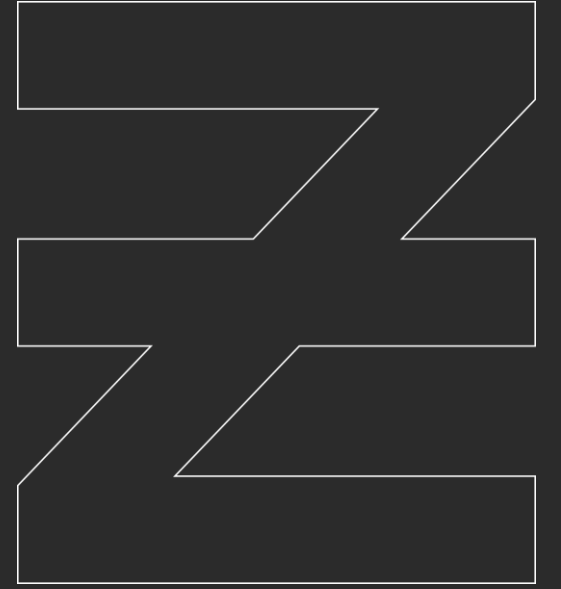


Ellerston Capital



Ellerston Global & Morphic Funds Update

May 2021

01

Reporting Season Update

02

Positioning Considerations

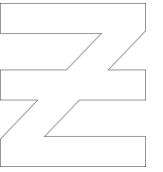
03

Positioning

04

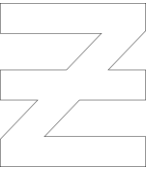
Performance

Reporting Season Update



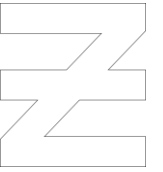
- The bulk of our companies have reported since the April Ellerston Global Funds webinar.
- Earnings have been incredibly strong around the globe.
- S&P 500 EPS coming in at +47% compared with +24% expected (Citi).
- Several signs of inflation –
 - inputs (chemical, lumber, steel)
 - freight (very tight),
 - supply chain (bottlenecks)
- Many companies have already, or about to, raise end prices.
- Initial share price reactions relatively muted – average stock down on the day of results.
- Similar to market, broad earnings beats and guidance generally raised, capex increasing, capital allocation back on the table.
- Added to convictions.

Recent Updates



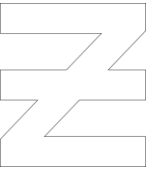
- Leading global player in CAD and PLM software with dominant positioning in Industrial IoT.
- Reported Q2 Revenue growth >28% with EBIT up over 65%.
- Growth ARR up 64% and now close to 20% of the group.
- Revenues came in 11% above market expectations while earnings came in over 40% ahead.
- Upgraded FY21 Revenue and EBIT which are now expected to come in over 18% and just under 30% growth respectively.
- The business should compound earnings >20% annually over the next few years, we expect similar capital growth.

"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"



- Largest independent owner of mobile tower infrastructure in Europe.
- Year to date, Cellnex has announced acquisitions in France, the Netherlands and Poland with an associated investment of c.€9b.
- Q121 Revenues +c.40%, Adjusted EBITDA +c.45%, and RLFCF +c.40%, Metrics expected to grow at a faster speed in the coming quarters.
- The backlog of future sales contracted stands at €110 billion.
- FY25 EBITDA guidance represents an 85% uplift on FY21 as existing deals close. Does not include €9b of pre-funded optionality.
- We see greater than 20% upside to core value plus another €4-5 (10%) for future accretive deals.

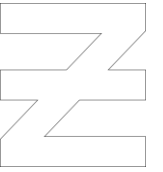
"5G is becoming a reality and we are identifying new opportunities arising from the need for a better connectivity where a neutral operator like Cellnex can play a key such transport networks systems"



- World leader and early innovator in mission-critical sensors and controls designed to make the world cleaner, safer and more efficient.
- Reported Q121 Revenue up 22% on PCP as it outgrows end markets. EBITA was up 45% as margins increased 340bps.
- Content per vehicle increasing – EV +20% content value per car.
- Raised full year guidance significantly and now expects 20% organic revenue growth and over 40% EBIT expansion.
- Currently trading on 14.5x PE generating substantial free cash flow with strong secular tailwinds. Intrinsic value points to >24% upside.

"The rapid introduction of new electric vehicles provides a healthy tailwind for Sensata's revenue growth. Our content in EVs represent a 20% uplift and content value, as compared to the internal combustion vehicles of similar class"

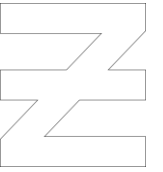
Recent Updates



- 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 Q4 Revenue up 14% with earnings up 50%, both metrics well ahead of market expectations. Guided above for next year for both revenue and earnings despite supply chain issues.
- Announced spin off of Nextracker business with preliminary documents filed with SEC – we see \$2.5 billion of value.
- RemainCo trading on 4.9x EBITDA, we see 25% upside scenario.

