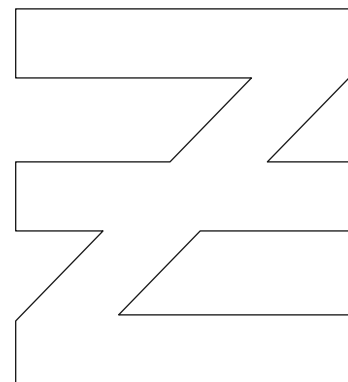


# Ellerston Australian Absolute Return Fund



Monthly Newsletter, July 2021

## Investment Objective

The Fund targets absolute returns with an annualised return objective of 5% above the RBA Cash Rate over rolling five year periods.

## Investment Strategy

The Fund seeks to provide investors with a return profile that has a low correlation with traditional asset classes. The Fund aims to generate positive returns in all market environments by reducing the majority of market risk and focusing on capital preservation and alpha generation.

## Key Information

Inception Date **	3 June 2013
Portfolio Manager	Ashok Jacob
Application Price	\$1.2082
NAV Price	\$1.2052
Redemption Price	\$1.2022
Liquidity	Daily
Gross Exposure	47.53%
Net Exposure	25.52%
Management Fee	1.20% p.a.
Performance Fee	20%
Buy/Sell Spread	0.25% on application 0.25% on redemption

## PERFORMANCE SUMMARY

Performance	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.)**
Net <sup>^</sup>	0.26%	1.70%	6.31%	18.58%	8.71%	5.98%	8.42%
Benchmark*	0.01%	0.03%	0.05%	0.14%	0.73%	1.04%	1.52%
Alpha	0.25%	1.68%	6.26%	18.44%	7.99%	4.94%	6.90%

<sup>^</sup> Net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance  
\* RBA Cash Rate

## PERFORMANCE

The Ellerston Absolute Return Fund delivered 0.26% return in July, outperforming the benchmark by 0.25%.

