

# Elston Australian Large Companies Fund – Class A

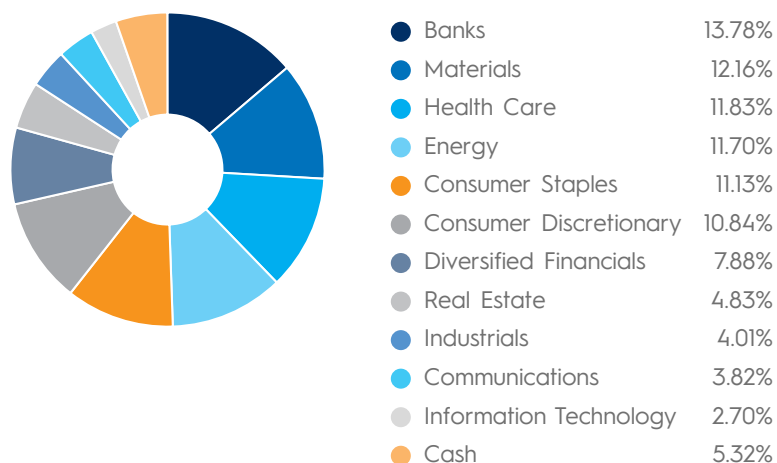


November 2022

## 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



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

WESTPAC BANKING CORP	5.51%
BHP GROUP LIMITED	5.11%
ANZ BANKING GROUP LIMITED	4.86%
MACQUARIE GROUP LTD	4.47%
WOODSIDE ENERGY GROUP LTD	4.40%
SANTOS LIMITED	4.31%
COCHLEAR LIMITED	4.07%
ARISTOCRAT LEISURE	4.06%
TREASURY WINE ESTATES	4.02%
BRAMBLES LIMITED	4.01%

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

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<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.

## 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 inception<sup>3</sup>



● Australian Large Companies ● Benchmark

Performance	YTD	1 Yr	3 Yr	5 Yr	7 Yr	ITD
Australian Large Companies	7.67%	10.48%	6.72%	-	-	11.39%
Benchmark	4.00%	6.96%	6.44%	-	-	10.84%

## Portfolio update

- Portfolio changes saw the inclusion of Mirvac (ASX: MGR) and the sale of the Vanek Australian Property ETF (MVA). The weightings to WiseTech, Worley, Virgin Money, Lendlease, Flight Centre, AMP and A2 Milk were also reduced.
- The model portfolio (+3.55%) underperformed its benchmark (+6.7%) with both sector positioning and stock selection detracting from performance.
- From a sector allocation perspective being underweight Materials was a substantial detractor from relative performance, only partially offset by the underweight to Financials. In terms of stock selection, positive contributions from positions within the Financials and Health Care sectors were more than offset by positions within the Materials and Real Estate sectors.
- The top three contributors to relative performance were the position in Virgin Money UK (+0.5%) and from not owning National Australia Bank (+0.4%) or Commonwealth Bank (+0.4%). The largest detractors were James Hardie (-0.6%), Lendlease (-0.5%) and the underweight position in BHP (-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 (-9.3%) or National Australia Bank (-5.8%) and from being underweight BHP (-6.1%).

## Snapshot of the Month

- The S&P/ASX 300 Accum. Index returned +6.5% and the MSCI ACWI Ex Australia NR Index (A\$) +2.8%.
- The A\$ finished +4.7% against the USD and +1.3% on a trade-weighted basis.
- In fixed income, the Bloomberg AusBond Composite 0-5Yr TR Index returned +0.8% and the Barclays Global Aggregate TR Hedged Index +2.4% as bond yields globally drifted lower over the month.
- The best performing sectors in the S&P/ASX 100 Index were Utilities (+20.8%), Materials (+16.5%) and Health Care (+6.1%), while the laggards were Energy (+2.6%), Information Technology (+2.6%) and Financials (+2.4%).
- The best-performing stocks in the S&P/ASX 100 were Origin Energy (+41.1%), Fortescue Metals (+31.8%) and Evolution Mining (+29.3%). The worst performers were Xero (-9.5%), Lendlease Group (-12.4%) and James Hardie Industries (-14.1%).
- November delivered broad-based gains across developed and emerging market equities, credit, sovereign bonds and commodities even as economic data in many parts of the world continued to deteriorate. Markets were buoyed by inflation data out of the US and EU that showed signs of easing pressures which may pave the way for the pace of interest rate rises to slow. Signs that China was inching away from its zero Covid policy, boosting hopes of a rebound in economic activity also helped. With the exceptional rebound in Chinese equities (MSCI China +28.4%), emerging market equities outperformed developed markets. Across the major developed indices, the S&P 500 (+5.4%) slightly lagged the pan-European STOXX 600 (+6.9%). The risk however remains that earnings expectations are too optimistic given the lagged impact of higher rates on the global economy.
- The domestic market again outperformed most developed market peers, extending the rally since the market low in early October to nearly +14% as all sectors finished the month with gains. The forward earnings multiple on the Australian equity market has shifted from a low of 12.5x in September to 14.6x at the end of November. While easing rate hike expectations from the RBA and declining bond yields have helped support higher valuations, the earnings downgrade cycle continues with consensus forward EPS estimates being downgraded during the month.

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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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