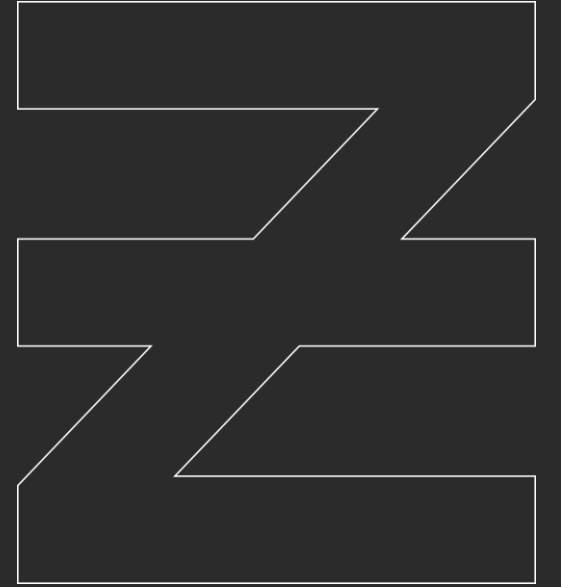


Ellerston Capital



Ellerston Global & Morphic Funds Update

February 2021

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Positioning Considerations

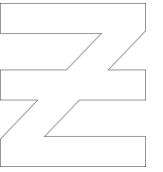
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Positioning

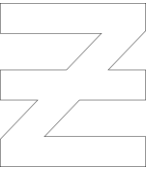
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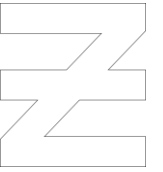
- Earnings have been broadly positive around the globe
- Management still relatively cautious – Covid waves, early stage recovery, supply chain bottlenecks
- We have had 17 companies report during January and February to date
- Revenue and especially earnings well ahead of expectations
- Guidance generally re-instated, capex increasing, capital allocation back on the table, refinancing debt
- Initial share price reactions relatively muted
- Adding to convictions



- Leading global player in CAD and PLM software with dominant positioning in Industrial IoT
- Earnings transitioning to highly recurring subscription model with margins inflecting upwards
- Reported Q1 Revenue growth >20% with EBIT up almost 65%
- Guided FY21 Revenue and EBIT at +17% and >20% growth respectively - conservative

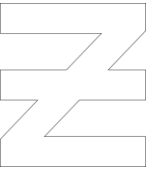
“Industrial companies are prioritizing initiatives like moving all product lifecycle processes online across their entire enterprise with PLM, remotely monitoring the products in factories with IoT, bringing digital productivity to their frontline production workers with AR”

Recent Updates



- World leader and early innovator in mission-critical sensors and controls designed to make the world cleaner, safer and more efficient
- Approximately 60% of the business leveraged to Automotive end markets which were down >20% this year
- Reported FY20 Revenue down 12% as it outgrows end markets. Sequentially, Q4 was +15% outgrowing end markets by c10%
- Content per vehicle increasing – EV +20% content value per car
- Guided FY21 Revenue and EBIT at +15% and 30% growth respectively – supply chain tight

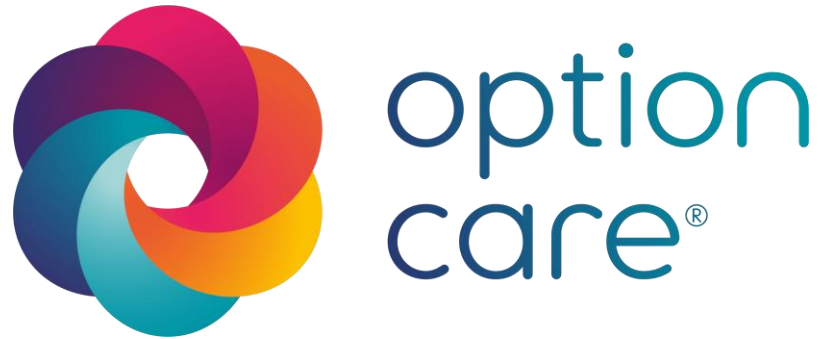
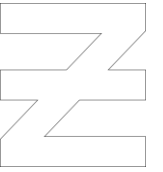
“We are proud to have existing business or design-wins on future EVs with nearly every automotive OEM, with an announced EV launch” “Sensata seeks to be a partner of choice for heavy vehicle and industrial OEM, transitioning to electrified solutions as well”



- Vision to be the most trusted global technology, supply chain and manufacturing solutions partner to improve the world. Also owns the largest solar tracking business globally called Nextracker
- Leveraged to Communications, Industrial, Automotive, Healthcare and Consumer end markets
- Reported Q3 Revenue which returned to growth at +4.0% with earnings up >20% to \$312m
- Guided next quarter to accelerate with mid 20% earnings growth despite tight supply chain
- Pursuing alternatives to release value of Nextracker business – IPO, spin-off etc

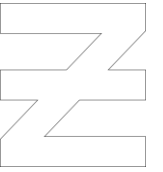
“Flex currently ranked number one in the electronics manufacturing sub industry and is in the top 50 out of almost 13,000 companies globally as rated by Sustainalytics. Flex is the first company in the tech space to have an ESG linked loan where the pricing is linked to Flex's performance in meeting specific ESG key performance indicated targets”

