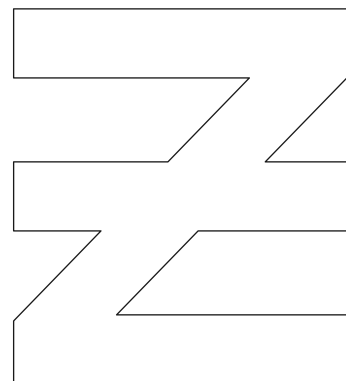
Ellerston Low-Vol Income Strategy Fund



Monthly Newsletter, December 2021

Investment Objective

The investment objective of the Ellerston Low Volatility Income Strategy Fund ("ELVIS" or "the Fund") is to provide investors with returns and income growth greater than the S&P/ASX 200 Accumulation Index over rolling 3-5 year periods.

Investment Strategy

The Fund is a fundamental, bottom up Australian equity strategy with a clear focus on delivering low volatility, sustainable income for investors through actively blending multiple, distinct dividend yield strategies throughout the market cycle.

Key Information

Strategy Inception^^	1 May 2019
Portfolio Manager	Chris Kourtis
Application Price	$1.2179
Net Asset Value	$1.2149
Redemption Price	$1.2119
Liquidity	Monthly
No Stocks	34
Management Fee	0.70% p.a.
Performance Fee	10%
Buy/Sell Spread	0.25% on application 0.25% on redemption
Minimum Investment	$50,000
Minimum Additional Investment	$10,000
Distribution Frequency	Half Yearly (June & December)

PERFORMANCE SUMMARY

Performance	1 Month	3 Months	FYTD	1 Year	2 Years (p.a.)	Since Inception (p.a.)^^
Net^	2.91%	3.09%	4.29%	22.20%	11.01%	12.67%
Benchmark*	2.75%	2.09%	3.84%	17.23%	9.03%	10.09%
Alpha	0.17%	0.99%	0.45%	4.97%	1.98%	2.58%

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

*S&P/ASX 200 Accumulation Index.

PORTFOLIO COMMENTARY

Investors enjoyed a year-end-rally, though Australian equities trailed in a strong December, with the US market up 4.5%, European markets posting a 5.8% rise, whilst Asian markets were mixed with Hong Kong one of the few bourses in negative territory.

Volatility in global markets remained elevated as the Omicron variant's high transmission spread globally and the Fed's more hawkish shift in focus kept investors on their toes. The Fed's 2022 earlier than expected flagged rate hikes and acknowledgement that inflation ceased to be "transitory", but rather "persistent", drove markets back into risk-off mode temporarily earlier in the month. Markets subsequently rebounded late in the month, as Omicron was seen as more contagious, but milder than the Delta variant as measured by much lower mortality rates and hence less of a drag on economic activity.

The Australian share market put in a strong finish towards year end with the S&P/ASX 200 Accumulation Index closing up 2.7%, its second-best month of 2021. The 2021 annual performance of 17.2% was the fourth best calendar performance over the past ten years.

USA

The major news was the Fed's earlier than expected interest rate lift-off in 2022, as well as the announced doubling in tapering to US$30bn per month, which was well anticipated. The median rate projection pointed to three rate hikes in 2022 compared to 0.5 in September. Economic indicators during the month were mixed, with the December Flash manufacturing PMI down 0.5 to a 12-month low of 57.8. November non-farm payrolls of 210k were surprisingly way below consensus of 530k and October's print was revised up to 546k. The unemployment rate also ticked down to a new recovery low of 4.2%, despite a higher participation rate. The November core CPI at +0.5% MoM (+4.9% YoY) was in line with expectations, but the headline number surpassed consensus at +6.8% YoY, the highest level since June 1982. Finally, US November retail trade rose 0.3% from the previous month after surging 1.8% in October and well below market expectations of 0.8%, adding to signs of slowing domestic demand amid the fastest inflation in decades.

Against this macro backdrop and despite rising geo-political tensions with China, Russia and Iran, US equities rebounded, with the Dow Jones Industrial Average closing up 5.5%, the S&P 500 finished 4.5% higher and the laggard being the Nasdaq Composite Index, up only 0.7%.

Europe

In the Euro arena, the Bank of England surprised with its first rate hike since the pandemic struck, lifting rates by 15bps to 0.25% and Norges Bank also raised its key rate 25bps to 0.5%, flagging another hike in March. On the economic front, the Eurozone manufacturing PMI for December fell to 58.0 from 58.4 and the composite PMI was down to 53.4 from 55.4 to 10-month and 9-month lows, respectively.

