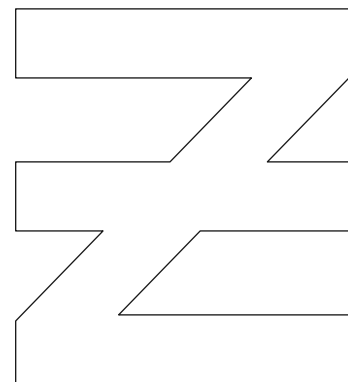


# Ellerston Australian Absolute Return Fund



## Monthly Newsletter, April 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	\$1.2365
NAV Price	\$1.2334
Redemption Price	\$1.2303
Liquidity	Daily
Gross Exposure	72.60%
Net Exposure	28.80%
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 <sup>^</sup>	-0.19%	0.58%	-4.46%	4.08%	13.81%	5.95%	7.96%
Benchmark*	0.01%	0.02%	0.05%	0.10%	0.38%	0.83%	1.40%
Alpha	-0.20%	0.55%	-4.51%	3.98%	13.43%	5.13%	6.57%

<sup>^</sup> 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 -0.19% in April.

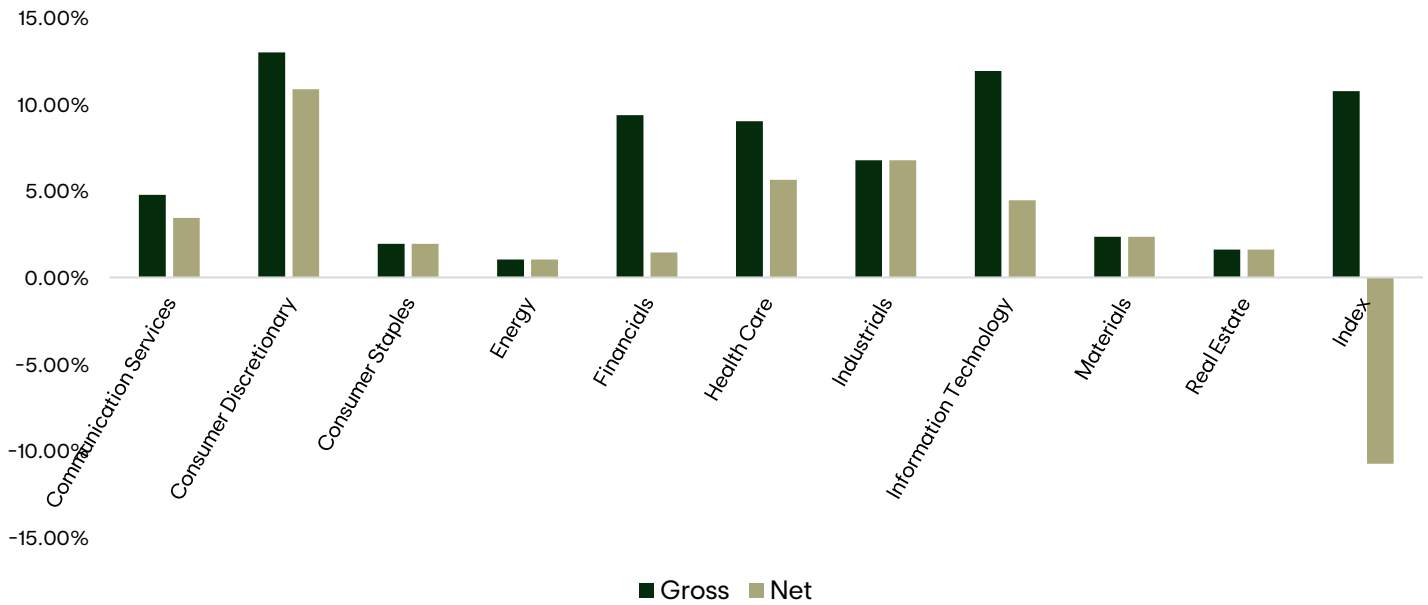
### COMMENTARY

Generation Development Group (GDG AU) was one of our stronger performers during April, putting on almost 10%. The company released a solid March quarterly update, which emphasised the ongoing momentum in the core Investment Bond business and Lonsec, despite being a seasonally quieter period. We think the highlight of the period was the launch of the new market-linked lifetime annuity product. While still early days, we are excited about this opportunity, as it will give the company exposure to post-retirement superannuation market which is expected to exceed \$1 trillion in assets in the coming years. With a well-thought-out product, a strong brand in the industry and a sales network which is firing on all cylinders, we believe GDG is well placed to capitalise on this enormous opportunity.

