

## Market Update .....



**Peter Durbin**

Chief Investment Officer

**In the September quarter global markets continued their recovery after the Covid-19 downturn as positive news on vaccines and treatments was combined with further Government and Central Bank support to stoke consumer confidence and provide a clear path back to normality. Pleasingly, all the Oracle model portfolios returned positive performance, while also meeting or exceeding the benchmarks we set for them.**

### Reporting Overview

The September quarter is an important one particularly for the local market as most ASX listed businesses release their full year financial results in August. This year took on even more importance as this was the first result season since the full effects of the Covid impact occurred. Overall, our portfolios performed in line with our expectations. In March & April we undertook full reviews of each of our portfolios and we didn't anticipate any material impacts for most of the businesses that we own. The work put in by our analysts in March and April reaped rewards over the last few months as we positioned our portfolios in businesses that could thrive in any economic environment with sustainable business models.

The role for our analysts was a complex one as various factors combined to mean that discovering the strength of underlying businesses was much more difficult than normal. Covid impacts, Government subsidies, rent relief and accounting changes all combined to mean that the gap between reported financials and underlying business strength could be larger than ever. I have written many times that our core investment process focuses heavily on the cash generation of the business and in many respects "cash doesn't lie". Most of our businesses continued to record strong cash results, pay dividends and re-invest profits into their operations.

### Looking Forward

It is always worth remembering that markets are forward looking. While there is a great deal of uncertainty between on-going Covid impacts, US elections, Brexit and US/China trade wars, it is clear this uncertainty has been heavily discounted due to the unprecedented support of Governments and Central Banks globally to support economies and by association, asset prices. While our investment philosophy at Oracle is focused heavily on bottom-up analysis of individual companies and their prospects, we would not be fulfilling our duties if we didn't keep an eye on the top-down macroeconomics affecting sectors and economies as a whole.

Despite the factors outlined above, we believe the key question the market will be trying to answer is how Governments and Central Banks transition from stimulus-led economies to having them stand on their own two feet again. This will be a balancing act. If stimulus is pulled too early then they risk exposing economies to the recessionary effects which are currently being masked (high unemployment, low consumer confidence, low growth), however if the stimulus provided is too strong or for too long, the Government risks sparking inflation which may cause interest rates to rise and severely hurt a heavily indebted consumer.

We will watch these developments closely, but remain committed to our philosophy of focusing on high-quality businesses, which we believe will outperform in the medium to long term.

# Counting the cost of a curve ball .....

**What would you do if the main breadwinner in your household could no longer bring in an income?**

**Do you have a Plan B? Most people don't.**

**That's where insurance comes in.**



Curve balls. They're unexpected, often deceptive and it's impossible to predict their trajectory. That's why they're so devastating – in sport and in life. There's some interesting data now available about the kind of curve balls that can impact your life, your finances, and your retirement.

One in three Australians could be disabled for more than three months before turning 65.<sup>1</sup> If you combine this with another startling fact – that 60% of Australian families with dependents will run out of money if the main breadwinner can no longer bring in an income – you can see the problem. Curve balls are pretty common, but so few people are prepared for them.

**With the mortgage to pay, school fees to fund and day-to-day living expenses to meet, you could run down your savings very quickly and face financial difficulty.**

The table below shows what's at stake in terms of potential earnings to age 65. For example, if you are currently aged 45 and earn \$80,000 per annum, you could earn around \$2.15 million over the next 20 years. Isn't that worth protecting?

Current Income (per annum)	Age now			
	25	35	45	55
<b>\$40,000</b>	\$3,020,000	\$1,900,000	\$1,070,000	\$460,000
<b>\$60,000</b>	\$4,520,000	\$2,850,000	\$1,610,000	\$690,000
<b>\$80,000</b>	\$6,030,000	\$3,810,000	\$2,150,000	\$920,000
<b>\$100,000</b>	\$7,540,000	\$4,760,000	\$2,690,000	\$1,150,000

*Assumptions: Income increases by 3% per annum. No employment breaks. Figures rounded to nearest \$10,000.*

<sup>1</sup> Calculations based on data from the Institute of Actuaries of Australia 2000. Interim Report of the Disability Committee. IA Aust: Sydney.

## What kind of Plan B do you need?

The last thing you need to worry about when you're dealing with a curve ball is your finances. That's where insurance comes into its own. It's a well-known saying that you only realise the value of insurance when you need it – and you don't have it.

**Taking out Income Protection insurance could provide you with a monthly benefit of up to 75% of your income to replace lost earnings while you recover.**

Most Income Protection policies offer a range of waiting periods before you start receiving the insurance benefit (with options normally between 14 days and two years).


You can also choose from a range of benefit payment periods, with a maximum cover generally available up to age 65.

## Other things to consider

- Income Protection insurance premiums will generally be lower if you choose a longer waiting period and shorter benefit payment period.
- If you don't have sufficient cash flow to fund the Income Protection premiums, you may want to arrange the cover in superannuation, where the cost will be deducted from your account balance.
- Other curve balls you may want to insure for include critical illness (such as cancer and stroke), total and permanent disability and death. These curveballs can be covered by different types of life insurance, which you may want to consider.

