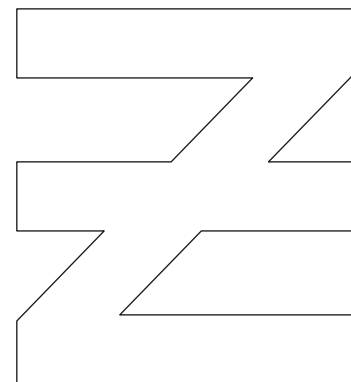


Ellerston Pre-IPO Fund



Performance Report, March 2021

Investment Objective

The investment objective of the Fund is to generate a positive return above a Hurdle Return of 6% p.a. net of fees.

Investment Strategy

The Manager uses a fundamental, research driven investment strategy to provide returns above the Hurdle Return that are not correlated to listed equity markets. The Manager undertakes fundamental research to selectively identify and invest in quality companies focus on investments in Pre-IPO, IPO, Unlisted Expansion Capital and Listed Microcap Companies, predominantly in Australia but also covering OECD and developed countries.

Key Information

Inception Date*	31 March 2020
Portfolio Manager(s)	David Keelan & Alexandra Clarke
Application Price	\$0.9722
Net Asset Value	\$0.9722
Redemption Price	\$0.9722
No Stocks	15
Hurdle Return	6% p.a. net of fees
Management Fee	1.50%
Performance Fee	20% of the investment return above the Hurdle Return for each financial year, calculated and accrued quarterly
Distributions	Annually

Performance Summary

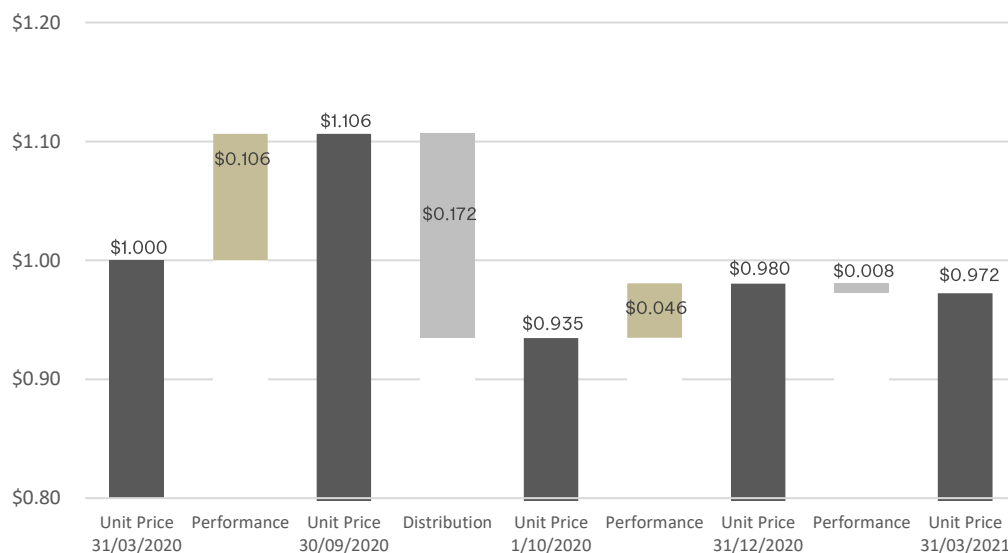
Performance	3 Months	6 Months	1 Year	Since Inception (p.a.)*
Ellerston Pre-IPO Fund [^]	-0.84%	4.01%	15.07%	13.83

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

Market Commentary

The March quarter saw the S&P/ASX Small Ordinaries Accumulation Index (XSO) grind 1.3% higher with intra-month volatility a key theme over the period. In January, we saw the market finish in slightly negative territory with the rotation from growth type stocks into more cyclical value names. We also saw a plethora of trading updates particularly from the retailers in January before February reporting season. In February the market finished up 1.4%. As seems to be the theme of late, the market rallied strongly early in the month before unwinding as global bond yields rose. This was demonstrated with the Australian 10 year bond yield rising 79bps to 1.88% during the month while the AUD rose 0.7c to \$0.767 and commodity prices remained elevated. As expected the sectors which were leveraged to bond yields such as Growth / High PE names underperformed while deeper value or shorter duration sectors outperformed. In March the market finished only slightly higher at 0.01% with investors focus on expectations around an economic recovery and the potential for acceleration in inflation. We also saw Australian bond yields mitigate modestly in March from the spike we witnessed in February which supported yield sensitive sectors (think Utilities, Discretionary, Real Estate). At the larger end of the market we also saw merger and acquisition (M&A) come roaring back. Looking forward we believe the market will continue to be driven by macro themes centring on inflation; pro-cyclicality; post covid reopening and policy tightening.

Unit Price Since Inception



Source: Ellerston Capital.

Fund News

The Ellerston Australian Pre-IPO Fund generated a return of -0.84% during the March quarter.

Below we outline a number of new investments which we have funded during the quarter.

Attvest Finance is an Australian, leading Insurance Premium Funder with an extensive national broker origination network and in-house relationship manager team. Since its establishment in 2014, Attvest has grown rapidly to become one of the top four recognised market leaders within the Australian Premium Funding Industry and is the largest independent group in the country with nearly \$700 million loans provided in 2020. Led by the founders and a highly experienced management team, Attvest has delivered continued and considered growth that leverages the strong IT systems and economies of scale in its operations, achieving EBITDA in 2020 of \$9.4 million. Attvest Finance was seeking pre ipo funding to help strengthen its balance sheet which has been capital constrained. Post funding and renewal of its debt facilities we believe Attvest will be able to accelerate its already impressive growth profile and position the business for further geographical rollout. Attvest should be in a position for a liquidity event within the next 18 months.

