

Elston Australian Large Companies Fund – Class A

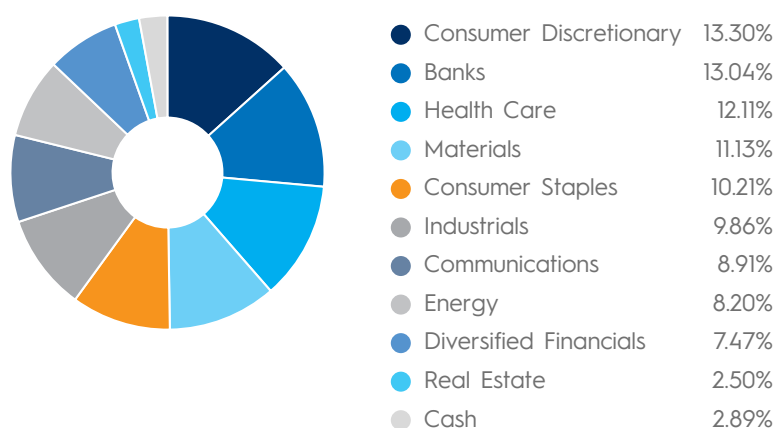


June 2023

Key Information

APIR Code	ETL7541AU	Number of Holdings	20-35
Investment Manager	Elston Asset Management	Minimum Investment Horizon	5 Years
Asset Class	Equity	Management Fee	0.33%
Investment Style	Style Neutral	Performance Fee	16.50%
Benchmark	S&P/ASX 100 Accumulation Index		
Launch Date	03/12/2018		

Sector Allocation Exposure



Top Portfolio Holdings¹

CSL LIMITED	6.03%
ANZ BANKING GROUP LIMITED	5.69%
MACQUARIE GROUP LTD	5.09%
WESTPAC BANKING CORP	4.97%
BHP GROUP LIMITED	4.96%
WOODSIDE ENERGY GROUP LTD	4.32%
ARISTOCRAT LEISURE	4.13%
TELSTRA CORPORATION	4.08%
BRAMBLES LIMITED	4.03%
ENDEAVOUR GROUP LIMITED	3.95%

Platforms Availability²

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 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 maximum of 25% of the portfolio invested in companies outside the S&P/ASX 50 index. The portfolio holds between 20 and 35 holdings and can hold up to 10 per cent in cash; however, the portfolio is expected to be fully invested a majority 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 five years.

Investment Philosophy

The Elston Asset Management investment philosophy incorporates the following values:

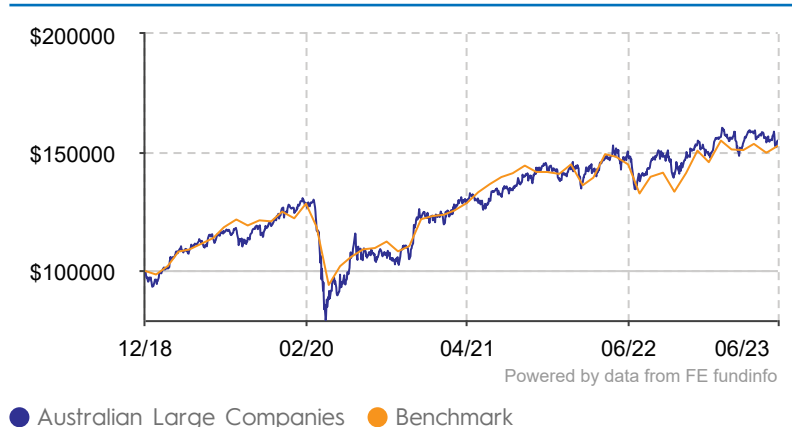
- Avoid permanent loss of capital
- Long term focus
- Value and growth
- Genuine diversity
- Liquidity
- After tax management



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Growth of \$100,000 since inception³



Performance	YTD	1 Yr	3 Yr	5 Yr	7 Yr	ITD
Australian Large Companies	3.71%	12.20%	13.12%	-	-	10.07%
Benchmark	4.72%	15.13%	11.86%	-	-	9.72%

Snapshot of the Month

- The S&P/ASX 300 Accumulation Index returned +1.7% and the MSCI ACWI Ex Australia NR Index (A\$) +2.9%.
- In fixed income, the Bloomberg AusBond Composite 0-5Yr TR Index returned -1.1% and the Bloomberg Global Aggregate TR Hedged Index -0.2%.
- The A\$ rose +2.9% to \$0.666.
- Within the Australian equities, the strongest sector performers were Materials (+5.5%), Information Technology (+3.9%) and Consumer Staples (+3.3%) while Health Care (-6.7%), Communication Services (-1.1%) and Real Estate (+0.0%) were the weakest performers. Large Caps (S&P/ASX 100) +1.9% outperformed Small Caps (S&P/ASX Small Ordinaries) +0.0%.
- Within the International equities, North America (MSCI North America AUD) +3.7% outperformed Europe (MSCI Europe AUD) +1.9% while Developed Markets (MSCI World AUD) +3.1% outperformed Emerging Markets (MSCI EM AUD) +0.9%.

Portfolio update

The second quarter of 2023 was much more benign than the first, with concerns around the U.S. regional banking crisis giving way to a stronger period for global share markets. In part, this reflects surging sentiment behind the artificial intelligence theme, while investors have also taken further encouragement from solid employment data, relatively resilient corporate earnings, and expectations that we are largely through the interest rate hiking cycle, in hoping that a recession may be avoided or, at the very least, be much more muted than what had been previously feared. Time will tell if this positive sentiment proves premature. Inflation, while moderating in some countries, continues to soar in others (for example, the U.K.). Regardless, it remains above acceptable levels, suggesting that higher interest rates may be with us for some time yet, which, in turn, raises the prospect of lower economic growth moving forward.

The portfolio delivered a positive return this quarter, although slightly underperformed its benchmark. Our overweight position in James Hardie added value, as the manufacturer of building products delivered a resilient quarterly update. Being overweight engineering and construction services provider, Worley, and supply-chain logistics company, Brambles, also added value, as they delivered positive updates around the continued shift in their business mix toward more sustainable projects and their recovery from COVID headwinds, respectively. Virgin Money benefited from abating concerns around the U.S. banking sector, while holding a lower weighting to BHP (than the index) added relative value, with the stock falling in response to weak Chinese economic data.

By contrast, Amcor, Endeavour, a2 Milk and Treasury Wines are all experiencing challenging operating conditions which weighed on sentiment, during the quarter. IDP also detracted (see below), while private hospital operator, Ramsay, underperformed, with cost pressures impacting earnings. Despite being a relatively small part of the Australian market, not holding any technology stocks (notably Wisetech and Xero) impacted returns compared to benchmark, as the sector soared amid buoyant global sentiment.

There were two key additions to the portfolio this quarter, in IDP Education and Aurizon. IDP Education is a leading provider of student placement and English language testing services, being a one-stop shop for international students looking to gain a student visa and study abroad. The timing of our purchase was somewhat unfortunate, however, with confirmation shortly after that a competitor's English tests have also been approved for use by those seeking a Canadian student visa, leading to weakness in the stock. While this is disappointing, the long-term investment case for the company remains strong, as we look for growing revenues and market share, primarily via Indian student demand.

Aurizon owns and operates rail infrastructure and provides haulage services for coal and bulk commodities nationally. Aurizon is a high cash flow generating business, which underpins their attractive dividend. In addition, the company's bulk business is well positioned to benefit from the structural demand for future facing commodities such as lithium, copper and nickel. These trades were funded by selling Lendlease and trimming several holdings.

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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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