**To find out more, contact Oracle on 02 4088 6444.**

# Property Market 2020: What lies ahead? .....



**1 in 14 mortgages is currently under a deferred arrangement because of COVID-19, and subsequent effects of Australia's first recession in 29 years.**

The word unprecedented seems overused in the current environment, but it is clearly justified. Updated figures from the Australian Banking Association suggest that 1 in 14 mortgages is currently under a deferred arrangement because of Covid-19, and subsequent effects of Australia's first recession in 29 years.

This equates to nearly 450,000 mortgages with a combined total of nearly \$200 billion. That represents around 12% of all mortgages held. This figure is expected to increase as banks work with their customers, possibly resulting in further extensions of repayment terms.

Although the allowances have brought some much-needed breathing space, it is worth remembering that unpaid interest, which accrues during this period will still be added to the outstanding balance of the loan.

In addition to loan deferrals, Australian banks have also rolled out several other methods in response to COVID-19 including fee waivers, rate reductions and loan consolidation.

## Interest rates

The cash rate remains at historically low levels. The last significant recession back in 1991 saw an end of year cash rate of 8.50%.

On October 6, the Reserve Bank held the cash rate at 0.25%, however a further rate cut has been discussed.

RBA governor Philip Lowe said that the Board would not increase the interest rate "until progress is being made towards full employment and it is confident that inflation will be sustainable within the 2-3 per cent target band".

"This means that we are likely to be at this level of interest rates for an extended period," stated Dr Lowe. That extended period is expected to remain until 2024. He has also gone on record saying that negative interest rates in Australia are "extraordinarily unlikely".

The coronavirus cash rate reduction has had a positive impact on interest rates offered by lenders in the market, resulting in the ability to obtain cheaper mortgages.

The average interest rate for those living in their own home fell to 3.26% in September from 3.71% pre-coronavirus in February.

It remains to be seen whether Australia's recession and the ongoing effects of the pandemic could influence the RBA board's future decisions. The RBA has not made an out-of-cycle rate cut since 1997.

## Property Market

There is no single property market in Australia. Local markets have their own supply and demand drivers. Those drivers will regulate the price of properties. The latest data from CoreLogic shows Melbourne prices dropped in August and Sydney prices were also weaker.

Some key property points:

- 0.4% decline in August.
- House prices trending lower than pre-covid highs.
- Rates of decline eased over the last two months.
- Remote working is influencing property prices i.e. working from home can be done from regional locations thus impacting on inner suburb property prices.
- New listings declined by 11.5% in the month of September.

Overall, Australia's home prices may be flat over the next year, but outcomes across regional areas will be mixed.

## Mortgage industry regulatory changes

Best interests duty is an obligation for Mortgage Brokers to act in the best interests of the consumer. The best interests duty stipulates that; brokers determine and assess the best interests of a client present loan recommendations in line with the clients' expectations.

The purpose is to consider cost of products, interest rates, fees, repayment size and loan features. This is a positive for the industry as it provides safe harbour for the consumer when using the services of a Mortgage Broker. This legislation, monitored by ASIC, comes into effect on January 1, 2021.

It is essential that you are not overpaying on your mortgage, you could be saving thousands of dollars in interest payable.

Contact our Lending Team on 1300 550 990 to review your loan.

# International Update

## Oracle Global Equities Portfolio



**Nick Cummings**  
Portfolio Manager

Most global markets continued their strong runs as the world learns to adapt and deal with Covid-19. The strong market performance has been the result of unprecedented fiscal and monetary support from national governments and central banks; and larger businesses adapting and thriving more than smaller businesses that can't afford to do so.

The Global Equities Portfolio ended the third quarter with a strong overall gain, returning 3.9%. Our benchmark, the MSCI AC World Net Ex Australia Index, returned 4% over the same time. We are happy with the overall performance of the Portfolio given the significant headwinds from a strengthening Australian Dollar during the period.

Notable contributors to performance for the quarter were Nintendo (increased time indoors), Lowes (increased lockdown sales) and Cooper Companies (contact lens sales recovering). While the main detractors from performance were Skechers (sluggish shoe sales) and Dip Corp (Job ad slump in Japan).

With American markets currently at all-time highs, we are exploring opportunities in Asia and Europe that have similar business qualities at lower valuations. We generally believe that most of the easy money trades, like selling travel and oil stocks and buying online businesses, have run their course. The divergence in returns can be seen in the performance of the UK FTSE 100 (top 100 stocks listed in UK) and the tech heavy Nasdaq. The UK market is down 21% this year while the Nasdaq is up 26% for an overall 47% differential in just 9 months.