"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"

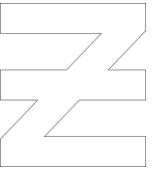
Recent Updates



- 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.
- Q121 Revenue and earnings ahead of consensus with FY21 EBITDA guidance upgraded slightly. Referral patterns approaching pre-pandemic levels.
- Small M&A deal this quarter with more likely to follow.
- Trades at a substantial discount to peers and intrinsic value. We see potential capital appreciation over 40%.

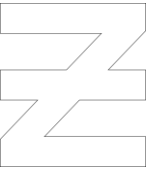
"Option Care Health is committed to delivering high-quality, cost effective solutions to make a positive difference in people's lives"

Recent Updates



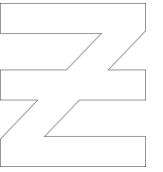
- Bureau Veritas is a world leader in laboratory testing, inspection and certification services. It helps its clients ensure that their assets, products, infrastructure and processes meet relevant standards and regulations.
- In its Q121 trading update, BVI delivered 6.6% organic revenue growth which was well ahead of market expectations closer to 1%.
- BVI expects an increase in the pace of growth of environment and social on the back of its BV Green Line of services and solutions development.
- Health, safety, quality, and environmental stewardship have particular growth potential in emerging markets as well.

"As a world leader in audit and certification services, we support our 400,000 clients to be more efficient, more methodical and more trustworthy in their journey towards more sustainable business and a more sustainable world"



- One of the largest small domestic appliance and cookware companies globally with over €7bn of retail sales.
- Reported Q121 organic revenue growth of 31% as its end markets recover from pandemic impact. EBIT increased to €198m up from €18m last year.
- Consumer +39%, Professional Coffee down 26%.
- Expects full year revenue growth of 10% comparing well to market expectations of just over 6%.
- Currently trading on 15x PE and 8.2x EBITDA.

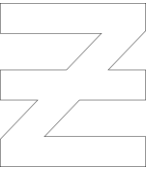
"Our global strategy is consistent with our long-standing mission of simplifying and embellishing the everyday lives of consumers and contributing to better living around the world"



TEMPUR+SEALY

- World's largest bedding provider with some of the most highly recognized brands in the industry.
- Reported Q121 Revenue up 27% with EBITDA increasing by 52% despite supply chain shortages resulting in lost sales.
- Now expects >20% Revenue growth (was 15-20%) and EBITDA \$50m ahead of previous guidance to \$950m midpoint.
- Raised prices in December last year and also at the beginning of April this year to offset inflation – along with mix benefit seeing double digit average selling price growth.
- Currently trading on 13.5x PE and 8.9x EBITDA.

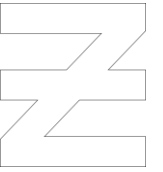
"Our business long-term success starts and ends with products. And both our product portfolio and our innovation pipeline have never been stronger."



- Third largest provider of LTL transportation in North America and a leading LTL network in Western Europe. Second largest truck brokerage provider worldwide.
- Second largest contract logistics provider globally, with one of the largest outsourced e-commerce fulfillment platforms.
- Delivered Q121 Revenue and EBITDA growth of 24% and 33% respectively – EBITDA was >14% ahead of market.
- Raised full year EBITDA guidance by about \$100m to \$1.85bn midpoint driven by strength in all segments.
- Trading on 9.5x EBITDA with Logistics spin coming in second half.

"Planned spin-off will create two pure-play industry powerhouses"

Recent Updates



- Regional Banks are levered to rising interest rates, improving commercial loan growth and have historically grown at 3x the level of large banks.
- Q121 Earnings came in significantly ahead of market expectations driven by loan loss provision releases – a lot more to come.
- In height of pandemic our banks reserved c9% of total market cap or \$850m – we expect the majority to be released.
- Banks are awash with liquidity – could see upwards of 20% EPS growth if excess deposits get deployed.
- Group currently trading on 13x PE which is a significant discount to the market at >20x.

CMA - "This fiscal stimulus and the ramp-up in the vaccine distribution in combination with ample liquidity and low borrowing costs has the potential to spur substantial activity. Economic metrics are improving quickly, and the outlook for the back half of the year is for strong economic growth."

