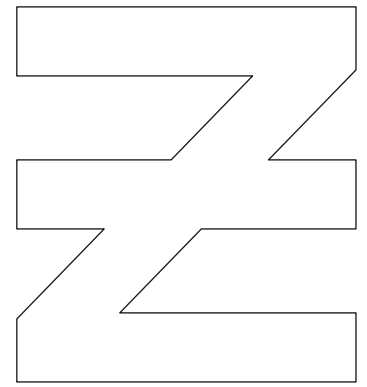


Ellerston Pre-IPO Fund



Performance Report, December 2021

Investment Objective

The investment objective of the Fund is to generate a positive return above a Hurdle Return of 6% p.a. net of fees.

Investment Strategy

The Manager uses a fundamental, research driven investment strategy to provide returns above the Hurdle Return that are not correlated to listed equity markets. The Manager undertakes fundamental research to selectively identify and invest in quality companies focus on investments in Pre-IPO, IPO, Unlisted Expansion Capital and Listed Microcap Companies, predominantly in Australia but also covering OECD and developed countries.

Key Information

Inception Date*	31 March 2020
Portfolio Manager(s)	David Keelan & Alexandra Clarke
Application Price	\$0.9026
Net Asset Value	\$0.9026
Redemption Price	\$0.9026
No Stocks	21
Hurdle Return	6% p.a. net of fees
Management Fee	1.50%
Performance Fee	20% of the investment return above the Hurdle Return for each financial year, calculated and accrued quarterly
Distributions	Annually

Performance Summary

Performance	3 Months	6 Months	1 Year	Since Inception (p.a.) [^]
Ellerston Pre-IPO Fund[^]	1.17%	4.42%	5.48%	11.65%

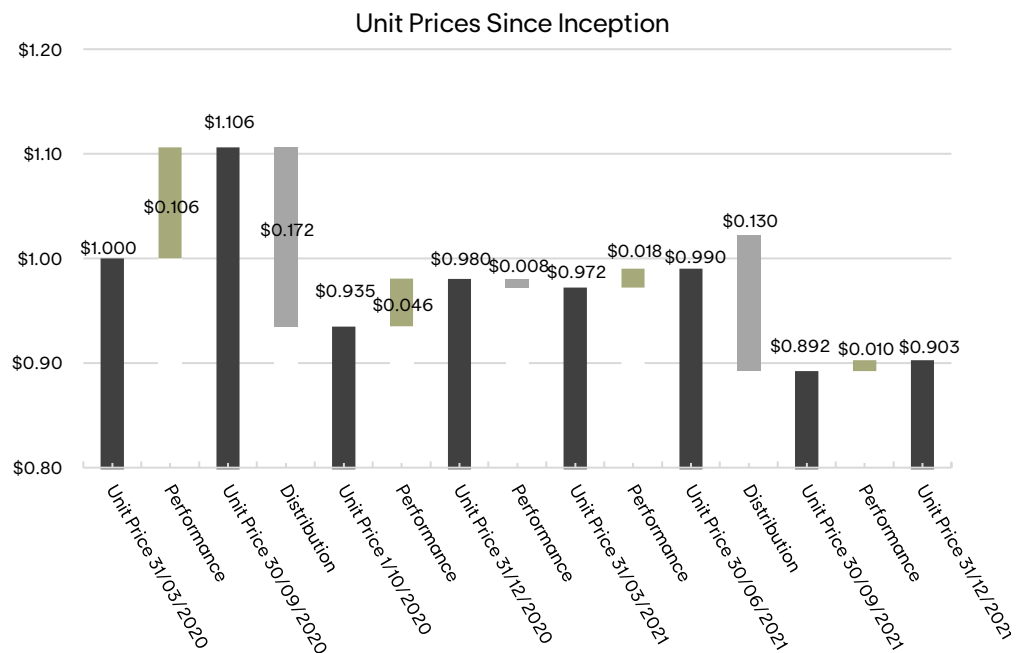
[^] The net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance

Market Commentary

The December quarter saw the Small Ordinaries (XSO) gain 1.6% over the period. In October rising bond yields and small resources (particularly lithium names) had the biggest impact on the month. In November, the US Fed Chair provided more hawkish comments around the tapering timeline, and we saw the emergence of the Omicron Covid variant. In December, the market was very volatile with the XSO down circa 4.5% at its lows prior to the Christmas Rally. M&A activity during the quarter remained elevated with numerous takeover bids launched. While the performance of the IPO market was mixed, with several of recent listings struggling in the current environment.

