

## Market Update .....



**Peter Durbin**

Chief Investment Officer

**In the December quarter global markets continued their recovery after the Covid-19 downturn with some indices hitting all-time highs as several major pharmaceutical companies released exceptionally positive trial results on their Covid-19 vaccines. With efficacy rates over 90% and the potential to commence rollouts in early 2021, the market's expectation for an economic recovery was brought forward both in speed and strength.**

### Growth vs Value

Many commentators will characterise companies as either a growth or value investments. While exact definitions can be debated, for simplicity we will view a growth company as a business that is growing strongly with a higher valuation that represents the positive prospects of the business. Conversely a value company is the opposite. Its profits are growing slower with a lower valuation and potentially a higher dividend payout due to the lower growth re-investment opportunities.

At Oracle, we don't label ourselves as either "growth" or "value" investors, however it is fair to say our portfolios skew towards growth companies as they tick more boxes that we look for with our investments. Our core investment belief is that over the long term it is earning per share growth that drives share prices higher and we prefer a companies that have the potential to grow their earning per share faster over a company with slower profit growth.

In the December quarter we saw a significant divergence between growth and value companies, and after years of underperforming, value stocks rallied hard on the back of the positive vaccine news. Banks, miners, Property companies and oil producers were all up strongly as the market now anticipates a stronger economic recovery which benefits those businesses that rely on a strong economy to do well. At Oracle, we prefer businesses that can perform well without the benefit of a strong economy (structural growth within their business). We will continue to hold to our core investment belief of focusing on businesses with the strongest long term earning per share growth in the knowledge that these businesses should continue to outperform over time.

### Looking Forward

Looking forward into 2021, we expect we will continue to see volatility as the markets fluctuate due to Covid-19 outbreaks, vaccine rollouts, stimulus news and a flood of economic data as economies re-open with international travel.

One area we are watching with interest is the mining industry, as it is a sector where we are generally underweight as these businesses rarely meet our investment criteria. Nevertheless, every few years a cycle emerges where commodity prices rally and mining companies exposed to those commodities perform well. While timing cycles is difficult, we continue to adjust our exposures as circumstances dictate.

For more on our 2021 outlook, please refer to the [blog post](#) on our website.

# These Are Unusual Times .....

Much has been written of the circumstances over the past twelve months, but I wonder if these events are masking longer term situations that are occurring in the broader world economy.



In many respects it is arguable that the world economy is in pretty good shape. For example, the United States has

- ◆ Inflation below 2%
- ◆ 30-year interest rates of less than 3 % and shorter-term interest rates of less than 1%
- ◆ Unemployment below 7%
- ◆ A relatively stable US dollar
- ◆ Gross Domestic Product (GDP) Growth of 2-3 % per annum

These are a good set of numbers.

- ◆ Governments typically like to see a modest rate of inflation, but not too high. An inflation rate of less than 2% is a very acceptable number.
- ◆ Low interest rates are good for business, as companies can borrow at low rates to fund expansion plans. The cost of borrowing is low and is typically not a major cost for companies.
- ◆ A low rate of unemployment is good for all concerned as people have money to spend, which encourages consumption and provides taxation for the government.
- ◆ A stable currency is very important for the investment community and provides confidence for business.
- ◆ All governments are looking for solid GDP growth to exhibit a strong and growing economy.

So, does that mean all is well? Warren Buffett said in a recent interview that with the above set of numbers, particularly the low interest rates, that equities are extremely cheap at current levels.

The reason he says this is because the lower the interest rate, the more attractive growth assets such as shares are. Conversely if interest rates are high (say 15%) then equities will be relatively less attractive, and valuations should be much lower.

So, if equities are so cheap, why does Warren Buffett's Berkshire Hathaway hold over US \$140 billion in interest bearing investments, and why is Buffett not using this cash to invest in further equities. I would note that Berkshire Hathaway isn't a net seller of shares either. He continues to hold his shares and is

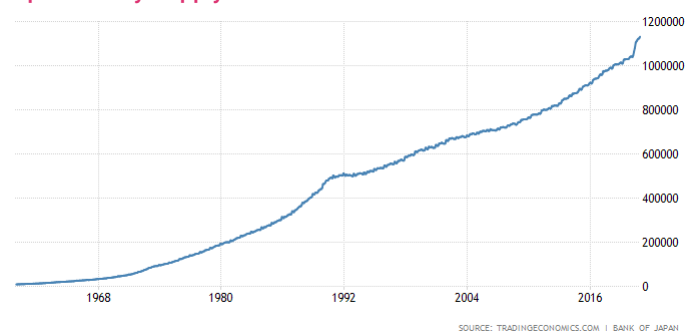
allowing the income from their investments to accumulate into interest bearing investments.

The reason that Buffett isn't adding to his shareholding is because he is concerned as to how the governments around the world are achieving these good set of numbers.

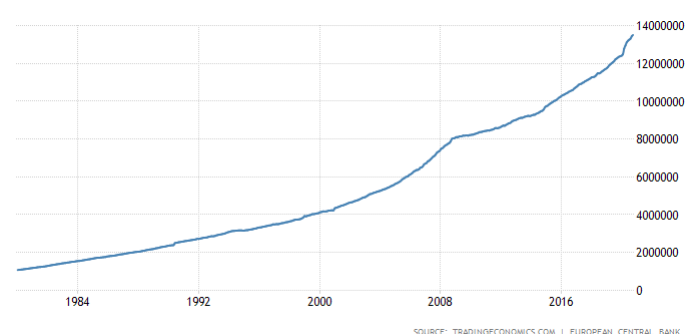
Many investors will be aware that many governments around the world including the US, Europe and Japan have been printing money and using this money to buy back their own government bonds. The amount of money printing that has been occurring throughout the world is unprecedented. After the Global Financial Crisis, the Federal Reserve in the US injected money into the economy on three major occasions, which became known as Quantitative Easing 1, 2 and 3. They have subsequently injected a further US\$3 trillion into the US economy during the COVID pandemic.

The following graphs show how the money supply has dramatically increased in several world economies over time.