Recent Updates



- Largest independent provider of home and alternate site infusion services in the US covering >95% of the population
- The Home is the Disruptive Service Model within the Infusion Market – win/win for patients and payors
- Pre-announced Q4 earnings to be above top end of guidance and up >26% at midpoint
- Exited the year with c300bps higher margin run rate providing strong growth into 2021
- PE continues with selldowns creating liquidity and removing overhang

“Option Care Health is committed to delivering high-quality, cost effective solutions to make a positive difference in people's lives”



TEMPUR+SEALY

- World's largest bedding provider with some of the most highly recognized brands in the industry
- Grew FY20 revenues and earnings >18% and >53% respectively – pull forward?
- Guided FY21 revenue +15-20% with >20% EBITDA growth
- “We continue to face supply chain issues as consumer demand exceeded manufacturing capacity”

“Over the past year, we've seen significant increase in consumer consideration and purchase intent, in fact, according to recent consumer survey Tempur-Pedic posted the highest intent to purchase score since we started tracking it in 2017.”

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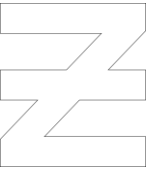
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Higher Growth, Higher Inflation

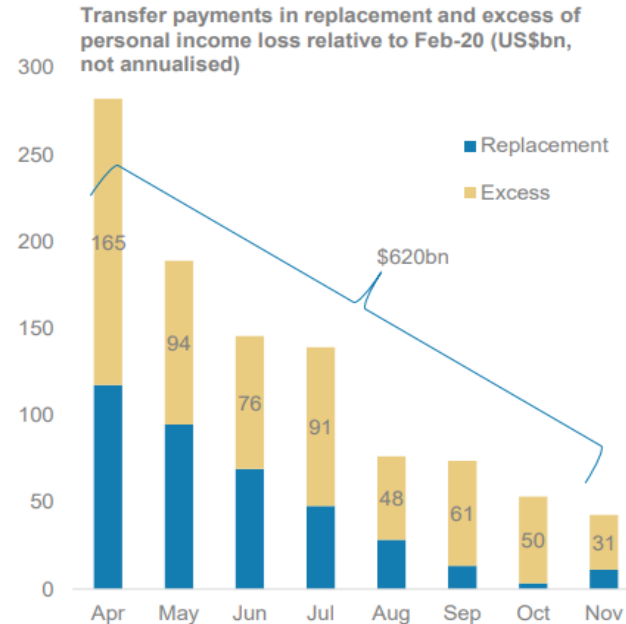


Political Inflexion in the US

- Democrats winning Georgia runoff – effectively controlling Washington
- Further Fiscal Stimulus
- Build Back Better

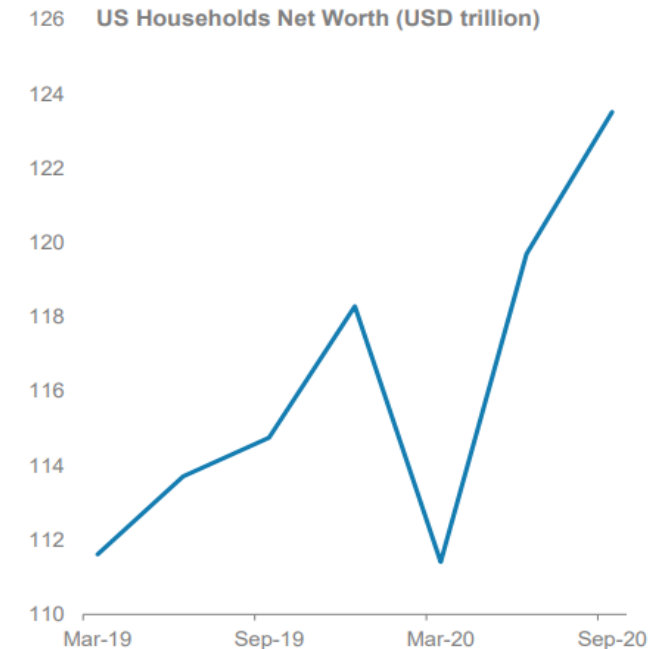
US household incomes have increased even as output declined

US government transfers to households through November 2020 have exceeded income losses relative to pre-Covid-19 levels by US\$620bn

