscal stimulus to the Australian economy.

Finally, the fall in global interest rates, assisted by central banks, led to investors seeking to maintain their income and turn to bond-like equities such as utilities and infrastructure. Beneficiaries of falling global interest rates include Sydney Airport (284% gain) and Transurban (181%).

While studying history is important, ultimately our role at Oracle is to look to the future to identify the headwinds and tailwinds that will face the global and Australian economies and the individual businesses we own or seek to own. Whilst I will refrain from making bold predictions about the level of the ASX200 or where the Australian dollar will be in 2030, one comment I will make is that as investors we must prepare ourselves for the likelihood of lower returns over the next decade.

This is simply due to the starting point that we find ourselves at. From peak to trough the ASX fell 54% during the Global Financial Crisis, providing a low starting point from which the 2010's could recover from and provide substantial returns. Entering the 2020's we are back at all-time highs and are over ten years removed from our last market correction. While new tailwinds will inevitably emerge to drive some specific stocks, the broad-based tailwinds outlined above that drove the larger market participants of the ASX seem unlikely to repeat.

Nonetheless, this is not a Chicken Little “the sky is falling!” proclamation and you will see that our model portfolios generally remain fully invested. But like always we remain vigilant and aware that the conditions for the broad-based market growth of the 2010’s are no longer in place and it is more important than ever to be invested with active stock-pickers who have the ability to find those companies able to grow their earnings and their stock price regardless of the volatility of the wider market.

Sydney, Melbourne, Brisbane

On a separate note, we are pleased to announce that we have recently entered into a partnership with the Equiti Group who provide financial planning, investment, insurance and financial services in Sydney, Melbourne and Brisbane. We welcome all of these clients to the Oracle family and we look forward to continuing to provide a high quality service to you.

We will shortly be opening an office in Erina to service our existing clients in this area. Clients may therefore find it more convenient to utilise the services of the Oracle office located in one of the above locations. Please contact us should you wish to use the services of an Oracle office that is closer to where you live.

Peter Durbin
Managing Director
Oracle Investment Management

The New Financial World

The world has changed from 10 years ago. Is your portfolio still positioned appropriately?

Sharon Goodwin
Financial Advisor

After the Reserve Bank`s recent back-to-back interest rate cuts, the cash rate now sits at a very low 0.75% p.a. Indeed, when it comes to rates, we are in uncharted territory, with the current market view being that rates are unlikely to return to normalised levels any time soon. There is also the potential for a further interest rate cut in February 2020.

Low interest rates present a significant challenge for investors – and not just for those seeking income. Given this, we believe that now is an opportune time to re-evaluate investment portfolios.

Whilst the environment is challenging, the positive news is that there are still investment options available that can provide both income and growth, as well as investments that have the potential to outperform traditional benchmarks.

It may be time to make your cash and portfolio work harder than it currently is. A traditional habit of retirees is to hold their retirement assets, or part thereof, in cash or term deposits. In days gone past, you could obtain a term deposit for 12 months at 7% or 8%.

These interest rates have been dwindling since the mid 2000's. Previously, interest income gave an annual boost to investors to pay their expenses, or used for Christmas or a holiday with the principal amount being reinvested for another year. Unfortunately, there was no capital growth to go with this income.

Given inflation is currently running close to 2.00% p.a., those earning interest on their cash at the official Reserve Bank rate are not keeping pace with inflation and investors face the potential for significantly negative real returns. It's more important than ever to seek out cash and alternative options that provide both a positive real return and liquidity.

With the outperformance of particular sectors compared to others, such as the international markets in many portfolios, it may be time to review your overall exposure to risk. It's time to take capital growth and profit and realign it to your risk tolerance and long term goals to obtain the growth targets you have.

How do we get growth in a period of stagnation and low rates?

- Active involvement and management of your portfolios
- A well-chosen and considered portfolio of investments
- Regular reviews of your portfolio and financial goals with your planner; and
- A realistic understanding that the financial world has changed significantly

Unfortunately, a "set and forget" investment approach no longer works. Regular reviews with your planner, discussion about rebalancing your portfolio to include assets with the opportunity for capital growth, as well as income, is vital to the longevity of your funds.

This approach is not just for retirees - it is also vital for those of us still working to be actively involved in their investments and overall financial situation to get the most out of low rates to clear debt, but also ensure their retirement plan is on track. A significant number of workers do not have a retirement plan – they do not know how much they will need to have in retirement. They are busy with the everyday and are not preparing for their future.

This needs to change so that we all reach our goals in retirement and have sufficient funds to last our lifetimes.

When is the last time you had your investments and overall financial situation reviewed?

Australian Lending Environment: 2019 in Review

And the keys to attaining finance in 2020

Stuart Hamilton
Lending Specialist

Without a doubt 2019 has been an interesting period in the finance industry for bankers, mortgage brokers and financial advisors. The fallout from the Royal Commission into the banking and finance sector has, unsurprisingly, led to more "red tape" and stricter lending parameters.