## Japan Money Supply:



## Euro Zone Money Supply:

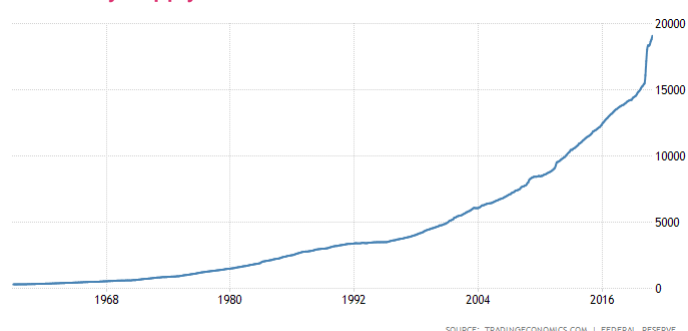


# These Are Unusual Times .....

Whenever governments print money and inject it into the economy the stock market rises. It is a shot in the arm of the economy.



## US Money Supply:



The question is how long governments can keep doing this. Arguably governments can keep printing money and keep stimulating the economy forever, but the question is will there be unintended consequences of this action and is this massive increase in the money supply a potential problem?

When something is in short supply its value is likely to rise. When it is in constant supply its value is likely to be stable. When the supply of something increases exponentially it's value is highly likely to fall. Therefore, a potential outcome of this government action is that the value of the US currency could significantly fall. As the \$US is the world currency a materially falling \$US could be destabilising to the world economy and hence equity markets.

Warren Buffett's recently commented that he wasn't sure what the outcome of this government action would be nor when it would happen, but he did comment that he was surprised that there had been no material adverse consequences to date. Despite Buffett's comments that the current low interest rates make equities appear very cheap, he continues to increase his exposure to interest bearing investments, whilst maintaining his current share market investments.

Whilst we do not know the outcome of this large increase in worldwide money supply, nor the timing of same, we do believe that is worth considering adopting the Buffett approach of increasing one's interest-bearing investments at this time.

It is also worth discussing the returns that have been achieved by the Oracle portfolios over the past six months as follows

<b>Australian Shares</b>	<b>12.2%</b>
<b>Australian Emerging Companies</b>	<b>14.58%</b>
<b>Global Equities</b>	<b>4.42%</b>
<b>Australian Property</b>	<b>20.13%</b>
<b>Fixed Interest</b>	<b>5.82%</b>

During the past six months the Australian dollar rose from 69 cents to 77 cents a rise of over 11%. Therefore, the performance of the Global portfolio would have been approximately 11% higher had the \$US been stable over that period. Whilst the equity portfolios have continued to perform well over the past six months, investors in fixed interest have achieved acceptable returns over this period. Whilst increasing your fixed interest exposure may potentially provide a lower return when the stock market is rising, it is likely to be far more resilient to price declines should equity markets experience a material decline.

Naturally, each investor has their own attitude towards risk and how they allocate the funds within their portfolio, and therefore it is important to discuss your own individual circumstances with your adviser to determine the asset allocation that is best suited to you.

# New at Oracle: Accounting Services .....

We do more than just crunch the numbers, we are committed to helping our clients achieve their personal and business goals



Oracle are excited to announce, we have recently added Accounting services to our expansive list of valued competencies.

Oracle are now able to offer a wide array of Accounting services including Personal Accounting & Taxation, Bookkeeping, Business Services, Business Coaching & Advisory, SMSF Accounting and SMSF Audit.

We aim to provide a tailored service approach to meet our clients needs, who may be at any stage of their personal or business life cycle.

## Oracle's New Accounting services:

### Personal Accounting & Taxation

- ◆ Investment accounting
- ◆ Monthly accounting and bill payment
- ◆ Monitoring personal cash flow
- ◆ Maximise the use of capital

### Bookkeeping

- ◆ Bank Transaction Processing
- ◆ Fixed Asset Management
- ◆ Reporting
- ◆ Accounts Payable Management including supplier invoice processing and payments
- ◆ Accounts Receivable Management including customer invoice generation, statement management and reminders
- ◆ Inventory Management

### Business Services

- ◆ Business & Company Financial Statements
- ◆ Business & Company Tax Returns
- ◆ Cash Flow analysis & planning
- ◆ Financial & Performance analysis
- ◆ Payroll & Accounts related work
- ◆ Accounting software & training solutions
- ◆ Customised systems to give you a competitive advantage
- ◆ Assessment of financial structure
- ◆ Assistance in financial decision making
- ◆ Budgetary performance reporting
- ◆ Cash flow forecasts and reporting
- ◆ Reporting to financial institutions to support clients' funding applications
- ◆ Establishing key indicators and monitoring systems
- ◆ Analysis of production costing calculations
- ◆ Break even profit analysis

### Business Coaching & Advisory

- ◆ Operations management
- ◆ Client satisfaction
- ◆ Staff engagement
- ◆ Strategic marketing
- ◆ Unlocking efficiencies
- ◆ SWOT analysis & environmental scan
- ◆ Scenario planning

### SMSF Accounting

- ◆ Self-managed super fund financial statement preparation
- ◆ Self-managed super fund administration
- ◆ Self-managed super fund audits

### SMSF Audit

- ◆ Specialise in the audit of SMSF's of all sizes and complexities
- ◆ Funds with both accumulation and pension benefits.

We anticipate that we will not only be able to provide you an excellent service, but we believe we will be able to provide these services at a lower cost than your current provider.

Please give us a call on **02 4088 6444** or head over to [www.oracleag.com/accounting](http://www.oracleag.com/accounting) for more information.

# A snapshot on Self Managed Super Funds .....



**A Self-Managed Super Fund (SMSF) is a private superannuation fund that you manage yourself. SMSFs are different to industry and retail super funds. When you manage your own super, you place the money you would normally invest in a retail or industry super fund into your own SMSF and you choose the investments and the insurance yourself.**

It is important that you only set up your SMSF if you fully understand what is required. An SMSF has a minimum of one and a maximum of four members in the fund. One of the main reasons people own a SMSF is because they wish to own a property in their superannuation portfolio.