Moderna announced that a third dose of its vaccine was effective against Omicron, whilst Boris Johnson imposed fresh restrictions ahead of Christmas. Affirming prior fears, the Netherlands announced that it would move to a full lockdown until at least mid-January, with other nations in the region imposing similar restrictions.

The Euro STOXX 50 Index finished the month up 5.8%. Among the major exchanges, France's CAC 40 rose 6.5%, Germany's DAX was 5.2% higher and the UK's FTSE 100 was the laggard, closing up 4.8%.

Asia

China's economic activity saw some improvement with November industrial production higher at 3.8% YoY from 3.5% and FAI at -2.4% YoY from -2.9%. Importantly, in December, the Central Economic Work Conference (CEWC) acknowledged downward pressures and sent a clear easing signal for macro policies and the property sector, urging agencies and local governments to take responsibility with increased and earlier policy support.

Asian equity markets were generally mixed but much better than in November, with Korea's KOSPI up 4.9%, the Nikkei 225 3.6% higher, China's SSE rose 2.2% and India's SENSEX up 2.1%, whilst the laggard was the Hang Seng, down 0.3%. Beijing moved to close listing loopholes, so Tencent and Alibaba both dragged on the Hang Seng Tech Index and Didi withdrew its U.S. listing plans.

Commodities

Iron ore bounced 19% to US$119/tonne taking a lead from China's more stimulatory stance and Brazil's continued lacklustre shipments. The Brent oil price ended 10% higher at US$78 per barrel, impacted by geopolitical concerns late in the month. The base metals complex was stronger, with the major metals aluminium and nickel up 6% and 5% respectively and copper lagged, just 2% higher. Coking and thermal coal prices recovered 11% after the previous month's savaging from record mind snapping levels, as cold weather and near record LNG prices put a floor under prices. Gold was 3% higher at US$1,829 per ounce as higher inflation data offset slightly higher bond rates.

Bonds

US 10-year treasuries rose a more modest 6bps to 1.51% and the Australian 10-year bond fell 3bps to 1.67%. The RBA announced its decision to leave its official interest rate target on hold at 10bps for the 12th consecutive meeting.

The AUD was 2% higher at US71 cents, driven by the improved prices for our major commodities, especially iron ore.

Australia

In December, the S&P/ASX 200 Accumulation Index finished 2.75% higher. The Financials sector (up 4.3%, driven by CBA's 8.4% rise) was the highest contributor to the Index's performance, adding 126bps, followed by Materials for the second month in a row (up 6.5%), contributing 120bps and then Real Estate (up 4.6%) adding 34bps. The bottom three contributing sectors were Healthcare (-26 points being the worst), followed by Information Technology (-25 points) and Consumer Staples (-13 points). The best performing sub-index was the ASX 200 Resources Index, which finished up 6.7%, outperforming the broader benchmark, whilst the major underperformer was again the ASX 200 Industrial Index, which closed up 1.8%.

For the month, the top stocks that made a positive contribution to the Index's return were: CBA (+66 points), BHP Group (+31 points), National Australia Bank (+25 points), Fortescue Metals (+18 points) and Goodman Group (+16 points). Conversely, the top five stocks detracting from the Index's performance were: CSL (-37 points) which tumbled after the company completed a $6.3bn capital raising from institutional investors to fund the Vifor Pharma acquisition, Afterpay (-32 points), Woolworths Group (-17 points), Magellan Financial Group (-9 points) and Domino's Pizza Enterprises (-4 points).

For CY21, the S&P/ASX 200 Accumulation Index returned 17.2%, with most of the gains being generated in the first half when cyclical momentum was accelerating. The top five performing stocks for the year were: Novonix (+660%), Liontown Resources (+407%), Imugene (+300%) Pilbara Minerals (+268%) and Paladin Energy (+260%).

The bottom five stocks were: Nuix (-73%), Polynovo (-61%), Magellan Financial Group (-59%), Appen (-54%) and Service Stream (-54%).

COMPANY SPECIFIC NEWS

The Market Hits

Mineral Resources (MIN +23.7%)

MIN continued to surge as iron ore prices rallied 19%, driven partly by China's shift to an easing bias, coupled with lithium carbonate prices rising ~15% for the month.