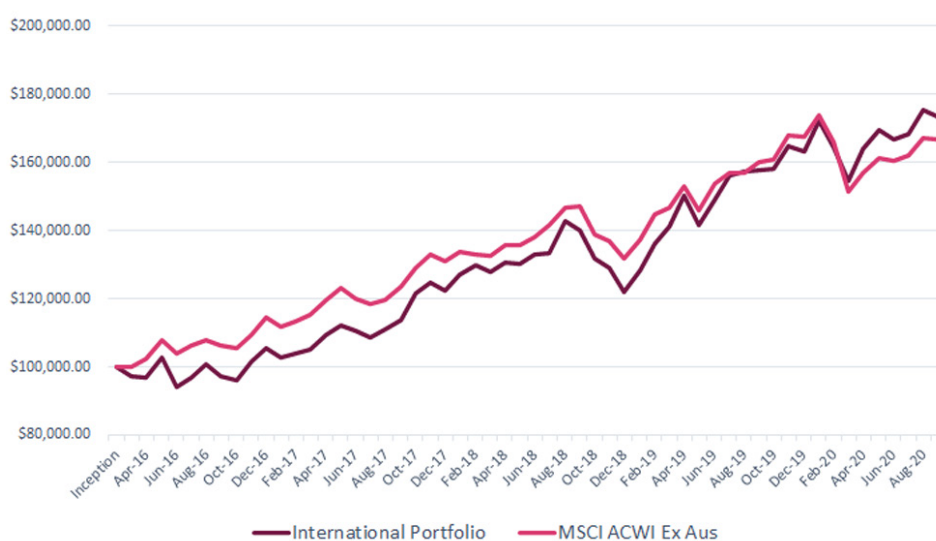
As a result of these differentials, and the fear of missing out, that is driving some concept stocks returns, it is likely that new ideas will come from areas that aren't dominating the financial news and where others aren't looking.

## Portfolio Performance

Rolling	Global Equities Portfolio	Benchmark (MSCI All Country World Index)	Outperformance
1 month	-1.3%	-0.1%	-1.2%
3 month	3.9%	4.0%	-0.1%
6 month	12.0%	10.0%	2.0%
1 year	9.9%	4.3%	5.6%
2 year p.a	11.2%	6.4%	4.7%
3 year p.a	15.0%	10.5%	4.5%
Since Inception p.a (1 March 2014)	12.7%	11.8%	0.9%

## Global Equities vs MSCI All Country World

(since inception)



## Portfolio Characteristics

	Portfolio	Index
PE Multiple	39	19.65
EPS Growth	6.62%	N/A
Return on Equity (ROE)	38%	N/A
Dividend Yield	0.44%	2.12%
Gearing (Net Debt/EBITDA)	-0.98	N/A

# International Update

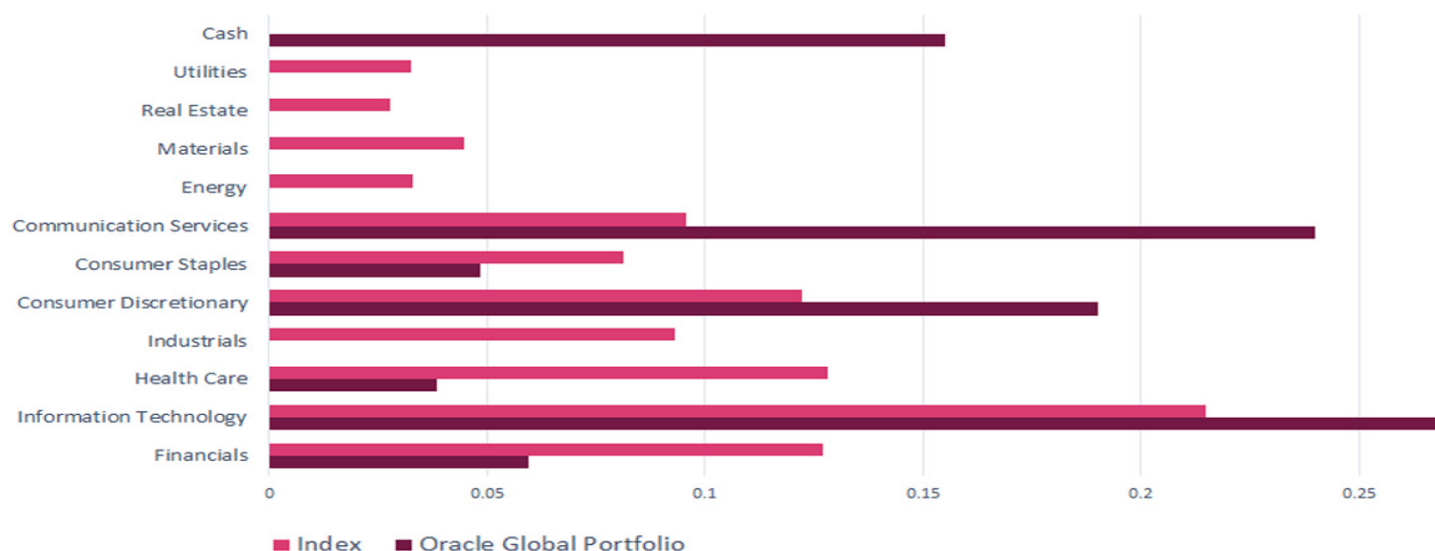
## Oracle Global Equities Portfolio

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
Amazon	8.73%	73.44%
Paypal	4.42%	64.30%
Microsoft	6.09%	55.63%
Tencent	3.87%	46.02%
Facebook	7.26%	45.57%
Lowes	4.20%	40.88%
Google	6.21%	26.53%
Nintendo	1.62%	19.78%
Mastercard	8.68%	17.33%
Home Depot	1.56%	16.93%

## Market Segments

### Oracle Global Portfolio v MSCI ACWI ex Australia



# Domestic Update

## Oracle Australian Equities Portfolio



**Luke Durbin**  
Portfolio Manager

It has been pleasing to see some stability in the market after 2 of the most volatile quarters on record. There were a lot of question marks leading into the August reporting season given that Australia's first coronavirus case was back in January and the large majority of companies withdrew profit guidance through March. This meant that investors were somewhat in the dark in terms of expectations, difficult in any period, let alone one with potentially large earnings shocks.