In Australia as of June 2020:

- ◆ **There are 593,375 SMSFs**
- ◆ **There are 1,107,268 members of SMSFs**
- ◆ **Total estimated assets of SMSFs are just over \$733 billion**
- ◆ **Top asset types held by SMSFs are:**
  - ◆ **Listed shares: 26% of total estimated SMSF assets**
  - ◆ **Cash & term deposits: 21% of total estimated SMSF assets**
- ◆ **53% of SMSF members are male and 47% are female**
- ◆ **86% of SMSF members are 45 years or older**

## THE COSTS

Some commentators argue that the expenses associated with running your own fund is a drawback to owning your own SMSF.

However, the Australian Taxation Office (ATO) data shows that the operating expense of fund administration has, in fact reduced to a more competitive level over recent years.

The Australian Taxation office, in its 2017-18 statistics overview of SMSFs, highlighted that the median operating expenses of an SMSF was \$3923 a year, including deductible and non-deductible expenses reported, approved auditor fee, management and administration expenses and SMSF supervisory levy. (This does not include costs of investment expenses and insurance premiums).

## HOW CAN ORACLE HELP

Oracle provide a full solution to all your SMSF needs, from setting up your fund, to giving investment advice, letting you know your responsibilities as a member and trustee, completion of annual tax returns, auditing, and compliance.

**To find out more contact us on 1300 550 990 or head to our website [www.oracleag.com](http://www.oracleag.com)**

# Oracle Global Equities Portfolio Update



**Nick Cummings**  
Portfolio Manager

Global markets continued their strong run to close the year as investors reacted positively to the US election result and the successful Covid-19 vaccine trials. Throughout the course of the year, we have seen markets recover from the recent downturn to push on to all-time highs. We have seen unprecedented fiscal and monetary stimulus to keep people in jobs and businesses afloat. We witnessed the largest voter turnout in US history despite the greatest health crisis of our time. 2020 has been a tumultuously year for us all, and we are hoping that 2021 will be comparatively stable and back to some form of normality.

The Global Equities Portfolio ended the fourth quarter with a small overall gain, returning .50%. Our benchmark, the MSCI AC World Net Ex Australia Index, returned 6.39% over the same time. Whilst we have given back some of our strong outperformance against the benchmark from earlier in the year, overall, we had another strong year considering the circumstances. Additionally, the decline in the US Dollar against the Australian Dollar in the second half of the year weighed heavily on the returns generated by the global portfolio.

Notable contributors to performance for the quarter were Dip Corp (Japanese Online employment Advertising recovering), PayPal (Online payments growth) and Amadeus IT (travel recovery story boosted by positive vaccine news). While the main detractors from performance were Home Depot and Lowes which have previously benefitted from people investing in their homes during lockdown.

Reflecting on the year has produced a number of important takeaways: During crises of any nature, quality businesses with little debt and capable management teams will outperform more cyclical businesses, technology will continue to

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## Portfolio Performance

Rolling	Global Equities Portfolio	Benchmark (MSCI All Country World Index)	Outperformance
1 month	-1.61%	-0.10%	-1.51%
3 month	0.50%	6.39%	-5.89%
6 month	4.42%	10.61%	-6.19%
1 year	6.75%	6.04%	0.71%
2 year p.a	19.38%	15.99%	3.39%
3 year p.a	12.49%	10.65%	1.83%
Since Inception p.a (1 March 2016)	12.15%	12.60%	-0.45%

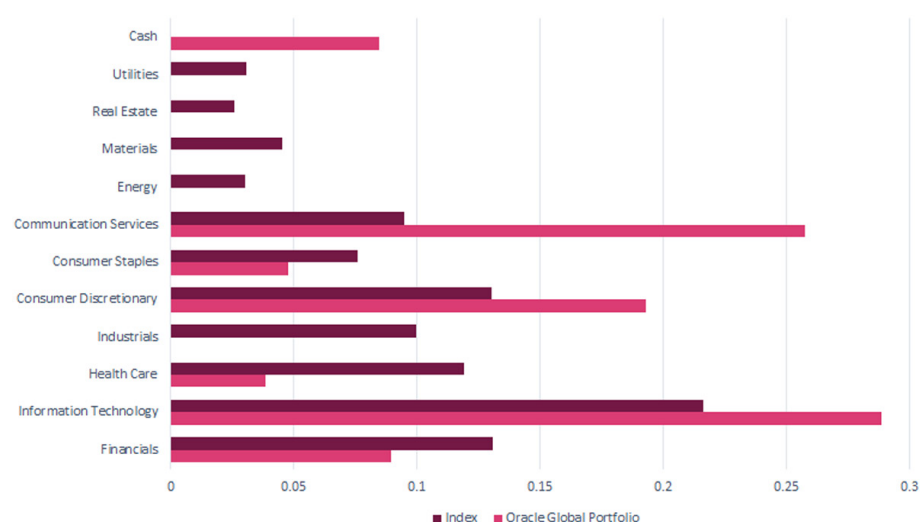
## Global Equities vs MSCI All Country World

(since inception)



## Market Segments

Oracle Global Portfolio v MSCI ACWI ex Australia



# Oracle Global Equities Portfolio Update

drive change in our world over the next decade and having an Approved Stock watchlist (a strong bench) is the key to operating quickly.

Going into 2021, we currently hold 20 quality, advantaged businesses that are collectively growing their earnings quicker than the market, are operating with little debt, and are managed by a mix of founders and experienced executives with deep industry knowledge. While we are confident in our investments, we have become increasingly cautious about valuations in certain areas of the market. We are wary because we are seeing: circumspect financial vehicles increasing in use, discarding of traditional valuation metrics, businesses with questionable economics experiencing strong price increases, an increase in novice investors and sustained increases in margin lending and option activity. History tells us that when these conditions are present that we should remain vigilant moving forward. As a result, our new investment ideas will certainly come from quality businesses at attractive valuations rather than the latest hot company that experiences short term share price appreciation.

