



**oracle**  
ADVISORY GROUP

# QUARTERLY UPDATE

ISSUE 35 - MARCH 2023



**MARKET UPDATE >>**



**MODEL PORTFOLIOS >>**

## CONTENTS

Quarterly Market Update 2 - 5

### MODEL PORTFOLIOS

Global Equities Portfolio 6 - 8

Australian Equities Portfolio 9 - 10

Emerging Companies Portfolio 11 - 13

Fixed Interest Fund 14 - 15

Property Securities Portfolio 16 - 17

Ethical Diversified Portfolio 18 - 19

### MANAGED PORTFOLIOS

Capital Stable Portfolio 20

Conservative Portfolio 21

Balanced Portfolio 22

Growth Portfolio 23

High Growth Portfolio 24

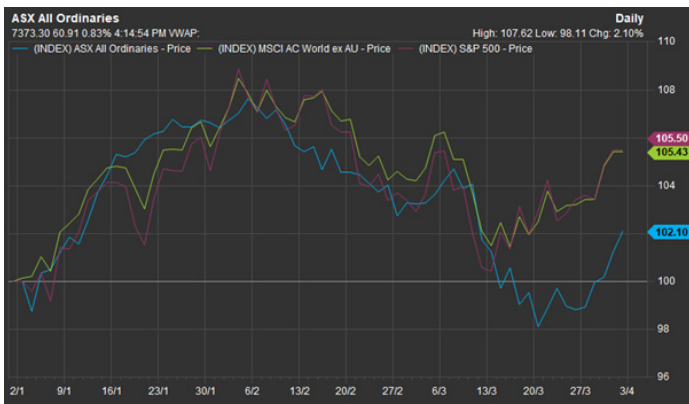
# Oracle Market Update .....



**By Peter Durbin**  
Chief Investment Officer

The March quarter was a tale of 2 halves, with January defying all expectations with the 8th strongest opening month for the S&P 500 on record. The tide turned in February, and if not for a late rally, most markets would have given up all their January gains.

## Market Analysis



Source: FactSet

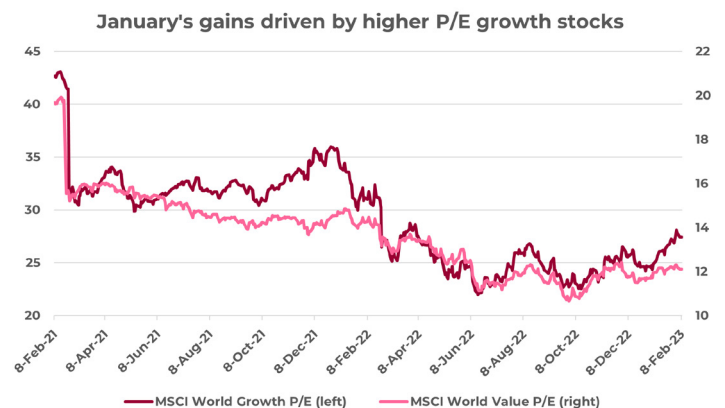
This demonstrates to us a few things.

First, it shows how hard investing can be if you have a short time horizon. The start of the year has been volatile and unpredictable. You don't often hear portfolio managers using the word unpredictable, because it is in our job description to make predictions (about the future performance of stocks), but the quarter has been exactly that. If you looked at the macroeconomic data late last year (which we did), you might conclude that markets are likely to stall or decline (which we did). Based on this conclusion, you might be surprised if markets were up over 7% (which we were). At Oracle, we don't make large investment decisions based on macro, however, we do allow it to inform our asset and sector allocation at a very high level. We also take a long view on buying companies, and although January surprised us, in the long term, earnings and return on capital are what will drive the returns of companies.

On this last point, if you bought the market in late January, hoping to catch the rising market, you would have been very disappointed once February and March played out. Economic research might inform some of our decision-making as mentioned, but stock market gyrations do not. We look through the day-to-day and month-to-month market movements and focus on the business performance of our investee companies.

Second, markets have very short memories. True, a market will take into account all available information on any given stock and the market as a whole. We believe there is a strong recency bias to the information made available in the market. For months the US Federal Reserve has been telling the market that they see rates going higher than is currently priced in by bond, futures, and equity markets. During January's rise, the market looked to some positive economic data, believing that rates were peaking, and aggressively bought high growth, high P/E stocks. This is excellently shown in the below chart with an index of growth stocks (blue line) aggressively outperforming an index of value stocks (orange line).

Since then, the Fed has raised rates twice, as promised.



Continued over the page

# Oracle Market Update .....

## February Reporting Season

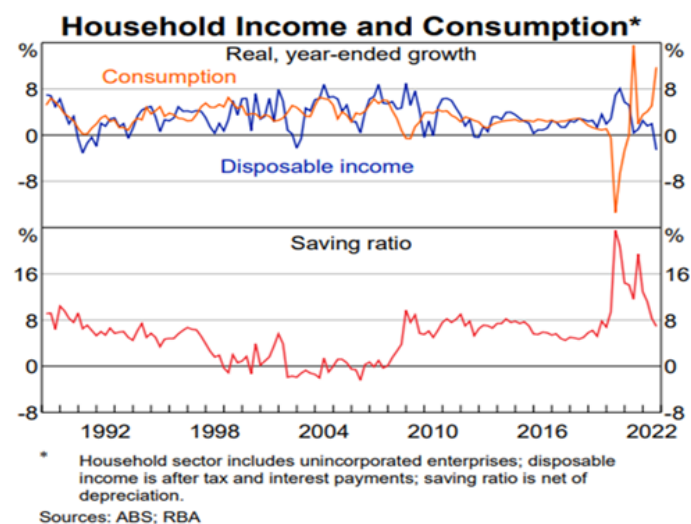
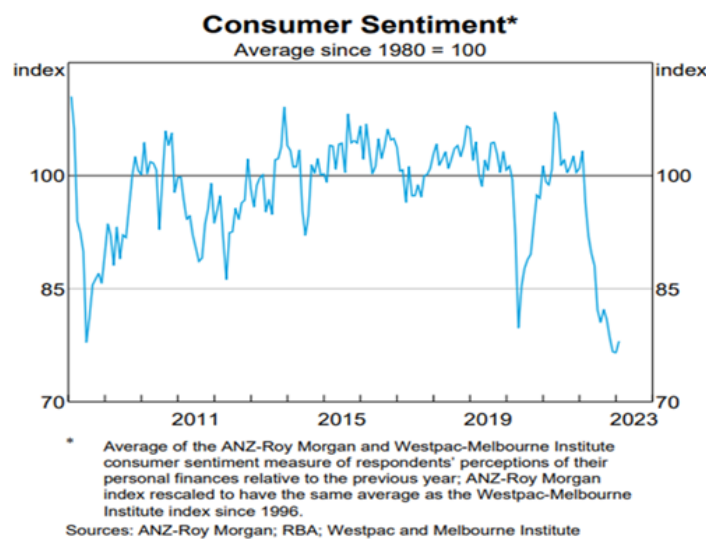
The change in sentiment was not helped by reporting season, with companies in Australia and the US reporting their half or full-year results in February.

The Australian reporting season was challenging regardless of the part of the market in which you participated, with a whopping 41% of companies missing market expectations (source: Bloomberg). A key theme through reporting season was a focus on costs and inflation, as the impact on profits began to be felt. This is a reason we prefer to invest in companies that have pricing power and can pass on cost increases to consumers quickly. Examples of companies that were able to increase prices to offset rises in costs included REA Group (REA) and Woolworths Group (WOW), and those that couldn't during this period included Domino's Pizza (DMP) and Dicker Data (DDR).

The industries that seemed to be hit hardest by increasing costs were the miners, as a shortage of skilled labour increased the compensation required to keep talent. Diesel prices also impacted the miners, however, in this instance, one industry's loss is another's gain, which meant that energy suppliers benefitted from higher fuel prices.

Broader retail showed resilience through the period with companies such as Adairs, Wesfarmers, and Nick Scali also increasing revenue and earnings compared to the prior corresponding period. However, as a general comment, the market was disappointed by a weak outlook for the retailers, which may suggest that the impact of inflation and higher mortgage rates may be slowly being seen in the wallets of spenders. This projection reinforces data presented by the RBA in their regularly released economic data that showed consumption has increased sharply (likely as a result of higher prices, not necessarily higher demand for goods), negative disposable income (consumers spending more than they earn), and a sharply lower savings ratio. In addition, consumer sentiment (a gauge of how confident the consumer is regarding current economic conditions and their ability to spend comfortably) is at levels not seen since the Global Financial Crisis in 2008-2009.

This is shown on the following two charts.



In the US, we have witnessed earnings forecast downgrades over the last 2-3 months. Economic data such as the Global Credit Impulse (a measure of the rate of change of money creation), as computed by the Macro Compass, has suggested for some time that S&P500 earnings forecasts were far too high. While the model has suggested that they may still be too high, the revisions downwards have not been unexpected. It is for this reason that we have positioned the portfolios as they are: defensive and resilient.

While we acknowledge the long-term performance has not met all goals across all portfolios, we believe the recent 3-month performance is a reflection of this positioning. The portfolios will not stay in this shape, however, and we expect that as rates appear to approach a peak, we will begin increasing our allocation to companies we deem as being "defensive growth" from those that are simply "defensive".

*Continued over the page*

# Oracle Market Update .....

Indeed, this has already been occurring, albeit slowly and cautiously. Defensive growth companies are well sought after so are often priced richly, however, they tick many boxes in our investing philosophy such as having pricing power or recurring revenue (defensive), while also presenting the ability for future earnings growth. Companies in healthcare such as ResMed or CSL fit this bill and despite their apparent higher valuations, their share prices have held up well over the last year.

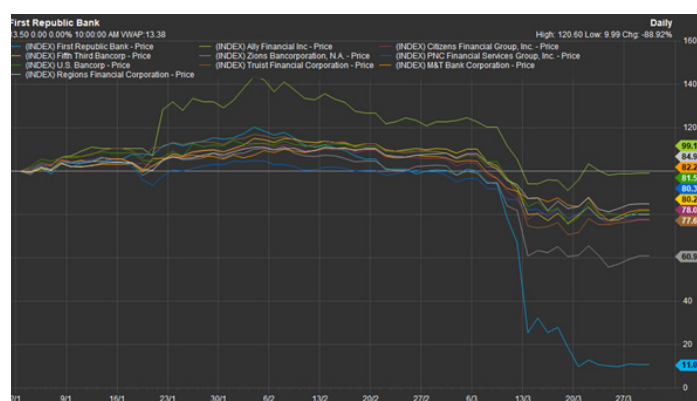
## Banking Crisis

The big news through the quarter, however, has been the banking crisis playing out in the United States and Europe. What began as an attempted capital raise to plug a hole in Silicon Valley Bank's (SVB) balance sheet ended 36 hours and a genuine run on deposits later with the US Federal Deposit Insurance Corporation (FDIC) seizing control of the country's 18th largest bank, resulting in the second largest banking failure in US history.