01

Reporting Season Update

02

Positioning Considerations

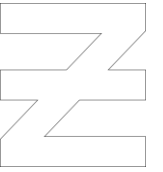
03

Positioning

04

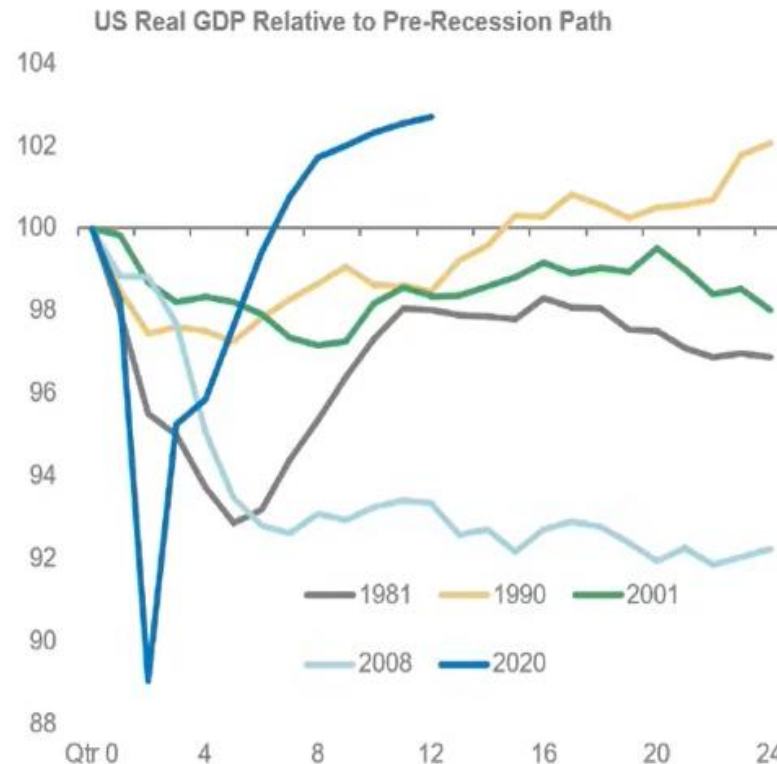
Performance

Positioning Considerations

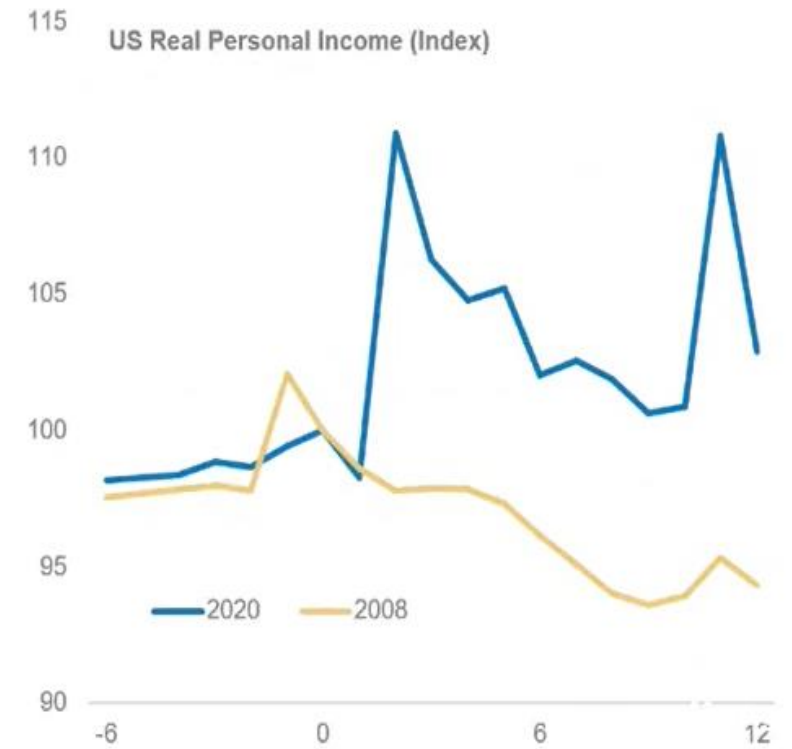


- Government has underwritten both corporate and household credit loss.
- Balance sheets didn't need repair leading to confidence in spending.
- Recovery much faster than past cycles.

US GDP to overshoot its pre-recession path at a faster and stronger pace compared to past cycles

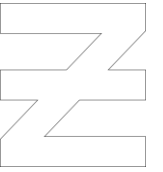


US real personal income has been higher than last recession



Source: Haver Analytics, BEA, CBO, Fed, Morgan Stanley Research forecasts. LHS: The chart shows the US real GDP path relative to its pre-recession path, with the first time period set as the date of the onset of each recession. The pre-recession path refers to the expected trajectory for US GDP if the recessions never occurred. The pre-recession path for the 2020 is calculated using MS pre-Covid forecast in Jan-20, and for the 2008 cycle is calculated using the FOMC's SEP longer-run GDP projection. The pre-recession paths for the 1981, 1990 and 2001 cycles are calculated using the CBO's real GDP estimates published prior to the onset of each recession.

Positioning Considerations



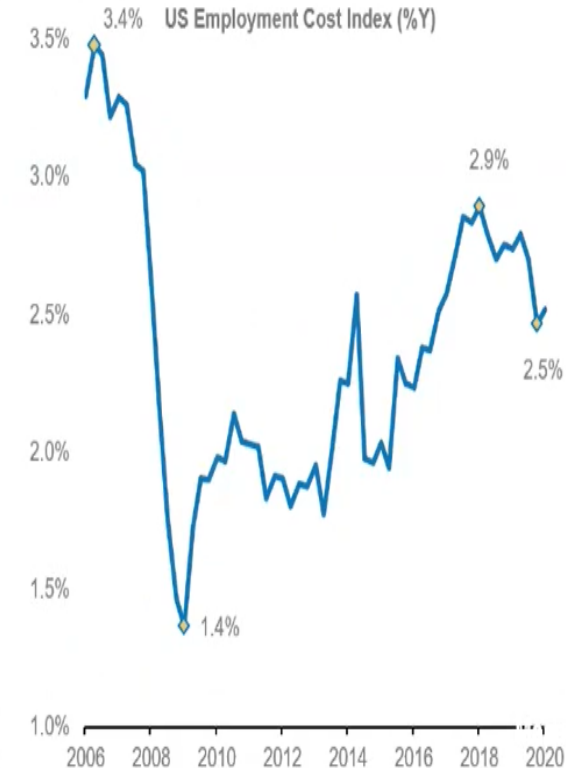
Inflation has re-emerged as a risk to the cycle

We expect US core PCE inflation to rise on a 2-year compound annual run rate



Source: Haver Analytics, BEA, BLS, Morgan Stanley Research forecasts.