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-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>	\$25,000
<b>Inception Date</b>	1 March 2016

Top 10 Contributors	Portfolio Position	12 month Performance
Dip Corp	3.69%	21%
Amadeus IT	1.72%	14%
Paypal	4.87%	11%
Google	6.82%	11%
Skechers	2.94%	11%
Nintendo	2.31%	9%
Vivendi	2.42%	7%
Tencent	3.86%	2%
Visa	7.82%	2%
Berkshire Hathaway	6.02%	1%

## Portfolio Characteristics

	Portfolio	Index
PE Multiple	36	19.65
EPS Growth	13.66%	N/A
Return on Equity (ROE)	24%	N/A
Dividend Yield	0.45%	2.12%
Gearing (Net Debt/EBITDA)	-0.23	N/A

# Oracle Australian Equities Portfolio Update



**Luke Durbin**  
Portfolio Manager

At December 2020, the S&P/ASX 200 Accumulation Index was officially in the green for the preceding 12 months. A figure we had not seen since the market downturn in February and March. This is extraordinary result given the widespread shutdowns seen worldwide and the economic impacts that this has had on the livelihoods of many citizens and businesses.

This points to 2 key points in my mind. The impact of government intervention has been swift and has done a lot of the heavy lifting in terms of providing liquidity to the markets and also giving consumers cash to spend that supports businesses. The second is that markets are forward looking, while economic data is backward looking. Even though Australia reported -7% GDP growth in the June Quarter, the stock market was moving higher as it was evaluating companies based on a future post-covid world.

The Australian Equities Portfolio posted a respectable 8.2% return for the December quarter, however, underperformed the benchmark S&P/ASX 200 Accumulation Index by 5.5%. The reason for the underperformance was due to the announcement of some successful vaccines which led the market to believe that the world would soon be back to normal. As a result, underperforming sectors such as banking, travel, oil and gas, and retail real estate rebounded from their previous low prices. The biggest impact of these constituents is banking, which makes up approximately 17% of the index.

Being underweight the banks was beneficial to Oracle investors when they fell 30% earlier in the year and while they have not recovered to their previous highs their ~15% increase did impact our relative performance in the December quarter.

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## Portfolio Performance

Rolling	Australian Equities Portfolio	Benchmark (S&P ASX 200 Accumu Index)	Outperformance
1 month	0.70%	1.21%	-0.51%
3 month	8.18%	13.70%	-5.52%
6 month	12.22%	13.20%	-0.98%
1 year	4.32%	1.40%	2.98%
Since Inception p.a (1 July 2019)	7.62%	2.92%	4.63%

## Australian Equities vs S&P ASX 200 Accum Index

(since inception)



## Portfolio Characteristics

	Portfolio	Index
Price Earning Multiple	26.5	23.34
Earning per share Growth - 3 year	6.6%	-4.7%
Earning per share Growth - 1 year	3.5%	-4.7%
Return on Equity (ROE)	14.3%	10.4%
Dividend Yield	2.2%	2.4%
Dividend Growth	6.3%	0.0%
Gearing (Net Debt/EBITDA)	2.7	2.6

# Oracle Australian Equities Portfolio Update

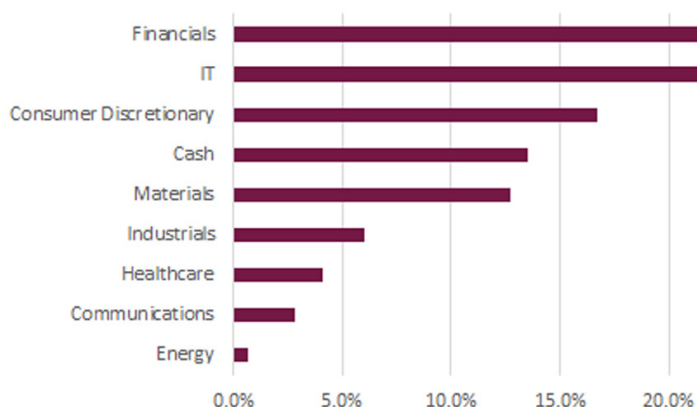
We continue to believe that, although we have slightly increased our position in the banks, being underweight is the prudent position given their low growth prospects, historic low interest rates that are not moving any time soon and an unknown flow on impact from loan deferrals and bad loans from the pandemic.

Once the vaccine news was released, we sold our oil and gas producers Santos and Woodside on price strength and purchased GPT and Scentre Group, who operate retail malls both of which appear to have potentially higher recovery prospects.

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 200 Accumulation Index
<b>Investment Universe</b>	Companies listed on the ASX that have a market capitalisation similar to those in the S&P/ASX 200 Accumulation Index.
<b>Recommended Investment Period</b>	3-5 years
<b>Minimum Initial Investment</b>	\$25,000
<b>Inception Date</b>	1 July 2019

Top 10 Contributors	Portfolio Position	3 month Performance
Xero	2.30%	45.40%
Fortescue Metals Group	2.70%	44.00%
REA Group	4.80%	35.00%
OZ Minerals	2.40%	34.60%
Australia and New Zealand Banking Group	1.10%	34.50%
Seek	3.70%	34.00%
Commonwealth Bank of Australia	2.60%	20.70%
Rio Tinto	1.80%	20.60%
Charter Hall	1.30%	20.00%
Computershare	2.10%	19.20%

## Market Segments



## Funds Under Management

(since inception)



# Oracle Emerging Companies Portfolio Update



**Luke Winchester**  
Portfolio Manager

The December quarter was very strong for markets as jitters were reduced when pharmaceutical giants announced positive trial results for their vaccines well ahead of expectations. The potential for better and faster vaccines meant that there was a light at the end of the Covid tunnel and many Covid affected companies saw solid price increases.

The higher quality and growth companies that we hold in the Emerging Companies portfolio did not experience the same level of price recovery that the previously underperforming sectors such as banks, miners and property companies experienced.

Looking forward to 2021, we enter the year in the Emerging Companies portfolio nearly fully invested with cash levels of approximately 5%.

We expect 2021 will continue to bring volatility as the market moves quickly on news around Covid outbreaks, vaccines, Government stimulus and moves from central banks globally. As always we will monitor these developments but try to filter the noise and focus on the underlying operations of the businesses we own.

