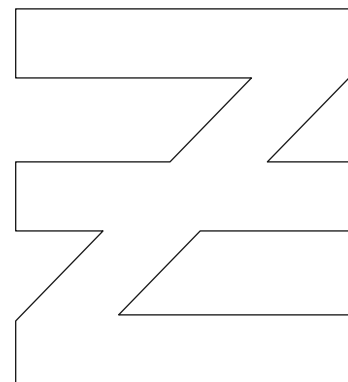


Ellerston Australian Absolute Return Fund



Monthly Newsletter, February 2022

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	\$1.2323
NAV Price	\$1.2292
Redemption Price	\$1.2261
Liquidity	Daily
Gross Exposure	59.53%
Net Exposure	19.53%
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 [^]	0.24%	-2.65%	-1.56%	6.89%	13.35%	5.98%	8.08%
Benchmark*	0.01%	0.02%	0.05%	0.10%	0.46%	0.87%	1.42%
Alpha	0.23%	-2.67%	-1.61%	6.79%	12.89%	5.11%	6.66%

[^] 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 0.24% in February.

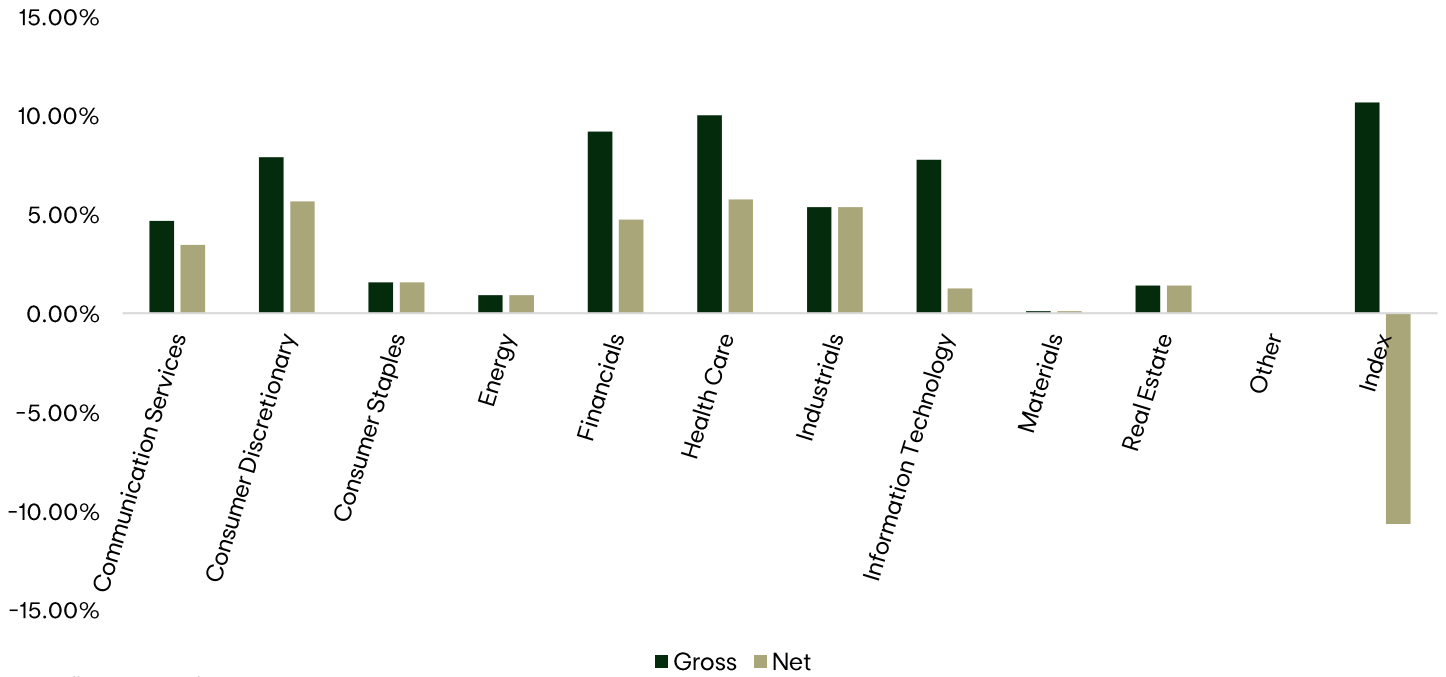
COMMENTARY

Propel Funeral Partners (PFP AU) delivered a solid 1H22 result and finished the month up almost 4%, a pleasing outcome given the challenging market. The highlights of the result were 2.5% increase in average revenue per funeral compared to pre-COVID levels, along with a solid 8% like-for-like volume growth – both solid indicators notwithstanding the COVID disruption throughout the half. The outlook is bright with the positive momentum continuing into the second half, acquisitions making a full six-month contribution and operating leverage benefits flowing through. The ageing population and ongoing pricing power will continue driving top-line growth over the long term. The company boasts a defensive, property backed balance sheet with approximately \$150 million in firepower to continue to execute its vast acquisition pipeline.

Another stock that we hold in the Fund that has been impacted by COVID and we think should be a re-opening beneficiary is Atomos (AMS AU). The business was significantly impacted as its retail channels reduced inventory orders and global restrictions reduced event-driven videography. As macro conditions improve, AMS has significant leverage to: 1) continued strong consumer conditions globally; 2) significant tailwinds to come from event videography – which we expect to gain traction over this calendar year; 3) a 'catch-up' in new product launches following a subdued period given disruptions (historically a key driver of sales); 4) a strong balance sheet position to fund inventory for new/existing products, as well as potential M&A; and 5) a much improved cost base which should see meaningful operating leverage come through over time. Despite negative share price movements in recent times, we believe AMS is as well positioned as it has been in some time. We increased our position in AMS following its results.

PORTFOLIO CHARACTERISTICS

Sector Exposure

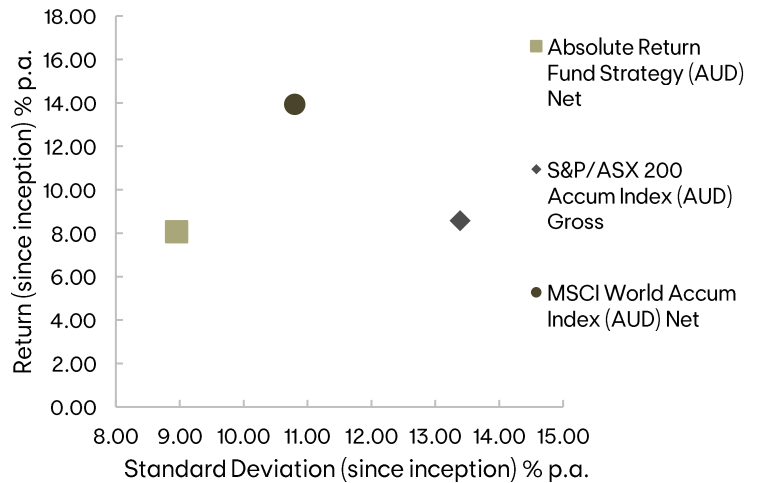


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- Atomos
- Aussie Broadband
- EQT Holdings
- Estia Health
- Event Hospitality
- Generation Development
- HUB24
- Impedimed
- Johns Lyng 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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