Employment costs have troughed at a higher level in this cycle

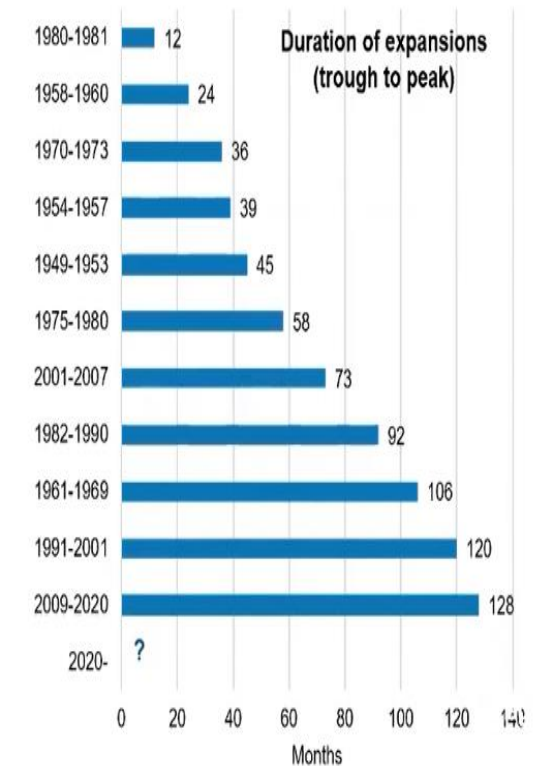


Cycle length: From slower and longer to faster and shorter

The “uniqueness” of this recession

- Exogenous shock
- Regime shifts in monetary and fiscal policy
- GDP will overshoot pre-Covid path
- Inflation will overshoot 2%
- Risk of inflation overshooting the overshoot

The last few expansions have been exceptionally long



Source: NBER, Morgan Stanley Research

01

Reporting Season Update

02

Positioning Considerations

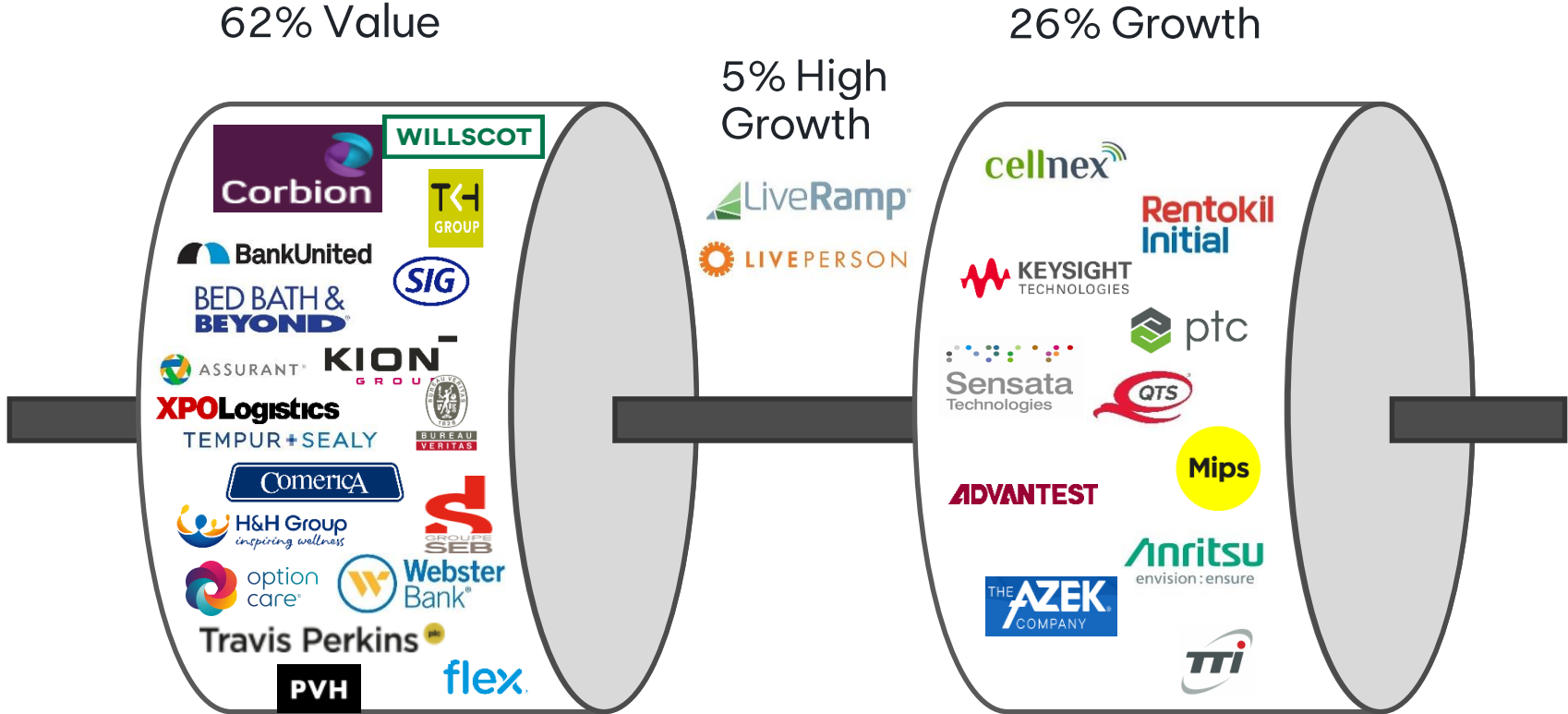
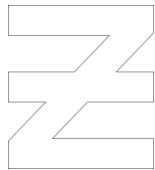
03