Fund News

During the December quarter the Ellerston Australian Pre-IPO Fund generated a return of 1.17%. We note currently less than 5% of the book is exposed to market movements with the remaining holdings predominately held at cost.



Source: Ellerston Capital.

Below we outline two new investments during the quarter.

Adrad is Australia's largest manufacturer, importer and distributor of radiators, air-conditioning parts and other heat exchange products for the Australian automotive and industrial aftermarket. Adrad was founded in 1985 and headquartered in Beverley, South Australia with approximately 400 employees across 8 offices and 16 warehouse locations in Australia, New Zealand and Thailand. Operating entities integrate to form two major divisions servicing all aspects of the heat exchange / cooling market: (1) Aftermarket and (2) Industrial OE. Adrad's product offering comprises of manufactured copper/brass and aluminium heat exchangers, imported automotive and industrial heat exchanges and other automotive products. These products are for application in passenger and commercial vehicles, through to larger machinery such as mining dump trucks and rail locomotives. Adrad stocks over 2,000 dedicated models of complete radiators as well as components across 11 warehouse facilities in Australia. The products are manufactured or sourced from both Original Equipment Manufacturers (OEM) and aftermarket partners and are quality tested. Adrad's Industrial segment operates as a designer and manufacturer of OEM industrial radiator and cooling systems. These products are custom designed to suit the customer's application and built to standards, before being manufactured in-house. Products typically comprise of copper, aluminium, steel and stainless steel. This segment has been operating for over 40 years, with its customer base comprising of large global OEMs that require engine cooling and Heating Ventilation and Air Conditioning (HVAC) systems. Adrad is raised A\$25m in a pre-IPO. The company has a post money equity valuation cap of A\$125m, or a 20% discount to the IPO price.

Influential is a technology platform and managed service provider that connects brands and marketing agencies with social media influencers. Influential assists in the process of enabling brands/media agencies access to suitable social media influencers for ad/branding campaigns. Influential's technology has Application Programming Interfaces (APIs) embedded into the key social media platforms, and is able to analyse this data on a variety of levels to assist in finding the most effective media buy for a brand. As part of its offering Influential utilises its platform and tailors prospective influencers for a either a media agency or the brand directly to choose. Influential subsequently engages with the influencer and manages the media campaign via its software, providing real-time analytics and reporting to the client on a variety of engagement/ROI metrics. Based on our CY22 forecasted revenue, Influential is trading on ~3.6x EV/CY21 sales while delivering very strong growth. This compares to domestic and international peers that trade on ~10x EV/sales. We believe our valuation is very attractive relative to the growth coming through and operating leverage which is expected over coming years. We expect a liquidity event over the next 12-18 months.