The reason for the balance sheet hole was a confluence of a few factors. Through covid, the US government distributed untold amounts of financial stimulus to individuals and businesses, which were either saved or spent, either way ending up in savings accounts at banks. Silicon Valley Bank's customers are highly concentrated around Californian start-ups and tech companies, who, as a whole, ended up with plenty of cash and the demand for loans fell. Normally a bank will lend out deposits in the form of loans. However, with an excess of deposits, SVB bought government bonds instead. 10-year government bonds. In theory, these bonds are classified as held to maturity, which means they do not need to be marked to market (revalued) as the value changes. This is fine so long as they are indeed held to maturity, but as interest rates rose aggressively through 2022, not only did the value of the bonds fall precipitously, but customers could also earn a decent yield on their deposits, leading to more deposits at the bank.

In the saddest of ironies, SVB identified the problem and moved to shore up their balance sheet to ensure they were well capitalised. The raise failed, and the bank learned how small the town of Silicon Valley is. Word travelled fast that the bank might be in trouble, influential figures and venture capital funds suggested to their investee companies that they withdraw their cash held at SVB, leading to a run on the bank's deposits. These deposits are all tied up in long-term bonds.

In the US, deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to US\$250,000, but 93% of SVB's deposits were above this amount and therefore not insured (hence the panic). To quell fears of contagion, the Federal Reserve announced it will make whole any uninsured investors. This helped, but not before Silvergate and Signature Banks also failed. Other US regional banks have seen deposit flight in favour of the majors such as JP Morgan Chase, and share prices have reflected these fears. The iShares Regional Bank index is down 25% calendar year to date and a selection of regional banks is shown in the table below.



Source: FactSet

Unsurprisingly, investors (and deposit holders) went searching for what bank might be next with some urgency. First Republic has been teetering on the brink ever since (down 89% calendar year to date, as shown on the above chart) but is being kept on life support by the FDIC and Fed backstop on deposits. However, the big scalp the crisis claimed was Credit Suisse, one of two large Swiss banks. Credit Suisse has had its problems in the past, not least of these was blowing up billions of dollars in investments in two large hedge funds that failed (Greensill and Archegos). The catalyst for Credit Suisse's demise came when the CEO of the Saudi National bank, which had recently taken an equity position of 9.9% of the Swiss bank, announced it would not be buying any more due to capital regulation restrictions. Investors started guessing the company may need to raise more capital and Credit Suisse started asking the Swiss National Bank for a lifeline. In the end, longtime rival UBS – the other major Swiss bank acquired Credit Suisse for €3 billion, a pittance compared to the €10 billion it traded at a week prior and the €42 billion back in 2018.

Continued over the page



## The question Australian investors are asking is “can this happen here?”

That is a fair question and one that should be answered. In our opinion, it is unlikely that the contagion will spread to the major Australian banks for two reasons.

The first reason is that the major Australian banks are some of the best-capitalised in the world. In the wake of the global financial crisis, APRA (the Australian Prudential Regulation Authority) insisted banks hold more capital on their books to ensure they were “unquestionably strong”, to prevent another GFC moment from occurring.

The issues at both Silicon Valley Bank and Credit Suisse were initiated by problems specific to those banks. For Silicon Valley Bank it was poor risk management and a high concentration of deposits from one geographic region and sector. For Credit Suisse, it was caused by years of losses, and customer withdrawals (even before the current crisis), not helped by overexposure to the poorly performing investment bank division and executive turnover. The Wall Street Journal characterized the Credit Suisse situation as “a slow-motion unfolding that reached a tipping point a few days ago”.

Hemingway’s quote feels fitting in Credit Suisse’s case:

*“How did you go bankrupt?”*

*“Two ways. Gradually, then suddenly.”*

The Australian banks are well capitalised and well diversified and, except for Macquarie Bank, have been reducing exposure to non-banking-related financial services such as financial advice and investment banking. While the Australian banks may not be our preferred investments in the current climate, we don’t believe they are at risk of collapsing.

2023 will continue to deliver surprises but we believe that investors will be well-served by looking at the long term and by focusing on owning quality businesses that compound slowly over years, not months.

# Oracle Global Equities Portfolio Update



**Johan Snyman**  
Portfolio Manager

The Global Equities Portfolio finished the first quarter of 2023 with a gain of 0.45%, relative to our benchmark, the MSCI ACWI ex Australia (in A\$). On an absolute basis, the portfolio advanced by 9.47%. On a 12-month basis, the Global portfolio has advanced by 0.53% but remains at a relative underperformance of 2.28% in this period.

Looking at sector indices of the S&P500 reflects on Financials being the worst performing sector of the S&P500 in the first quarter of 2023. The Global Portfolio has exposure to one US Bank only, which is JPMorgan Chase (JPM).

At the end of Fiscal Year 2022 (December year-end), JPM had total assets of US\$3,665bn, with US\$1,136bn in loans and US\$2,340bn in deposits. Net income was US\$37.7bn in Fiscal Year 2022, down 22% year-over-year.

The recent shake-out in the banking sector (or shall we say the start of another shake-out) has larger banks in the US as beneficiaries since depositors are running the way of the larger banks seeking shelter instead of the smaller banks. It was reported that many technology companies have shifted their key elements of payments infrastructure to larger banks, one being JPM, with one example being Rippling, a back office-focused startup.

There are only two reasons a bank can go broke – liquidity and solvency. Do not blame regulatory oversight, but rather poor risk management in the case of Silicon Valley Bank and Signature Bank. Plain greed from management and weak governance created a liquidity issue. The banking system in the US has now been nationalised, if you guarantee the entire deposit base of a banking system, you have nationalised it. It is difficult to guarantee the deposit base of two failed banks and then said to depositors at other banks, sorry, yours are not guaranteed.

Over the Quarter, major currencies contributed little to performance - Australian Dollar only weakened by 1.3% against the US Dollar.

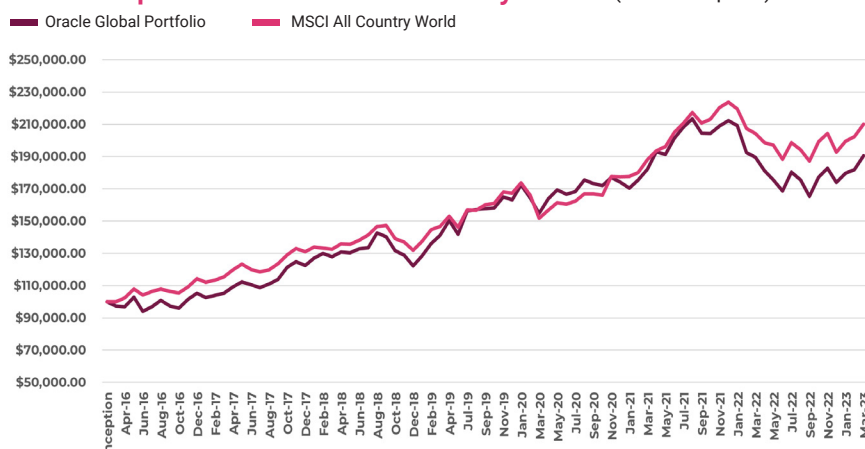
Continued over the page

## Portfolio Performance

Rolling	Global Equities Portfolio	Benchmark (MSCI All Country World Index)	Outperformance
1 month	4.78%	3.87%	0.91%
3 month	9.47%	9.02%	0.45%
6 month	15.14%	12.35%	2.79%
1 year	0.53%	2.81%	-2.28%
2 year p.a	2.27%	5.70%	-3.43%
3 year p.a	7.19%	11.49%	-4.30%
Since Inception p.a (1 March 2016)	9.52%	11.05%	-1.53%

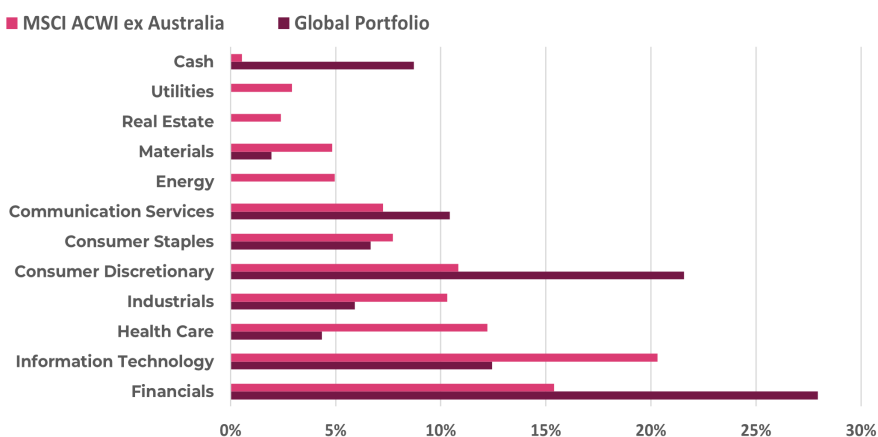
## Comparative Performance

### Global Equities vs MSCI All Country World (since inception)



## Market Segments

### Oracle Global Portfolio v MSCI ACWI ex Australia



# Oracle Global Equities Portfolio Update

A review of 3-month returns to the end of March 2023 tells a story of Technology including Semiconductors, making an “entrance” having been the “foster child” for the best part of 2022.

Five of the top-ten performers in the Quarter are Technology companies – the Semiconductor (SOXX) and ARK Innovation (ARKK) ETFs advanced by 27.8% and 29.1% in the Quarter, respectively. The two best-performing S&P 500 sectors were Information Technology and Communications Services (up 21.5% and 20.2% respectively). The Nasdaq Composite Index rallied by 16.8% in the Quarter.

During the Quarter, we initiated two positions in Medtronic and Shimano. **Medtronic** is a global leader in medical devices, a pure-play designer and manufacturer, founded in 1949.

