

# Elston Australian Large Companies Fund – Class A

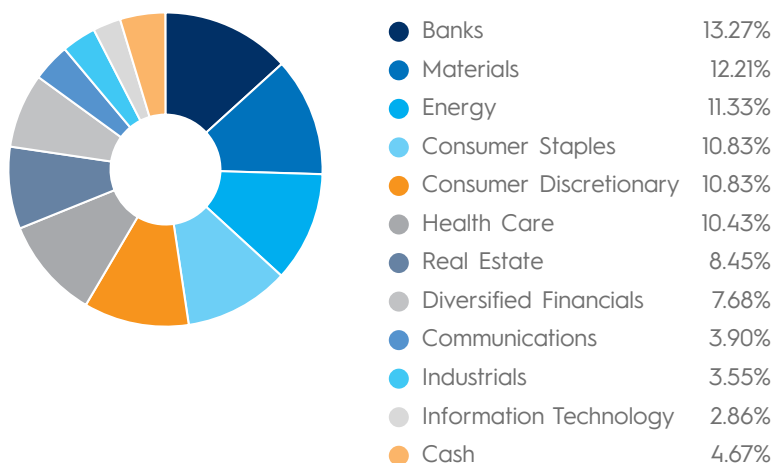


October 2022

## Key Information

APIR Code	ETL7541AU	Number of Holdings	20-25
Investment Manager	Elston Asset Management	Minimum Investment Horizon	7 Years
Asset Class	Equity	Management Fee	0.33%
Investment Style	Style Neutral	Performance Fee	16.50%
Benchmark	S&P ASX 100		
Launch Date	03/12/2018		

## Sector Allocation Exposure



## 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<sup>1</sup>

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.

## Top Portfolio Holdings<sup>1</sup>

WESTPAC BANKING CORP	5.80%
VANECK VECTORS AUSTRALIAN PROPERTY ETF	5.69%
ANZ BANKING GROUP LIMITED	4.65%
WOODSIDE ENERGY GROUP LTD	4.40%
MACQUARIE GROUP LTD	4.40%
BHP GROUP LIMITED	4.35%
AMCOR PLC	4.16%
ARISTOCRAT LEISURE	3.95%
COCHLEAR LIMITED	3.94%
SANTOS LIMITED	3.93%

## 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

## Platforms Availability<sup>2</sup>

HUB24
Macquarie Wrap
Netwealth
Praemium



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## Growth of \$100,000 since inception<sup>3</sup>



● Australian Large Companies ● Benchmark

Performance	YTD	1 Yr	3 Yr	5 Yr	7 Yr	ITD
Australian Large Companies	3.98%	4.33%	7.69%	-	-	10.66%
Benchmark	-2.51%	-0.30%	5.33%	-	-	9.26%

## Portfolio update

- Portfolio changes for the month were limited to reducing the weighting of Brambles (BXB.ASX) by -0.5% and increasing Lottery Corporation (TLC.ASX) by +0.5%.

- The model portfolio (+5.7%) marginally underperformed its benchmark (+5.9%) due to sector positioning.

- From a sector allocation perspective, positive contributions from being underweight Materials and overweight Energy were more than offset from being underweight Financials and overweight Consumer Staples. Stock selection was positive across all sectors except the Communication Services, Industrials and Real Estate sectors.

- The top three contributors to relative performance were from the underweight position in BHP (+0.5%) and holdings in Flight Centre (+0.3%) and CSL (+0.3%). The largest detractors were the position in a2 Milk Company (-0.2%) and from not owning Commonwealth Bank (-0.8%) and National Australia (-0.4%).

- The largest overweight positions relative to the benchmark based on average weighting during the month were Endeavour Group (+3.6%), Treasury Wine Estates (+3.6%) and Cochlear Limited (+3.6%). The largest underweights were due to not owning Commonwealth Bank (-9.1%) or National Australia Bank (-5.3%) and from being underweight BHP (-6.1%).

## Snapshot of the Month

- The S&P/ASX 300 Accum. Index returned +6.0% and the MSCI ACWI Ex Australia NR Index (A\$) +6.6%.

- The A\$ finished -0.5% against the USD and -0.3% on a trade-weighted basis.

- In fixed income, the Bloomberg AusBond Composite 0-5Yr TR Index returned +0.7% and the Barclays Global Aggregate TR Hedged Index fell -0.4% as bond yields in international markets pushed higher.

- The best performing sectors in the S&P/ASX 100 were Financials (+13.1%), Energy (+9.7%) and Consumer Discretionary (+8.8%), while the worst performers were Health Care (-0.8%), Consumer Staples (-0.8%), and Materials (-0.6%).

- The best-performing stocks in the S&P/ASX 100 were Domino's Pizza (+23.7%), Challenger Limited (+20.0%) and Westpac (+16.8%). The worst performers were Medibank Private (-19.0%), Fortescue Metals (-12.6%) and OZ Minerals (-6.2%).

- Despite a bumpy start, global markets rebounded in October to reverse some of the losses suffered by the major asset classes for much of this year. US equities led the rally despite the FED minutes reaffirming its hawkish stance. The Dow Jones Industrial Average (+14.0%) was the standout, notching its best performance since the mid-70s as investors bet on more traditional companies, like banks, to lead the market. The Nasdaq (+3.9%) and S&P 500 (+8.0%) as delivered healthy returns, but a mixed third-quarter earnings season saw the former lag, driven by major disappointments from large tech companies such as Meta Platforms and Amazon. Eurozone shares also moved higher, the pan-European STOXX 600 (+6.4%) was buoyed by a better-than-expected earnings season. All sectors gained, with energy and industrials leading the way. Not surprisingly, given the cost of living and supply pressure, weakness remained across the consumer staples and discretionary sectors. Emerging markets (MSCI EM Index -2.6%) lagged, weighed down by category heavyweight China where the service sectors are still suffering from sporadic lockdowns across the country.

- The local bourse (+6.0%) kept pace with its developed market peers. Gains were widespread with most sectors finishing the month with gains, but the banks were particularly strong given the positive impact on net interest margins (NIM's) from promptly raising mortgage rates but being slow to pass on the benefit of higher rates to savers.

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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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