

Ellerston Global Macro Fund

Thought piece by Brett Gillespie | May 19

“Deterrence is the art of producing in the mind of the enemy, the fear to attack.” Dr Strangelove



On the 5th of May, the NY Times published this story;

Professors in 179 Colleges and Other Leaders Assail Rise in Rates as Harmful to Country and Sure to Bring Reprisals

The article quotes from a letter signed by 1028 economists across America urging the President not to proceed with tariffs. A few quotes in the letter caught my attention;

“We are convinced that increased restrictive duties would be a mistake... a higher level of duties would... therefore raise the cost of living and injure the great majority of our citizens.”

“The vast majority of farmers also would lose”

“Finally, we would urge our government to consider the bitterness which a policy of higher tariffs would inevitably inject into our international relations.”

Pretty clear stuff. So how could a President think it was a good idea to impose tariffs? Well in this particular instance he didn't think it was a good idea. But nonetheless he didn't veto it.

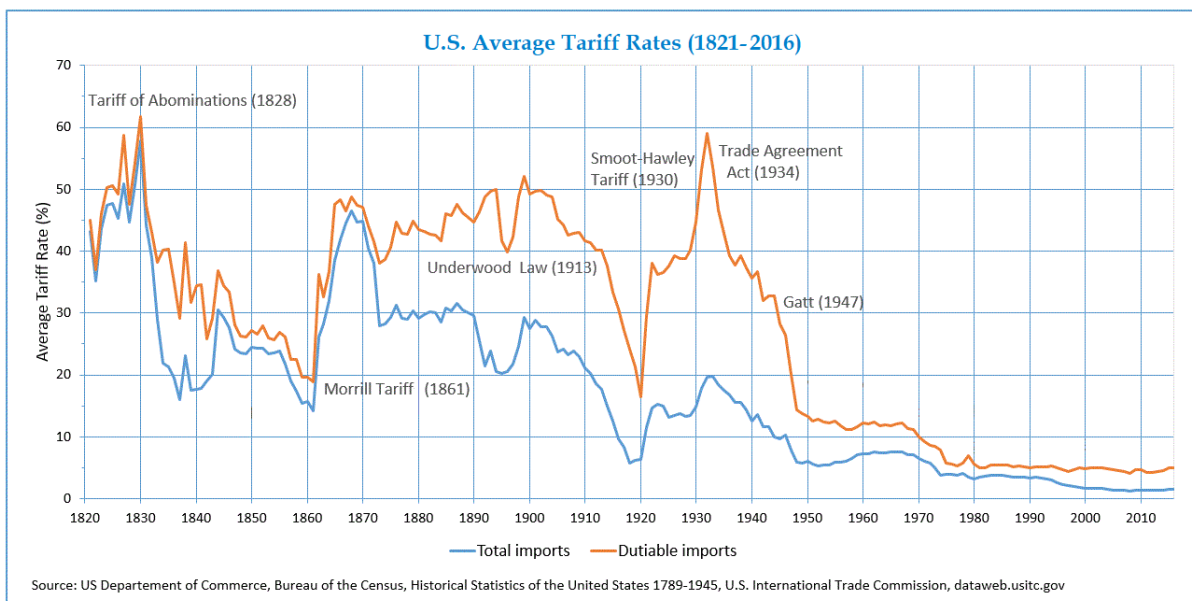
The article above was written on 5th May, 1930¹. And the letter is urging President Hoover to veto the Smoot-Hawley bill.

¹ <https://web.archive.org/web/20080227204101/http://www.clubforgrowth.org/media/uploads/smooth%20hawley%20ny%20times%2005%2005%2030.pdf>



One might have thought Hoover did not need much encouragement, given he had described the bill as “vicious, extortionate and obnoxious”². However, Hoover yielded to his own party and signed the bill.

Now it is universally agreed that the tariffs exacerbated the Great Depression. The chart below shows the average Smoot-Hawley tariff on the goods impacted (dutiable imports). Pretty stark. Less stark, and more economically relevant, is the average tariff on all imports (the blue line). Hence the debate on the impact. But not the direction of the impact – negative for growth.



² Abbott and Costello. Sorry, I meant Smoot and Hawley.

³ https://en.wikipedia.org/wiki/Smoot%E2%80%93Hawley_Tariff_Act

And the electorate agreed at the time. Both Reed Smoot and Willis Hawley lost their seats in 1932, and Hoover in 1933 (Roosevelt successfully campaigned against the act – perhaps an analogue for the 2020 democrat nominee?)

So surely Trump understands this?

At best, I can euphemistically say “kind of”. Many others are less kind – “economically illiterate” is a phrase I often see.

But haven’t we been through all this bluff and brinkmanship before with Trump? Wasn’t it the best thing last time to simply stick your head in the sand and mutter “she’ll be right mate”? Trump is just being scary to get the other side to concede...

Perhaps. But I think this time it is more serious. At least serious enough to assign a reasonable probability to a global recession scenario.

Really? Surely not? A global recession?

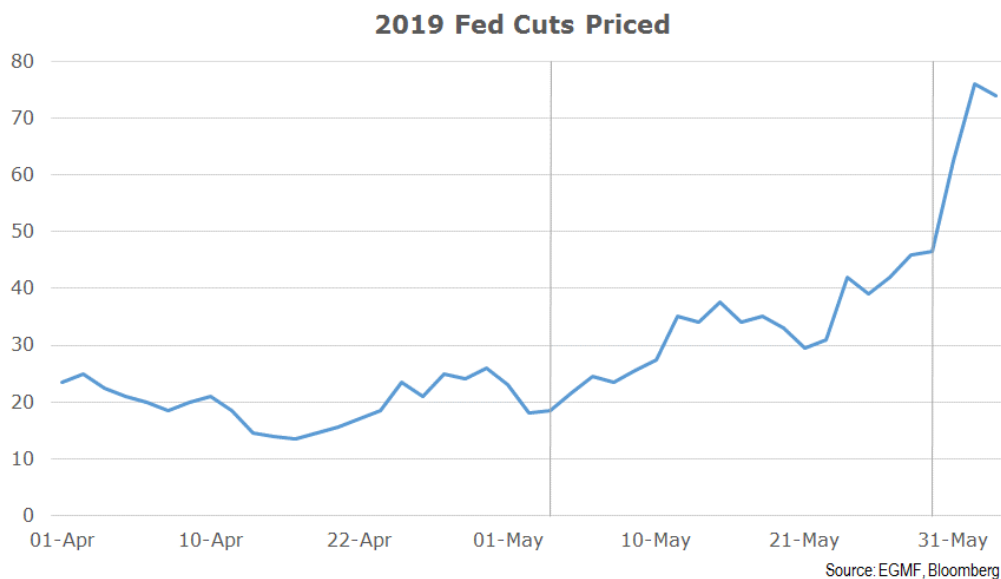
To understand the risks involved, we are going to have to walk through the tariff developments and the market reaction of the last month.

So first, without warning on Sunday May 5th, Trump tweeted the trade deal with China is off. Initially it was seen as more brinkmanship. Most likely talks would resume by the end of the month, if not early June, so they could still come to an agreement at the G20 meeting on June 28th/29th. Over the course of the month this expectation faded. No meetings were agreed. And the clock ticked. Then, on May 31st, Trump announced he was going to incrementally ratchet up tariffs on Mexico until they solved the “border issue”.

The title of a well-known Tina Fey movie comes to mind.