The aim of this has been to redefine their offering and the business sectors that they wish to lend to. This has been a minefield for brokers to navigate, as policy was being made up on the go, creating an unpleasant experience for both customers and brokers caught in the line of fire.

So, where does that leave potential borrowers?
Obtaining approval for a loan in 2020 will mean increasing pressure on your financial prowess, as the emphasis from banks on financial behavior, including debt repayment and expenditure, has increased.

If you ever felt that big brother was watching your every move, loans will be even more highly scrutinised from an income and expenditure perspective ensuring clients are not "worse off" by any loan approved and that they can comfortably afford the loan.

A big issue for lenders is loan defaults and the key to that is affordability. Assessment rates are what banks use to formulate affordability. Up until a few months ago, these rates were approximately double what was advertised. A variable borrowing rate of 3.5% was assessed in terms of affordability at a rate of 7%.

In many cases this meant that the new loans were unaffordable on paper, even though once established would save the customer a significant amount of money and stress on their home finances. This assessment rate, thankfully, has been significantly reduced, in effect making it easier to obtain a loan.

So how do you get the edge over the banks?

The key to beating the banks at their own game is simple in terms of strategy but can be difficult in execution. Here are some key points to consider.

Key 1: Prepare for the loan – Maintain good spending habits

All loans, regardless of nature, require a minimum of 6 months of loan statements and 3 months income and expenditures from your bank account statements to verify your financial position. This assists the bank to ascertain any potential future payment default issues. The banks will use this recent history in your loan application so be mindful of your spending habits as you prepare to apply for a loan.

A great way to establish this affordability is to have a home budget that tracks your expenditure and helps to minimise unnecessary spending.

Key 2: Have some cash saving

In today's real estate market, obtaining the recommended 20% loan deposit often requires a deposit of $100,000 to $200,000. For many people this may not be achievable. Some lenders will provide loans of close to 100% of the finance required, however higher interest rates, higher fees and Lenders Mortgage Insurance are likely to be incurred for this scenario. This will materially increase your repayments over the loan term. For this reason it is important to have some savings to contribute to your purchase as this will dramatically impact your financial position over time.

Key 3: Loan structure

Understand what your goals are for the next 5 years as this may influence the structure or setup of the loan, in terms of variable, fixed or split loans. Fixed rates can often trap you, holding back progress, depending on your situation.

Also it is important to understand other aspects of the loan, such as offset accounts, redraw facilities, and loans with low ongoing fees (annual and monthly fees). Another thing to consider is that low interest rates may not always save you money. Borrowers also need to understand the numbers. Sometimes the lower the interest rate, the higher the ongoing fees, particularly for loans financed through many car dealers.

Understanding this can save you thousands of dollars over the term of the loan.

Key 4: Ensure you are on your best behaviour

Another essential aspect to consider is to ensure that you don't default on any loan, credit card or borrowing facility payment. Defaults or too many credit enquiries (such as those created when applying for any credit finance) are red flags, so it is important not to default on any loan repayments within the 6 months leading up to your loan application.

If you would like to discuss your finance needs, contact the team at Oracle Lending Specialists for advice that will suit you needs now and into the future.

Oracle Global Equities Portfolio

Investment Report and Fact Sheet

Nick Cummings
Lead Portfolio Manager

The Global Equities Portfolio ended the calendar year with another strong performance of 3.5% for the quarter. For the calendar year, the portfolio returned 33.5%, as compared to the benchmark MSCI Index which returned 26.9%, an outperformance of 6.6%. This has been a truly outstanding year for our investors on an absolute and relative basis.

The year ended with relatively low volatility, as most major markets hit record highs. These gains came on the back of a Phase 1 Trade deal between the US and China, the US Federal Reserve indicating continued support for loose monetary policy and Boris Johnson's Conservative party comfortably winning the recent UK election; all but ensuring the UK will leave the European Union in 2020.

The Portfolio continues to perform very well with the majority of our businesses continuing to execute on the structural growth opportunities in front of them. This has led to growing earnings and higher returns on capital, the true drivers of individual share market returns overtime.

Notable contributors to performance for the quarter were Japanese online employment agency Dip Corp, a recovery in UK based Online travel provider On The Beach after the collapse of key competitor Thomas Cook, and a business-friendly election result. The main detractors from performance were Chinese based online car platform Autohome, following a poor 3rd Quarter update and US based industrial Albany International, after Boeing halted production on their 737 Max 8 aircraft.

There were several changes to the Portfolio during the quarter including purchasing a small stake in Japanese gaming company Nintendo, and selling Autohome due to the bleak outlook for car sales in China and a change to management's strategy. In addition to this we sold long-term portfolio holding Apple on valuation grounds. While we continue to admire the Apple business, we found it difficult to justify the company`s increasing valuation that has been driven by an increasing earnings multiple rather than growing their profits.