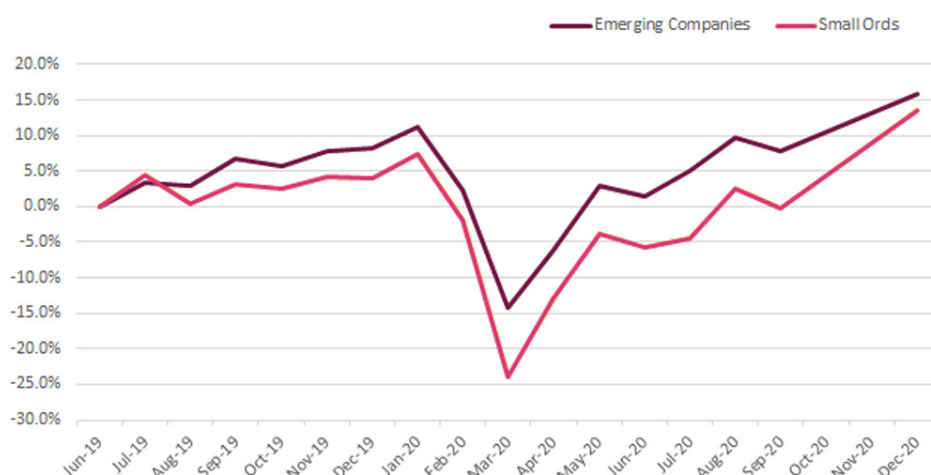
It is worth noting that whilst the Emerging Companies portfolio has modestly underperformed the Small Ordinaries Index it continues to materially outperform the S&P ASX 200 Index.

## Portfolio Performance

Rolling	Emerging Companies Portfolio	Benchmark (S&P/ASX Small Ordinaries Accumulation Index)	Outperformance
1 month	0.83%	2.76%	-1.93%
3 month	7.90%	13.83%	-5.93%
6 month	14.58%	20.28%	-5.70%
1 year	7.38%	9.21%	-1.83%
Since Inception p.a (1 July 2019)	10.53%	13.46%	-2.93%

## Emerging Companies vs Small Ordinaries Accum Index

(since inception)



## Portfolio Characteristics

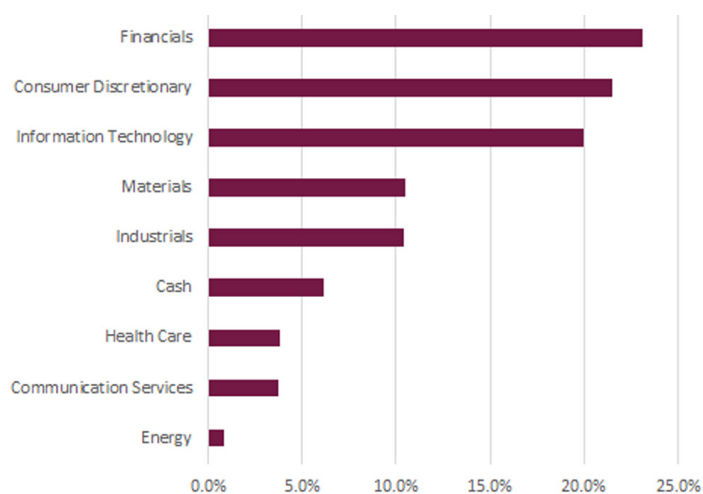
	Portfolio	Index
Price Earning Multiple	28.4	20.8
Earning per share Growth (3 year)	12.4%	-1.7%
Earning per share Growth (1 year)	14.7%	11.5%
Return on Equity (ROE)	19.2	9.4
Dividend Yield	2.3%	1.8%
Dividend Growth	9.9%	0.6%
Gearing (Net Debt/EBITDA)	0.71	2.6

# 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>	\$25,000
<b>Inception Date</b>	1 July 2019

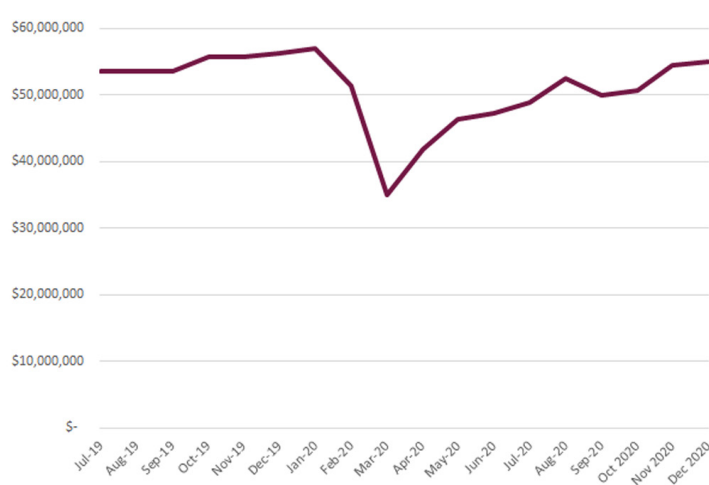
Top 10 Contributors	Portfolio Position	3 month Performance
Credit Corp Group Limited	6.1%	75.4%
Mineral Resources Limited	3.7%	50.6%
Dicker Data Limited	5.0%	40.5%
Pinnacle Investment Management Group Limited	3.6%	40.2%
Beach Energy Limited	0.8%	36.9%
Lovista Holdings Ltd.	2.5%	36.9%
Webjet Limited	0.8%	30.3%
Seven Group Holdings Limited	2.9%	30.2%
Kip McGrath Education Centres Limited	2.4%	25.4%
Smartgroup Corporation Ltd	3.0%	19.9%

## Market Segments



## Funds Under Management

(since inception)



# Oracle Fixed Interest Portfolio Update



**Joshua Durbin**  
Portfolio Manager

It was a very strong result for the December quarter with the portfolio increasing by 4.54% over this three month period. This increase was mainly driven by the increase in the value of the bonds, with only a relatively smaller amount coming from interest payments.

The increase in value came from a wide range of bonds within the portfolio. The biggest increase come from the two bonds held in Westpac and ANZ which rose from \$US 71 to \$US 85 over the quarter. This is a rise of almost 20% in the value of these bonds over this time. Conversely the value of the Australian dollar rose (and the \$US fell) from 69 cents to 77 cents a fall of 11% and therefore the rise of these bonds was limited to approximately 9% over the quarter. Nevertheless an acceptable outcome. We remain confident that these bonds will be redeemed for \$US 100 in 2021.

The December quarter has been the most active in the portfolios history. There was a multitude of new issues that showed excellent prospects for capital growth.