Pilbara Minerals (PLS +23.1%)

PLS downgraded its FY22 production guidance by 12% as a result of ongoing labour shortages in Western Australia and a slower ramp up of its Ngungaju concentrate plant, however, this was more than compensated by its guidance for higher spodumene realised pricing. The market is anticipating further rises given the ongoing strength in lithium carbonate prices.

GrainCorp (GNC +21.5%)

GNC finished the year on a very positive note, surging during the month to end the calendar year at $8.26, representing a stellar 101% CYTD return - the third-highest return among global agribusiness stocks. We have been vocal about our conviction in GNC for some time, but finally needed volume to go through a fixed cost business to demonstrate the operating leverage. To briefly reiterate our thesis, favourable weather conditions and a solid contribution from the canola oils processing division provided a bumper FY21 harvest and eye watering profit result. Ample rainfall continues to support subsoil moisture levels (ideal planting conditions) and thus the probability of another bumper FY22. GNC has a strong leadership team which continues to execute on company objectives without missing a step, the balance sheet is in pristine shape (with no core net debt) and the stock is cum capital management following the recently announced share buyback. Additionally, the market systemically forgets and underappreciates GNC's hard infrastructure assets, e.g. rail, regional ports, and silos, where comparable hard assets trade in the high-teens to greater than twenty times EBITDA.

Champion Iron (CIA +21.2%)

Iron ore producer, CIA caught a tailwind from the higher iron ore prices given its financial leverage as a result of its high cost Canadian operations.

Iluka Resources (ILU +17.2%)

Mineral sands and budding rare earths (monazite) producer, ILU benefitted from a number of broker upgrades to zircon, rutile and rare earths pricing and also incorporated the phase 2 expansion for a monazite plant in Western Australia, subject to a feasibility study in early 2022. The study will determine the viability of a fully integrated refinery producing a 90% monazite concentrate and zircon-ilmenite concentrate, compared to the current 20% mixed monazite concentrate.

Appen (APX +16.4%)

Artificial Intelligence software provider APX, which has more than halved in price over the year, bounced on no news, but there has been additional buying during the month from a substantial shareholder.

Nanosonics (NAN +15.6%)

NAN shares rose in December off the back of a positive broker initiation report and the announcement of a new distribution agreement. NAN, a market leader in automated ultrasound reprocessing systems, announced its expansion into Latin America through the addition of Juama as a new distributor of the trophon2 device, accessories, consumables and service in Mexico.

Reece (REH +15.4%)

Leading plumbing products supplier REH continued to rally, with little fresh news since its strong 1QFY22 trading update at its AGM on 28th October.

Lynas Rare Earths (LYC +14.7%)

LYC benefitted from the further price appreciation of NdPr rare earth oxides due to Chinese supply issues. China which is the largest global rare earths supplier, has been materially impacted by higher electricity prices due to emission reductions, disruption to feedstock imports from Myanmar (due to political instability) and the recent COVID-19 impacts on supply chains and logistics.

Kelsian Group (KLS +14.6%)

KLS (formerly SeaLink Travel Group) shares recovered back to mid-November levels in December. Investors were pleased to learn KLS had retained their Kangaroo Island ferry services contract for a further 25 years from 1 July 2024. KLS is the exclusive provider of roll-on roll-off ferry services for passengers, vehicles and freight on the Cape Jervis to Penneshaw route and is currently serving out the previous 25 year contract dating from 1998. KLS also committed $50m on two new ferries which should deliver quicker turnarounds, resulting in a ~30% increase in departures. The company will also undertake a range of tourism and investment related projects in Kangaroo Island and South Australia.

The Market Misses:

Magellan Financial Group (MFG -35.9%)

MFG's shares collapsed after coming out of trading halt following the loss of their largest client. The besieged Fund Manager announced that UK based St James Place (SJP) had terminated their ~A$23b mandate with MFG, which represented ~12% of annual Group revenues. Based on FactSet consensus FY22 revenue forecasts, it was estimated that the SJP mandate contributed ~$86m to group revenue/EBITDA. At the current ~23% tax rate, this implied a ~$66m hit to NPAT, or 14% on a FY basis.

The update continued the run of bad news - the SJP mandate had been considered at risk by the market in recent months following a review that had moved it to amber status earlier in CY21, with SJP also recently pulling some other global equities mandates.

Ongoing poor performance, the sudden departure of MFG's CEO Brett Cairns earlier in the month "for personal reasons" and well publicised developments in Hamish Douglass' personal life would appear to have all played a part in SJP's decision to terminate the mandate. The market has taken the view that more institutional outflows and pricing pressure remain a risk. The stock closed down 33% on the day.