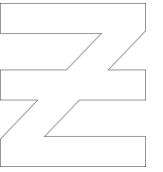


Source: BEA, Fed, Haver Analytics, Morgan Stanley Research

US household net worth has increased by US\$5.2trn since the end of 2019

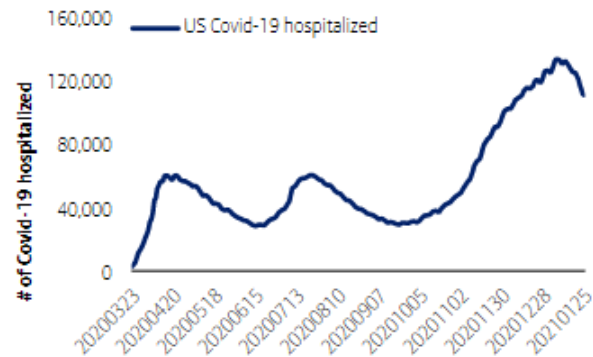


Higher Growth, Higher Inflation



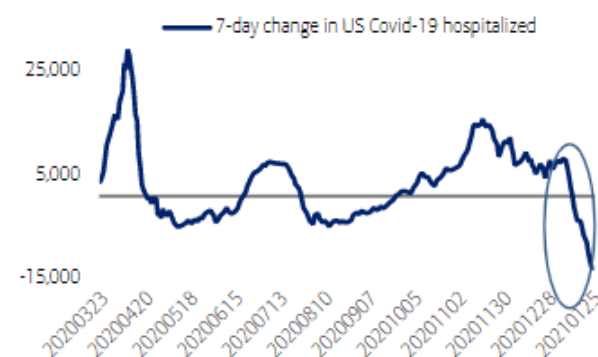
Pent up Demand

After rising rapidly from around 30,000 per day in October to 130,000 in early January, US hospitalizations due to Covid-19 are easing.



BoFA GLOBAL RESEARCH

We are seeing record weekly declines in US hospitalizations due to Covid-19.

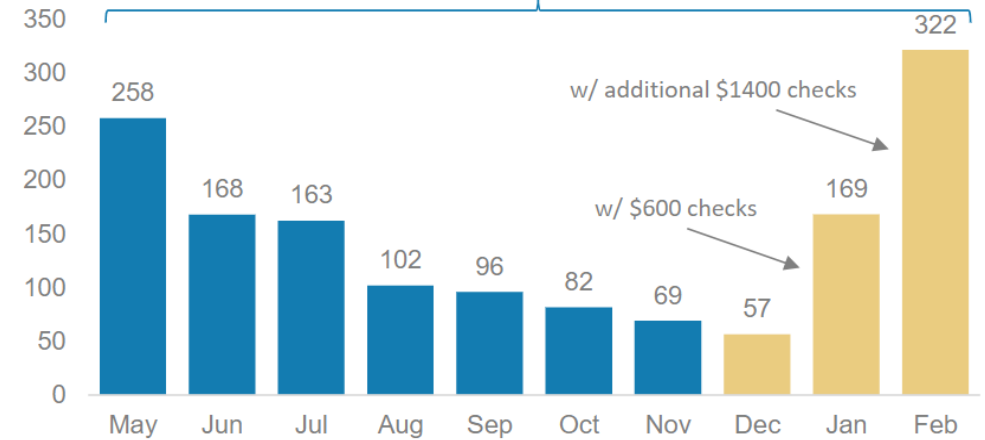


Source: Covidtracking

BoFA GLOBAL RESEARCH

Excess Personal Savings in the US (\$ bn, not annualized)

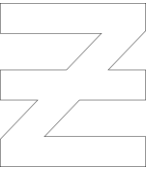
Total 'Excess' Savings: \$2trn



Source: BEA, Haver Analytics, Morgan Stanley Research forecasts

- Covid-19 Cases and especially hospitalisations are declining materially
- Nine vaccines against Covid-19 have already been approved in one jurisdiction or another, with many more in various stages of preparation
- Consumer balance sheets were in great shape heading into recession – no excesses to work off

Higher Growth, Higher Inflation



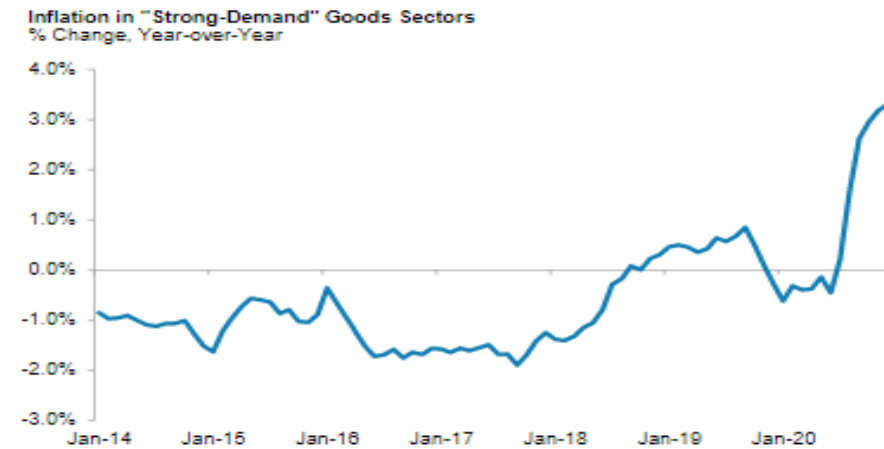
Supply Chain Constrained

Strong demand has put pressure on inventories...

...while putting upward pressure on price inflation at the same time.

