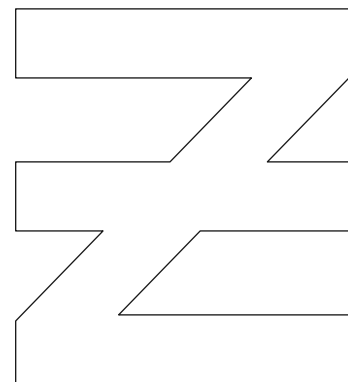


Ellerston Australian Absolute Return Fund



Monthly Newsletter, December 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	\$1.2626
NAV Price	\$1.2595
Redemption Price	\$1.2564
Liquidity	Daily
Gross Exposure	65.82%
Net Exposure	24.60%
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^	-0.25%	-2.01%	4.78%	10.34%	13.65%	6.40%	8.55%
Benchmark*	0.01%	0.03%	0.05%	0.10%	0.53%	0.92%	1.45%
Alpha	-0.25%	-2.04%	4.72%	10.24%	13.12%	5.48%	7.10%

^ 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 -0.25% in December.

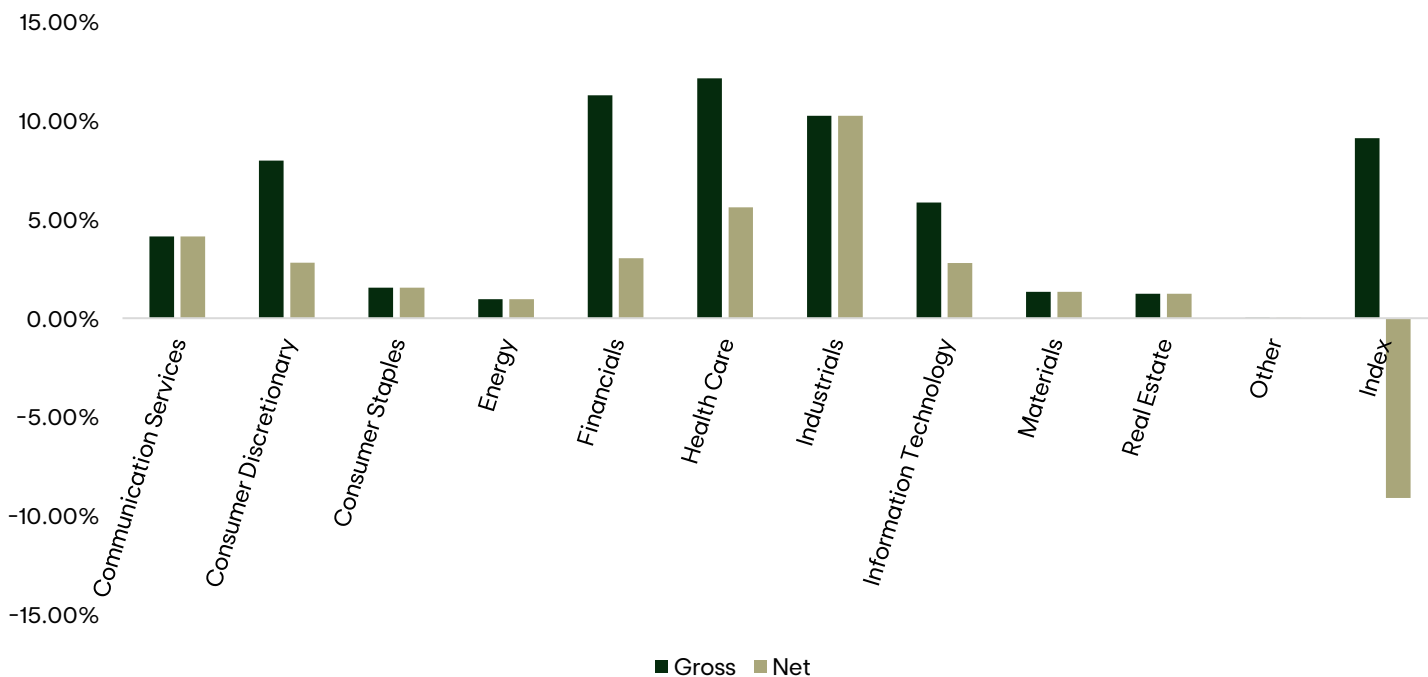
COMMENTARY

Johns Lyng (JLG AU) was a strong performer in December, delivering a 23% return for the month. This was driven by the highly accretive acquisition of Reconstruction Experts, a US-based insurance focused repair services business. Having built a meaningful presence domestically, we believe JLG can now leverage its expertise into the large US insurance repair and restoration market (US\$100bn). This transaction was significantly improves the scope for material earnings growth over coming years as it expands its US footprint and we see meaningful upside over time. We note management have meaningful alignment with shareholders, owning >35% of the company (~A\$700m) combined and have executed strongly to-date.

Atomo Diagnostics (AT1AU) delivered a 33% return in December. AT1 is a medical device company focused on the supply of rapid test products, notably having a commercial agreement for the supply of COVID-19 Rapid Antigen Tests (RATs) into the Australian market. AT1 has TGA approval for the supply of RATs for professional settings, and has an application submitted to the TGA for its self-test product. Fortuitously, AT1 announced in October 2021 that it had locked in a commercial supply agreement for 10 million professional-use RATs, as well as the right to purchase an additional 10 million self-test RATs should TGA approval be granted. A key concern across Australia relates to shortages of these tests and therefore there is a significant revenue and valuation opportunity should AT1 attain TGA approvals. We remain positive on AT1.

PORTFOLIO CHARACTERISTICS

Sector Exposure

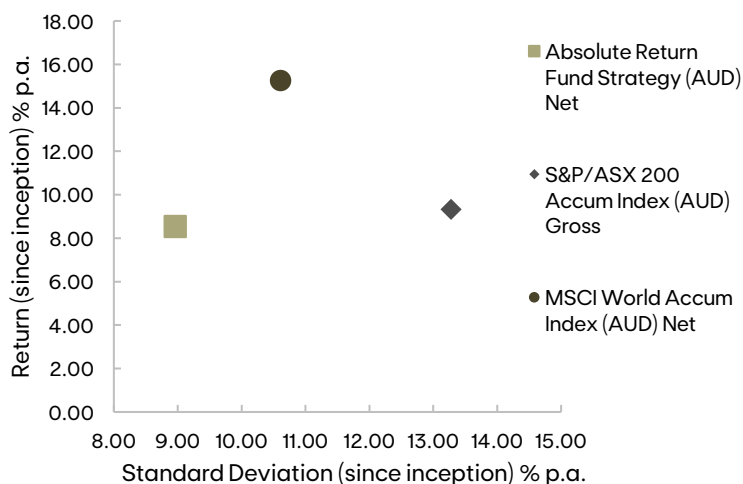


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- Atomo Diagnostics
- Atomos
- Aussie Broadband
- EQT Holdings
- Estia Health
- Family Zone Cyber Safety
- HUB24
- Impedimed
- John Lyons Group
- 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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