As a result, investors approached August cautiously and it generally ended up being a case of either having appropriately subdued expectations (therefore share prices moved little, such as the case for REA Group Ltd, Sydney Airport, Atlas Arteria, Wesfarmers Limited), or being pleasantly surprised as results began rolling out (resulting in share price increases, such as the case for Carsales.com, Charter Hall Group, Domino's Pizza Enterprises Limited, Reece Limited, Reliance Worldwide Corp. Ltd. While it was still a mixed bag for the Australian Equities Portfolio, we were very pleased with the performance and recovery of the portfolio as a whole.

For the September quarter, the portfolio returned 3.7%. This compares favourably to the benchmark S&P/ASX 200 Accumulation Index performance of -0.4%, outperformance of 4.2%. Further, it is worth noting that for the past 12 months the portfolio is in positive territory (up 0.9%) while the benchmark is down 10.2%.

This is primarily due to two reasons:

1. Positioning the portfolio to be overweight quality businesses whose earnings either proved resilient through the pandemic or rebounded quickly; and
2. Holding a material underweight position in the big 4 banks. The banks are a major component of the benchmark, have underperformed over this period, and their future growth path remains uncertain despite the recent announcement that responsible lending laws will be rolled back.

## Portfolio Performance

Rolling	Australian Equities Portfolio	Benchmark (S&P ASX 200 Accumu Index)	Outperformance
1 month	-1.5%	-3.7%	2.2%
3 month	3.7%	-0.4%	4.2%
6 month	22.6%	16.0%	6.7%
1 year	0.9%	-10.2%	11.1%
Since Inception p.a (1 July 2019)	2.6%	-6.5%	9.1%

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

(since inception)



## Portfolio Characteristics

	Portfolio	Index
Price Earning Multiple	27	23.11
Earning per share Growth - 3 year	6.6%	-2.8%
Earning per share Growth - 1 year	0.8%	-4.6%
Return on Equity (ROE)	14.3%	11%
Dividend Yield	2.2%	3.0%
Dividend Growth	6.7%	0.5%
Gearing (Net Debt/EBITDA)	2.2	2.5

# Domestic Update

## Oracle Australian Equities Portfolio

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	12 month Performance
NEXTDC Limited	0.8%	99.35%
Fortescue Metals Group Ltd	2.6%	85.23%
Domino's Pizza Enterprises Limited	1.1%	70.55%
Xero Limited	1.9%	61.74%
OZ Minerals Limited	2.2%	45.79%
Carsales.com.au	4.2%	35.19%
James Hardie Industries PLC	1.2%	33.31%
Evolution Mining Limited	1.0%	26.93%
Goodman Group	2.3%	26.52%
Northern Star Resources	3.6%	23.55%

## Market Segments



# Emerging Update .....

## Oracle Emerging Companies Portfolio



**Luke Winchester**  
Portfolio Manager

The September quarter is always an important one as most businesses report their financial year results. I am happy to say the Emerging Companies portfolio emerged unscathed from this reporting season with most of our portfolio companies meeting or exceeding our expectations.

This year took on even more importance as the first reporting season since the Covid-19 outbreak and associated societal shutdowns. While it has been difficult to navigate through different financial reports to find businesses which are surviving (some thriving) compared to those struggling, I am happy with how our portfolio has been positioned coming out of the Covid-19 crisis.

Looking forward, we are cautious on the Australian economy and what is currently priced into the market. It is clear from the data that we are operating in a "false economy" propped up by Government stimulus, mortgage deferrals and tapping into superannuation savings.

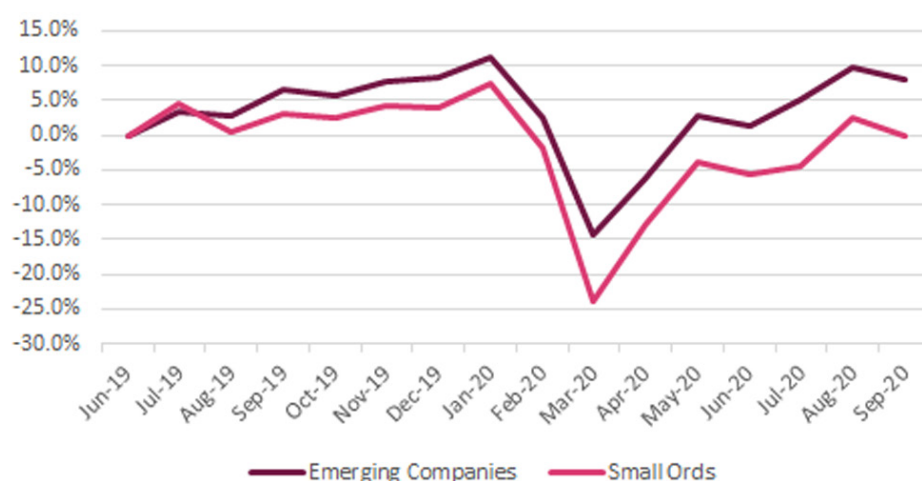
In the Emerging Companies portfolio, we will remain focused on our goal of only investing in the best businesses with operations, balance sheets and earnings that can withstand adverse economic conditions. Our cash balance will also become an important asset in any market turbulence as it gives us ultimate flexibility to act quickly when opportunities arise.

