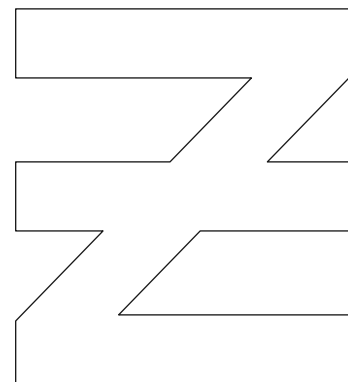


Ellerston Australian Absolute Return Fund



Monthly Newsletter, March 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	\$1.2389
NAV Price	\$1.2358
Redemption Price	\$1.2327
Liquidity	Daily
Gross Exposure	73.20%
Net Exposure	29.43%
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 [^]	0.54%	-1.88%	-3.86%	6.64%	15.12%	5.99%	8.06%
Benchmark*	0.01%	0.02%	0.05%	0.10%	0.42%	0.85%	1.41%
Alpha	0.53%	-1.91%	-3.91%	6.54%	14.70%	5.14%	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 0.54% in March.

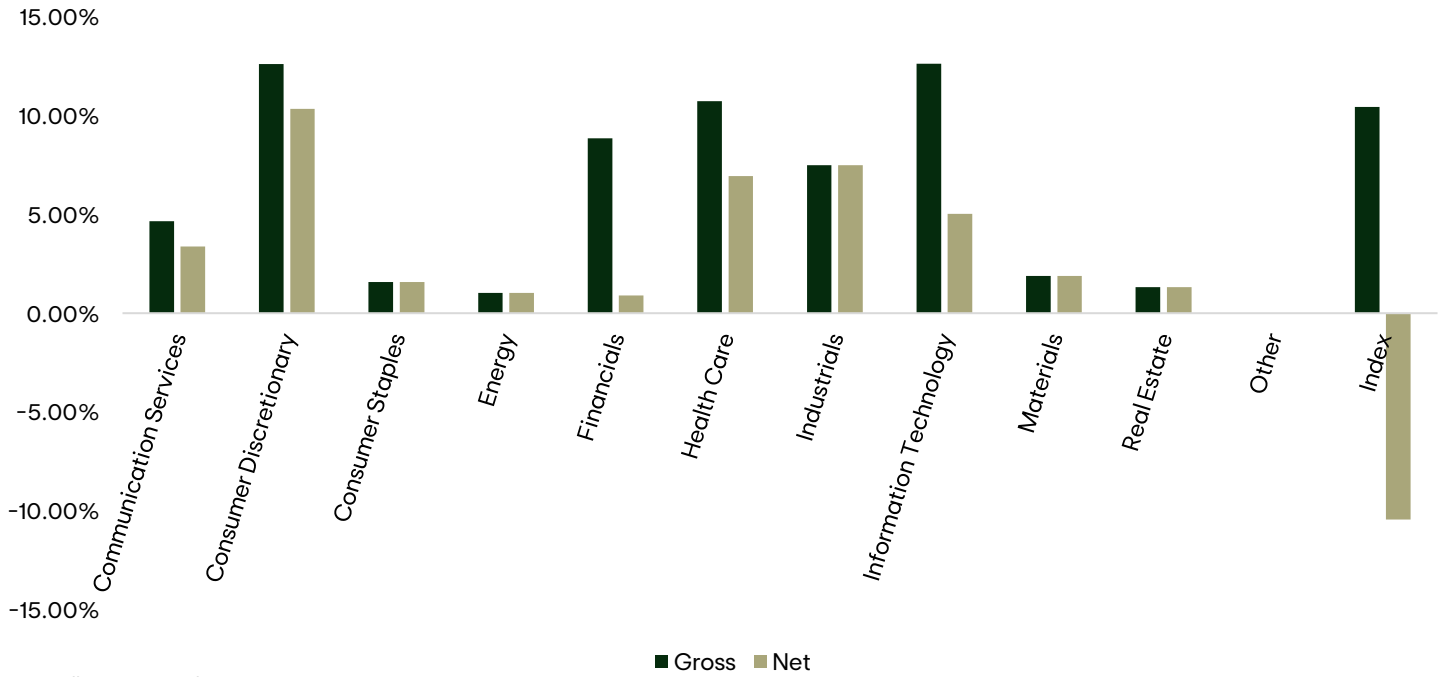
COMMENTARY

A stock we have held in the portfolio for a little while is Corporate Travel Management (CTD AU). While most travel companies had to undertake highly dilutive capital raises, CTD was able to withstand the environment and raised to acquire a sizeable North American travel business which was generating TTV of US\$2.8bn in CY19. It has also recently acquired Helloworld Travel's (HLO AU) corporate travel business in ANZ. This acquisition significantly scales CTD's ANZ business and provides greater exposure to government contracts (Federal Govt; SA; NT and New Zealand government contracts). While we do not think the rebound in travel will be linear and there will be short term impacts on supply and demand, longer term we do believe names like CTD should see earnings revert to close or above pre-COVID levels.

Additionally, we recently added Helloworld Travel (HLO AU) as a direct holding in the portfolio. HLO has been in the wilderness for a number of years with an over-gearred balance sheet. It recently announced the sale of its Corporate Travel division to Corporate Travel Management (CTD AU) for \$175m (\$100m cash + \$75m in CTD scrip). While the transaction does remove an earnings stream for HLO, the newfound strength of its balance sheet should position the business well to capitalise on the resurgent consumer. Our view is the unpredictability in the travel environment will drive demand for advice driven travel and agents, away from self-directed travel. We also believe, HLO with its new found balance sheet may look to acquisitions which would be highly accretive.

PORTFOLIO CHARACTERISTICS

Sector Exposure

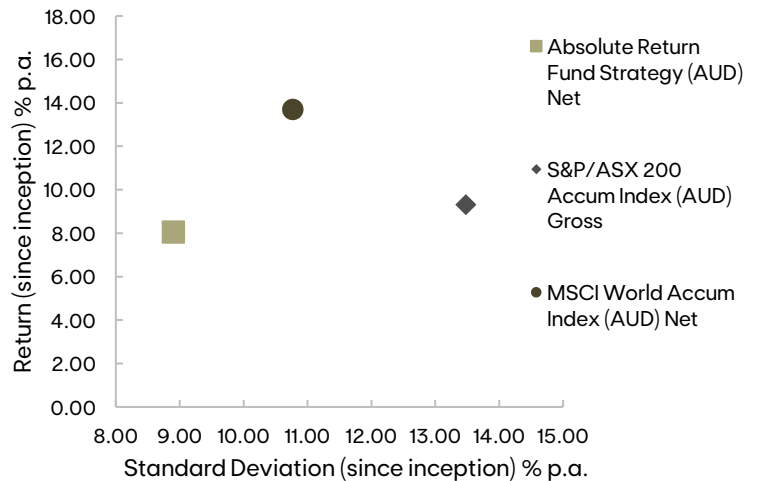


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- Atomos
- Aussie Broadband
- Corporate Travel Management
- DGL Group
- EQT Holdings
- Estia Health
- IPH
- Johns Lyng Group
- Regis Healthcare
- 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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