Most readers will be familiar with the new addition to the portfolio, Japanese gaming giant, Nintendo. Today, Nintendo is a global business with approximately 80% of revenue being generated outside of Japan. The company is currently experiencing a transformative period as it simplifies its goals and explores new ways to monetize its impressive Intellectual Property (IP). Under the new management team, Nintendo has redefined their mission to a simple phrase, "A company which creates entertainment that brings smiles to people's faces."

Management intends to achieve this by expanding the access to the company's rich IP library that includes characters such as Zelda, Mario, Bowser, Donkey Kong and many more whilst still excelling in their core business of game and hardware development. To date, they have released 7 games for mobile gameplay including Mario Kart Tour and Dr Mario. In addition to this they have partnered with other entertainment companies to bring their content to more households by licensing their IP for products such as children's lunch snacks, Monopoly and t-shirts. They also plan to open theme parks within Universal locations starting with Tokyo in 2020.

Nintendo's core business continues to thrive on the back of the success of the Switch and Switch Lite portable consoles that can be played on your television or on the move. We think this product has a long runway ahead of it and as the install base grows Nintendo can sell more games at higher margins to their captivated audience. This should result in Nintendo increasing profits for a number of years to come and also led to strong returns for shareholders.

Top 10 Holdings

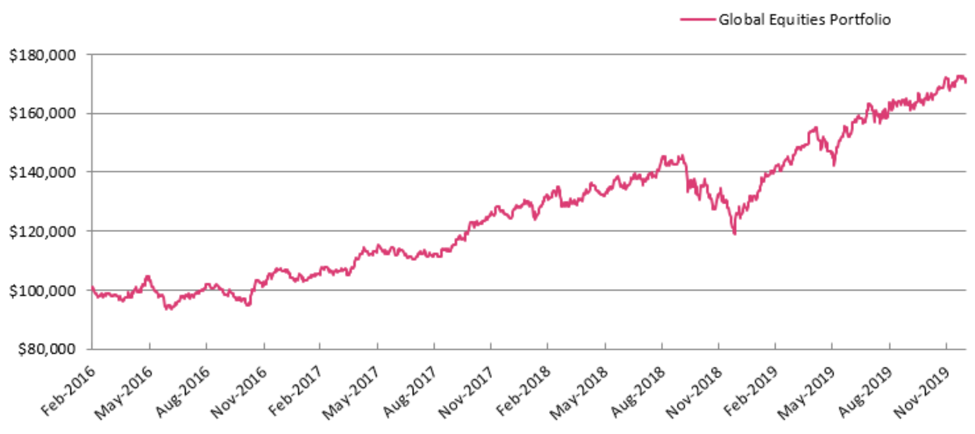
Mastercard	8.6%
Visa	8.2%
Berkshire Hathaway	7.1%
Alphabet	5.7%
Facebook	5.1%
Microsoft	5.1%
Amazon	4.8%
Costco	4.4%
Cooper Companies	4.1%
DIP Corp	4.1%

Decmber 2019 Quarterly Performance

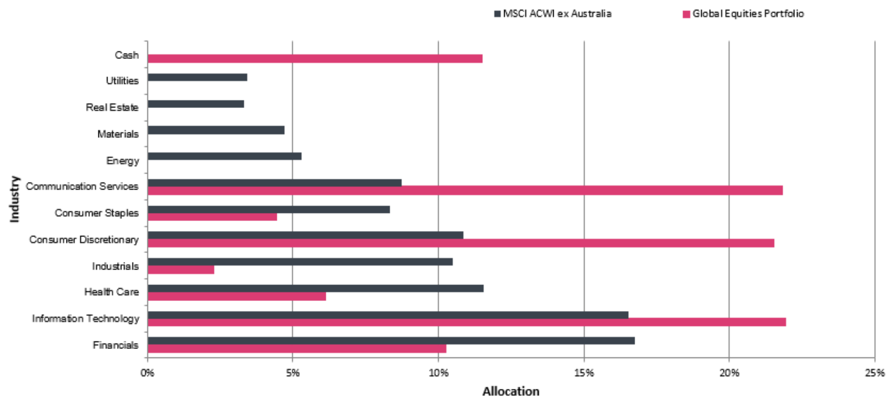
Portfolio	3.5%
Benchmark	4.6%
Outperformance	-1.1%

Please see important disclosures on page 17

PORTFOLIO PERFORMANCE



INDUSTRY SECTOR WEIGHTS



PORTFOLIO FACTS

Investment Manager
Oracle Investment Management Pty Ltd

Investment Objective
To provide investors with long-term capital growth and tax effective income. The portfolio aims to outperform its benchmark over a rolling 3-year period.

Investment Strategy
To use active bottom up stock selection, focusing on buying quality securities at reasonable prices. The securities are assessed as meeting our investment criteria of strong earnings growth and as likely to provide attractive returns to investors.

Benchmark
MSCI ACWI ex Australia in A$ (unhedged)

Investment Universe
Primarily large cap international securities listed on major international exchanges. Portfolio may invest in listed ETFs.