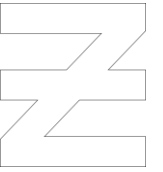


Source: Bureau of Economic Analysis, Morgan Stanley Research



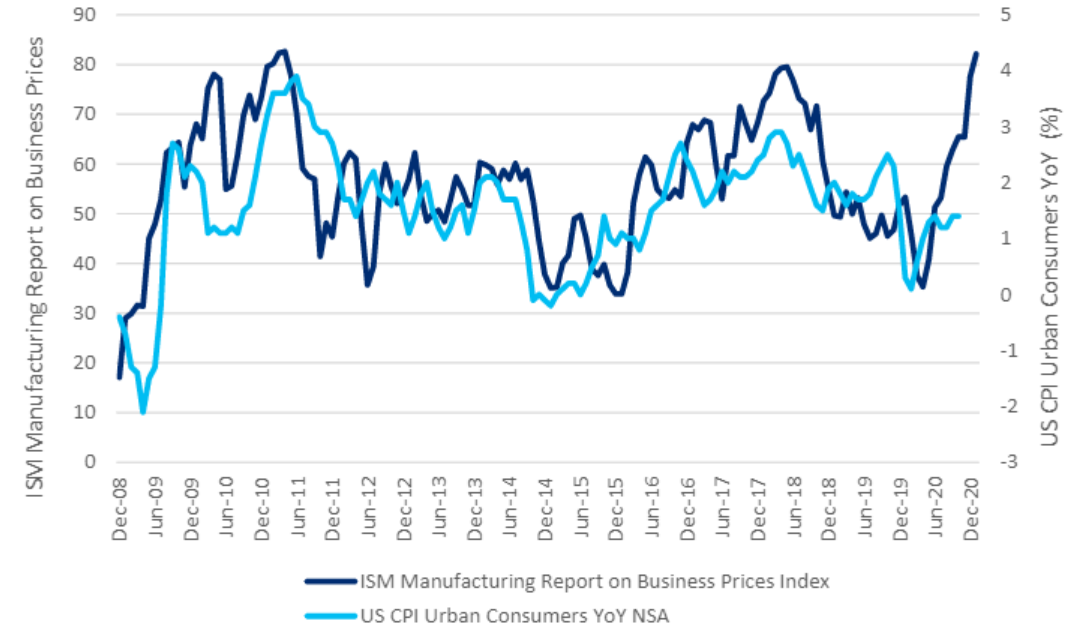
- Shimano Bikes - inability of supply to keep up with the strong demand continued, trends of shortages in both distributor inventories and retail inventories persisted in each country
- NXP Semi- the supply chains through the auto world are empty. And I say that because I know that every single product we are shipping is immediately built into a car
- Strategy Analytics estimates prices for key smartphone components including chipsets and displays have risen as much as 15% in the past three to six months

Higher Growth, Higher Inflation



Growth and Inflation

CY	United States	Eurozone
CY'18	3.0	1.9
CY'19	2.2	1.3
CY'20	-3.5	-6.8
CY'21	4.2	4.3
CY'22	3.4	3.7
CY'23	2.4	1.9



Source: Ellerston Global, Bloomberg and Citi Research – US Equity Strategy

- Pandemic took us from late stage to early stage economic conditions in a few months
- Many expecting even stronger growth than consensus – MS at >7% US GDP for 2021
- FED targeting average inflation so likely to overshoot