Positioning

04

Performance

Positioning



Source: Ellerston Capital

01

Reporting Season Update

02

Positioning Considerations

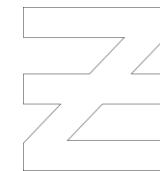
03

Positioning

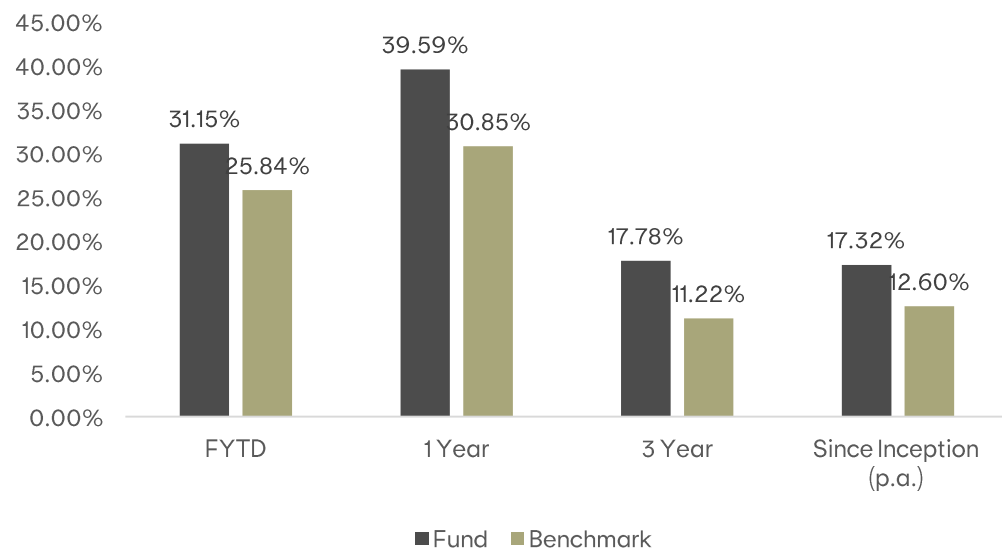
04

Performance

Ellerston Global Mid Small Cap Fund Performance

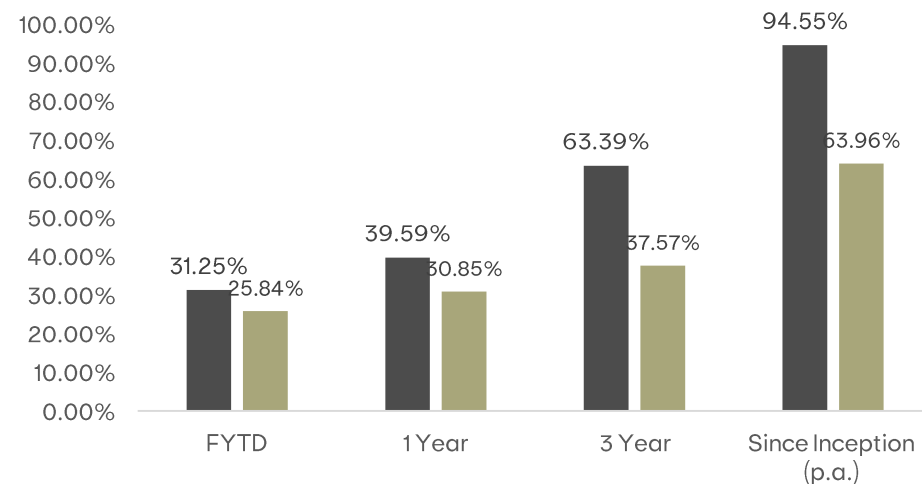


Annualized Return



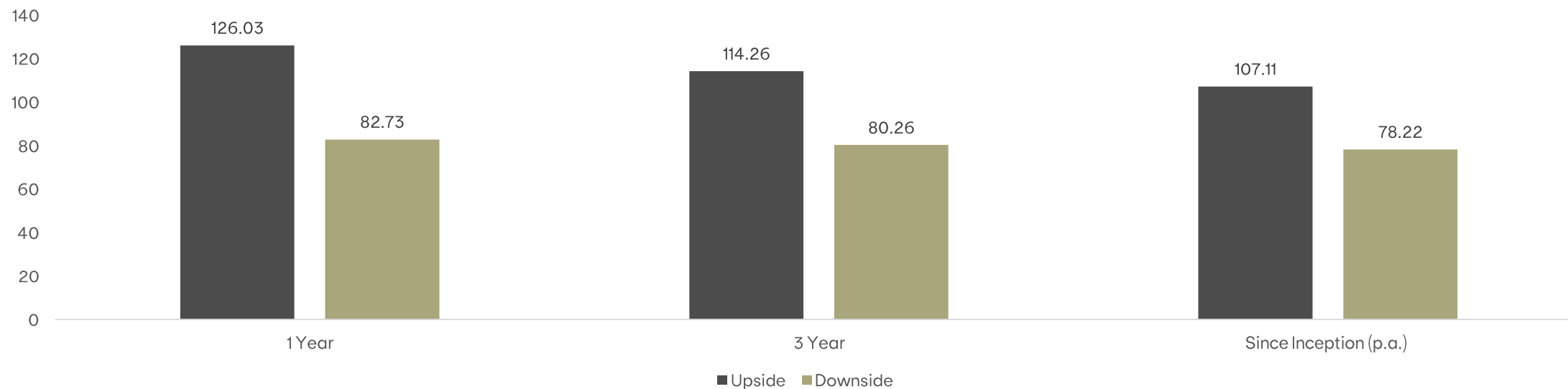
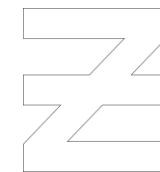