Recommended Investment Period
3-5 years

Minimum Initial Investment
$50,000

Inception Date
1 March 2016

Oracle Australian Equity Portfolio

Investment Report and Fact Sheet

Luke Durbin
Lead Portfolio Manager

Through the December 2019 quarter the Australian share market produced a modest return of 0.7%. This compares favourably to the Oracle Australian Equity Portfolio which returned a solid return of 4.6%. This is a very pleasing result, capping off an excellent first half of the financial year during which the portfolio returned 7.0% compared to the benchmark's 3.1%.

The performance of the portfolio was assisted by gold miner Northern Star Resources (NST) due to their acquisition of a high quality mine in Kalgoorlie, Western Australia. The acquisition follows Northern Star's strategy of owning the best assets in the best geographies and is expected to boost gold production, sales, and earnings.

The mine operation is a joint venture with ASX-listed peer Saracen Minerals (SAR), and the combined expertise between the two management teams should lead to an increase in mine efficiency and margins. The portfolio participated in the equity raising at $9.00 per share to assist in the funding of the acquisition. The shares are currently trading at $11.46.

Small business owners may also be familiar with our newest holding, Xero (XRO). Xero provides accounting and payroll software, primarily to small businesses. Over the last 15 years Xero has taken the industry by storm. XRO has consistently grown its subscriber base and revenues by over 30% per year. In 2019 they reported their first ever profit. While it may sound questionable to be getting excited about a company that is only just profitable, we believe that management has proven itself to be exceptional operators with a stellar track record of achieving a high rate of return on investment in acquiring customers: customers that very rarely leave the platform.

Xero's strategy has always been to invest the profits of the business into customer acquisition, which has proven very successful in its home nation of New Zealand, Australia, and more recently the UK and the USA. With a high recurring revenue stream, extremely low customer turnover, and regulatory tailwinds that are actively pushing businesses towards Xero's products, we project growth to continue. As the company continues to expand in the UK and USA, we believe that this story is only just beginning as they now target countries further afield such as Hong Kong, Canada, South Africa, and beyond.

Other contributors to performance included core, long term positions CSL, Resmed, Carsales, and Reece. Whilst we are pleased with the half year performance, this does not distract us from the task at hand and continue to look forward to the coming year with diligence and excitement.

Top 10 Holdings

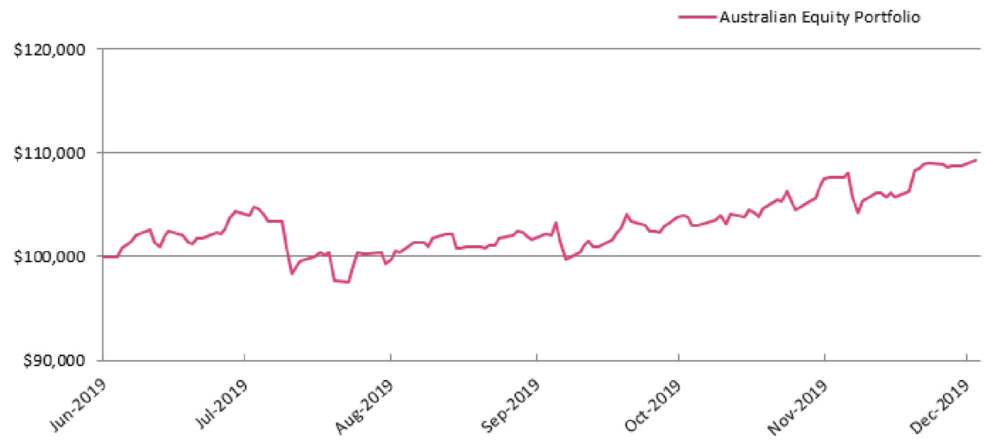
CSL Limited	7.2%
Macquarie Group	4.2%
Aristocrat Leisure	4.1%
Altium	4.0%
Atlas Arteria	3.7
REA Group	3.6%
BHP Group	3.6%
Northern Star Resources	3.4%
Cochlear	3.4%
Resmed	3.3%

December 2019 Quarterly Performance

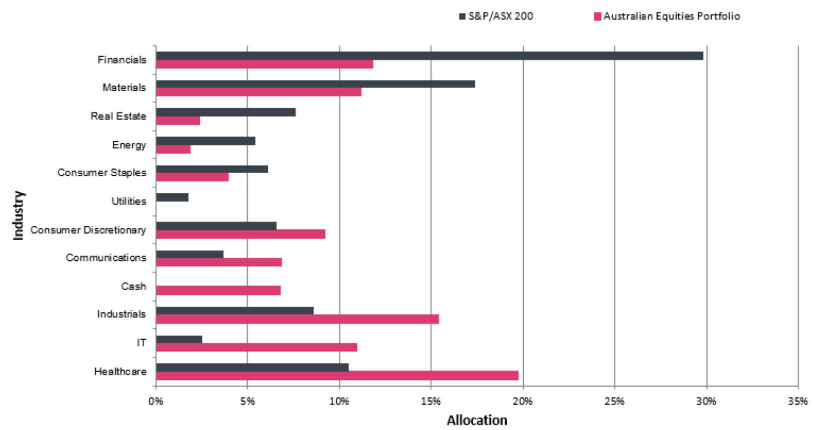
Portfolio	4.6%
Benchmark	0.7%
Outperformance	3.9%

Please see important disclosures on page 17

PORTFOLIO PERFORMANCE



INDUSTRY SECTOR WEIGHTS



PORTFOLIO FACTS

Investment Manager
Oracle Investment Management Pty Ltd

Investment Strategy
To use active stock selection to invest in quality businesses. The businesses are assessed as meeting our investment criteria of a high return on equity, growth potential and their ability to consistently deliver dividends to investors.