## Portfolio Performance

Rolling	Emerging Companies Portfolio	Benchmark (S&P/ASX Small Ordinaries Accumulation Index)	Outperformance
1 month	-1.8%	-2.8%	1.0%
3 month	6.2%	5.7%	0.5%
6 month	25.7%	30.9%	-5.2%
1 year	0.9%	-3.3%	4.3%
Since Inception p.a (1 July 2019)	6.1%	-0.3%	6.4%

## Emerging Companies vs S&P ASX 200 Accumu Index

(since inception)



## Portfolio Characteristics

	Portfolio	Index
Price Earning Multiple	29	20.5
Earning per share Growth (3 year)	12.8%	-1.7%
Earning per share Growth (1 year)	13.2%	10.3%
Return on Equity (ROE)	19.7	9.4
Dividend Yield	2.1%	1.8%
Dividend Growth	8.6%	1.0%
Gearing (Net Debt/EBITDA)	0.7	2.6

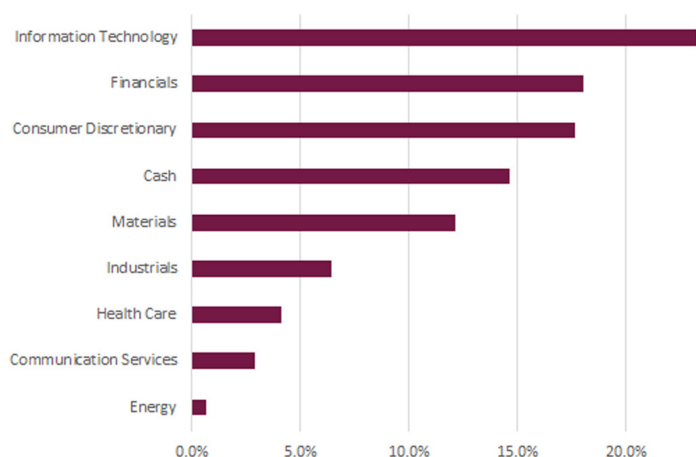
# Emerging Update

## Oracle Emerging Companies Portfolio

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

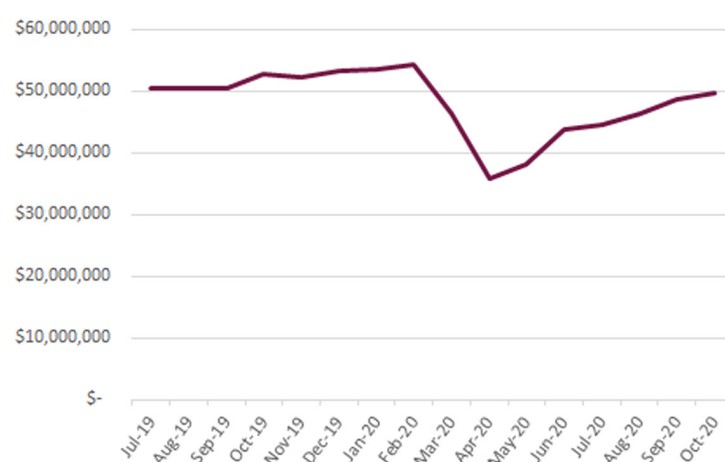
Top 10 Contributors	Portfolio Position	12 month Performance
Objective Corporation	4.9%	285.4%
Silver Lake Resources Limited	1.4%	202.4%
Data#3 Limited	1.8%	151.0%
IDP Education Ltd	1.8%	121.9%
Fisher & Paykel Healthcare Corporation Limited	4.2%	103.6%
Mineral Resources Limited	2.6%	92.7%
Kip McGrath Educational Centres Limited	2.1%	53.4%
Breville Group Limited	1.7%	52.4%
Appen Ltd	3.6%	51.2%
Pinnacle Investment Management Group Limited	2.6%	50.5%

## Market Segments



## Funds Under Management

(since inception)



# Fixed Income Portfolio

## Oracle Fixed Interest Portfolio



**Joshua Durbin**  
Portfolio Manager

At the start of 2020 during the height of Covid-19 uncertainty many businesses postponed their plans to issue new bonds until the market had returned to a more normal state. Many of these businesses returned to the market in the September quarter, which made it a busy quarter of new bond issues.

