Elston Australian Large Companies Fund – Class A

ELSTON

September 2022

Key Information

APIR Code	ETL7541AU
Investment Manager	Elston Asset Management
Asset Class	Equity
Investment Style	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	12.54%
Banks	12.24%
Consumer Staples	11.37%
Energy	11.15%
Health Care	10.91%
Consumer Discretionary	9.99%
Real Estate	9.71%
Diversified Financials	7.22%
Industrials	4.09%
Communications	4.06%
Information Technology	2.71%
Cash	4.00%

Top Portfolio Holdings[1]

VANECK VECTORS AUSTRALIAN PROPERTY ETF	6.71%
WESTPAC BANKING CORP	5.26%
BHP GROUP LIMITED	4.76%
ANZ BANKING GROUP LIMITED	4.40%
WOODSIDE ENERGY GROUP LTD	4.26%
AMCOR PLC	4.23%
MACQUARIE GROUP LTD	4.20%
BRAMBLES LIMITED	4.09%
COCHLEAR LIMITED	4.07%
TELSTRA CORPORATION	4.06%

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 ASX listed businesses. The strategy's investment universe is all businesses within the S&P/ASX 100 index (at the time of investment), with a minimum of 80% of the portfolio invested in companies in the S&P/ASX 50 index. The portfolio holds between 20 and 25 holdings and can hold up to 10 per cent in cash; however, the portfolio is expected to be fully invested most of the time.

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

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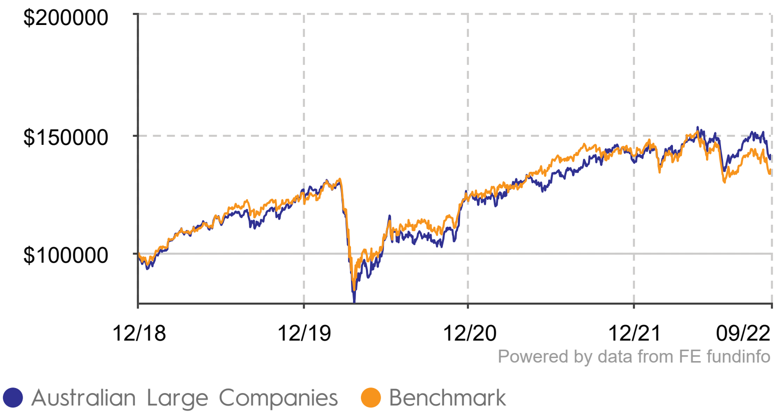
Growth of $100,000 since inception³



Performance	YTD	1 Yr	3 Yr	5 Yr	7 Yr	ITD
Australian Large Companies	-1.60%	-2.13%	5.77%	-	-	9.32%
Benchmark	-7.94%	-5.89%	3.21%	-	-	7.84%

Portfolio update

- Portfolio changes for the month were limited to reducing the weighting of Amcor (AMC.ASX) by -0.5% and increasing Ramsay Health Care (RHC.ASX) by +0.5%.
- The model portfolio (-6.1%) underperformed its benchmark (-5.7%), with stock selection and sector allocation detracting from relative performance.
- From a sector allocation perspective, positive contributions from being overweight Energy and underweight Utilities was more than offset by the underweight Materials and overweight Real Estate positioning. From a stock selection perspective, positive contributions from holdings within the Consumer Staples and Industrial sectors were not enough to offset the drag from holdings in the Energy, Health Care and Materials sectors.
- The top three contributors to relative performers were from not owning Goodman Group (+0.2%), Transurban (+0.1%) or Commonwealth Bank (+0.1%). The largest detractors were positions in Flight Centre (-0.5%), BHP (-0.4%) and Virgin Money (-0.4%).
- The largest overweight positions relative to the benchmark based on average weighting during the month were Amcor (+3.8%), Endeavour Group (+3.5%) and Treasury Wine Estates (+3.5%). The largest underweights were due to not owning Commonwealth Bank (-8.8%) or National Australia Bank (-5.2%) and from being underweight BHP (-5.7%).

Snapshot of the Month

- The S&P/ASX 300 Accum. Index returned -6.3% and the MSCI ACWI Ex Australia NR Index (A$) -3.5%.
- The A$ depreciated -6.2% against the USD and -2.8% on a trade-weighted basis.
- In fixed income, the Bloomberg AusBond Composite 0-5Yr TR Index fell -0.6% and the Barclays Global Aggregate TR Hedged Index -3.5%.
- The best performing sectors in the S&P/ASX 100 were Materials (-1.1%) Energy (-4.0%) and Health Care (-4.0%), while the worst performers were Real Estate (-14.0%), Utilities (-13.8%) and Industrials (-10.1%).
- The best-performing stocks in the S&P/ASX 100 were Pilbara Minerals (+24.9%), Whitehaven Coal (+18.9%) and Resmed (+5.3%). The worst performers were Goodman Group (-19.8%), Ramsay Health Care (-19.5%) and Domino's Pizza (-18.9%).
- September again seemed to deliver nothing but bad news for wary investors, capping off a volatile quarter for financial markets with declines across all the major asset classes. Investors grew increasingly concerned about a possible US recession as a hawkish Fed explicitly stated a willingness to keep policy in restrictive territory, even if growth was to slow. The significant disruptions to Europe's energy supply worsened while some questionable new policies from the UK's new prime minister led to financial stability concerns, a spike in UK Gilt yields and a loss of value for the British pound. In the US, the S&P500 Index (-9.3%) suffered its worst monthly drop since the initial Covid pullback of March 2020, while the tech-heavy NASDAQ Index (-10.5%) fared even worse. Europe, represented by the pan-European Stoxx 600 Index (-6.6%) fared comparatively better despite the ongoing energy crisis while emerging markets as represented by the MSCI Emerging Markets Index (-11.9%) were a clear laggard.
- The local market followed global equity markets lower with nowhere to hide. All sectors and market capitalisation ranges delivered negative returns as the same macro concerns weighed on sentiment. In terms of market capitalisation, small caps fared the worst while large caps were relative outperformers. Negative return notwithstanding, the relative strength of the index's Materials sector (a large constituent), driven by late-month gains among iron ore and gold miners, was enough to see the local bourse outperform its global peers.

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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.
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