Imugene (IMU -27.3%)

IMU, a clinical-stage immune-oncology company developing novel immunotherapies, dropped 27.3% in December following its addition to the ASX200. Contrary to the stock's December price performance, it was an eventful month of positive developments for IMU. The company received FDA approvals for a Phase 1 clinical trial of their oncolytic virotherapy candidate and a Phase 2 clinical trial for their immunotherapy candidate. IMU also received a notice of allowance from the Chinese patent office protecting its HER-Vaxx immunotherapy currently in development for HER-2 positive gastric cancer until 2036. A positive move given approximately 75% of all gastric cancer diagnoses are in Asia, with particularly high incidence rates in East Asia, making China a sizeable potential market for gastric cancer medications.

Afterpay (APT -23.7%)

APT collapsed in line with its all scrip acquirer Square's (0.375 Square shares for each APT share) stock price which fell 24% during the month on an A$ basis.

Novonix (NVX -23.1%)

NVX provides battery testing and is the only qualified US based supplier of synthetic graphite anode material. Since the announcement of Phillips 66 making a 16% strategic investment and alliance with NVX in August, the NVX share price had quadrupled - amazing! Phillips is a global manufacturer of specialty coke and NVX produces synthetic graphite processed from specialty coke to make high-performance anode material for batteries. NVX fell like a tonne of bricks (-32% on 3 December) after a report that Tesla was seeking an extended tariff waiver for Chinese graphite imports, arguing that only China could provide the quantity it needs to manufacture its batteries in the US. It also coincided with a final director's interest lodgement notice by a 5.2% shareholder.

Life360 (360 -19.8%)

Life360, a San-Francisco based tech company known for its app that lets family members track each other, was also added to the ASX200. Despite its share price pulling back in December, Life360 has been one of the year's biggest tech winners, rallying 158% during the calendar year. The share price further ratcheted up after the company announced the $283 million acquisition of Tile, a maker of small devices that attached to commonly misplaced items such as keys, wallets and phones that allow users to track their possessions.

Mesoblast (MSB -17.1%)

MSB, a global leader in allogeneic cellular medicines for inflammatory diseases, hit a 52-week low of $4.11 mid-December after multinational pharmaceutical company, Novartis, ended its US$50m license and collaboration agreement. MSB had entered into the agreement in late 2020 to bring remestemcel-L, a treatment for acute respiratory distress syndrome (ARDS) due to COVID-19, to market. Despite missing the primary end point, MSB noted the observed mortality reduction in patients under 65 in the completed COVID ARDS trial is considered to be a sufficiently strong signal to support pursuing an emergency use authorization (EUA) - the most direct path to market. The decision to progress through to an additional Phase 3 trial to obtain an EUA hangs on an agreement with the FDA on the final protocol and potency assays required.

Zip Co (Z1P -16.2%)

BNPL stocks came under pressure globally during the month, sparked by an announcement from the US Consumer Financial Protection Bureau, which said it launched an inquiry into buy now, pay later credit. This was on top of announcements locally for more intensive regulation by Treasury and the RBA. Like its BNPL peers, Z1P also got hit.

Liontown Resources (LTR -13.5%)

LTR raised $450m via a placement at $1.65, a 14% discount to the last closing price, to Fund its Kathleen Valley lithium project in Western Australia and spent most of the month hovering around the issue price, with the SPP closing on 14 January 2022.

Megaport (MP1 -13.0%)

Following MP1s upbeat global update which contributed 19% to its share price last month, December saw MP1 shares give back some of those gains on seemingly no material news. Generally, across the technology spectrum, these perceived growth stocks had another tough month in December, as inflationary concerns and fears of rising interest rates kept investors at bay.

TPG Telecom (TPG -12.7%)

TPG shares fell 9% at the start of December following reports David Teoh was selling a $335m stake in a block trade. The company also announced a restructure which will reduce its eleven business units to seven, seeing three executives depart 18 months following the Vodafone merger. TPG will bring its fixed and mobile networks, IT and digital functions together under the newly created role of chief technology officer, while new business development will be integrated into the telco's consumer unit. The sale by David Teoh completely unsettled investors.

