Elston Australian Large Companies A

March 2022

Key Information

APIR Code	ETL7541AU
Investment Manager	Elston Asset Management
Asset Class	Equity
Investment Style	Core / Style Neutral
Benchmark	S&P ASX 100
Launch Date	03/12/2018

Number of Holdings	20-25
Minimum Investment Horizon	7 Years
Management Fee	0.33%
Performance Fee	16.50%

Sector Allocation Exposure

Materials	11.94%
Consumer Staples	11.32%
Energy	10.55%
Diversified Financials	9.99%
Banks	9.97%
Real Estate	9.75%
Health Care	8.76%
Consumer Discretionary	7.09%
Industrials	4.70%
Communications	3.92%
Utilities	3.87%
Information Technology	2.88%
Cash	5.27%

Top Portfolio Holdings[1]

VANECK VECTORS AUSTRALIAN PROPERTY ETF	5.98%
WESTPAC BANKING CORP	5.34%
AMCOR PLC	4.75%
BHP GROUP LIMITED	4.70%
BRAMBLES LIMITED	4.70%
ANZ BANKING GROUP LIMITED	4.63%
RAMSAY HEALTH CARE LIMITED	4.61%
ENDEAVOUR GROUP LIMITED	4.41%
MACQUARIE GROUP LTD	4.24%
COCHLEAR LIMITED	4.15%

Platforms Availability[2]

HUB24
Macquarie Wrap
Netwealth
Praemium

Investment Objective

The portfolio aims to outperform the S&P/ASX 100 Accumulation Index by 2.0% p.a. (after fees) over rolling five-year periods.

Investment Strategy[1]

This is an actively managed portfolio of predominantly Australian equities. In general, the portfolio will have a long-term average exposure of around 97% in growth assets and 3% in defensive assets, however the allocations will be actively managed within the allowable asset allocation ranges depending on market conditions.

Designed for Investors Who

The portfolio is designed for investors seeking:
- long term capital growth above inflation;
- tax effective income growth;
- a non-index weighted portfolio construction; and,
- a minimum investment timeframe of seven years.

Investor Philosophy

The Elston Asset Management investment philosophy incorporates the following values:
- Preservation of capital
- Long term focus
- Value and growth
- Genuine diversity
- Liquidity
- After tax management

Zenith APPROVED

Recommended Lonsec Research

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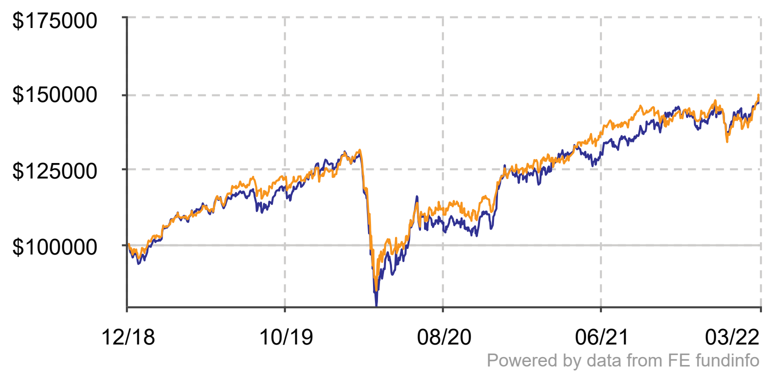
Growth of $100,000 since inception³



● Australian Large Companies ● Benchmark

Performance	YTD	1 Yr	3 Yr	5 Yr	7 Yr	ITD
Australian Large Companies	3.36%	13.81%	10.73%	-	-	12.45%
Benchmark	2.99%	15.99%	11.03%	-	-	12.83%