Investment Objective
To provide investors with tax effective income, dividends and capital growth. The Portfolio aims to outperform its benchmark over a rolling 3 to 5 year period.

Benchmark
S&P/ASX 200 Accumulation Index

Investment Universe
Companies listed on the ASX that have a market capitalsation similar to those in the S&P/ASX 200 Accumulation Index.

Recommended Investment Period
3-5 years

Minimum Initial Investment
$50,000

Inception Date
1 July 2019

Emerging Companies Portfolio

Investment Report and Fact Sheet

Daniel Ireland
Lead Portfolio Manager

The Emerging Companies portfolio performed well for the December quarter increasing 1.4%, outperforming the Small Ordinaries index which returned 0.8% over the same period. The portfolio also achieved a return of 8.2% since the 1st July 2019, which also compares favourably to the benchmark which achieved a return of 3.9% over the same period.

During the quarter we added to existing positions in Bravura and Navigator and sold one of our largest and longest held positions, Jumbo Interactive.

Jumbo is the owner of lotteries website Oz Lotteries and earns income by charging customers a small fee for every lottery ticket purchased online through its website. With consumers moving more and more toward online gaming and away from traditional newsagents, we believe the shift in consumption habits are expected to continue. Originally, the fund purchased Jumbo in 2015 below $1.00 per share. Our belief at the time was that Mike Veverka, the founder and Chief Executive Officer (who owns a large part of the business) would either make their loss making operations in Germany profitable or close it down. This would leave a highly profitable Australian business that we valued at a significant premium to the share price at that time. Management decided to close the doors on the German operation after a few heavy loss-making years.

Over the following few years the company experienced a rapid increase in stock price which few could have predicted. Primarily this was due to a rapid increase in earnings growth as Tatts changed the odds of winning a Powerball lottery. By changing the odds, Tatts had made it harder to win Powerball, resulting in a higher frequency of large jackpots ($15M+) which encouraged participants to join Oz lotteries to win mega prizes.

After holding the position for over five years and after much consideration, we decided to sell the position in late October. The reasons for selling included the fact that the 49 jackpots in the 2019 financial year was well above the 39 jackpots that Tatts calculated should occur in an average year. This jackpot number was well above the forecast average and we projected that it would be difficult for Jumbo to achieve the high levels of earnings growth the market was anticipating.

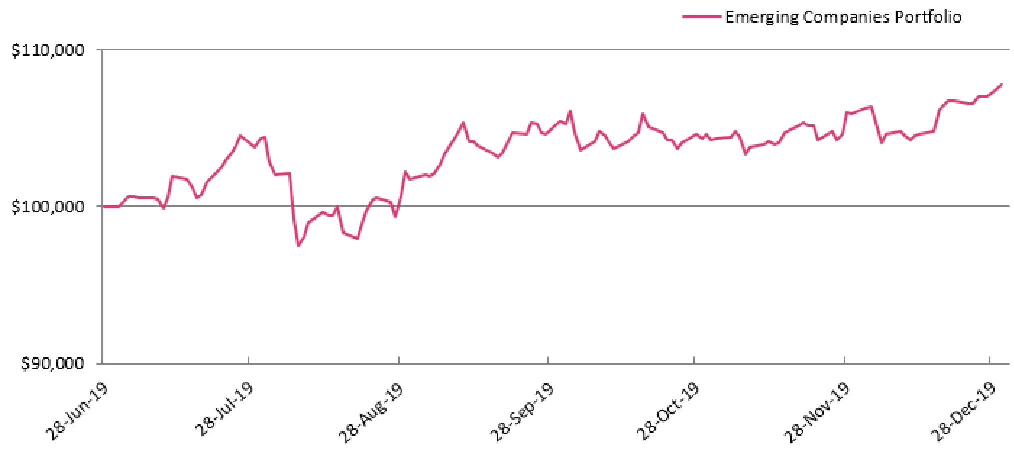
The second was our belief that the market would react negatively to any forecast of lower earnings growth. After a strong run, Jumbo was trading at well over $20, a more than 20-fold increase on our original purchase price. We believed that lower earnings growth would be the catalyst for a market sell off. By monitoring the situation and acting decisively we were not surprised to see that a little over a month after selling the position the company released a lower than expected half year forecast in late December seeing the stock price fall to $15. We believe that patience combined with extensive due diligence and constant monitoring resulted in a very good outcome for our investors.