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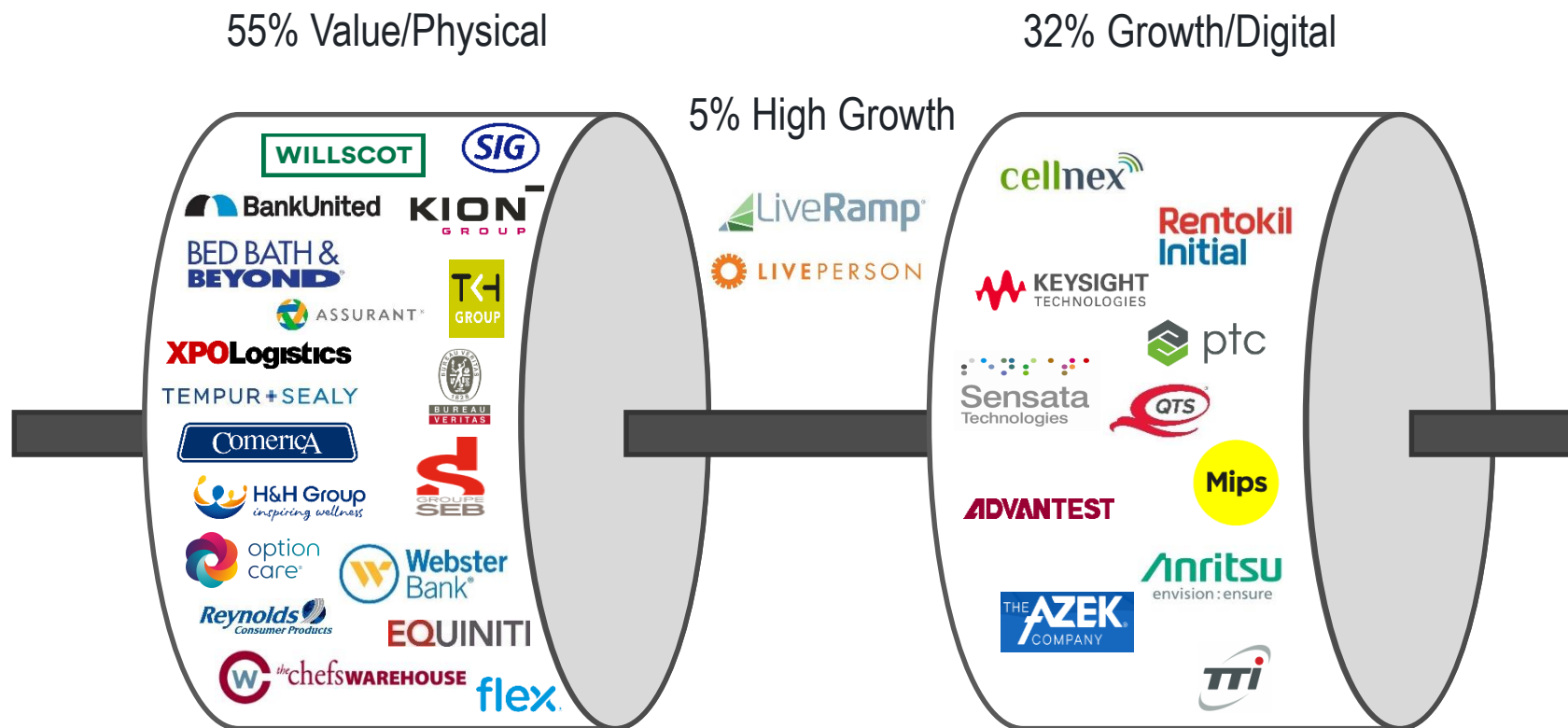
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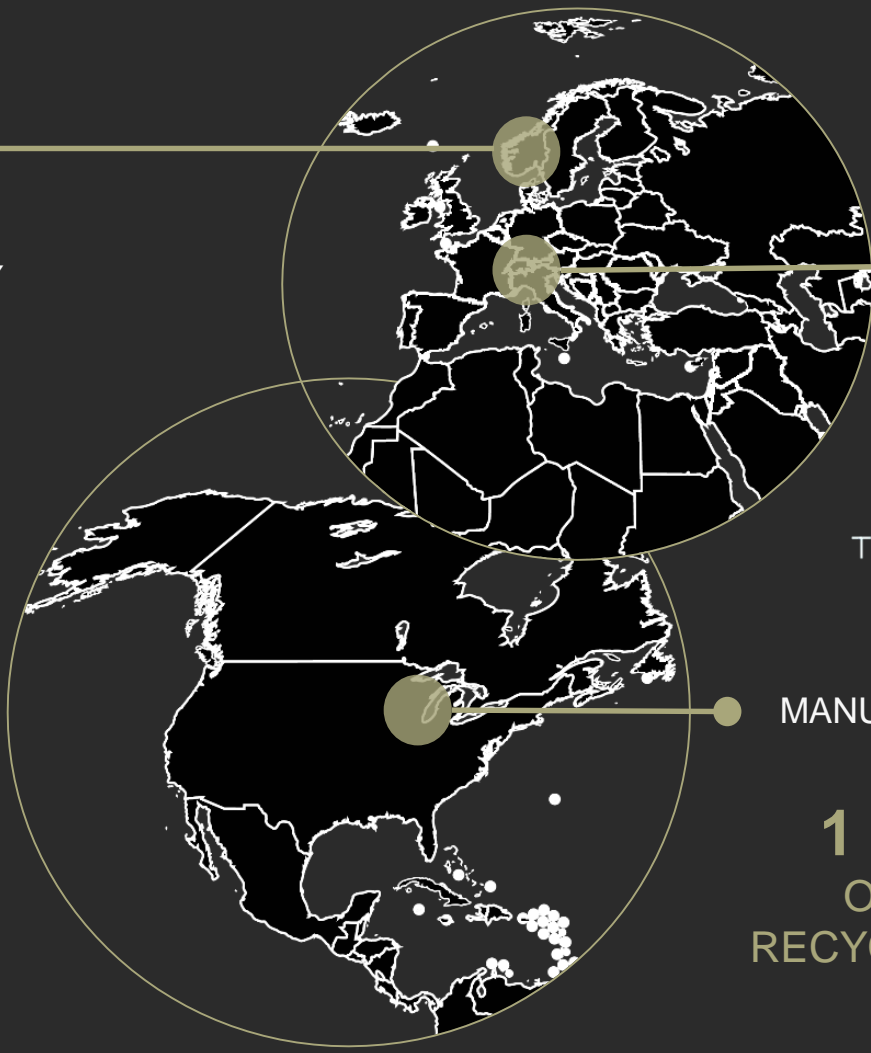
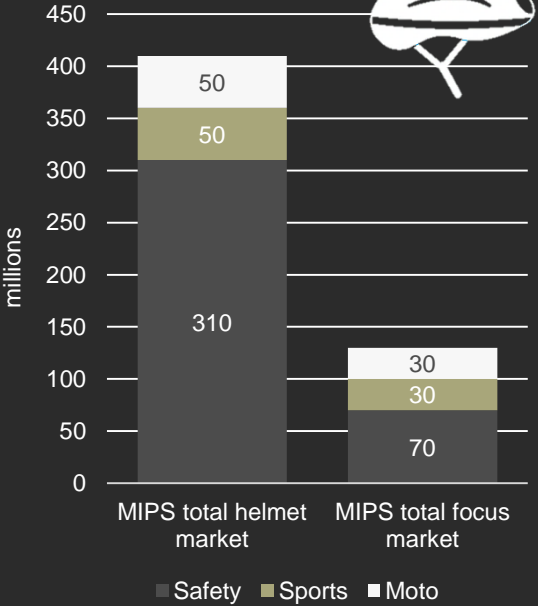
Current Approach



