

Elston Australian Large Companies Fund – Class A

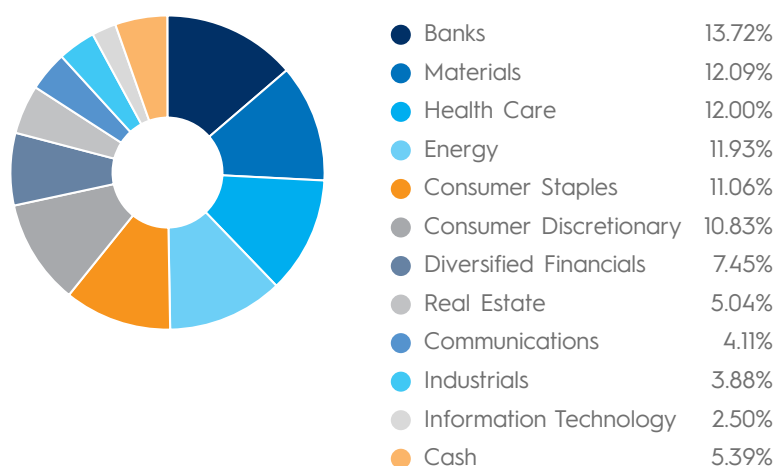


December 2022

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 Strategy¹

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 Holdings¹

| | |
|---------------------------|-------|
| WESTPAC BANKING CORP | 5.89% |
| BHP GROUP LIMITED | 5.07% |
| ANZ BANKING GROUP LIMITED | 4.88% |
| MACQUARIE GROUP LTD | 4.62% |
| WOODSIDE ENERGY GROUP LTD | 4.61% |
| SANTOS LIMITED | 4.35% |
| COCHLEAR LIMITED | 4.18% |
| TELSTRA CORPORATION | 4.11% |
| AMCOR PLC | 4.09% |
| TREASURY WINE ESTATES | 3.95% |

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 Availability²

| |
|----------------|
| HUB24 |
| Macquarie Wrap |
| Netwealth |
| Praemium |



Elston Australian Large Companies Fund – Class A



Growth of \$100,000 since inception³



| Performance | YTD | 1 Yr | 3 Yr | 5 Yr | 7 Yr | ITD |
|----------------------------|-------|-------|-------|------|------|--------|
| Australian Large Companies | 4.64% | 4.64% | 6.29% | - | - | 10.37% |
| Benchmark | 0.63% | 0.63% | 6.07% | - | - | 9.71% |

Portfolio update

- There were no Portfolio changes during the month.
- The model portfolio (-2.8%) outperformed its benchmark (-3.2%) with stock selection adding to relative performance while sector positioning detracted from it.
- From a sector perspective being underweight Materials and overweight Consumer Discretionary were the largest detractors from relative performance. In terms of stock selection, positive contributions were driven primarily from positions within the Consumer Staples, Financials and Real Estate sectors, partially offset by positions within the Materials and Information Technology sectors.
- The top three contributors to relative performance were the positions in A2 Milk (+0.4%) & Virgin Money (+0.3%) and from not owning Commonwealth Bank (+0.2%). The largest detractors were Aristocrat (-0.3%) & Flight Centre (-0.2%) and the underweight position in BHP (-0.2%).
- The largest overweight positions relative to the benchmark based on average weighting during the month were Amcor (+3.5%), Endeavour Group (+3.4%) and Cochlear Limited (+3.4%). The largest underweights were due to not owning Commonwealth Bank (-9.2%) or National Australia Bank (-5.0%) and from being underweight BHP (-6.9%).

Snapshot of the Month

- The S&P/ASX 300 Accum. Index returned -3.3% and the MSCI ACWI Ex Australia NR Index (A\$) -5.2%.
- The A\$ finished +1.3% against the USD and -0.6% on a trade-weighted basis.
- In fixed income, the Bloomberg AusBond Composite 0-5Yr TR Index returned -0.5% and the Bloomberg Global Aggregate TR Hedged Index -1.3% as bond yields globally moved higher over the month.
- All sectors in the S&P/ASX 100 Index declined. The smallest losses were delivered by Materials (-0.6%), Utilities (-1.2%) and Consumer Staples (-2.0%), while the laggards were Industrials (-5.1%), Information Technology (-5.8%) and Consumer discretionary (-7.5%). Australian sectors' performance diverged enormously in 2022, with 83% separating best-performing Energy, up 49%, from laggard Information Technology, down 34%.
- The best-performing stocks in the S&P/ASX 100 were A2 Milk (+11.0%), Evolution Mining (+10.8%) and Virgin Money (+7.9%). The worst performers were Star Entertainment (-34.7%), Downer (-28.2%) and Pilbara Minerals (-19.5%).
- December was tough for equity and fixed income investors alike with persistently high inflation and hawkish commentary from central banks suggesting further monetary tightening and hence concerns around slowing economic growth. Losses were broad-based across developed and emerging markets. Across equity markets Hong Kong bucked the negative trend due to the China reopening theme while in fixed income Asian high yield corporate bonds enjoyed a solid month as the Chinese government appeared more willing to provide support to developers.
- Despite the decline in December, the local market still delivered positive returns for the quarter and once again performed better than global peers. The forward earnings multiple on the ASX 200 Index at 14.2x is almost exactly inline with its 20-year average. As we head into reporting season the focus will be on earnings with the latest four-week rolling I/B/E/S Australian net earnings revisions data indicating more negative than positive revisions.

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Elston Australian Emerging Leaders Fund ARSN 649 899 301. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This publication has been prepared by Elston Asset Management Pty Ltd ("Elston"), a Corporate Authorised Representative of EP Financial Services Pty Ltd (ACN 130 772 495, AFSL 325 252), to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Elston, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. 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 may differ between platforms due to fees or underlying holdings, please refer to the appropriate platform PDS for further information. The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned June/2022) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>