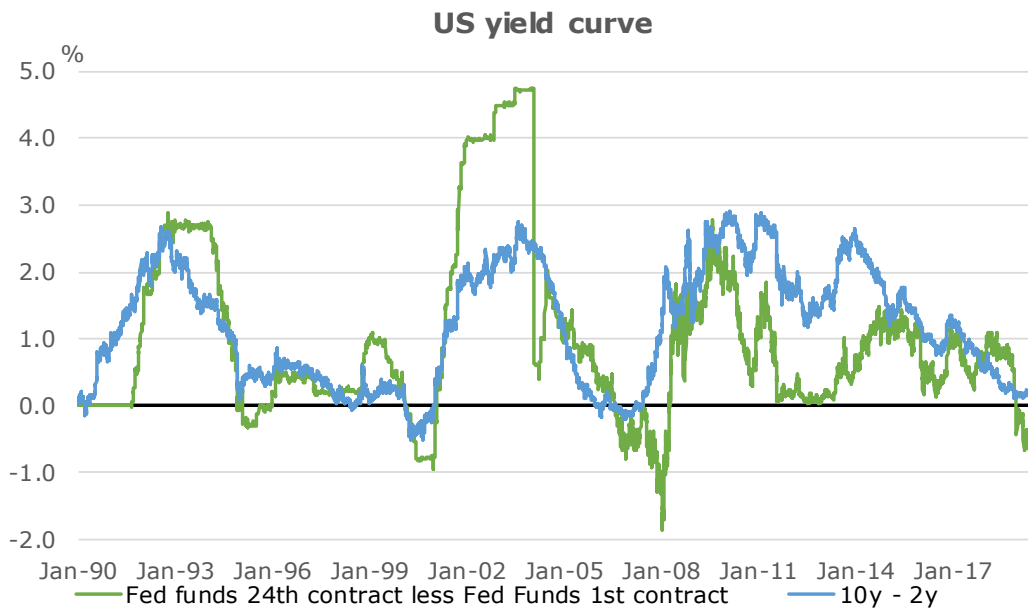
“Panic stations” for market participants.

This is best seen not in the equity market reaction, but the bond market reaction. And in particular, the expectation of the US Federal Reserve needing to cut interest rates this year to support a slowing economy at risk of being buffeted by a trade war. The chart below shows how many basis points of rate cuts are expected by the market by the end of 2019. Expectations for rate cuts climbed started from 20 points to 50 points as China relations soured after May 5th. They then launched to 75 points of cuts expected when Trump announced tariffs are coming on Mexico. On May 8th, despite a truce on Mexico, a very weak US jobs report sustained easing expectations. The Fed is still expected to gallop to the rescue.



Now this sort of dramatic expectation of rate cuts normally implies an imminent recession. And on cue, you hear much talk about an “inverted yield curve” signalling a recession. Most participants focus on the difference between the 2 year bond and 10 year bond. The 2-10 curve is charted below in blue and historically inverts (goes negative) ahead of a recession. The part of the yield curve the Fed likes to look at is the expectations for rate cuts over the next two years (green line).⁴

⁴ I agree it is a much better indicator of how the market sees recession/slowdown risk given the quantitative easing distortions on the 10 year part of the curve.



Source: Ellerston GMF

We haven't seen this much expectation of rate cuts since the global financial crisis...

Should we be that scared? Perhaps. Trump appears to genuinely believe the impact on the US economy of a tariff war is positive! And if you believe there are no consequences, well, there is not much to stop you swinging around like a bull in a china shop – pardon the pun.

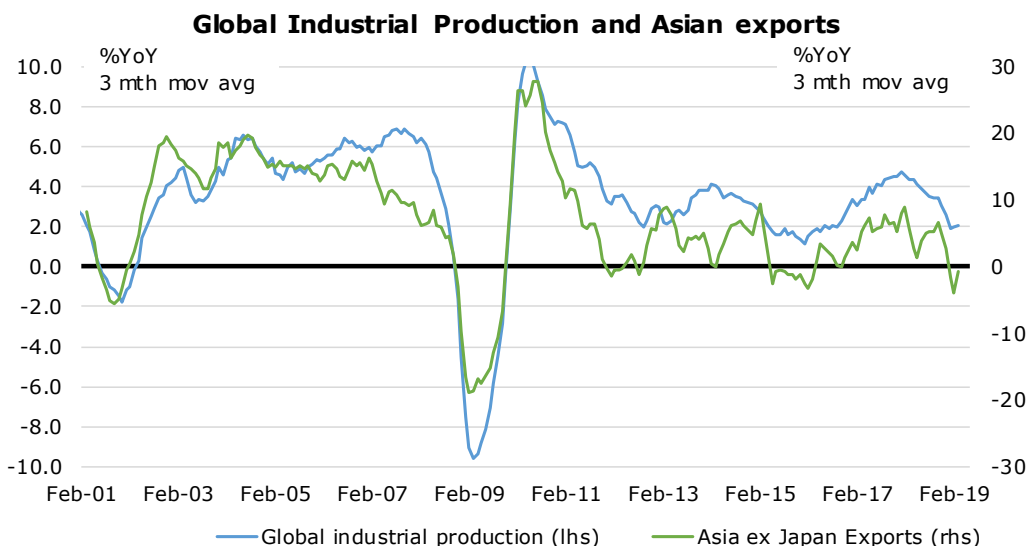
To be fair to Trump, many economists do only see a small cost to the US economy from tariffs. Typically you see this;

Tariffs are like a tax. So 25% tariffs on the remaining 300 billion of Chinese imports would \$75B per year, or 0.35% of GDP.

Additionally, not all that cost would be worn by the US. Chinese producers would absorb some of the cost. So the likely impact is 0.2% of GDP.

Even allowing for the initial 200b, we are only talking about an impact of 0.3 to 0.4% of GDP. This number would double if Mexico was included.

However, these numbers, albeit in sum somewhat alarming, don't allow for "repercussions". The impact from the first round of tariffs last year, 10% on 200b, was expected to be 0.1 – 0.2%. Yet Asian trade fell off a cliff...



Source: Ellerston GMF

The reality is that tariffs potentially reconfigure the whole global trade system. Estimating the costs and uncertainty involved is more art than science. But we saw the impact of the first round was much larger than simple "tax" calculations would suggest.

UBS Chief US economist, Seth Carpenter, has had a stab using the first round impact as a guide;

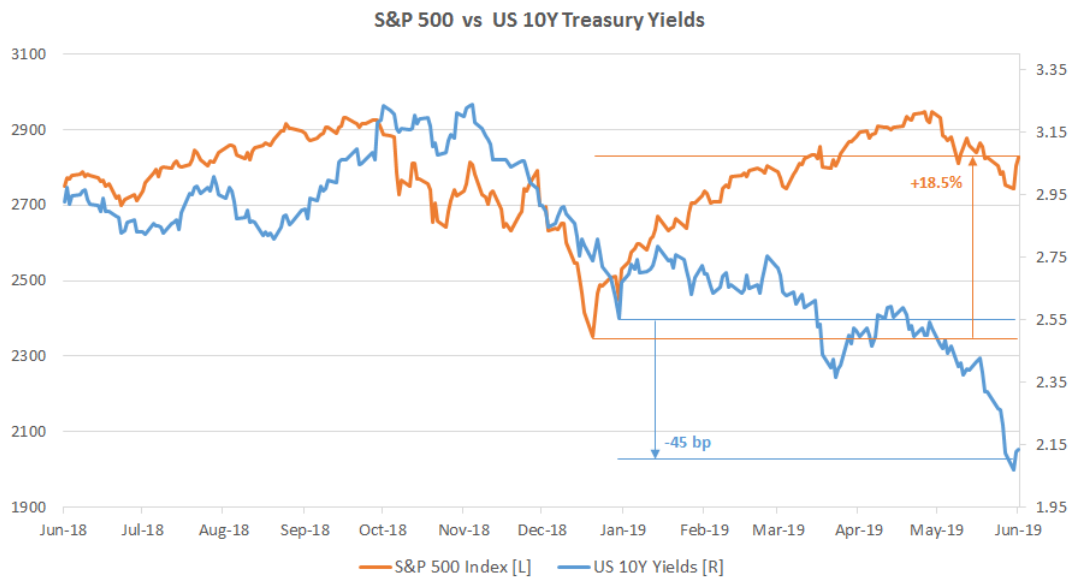
If the US increases tariffs on an additional \$272bln of imports from China and \$350bln from Mexico, and if the effects are comparable to what happened from previous tariffs, US GDP could be reduced something on the order of 150 to 250bps. Depending on the concentration of this impact, we think the US could easily slip into recession.

