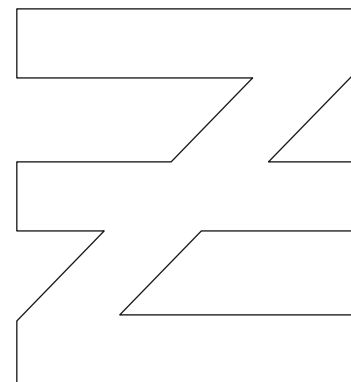


Ellerston 2050 Fund



Performance Report, June 2022

Investment Objective

The investment objective of the Fund is to outperform the Benchmark over a rolling three year period.

Investment Strategy

The Fund employs an active, research-driven investment approach which seeks to identify a portfolio of unlisted (pre-IPO and expansion capital) and listed (micro and small capitalisation) companies, with the aim of delivering superior returns to the benchmark over time. Investments will generally be made in companies that have sound business franchises with attractive earnings profiles that operate in growth industries and trade at a discount to valuation. For inclusion in the portfolio, companies must, either directly or indirectly, demonstrate a pathway to aiding the abatement of carbon within Australia and the global economy.

Key Information

Inception Date*	31 May 2022
Portfolio Manager(s)	David Keelan & Alexandra Clarke
Application Price	\$0.9452
Net Asset Value	\$0.9416
Redemption Price	\$0.9380
No Stocks	30
Management Fee	1.50%
Performance Fee	20% of the investment return above the Benchmark for each financial year, calculated and accrued quarterly
Distributions	Half Yearly

Performance Summary

Performance	1 Month	3 Months	6 Months	1 Year	Since Inception (p.a.)*
Ellerston 2050 Fund^	-5.86%	-	-	-	-5.84%
Benchmark**	-10.04%	-	-	-	-10.70%
Alpha	4.18%	-	-	-	4.87%

[^] The net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance
^{**} S&P/ASX Small Ordinaries Industrials Accumulation Index

Market Commentary

The Ellerston 2050 Fund delivered -5.86% in June, outperforming the S&P/ASX Small Industrial Accumulation Index by 4.87% since inception on the 31st of May 2022. The Fund invests in listed and unlisted (pre-IPO and expansion capital) companies which either directly or indirectly, contribute to aiding the abatement of carbon within Australia and the global economy. We strongly believe that small and micro-cap companies will be the enabling "pick and shovel" businesses to their large cap counterparts, facilitating a transition to net-zero emissions by 2050 and experiencing accelerated growth as a by-product of this evolution.

Overall, it was a rocky month for markets with the S&P/ASX Small Industrial benchmark down by 10%. For the first time in a while the Small Industrials outperformed Small Resources, which fell by 22%. Looking at the broader market within the Small Ordinaries, Telecommunications was the strongest performer during the month (down 5%), closely followed by Healthcare and Consumer Staples, as investors shifted towards the more defensive side of the market. The sell-off mainly reflected macro uncertainty along with rapid inflation across fuel, housing, and food.

Upon reflection, fiscal year 2022 was a rollercoaster to say the least, and really a tale of two halves. Markets were buoyant in the first half, with the S&P/ASX Small Ordinaries finishing up 4%, driven by record low interest rates, stimulus, and ongoing economic reopening. However, this came to a grinding halt in the second half with the global Omicron outbreak and Chinese lockdown, capped off by the war in the Ukraine. The main consequences being choked up supply chains, an energy crisis, and rapidly rising commodity prices – all of which helped inflation rear its ugly head, in a big way. As though the cost of living pressures weren't already putting households under enough pressure, the RBA backflipped on its guidance that rates would not rise until 2024 and began hiking at a pace not seen in decades. All of which drove the S&P/ASX Small Ordinaries down by 25% in the second half, to finish down 21% for the year.

One of our core positions, RPM Global (RUL AU) outperformed in June. The company provides advisory consulting, technology and software solutions to the mining industry. The software and ESG advisory service offered by RUL assists their customers to lower their carbon emissions directly by optimising the processes and machinery they run as well as indirectly by minimising their impact on the surrounding environment. The company provided a number of trading updates during June, given it is typically the largest selling period for the group. The group continues to show strong sales momentum with ARR of A\$32.8m and total pre-contracted software revenue of A\$95.5m (as at 30 June). While the technology sector has been under pressure in recent times, we see RUL as a high-quality play given its blue-chip customer base, is EBITDA profitable and is currently undertaking a share buyback (announced in late May).