The new issues that we participated in included: Port of Brisbane, Charter Hall Exchange Trust (leases properties to Telstra), Aurizon (manages the Central Queensland Coal Network), Ausnet (electricity distribution in Victoria), Transgrid (electricity distribution in NSW), and QBE (insurer). During the quarter we took profits on Macquarie bank, Centuria, NextDC, Dexus, NAB, and Emirates Bank bonds.

After the end of the quarter but before publication, NAB announced their intention to seek shareholder approval to redeem their National Income Securities (NABHA) for \$100. This is the result we have been waiting for and is the reason we initially purchased NABHA at \$72. It is also why approximately 12% of our portfolio is in NABHA. When the announcement was made, NABHA rose from \$92.80 to their current price \$98.20. This is similar to what happened in January with Macquarie Bank's MBLHB bond and is the same thesis behind our Westpac and ANZ bonds, which we expect to be redeemed in the next 12-18 months.

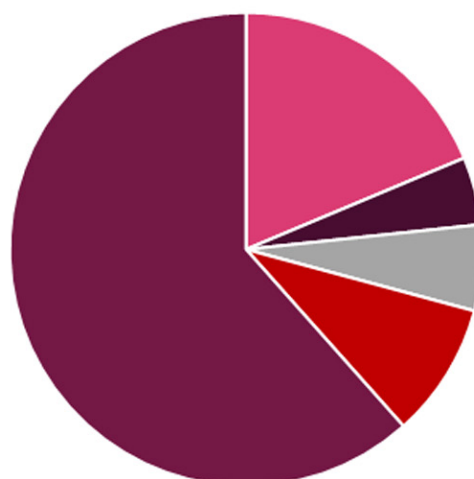
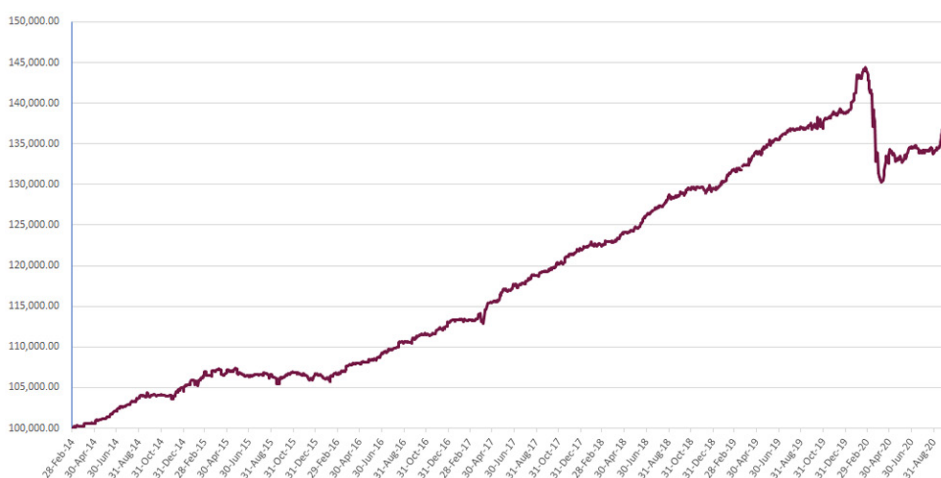
Performance this quarter was a pleasing 1.2%. We anticipate further gains over the next few months as the bond market continues to recover after the COVID-19 downturn.

## Portfolio Performance

Rolling	Fixed Interest Portfolio	Benchmark (Bloomberg Ausbond Bank Bill Index)	Outperformance
1 month	1.8%	0.0%	1.7%
3 month	1.2%	0.0%	1.2%
6 month	2.8%	0.1%	2.7%
1 year	-1.4%	0.6%	-1.9%
2 year p.a	2.4%	1.2%	1.2%
3 year p.a	4.1%	1.4%	2.7%
<b>Since Inception p.a (1 March 2014)</b>	<b>4.6%</b>	<b>1.9%</b>	<b>2.7%</b>

## Portfolio Performance

(since inception)



## Market Segments

- Industrials 19.4%
- Information Technology 4.8%
- Consumer Discretionary 6.1%
- Real Estate 9.6%
- Financials 63.9%