The point is even if one disagrees on the magnitude of the impact, the uncertainty is very high. And markets hate uncertainty.

The fact that the US rate market is pricing the most rates cuts since the global financial crisis shows you how concerned the rate market is.

So why is the US equity market not more concerned?

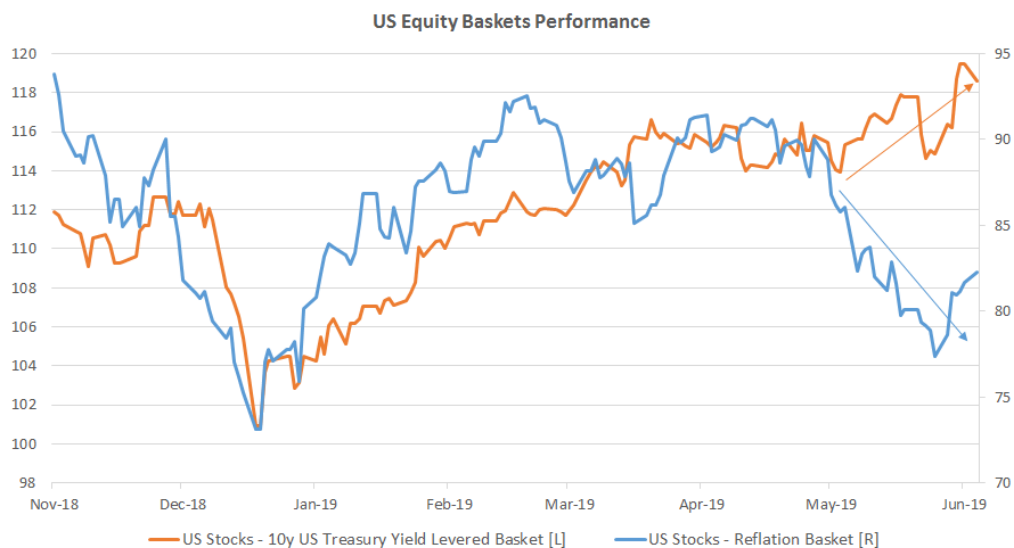
Strikingly, since the panic in December, US equities are almost 20% off their lows, and about to test their old highs. Yet bond yields are 45 basis points lower.



Source: EGMF, Bloomberg

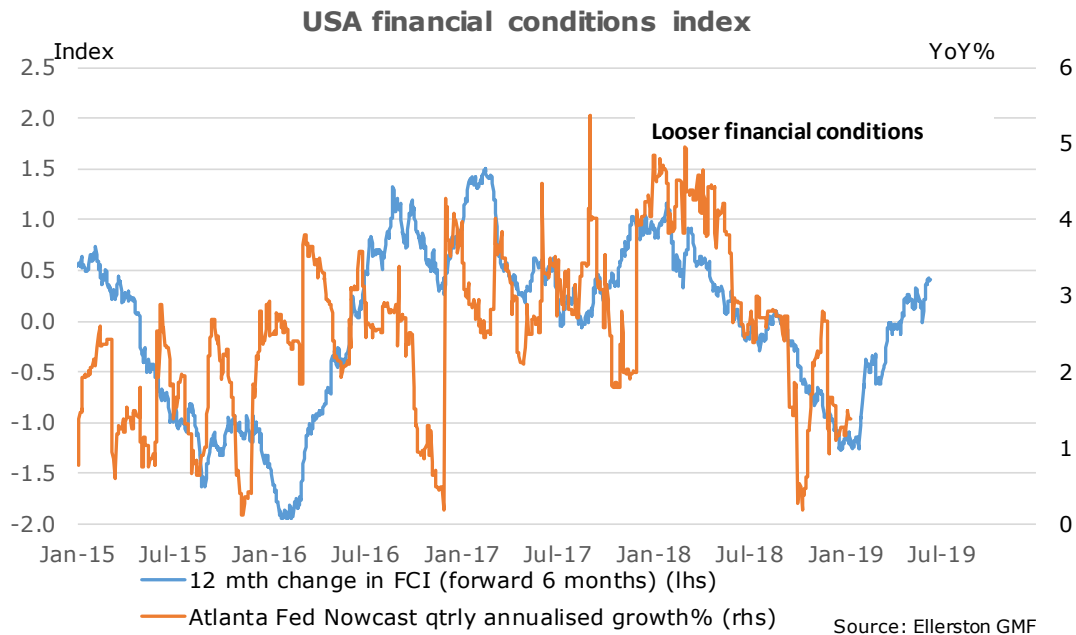
However, the reason equities are not more concerned is because bond yields are 45 basis points lower. The difference in December was the Fed was threatening to hike come what may. Now they are saying they will ease if required. Instead of a "Fed 'bat", equities now have the ubiquitous "Fed put" (again!).

So when we look at equity pricing, we need to look under the hood. Equities have repriced significantly *for lower rates*. Participants have moved into stocks that benefit from low rates, and out of stocks that require growth. This rotation has supported the overall equity index. Indeed the chart below shows the performance of stocks that are supported by low bond yields (orange) v the performance of stocks that rely on the strength of the business cycle (blue). This divergence has supported the overall market, despite a pessimistic pricing of growth.



Source: EGMF, Bloomberg

Indeed, it is entirely feasible for the equity market that the impact of tariffs is offset by interest rate cuts. In fact, the impact of the fall in interest rates for the US economy is best captured in our financial conditions index (FCI). It is now forecasting an acceleration to above trend growth. The outlook is “endogenously” fine.



Endogenously fine, but with a well flagged exogenous threat.

So the question we, and you, have to ask, is

- a) Will tariffs on China go ahead? And,
- b) How bad would that be?

So will tariffs on China go ahead? Let me start with a considered probability. It is 60% likely they go ahead.

For those that are interested on how I come to that number, read on. For those who reasonably subscribe to the view “no one knows”, jump to the portfolio structure section below (or Australia outlook).

A lot has been written about why the China talks broke down, and their prospects going forward. Both the White House and China have sought to put their spin on it, with both becoming increasingly nationalistic.

We subscribe to a number of consultants whose job – only job, is to try and understand these machinations. So when I pull together everything I read, and everything I am told, this is what I think (and this is constantly evolving and not necessarily right! But it is helpful in framing scenario’s and probabilities):

1. The main reason the China talks collapsed was Trump.
2. The Chinese leadership was definitely getting agitated and pushing back on US demanding legal changes that infringed on their “sovereignty”. But this to and fro, and the 45 page redaction in the 150 page draft agreement by the Chinese, was a normal and continuing part of the trade negotiation.
3. The catalyst for Trump was Biden. In the week before the about face, polls showed Biden surging in a head to head Presidential election by 8 points. Now there was suddenly a Democrat nomination that polls predicted would soundly beat Trump next year.

Polls

General Election: Trump vs. Biden

Polling Data							
Poll	Date	Sample	MoE	Biden (D)	Trump (R)	Spread	
RCP Average	3/17 - 5/14	--	--	48.7	40.6	Biden +8.1	
FOX News	5/11 - 5/14	1001 RV	3.0	49	38	Biden +11	
Emerson	5/10 - 5/13	1006 RV	3.0	54	46	Biden +8	
CNN	4/25 - 4/29	470 RV	5.5	51	45	Biden +6	
The Hill/HarrisX	4/25 - 4/26	1000 RV	3.1	43	37	Biden +6	
Politico/Morning Consult	4/19 - 4/21	1992 RV	2.0	42	34	Biden +8	
PPP (D)	3/27 - 3/28	846 RV	3.4	53	40	Biden +13	
Rasmussen Reports	3/17 - 3/21	5000 LV	1.5	49	44	Biden +5	
All General Election: Trump vs. Biden Polling Data							

4. Trump decided he needed to deliver on his two key election promises – China and immigration. And he needed to do it now, so market reaction can recover before the election, and before the “enemies” hold out in the hope of a new president.⁵
5. This explains Mexico as well.