Our investments make a difference



GLOBAL LEADER IN
HELMET-BASED SAFETY
& BRAIN PROTECTION



MARKET LEADER ASEPTIC
CARTON PACKAGING

THE **world's first**
ASEPTIC CARTON PACK
WITH A CLEAR LINK TO
**100% PLANT-
BASED
RENEWABLE
MATERIALS**



INDUSTRY-LEADING
MANUFACTURER OF BUILDING
PRODUCTS

1 Billion pounds
OF MATERIALS TO BE
RECYCLED ANNUALLY BY 2026

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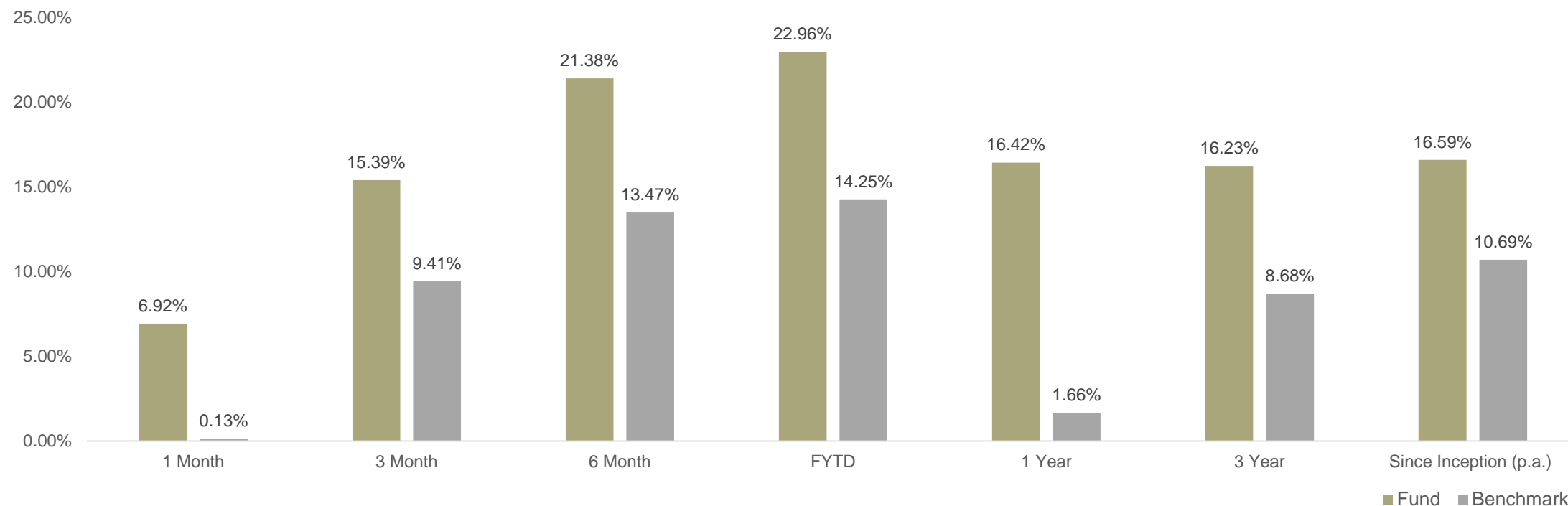
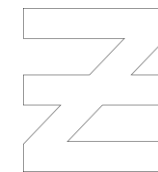
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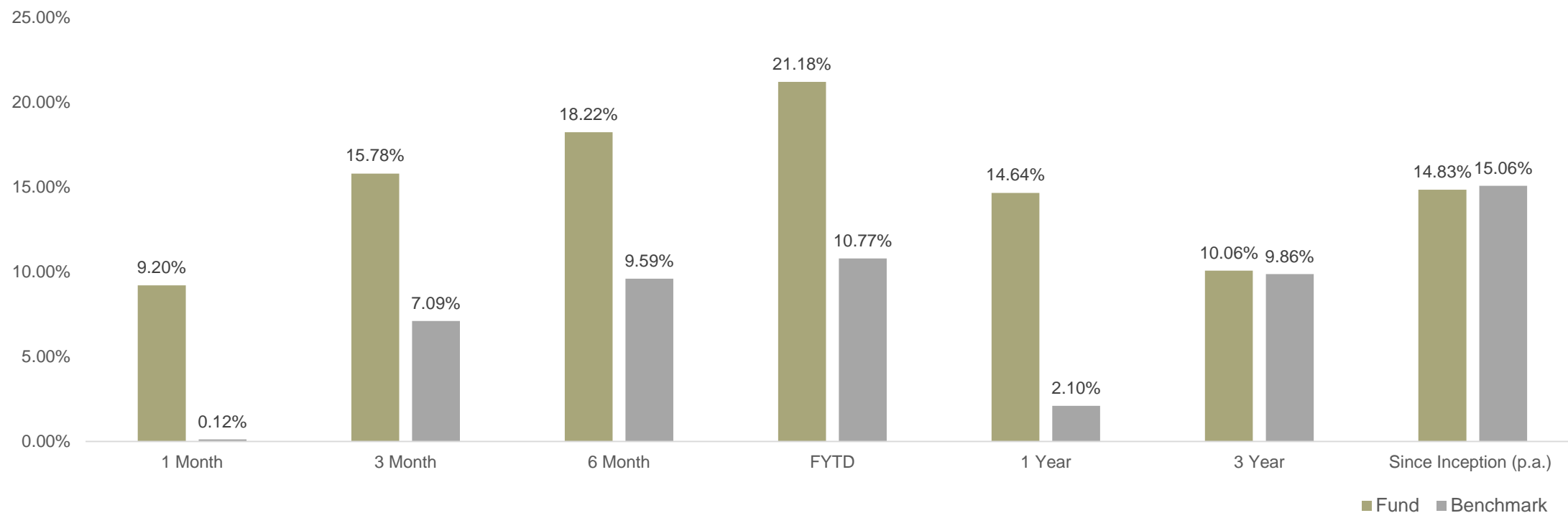
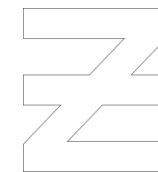
Performance

