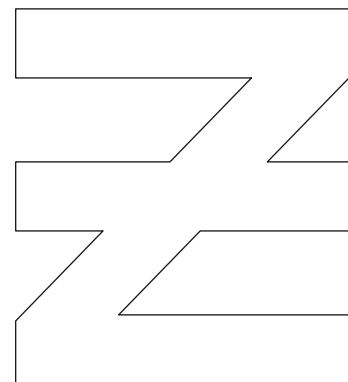


Ellerston Australian Absolute Return Fund



Monthly Newsletter, September 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	\$1.2886
NAV Price	\$1.2854
Redemption Price	\$1.2822
Liquidity	Daily
Gross Exposure	63.66%
Net Exposure	30.24%
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 [^]	2.94%	6.93%	10.92%	21.78%	11.74%	6.79%	9.08%
Benchmark*	0.01%	0.03%	0.05%	0.11%	0.65%	0.99%	1.49%
Alpha	2.93%	6.90%	10.87%	21.67%	11.09%	5.80%	7.59%

[^] 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 2.94% in September.

COMMENTARY

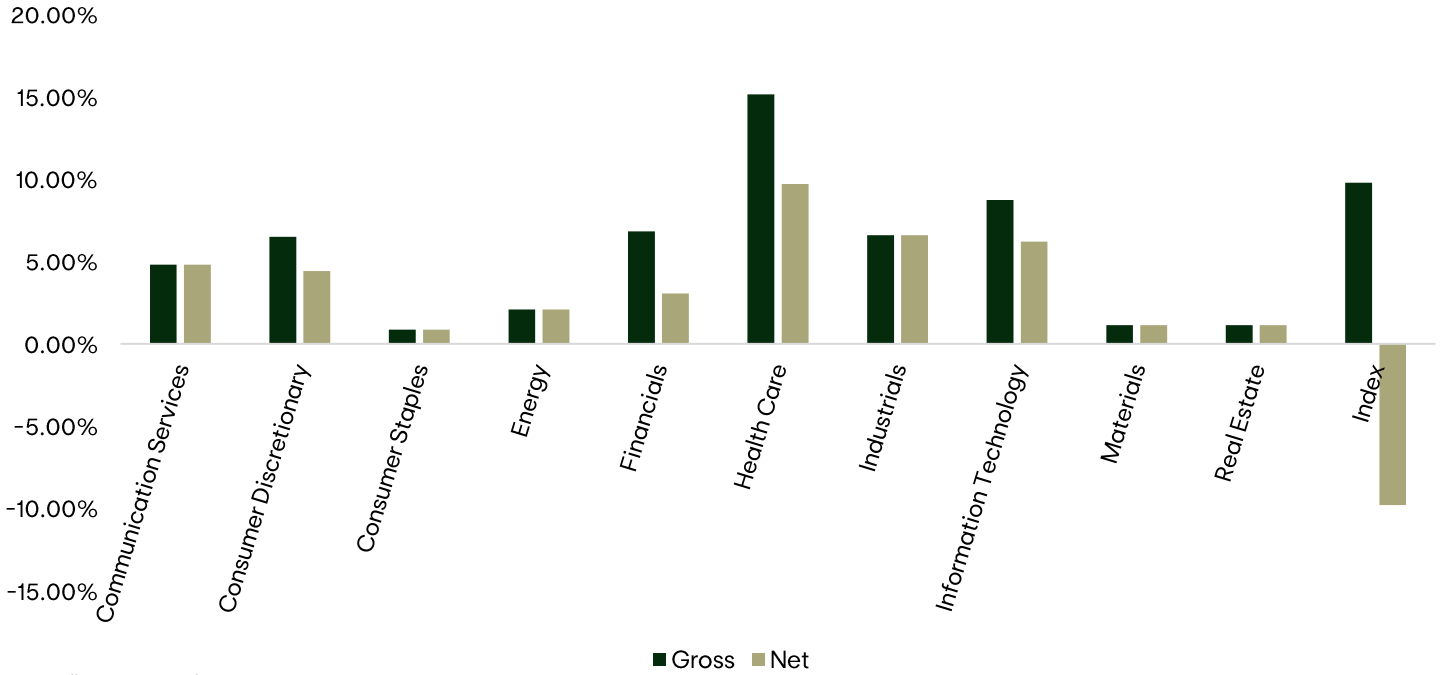
As we have previously discussed a key focus in recent months has been the dynamics relating to COVID-19 lockdowns, with nearly 60% of the Australian population readying themselves for a post-lockdown environment. We saw two stocks benefit from these developments in September – Atomo Diagnostics (AT1 AU) and Universal Store Holdings (UNI AU).

Atomo Diagnostics (AT1 AU) performed strongly in September, closing the month up 54.35%. AT1 is a business that is involved in the supply of rapid diagnostic tests, including a rapid antigen test which is used to screen for COVID-19. This test can be performed easily and onsite with results available in minutes. There has been significant progress over recent months, with recent trials of these tests being conducted in certain industries and the potential for state and federal governments to implement these tests as screening tools more broadly. AT1 recently announced it has secured potential supply of 20 million rapid antigen tests from its manufacturing partner. Accordingly, we believe AT1 is well placed to capitalise on meaningful demand over coming periods.

Universal Stores (UNI AU) is another stock exposed to the reopening trends that performed well during September, closing the month up 6.07%. UNI is a youth apparel retailer that has over 70 stores across Australia, with plans to roll out another 40-50 stores over coming years at attractive payback metrics. UNI has averaged >20% sales growth over the last four years as it expanded its store base and took share from incumbents due to its superior offering. More recently, UNI saw sales fall by 20% over the first six weeks of FY22, given lockdown conditions in NSW and VIC. We expect a meaningful rebound in sales growth over coming months, reflecting pent-up demand as markets reopen. We saw this play out last year in UNI's trading performance when Australia came out of the first lockdown. As expected, post the August result we saw share price weakness given the escrow overhang. We were able to use this weakness and liquidity event to add to our exposure. We believe UNI is well placed to benefit from reopening conditions, as well as long-term through its growth initiatives.

PORTFOLIO CHARACTERISTICS

Sector Exposure

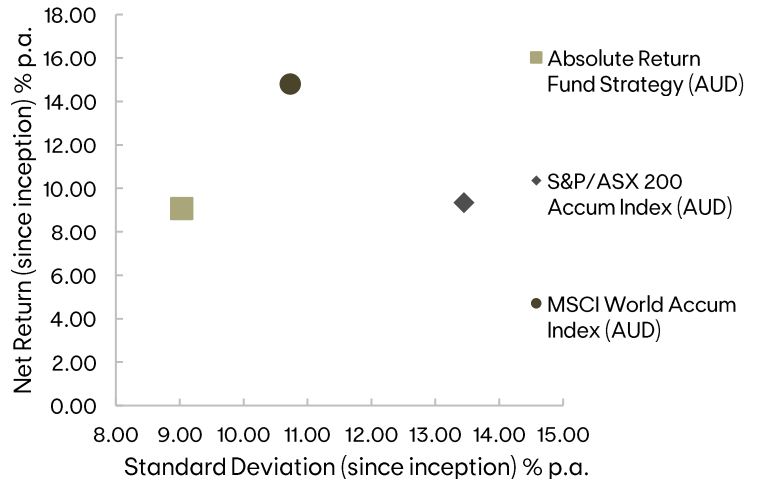


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- Atomo Diagnostics
- Atomos
- Aussie Broadband
- Clarity Pharmaceuticals
- EQT Holdings
- Estia Health
- 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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