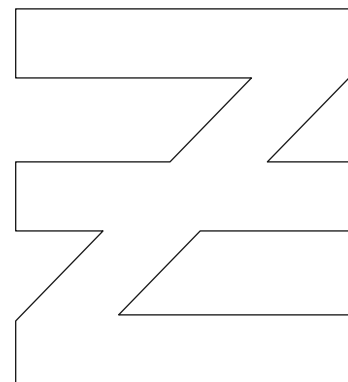


# Ellerston Australian Absolute Return Fund



Monthly Newsletter, August 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	\$1.2518
NAV Price	\$1.2487
Redemption Price	\$1.2456
Liquidity	Daily
Gross Exposure	59.99%
Net Exposure	30.98%
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>	3.61%	3.73%	8.58%	22.31%	10.37%	6.32%	8.80%
Benchmark*	0.01%	0.03%	0.05%	0.13%	0.69%	1.01%	1.50%
Alpha	3.60%	3.70%	8.53%	22.19%	9.69%	5.31%	7.30%

<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 3.61% in August.

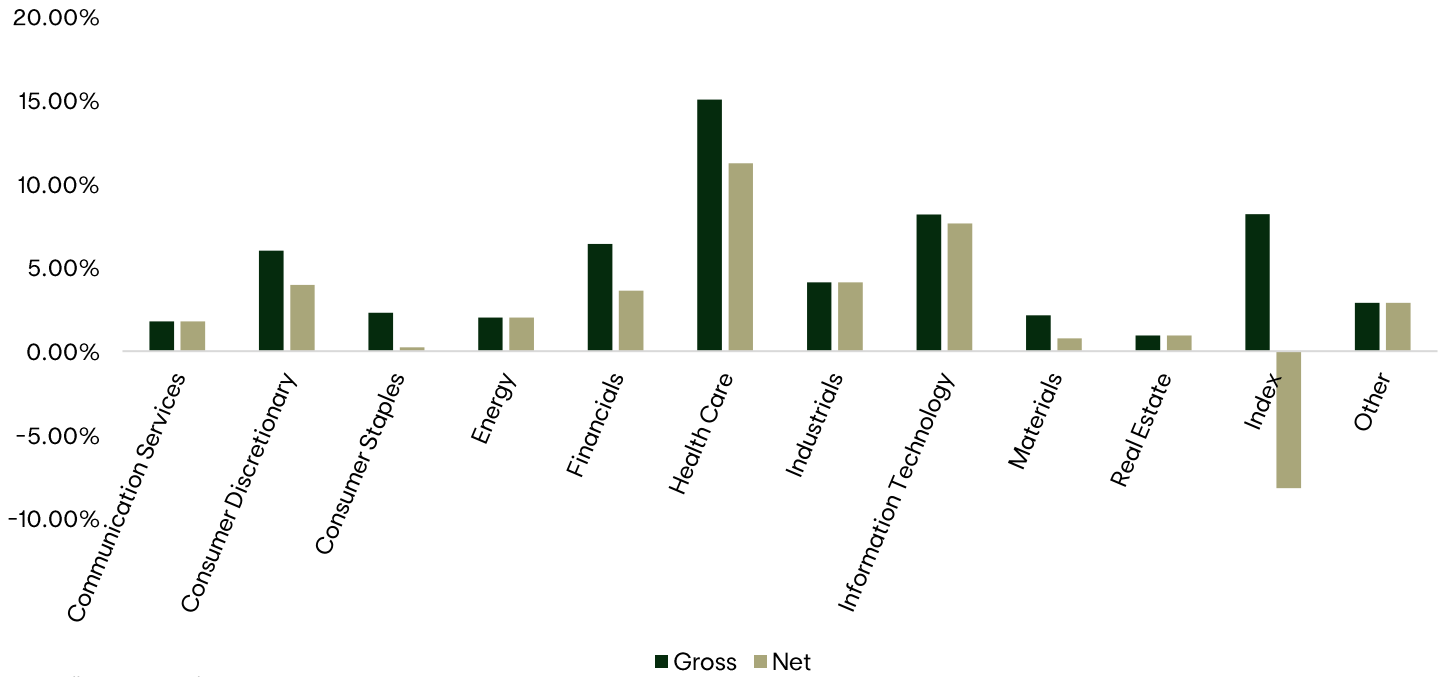
## COMMENTARY

**Atomos (AMS)** was an excellent performer up 33.19% during the month. This was on the back of a result that demonstrated accelerating revenues into year-end, driven by improving market conditions as well as a number of new product releases. A positive surprise to the market was the underlying operating leverage and free cash flow the business is now delivering – a thematic we see continuing over coming years. The business has invested meaningfully in its new product pipeline with new launches in Gaming and its Series II range expected later this financial year. We believe AMS is well positioned for a strong FY22 with increasing demand for its new and existing product ranges and significant industry tailwinds (proliferation of video), which are expected to drive strong revenue, earnings and free cash flow growth. We look forward to the AMS investor day in mid-September as the next catalyst for this name.

**Aussie Broadband (ABB)** had an excellent month, putting on 40% during August. The company delivered a solid maiden full year result, with EBITDA coming in at \$19.1m, at the top end of the recently upgraded guidance range, and over 50% ahead of the prospectus forecast. Recent NBN data shows its market share increasing to 5%, but more importantly taking an impressive 26% of net adds in the 4Q21, a new record for the company. ABB's success boils down to its extraordinary customer service, high-quality network and clever technology. Accordingly, we think the business is well placed to continue delivering solid organic growth for years to come, driven by ongoing market share gains, migration to higher speed plans, further white label deals, along with the fibre build project which will deliver an incremental \$15m of cost savings in FY23. The company is also actively seeking M&A opportunities which would expand its capabilities in the business segment and supercharge the growth narrative.

## PORTFOLIO CHARACTERISTICS

### Sector Exposure

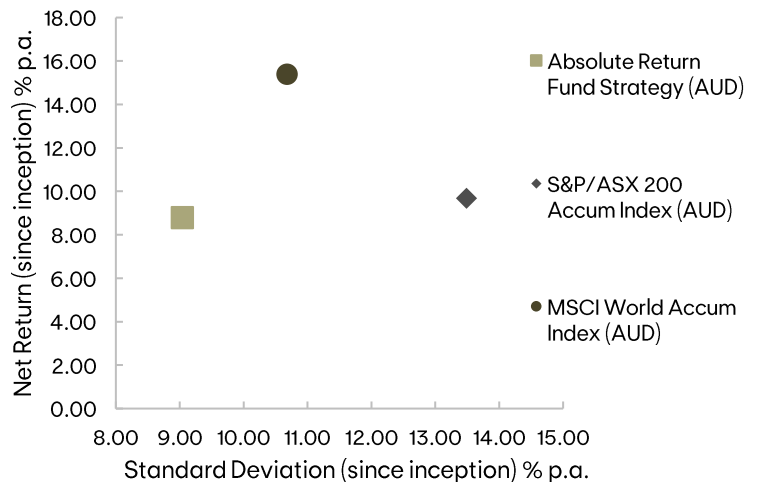


Source: Ellerston Capital.

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

- Atomos
- BWX
- Clarity Pharmaceuticals
- EarlyPay
- EQT
- Event Hospitality & Entertainment
- Family Zone Cyber Safety
- Impedimed
- Propel Funeral Partners
- Rubicon Water

### Strategy Performance & Volatility



Source: Ellerston Capital.

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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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