But now we have a problem. The Chinese are, to put it politely, at the end of their tether. They no longer believe they can negotiate with Trump. So they have pulled down the shutters. Liu will meet with Mnuchin ahead of the G20, but he is not authorised to negotiate. Xi will likely meet with Trump at the G20, but he has no expectation of progress, and has put all the onus on Trump to move to his position.

So will Trump move? Probably not. Not without a market swoon like December, or something very tangible he can wave at his supporters to claim he covered China. And I just don't see that happening. At least not at the G20. Not enough time.

So then what? Well, post G20 Trump's next tariff “missile” is armed. Approval by the US trade department following “consultation” will have authorised Trump to impose tariffs on the remaining 300 billion of Chinese imports. Mostly consumer goods...

Will he do it? Again, as I write, he has promised to “do it” immediately if President Xi doesn't come to the G20. His latest tweet is “China will make a deal, because they have to.” The problem is that is not how China now sees it. China now believes that they may never be able to make a deal with Trump, the best they can do is aim for containment, hope for a change of President next year, and focus on building their trading relationships with the rest of the world. They now think a deal only happens if Trump moves his position.

So will he? Polls will be important, but not necessarily the best window. It will be what “victory” he believes he can sell. And the price he needs to pay for that “victory”, measured by the stock market and polls.

As I said, at this point we are not optimistic that an escalation is forestalled. So we are positioning the portfolio for an escalation (outlined in the portfolio structure below)

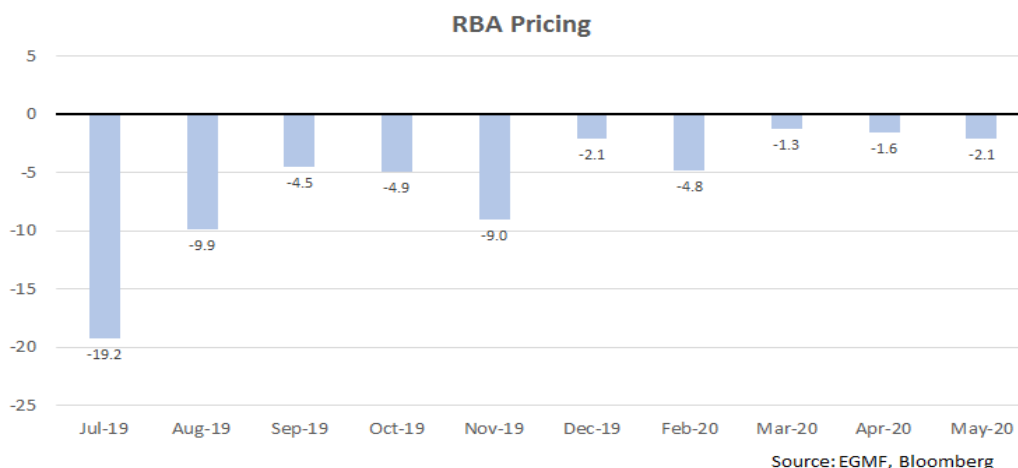
Australia outlook

But before I go there, what about Australia? As we now know, the RBA cut rates in June (responsible for our second best performance month since inception). Lowe has slowly be inching towards the cut since February, incrementally adjusting his language with each statement/appearance.⁶ And he continues to be very forthright, indeed exceptionally forthright, with his appearance at the Reserve Bank Board dinner on the 4th June. Commenting on the prospects for another rate cut;

The answer here is that the Board has not yet made a decision, but it is not unreasonable to expect a lower cash rate. Our latest set of forecasts were prepared on the assumption that the cash rate would follow the path implied by market pricing, which was for the cash rate to be around 1 per cent by the end of the year. There are, of course, a range of other possible scenarios and much will depend on how the evidence evolves, especially on the labour market.⁷

So what now? Well it is pretty straight forward right? The Governor has told us he will cut one more time. By the end of the year.

The market is well ahead of this timetable. As of the 13th of June, the market has a 75% chance of a rate cut in July, and is now fully pricing more than 3 rate cuts by February next year.



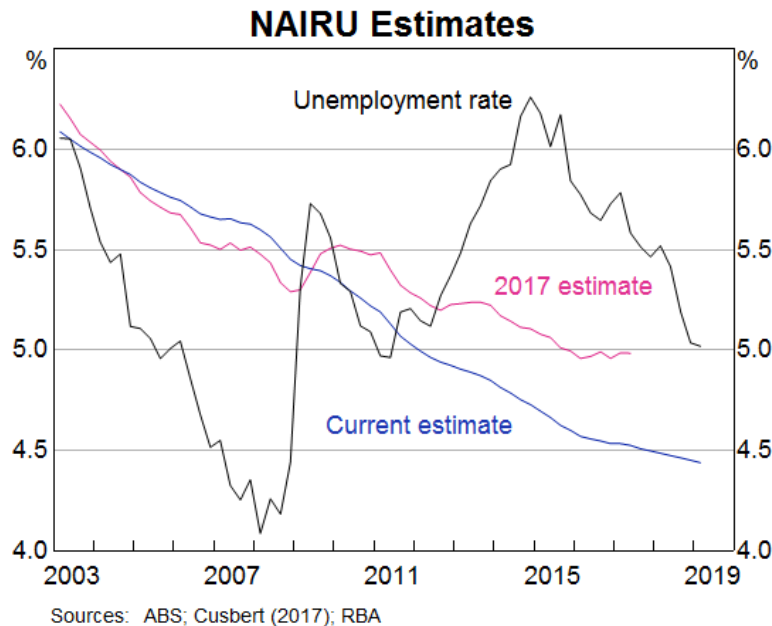
What do we think? On balance the next cut comes in August, though we wouldn't argue strongly with July.

⁵ Note this is exactly what he said in his first China tariff tweet. *The reason for the China pullback & attempted renegotiation of the Trade Deal is the sincere HOPE that they will be able to “negotiate” with Joe Biden or one of the very weak Democrats, and thereby continue to ripoff the United States ((\$500 Billion a year)) for years to come....* Trump tweet 8th May

⁶ <https://ellerstoncapital.com/once-bitten-twice-shy/> outlines incremental changes that led to our June cut call.

⁷ <https://www.rba.gov.au/speeches/2019/sp-gov-2019-06-04.html>

Why is the market so convinced about July? It is mostly to do with an update from Luci Ellis, Assistant Governor at the RBA. On the 12th of June she outlined the thinking behind a massive revision to NAIRU for Australia.⁸



As my regular readers will know, NAIRU (non-accelerating inflation rate of unemployment) is the unemployment rate below which inflation is expected to pick-up. The RBA thinks it is now more like 4.5% rather than 5%.

Why does that matter? It matters because unemployment needs to (at best guess) get down to 4.5% before wages rise enough to lift inflation. At the start of the year they thought the level was 5%. Hence they expected to keep rates on hold.

Now the RBA indicated in May that they had lowered their NAIRU estimate when they said *“Further improvement in the labour market was likely to be needed for inflation to be consistent with the target.”*⁹

The Governor fleshed it out further in Q and A after his speech on June 4th, suggesting NAIRU was “4 point something”, and that the unemployment rate can be pushed down to 4.5% before inflation might be expected to rise.

So the question is whether Luci’s speech is an even more aggressive downgrade of NAIRU than what they had in mind when they flagged rate cuts in May, or is it a more detailed explanation of why they are now cutting?

We tend to think of it more as an explanation. In which case it doesn’t alter the RBA’s intention/expectation to deliver two rate cuts.