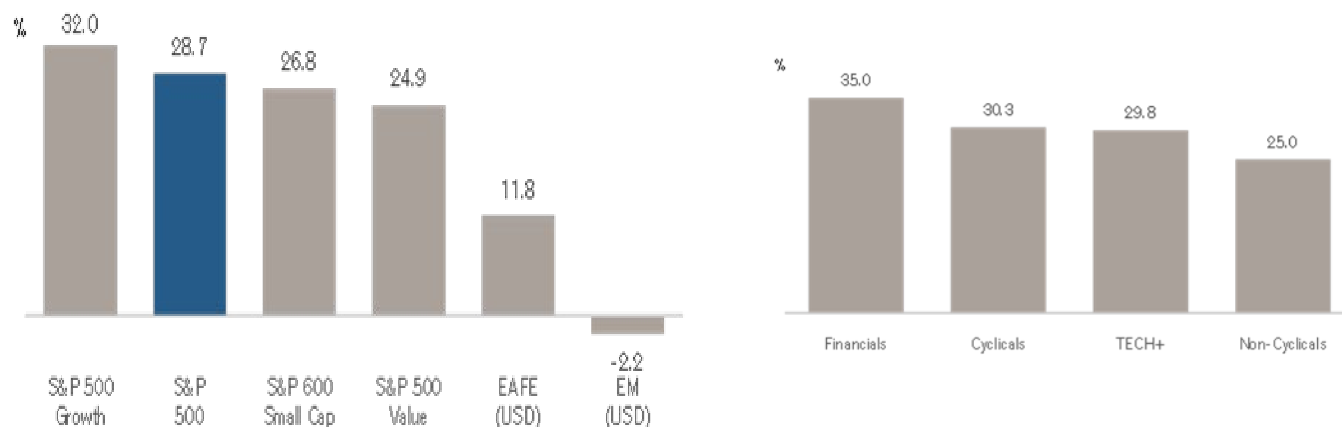
FUND PERFORMANCE

The Fund's positive return of 3.00% for the month of December outperformed the benchmark return of 2.75%, capping off a very satisfying performance run by the Fund in 2021 with a return of 23.3%, outperforming by 6.1%.

In terms of factor analysis, for the month of December, value and quality both outperformed. Utilities (+7.9%) led by AGL up 13.7% on news of an agreement with Fortescue Future Industries to explore green hydrogen, and Origin Energy up 9.2%, was the best performing sector. Materials (+6.5%), driven by Fortescue Metals up 12.9% and BHP up 5.4%, Real Estate (+4.6%) with Goodman Group rising +7.9% and Financials (+4.3%) led by CBA +8.4%, were particularly favoured.

Value as a factor, had in fact been losing momentum since mid-year, although it experienced some catch up in December, narrowing the gap to Growth for CY21

Global Total Return's 2021



Source: Credit Suisse

The two key factors at play since 1Q March 2021 have been the flattening yield curve (157bps to 77bps) and moderating growth expectations. It will be interesting to observe whether there is a reversal of these trends, with yield curves set to steepen as the Fed adopts a more hawkish tone and growth begins to pick up, especially in China given recent lowing of interest rates. This should bode well for Value and Cyclicals, which tend to thrive in the underlying macro conditions that underpin curve steepening.

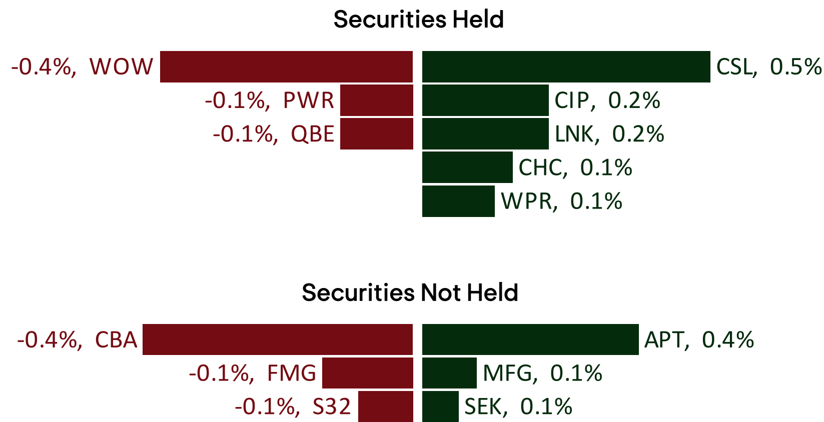
Returns[1] (%)	*Gross*	*Benchmark**	*Excess*	*Net*
1 Month	3.00	2.75	0.25	2.91
3 Months	3.35	2.09	1.25	3.09
2022 FYTD	4.77	3.84	0.93	4.29
1 Year	23.33	17.23	6.10	22.20
2 Years (p.a.)	12.08	9.03	3.05	11.01
Since Inception (p.a.)	13.78	10.09	3.69	12.67

Past performance is not a reliable indicator of future performance.

