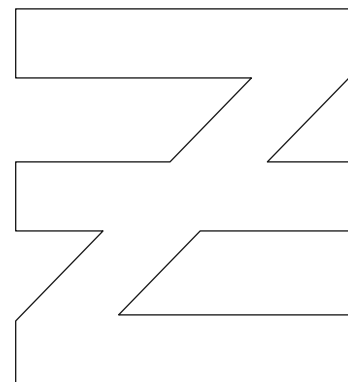


# Ellerston Global Equity Managers Fund (GEMS) Class C



## Monthly Newsletter, September 2021

### Investment Objective

To generate superior returns for unitholders with a focus on risk and capital preservation.

### Investment Strategy

The Fund provides investors with exposure to global markets through a long short equity strategy. The strategy overlays fundamental bottom-up stock selection with global macroeconomic and market outlook.

### Key Information

Inception Date ^^	1 December 2009
Portfolio Managers	Ashok Jacob & Arik Star
Application Price	\$1.8353
NAV Price	\$1.8307
Redemption Price	\$1.8261
Unit Pricing	Monthly
Management Fee	1.50%
Performance Fee	16.50%
Buy/Sell Spread	0.25% on application 0.25% on redemption

### PERFORMANCE SUMMARY

Performance (Net)*	FYTD	CYTD	1 Year	2 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.) ^^
GEMS C	0.7%	23.6%	46.9%	35.1%	14.0%	13.9%

Source: Ellerston Capital.

\* The net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance.

### PERFORMANCE – Fiscal Year in Review

**Fiscal Year to Date from July 1 to September 30, 2021**, the Australian S&P/ASX 200 Index is up +1.7%, and the US S&P500 Index is up +0.6%. **Your Fund is up net after fees +0.7%.**

**Calendar Year to Date** from January 1 to September 30, 2021, the Australian S&P/ASX 200 Index is up +14.8%, and the US S&P500 Index is up +15.9%. **Your Fund is up net after fees +23.6%.**

For the Month of **September 2021**, the Australian S&P/ASX 200 Index was down -1.9%, and the US S&P500 Index was down -4.7%. **Your Fund was up net after fees 0.6%.**

### Portfolio Commentary and Market Outlook

September was a choppy month for equity markets globally as the "transitory" inflation debate continues to rage on. Whilst focussed on individual companies, we remain cognisant of the broader inflation dynamic and the associated potential portfolio risks. Rapidly rising energy prices, particularly in China and Europe represent a shift toward more 'cost-push' inflationary pressures which have the potential to be enduring if driven by structural supply constraints. Coal, oil and gas are naturally depleting resources, requiring a continual and material portion of capital expenditure just to maintain existing production levels. Whilst there are a range of contributing factors to higher energy prices today, there is no doubt ESG related policies have impacted industry capital flows. RBC research suggest global oil & gas capital expenditures in 2021 will only be marginally above 2020 levels and still 25% below 2019 levels. Whilst moving away from carbon intensive fossil fuels is undoubtedly the direction the world needs to move in to meet its climate related goals, we are vigilant of the unintended consequences and second derivative impacts of this transition, particularly if the world moves to decarbonise energy supply faster than it can decarbonise energy demand.

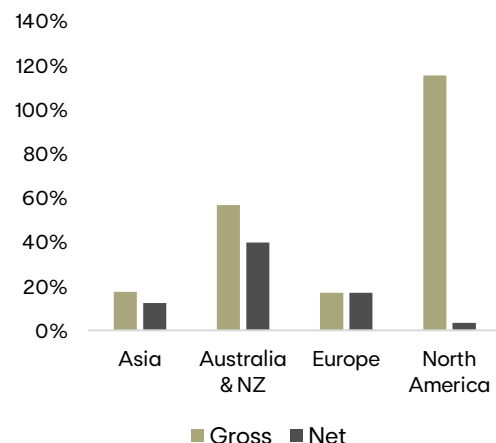
Another characteristic of this energy transition coming to the fore, is that as solar and wind become larger parts of the energy supply composition, until storage technologies improve, reliability is the trade-off, as evidenced in Europe today. As a result of this, we're beginning to see several countries incrementally appreciate the role nuclear energy can potentially play as a source of carbon-free baseload energy, to complement their renewable aspirations. Countries including the US, Japan, France, UK, Finland and Sweden among others have all made headlines in the past month discussing this opportunity.