Performance*	FYTD	1 Year	3 Years (p.a.)	Since Inception (p.a.)
Net	31.15%	39.59%	17.78%	17.32%
Benchmark**	25.84%	30.85%	11.22%	12.60%
Alpha	5.31%	8.74%	6.56%	4.72%

Cumulative Return



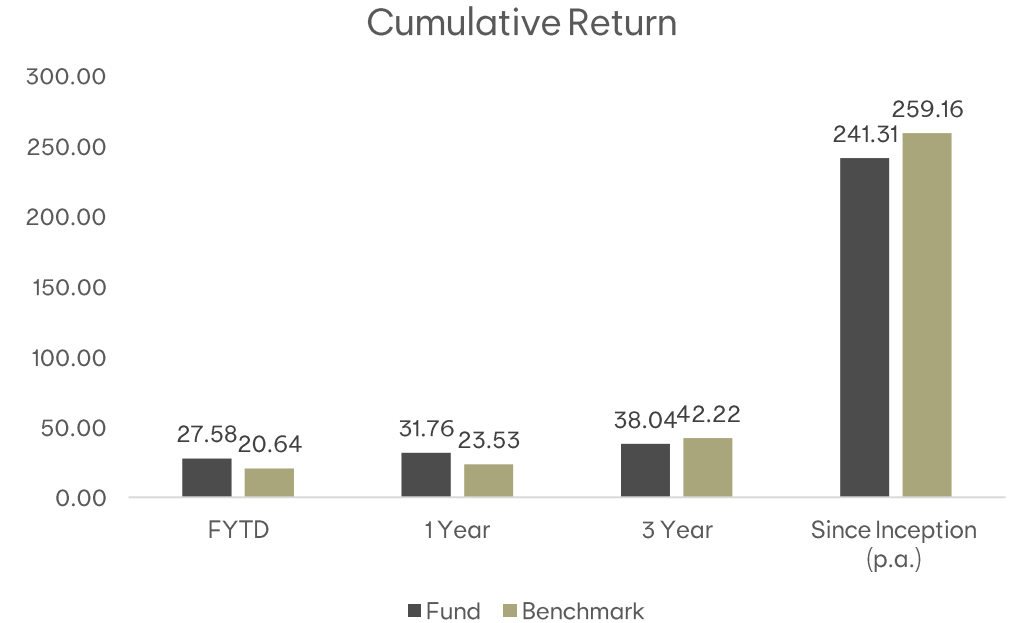
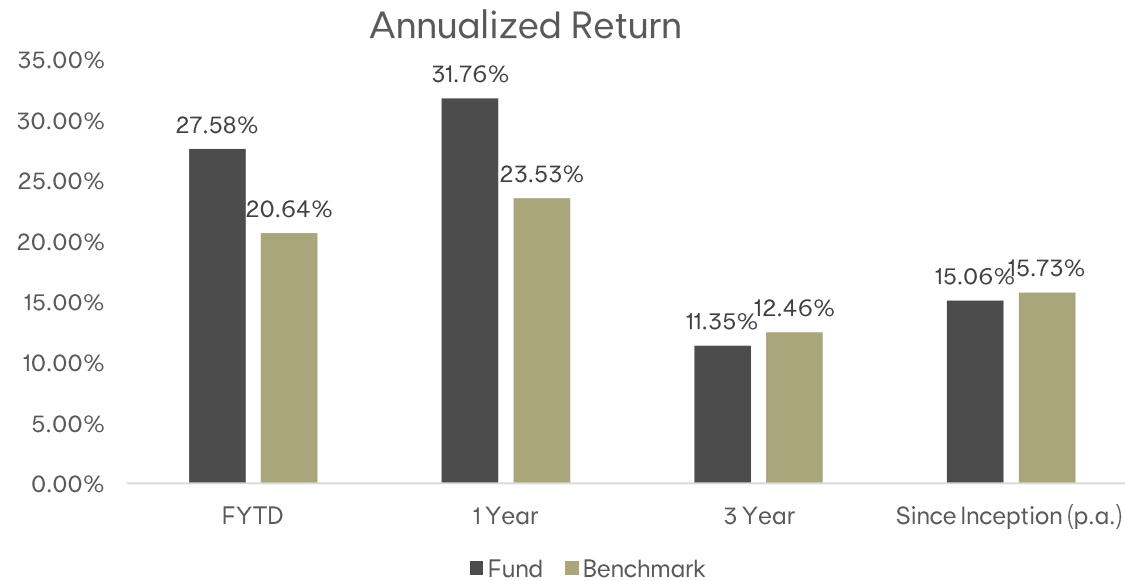
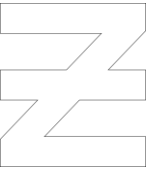
Performance*	FYTD	1 Year	3 Years	Since Inception
Net	31.15%	39.59%	63.39%	94.55%
Benchmark**	25.84%	30.85%	37.57%	63.96%
Alpha	5.41%	8.74%	25.82%	30.59%