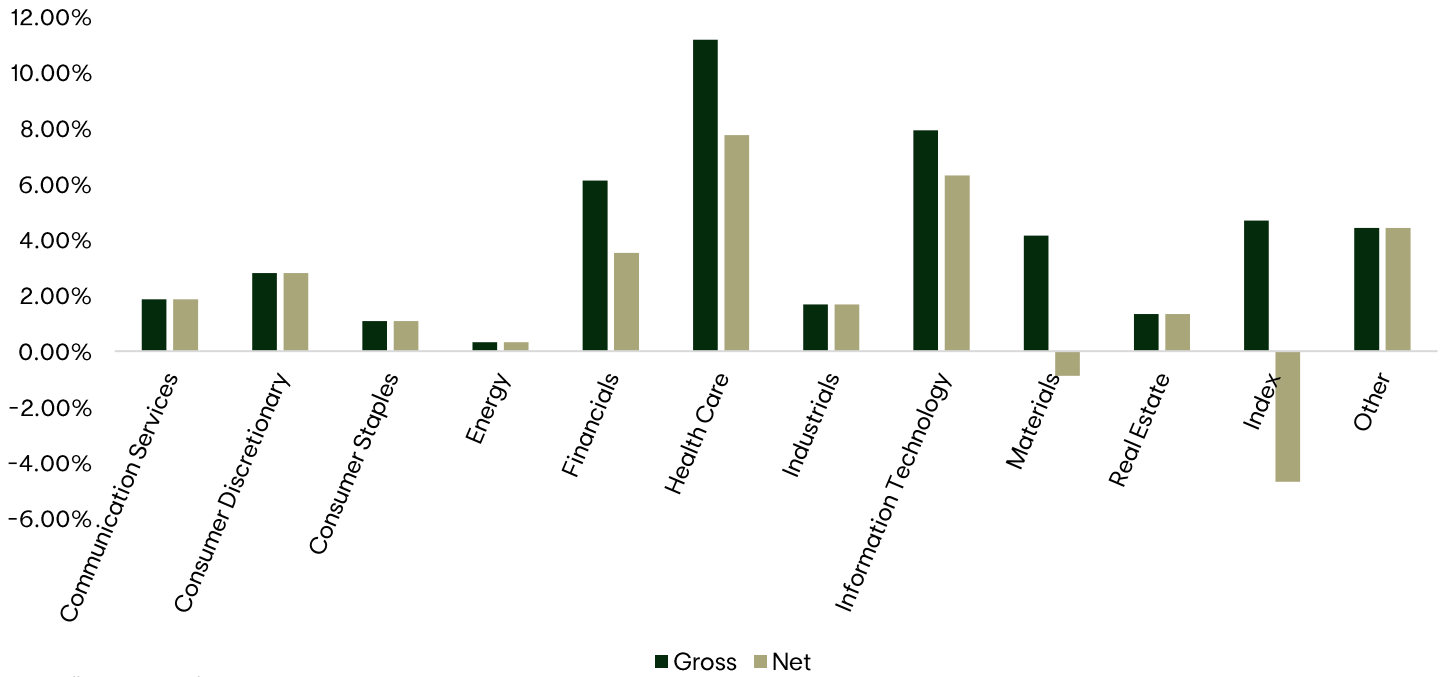
## COMMENTARY

Generation Development delivered a solid month, increasing by over 23% on the back of a strong June quarter update. Net inflows and FUM increased by 54% and 38% respectively, on the pcp. This exceptional quarter reflects market share gains in investment bonds, driven by product enhancements and additional investment options which drove an uplift in the number of advisers recommending the product. We expect this momentum to continue, enhanced by the recent Lonsec acquisition and the upcoming lifetime annuity product.

Earlypay has been a solid performer, putting on 11% in July, and up 19% on our \$0.42 entry price at the recent capital raise. The company is the second largest non-bank provider of invoice factoring and also provides equipment finance, mainly focusing on the SMB and SME markets. The capital raise was to expand further into the trade finance adjacency, where it is already fielding strong demand, and presents an attractive cross-sell opportunity for the existing client base. The operating momentum is strong, and we see several catalysts on the horizon including further funding cost reduction, and potential bolt-on acquisitions.

## PORTFOLIO CHARACTERISTICS

### Sector Exposure

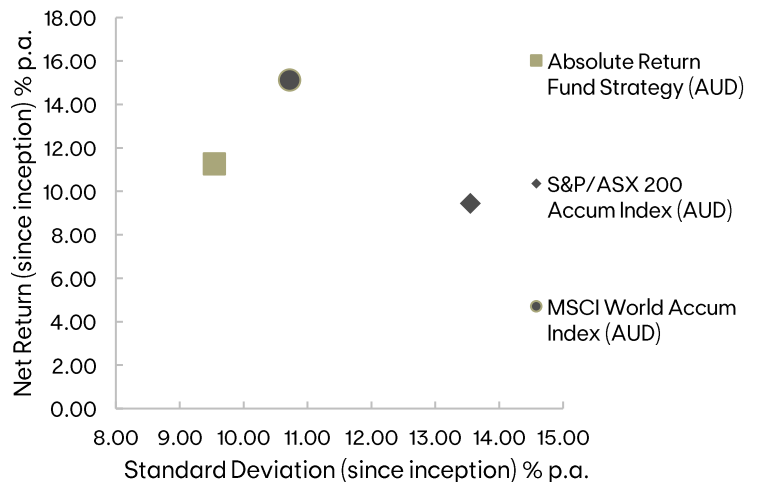


Source: Ellerston Capital.

### Top 10 Holdings (Alphabetical, Long Only)

- BlueBet
- Bluescope Steel
- Catapult Group
- Centuria Capital
- Clarity Pharmaceuticals
- EarlyPay
- EQT Holdings
- Family Zone Cyber Safety
- Impedimed
- Propel Funeral Partners

### Strategy Performance & Volatility



Source: Ellerston Capital.

#### Contact Us Sydney

Level 11, 179 Elizabeth Street,  
Sydney, NSW 2000  
+612 9021 7701  
info@ellerstoncapital.com

#### Melbourne

Level 4, 75-77 Flinders Lane,  
Melbourne, VIC 3000  
+612 9021 7701  
info@ellerstoncapital.com

#### 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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