[1] The return figures are calculated using the redemption price for Class A Units and on the basis that distributions are reinvested. The Gross and Excess return figures are before fees and expenses whereas the Net Return figures are net of fees and expenses for the Class A Units. Returns of the Fund may include audited and un-audited results. Past performance is not a reliable indicator of future performance.

* The benchmark was changed from the S&P/ASX 200 Accumulation Ex REITS Index to the S&P/ASX 200 Accumulation Index on 1 July 2012.

Month of December Attribution



Source: Ellerston Capital.

The main positive contributors to this month's performance were overweight positions in: Centuria Industrial REIT (+13.2%), Link Administration (LNK +12.5%), Charter Hall Group (CHC +7.5%), Waypoint REIT (WPR +11.7%) and the underweight position in CSL (-5.2%).

Zero weight positions that also helped included Afterpay (APT -23.7%), Magellan Financial (MFG -35.9%), and Seek (SEK -5.8%).

The main detractors to performance for the month were overweight holdings in: Woolworths Group (WOW -10.6%), Peter Warren Automotive (PWR -1.7%) and QBE Insurance (QBE -2.5%).

Not holding the following shares that outperformed the broader market and somewhat constrained returns were: Commonwealth Bank (CBA +8.4%), Fortescue Metals (FMG +12.9) and South32 (+13.6%).

FUND ACTIVITY

Whilst many stocks and sectors have re-rated significantly from their March 2020 lows, we continue to seek, and more importantly are still finding opportunities that we believe are highly compelling, are mispriced and should deliver over the medium term.

We have been repositioning the Fund, to better suit current conditions, aiming for higher dividend growth and yield. In December, we introduced a few new higher dividend yielding names (including Ansell, Alumina, Deterra Royalties and Liberty Financial Group) ahead of the February reporting season and also strengthened the existing holdings in Ampol and ALS. We exited Aristocrat Leisure and Endeavour Group which have performed strongly and took some profits in Cleanaway, OZ Minerals, Ramsey Healthcare, Steadfast Group, Tabcorp Holdings and Woolworths.

The dividend yield of the Fund has now been enhanced to 4.2% with superior DPS growth.

FUND STRATEGY AND OUTLOOK

While we would like to believe that fundamentals drive market internals, past experience indicates that the direction of key interest rates and the constant threat of a potential relapse in growth and disruption caused by a fourth wave of the pandemic will dominate the investment debate. This will culminate in ongoing restless sector and factor rotation. Central banks are finally now fessing up that inflation is "persistent", and that rates need to rise. The Fed's hawkish December interest rate skew, are implying three rate hikes in 2022 and at least 2 more in 2023, which is earlier than previously expected. The "stagflation" camp seems to be attracting more followers, as central banks look to higher rates to tame inflation. The Chinese proverb:" He who rides a tiger is afraid to dismount" may be an appropriate aphorism of central bank policies to date, which look like finally changing.

The FOMC Minutes on 6th of January provided important context on the potential for balance sheet run-off. This is likely to come earlier and be more aggressive than in the last cycle. The Minutes suggested that the "appropriate timing of balance sheet runoff would likely be closer to that of policy rate lift-off than in the Committee's previous experience", reflecting a stronger economic outlook, higher inflation, and a larger balance sheet. We also believe that China activity deceleration is now largely behind us given recent favourable policy settings.