Now we might argue if NAIRU is 4.5%, two rate cuts probably won’t be enough to get us there. And hence a third or even fourth might well be required. But that is more likely a 2020 debate. In the short term, the Australian economy looks like it will gain a little traction

What would see the rate cuts come sooner? You guessed it. Tariffs.

As such we do not expect Australian rates to rush below 1% based on the domestic outlook alone. At least not this year. But if global trade takes a hit because of a tariff war between Trump and China, and perhaps Mexico (though as I write that prospect has been “suspended indefinitely”), we may well see a 0.5% cash rate in Australia.

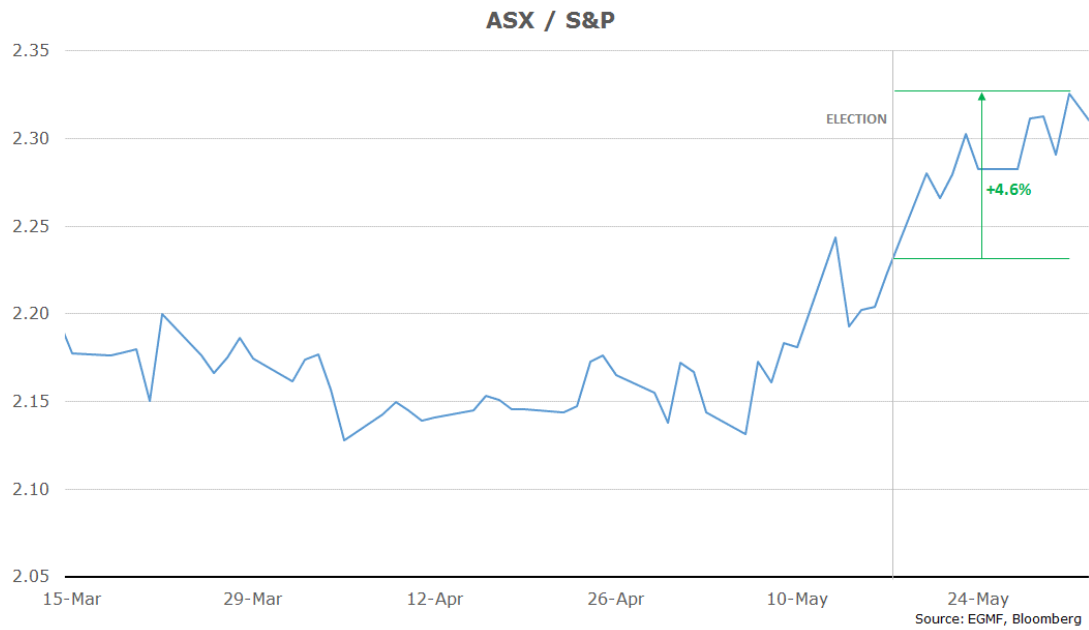
On the other hand, if a tariff war is averted we suspect 1% might mark the floor for the Australian cash.

It is that binary.

So let me put some flesh around those assertions. For the Australian rate market, it is important to recognise the significance of the coalition victory. The equity market gets it. It outperformed the US stock market by some 5% after the election.

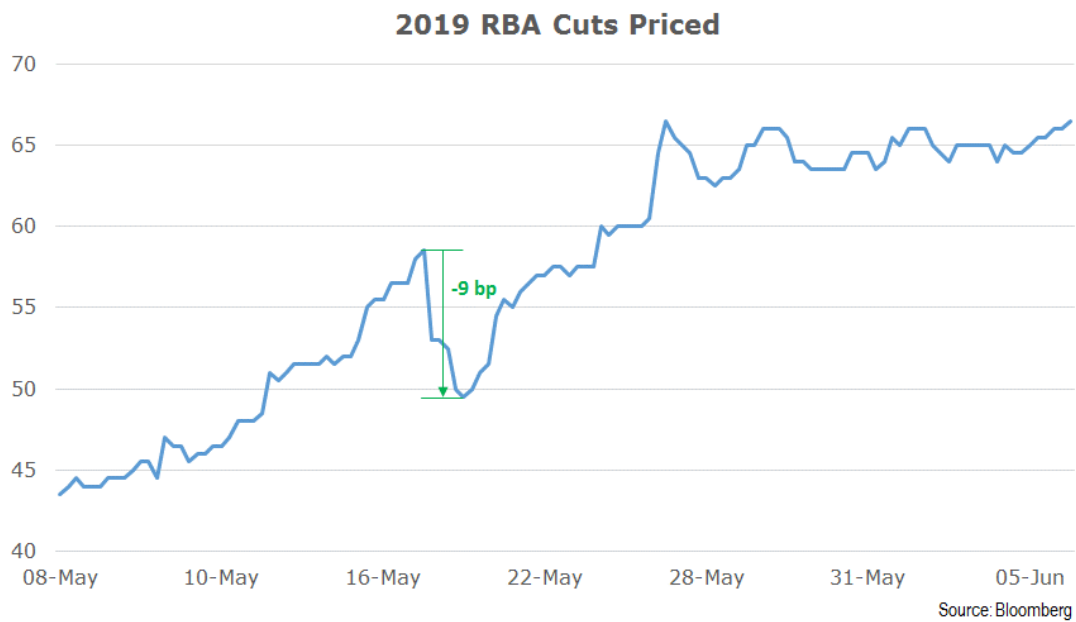
⁸ <https://www.rba.gov.au/speeches/2019/sp-ag-2019-06-12-2.html>

⁹ <https://www.rba.gov.au/media-releases/2019/mr-19-11.html>



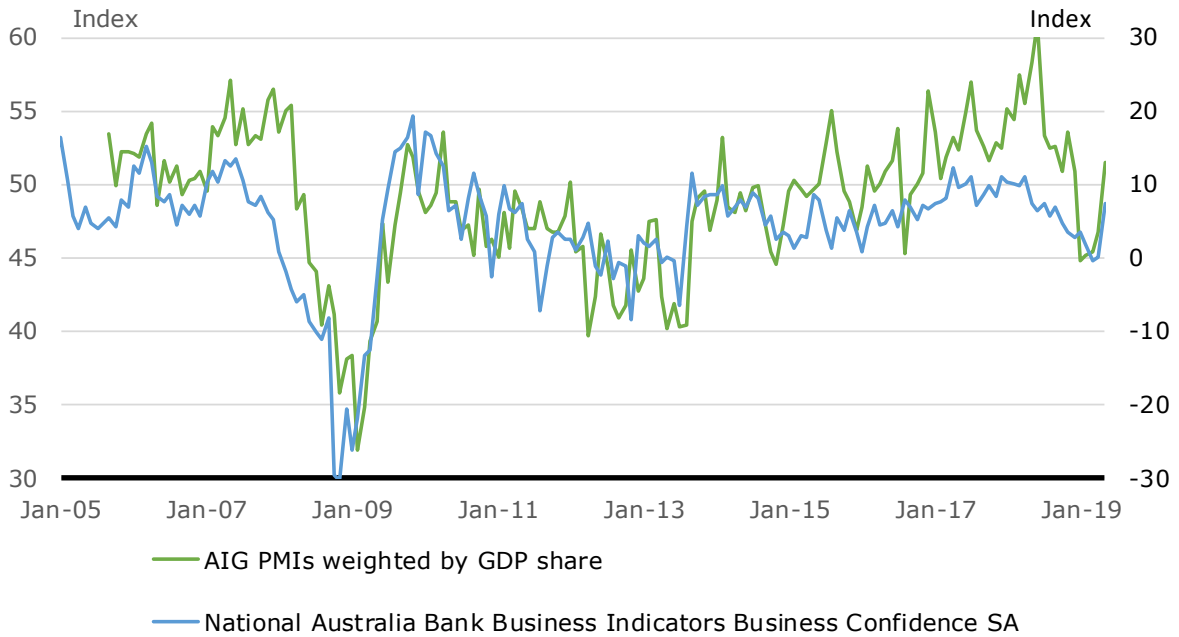
This was purely due to increased economic confidence. No franking credit changes to contend with. No negative gearing changes for investor property to contend with. And a likely softer approach on the banks post the Royal Commission.