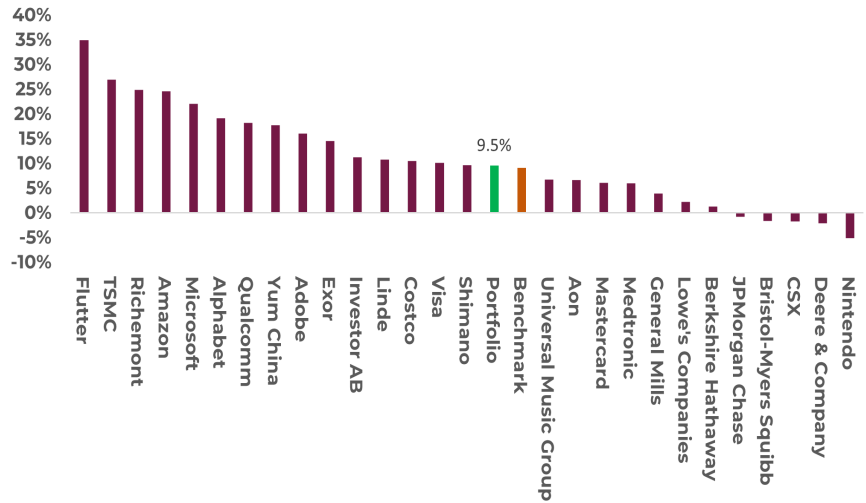
The company has four operating segments: Cardiovascular, Neuroscience, Medical Surgery; and Diabetes. It bolsters its economic moat through a vast portfolio of intellectual property, relationships with physicians, and the adhesive connection its devices create with practitioners. It invests on average, 8.4% of revenue in research & development. Acquisitions are seen by management as complementary to research & development, to fuel its robust pipeline of products.

Our investment thesis focuses on the new operating model to accelerate and sustain higher growth of the company over the long term. Medtronic has underperformed in the market since the Covidien acquisition, completed at the beginning of 2015.

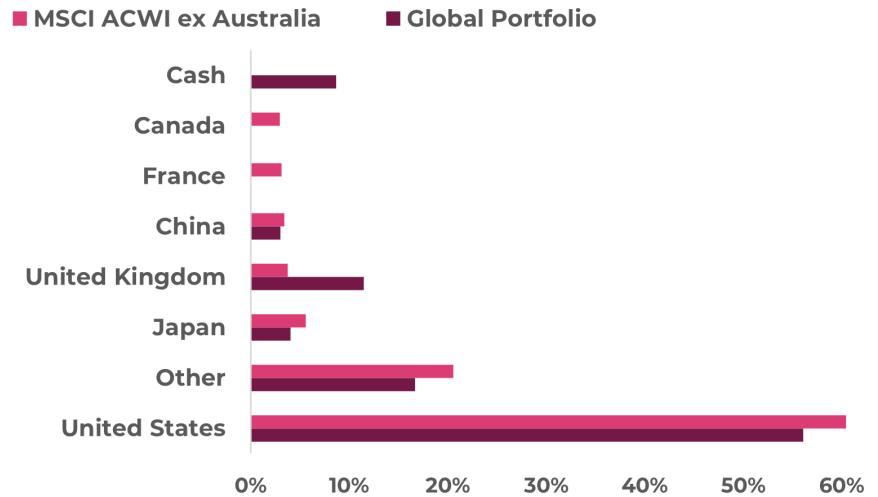
Looking back at the most recent Quarter results, a fair comment is the sense of urgency to reduce the cost base as a key element of implementing a new operating model. With greater accountability in operating units, with a decentralized approach with notable examples from Danaher and Thermo Fisher as two corporate leaders in Medical Technology (Medtech).

**Shimano** has a 101-year history – and a Shimano is still in charge. The sixth CEO since the company was founded in 1921 by Shozaburo Shimano. A year later, the company started to manufacture metal parts for bicycle drives and today commands a leading market share and has become a household name in the world of competitive cycling (75% of the twenty-two teams’ bicycles in the 2022 Tour de France sported Shimano components).

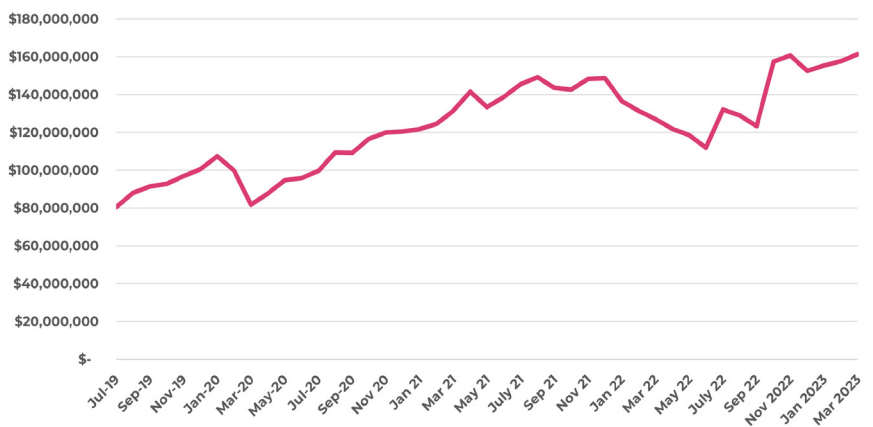
Three months to March 2023



## Geographic Exposure



## Funds Under Management (since inception)



Continued over the page

# Oracle Global Equities Portfolio Update

One step back – if you think of Shimano in terms of fishing gear only, you are wrong; it is more about the drive chain of bicycles than fishing gear. Industry analysts estimate that Shimano holds around 70% market share in mid- to high-end bicycle key components, making it the undisputed market leader in this space. Shimano does not sell directly to bike customers, but to bike manufacturers that use Shimano components on their bicycles.

If you think of Shimano in terms of cycling only, you are wrong as well, it has a substantial business in fishing gear, although much smaller contribution to revenue and profit than cycling. The fishing gear/tackle division was launched in 1970 only.

Lastly, in recent sector classification changes from MSCI, two stocks in the global portfolio have been moved from Information Technology to Financials, namely Mastercard and Visa.

Whilst our personal preference is absolute performance, beating inflation by five percentage points, the global portfolio must comply with regulatory requirements and hence benchmarking against the MSCI ACWI ex Australia – we do not plan to exit Mastercard and/or Visa, simply because of the global portfolio being overweight Financials.

We are not that keen on relying upon sector classifications to define a business and you may note that 10% is in the Communication Services sector. As this is Alphabet (the former Google), Nintendo and Universal Music Group (UMG), we regard Alphabet as a Technology stock - Amazon is classified as a Consumer Discretionary stock, although how this fits Amazon Web Services is difficult to see.

Portfolio Overview	
<b>Investment Manager</b>	Oracle Investment Management Pty Ltd
<b>Investment Objective</b>	To provide investors with long-term capital growth and tax effective income. The portfolio aims to outperform its benchmark over a rolling 7-year period.
<b>Investment Strategy</b>	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.
<b>Benchmark</b>	MSCI ACWI ex Australia in A\$ (unhedged)
<b>Investment Universe</b>	Primarily large cap international securities listed on major international exchanges. Portfolio may invest in listed ETFs.
<b>Recommended Investment Period</b>	3-5 years
<b>Minimum Initial Investment</b>	\$50,000
<b>Inception Date</b>	1 March 2016

Top 10 Contributors	Portfolio Position	12 month Performance
Flutter Entertainment Plc	5.2%	73.5%
Yum China Holdings, Inc.	3.1%	72.4%
General Mills, Inc.	2.8%	45.0%
Compagnie Financiere Richemont SA	4.2%	42.8%
Linde plc	1.9%	26.4%
Exor N.V.	2.5%	19.5%
Visa Inc. Class A	5.1%	14.8%
Mastercard Incorporated Class A	5.2%	14.7%
Lowe's Companies, Inc.	3.5%	13.1%
Deere & Company	3.5%	12.7%

Portfolio Characteristics	Portfolio	Index
Price Earnings Multiple	21.6	14.4
Historical -EPS growth - 3 years	35.1%	16.1%
12-month Forward Earnings Growth	15.4%	12.0%
Price Earnings Forward - 1 year	18.7	12.9
Dividend Yield	0.8%	2.7%
Return on Equity (RoE)	19.1%	14.9%

# Oracle Australian Equities Portfolio Update



**George Kurian**  
Portfolio Manager

The Australian Equities Portfolio returned **2.95%** for the March 2023 quarter, underperforming the benchmark S&P/ASX 200 Accumulation Index by **0.51%**.

The big names drove the performance of the index with iron ore producers a major contributor, as was banking. This is a factor both of their size in the index and their positive returns in the period. Gold was also a strong performer with Evolution Mining (EVN) and Northern Star (NST) both posting returns around 40% for the quarter. Stock markets never cease to surprise. After a strong downtrend last year, S&P/ASX 200 rallied about 6.1% into January and then pulled strongly back by about 2.4% in February and had a near-flat March. The key reason for this seesaw move is Mr Market's continuous calibration of the future interest rate trajectory. In January, markets celebrated the end of a difficult 2022 and anticipated the beginning of the end of a rising interest rate environment. By February, markets were not so sure as global yield curves steepened and stocks were priced for 'higher and longer interest rates. However, by March, there were several banking crises in the US and markets started worrying about the health of the global financial system and priced stocks for 'lower and longer interest rates. As of this writing in early April, markets are worried about the recession, especially in the United States where the yield curves have been steeply inverted.

'Buy when there is blood on the streets', has been the slogan attributed to Nathan Rothschild when asked about the secrets to his riches. In the stock markets, this has been the tried and tested strategy for most successful investors including Warren Buffett, who famously said that 'You pay a high price for a cheery consensus'. Hence in your portfolio, we have been buying high-quality stocks which have been on sale because of Mr Market's myopia.

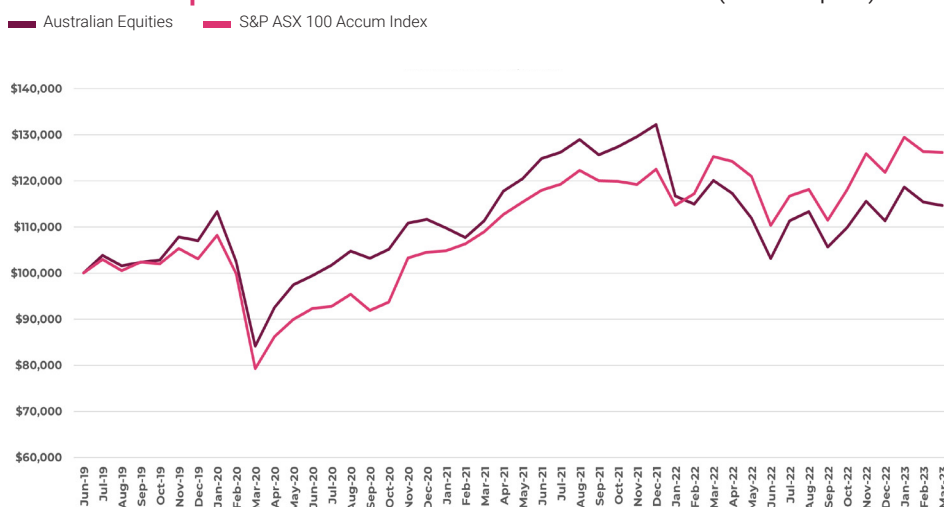
Continued over the page

## Portfolio Performance

Rolling	Australian Equities Portfolio	Benchmark (S&P ASX 100 Accumu Index)	Outperformance
1 month	-0.68%	-0.16%	-0.52%
3 month	2.95%	3.46%	-0.51%
6 month	8.49%	13.19%	-4.70%
1 year	-4.55%	0.10%	-4.65%
2 year p.a	1.48%	7.28%	-5.80%
3 year p.a	10.85%	16.52%	-5.67%
Since Inception p.a (1 July 2019)	3.71%	6.22%	-2.51%