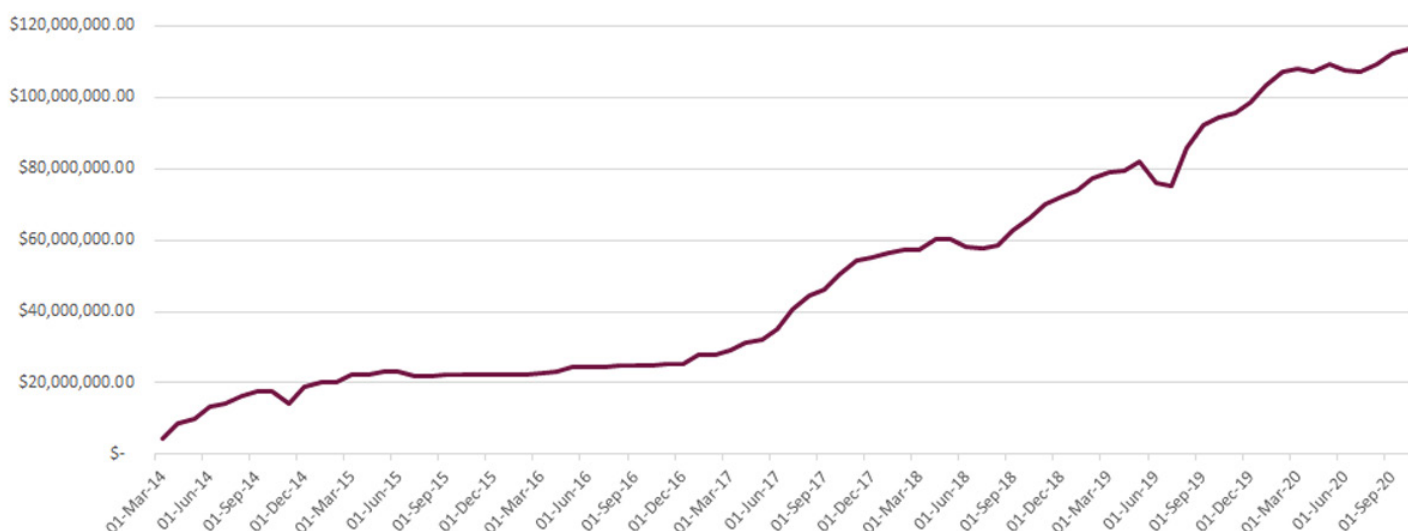
# Fixed Income Portfolio

## Oracle Fixed Interest Portfolio

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>Benchmark</b>	Bloomberg AusBond Bank Bill Index
<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>	20 January 2014

Top 10 Contributors	Portfolio Position	12 month Performance
Macquarie Income Securities	10.85%	9.81%
Maurice Blackburn	1.39%	8.61%
Macquarie	4.50%	8.06%
Multiplex Sites Trust	0.36%	7.82%
Zenith	1.29%	7.63%
Pacific National	2.80%	7.60%
Members Equity Bank	1.06%	6.84%
StockCo Holdings Pty Ltd	2.53%	6.50%
Westpac	0.53%	5.96%
Plenary	1.11%	5.32%

## Funds Under Management (since inception)



# Property Update .....

## Oracle Property Securities Portfolio



**Luke Winchester**

**Portfolio Manager**

Listed REIT's continued their recovery in the September quarter, however it was a true "K" shaped recovery with certain stocks performing very well (and returning to pre-Covid highs) while others remain in the doldrums.

The strongest recoveries have come from the specialised REIT's; those in sectors like childcare centres (as they have re-opened in most States) agriculture (largely unaffected by Covid), warehousing, storage and distribution (increased e-commerce sales) and housing developers (Government's HomeBuilder scheme has re-sparked construction demand).

Retail and office REIT's remain hardest hit as they deal with many tenants who are simply not paying rent yet are protected by the Government's emergency Code of Conduct laws for terminating leases. While this protection was necessary for small businesses, it has been abused by some larger businesses who are trying to force landlords into significant rent concessions despite their underlying businesses often remaining unaffected.

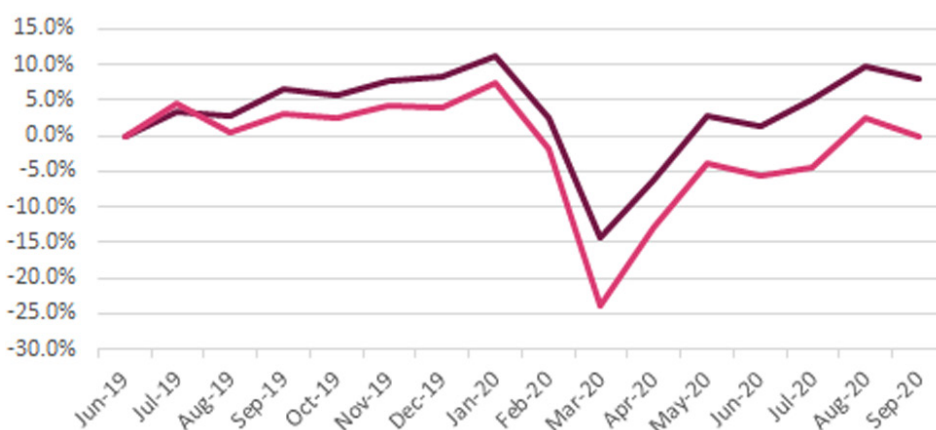
The Property Securities portfolio has adopted the same approach we have always taken to investments. We look to only buy quality businesses with durable earnings (meaning not just relying on increasing property values annually) and balance sheets that weren't overloaded with debt. This framework served us well through Covid, and no better seen than the case of Unibail-Rodamco-Westfield (URW). While unfortunately we do have a position in the stock, it was (and continues to be) the smallest in the portfolio at a sub-0.5% weight. Unlike during the GFC, most REIT's look set to escape the Covid downturn relatively unscathed, the one exception being URW which carried a large debt weighting into the crisis and since which has become the noose around its neck. Our strong filters have saved us from a company that has fallen more than 80% over the last year as management rush to execute an extraordinary general meeting to inject billions of dollars of capital into the business.