Portfolio update

- Portfolio changes were limited to increasing the weighting to BHP by 0.25% and increasing listed property by 1.0% via an increased allocation to the VanEck Australian Property ETF.
- The model portfolio (+3.8%) underperformed its benchmark (+7.1%) as both stock selection and sector allocation detracted from relative performance.
- In terms of stock selection, positions within the Materials and Financial sectors were the primary detractors, while the overweights to Cash and Consumer Staples were the primary sector detractors.
- The top three positive contributors were from positions in Wisetech Global (+0.2%) and Woodside Petroleum (+0.2%) and from not owning CSL (+0.2%). The largest detractors were from not owning Commonwealth Bank (-0.5%), and the positions in Virgin Money (-0.4%) and Amcor (-0.4%).
- The largest average overweight positions compared to the benchmark were Amcor (+4.0%), Brambles (+3.9%) and Ramsay Health Care (+3.8%), while the largest underweights were due to not owning Commonwealth Bank (-8.8%) or CSL (-6.5%) and from being underweight BHP (-8.0%).

Snapshot of the Month

- The S&P/ASX 300 Accum. Index finished up +6.9%, while the MSCI ACWI Ex Australia NR Index (A$) ended -1.4% lower.
- The A$ appreciated +3.5% against the USD, while it lifted +5.0% on a trade-weighted basis.
- In fixed income, the Bloomberg AusBond Composite 0-5Yr TR Index finished -1.7% lower while the Barclays Global Aggregate TR Hedged Index finished down -2.1%.
- The best performing sectors domestically were Information Technology (+14.0%), Energy (+9.6%) and Materials (+8.9%), while the worst performers were Real Estate (+1.7%), Health Care (+2.6%) and Communication Services (+4.0%).
- The best-performing stocks in the S&P/ASX 100 were IGO Limited (+29.2%), Allkem Limited (+26.0%) and Incitec Pivot (+22.6%). The worst performers were Magellan Financial Group (-13.4%), Fisher & Paykel (-12.5%) and Virgin Money UK (-9.4%).
- Global markets were a mixed bag, with emerging markets (MSCI EM -2.0%) lagging their developed peers (MSCI DM +3.2%) as the latter staged a comeback despite ongoing concerns around inflation, interest rates, and the war in Ukraine. European stocks edged higher (Euro Stoxx600 +1.1%) but lagged a resurgent US market (S&P500 +3.7% & NASDAQ +3.5%) that rebounded sharply off intra-month lows following the Fed's first interest rate hike since 2018. The rebound suggests investors are betting that the Fed's tightening will be able to ease inflationary pressures without hurting economic growth and by extension company profits – while certainly possible, the risk of policy mistakes cannot be ignored. Within emerging markets, it was another strong month for commodity focused Latam equities (MSCI Latam +6.6%), while Asia ex-Japan was the worst performer, dragged down by China (MSCI China -7.7%).
- The local bourse outperformed its global peers (ASX300 +6.9%) for the second consecutive month, driven by strong gains in the heavyweight Resource and Financial sectors which combined accounted for close to two-thirds of the overall monthly return. Commodities are traditionally viewed as an inflation hedge, while higher interest rates are expected to improve banks' net interest margin going forward. Perhaps counter-intuitively given the surge in bond yields, the local Tech sector staged a strong recovery, erasing February's losses as investors went looking for possible value in the beaten-up sector. Theoretically technology companies are particularly sensitive to higher bond yields as the earnings these companies generate are often not expected for several years into the future.
- March was a brutal month for domestic fixed income investors with credit spreads wider and interest rates substantially higher – it was in fact the worst month in history for the benchmark fixed-rate Australian composite bond index which fell 3.75%.

2 Other fees and costs apply. To understand all the fees payable you must refer to the appropriate platform PDS.
3 Inception to date is 03/12/2018. The table above sets out the investment performance returns (AFTER investment management fees of 0.33%p.a., but BEFORE administration fees and taxes) for the managed portfolio. The performance returns have been calculated on a daily basis taking into account brokerage costs, and are accumulated for the relevant period. Returns from inception are shown as annualised if the period is over 1 year, or as total returns otherwise. Past performance is not a reliable indicator of future performance returns. Returns may differ between platforms due to fees or underlying holdings, please refer to the appropriate platform PDS for further information.