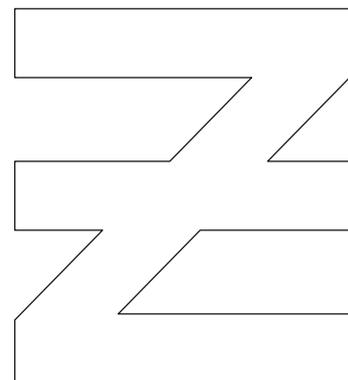


Ellerston Australian Absolute Return Fund



Monthly Newsletter, November 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	\$1.2658
NAV Price	\$1.2626
Redemption Price	\$1.2594
Liquidity	Daily
Gross Exposure	72.15%
Net Exposure	26.96%
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 [^]	-2.20%	1.11%	4.88%	11.85%	12.77%	6.46%	8.67%
Benchmark*	0.01%	0.02%	0.05%	0.10%	0.57%	0.94%	1.46%
Alpha	-2.21%	1.09%	4.83%	11.75%	12.20%	5.52%	7.21%

[^] 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 -2.20% in November.

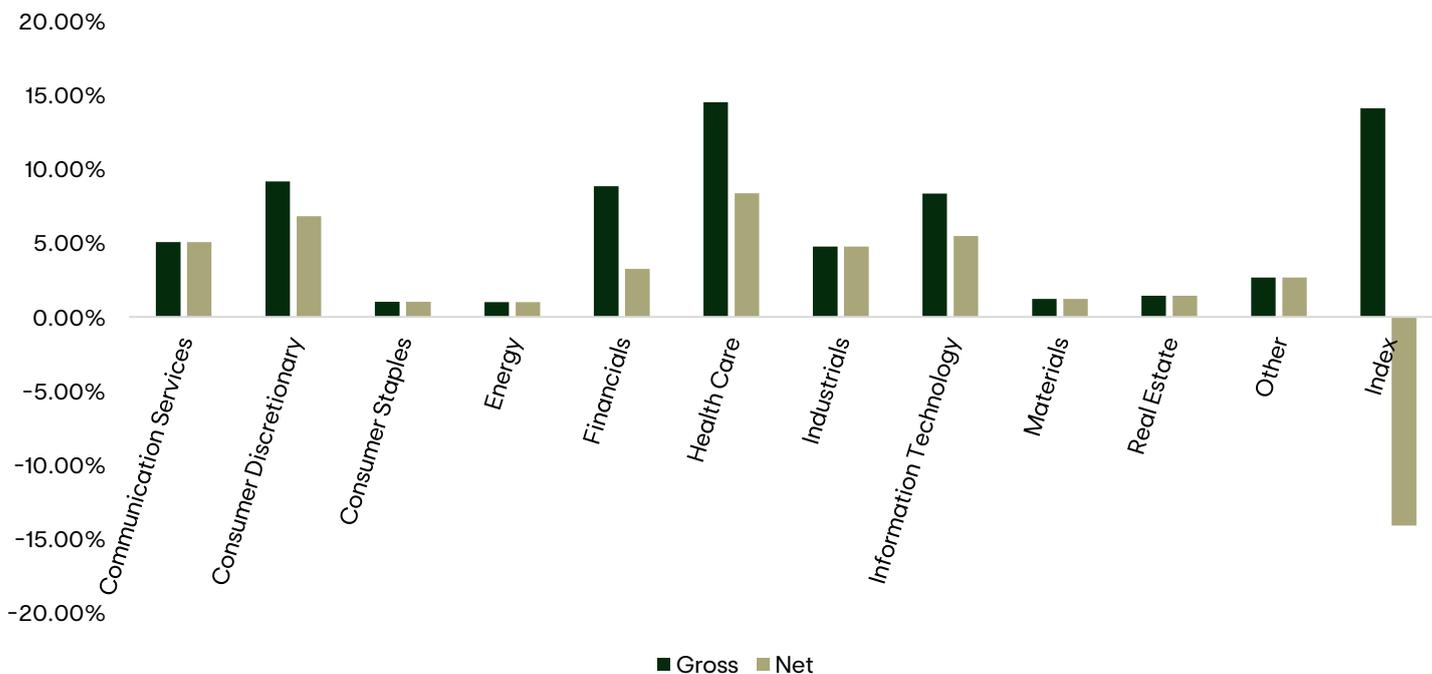
COMMENTARY

One detractor in November was Atomos (AMS AU), which declined 20% for the month. Despite providing strong FY22 guidance at its AGM (revenue growth of 20% and EBITDA margins in line with consensus), the stock was impacted by concerns over chip shortages and selling pressure in technology stocks. We continue to like AMS as one of the few companies to provide strong FY22 guidance and is now at the cheapest valuation it has ever been (~13x FY22 consensus EBITDA). We believe new product releases and M&A activity will continue to expand AMS' addressable market and bolster its earnings and free cash flow growth in coming periods.

Estia Health (EHE AU), one of our core positions put on a healthy 5% during November. Overall, the AGM commentary was positive, with occupancy holding strong at around 93% (as at the end of October) notwithstanding the disruption from COVID-19 during this period. Additionally, strong cash flows and a healthy balance sheet have prompted a share buy-back, a well-received surprise signalling confidence in the outlook. More broadly, the aged care sector is in the midst of a reform program, and while the details are being finalised, we think the larger listed operators like EHE will be clear winners. Some of these benefits are additional funding to ensure adequate levels of care, tightening supply which will drive improved occupancy. These improving conditions should drive stronger operating margins, and we expect will reignite the development pipelines, supporting earnings growth for years to come.

PORTFOLIO CHARACTERISTICS

Sector Exposure

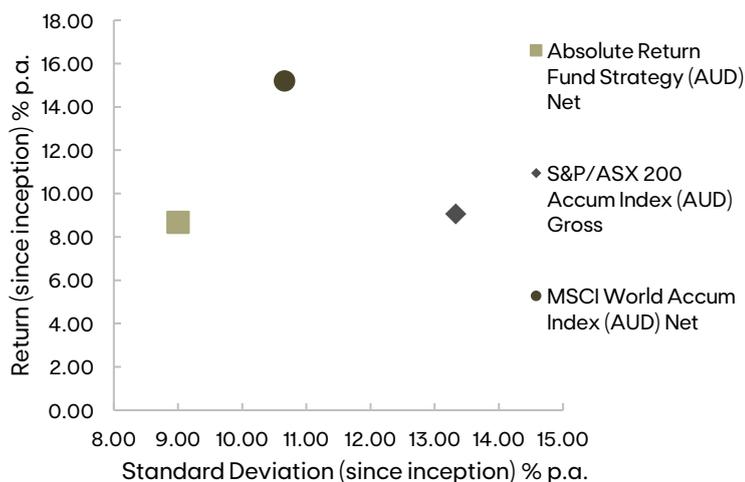


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- Atomo Diagnostics
- Atomos
- Aussie Broadband
- EQT Holdings
- Estia Health
- Family Zone Cyber Safety
- Impedimed
- Propel Funeral Partners
- Rubicon Water
- Step One Clothing

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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