## Comparative Performance

### Australian Equities vs S&P ASX 100 Accum Index (since inception)



Portfolio Characteristics	Portfolio	Index
Price Earning Multiple	14.9x	14.9x
Long term Earnings per share Growth	6.6%	6.9%
Earnings per share Growth – 3 year historic	12.4%	6.9%
Return on Equity (ROE)	17.2%	14.2%
Dividend Yield	4%	4.6%
Operating Margin	32.6%	31.5%
Gearing (Debt/EBITDA)	1.13x	1.43x

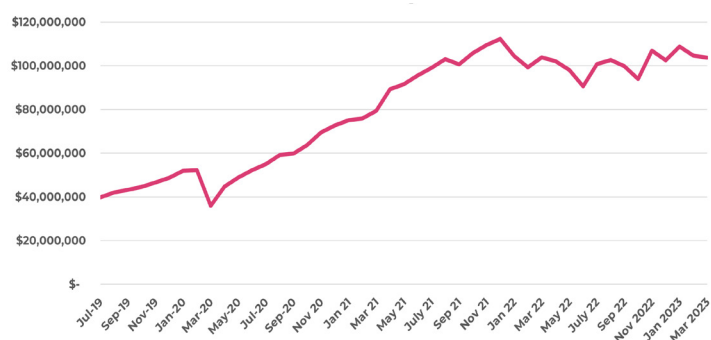
# Oracle Australian Equities Portfolio Update

Electric vehicles (EVs) have been one of the major lifestyle trends over the last couple of years and we should expect a significant acceleration in their adoption rate from the mid-2020s onwards. Although there are several contenders in the automobile space, one of the best ways to play this theme is through lithium. Lithium batteries have been one of the most profitable parts of the Electric vehicle value chain and we have taken increased exposures in high-quality lithium companies like Allkem and Mineral Resources during the quarter. Additionally, healthcare is a fast-growing space and several Australian companies have developed attractive market shares in the United States, which is the world's largest healthcare market. Due to the recent market pessimism, we were able to take additional positions in many of these names like ResMed, Fisher & Paykel, and Cochlear.

Occasionally markets sell stocks for a reason and other times they sell them for no reason. Domino's Pizza falls into the first category and GQG Partners falls into the second category. We believe that selling a high-quality company like Domino's after one bad year is like a farmer selling his fertile land 'for any price' after one bad crop year. We have never known a farmer who has done such a thing. However, in the stock markets, we have highly educated people selling crown growth jewels the way no Aussie farmer would ever do! Consequently, we have bought into Domino's at very attractive prices. GQG is one of Australia's largest and best fund managers and is run by a highly revered Chief Investment Officer. It is one of those stocks where it is difficult to find a reason to sell, as this company has strong net fund inflows and a great investment track record. However, Mr Market has found a secret reason to sell this growth stock on a high single-digit dividend yield, and so we have obliged by increasing the weight and locking in a very attractive dividend yield, with the expectation of good capital gains once the markets rebound.

Given that we are likely to be at the end stage of the interest rate cycle, we have positioned the portfolio more towards interest rate-sensitive names and have also increased the weights in technology and communication services. As markets will lead the economy, we are confident that the current market levels are pricing in a lot of harmful news about the economy, and we are expected to see a strong rebound in the markets over the next 1 year or so especially when the interest rates begin to decline.

## Funds Under Management (since inception)



Top 10 Contributors	Portfolio Position	3 month Performance
BHP Group	11.2%	7%
Reliance Worldwide	2.0%	27%
James Hardie	2.2%	21%
Aristocrat Leisure	1.9%	22%
Fortescue Metals	1.6%	12%
Washington H Soul Pattinson	2.9%	9%
Wesfarmers	2.4%	11%
Cochlear	1.4%	17%
Macquarie Group	5.2%	5%
Sonic Healthcare	1.3%	18%

## Portfolio Overview

<b>Investment Manager</b>	Oracle Investment Management Pty Ltd
<b>Investment Objective</b>	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.
<b>Investment Strategy</b>	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.
<b>Benchmark</b>	S&P/ASX 100 Accumulation Index
<b>Investment Universe</b>	Companies listed on the ASX that have a market capitalisation similar to those in the S&P/ASX 100 Accumulation Index.
<b>Recommended Investment Period</b>	3-5 years
<b>Minimum Initial Investment</b>	\$25,000
<b>Inception Date</b>	1 July 2019

# Oracle Emerging Companies Portfolio Update



**Jack Magann**  
Portfolio Manager

The Emerging Companies Portfolio returned **-0.48%** for the first quarter of 2023. This compares to our benchmark, the S&P ASX Small Ordinaries Accumulation Index, which returned **1.88%**.

We had big moves in two of our battery metals companies, Liontown and Mincor, during March as they both received takeover offers. Liontown, the lithium explorer attempting to develop the Kathleen Valley project, received an offer for \$2.50 per share from US lithium giant Albermarle. The board instantly rejected the offer, which was a 60% premium to the trading price at the time of the announcement. This came as a surprise considering the offer valued the company at \$5.5bn, despite not expecting to come into mining production until at least late 2024.

In their most recent feasibility study that the company released to the market, the mine was valued at \$4.2bn by an external consultant. Another mining analyst has also valued the Kathleen Valley project at \$4bn. This is why we decided to sell our position after the takeover offer was announced, for a price above the offer of \$2.56. This decision was made with capital protection at the forefront of the mind.

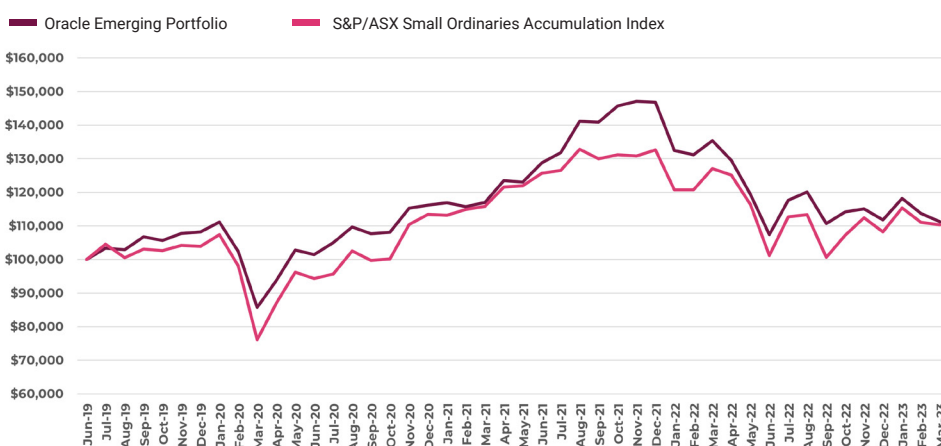
It is being reported in the media that Liontown management is seeking \$3 for the company. If this was achieved there would be a 17% upside to our sell price. This compares to a 33% downside to the estimated value of the mine. Combine this with a declining lithium price and the company requiring further capital before the year is out. These factors made our decision to sell an easy one and we were happy to take the profits off the table.

## Portfolio Performance

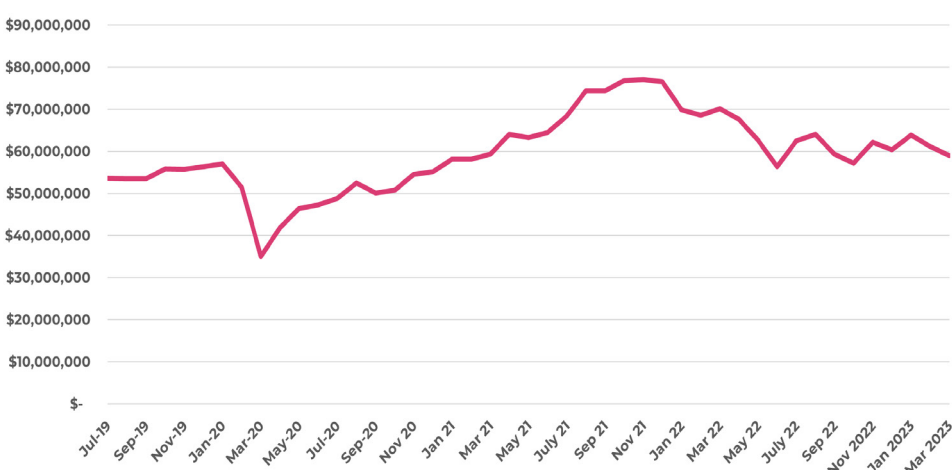
Rolling	Emerging Companies Portfolio	Benchmark (S&P/ASX Small Ordinaries Accumulation Index)	Outperformance
1 month	-2.18%	-0.72%	-1.46%
3 month	-0.48%	1.88%	-2.36%
6 month	0.52%	9.55%	-9.03%
1 year	-17.79%	-13.19%	-4.60%
2 year p.a	-2.48%	-2.43%	-0.05%
3 year p.a	9.10%	13.15%	-4.05%
Since Inception p.a (1 July 2019)	2.89%	2.64%	0.25%

## Comparative Performance

### Emerging Companies vs S&P/ASX Small Accum Index (since inception)



## Funds Under Management (since inception)



Continued over the page

# Oracle Emerging Companies Portfolio Update

The additional takeover offer in March for the portfolio was for our holding of **Mincor**, which is a nickel producer in WA. The company received a takeover offer of \$1.40 from Wyloo Metals, an Andrew Forrest-owned investment company. While the offer wasn't necessarily unexpected, as Wyloo owns 20% of Mincor, it is an interesting play given that BHP has a 100% offtake agreement with the takeover target. This agreement requires Mincor to sell 100% of their nickel produced to BHP. This sparked speculation that BHP may make a rival offer to Wyloo's. However, a week after the offer, Mincor released an announcement to the market stating that some of Mincor's products had fallen short of the standards set by the contract with BHP which is refusing to accept the lower-grade nickel. Given this information, we decided to exit the position, as it is now unlikely a superior offer will emerge and there is a risk that Wyloo could pull their offer from the table. We were happy to sell Mincor at the \$1.40 offer price on-market.

It is pleasing to see our sum of the parts (SOTP) thesis for **Link Administration** start to play out this quarter. By SOTP thesis we refer to the 4 separate businesses operated by Link plus their investment in ASX listed company, Pexa Group, being priced at what we believed to be a 30% discount to their true standalone value. In January the company divested their Pexa investment through way of an in-specie transfer to Link shareholders. We now hold Pexa in the portfolio, being an acronym for Property Exchange Australia. Pexa has a monopoly on electronic property settlements in this country, which includes both new buys and refinanced mortgages. They are attempting to expand into the UK which surprisingly, still uses manual procedures for property settlements. We believe it is inevitable that the UK will gradually introduce electronic settlements and Pexa's software places them in a great position to take advantage of this change.