Ordinarily, this would lower the need for rate cuts from the RBA to support the economy. Indeed, the day after the election, the market lowered the expectation for rate cuts this year by 9 basis points (from 58 to 49, before settling at 65 after Lowes speech)



I highlight this because, all else equal, the market should expect less rate cuts, not more, after the coalition victory. Indeed, the first post-election business surveys we have received shows a large bounce in sentiment. This could well continue.

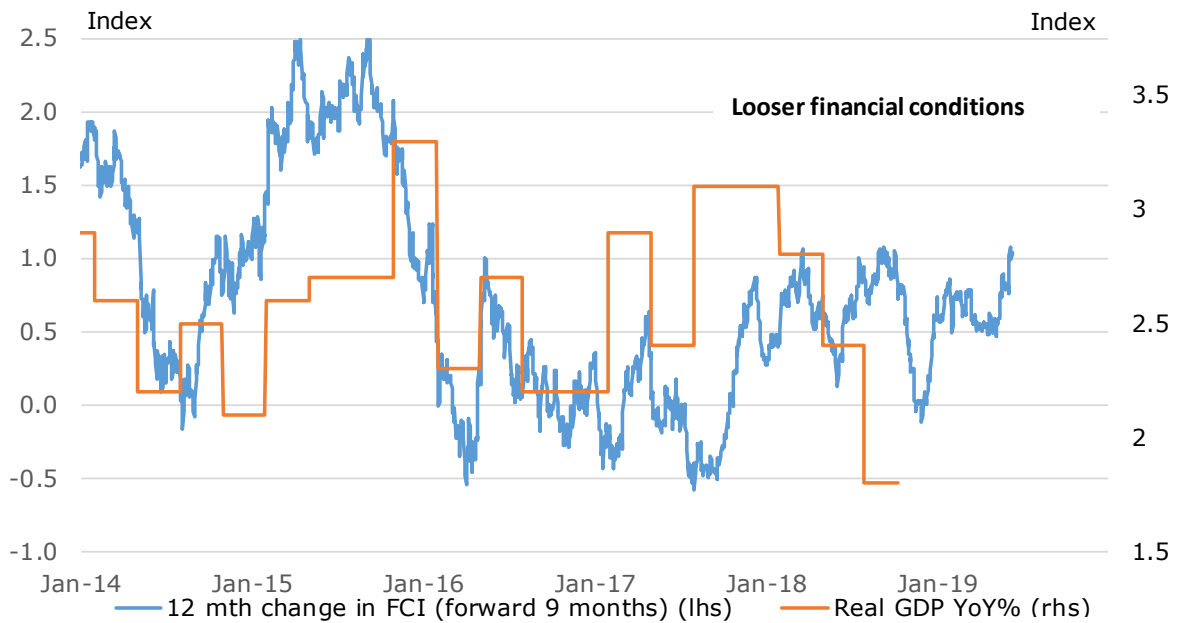
Australia: AIG PMIs and NAB business confidence



Source: Ellerston GMF, Bloomberg

And similar to the US, our financial conditions index suggests the economy will be just fine.¹⁰

Australian financial conditions index

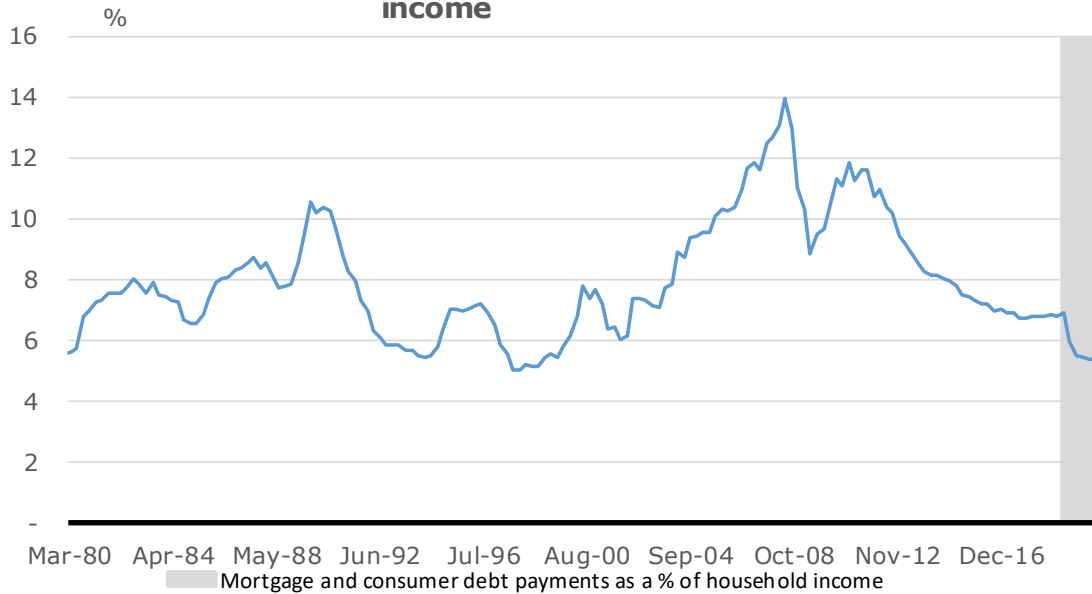


Source: Ellerston GMF

Indeed, housing should also be fine, likely finding a bottom in coming months. Why? Because housing is not about debt. It is about serviceability. Two rate cuts will take household debt servicing back towards the lowest levels of the last 40 years...

¹⁰ Our FCI uses market interest rates, like the RBA forecasts. So the cut needs to be delivered to support the growth outlook implied, similar to Governor Lowes comment about the need for another rate cut. "Our latest set of forecasts were prepared on the assumption that the cash rate would follow the path implied by market pricing, which was for the cash rate to be around 1 per cent by the end of the year." <https://www.rba.gov.au/speeches/2019/sp-qov-2019-06-04.html>

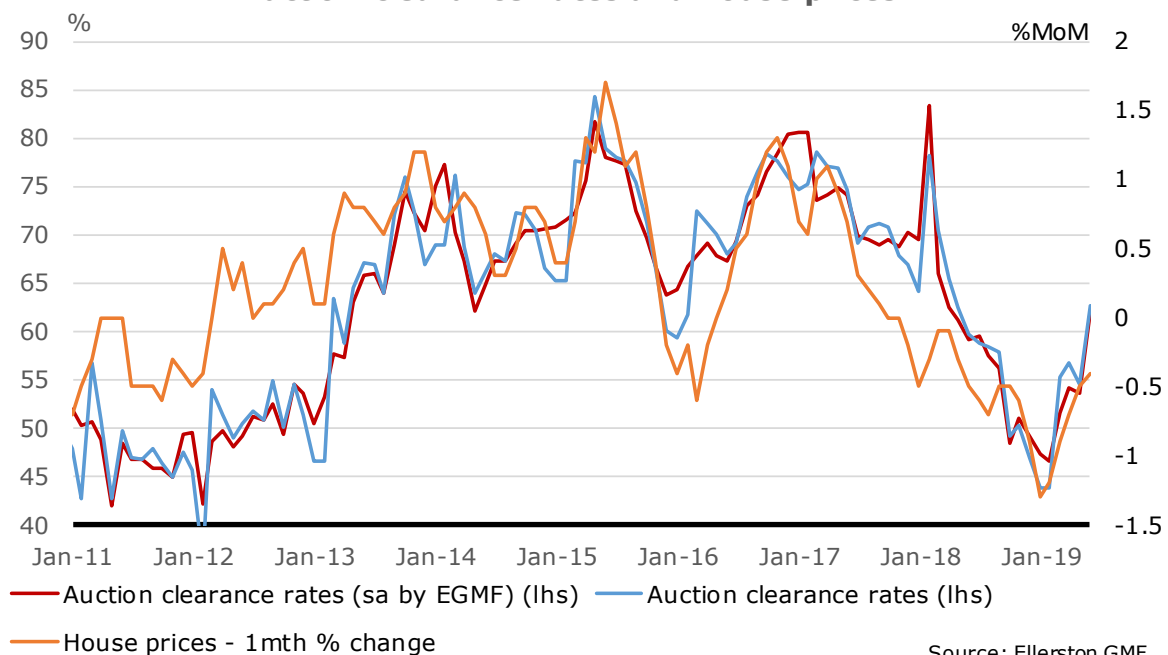
Australia: Household debt servicing ratio to disposable income



Source: Ellerston GMF, ABS

And we have already seen auction clearance rates lift after the election. As has the rate of decline in house prices.

