

Ellerston India Fund

Performance Report | October 20

PERFORMANCE SUMMARY

Performance	1 Month	3 Months	6 Months	1 Year	3 Year (p.a.)	Since Inception (p.a.)
Net [^]	3.16%	6.03%	12.23%	-3.27%	4.34%	5.29%
Benchmark*	3.21%	7.54%	12.52%	-4.39%	3.06%	4.59%
Alpha	-0.05%	-1.51%	-0.29%	1.12%	1.28%	0.70%

Source: Ellerston Capital

[^] The net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance

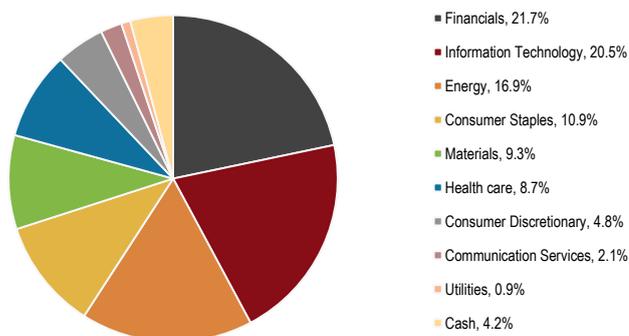
* MSCI India Net Return Index (AUD)

PORTFOLIO CHARACTERISTICS

HOLDINGS

Top 10 holdings	Sector	%
Reliance Industries Ltd	Energy	16.3%
Infosys Ltd	Information Technology	11.0%
Housing Development Finance Corp Ltd	Financials	8.4%
Tata Consultancy Services Ltd	Information Technology	7.6%
ICICI Bank Ltd	Financials	5.7%
Hindustan Unilever Ltd	Consumer Staples	5.2%
Maruti Suzuki India Ltd	Consumer Discretionary	4.8%
Sun Pharmaceutical Industries Ltd	Health Care	3.4%
UltraTech Cement Ltd	Materials	3.4%
Britannia Industries Ltd	Consumer Staples	3.2%

SECTOR ALLOCATION



Source: Ellerston Capital

Investment Objective

To outperform the MSCI India Net Return Index (AUD) with a focus on risk management and capital preservation.

Investment Strategy

The Fund's investment strategy is to construct a concentrated portfolio with exposure to Indian Companies using the Manager's high growth, high conviction, benchmark independent investment approach. The Fund has identified a number of core thematic areas that will drive returns in the Indian market in the medium term. The focus is on investing in Indian Companies that benefit from these fundamental drivers.

Key Information

Strategy Inception	4 May 2017
Portfolio Manager	Mary Manning
Application Price	\$1.1029
Net Asset Value	\$1.1001
Redemption Price	\$1.0973
Liquidity	Daily
No Stocks	30
Management Fee	1.10%
Performance Fee	15%
Buy/Sell Spread	0.25%/0.25%

COMMENTARY

Ellerston India Fund (EIF) was up 3.16% in October compared to the MSCI India Index, which was up 3.21%. Calendar year to date in 2020, EIF is down 1.99%, but has outperformed the benchmark by 1.38% net.

The strong market performance in October coincided with improvements in the COVID-19 situation in India. Since our last monthly update, the number of daily cases in India has averaged ~45,000 cases a day which is half of the peak that was reported in the middle of September. Economic data is also showing signs of a recovery. The manufacturing PMI grew at the fastest pace in 13 years in October while the services PMI expanded for the first time since COVID-19 hit. Our channel checks meanwhile, indicate consumers are gradually beginning to loosen their purse strings and increasing discretionary purchases after many months of household austerity. Finally, the RBI in its most recent monthly bulletin acknowledged that the Indian economy may return to growth in the December quarter after two quarters of contraction. These comments were supported by another stimulus package announced in early November to support urban consumption, infrastructure and COVID-affected industries.

All of these positive check points have given investors the impetus to price in a post COVID-19 recovery. Indeed over the past month, we have added to our Financials exposure through an increased weight in ICICI Bank. Financials are one of the biggest beneficiaries of an economic recovery and most are trading at below their historical average multiples. We note that the increased exposure to Financials has already proven to be helpful to portfolio performance following the announcement in early November from Pfizer/BioNTech that their mRNA-based vaccine candidate, BNT162b2, was more than 90% effective in preventing COVID-19 in clinical trials. This news led to one of the most violent factor rotations global markets have ever seen as investors switched from growth/technology stocks to economic recovery plays such as Financials.

Another driver of the increased market optimism over the past month has been the better than expected Indian reporting season. Revenues have been mostly in-line with expectations, but earnings have surprised positively driven by significant cost rationalization by corporates. We note that Financials in particular reported significantly better asset quality which was a pleasant surprise compared to the sharp asset quality deterioration that was expected earlier this year due to COVID-19.

Finally on portfolio performance, Healthcare, Consumer Discretionary and Financials were our largest sector contributors to alpha during the month. Meanwhile, Energy and Industrials were our biggest detractors. At a stock level, Ultratech Cement, DL Lal Pathlabs and Infosys were our largest alpha generators during the month. While, Britannia and Sun Pharma were our biggest drags on alpha.

As always, if you have any questions regarding any aspect of the Fund or the portfolio, please feel free to contact us at info@ellerstoncapital.com.

Kind regards,
Mary Manning

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

Should investors have any questions or queries regarding the Fund,
please contact our Investor Relations team on 02 9021 7701 or info@ellerstoncapital.com
or visit us at <https://ellerstoncapital.com/>

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

DISCLAIMER

This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, responsible entity of the Ellerston India Fund (ARSN 618 549 796) without taking account the objectives, financial situation or needs of individuals. Before making an investment decision about the Fund persons should read the Fund's Product Disclosure Statement which can be obtained by contacting info@ellerstoncapital.com and obtain advice from an appropriate financial adviser. Units in the Fund are issued by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000. This information is current as at the date on the first page.

This material has been prepared based on information believed to be accurate at the time of publication. Assumptions and estimates may have been made which may prove not to be accurate. Ellerston Capital undertakes no responsibility to correct any such inaccuracy. Subsequent changes in circumstances may occur at any time and may impact the accuracy of the information. To the full extent permitted by law, none of Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, or any member of the Ellerston Capital Limited Group of companies makes any warranty as to the accuracy or completeness of the information in this newsletter and disclaims all liability that may arise due to any information contained in this newsletter being inaccurate, unreliable or incomplete. Past performance is not a reliable indicator of future performance.