Ellerston Global Mid Small Cap Fund Performance



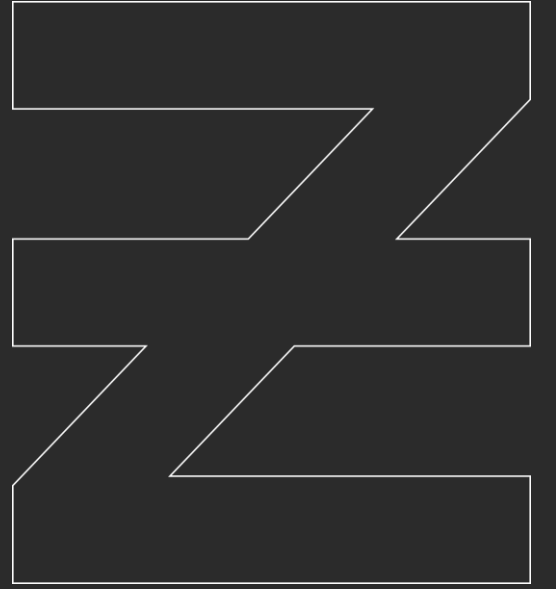
Performance*	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	Since Inception (p.a.)
Net	6.92%	15.39%	21.38%	16.42%	16.23%	16.59%
Benchmark**	0.13%	9.41%	13.47%	1.66%	8.68%	10.69%
Alpha	6.79%	5.98%	7.91%	14.76%	7.55%	5.89%

Morphic Global Opportunities Fund Performance



Performance	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	Since Inception (p.a.)
Net	9.20%	15.78%	18.22%	14.64%	10.06%	14.83%
Benchmark*	0.12%	7.09%	9.59%	2.10%	9.86%	15.06%
Alpha	9.09%	8.69%	8.64%	12.54%	0.20%	-0.23%

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Q&A

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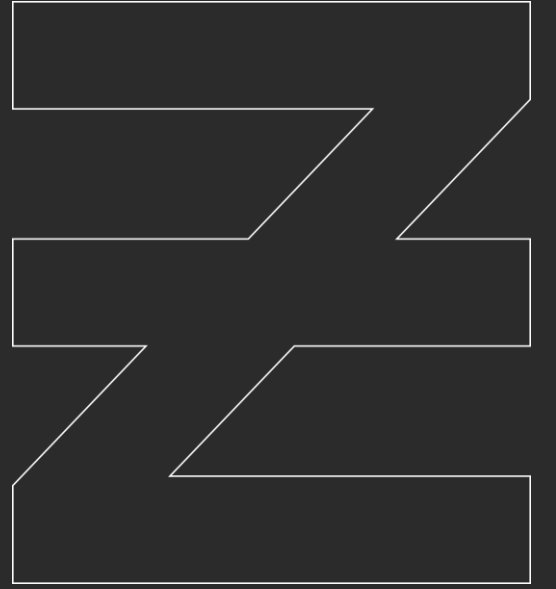
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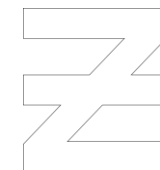
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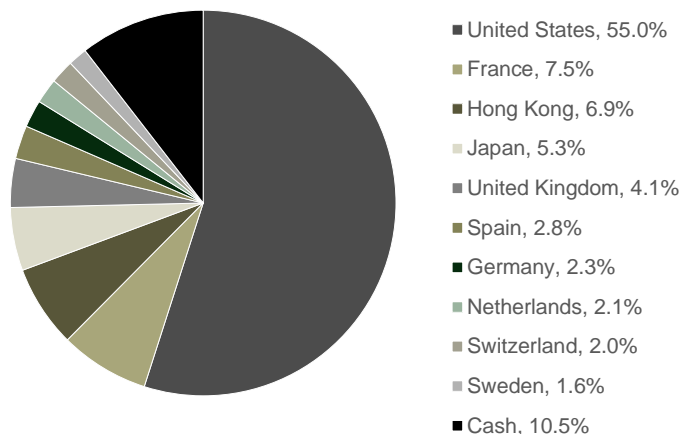