Examples of this include (all bonds purchased at \$100) Current Price

- ◆ Ampol **\$103.30**
- ◆ Challenger **\$102.40**
- ◆ Lonsdale (Port of Melbourne) **\$102.00**
- ◆ Lend Lease Green Bonds **\$106.20**
- ◆ Bennelong **\$102.80**
- ◆ National Bank-NABPH **\$102.39**
- ◆ Bendigo Bank-BENPH **\$102.15**
- ◆ Bank of QLD-BOQPF **\$101.50**
- ◆ AMP Life **\$102.70**
- ◆ Westpac-WBCPJ **\$102.23**
- ◆ Australian Unity- AYUPA **\$107.00**

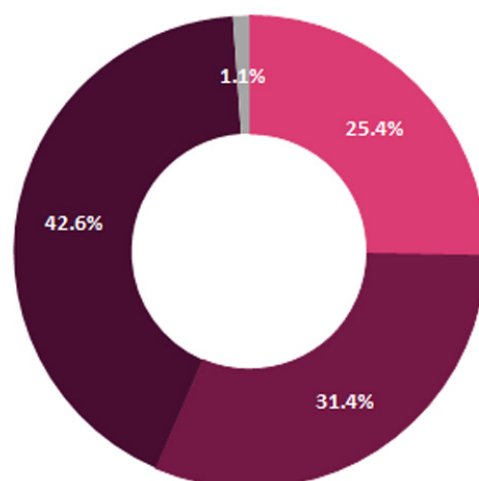
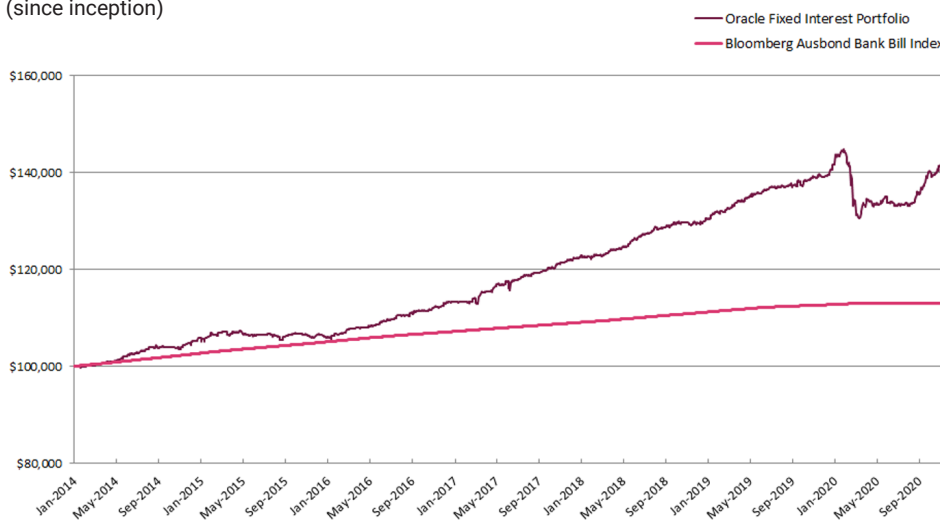
With interest rates being at extraordinarily low levels, we are working hard to generate solid returns for our fixed interest investors by generating capital gains on the bonds. We believe that further opportunities are likely to present themselves over the next few months.

## Portfolio Performance

Rolling	Fixed Interest Portfolio	Benchmark (Bloomberg Ausbond Bank Bill Index)	Outperformance
1 month	0.05%	0.0%	0.05%
3 month	4.54%	0.2%	4.52%
6 month	5.82%	0.5%	5.78%
1 year	1.67%	0.37%	1.30%
2 year p.a	4.32%	0.93%	3.39%
3 year p.a	4.83%	1.26%	3.57%
<b>Since Inception p.a (1 March 2014)</b>	<b>5.12%</b>	<b>1.81%</b>	<b>3.31%</b>

## Portfolio Performance

(since inception)



