

Ellerston Global Equity Managers Fund (GEMS) Class A and B

Monthly Newsletter, April 2022

Investment Objective

The investment objective is to generate superior returns for Unitholders with a focus on risk and capital preservation.

Investment Strategy

The Fund provides investors with exposure to global markets through a long short equity strategy. The strategy overlays fundamental bottom-up stock selection with global macroeconomic and market outlook.

Key Information

Inception Date^^	1 January 2002
Portfolio Manager	Ashok Jacob & Arik Star
Class A Redemption Price	\$1.6575
Class B Redemption Price	\$1.6219
Unit Pricing	Monthly
Management Fee	1.50%
Performance Fee	16.50%
Buy/Sell Spread	0.25% on application 0.25% on redemption

PERFORMANCE SUMMARY

Performance*	1 Year	2 Years (p.a.)	5 Years (p.a.)	10 Years (p.a.)	Since Inception (p.a.)^^
GEMS A	0.2%	28.5%	14.7%	14.3%	13.4%
GEMS B	0.3%	28.6%	14.7%	14.2%	13.3%

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

PERFORMANCE

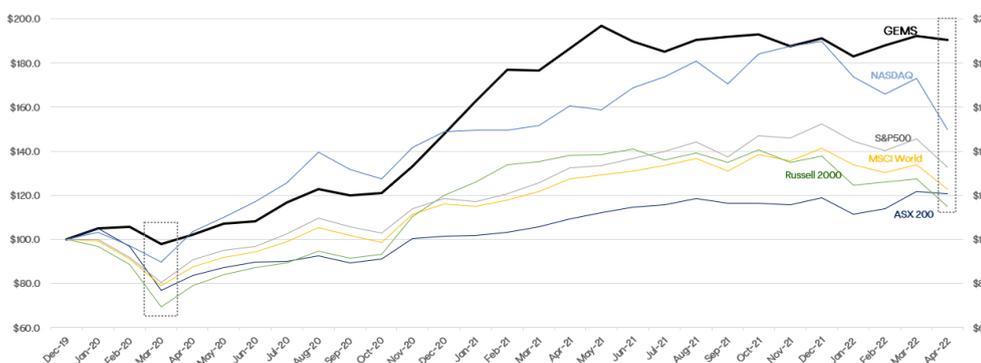
Fiscal Year to Date from June 30, 2021 to April 30, 2022, the US S&P 500 Index is down -2.8%, the Russell 2000 Index is down -18.6% and MSCI World (Local) Index is down -3.4%. **Your Fund (GEMS A) is down net after fees -1.0%**

Calendar Year to Date from January 1, 2022 to April 30, 2022, the Australian S&P/ASX 200 Index is up +1.4%, the US S&P 500 Index is down -12.9%, the Russell 2000 Index is down -16.7% and MSCI World (Local) Index is down -11.2%. **Your Fund (GEMS A) is down net after fees -1.0%.**

For the Month of **April 2022**, the Australian S&P/ASX 200 Index was down -0.9%, the US S&P 500 Index was down -8.7%, the Russell 2000 Index was down -9.9% and the MSCI World (Local) Index was down -6.9%. **Your Fund (GEMS A) was down net after fees -1.2%.**

Portfolio Commentary:

The GEMS portfolio performed strongly relative to global markets during the month of April, generating a net -1.2% decline, during the worst month for global equity markets since March 2020, when COVID struck. As can be seen in the chart below, during both material market drawdown months since the onset of the pandemic, the GEMS portfolio successfully protected capital.



Source: Ellerston Capital.

During the month of April, the GEMS hedging strategy proved to be highly effective at mitigating portfolio capital loss and was the key contributor to performance. During the month, other contributors to performance included Graincorp, Olin, Animoca Brands, Golden Agri Resources, Reliance Industries and Coterra Energy. Detractors from performance included Alcoa, Mawson Infrastructure, Booking Holdings and both gold and uranium exposures.

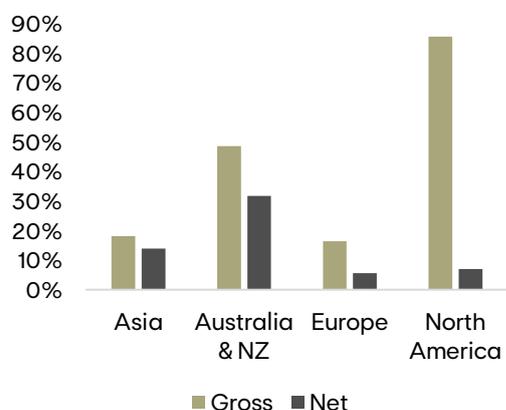
Market Commentary:

"Sell BEFORE May and go away" would have been far more prescient than the well known saying as equity markets sustained steep declines during April. A confluence of macro issues collided with transitioning market metrics and emerging company specific challenges. The quantum of uncertainties soared, and we all know that markets don't respond well to heightened uncertainty. Over the past two years, since emerging from the pandemic induced slump, unprofitable technology companies were the hardest dancers at the party as markets soared. The narrative triumphed over the numbers. Now the numbers are triumphing over the narrative as the focus on revenue multiple shifts to earnings multiple. At the same time, growth rates are slowing, and costs are rising. All combined it's a brutal cocktail that has seen many well-known technology names slump 50% to 90%. In fact, no technology companies have been immune as the Nasdaq has fallen circa 25% this calendar year to date. Increasingly aggressive commentary about rate hikes and Federal Reserve balance sheet contraction, combined with growing fears of recession and a material slowdown in China driven by COVID lockdown all helped to send markets into a spin. While the outcomes may be unknown, all these issues are very much known knowns.

As fear and greed collide, equity markets are recalibrating and working their way through a period of price discovery. While this creates excessive volatility, it more importantly leads to compelling opportunities. For fundamental investors focussed on capitalising on opportunities with outstanding risk reward skews, this is a time when the barrels get filled with candy.

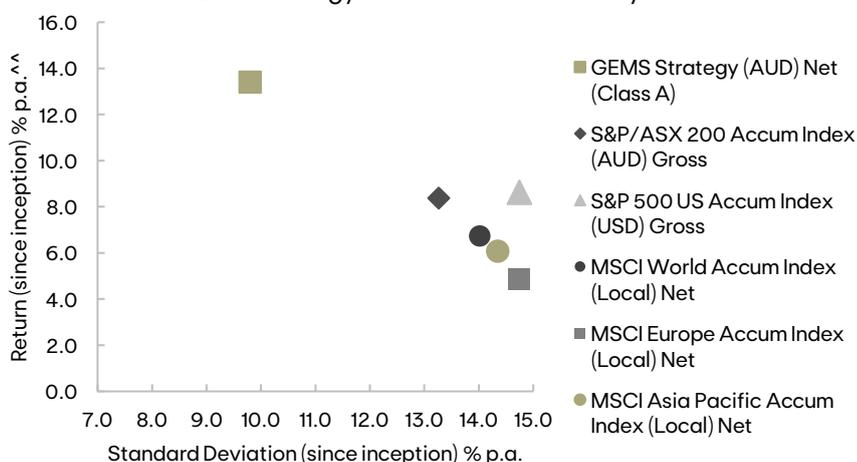
Portfolio Characteristics

Market Exposure as a % of NAV



Source: Ellerston Capital.

GEMS Strategy Performance & Volatility^



Source: Ellerston Capital.
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Top 10 Holdings (Alphabetical, Long Only)

- BOOKING HOLDINGS
- GENERATION DEVELOPMENT GROUP
- GOLAR
- GOLDEN AGRI-RESOURCES
- GRAINCORP
- LIGHT AND WONDER
- NEXT DC
- RALPH LAUREN
- SPROTT PHYSICAL URANIUM
- YELLOW CAKE

Contact us

Sydney

Level 11, 179 Elizabeth Street,
Sydney, NSW 2000
+612 9021 7701

info@ellerstoncapital.com

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 holdings enquiries should be directed to our register, Link Market Services on 1800 992 149 or ellerston@linkmarketservices.com.au

[^] Actual performance for your account may vary from that set out in this newsletter and will vary for investments made in different classes, or at different times throughout the year. Some performance data is estimated and preliminary and subject to change.

^{^^}For the period 1 January 2002 to 30 April 2006, the CPH Group GEMS Portfolio was not operated within a separate fund structure. The underlying investment assets of the CPH Group GEMS Portfolio were owned during that time within corporate entities of the CPH Group for which audited accounts were prepared on an annual basis. Accordingly, in order to provide relevant historical performance information for the period 1 January 2002 to 30 April 2006 (Historical Returns) net returns were calculated on the basis of the actual dollar returns of the CPH Group GEMS Portfolio adjusted to reflect a fund structure similar to the Fund and including all fees. For GEMS B, GEMS A returns have been used between 1 May 2006 and 2 November 2009. The returns of the Fund and the relevant Indices are net of fees, expenses and taxes and assuming distributions are reinvested.

[#] The standard deviation is often used by investors to measure the risk of an asset. The standard deviation is a measure of volatility; the more an asset's returns vary from the average return, the more volatile the asset. A higher standard deviation means a greater potential for deviation of return from the average return of the asset.

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