In February Link announced that they are nearing the sale of their Funds Solutions business. This business has had a troubled past with drawn-out legal proceedings against one of its failed fund managers in the UK. It is expected that Link will receive no net proceeds from the sale, as the capital will be used to settle the ongoing legal dispute. This was seen as a positive by the market as it was this same issue that saw a previous bidder for the whole of Link withdraw their offer. Once Link has sold the Funds Solutions business, they will be left with their two best businesses, the share registry business and their superannuation services business. We believe these two businesses are still undervalued by 30%.

Good investing can be a lot about timing. We expected our thesis in **Kip McGrath** to start to play out this reporting season, however, that wasn't the case. Traditionally Kip McGrath was a franchise business model, however, they have been rolling out corporate centres since pre-COVID. The thesis behind our investment is the company can take 100% of sales in the corporate centres, compared to a percentage of sales from their franchisees while keeping their margins at similar levels. This will see profitability for the company step up dramatically. While the thesis isn't broken, we did expect the investment in the company's corporate centres over the past 5 years to pull through to the bottom line this half but that didn't occur due to a recent acquisition.

It came as a surprise to the market that Kip's recently acquired US business made a loss in the first half, masking the profits from the corporate centre business. After the result we met with the CEO, Storm McGrath, to gain further insight into the US issues. Storm reported that the business previously had a monopoly in the school district they operated in, however, the education department for the district decided to open the market to other competitors. On the back of this news, the company has since expanded its US business into other school districts. Having already signed three contracts in these new districts and with the likelihood of other contracts to be signed, it will be a strong second half in the US. We are forecasting the US to be profitable in the second half and break even for the full year. This will allow the corporate centre business to demonstrate its positive performance for the full year and reiterate the strong returns on the capital this investment will produce. With the recent sell-off by the market, the company looks extremely attractive at this price.

We believe the portfolio is in an excellent position to perform well over the long term, with the highest quality businesses within the index already in the portfolio. We continue to work hard on finding the best opportunities to invest your capital. Recent market volatility has presented great buying opportunities within our index and high-quality businesses are trading at significant discounts to their intrinsic value.

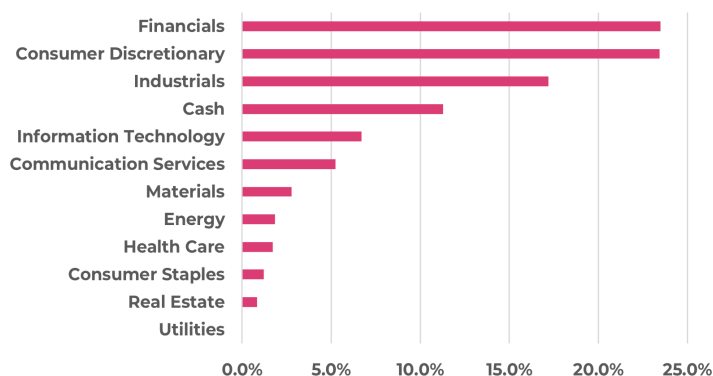
Top 10 Contributors	Portfolio Position	3 month Performance
Liontown Resources	Sold	95.4%
Smartgroup Corp.	4.2%	31.4%
Pro Medicus	1.7%	15.8%
Collins Foods	1.9%	15.4%
Sandfire Resources	1.5%	14.1%
Aussie Broadband	2.5%	14.7%
AUB Group	4.3%	14.0%
Webjet Limited	1.2%	13.6%
Pexa Group	0.8%	13.1%
Auckland Aiport	2.4%	10.4%

# Oracle Emerging Companies Portfolio Update

Portfolio Overview	
<b>Investment Manager</b>	Oracle Investment Management Pty Ltd
<b>Investment Objective</b>	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.
<b>Investment Strategy</b>	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.
<b>Benchmark</b>	S&P/ASX Small Ordinaries Accumulation Index
<b>Investment Universe</b>	All companies listed on the ASX plus managed funds. The Portfolio will include a range of mid-sized capitalization companies.
<b>Recommended Investment Period</b>	3-5 years
<b>Minimum Initial Investment</b>	\$10,000
<b>Inception Date</b>	1 July 2019

Portfolio Characteristics	Portfolio	Index
<b>Price Earning Multiple</b>	15.1x	16.1x
<b>Earnings per share growth (3-year CAGR)</b>	11.5%	15.9%
<b>Forward earnings per share growth (1 year)</b>	7.8%	3.07%
<b>Return on Equity (ROE)</b>	16.5%	6.72%
<b>Dividend Yield</b>	3.52%	3.01%
<b>Dividend Growth</b>	11.2%	4.80%
<b>Gearing (Net Debt/EBITDA)</b>	1.62	1.11

## Sector Breakdown



# Oracle Fixed Interest Fund Update



**James Shillington**

Portfolio Manager

Over the past three months, the Fixed Interest Fund has achieved a return of 0.48% and 1.26% over the past six months. This is an annualised return of 2.52%. Across the globe, fixed income returns in March 2023 were mixed. For March, the AusBond Composite Credit index rose 1.85%.

March could be considered a turbulent month for global markets, particularly the banking sector, domestic markets followed a typical risk-off sentiment. The ASX 200 fell 1.11%, and the Australian dollar weakened by 0.65% against the Greenback. Credit spreads widened over the month amongst banking sector issues. Despite raising the cash rate, a further 25 basis points for a tenth consecutive month, the RBA meeting minutes portray a dovish tone, further accelerating lower government bond yields – the theoretical risk-free rates for investing.

In the United States, the unexpected collapse of two regional banks within three days sent stocks into a freefall as customers rushed to draw down accounts. Regulators were quick to assure depositors of the resilience of the banking sector and the security of customer funds. Gold prices accelerated by 7.79% for the month, and the 10-year Treasury yield fell from 3.92% to 3.46%.

In Europe, UBS Group agreed to purchase rival Credit Suisse (CS) after a loss of confidence that threatened to spread across global markets. The transaction was brokered on short notice by the Swiss Government, which included a 60% discounted purchase price and a 100billion-Franc liquidity facility to withstand potential losses due to winding up Credit Suisse's operations. Most controversially, over 16billion-Francs worth of Additional Tier 1 securities were contractually written off. To restore the market's sentiment toward AT1 (hybrid) securities, the UK and European banking regulators reiterated that under normal market conditions, these securities should only bear losses after equity has been fully absorbed. Put simply, the regulator confirmed that hybrids rank senior to equity, as they do in Australia.

Our strategy over the past quarter has been to continue to reduce our exposure to long-dated fixed-rate bonds. Our exposure to these bonds is now well below 10% of the portfolio. We have some exposure to some short-dated (1-3 years) fixed-rate bonds which are yielding between 8-10%. We are pleased to continue to

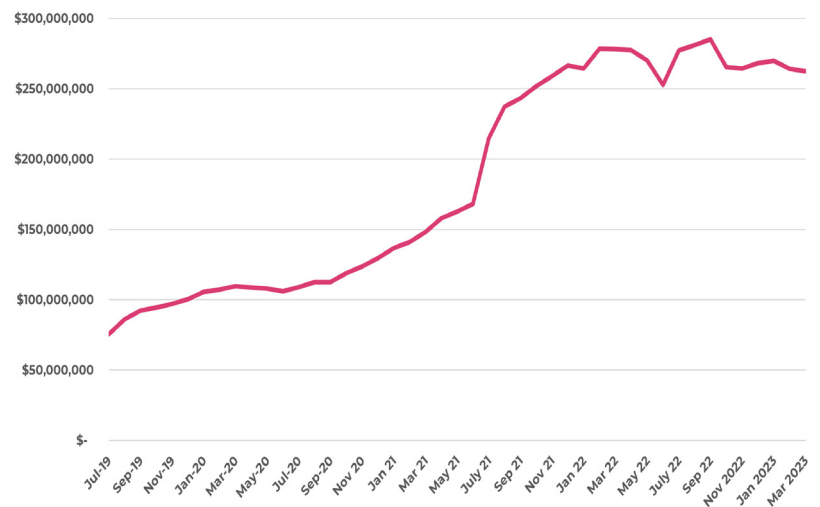
Continued over the page

## Portfolio Performance

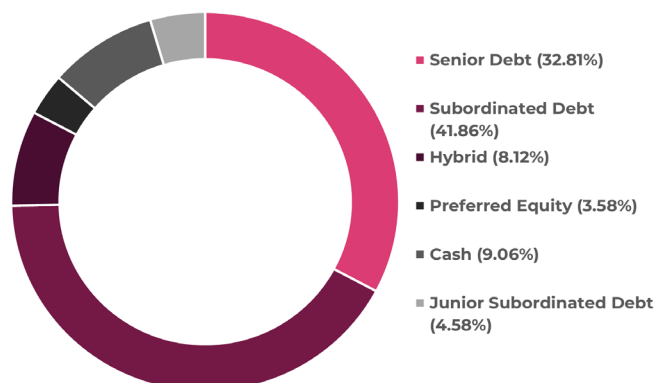
Rolling	Fixed Interest Fund	Income	Capital Growth
1 month	-1.01%	0.39%	-1.40%
3 month	0.48%	1.08%	-0.60%
6 month	1.26%	2.23%	-0.97%
1 year	-2.32%	3.47%	-5.8%
*Since Inception (1 Dec 2021)	-1.42%	4.46%	-5.88%

\*The Fixed Interest Fund performance data is only from 1 December 2021

## Funds Under Management



## Bond Type by Weight



# Oracle Fixed Interest Fund Update

hold these bonds as the yields are satisfactory and the price of the bond is likely to remain relatively stable in either a rising or falling interest rate market. We have also materially reduced our exposure to hybrid fixed-interest securities, as there are now many bonds that are paying superior cash yields to these securities and have a higher credit rating than the hybrids.

Our position in NCIG (the Newcastle Coal Loader), continues to perform very well. The bond price has rallied approx. 5% outright over the quarter, which taken in context with the average coupon of 16% p.a. (4% for the quarter), the securities have been a fantastic performer. Conversely, our allocation to banks and financials underperformed in the wake of the Credit Suisse fiasco mentioned above. However, the coupons, or the income component, of this sector allocation continue to deliver attractive cash flows every quarter.

The fund owns RaboBank and a small amount of UBS, BNP and Société General, however, we prudently trimmed a small amount of exposure at prices above our book value. Moreover, the volatility provided an opportunity to acquire discounted bonds from high-quality domestic issuers, namely senior secured bonds issued by Bennelong Funds Group and ASX listed, Centuria Capital.