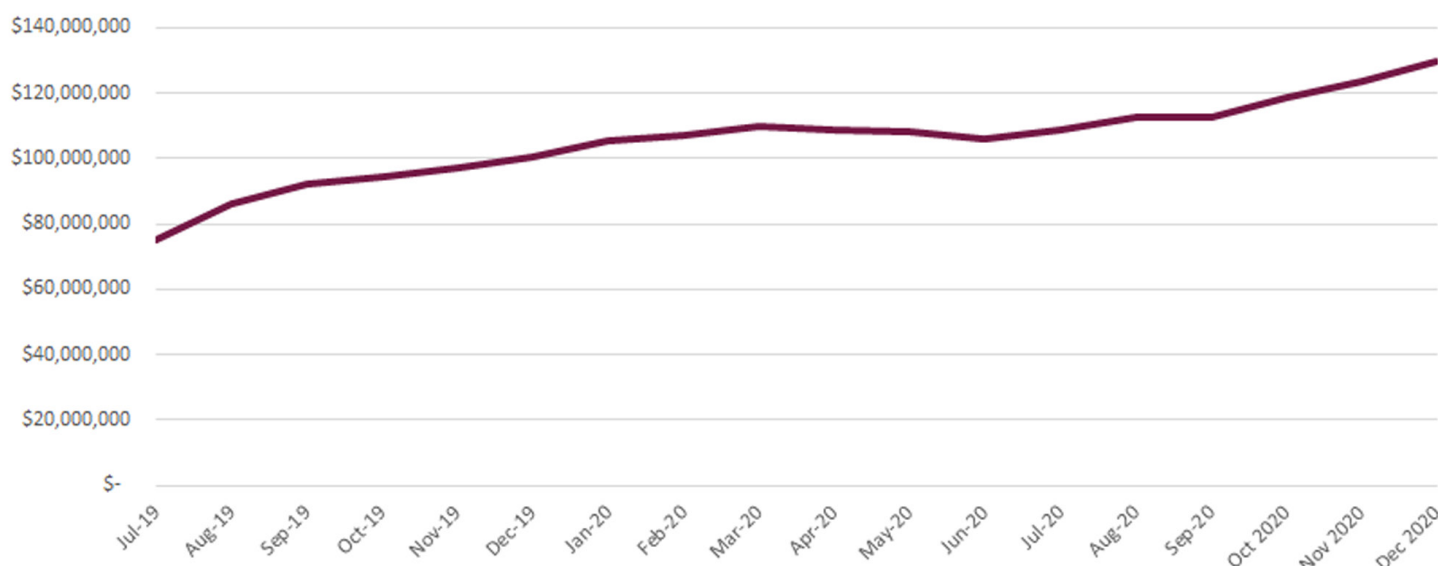
## Bond Type by Weight

- Hybrid
- Senior Debt
- Subordinated Debt
- Cash

# Oracle Fixed Interest Portfolio Update

Portfolio Overview		Top 10 Contributors	3 month return	Weight
<b>Investment Manager</b>	Oracle Investment Management Pty Ltd	<b>Qantas</b>	12.0%	3.3%
<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>Brisbane Airport</b>	10.6%	4.2%
<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>Sunland</b>	10.1%	3.2%
<b>Benchmark</b>	Bloomberg AusBond Bank Bill Index	<b>ANZ</b>	8.7%	8.4%
<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>Westpac</b>	7.5%	9.0%
<b>Recommended Investment Period</b>	3 years	<b>Elanor</b>	7.0%	2.5%
<b>Minimum Initial Investment</b>	\$25,000	<b>Peet</b>	6.5%	1.1%
<b>Inception Date</b>	20 January 2014	<b>Australian Secure Capital</b>	6.5%	1.0%
		<b>Omni Bridgeway</b>	6.4%	0.0%
		<b>Lend Lease</b>	6.2%	0.2%

## Funds Under Management



# Oracle Property Securities Portfolio Update



**Luke Winchester**  
Portfolio Manager

The Property sector has continued its strong recovery after the recent sell off in March. The office and retail sectors were up 15-25% for the quarter after lagging specialised property peers in sectors less affected by Covid.

The Property index registered a double-digit return for the quarter, driven by large companies such as Scentre Group (23%), Mirvac Group (21%), Charter Hall (20%) and Vicinity Centres (18%). The logic for these moves seems sound, given a faster and more effective vaccine which will allow people to return to work and shopping.

It is pleasing to see that the property sector has now recovered most of the fall that it experienced earlier in the year.

## Portfolio Performance

Rolling	Property Securities Portfolio	Benchmark (S&P/ASX 300 Property Trust Accum Index)	Outperformance
1 month	1.18%	0.60%	0.57%
3 month	11.99%	13.24%	-1.25%
6 month	20.13%	21.60%	-1.47%
1 year	-0.72%	-3.96%	3.24%
Since Inception p.a (1 August 2019)	-2.95%	-5.18%	2.23%

## Property Securities vs S&P/ASX 300 Property Trust Accum Index

(since inception)



## Portfolio Characteristics

	Portfolio	Index
Price Earning Multiple	17.6	17.6
Earning per share Growth - 3 year avg	-11.4%	-11.4%
Return on Equity (ROE)	6.6%	6.6%
Return on Equity (ROE) - 3 year avg	9.5%	9.5%
Dividend Yield	5.7%	5.7%
Dividend Growth	3.1%	3.1%
Gearing (Net Debt/EBITDA)	28.8	28.8

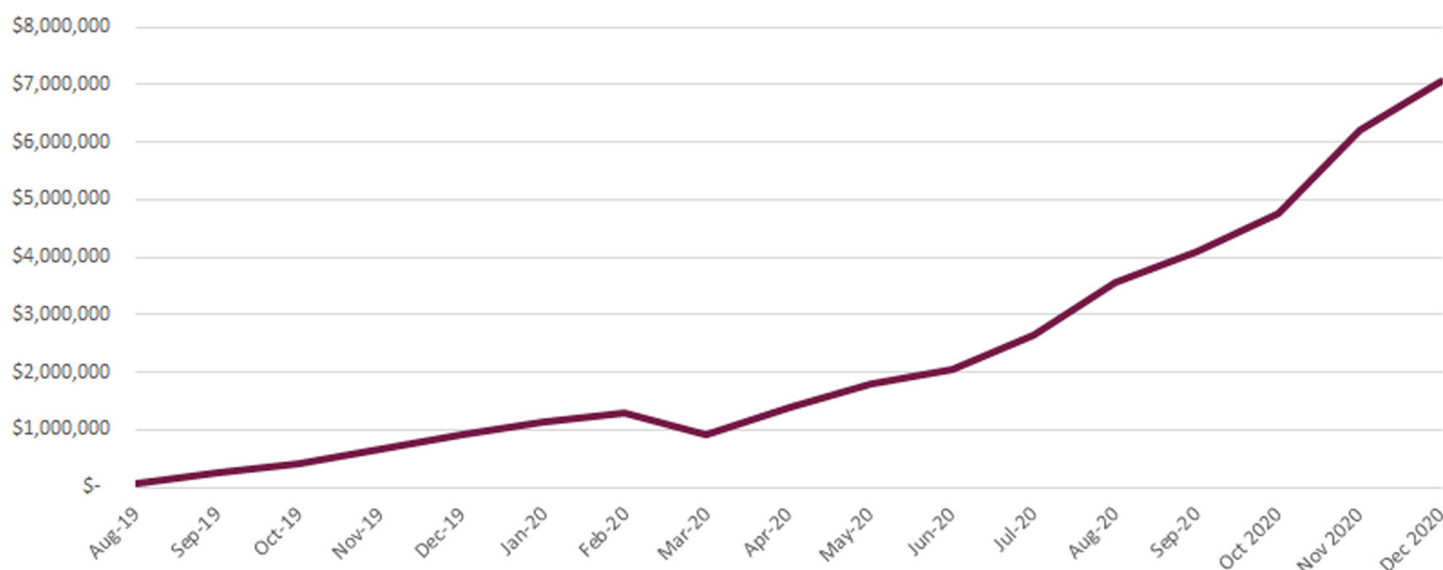
# Oracle Property Securities Portfolio Update

Portfolio Overview	
<b>Investment Manager</b>	Oracle Investment Management Pty Ltd
<b>Investment Objective</b>	To provide investors with long-term capital growth and income. The portfolio aims to outperform its benchmark over a rolling 3 year period.
<b>Investment Strategy</b>	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.
<b>Benchmark</b>	S&P/ASX 300 Property Trust Accumulation Index
<b>Investment Universe</b>	Listed ASX Securities that invest in and or Manage Property Investments. Portfolio may invest in listed ETFs.
<b>Recommended Investment Period</b>	3-5 years
<b>Minimum Initial Investment</b>	\$25,000
<b>Inception Date</b>	1 August 2019