Looking more broadly at the portfolio, we believe the Emerging Companies Portfolio is well positioned to take advantage of forecast profit gains from the companies held in the portfolio. Investors in the portfolio may have noticed that we have increased diversification as well as increasing the size and liquidity of companies invested in. This has been a deliberate strategy to reduce concentration and portfolio risk. We believe going forward our focus on smaller, higher growth companies will benefit our long-term approach and should result in outperformance for investors in the portfolio.

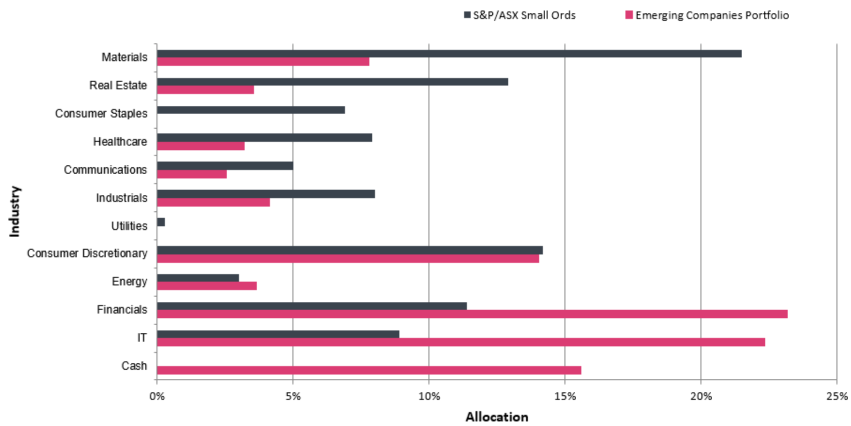
Top 10 Holdings

Dicker Data	4.3%
Bravura Solutions	4.0%
Credit Corp	3.7%
Silver Lake Resources	3.6%
Altium	3.4%
IMF Bentham	3.3%
Fiducian	3.3%
Navigator Global Investments	3.3%
Fisher and Paykel Healthcare	3.3%
Webjet	3.3%

PORTFOLIO PERFORMANCE



INDUSTRY SECTOR WEIGHTS



December 2019 Quarterly Performance

Portfolio	1.4%
Benchmark	0.8%
Outperformance	0.6%

Please see important disclosures on page 17

PORTFOLIO FACTS

Investment Manager
Oracle Investment Management Pty Ltd

Investment Strategy
To use active stock selection to invest in quality businesses. The businesses are assessed as meeting our investment criteria of high return on equity and earnings growth and as likely to provide attractive returns to investors.

Investment Objective
To provide investors with long-term capital growth and tax effective income. The Portfolio aims to outperform its benchmark over a rolling 3 to 5 year period.

Benchmark
S&P/ASX Small Ordinaries Accumulation Index

Investment Universe
All companies listed on the ASX plus managed funds. The Portfolio will include a range of mid-sized capitalization companies.

Recommended Investment Period
3-5 years

Minimum Initial Investment
$50,000

Inception Date
1 July 2019

Oracle Fixed Interest Portfolio

Investment Report and Fact Sheet

Joshua Durbin
Lead Portfolio Manager

Interest rates stabilized in both Australia and the United States over the past quarter after falling over the previous year.

Investors in the fixed interest portfolio may be aware that we earn a return for the portfolio in three ways.

1. Interest payments
2. Buying bonds at a discount to our valuation
3. Buying bonds and hybrids at prices that are materially below their issue price, with the view that they will be redeemed at par over the next few years.

Investors may be aware that the fixed interest portfolio has achieved a return of more than 6% per annum (after costs) for the five years since the portfolio commenced in 2014. This is despite the fact that interest rates have been materially below this level over this period of time. This return has been achieved by buying bonds that we believed to be undervalued and then selling them when we believed that they were more fairly or overvalued.

Investors may notice when reviewing the underlying bonds in the portfolio that many pay interest of 3% to 4%. Since the inception of the portfolio approximately 70% of the return has been generated from interest payments, and 30% from a capital gain from the sale of the bonds. As interest rates fall, we would expect that the return generated from interest payments would decrease as a percentage of the total. This is evidenced by the fact that in the current financial year, only 58% of the return of the portfolio has come from interest payments with 42% coming from the profit on the sale of the bonds.

Almost all bonds are issued at $100. Over the past quarter we sold nine bonds, with eight being redeemed at a premium to their $100 issue price. One bond we recently purchased was Liberty Financial Ltd. Liberty are not well known to all investors but are one of the largest issuers of home loans in Australia. This bond was purchased for $100 on 7th March 2019 with an interest rate of 5%. The bond was sold on 24th October 2019 for $102. The return to investors was therefore a capital gain of 2% over 7.5 months (3.2% annualized) plus 5% interest for a total return of 8.2%. We believe that this is a very satisfactory return in such a low interest rate environment.