Aroa Biosurgery (ARX AU) is a NZ based soft tissue regeneration company founded in 2008. ARX develops and manufactures medical devices for hernia repair, wound healing, soft tissue reinforcement and reconstructive surgery. All of ARX's products feature a proprietary extracellular matrix (ECM) biomaterial derived from ovine (sheep) forestomach. ARX had a strong month, closing +14% on the back of its 4Q22 update. The update revealed ARX achieved above the top-end of its upgraded revenue guidance, delivering total revenue of NZ\$39m (product sales up 81% year on year). The business continues to invest in its manufacturing and sales team and has a healthy NZ\$56m cash position. Despite recent volatility in valuations for the healthcare sector, we believe ARX is well placed to deliver continued growth into FY23 and management has built a strong track record of execution since listing.

## PORTFOLIO CHARACTERISTICS

### Sector Exposure

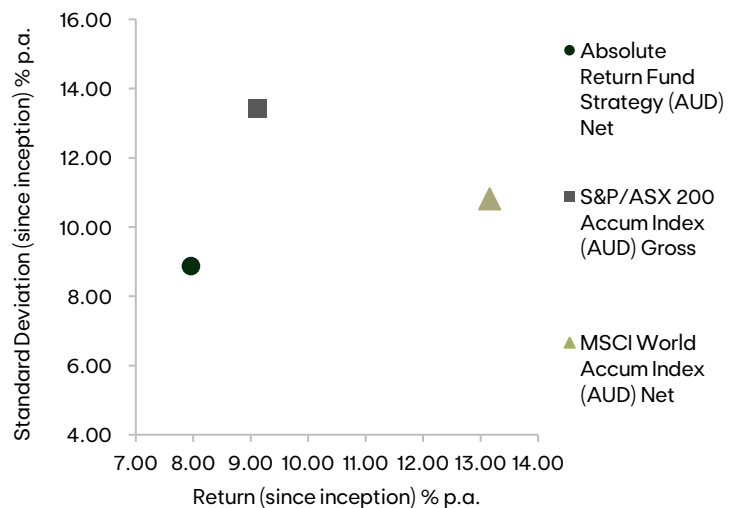


Source: Ellerston Capital.

### Top 10 Holdings (Alphabetical, Long Only)

- Atomos
- Aussie Broadband
- Corporate Travel Management
- DGL Group
- EQT Holdings
- Estia Health
- Fleetwood
- Generation Development Group
- Regis Healthcare
- Rubicon Water

### Strategy Performance & Volatility



Source: Ellerston Capital.

#### Contact Us Sydney

Level 11, 179 Elizabeth Street,  
Sydney, NSW 2000  
+612 90217701  
info@ellerstoncapital.com

#### Find out more

Should investors have any questions or queries regarding the Fund, please contact our Investor Relations team on **02 90217701** 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**

This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, responsible entity of the Ellerston Australian Absolute Returns Fund ARSN 168 025 670 (Fund) without taking account the objectives, financial situation or needs of individuals. Before making an investment decision about the Fund persons should read the Fund's Product Disclosure Statement and Target Market Determination (TMD) which can be obtained from the Manager's website [www.ellerstoncapital.com](http://www.ellerstoncapital.com) or by contacting info@ellerstoncapital.com and obtaining advice from an appropriate financial adviser. Units in the Fund are issued by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000. This information is current as at the date on the first page.

This material has been prepared based on information believed to be accurate at the time of publication. Assumptions and estimates may have been made which may prove not to be accurate. Ellerston Capital undertakes no responsibility to correct any such inaccuracy. Subsequent changes in circumstances may occur at any time and may impact the accuracy of the information. To the full extent permitted by law, none of Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, or any member of the Ellerston Capital Limited Group of companies makes any warranty as to the accuracy or completeness of the information in this newsletter and disclaims all liability that may arise due to any information contained in this newsletter being inaccurate, unreliable or incomplete. Past performance is not a reliable indicator of future performance.