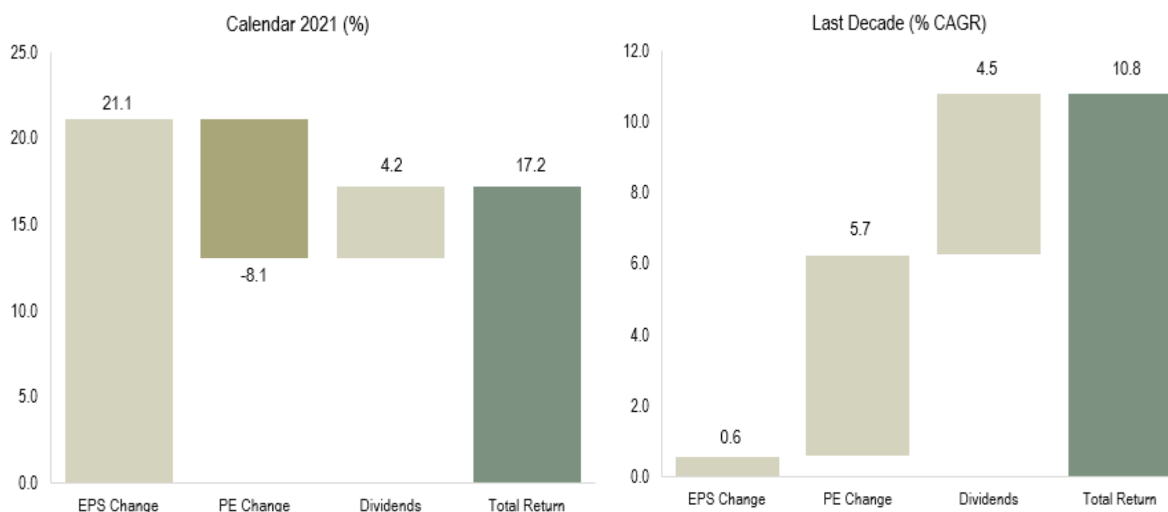
The recent Omicron variant has had a further impact on some of the existing issues such as labour shortages, supply chain disruption and travel. However, while it is still early days, it does appear to be materially less severe than the delta variant, with lower hospitalisations and mortality. Even though new restrictions have been imposed in a number of jurisdictions, there is more confidence in the ability to better cope with it or other variants and the adverse impact on mobility has been more manageable by authorities. High vaccination rates, boosters and new medications to treat victims is the big difference between where we are today and where we were almost two years ago.

Another key feature of 2021 has been the ongoing strength of the M&A activity which shattered all-time records, comfortably erasing the high-water mark that was set nearly 15 years ago, as an abundance of capital and sky-high valuations fuelled frenetic levels of deal making. The value of M&A globally topped US$5 trillion for the first time ever, with volumes rising 60+% to $5.6 trillion, according to Dealogic data, easily surpassing the pre-financial-crisis record of $4.42 trillion in 2007. Continued rampant takeover activity is pouring petrol on the fire.

The top five Australian M&A deals of 2021 were: the $39bn Afterpay/Square merger ($25bn at the current exchange ratio), the Sydney Airport acquisition at $24bn ($32bn including debt), the Woodside/ BHP Petroleum $20bn merger, CSL's $16bn buyout of Switzerland's Vifor Pharma Group and the AusNet acquisition by Brookfield for $10bn.

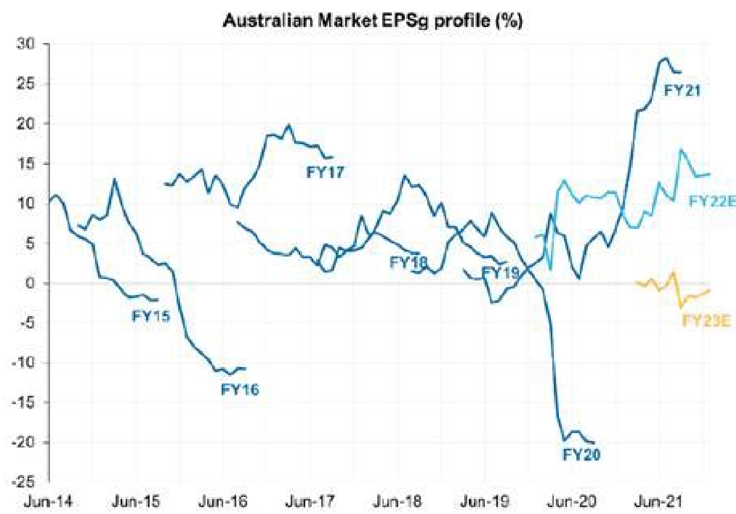
At the aggregate level, the strong gains delivered by the ASX 200 stocks in 2021 were driven by the 21% rise in forward earnings, 4% in dividends and offset by the 8% of PE contraction. This is materially in contrast to the past decade, where PE expansion was the main force (fuelled by interest rates globally falling dramatically to record lows), with minimal forward earnings contribution.

ASX 200 Total Return Contributions



Source: Macquarie Research.