Our view is that the fixed interest portfolio continues to provide an excellent opportunity for investors seeking a high level of security, low volatility and reduced exposure to the share market.

Top 10 Holdings

Macquarie Income Securities	10.8%
National Income Securities	10.4%
UBS Capital Notes	7.3%
Société Générale	5.4%
ANZ	5.1%
Ford	5.0%
Westpac	5.0%
Elanor	4.9%
Pacific National	4.7%
Qantas	4.1%

December 2019 Quarterly Performance

Portfolio	1.4%
Benchmark	0.2%
Outperformance	1.2%

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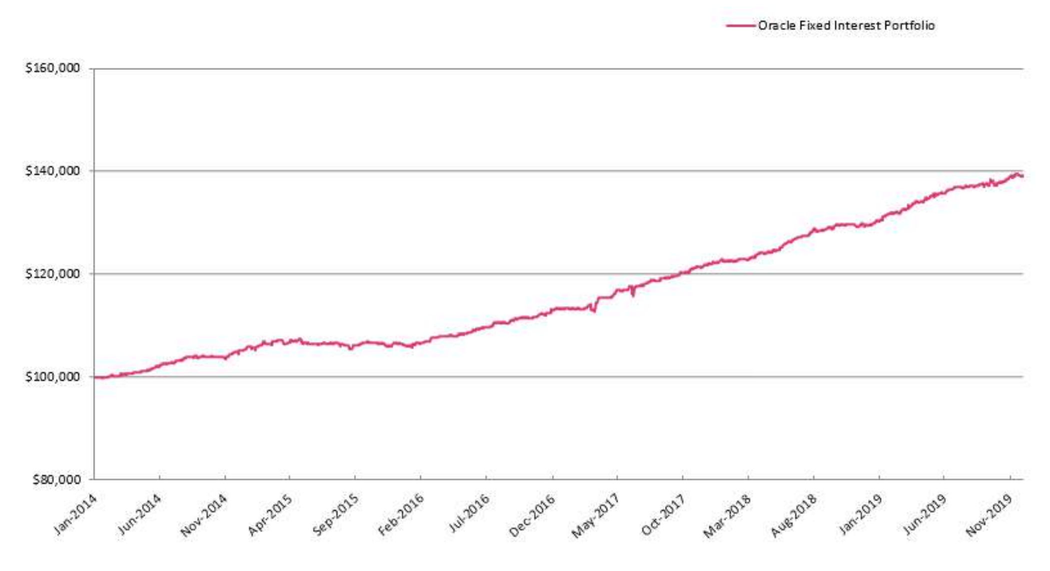
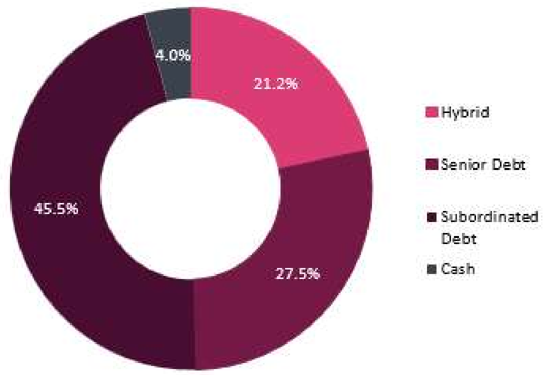
PORTFOLIO PERFORMANCE



BOND TYPES BY WEIGHT



PORTFOLIO FACTS

Investment Manager
Oracle Investment Management Pty Ltd

Investment Strategy
To invest in credit securities from companies with strong management, and balance sheets that display characteristics such as sufficient liquidity and low levels of gearing. Diversification is achieved mainly through investment in securities across a range of industries.

Investment Objective
To provide a return comprised of a secure and predictable income stream with moderate capital growth. The Portfolio aims to outperform the Bloomberg AusBond Bank Bill Index on an annual basis.

Benchmark
Bloomberg AusBond Bank Bill Index

Investment Universe
The Portfolio will primarily comprise of Australian Fixed Income including corporate bonds, listed sub-debt, listed hybrids, term deposits and cash. Dependent on market conditions the Portfolio may also invest in international corporate bonds and government bonds.

Recommended Investment Period
3 years

Minimum Initial Investment
$100,000

Inception Date
20 January 2014

Oracle Property Securities Portfolio

Investment Report and Fact Sheet

Luke Winchester
Lead Portfolio Manager

The Property Securities Portfolio fell -0.89% for the quarter. The benchmark (ASX 300 Property Trust Accumulation Index) fell -0.73%, resulting in underperformance by the portfolio of -0.16%.

Similar to the September Quarter, retail REIT's once again drove the index lower, led by GPT Group (-6.97%) and Scentre Group (-2.54%). This time the negative outlook came from the announcement that homewares store Harris Scarfe was entering administration with 166 stores around Australia.

While the direct impact to GPT and Scentre is relatively small, it is another negative signal for a beaten-down sector. Additionally, these centres must now find new anchor tenants and the cost of new rental agreements will be keenly watched by existing tenants looking to re-negotiate their own rents when they come up for renewal.