Auction clearance rates and house prices



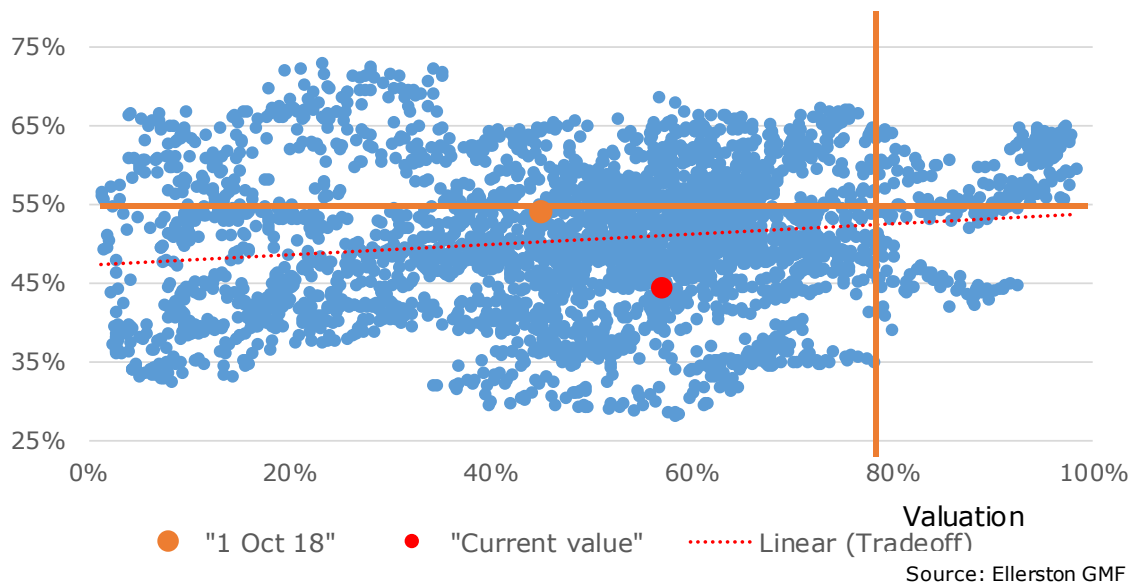
Source: Ellerston GMF

So “endogenously”, it looks like two rate cuts and a boost to business confidence and housing sentiment from a coalition victory should be just the tonic to engineer a modest acceleration in growth and start a decline in the unemployment rate – albeit not before it rises for 3-6 months first given the lags in the economy and the dramatic crunch about to hit in construction jobs over coming quarters.

All good then? Buy Australian equities? Tim’s equity model sees valuations as fair and growth/momentum as cheap. With rate cuts in train, it would normally be the right time to own equities.

ASX Valuation & Growth/Momentum/Quality tradeoff

Growth, Momentum, Quality



“Normally”...

But now is not normal. Even more so than the US, we don't live in an endogenous space. We are an open trading economy, heavily influenced by growth in our trading partners.

And that, as you know my friend, hinges critically on one factor. Tariffs.

Portfolio structure

All a little hard to predict. But what we can do is have a serious attempt at predicting the impact of various scenarios, and then be prepared for them.

So we have a good scenario, where equities make new highs (though not a super strong move, as they have less support from the bond market). And we have a very bad scenario, where the US (and most of the globe) flirts with recession. But of course, as always, there is something in between. Trump continues to threaten big tariffs, but does little more. Then what? The markets will calm somewhat, meaning bonds reduce their rate cut expectations a little, and equities retrace a little. But then they will chop and wait. Waiting to see if the tariffs to date have a meaningful impact, if there is some inflation that squeezes profits, if there is more disruption in Asia trade. An answer will emerge, but it will likely take many months.

I would say the markets are currently pricing somewhere between a 25% tariff on all China imports, and the continuing threat of such.

In this situation,

- a) We look for safe trades.
- b) We look for good risk/reward trades.

The safe trade is a trade that works independent of tariffs, but gets a “kick along” if tariffs escalate. That is for example, a country that is cutting rates for domestic reasons, and would cut rates even more if a tariff war broke out. Ah, Australia I hear you say. Indeed. We are long rates in Australia. But we are nuanced on timing. We do not believe the RBA is in a quite the rush to do the second rate cut as the market does. And we believe if a third (or fourth) cut comes this year it will be because of tariffs, following rate cuts from the Fed and global growth downgrades from consensus. Between July and November the market has one rate cut priced. We think one is all but guaranteed, so we have sold July and bought November. This gives us a “free” option on a tariff induced third rate cut.¹¹

¹¹ Of course if there are no rate cuts in this window we could lose 25 points on this trade. But we would close the trade early if we feared that scenario. At this stage I would assign 20% chance of no move in that window, most likely because they move before.

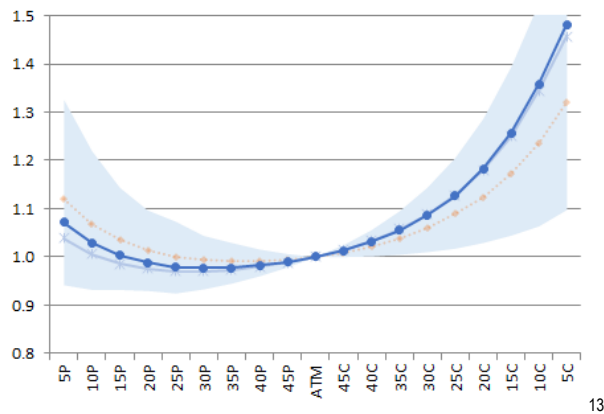
Rate Hikes priced between RBA Jul/Nov 2019



At the same time, we have to admit July is a close call. So we are also positioned for lower rates over the next 18 months. That way we should still generate some performance on a July move, though not as much as we expect if the move is delayed until August.¹²

The second trade we like looks for particularly good risk-rewards for a tariff escalation. Indeed, as noted above, even if Trump levied tariffs on all Chinese imports, the impact on the US economy is hotly debated. We think the market will shoot first and ask questions later, meaning fear will take equities down hard. But it is hard to be certain about both the timing and the magnitude. Meanwhile, currencies are behaving as they should. When a tariff gets imposed on a country, their currency weakens. The Chinese have indicated they would expect this if further US tariffs were levied. And pricing in the FX option markets certainly capture this fear. This can be seen by the skew for buying protection. It costs 50% more to own a call compared to a put on USDCNH (Chinese Renminbi). The market is scared of a large devaluation.