Appendix

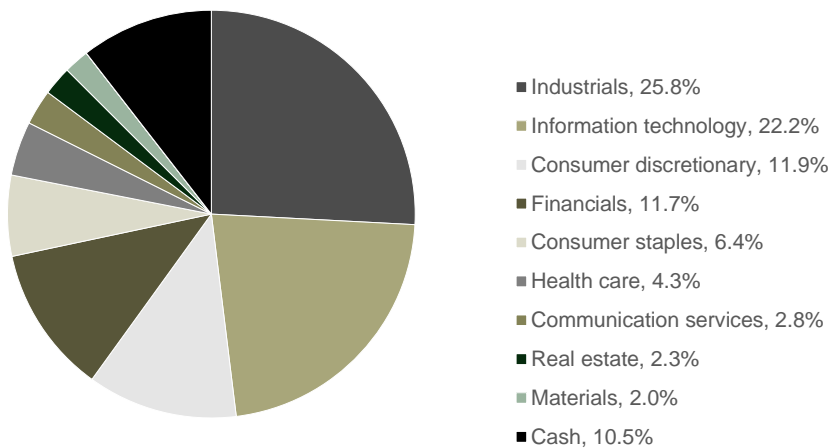
Ellerston Global Mid Small Cap Fund Overview



Geographic Allocation












Sector Allocation

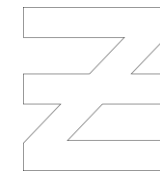


Top 10 Holdings

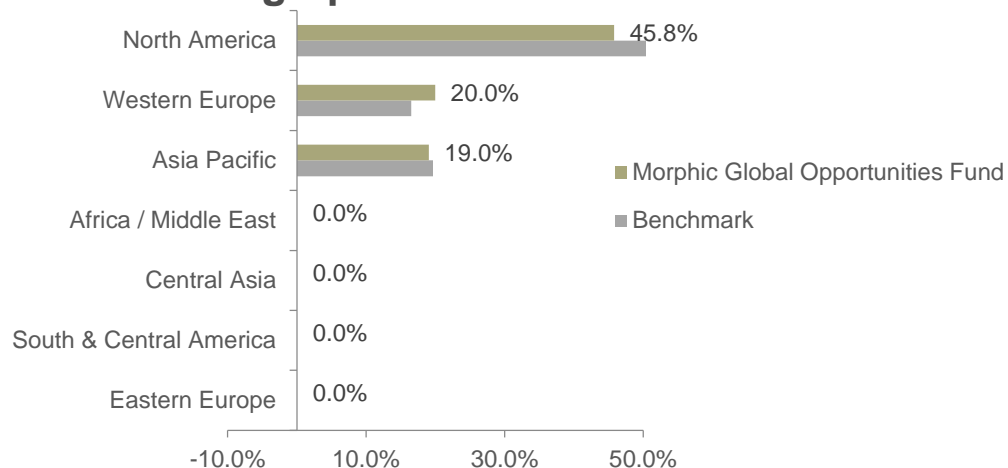
Portfolio Weight

	5.15%
	4.66%
	4.34%
	4.14%
	3.79%
	3.67%
	3.67%
	3.53%
	3.39%
TEMPUR+SEALY	3.20%

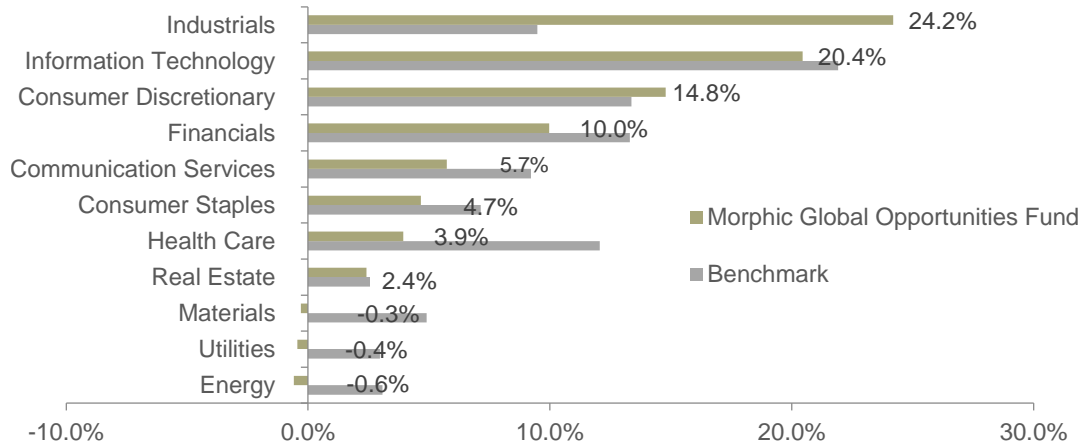
Morphic Global Opportunities Fund Overview



Geographic Allocation













Sector Allocation



Top 10 Holdings

Portfolio Weight

	4.81%
	4.48%
	4.15%
	4.02%
	3.94%
	3.79%
	3.60%
	3.55%
	3.35%
	3.28%