Negative share price performance across the sector can also be attributed to December quarter final distributions as most REIT's pay their distributions bi-annually in June/December.

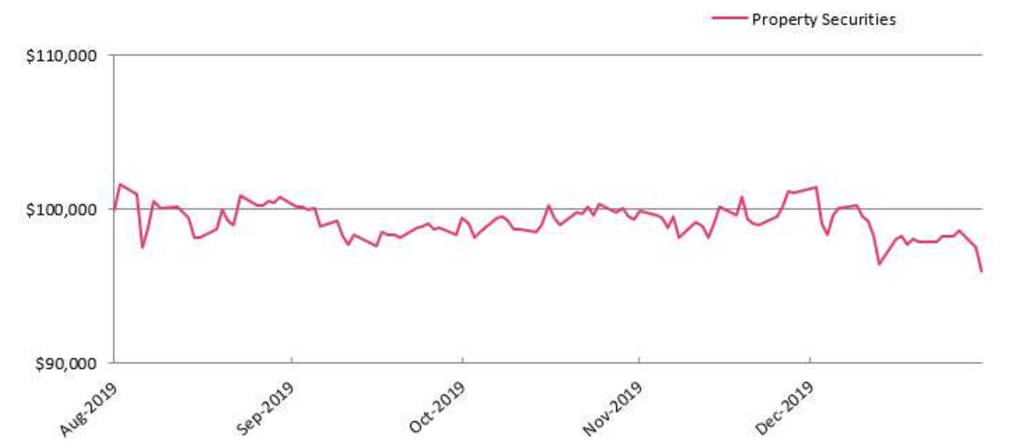
There was one new purchase in the quarter, Ingenia Group. Ingenia runs 57 lifestyle/holiday communities around Australia including retirement villages and caravan parks. Ingenia has been a star performer since new management were appointed post-GFC, spinning off non-core assets and acquiring key tourism assets across Australia including the Big 4 franchise. After it's inclusion in the ASX 300 the fund was happy to enter into a position given the prospects for further growth.

Top 10 Holdings	
Goodman Group	14.1%
Scentre Group	10.0%
Dexus	8.6%
Mirvac	6.8%
Vicinity Centres	5.0%
Charter Hall	4.1%
Unibail-Rodamco -Westfield	3.3%
Stockland	3.0%
Growthpoint Properties	3.0%
BWP Trust	2.8%

December 2019 Quarterly Performance	
Portfolio	-0.9%
Benchmark	-0.7%
Outperformance	-0.2%

Please see important disclosures on page 17

PORTFOLIO PERFORMANCE



PORTFOLIO FACTS

Investment Manager
Oracle Investment Management Pty Ltd

Investment Strategy
To use active bottom up stock selection, focusing on buying quality companies at reasonable prices. The securities are assessed as meeting our investment criteria of strong earnings growth and as likely to provide attractive returns to investors.

Investment Objective
To provide investors with long-term capital growth and income. The portfolio aims to outperform its benchmark over a rolling 3 year period.

Benchmark
S&P/ASX 300 Property Trust Accumulation Index

Investment Universe
Listed ASX Securities that invest in and or Manage Property Investments.
Portfolio may invest in listed ETFs.

Recommended Investment Period
3-5 years

Minimum Initial Investment
$25,000

Inception Date
1 August 2019

Oracle Portfolio Performance

Quarter Ended December 2019

	Emerging Companies Portfolio	Australian Equities Portfolio	Global Equities Portfolio	Fixed Interest Portfolio	Property Securities Portfolio
Portfolio Performance[i]	1.4%	4.6%	3.5%	1.4%	-0.9%
Benchmark Performance[ii]	0.8%	0.7%	4.6%	0.2%	-0.7%
Outperformance	0.6%	3.9%	-1.1%	1.2%	-0.2%

[i]Investment Performance calculated based on the Portfolios from 1/10/2019 to 31/12/2019. Portfolio performance is after investment manager fees and performance fees and before administration and platform fees. Performance figures are calculated using the median return across the portfolio investor base. These figures represent historical performance only. Past performance should not be taken as an indication of future performance. Individual Portfolio performance may vary depending on date of initial investment, contributions, withdrawals and individual investor's nominated investment constraints (including tax).
[ii]Benchmarks: Oracle Emerging Companies Portfolio (S&P/ASX Small Ordinaries Accumulation Index), Oracle Australian Equity Portfolio (S&P/ASX 200 Accumulation Index), Oracle Global Equities Portfolio (MSCI ACWI ex Australia in AUD) and Oracle Fixed Interest Portfolio (Bloomberg AusBond Bank Bill Index), Oracle Porperty Securities Portfolio (S&P/ASX300 Property Trust Accumulation Index). Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg") do not approve or endorse this material and disclaim all liability for any loss or damage of any kind arising out of the use of all or any part of this material.

References

1. https://www.asx.com.au/documents/media/20100129_asx_information_paper_capital_raising_in_australia.pdf

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