We purchased the following securities in March:

- ◆ Senior secured Bennelong Funds Group (BFMG) in March 2026 (not rated) with a fixed coupon of 11%. The fund rolled over its exposure from the 10% coupon bond acquired in Nov-2020.
- ◆ Liberty Financial Group (BBB-) with a maturity date of March-2028, paying a floating rate of BBSW + 3.80% (7.46%).
- ◆ Centuria Capital (unrated) senior secured notes. Maturing April-2024, paying a floating rate of BBSW + 4.50% (7.78%). Very attractive for short-dated security and was acquired at the height of the recent market volatility.
- ◆ National Australia Bank (BBB+) subordinated note, first call March-2028. Paying a floating rate of BBSW + 2.17% (5.80%).
- ◆ THN Management Credit Trust (unrated) Senior Secured note, maturing March 2026, paying the floating rate of BBSW + 6.25% (9.93%)

The above purchases continue our approach of buying high-quality securities, with generous incomes, either floating rate or short-dated fixed rate. Whilst we cannot predict future returns for the fund, we believe that the portfolio is well-positioned to provide a solid return going forward. In a falling interest rate environment, the interest rate that we receive may be reduced, however, the capital price should remain relatively stable, whilst continuing to receive a healthy income stream.

As mentioned, even amidst a quarter that saw banking failures across the US and Europe, fixed interest performance was generally very strong. The benefits of the diversity in our fund were on display, as financials generally underperformed, and our non-financials/corporates performed. The fixed-interest asset class continues to attract market attention, as investor returns for historically very low-risk investment-grade bonds are now firmly in the 5%-6% band. Bonds are making a return to their true and intended standing in financial markets: capital-stable, income-producing assets with a risk assessment that usually lies between equities and cash/term deposits.

Top 10 Holdings	Weight
RABOBANK 2027	5.37%
Ampol Limited	5.00%
CBA	4.41%
Latitude Group	4.23%
Avanti 2 year	4.09%
AMP	3.96%
Heartland Australia Group Pty Ltd	3.81%
Australian Unity Mutual Capital Instruments	3.58%
LIBERTY FINANCIAL	3.39%
Newcastle Coal Infrastructure Group (NCIG)	3.32%

Portfolio Overview	
<b>Investment Manager</b>	Oracle Investment Management Pty Ltd
<b>Investment Objective</b>	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.
<b>Investment Strategy</b>	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.
<b>Investment Universe</b>	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.
<b>Recommended Investment Period</b>	3 years
<b>Minimum Initial Investment</b>	\$25,000
<b>Inception Date</b>	1 December 2021

# Oracle Property Securities Portfolio Update



**Jack Magann**  
Portfolio Manager

The Oracle Property Securities Portfolio returned **0.60%** for the quarter. This compares to our benchmark, the S&P/ASX 300 Property Trust Index, which returned **0.32%**, outperformance of **0.28%**. Financial year to date the portfolio has returned **4.81%**.

Our largest holding, Goodman Group which makes up 26% of the portfolio and the index, provided support for performance during the quarter which was mixed for REITs due to economic uncertainty lingering globally.

We discussed in the last quarterly report that REITs are set to benefit from central banks reaching their terminal levels. With inflation still high we can expect to see rents rise as a large percentage of leases have a CPI clause within the contract. This was evident during the reporting season, in February, as management teams reported an increase in re-leasing spreads above the historical average.

Constituents in the index had a mixed reporting season, depending on the sector they operate in. We will discuss some of the results from our holdings below not only focusing on our good results but also discuss a result that underwhelmed the market.

**National Storage REIT (NSR)** reported a strong result and upgraded guidance for the full year. NSR is the largest owner/operator of self-service storage units in Australia and New Zealand. They were able to increase revenue by 26% for the half with higher occupancy and charge rates. NSR also recognized an uplift in value for their portfolio by 10% which was underpinned by income growth.

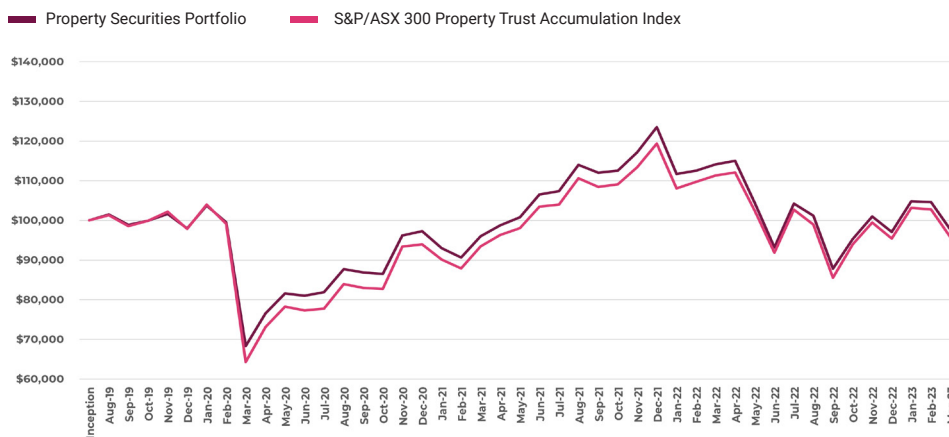
Continued over the page

## Portfolio Performance

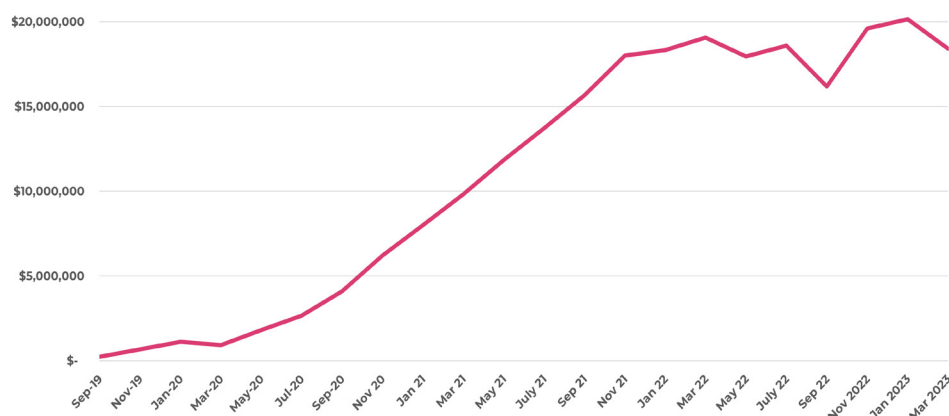
Rolling	Property Securities Portfolio	Benchmark (S&P/ASX 300 Property Trust Accum Index)	Outperformance
1 month	-6.65%	-6.84%	0.19%
3 month	0.6%	0.32%	0.28%
6 month	11.21%	11.92%	-0.71%
1 year	-14.43%	-14.02%	-0.41%
2 year p.a	0.86%	1.22%	-0.36%
3 year p.a	12.66%	14.2%	-1.54%
Since Inception p.a (1 August 2019)	-0.64%	-1.18%	0.54%

## Comparative Performance

### Property Securities vs S&P/ASX 300 Property Trust Accum Index (since inception)



## Funds Under Management (since inception)



# Oracle Property Securities Portfolio Update

Unlike retail and office property valuations which have been under pressure due to weaker occupancy levels, self-storage is in high demand and commands a premium value in today's market.

**Centuria Industrial REIT (CIP)** is also in a strong position in the industrial property market. CIP upgraded their funds from operations (FFO) guidance for FY23 to 17cpu, up from 16cpu. Management report that new re-leasing spreads, e.g., old leases to new, averaged growth of 19% across 19 new deals signed in the half. Industrial REITs currently trade at premium valuations given their demand and exposure to reliable tenants. For example, the top 3 tenants for CIP are Telstra, Arnott's and Woolworths.

On the other end of the spectrum, we had **Ingenia** report a weaker result during the month. Ingenia constructs and manages land lease communities for retirees, which have increasingly grown in popularity with our ageing population. The weakness was due to construction delays and a softening residential market having an impact on the number of expected settlements this financial year. In a positive for the company, this weakness was offset by an increase in tourism levels at Ingenia's holiday parks. We are happy with our position in Ingenia as they will continue to see high demand for their land lease product with the baby boomer generation looking to downsize as they age.

During the quarter we increased our weightings towards retail REITs who have large exposures to the big supermarket chains e.g., **Woolworths, Coles and Aldi**. Rental terms for these customers are usually tied to turnover. With food inflation still elevated the REITs that rent their property to the supermarkets will see an uplift in income received.

Portfolio Characteristics	Portfolio	Index
Price/Funds From Operations Multiple	14.1x	14.7x
Funds From Operations Per Share Growth – 3 year avg	-0.9%	-1.2%
Return on Equity (ROE)	15.7%	15.7%
Return on Equity (ROE) – 3 year avg	12.6%	12.9%
Dividend Yield	6.2%	5.8%
Dividend Growth – 3 year avg	6.21%	6.02%
Gearing (Debt/Equity)	28.3x	27.5x
Weighted Average Lease Expiry (years)	5.6	6.5

Top 5 Contributors	Portfolio Position	3 month Performance
Stockland Group	5.70%	9.64%
Goodman Group	26.18%	8.24%
National Storage REIT	1.71%	8.19%
RAM Essential Services REIT	2.41%	2.00%
Newmark Property	1.09%	1.11%

Portfolio Overview	
Investment Manager	Oracle Investment Management Pty Ltd
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.
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.
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 Ethical Diversified Portfolio Update



**Luke Durbin**  
Portfolio Manager

For the quarter ending March 2023, the Ethical Portfolio returned 3.50%, compared to the Morningstar Balanced benchmark return of 4.22%. This represents underperformance of -0.72%.

The portfolio had several stocks up more than 10%, the largest moves coming from Brookfield Renewable (NYSE:BEPC, up 22.8%), REA Group (ASX:REA, up 22.4%), and Franklin Electric (NYSE:FELE, up 16.3%). It was not all good news, however, with the biggest detractors to performance being Kip McGrath (ASX: KME, down 43.3%), Darling Ingredients (NYSE: DAR, down 10.5%), and Northland Power (TSE: NPI, down 8.9%).