As we have discussed in the past, we've been invested in the broader Uranium complex for the better part of the past two years as we are avid believers that the spot price must move higher than the marginal cost of production to encourage new supply in the years ahead to fulfil a structurally undersupplied market. This positioning has served us well over the past year, but given recent equity price appreciation, we have reduced our aggregate exposure. We've also adjusted our positioning more towards listed Uranium spot price exposure vehicles, Sprott Physical Uranium (U-U.CN) and Yellow Cake (YCA.LN), as we continue to believe physical Uranium at mid-\$40's per pound represents an attractive risk/reward.

The 3Q21 earnings season in the US has kicked off in recent weeks, we look forward to giving an update on the operating performance of our top holdings next month.

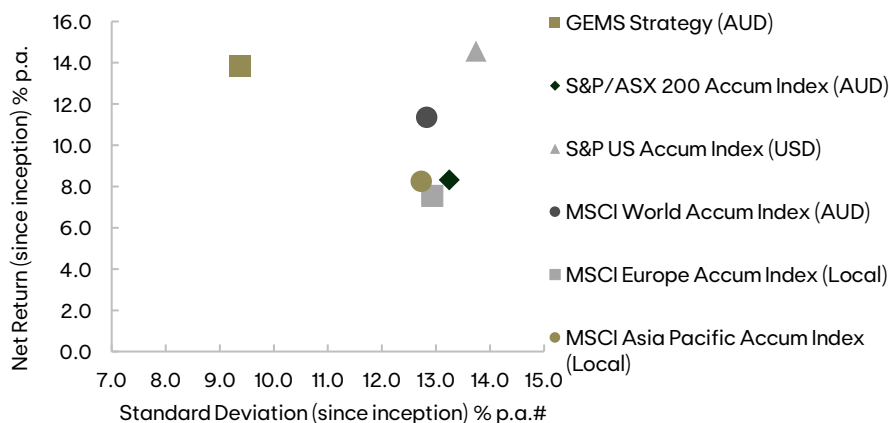
## PORTFOLIO CHARACTERISTICS

### Market Exposure as a % of NAV



Source: Ellerston Capital.

### GEMS Strategy Performance & Volatility<sup>^</sup>



Source: Ellerston Capital.

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

- ALCOA CORP
- BLUESCOPE STEEL
- CEMEX
- GINKGO BIOWORKS
- GRAINCORP
- MAWSON INFRASTRUCTURE
- MONEY3 CORP
- OLIN CORP
- RELIANCE INDUSTRIES
- TESCO

Excluding Ginkgo Bioworks and Mawson, the top 10 trade on 11.4x forward PER.

#### Contact Us

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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**

<sup>^</sup> Actual performance for your account may vary from that set out in this newsletter and will vary for investments made in different classes, or at different times throughout the year. Some performance data is estimated and preliminary and subject to change.

# The standard deviation is often used by investors to measure the risk of an asset. The standard deviation is a measure of volatility; the more an asset's returns vary from the average return, the more volatile the asset. A higher standard deviation means a greater potential for deviation of return from the average return of the asset. The returns and risk of the Fund and the relevant Indices are net of taxes, fees and expenses and assuming distributions are reinvested. The performance figures presented are for the Ellerston Global Equity Managers Fund GEMS C Units. The one month return figure may be an estimate and not the final return. This estimate also impacts other performance information provided. Estimated performance figures are preliminary and subject to change. Returns for other classes may differ slightly. Past performance is not indicative of future performance. This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, as the responsible entity of the Ellerston Global Equity Managers Fund ARSN 118 887 095 without taking account the objectives, financial situation or needs of individuals. Before making an investment decision about the Fund persons should read the Fund's Product Disclosure Statement and Target Market Determination (TMD) which can be obtained from the Manager's website [www.ellerstoncapital.com](http://www.ellerstoncapital.com) or by contacting info@ellerstoncapital.com and obtain advice from an appropriate financial adviser. Units in the Fund are issued by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000. This information is current as at the date on the first page. This material has been prepared based on information believed to be accurate at the time of publication. Assumptions and estimates may have been made which may prove not to be accurate. Ellerston Capital undertakes no responsibility to correct any such inaccuracy. Subsequent changes in circumstances may occur at any time and may impact the accuracy of the information. To the full extent permitted by law, none of Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, or any member of the Ellerston Capital Limited Group of companies makes any warranty as to the accuracy or completeness of the information in this newsletter and disclaims all liability that may arise due to any information contained in this newsletter being inaccurate, unreliable or incomplete. Past performance is not a reliable indicator of future performance.