Marketplacer is a global technology Software as a Service (SaaS) platform which enables our customers to create and transform into marketplaces. Recognised as one of the world's leading providers of online marketplace software, Marketplacer offers a plug-and-play platform that facilitates the capability to create marketplaces for products, services, events and bookings. In a modern world, retailers, brands, distributors, franchises and communities are implementing marketplace strategies that scale beyond physical stores and inventory holdings. They are implementing strategies such as shipment from drop-ship sellers, adding new categories, third party range extension, consolidating markets and rolling out modern revenue models like recurring memberships. By partnering with Marketplacer customers save time and scale faster. Businesses can seamlessly transform through connecting owned inventory and extend their offering by adding 3rd party products that rapidly increase product range, consumer experience and revenue. We invested in Marketplacer via preference equity with funds used to accelerate growth ahead of its listing and further enable the company to capitalise on opportunities both in Australia and USA.

Think Conveyancing is a high growth player in the digitisation of conveyancing to Australian consumers. The domestic core residential market size is ~900k conveyancing transactions pa which equates to ~\$1.4bn conveyancing market. Think Conveyancing currently has c2% market share across Australia and we believe it will continue to take share from the traditional bricks & mortar conveyancers. We believe Think Conveyancing's scale to date has provided a significant competitive advantage, giving the group a unique opportunity to extend market leadership and own the digital conveyancing and building and pest inspection categories. Think Conveyancing is targeting 10% market share within three years in this highly fragmented market. After monitoring the group closely over the last three years we invested in Think via a convertible note which has an 18 month term.

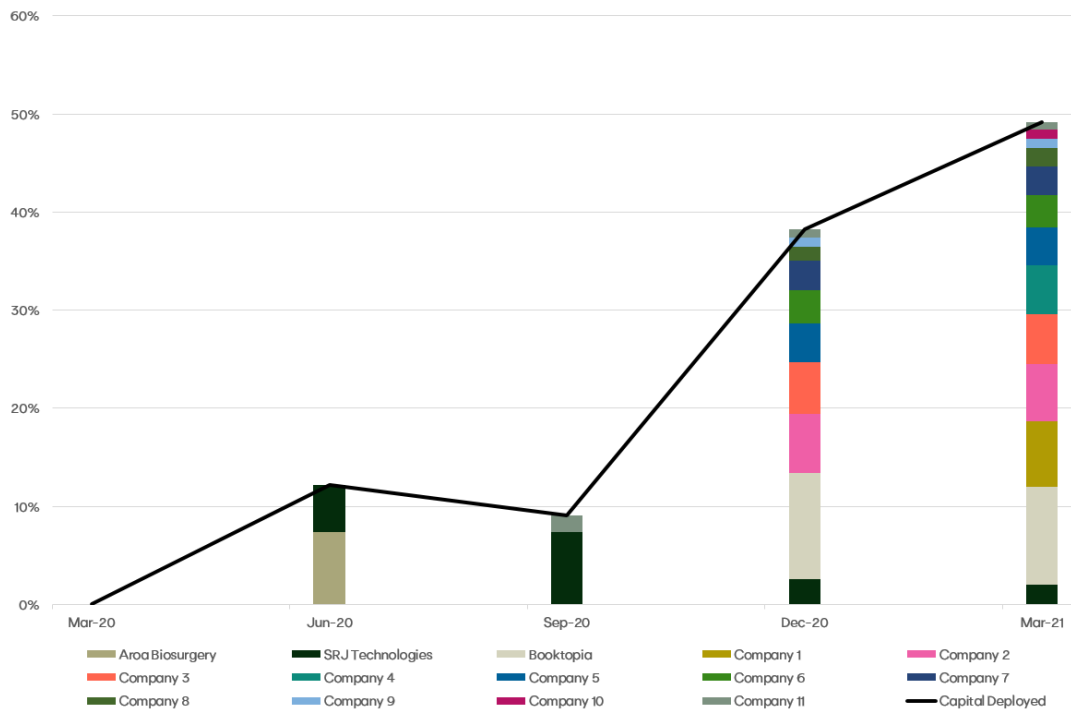
We are currently in late stage due diligence on five further investments. These investments range across a number of segments including Data Analytics and digitisation; blockchain technology; utilities and gaming.

Holdings Summary – Top 5

SECURITY	PORTFOLIO WEIGHT
BOOKTOPIA GROUP	9.92%
THINK CONVEYANCING (DEEP BLUE COMPANY)	6.75%
PHOCAS GROUP	5.79%
MARKETPLACER	5.08%
ATTVEST (CAPEVEST)	5.01%
OTHER CAPITAL DEPLOYED*	16.62%
CASH	50.83%
TOTAL	100.00%

Source: Ellerston Capital. *Other capital deployed includes additional 8 holdings.

Capital Deployed



Source: Ellerston Capital.

Outlook

Total funds under management for the Ellerston Pre IPO Fund were A\$52m at 31 March 2021. The Fund held A\$26m of cash at the end of March which is available for investments, alongside the current listed investments of SRJ Holdings (2.04% of portfolio) and Booktopia (9.92% of portfolio).

Our philosophy around pre IPOs is very simple. We are looking for high quality businesses that have clear pathways to IPO, offering opportunities to achieve superior returns with minimal correlation to the market. We are looking to achieve a 20% IRR and given the current state of the market we believe we are well placed to deliver on this target.

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Find out more

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 **ellerstoncapital.com**

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

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