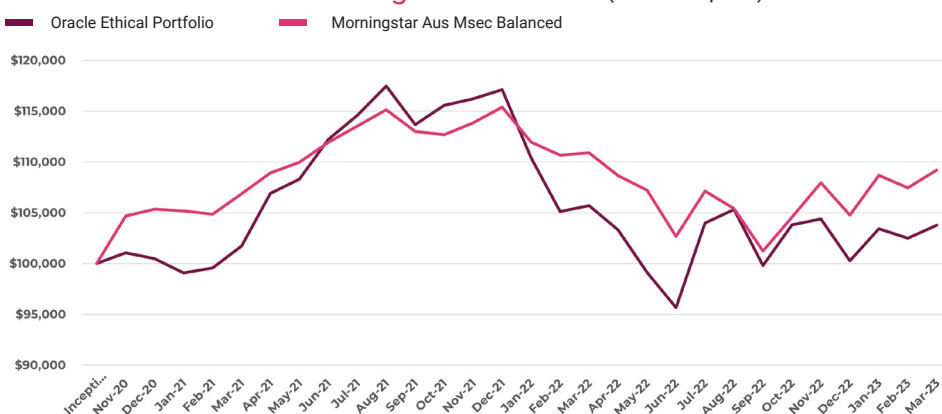
**Kip McGrath** is a relatively new position in this portfolio, however, it has been a core, high-conviction holding in the Emerging Companies portfolio for several years, as it consolidates its leading market position in Australia, expands its corporate centre footprint, and expands overseas. The company had been investing heavily into its proprietary learning system in the last 2 years, which was released in 2022 and has led to excellent outcomes for students, leading to higher attendance levels from the flexibility of deciding to attend class in person or virtually at any time. While this is certainly playing out, the weaker earnings primarily stemmed from its new US business, Tutorfly. There was a change in policy at Tutorfly's first and largest school district that opened it up to more competition. In combination, Kip McGrath began investing heavily in marketing and sales to land more school districts and take advantage of the money that the US government is spending to close the education gap that covid opened. The US business is still expected to be breakeven for the full year with contracted revenues giving us and the company confidence in this forecast. In addition, the Australian and Middle East businesses continue to be

## Portfolio Performance

Rolling	Ethical Portfolio	Benchmark (Morningstar Balanced)	Comparative Performance
1 month	1.25%	1.62%	-0.37%
3 month	3.50%	4.22%	-0.72%
6 month	3.96%	7.87%	-3.91%
1 year	-1.82%	-1.53%	-0.29%
2 year p.a	1.00%	1.09%	-0.09%
Since Inception p.a (1 November 2020)	1.54%	3.71%	-2.17%

## Comparative Performance

Ethical Diversified VS Morningstar Balanced (since inception)



very strong with expansion into Asia very possible in the coming years.

**Darling Ingredients** reported quite strongly, however, as the company now has a much higher proportion of their earnings selling biodiesel, this does open it up to swings in the oil price, which has been weaker through the quarter. Management has been astute in acquisitions, and the Diamond Green Diesel joint venture is proving to be an excellent example of capital allocation in expanding capacity, which will also see the JV expand into producing higher-margin green jet fuel. We believe this will generate good shareholder returns, although the returns may not come in a straight line.

**Northland Power** also reported some strong 2022 numbers compared to what was quite an exhausting 2021 year, plagued by low wind and solar resources. However, as a large borrower

for development projects, Northland has been a victim of sharply higher interest rates which both reduces profitability and raises the cost of capital, which is the discount rate the market uses to value the company, reducing the valuation. The company has a very strong pipeline of renewable development projects in front of it but despite the liquidity still available to the company, the higher cost of debt the company must now pay for new projects may make these projects marginally less profitable. This may be a challenge that keeps a lid on the share price performance in the medium term.

**Brookfield Renewable** had an excellent quarter, recovering what performance it had given up in the preceding 3 months, most of which came in March following the release of the annual results. Brookfield trades on a very attractive valuation with a forward dividend yield of 4%, despite the recent share price rally.

Continued over the page

# Oracle Ethical Diversified Portfolio Update

**REA Group** had a solid quarter, initially because the market's lower expectation for interest rates in January would boost demand for housing, and in turn, listings on their real estate platform. The company also noted in January that in conjunction with parent News Corp, they had been exploring the sale of their US real estate platform Move Inc, in which REA Group holds 20% and News holds 80%. The companies received a US\$3bn bid for Move, which runs realtor.com, after acquiring it for US\$950 million in 2014. This comes as a surprise but was likely part of the then broader plan of the Murdoch family to recombine News Corp and Fox, which has since been called off. The rally through March was a result of the half-year results beating expectations at both the revenue and the net profit lines. Importantly, it should be noted that January's strong performance only brought it back to where it traded in December, and by March end it had recovered to where it was a year ago. It is pleasing to see, but as often occurs, the short-term performance masks the longer-term story.

**Franklin Electric** also reported a strong fourth quarter and full-year result with sales up 13% quarter-on-quarter and operating income up 19%, demonstrating good margin expansion and operating leverage. The result for the full year was stronger again with sales growth of 23% and operating income up 36%. The company forecasted that sales will grow another 5%-10% in 2023 and EPS by another 3%-8%.

We are pleased with the current performance of the portfolio and believe it to be very well placed for a balanced investor to earn income and capital growth in a range of quality companies that meet certain ethical and sustainable standards.

## Portfolio Overview

<b>Investment Manager</b>	Oracle Investment Management Pty Ltd
<b>Investment Objective</b>	To provide investors with long-term growth and to outperform the Consumer Price Index + 3% over the medium term (5 years).
<b>Investment Strategy</b>	To invest across a broad range of investment sectors and to provide a balance between capital growth and capital preservation. Oracle use an active bottom up stock selection process, focusing on buying quality securities at reasonable prices. The securities are assessed as meeting both our investment criteria of strong earnings growth and ethical criteria of positive social, environmental and governance factors.
<b>Investment Universe</b>	Listed ASX Securities, cash, ETF's, corporate bonds, short term money market securities, international securities, listed sub-debt, listed hybrids and listed property investments.
<b>Recommended Investment Period</b>	5 years
<b>Minimum Initial Investment</b>	\$50,000
<b>Inception Date</b>	1 November 2020

Top 5 Contributors	3 month Performance
Brookfield Renewable	22.8%
REA Group	22.4%
Microsoft Corporation	16.4%
Franklin Electric	16.3%
Alphabet Class C	15.6%

Selected Investment Holdings	Sector	Weighting
Darling Ingredients	Waste Minimisation	2.2%
Franklin Electric	Water Pumping Systems	2.8%
eInvest Better Future Fund	Ethical Fund	2.9%
Northland Power	Renewable Energy	1.7%
RAM Essential Services REIT	Medical Centre Real Estate	1.5%
Rockwool	Environmental Building Products	0.9%
SolarEdge Technologies	Smart Solar Inverters	0.8%
Vertex Pharmaceuticals	Cystic Fibrosis Treatment	2.4%
Brookfield Renewable Corp	Renewable Energy	2.7%
AirBNB	Accommodation Platform	2%

# Diversified Managed: Capital Stable Portfolio

The Capital Stable Portfolio suits investors seeking a diversified portfolio that invests primarily in defensive assets with low volatility, reliable yield and a focus on capital preservation.

Investors in this portfolio are forgoing the potential for higher returns over the long term for relative security.

Asset Class	Neutral
Cash	10%
Fixed Income	60%
Property Securities	5%
Aus Emerging Companies	0%
Aus Equities	15%
Global Equities	10%

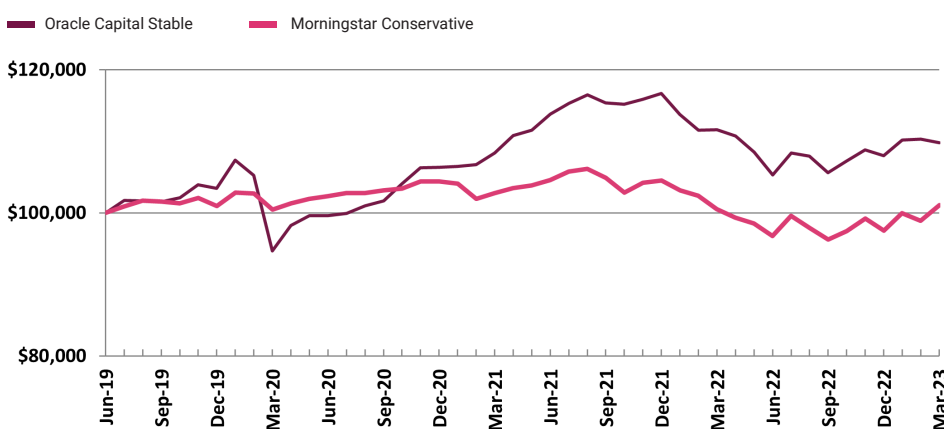
Investment Fee (% per annum)	
Capital State Portfolio	0.6%

## Portfolio Performance

Rolling	Oracle Capital Stable	Benchmark (Morningstar Aus Msec Conservative)	Comparative Performance
1 month	-0.41%	2.22%	-2.63%
3 month	1.72%	3.65%	-1.93%
6 month	3.97%	4.97%	-1.00%
1 year	-1.59%	0.56%	-2.15%
2 year p.a	0.66%	-0.82%	1.48%
3 year p.a	5.08%	0.21%	4.87%
Inception p.a. (1 July 2019)	2.53%	0.28%	2.25%

## Comparative Performance

Oracle Capital Stable vs Morningstar Capital Stable (since inception)



# Diversified Managed: Conservative Portfolio

The Conservative Portfolio suits investors seeking a diversified portfolio that invests primarily in defensive assets with low volatility, reliable yield and a focus on capital preservation.

Investors in this portfolio are foregoing the potential for higher returns over the long term.

Asset Class	Neutral
Cash	5%
Fixed Income	50%
Property Securities	5%
Aus Emerging Companies	0%
Aus Equities	25%
Global Equities	15%

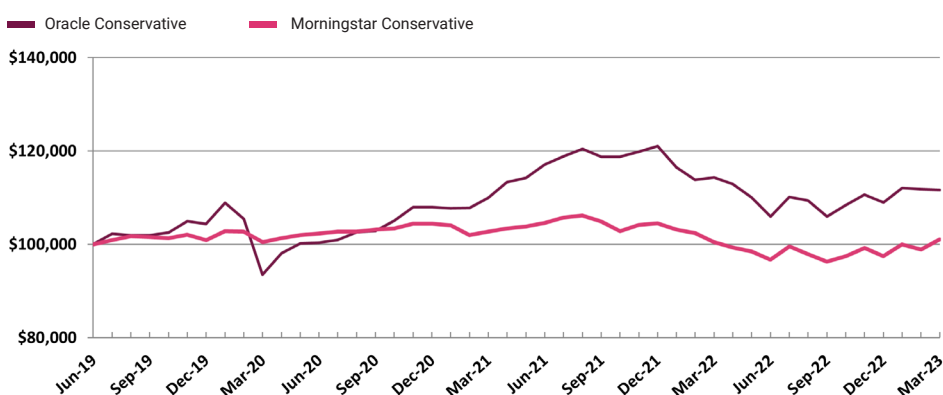
Investment Fee (% per annum)	
Conservative Portfolio	0.65%

## Portfolio Performance

Rolling	Oracle Conservative	Benchmark (Morningstar Aus Msec Conservative)	Comparative Performance
1 month	-0.18%	2.22%	-2.40%
3 month	2.39%	3.65%	-1.26%
6 month	5.37%	4.97%	0.40%
1 year	-2.41%	0.56%	-2.97%
2 year p.a	0.73%	-0.82%	1.55%
3 year p.a	6.07%	0.21%	5.86%
Inception p.a. (1 July 2019)	2.97%	0.28%	2.69%

## Comparative Performance

Oracle Conservative vs Morningstar Aus Msec Conservative (since inception)



# Diversified Managed: Balanced Portfolio

The Balanced Portfolio suits investors who require a balanced portfolio, diversified across all major asset classes, seek capital growth over the medium to long term with a moderate level of income, accept a moderate degree of volatility associated with a relatively higher exposure to growth assets and are prepared to invest for the minimum investment timeframe.