## Portfolio Performance

Rolling	Property Securities Portfolio	Benchmark (S&P/ASX 300 Property Trust Accum Index)	Outperformance
1 month	-0.9%	-1.1%	0.2%
3 month	7.3%	7.4%	-0.1%
6 month	27.2%	29.1%	-1.9%
1 year	-12.1%	-15.8%	3.7%
Since Inception p.a (1 August 2019)	-12.5%	-15.7%	3.2%

## 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

# Property Update

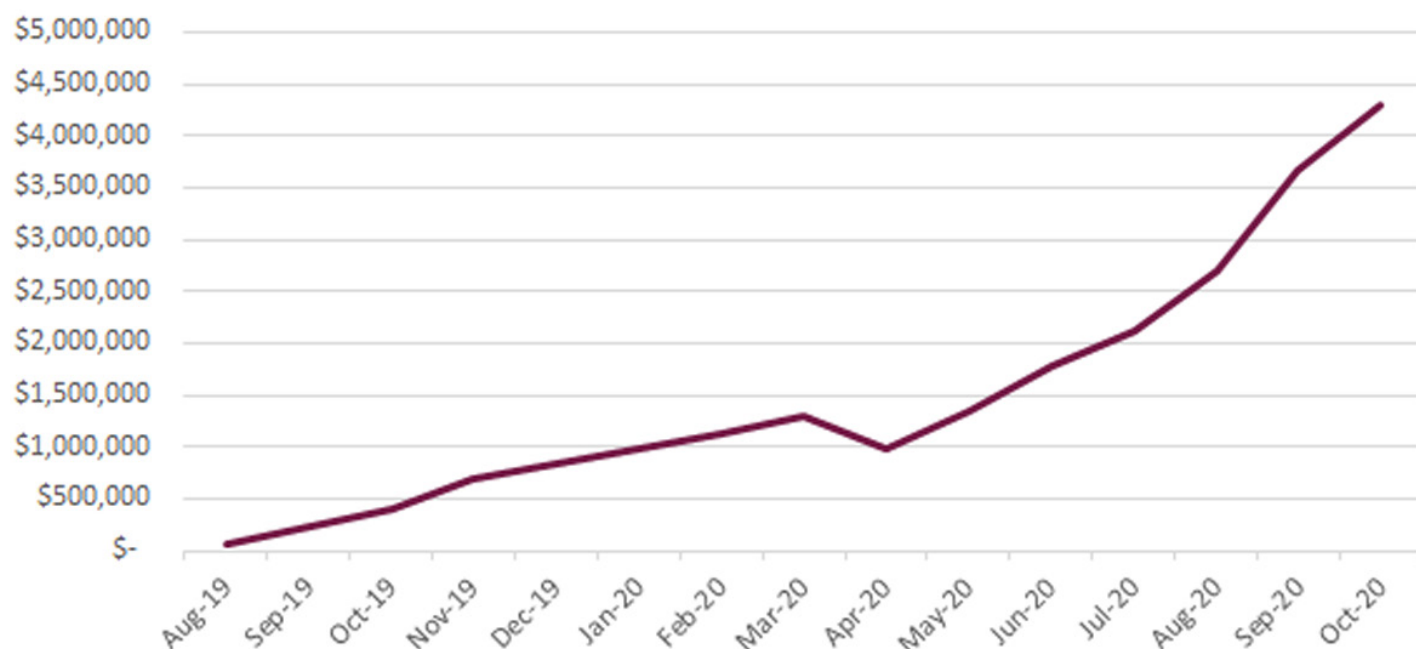
## Oracle Property Securities Portfolio

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	12 month Performance
Rural Funds Group	1.1%	36.3%
Goodman Group	25.7%	26.5%
Ingenia Communities Group	1.1%	13.8%
Charter Hall Group	6.3%	6.7%
BWP Trust	3.0%	2.3%
National Storage REIT	2.3%	1.1%
Hotel Property Investments Ltd.	1.0%	-2.5%
Centuria Industrial REIT	1.1%	-2.7%
Arena REIT	2.1%	-4.9%
Waypoint REIT Ltd.	2.3%	-4.9%

## Funds Under Management

(since inception)



# Diversified Managed Portfolio Update .....

## Portfolio Performance

### Capital Stable Portfolio

Proforma Performance	
1 month	0.7%
3 month	2.1%
6 month	7.4%
1 year	0.1%
Since Inception (07.2019)	1.3%

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	0.3%
3 month	2.5%
6 month	10.0%
1 year	0.9%
Since Inception (07.2019)	2.3%

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.

### Balanced Portfolio

Proforma Performance	
1 month	-0.1%
3 month	2.7%
6 month	10.6%
1 year	2.6%
Since Inception (07.2019)	4.5%

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.

### Growth Portfolio

Proforma Performance	
1 month	-0.65%
3 month	3.8%
6 month	14.4%
1 year	2.6%
Since Inception (07.2019)	4.5%

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	-1.0%
3 month	3.3%
6 month	13.2%
1 year	4.0%
Since Inception (07.2019)	5.8%

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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