Top 10 Contributors	Portfolio Position	3 month Performance
Unibail-Rodamco-Westfield SE Stapled Security Chess Depository Interests	0.6%	99.0%
Scentre Group	10.3%	23.2%
Mirvac Group	5.9%	21.6%
Charter Hall Group	6.5%	19.8%
GDI Property Group	0.9%	18.8%
Shopping Centres Australasia Property Group	1.6%	18.2%
Vinity Centres	3.9%	17.5%
Aventus Group	0.6%	17.3%
Charter Hall Social Infrastructure REIT	1.8%	16.8%
Centuria Industrial REIT	1.0%	16.4%

## Funds Under Management

(since inception)



# Oracle Ethical Diversified Portfolio Update

The Oracle Ethical Diversified Portfolio is collectively managed by:



**Nick Cummings**  
Portfolio Manager



**Luke Winchester**  
Portfolio Manager



**Luke Durbin**  
Portfolio Manager

The Ethical Portfolio returned -0.6% in December. Our international names were held back by a strong AUD while our Domestic equities were driven mainly by commodity exposures. Our bonds continued to offer safe steady performance to the portfolio. The main detractors were domestic companies that suffered from company specific news.

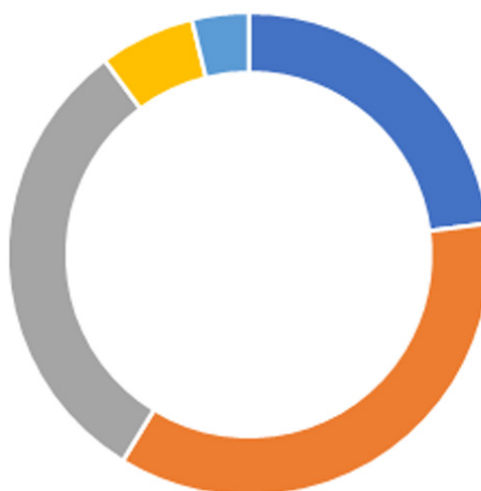
The Ethical Portfolio provides our clients a diversified portfolio, that has been screened for ethical criteria across Environmental, Social and Governance (ESG) criteria. The portfolio is spread across all major asset classes and should provide investors with both capital growth and a moderate level of income.

Our positive screening tool helps to identify certain companies and industries as ethical and sustainable and seeks to promote them within our investment universe. We have identified the following industries as ethical: Affordable Housing, Education, Energy Efficiency, Financial Inclusion, Green Buildings, Green Transportation, Health, Pollution Prevention and Reduction, Renewable Energy, Resource Efficiency, Sustainable Agriculture, Food and Water.

## Portfolio Performance

	1 month	Since Inception <sup>1</sup>
Portfolio	-0.6%	0.3%

## Asset Allocation



- Bond 22.94%
- International Equity 35.8%
- Domestic Equity 31.08%
- Property Equity 6.37%
- Cash 3.8%

## Market Segments



- Financials 9%
- Communication Services 14%
- Information Technology 17%
- Real Estate 20%
- Materials 8%
- Utilities 2%
- Consumer Discretionary 9%
- Consumer Staples 6%
- Industrials 6%
- Healthcare 6%
- Cash 4%

# Oracle Ethical Diversified Portfolio Update

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>	31 October 2020

Top 10 Weighting	Sector	Portfolio Position
Westpac Floating 2022 Bond	Financials	4.2%
Google	Communication Services	4.1%
CSL	Healthcare	4.1%
Lend Lease 2027 Green Bond	Real Estate	4.1%
Visa	Information Technology	3.8%
Facebook	Communication Services	3.5%
Sunland 2024 Bond	Real Estate	3.3%
Microsoft	Information Technology	3.2%
Elanor 2022 Bond	Real Estate	3.2%
Brisbane Airport	Industrials	3.1%

Top 10 Contributors	Performance
Fortescue	39.8%
Oz Minerals	27.9%
Mineral Resources	27.2%
Nintendo	18.8%
Charter Hall	15.0%
Xero	13.3%
Paypal	12.0%
Bapcor	9.6%
Brisbane Airport	7.0%
Realestate.com	6.5%

# Diversified Managed Portfolio Update

## Portfolio Performance

### Capital Stable Portfolio

Proforma Performance	
1 month	0.0%
3 month	4.6%
6 month	6.8%
1 year	2.3%
Since Inception (07.2019)	4.2%

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

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.

### Conservative Portfolio

Proforma Performance	
1 month	0.0%
3 month	5.0%
6 month	7.6%
1 year	2.9%
Since Inception (07.2019)	5.3%

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

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 forgoing the potential for higher returns over the long term.

### Balanced Portfolio

Proforma Performance	
1 month	-0.1%
3 month	4.8%
6 month	8.2%
1 year	3.8%
Since Inception (07.2019)	6.6%

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

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.

# Diversified Managed Portfolio Update

## Portfolio Performance

### Growth Portfolio

Proforma Performance	
1 month	-0.2%
3 month	4.9%
6 month	8.8%
1 year	4.3%
Since Inception (07.2019)	7.1%

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

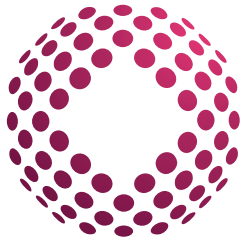
Growth Portfolio suits investors who seek the potential for a relatively high level of growth and a modest level of income, accept a higher level of short-medium term capital volatility as a trade-off for long-term capital growth and are prepared to invest for the minimum investment timeframe.

### High Growth Portfolio

Proforma Performance	
1 month	-0.3%
3 month	5.0%
6 month	9.8%
1 year	5.4%
Since Inception (07.2019)	7.1%

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

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.



# oracle

ADVISORY GROUP

## Investment Manager

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## Responsible Entity & Issuer

The Trust Company (RE Services) Limited  
ABN 45 003 278 831 | AFS Licence 235 150

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## Promoter

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

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