Valuations thus far have been supported by low bond rates and earnings growth, although we are seeing constant downward revisions, especially in the Banking sector, together with weaker earnings momentum in the Resources sector in FY23, as iron ore prices have retreated. Higher rates going forward will act as a major headwind to the returns in key segments of the market, with earnings continuing to be the key driver. Earnings momentum is relatively better in Industrials and Materials, where the Fund is well positioned. The high flying tech sector, which started to sour late last year, will be especially vulnerable against this backdrop.



Source: Macquarie Research.

The Beta of the Fund (a measure of volatility) sits at 0.92 from 0.81 in November, compared to the market beta of 1.00. This reflects the repositioning of the Fund for higher dividend growth. The expected FY22 dividend growth rate of investee companies held within the portfolio sits at 24.2% and is comfortably above that of the market at 8.3%. The Fund's forecast dividend yield of 4.2% is now higher than the market yield of 3.7%, with the level of franking broadly in line with the market.

In summary, whilst we believe there is further upside for stocks, despite the strong run thus far, we have taken a more defensive stance in the portfolio (maintaining the overall cash level around 9%) and are comfortable with its current exposures. Expect heightened volatility in the short term, with potential downside risk. We believe that the portfolio is well positioned against the above backdrop, with the right mix of sensibly priced Growth stocks exhibiting strong competitive advantages, Contrarian Value stocks, Cyclicals and select Financials.

Rising interest rates are likely to weigh heavily on the extreme Growth at Any Price and Tech heavy names, where we have remained consistently underweight from a portfolio construction and philosophical perspective. Whilst certain stocks in the portfolio are out of favour with the market currently, these unloved or mispriced stocks continue to trade at attractive valuations and taking a medium term view, should re-rate over time. It's all about playing the long game and being patient!

Portfolio Characteristics

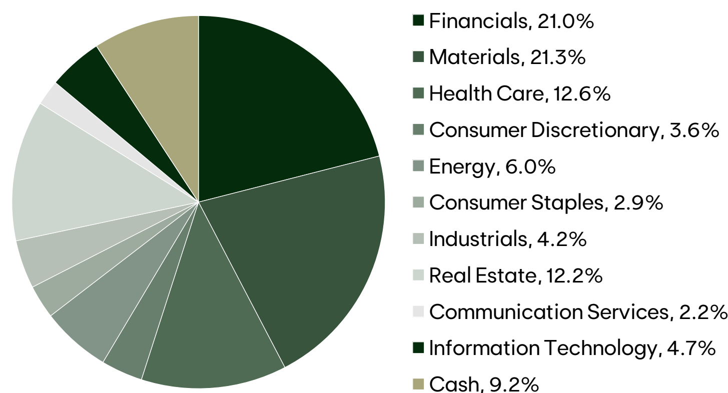
TOP 10 HOLDINGS

BHP Group	9.1%
NAB	7.0%
CSL Limited	6.7%
Ampol	6.0%
Liberty Financial Group	3.9%
Amcor	3.6%
Charter Hall	3.3%
ALS	3.0%
Dexus	2.9%
Woolworths Group	2.9%

KEY PORTFOLIO METRICS

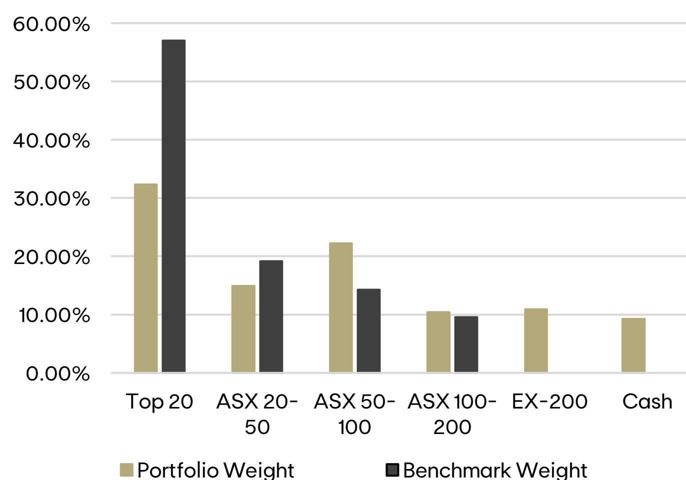
FY22(e)	Fund	Benchmark
Price/Earnings (x)	16.2	17.3
Dividend Yield (%)	4.2	3.7
Dividend Growth Rate (%)	24.2	8.3
Beta	0.92	1.00

SECTOR ALLOCATION



Source: Ellerston Capital.

MARKET CAPITALISATION



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