

Ellerston Global Equity Managers Fund (GEMS) Class C

Monthly Newsletter, April 2022

Investment Objective

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 December 2009
Portfolio Managers	Ashok Jacob & Arik Star
Application Price	\$1.8046
NAV Price	\$1.8001
Redemption Price	\$1.7956
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 (Net)*	1 Year	2 Years (p.a.)	5 Years (p.a.)	10 Years (p.a.)	Since Inception (p.a.) ^^
GEMS C	0.3%	28.6%	14.7%	14.1%	13.0%

Source: Ellerston Capital.

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

PERFORMANCE

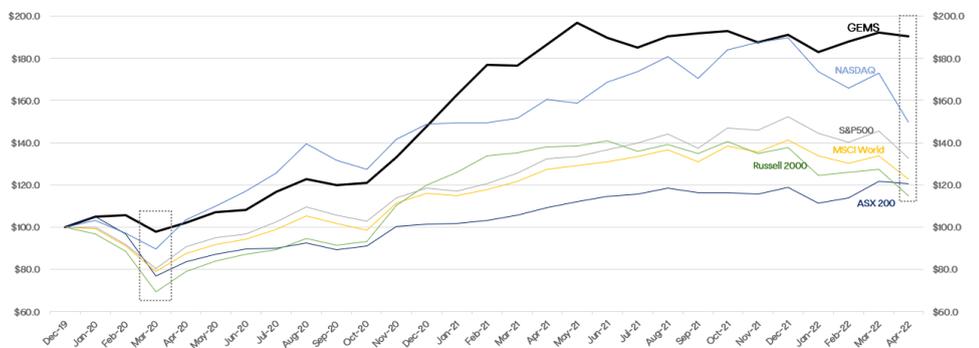
Fiscal Year to Date from June 30, 2021 to April 30, 2022, the US S&P 500 Index is down -2.8%, the Russell 2000 Index is down -18.6% and MSCI World (Local) Index is down -3.4%. **Your Fund is down net after fees -1.0%.**

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 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 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.

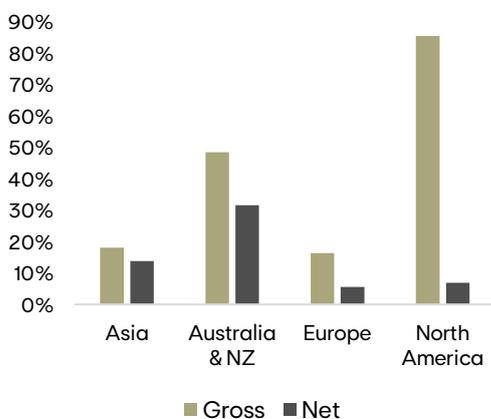
Market Commentary:

"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 focused on capitalising on opportunities with outstanding risk reward skews, this is a time when the barrels get filled with candy.

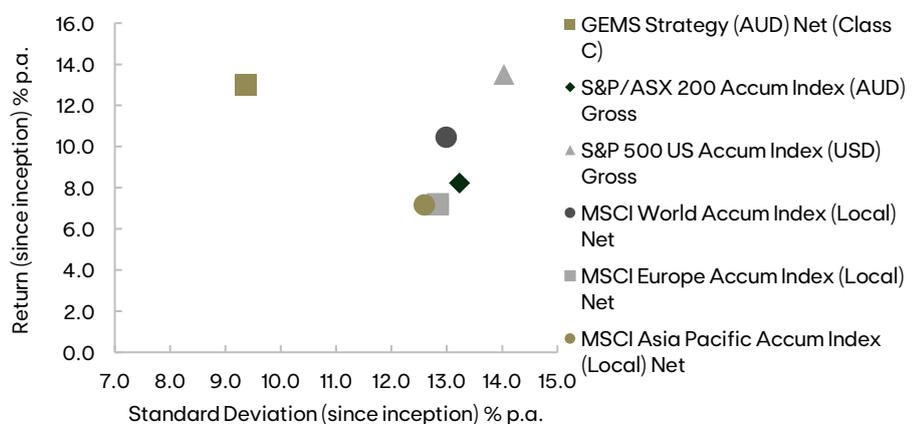
PORTFOLIO CHARACTERISTICS

Market Exposure as a % of NAV



Source: Ellerston Capital.

GEMS Strategy Performance & Volatility^



Source: Ellerston Capital.
Past performance is not a reliable indication of future performance.

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

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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**

[^] 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.

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. The returns and risk of the Fund and the relevant Indices are net of taxes, fees and expenses and assuming distributions are reinvested. The performance figures presented are for the Ellerston Global Equity Managers Fund GEMS C Units. The one month return figure may be an estimate and not the final return. This estimate also impacts other performance information provided. Estimated performance figures are preliminary and subject to change. Returns for other classes may differ slightly. Past performance is not indicative of future performance. This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, as the responsible entity of the Ellerston Global Equity Managers Fund ARSN 118 887 095 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 or by contacting info@ellerstoncapital.com and obtain 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.