Asset Class	Neutral
Cash	4%
Fixed Income	36%
Property Securities	6%
Aus Emerging Companies	9%
Aus Equities	20%
Global Equities	25%

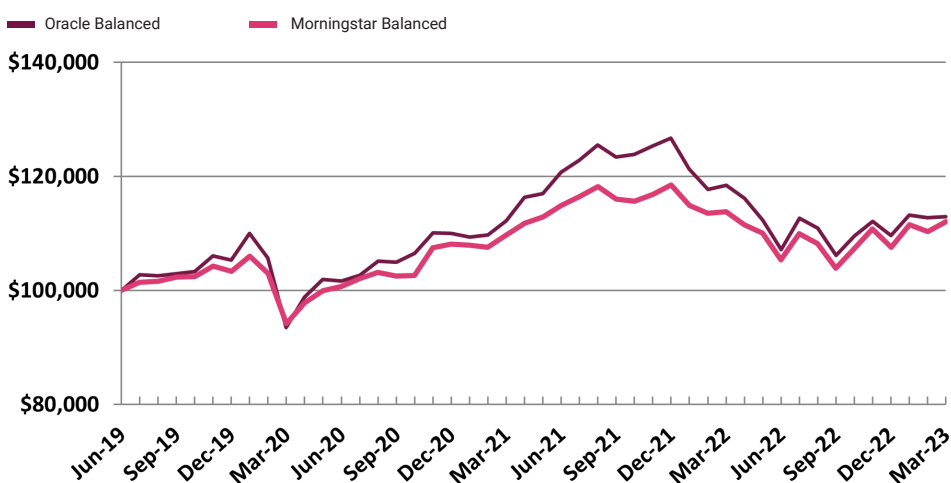
Investment Fee (% per annum)	
Balanced Portfolio	0.7%

## Portfolio Performance

Rolling	Oracle Balanced	Benchmark (Morningstar Aus Msec Balanced)	Comparative Performance
1 month	0.16%	1.62%	-1.46%
3 month	3.05%	4.22%	-1.17%
6 month	6.38%	7.87%	-1.49%
1 year	-4.59%	-1.53%	-3.06%
2 year p.a	0.33%	1.09%	-0.76%
3 year p.a	6.51%	5.97%	0.54%
Inception p.a. (1 July 2019)	3.30%	3.09%	0.21%

## Comparative Performance

Oracle Balanced vs Morningstar Balanced (since inception)



# Diversified Managed: Growth Portfolio

The Growth Portfolio suits investors who seek the potential for a relatively high level of growth and a modest level of income, accept a higher level of short-medium term capital volatility as a trade-off for long-term capital growth and are prepared to invest for the minimum investment timeframe.

Asset Class	Neutral
Cash	2%
Fixed Income	24%
Property Securities	10%
Aus Emerging Companies	11%
Aus Equities	19%
Global Equities	34%

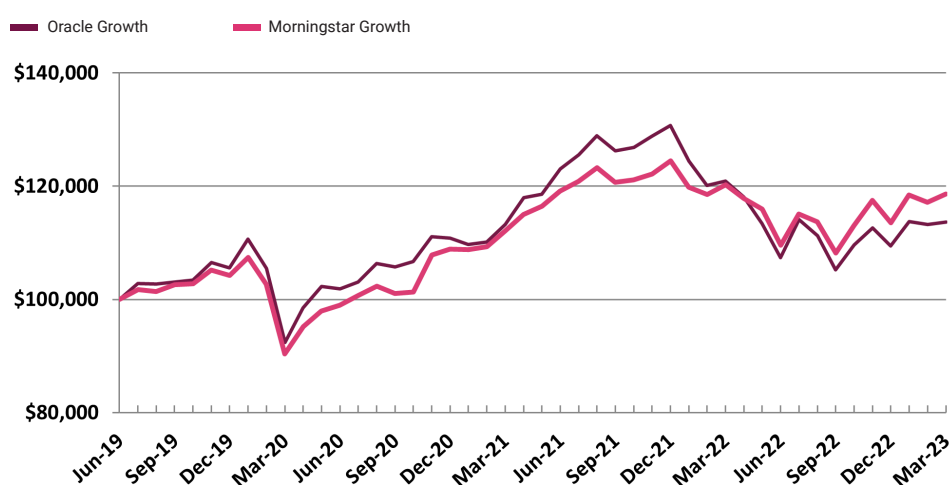
Investment Fee (% per annum)	
Growth Portfolio	0.75%

## Portfolio Performance

Rolling	Oracle Growth	Benchmark (Morningstar Aus Msec Growth)	Comparative Performance
1 month	0.37%	1.25%	-0.88%
3 month	3.79%	4.54%	-0.75%
6 month	8.00%	9.69%	-1.69%
1 year	-6.00%	-1.36%	-4.64%
2 year p.a	0.19%	2.87%	-2.68%
3 year p.a	7.13%	9.51%	-2.38%
Inception p.a. (1 July 2019)	3.46%	4.66%	-1.20%

## Comparative Performance

Oracle Growth vs Morningstar Growth (since inception)



# Diversified Managed: High Growth Portfolio

The High Growth Portfolio suits investors who seek a relatively high level of growth on investment capital, accept a high level of short-medium term capital volatility as a trade-off for long-term capital growth and are prepared to invest for the minimum investment timeframe.

Asset Class	Neutral
Cash	2%
Fixed Income	0%
Property Securities	10%
Aus Emerging Companies	20%
Aus Equities	24%
Global Equities	44%

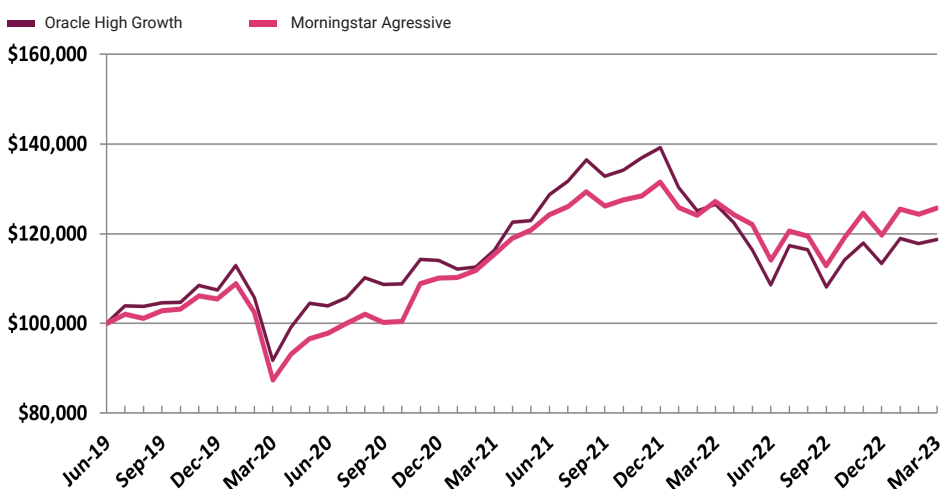
Investment Fee (% per annum)	
High Growth Portfolio	0.85%

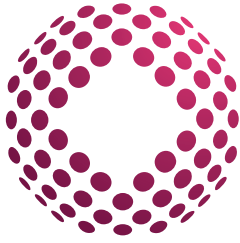
## Portfolio Performance

Rolling	Oracle High Growth	Benchmark (Morningstar Aus Msec Aggressive)	Comparative Performance
1 month	0.79%	1.14%	-0.35%
3 month	4.71%	5.10%	-0.39%
6 month	9.74%	11.43%	-1.69%
1 year	-6.24%	-1.12%	-5.12%
2 year p.a	1.04%	4.42%	-3.38%
3 year p.a	8.97%	12.90%	-3.93%
Inception p.a. (1 July 2019)	4.68%	6.29%	-1.61%

## Comparative Performance

Oracle High Growth vs Morningstar Aggressive (since inception)





# oracle

ADVISORY GROUP

## Investment Manager

Oracle Investment Management Pty Ltd  
PO Box 33, Charlestown, NSW 2290  
02 4088 6444 | info@oracleim.com.au | oracleim.com.au  
ABN 15 149 971 808 AFS Licence 430574

## Responsible Entity & Issuer

The Trust Company (RE Services) Limited  
ABN 45 003 278 831 | AFS Licence 235150

## Responsible Entity & Issuer - Investment

The Trust Company (RE Services) Limited  
(‘Perpetual’, ‘Responsible Entity’)  
ABN 45 003 278 831 | AFS Licence 235150

## Promoter

Margaret Street Promoter Services Pty Ltd  
ABN 23 153 446 210 | AFS Licence 420 274

### Important Information

This document has been prepared by Oracle Advisory Group Pty Ltd ABN: 71 617 787 176 AFSL 540806. The Trust Company (RE Services) Limited (‘Perpetual’, ‘Responsible Entity’) ABN 45 003 278 831 AFS Licence 235150 is the Issuer and Responsible Entity of Oracle Managed Accounts ARSN 163 784 432. While every care has been taken in the preparation of this document it does not contain any recommendations to buy or sell any particular stock(s) noted. Oracle makes no representation or warranties as to the accuracy or completeness of any statement in it including, without limitation, any forecasts. No representation or warranties are made as to the complete accuracy, adequacy and reliability of any statements made.

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).

The information in this document does not constitute any legal, tax or financial advice and is general advice only as it’s not based on the objectives, financial situation or needs of any particular investor. An investor should, before making any investment decisions, consider the appropriateness of the information in this document and the Product Disclosure Statement (as amended), and seek professional advice. Past performance is not a reliable indicator of future performance. The information provided in the document is current as the time of publication.

Certain statements in this document may constitute forward-looking statements or statements about future matters (including forecast financial information) that are based upon information known and assumptions made as of the date of this document. Forward looking statements can generally be identified by the use of forward looking words such as, “forecast” and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. These statements are subject to internal and external risks and uncertainties that may have a material effect on future business. Actual future results may differ materially from any forecasted future results or performance expressed, predicted or implied by the statements contained in this document. As such, undue reliance should not be placed on any forward looking statement.