Ellerston Global Mid Small Cap Fund- Upside/Downside Capture



Global Mid Small Cap Fund*	1 Year	3 Years	Since Inception
Upside Capture	126.03%	114.26%	107.11%
Downside Capture	82.73%	80.26%	78.22%

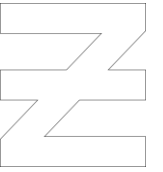
Morphic Global Opportunities Fund Performance



Performance	FYTD	1 Year	3 Years (p.a.)	Since Inception (p.a.)
Net	27.58%	31.76%	11.34%	15.06%
Benchmark*	20.64%	23.53%	12.46%	15.73%
Alpha	6.95%	8.23%	-1.11%	-0.67%

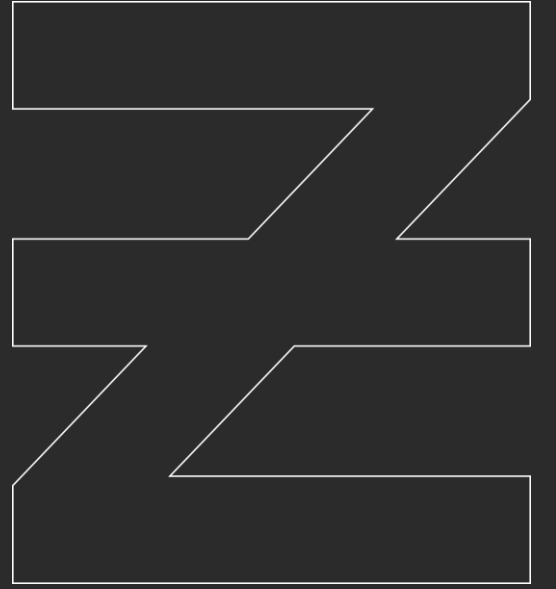
Performance	FYTD	1 Year	3 Years	Since Inception
Net	27.58%	31.76%	38.04%	241.31%
Benchmark*	20.64%	23.53%	42.22%	259.16%
Alpha	6.94%	8.23%	-4.18%	-17.85%

Morphic Ethical Equities (MEC:ASX)



- For MEC shareholders on this webinar, please note the MEC portfolio mirrors the Morphic Global Opportunities Fund portfolio and performance has been similar.
- In light of the Fund's recent performance, we started providing you with the profit reserve on a monthly basis.
- As at the end of April 2021, the Fund's profit reserve was;
28.06 cents per share.