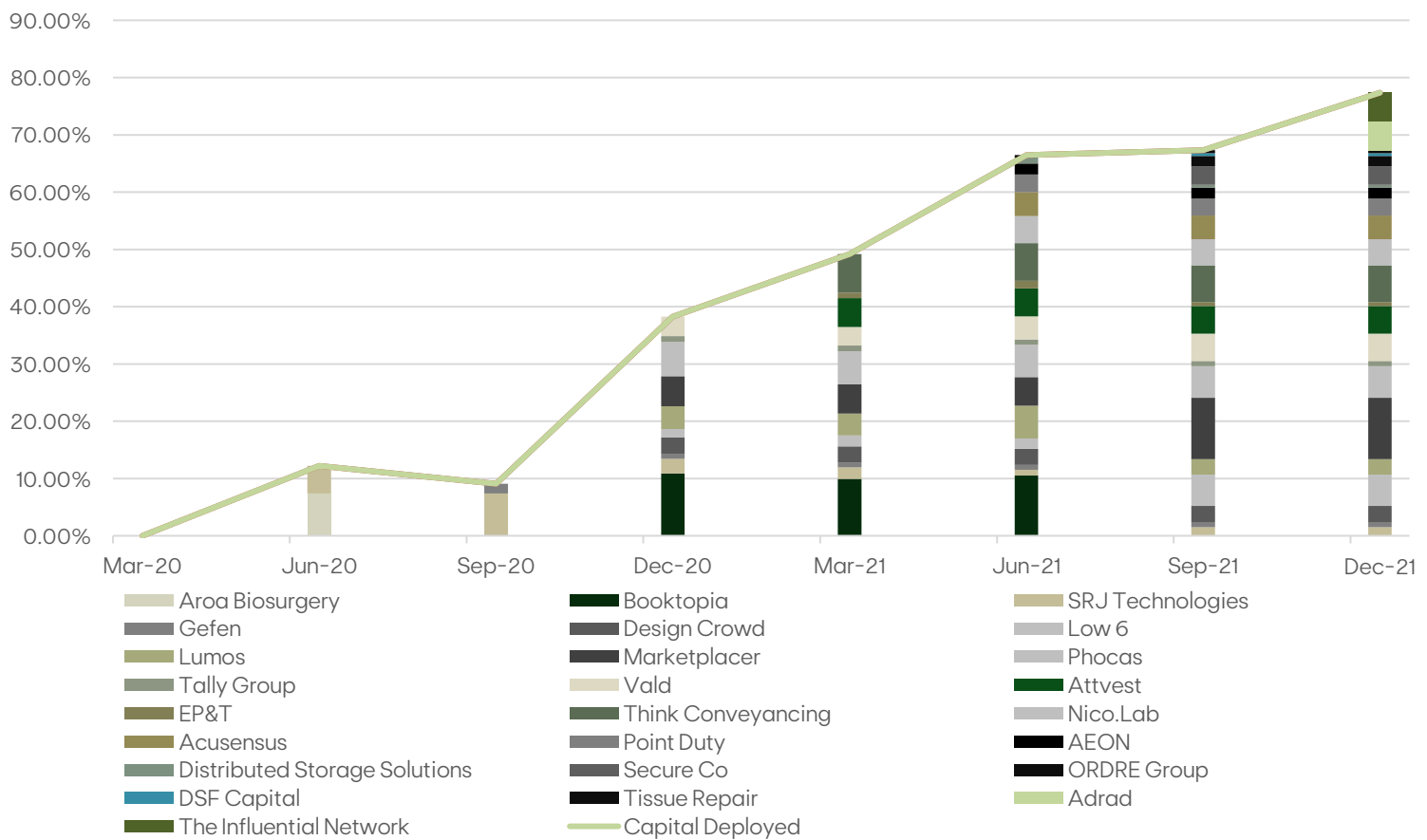
Top 5 Holdings Summary

SECURITY	PORTFOLIO WEIGHT
MARKETPLACER	11.75%
THINK CONVEYANCING (DEEP BLUE COMPANY)	7.04%
PHOCAS GROUP	6.64%
ATTVEST (CAPEVEST)	5.23%
NICO.LAB	5.03%
OTHER CAPITAL DEPLOYED*	39.44%
CASH	24.87%
TOTAL	100.00%

Source: Ellerston Capital. *Other capital deployed includes additional 14 holdings.

Capital Deployed

Capital Deployed



Source: Ellerston Capital.

Our philosophy around pre-IPOs is very simple. We are looking for high quality businesses that have clear pathways to IPO, offering opportunities to achieve superior returns with minimal correlation to the market. We are looking to achieve a 20% IRR and given the current state of the market we believe we are well placed to deliver on this target.

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**

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