USDCNH - 1M Skew



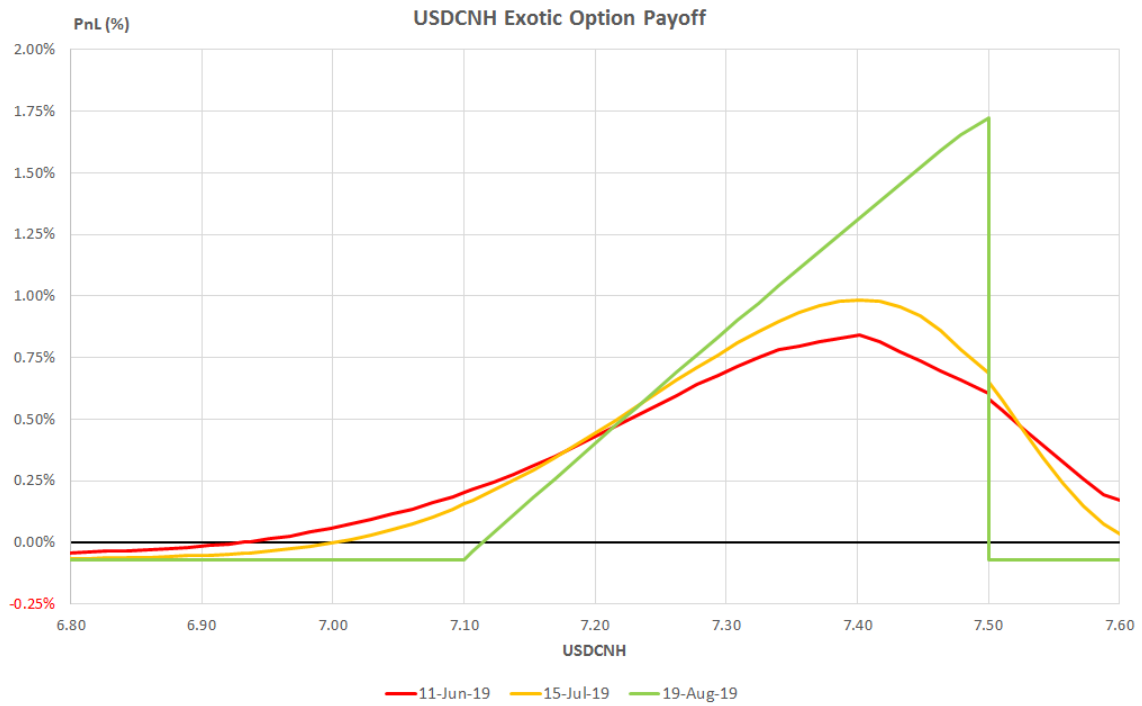
Source: EGMF, Bloomberg

We think if a move occurs, it will be relatively orderly. The Chinese don't want to panic the domestic market and cause large capital outflows. And they have shown themselves to be very adept at managing orderly moves, particularly last year after their lessons from their 2015 devaluation.

So we are happy to own calls on USDCNH, but conditioned on the move be of the order of 1-5% over coming months. Not 7%+. By conditioning the option on a more limited move, we get up to an 80% discount, and improve the risk reward from 4:1 to (conservatively) 10:1.

¹² We also have options on that perform if the terminal rate stays at 0.75% over coming months.

¹³ Chart shows the volatility cost of a put or a call as a multiple of at the money volatility, relative to range of last 3 years.



Source: EGMF, Bloomberg

We have a variety of structures on several currency pairs over different time horizons that provide a good risk/reward for escalation.

And for now, we have very little in our portfolio for de-escalation. That makes us a little uncomfortable, given tariffs expectations can turn on a dime – or a tweet. If that happens rest assured we will move very quickly. Given the structures we have on, losses are limited. So we can be on the offensive immediately. That will be to short US rates. Without escalation, there is no need for 100 basis points of rate cuts. In fact, there may be no need for any rate cuts at all!

But first let's wait and see.

Be the hunter, not the hunted.

Brett Gillespie



Ellerston Global Macro Fund Overview:

The Fund aims to operate a discretionary, medium-term global macro strategy with an unconstrained, absolute approach. It focuses on capital preservation and aims to have low to negative correlation to traditional asset classes.

The Fund aims to generate superior returns over a range of market conditions. The Fund aims to achieve its objective by implementing a strategy which focuses on a number of fundamentally derived core themes optimised via trade execution and portfolio construction. The Fund invests in a portfolio of fixed interest, foreign exchange, equity and commodities.

Ellerston Global Macro Team:

Brett Gillespie – Head of Global Macro

Brett has worked in the financial services industry for over 29 years with over 26 of these as a fundamental medium term macro trader. Brett joined Ellerston Capital in November 2016 as Head of Global Macro. Before joining Ellerston, Brett spent over 10 years as Senior Portfolio Manager at Tudor Investment Corporation in both London and Sydney.

Prior to this Brett spent two years contracted to manage capital for Commonwealth Bank of Australia on an absolute return basis. Brett began his career in 1989 at Bankers Trust as a Futures Broker then Proprietary Trader. Brett transitioned to BT Funds Management Ltd to the position of Executive Vice President, Head of Cash and Cash Enhanced Products and in 1999 commenced management of Intermediate Bond Funds. Brett's last held position here was Head of Global Sovereign Bonds.

Brett has a Bachelor of Economics degree from the University of Sydney and has been a guest panel speaker at the OECD Business and Finance Outlook Conference and a guest lecturer at the London Business School.

Tim Toohey – Chief Economist

Tim joined Ellerston capital in March 2017 as Chief Economist within the Global Macro Team, bringing 25 years industry experience as an economist. Tim joined from Goldman Sachs where he was Chief Economist and Head of Macro Strategy Australia and New Zealand. In 2002, Tim joined JBWere (who later merged with Goldman Sachs in 2003) as a Senior Economist in the research department and was named Managing Director in 2009. Prior to this, Tim was Macroeconomist with the ANZ Banking Group for two years. Tim began his career as a Senior Economist with the National Institute of Economic and Industry Research.

Tim has been voted in the Greenwich survey as the number one Economist in Australia from 2003-2016.

Tim has a Bachelor of Commerce degree from the University of Melbourne (Honours in Economics) and a Masters of Economics also from The University of Melbourne.

Howard Chang – Analyst

Howard joined Ellerston as an Investment Analyst in February 2017. Howard joined from Russell Investments, where he worked as an Actuarial Analyst, valuing and modelling superannuation funds for 3 years. Prior to this, Howard was an Analyst in the Group Finance Division at Westpac. Howard began his career in an Analyst role at Russell Investments.

SIGNIFICANT EVENT NOTICE

ELLERSTON CORPORATE UPDATE

In other Ellerston news, Chris Hall has been appointed to the position of Chief Investment Officer of Ellerston Capital Limited, reporting to the Executive Chairman, Ashok Jacob. Chris joined Ellerston in September 2018 as Senior Investment Officer. Over his 28 years in investment management, Chris has built a wealth of experience in risk oversight, investment process improvement and business expansion – including Asia – alongside producing an impressive track record of investing in equity markets.

Prior to joining Ellerston, Chris was Managing Director and Senior Portfolio Manager and Co-Head of Research for BlackRock's Alpha strategies Group in Hong Kong, where he was the lead Co-PM on the BlackRock Asia Pacific Equity Income fund, BGF Pacific Equity fund and BGF Asean Leaders fund, as well as being a member of the Management Committee overseeing the Asian Fundamental Equities Team with A\$35 billion in assets.

Ashok Jacob remains the Executive Chairman of Ellerston Capital Limited and continues to provide guidance and investment insight to the Ellerston team.

CONTACT US

Should investors have any questions or queries regarding the fund, please contact our [Investor Relations team](#) on [02 9021 7797](tel:0290217797) or info@ellerstoncapital.com or visit us at <https://ellerstoncapital.com/>

All holding enquiries should be directed to our registrar, Link Market Services on 1800 992 149 or ellerston@linkmarketservices.com.au

SYDNEY OFFICE

Level 11, 179 Elizabeth Street,
Sydney NSW 2000

MELBOURNE OFFICE

Level 4, 75-77 Flinders Lane,
Melbourne VIC, 3000

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