Ellerston Capital



Q&A

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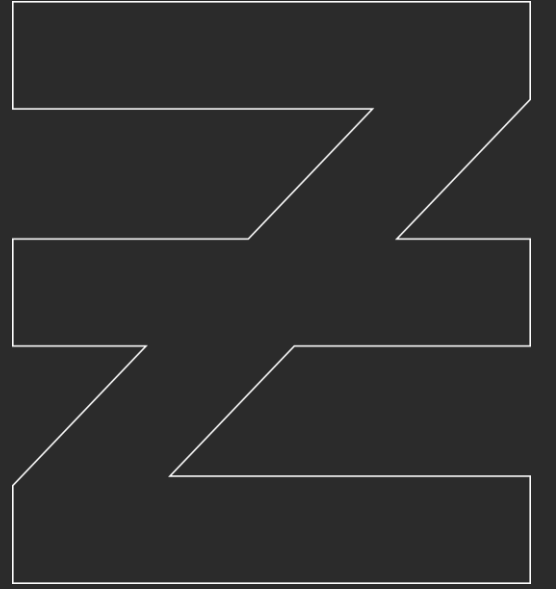
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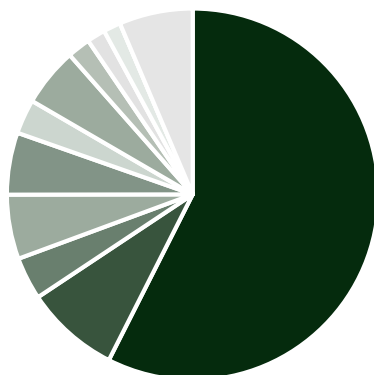
Appendix

Ellerston Global Mid Small Cap Fund Overview



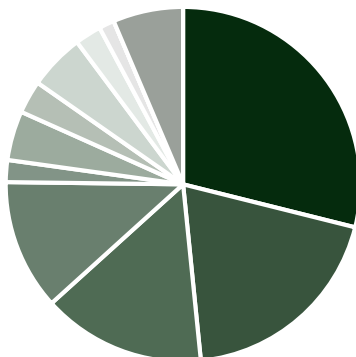
Geographic Allocation

Geographic Allocation



- United States, 57.4%
- France, 8.2%
- Japan, 3.7%
- Hong Kong, 5.6%
- United Kingdom, 5.4%
- Netherlands, 3.0%
- Spain, 5.1%
- Germany, 2.0%
- Sweden, 1.6%
- Switzerland, 1.5%
- Cash, 6.4%











Sector Allocation



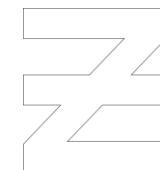
- Industrials, 28.9%
- Information technology, 19.5%
- Consumer discretionary, 14.9%
- Financials, 11.9%
- Consumer staples, 2.0%
- Health care, 4.5%
- Materials, 3.0%
- Communication services, 5.1%
- Real estate, 2.4%
- Other, 1.4%
- Cash, 6.4%

Top 10 Holdings

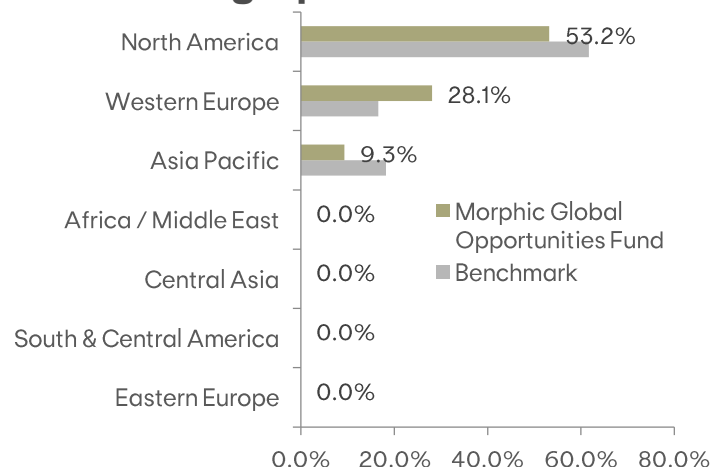
Portfolio Weight

	5.1%
	5.1%
	5.0%
	4.6%
	4.5%
	4.3%
	3.9%
	3.8%
	3.6%
	3.3%

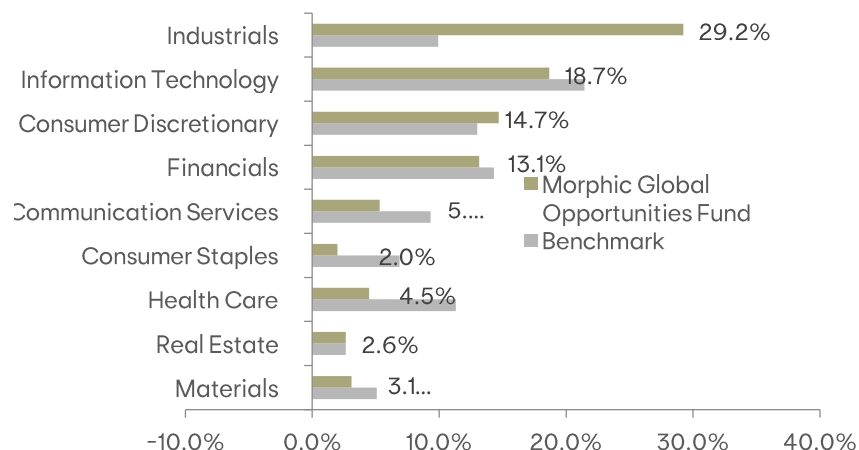
Morphic Global Opportunities Fund Overview



Geographic Allocation



Sector Allocation



Top 10 Holdings

Portfolio Weight

	5.32
	5.04
	5.03
	4.86
	4.48
	4.35
	4.04
	4.03
	3.78
	3.59