Another positive contributor this month was EnviroSuite (EVS AU), delivering a 7% return. EVS is a global provider of environmental management software, providing blue-chip customers with real-time data and analytics. Its software assists with operational and environmental outcomes across Air, Noise and Water. EVS software helps businesses manage, monitor and reduce their emissions, noise, air and water pollution. The company provided an update on its water division this month, which now has sites operational across Australia, Asia, Europe and the USA. Additionally, revenue per site was ahead of forecasts and total Water revenue to date is now over A\$1 million. We think EVS is well placed to benefit the momentum in water continues to build, in addition to increased spend in its aviation segment as travel resumes.

June was a busy month for the team as we hit the pavement and assess our positions before the companies going into blackout ahead of the fiscal 2022 reporting season. We think this July confession season will be particularly interesting, with cost pressures building throughout the halves but still minimal cuts to earnings expectations. Accordingly, we have minimal exposure to consumer discretionary, and have focused on higher quality companies which have pricing power, defensive earnings, and solid balance sheets. We continue to stress test each of our assumptions and remain vigilant in upweighting the quality of our portfolio and looking for opportunities that present a three to one risk reward. As we are all aware volatility does create opportunities and we are well positioned to take advantage of these opportunities.

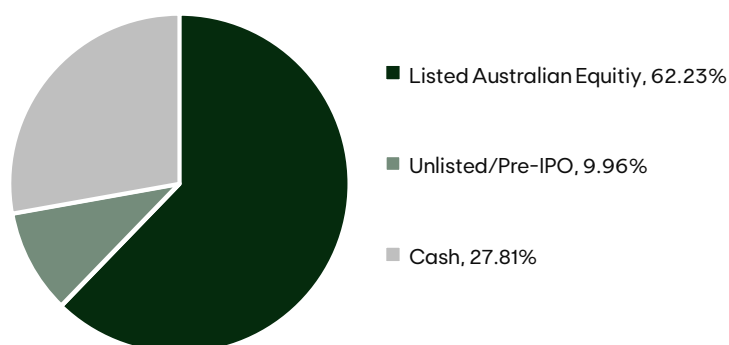
Holdings Summary

SECURITY	PORTFOLIO WEIGHT
Adrad Pty Ltd*	8.91%
IPH	4.56%
RPMGlobal	4.25%
Aussie Broadband	4.05%
EQT Holdings	3.77%
Additional Holdings^	46.27%
Cash	27.81%
Total	100.00%

Source: Ellerston Capital. ^Other capital deployed includes additional 25 holdings.

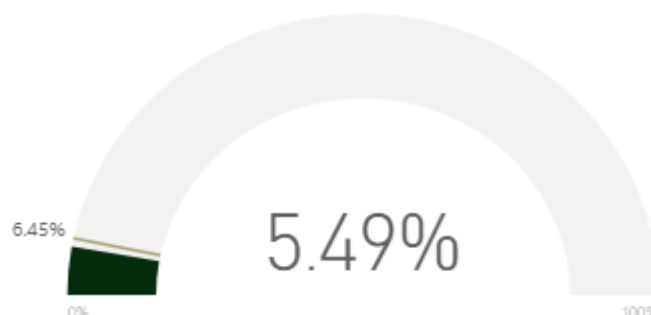
*Unlisted position. Currently over 8% of NAV given market movements. The Fund may fall outside of its position criteria from time to time while it acquires seed assets and until the Fund reaches sufficient scale.

Portfolio Breakdown

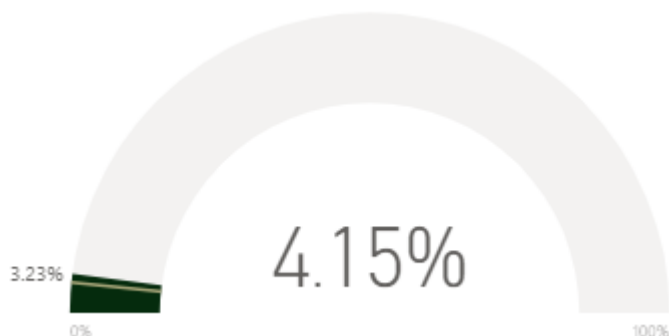


Source: Ellerston Capital.

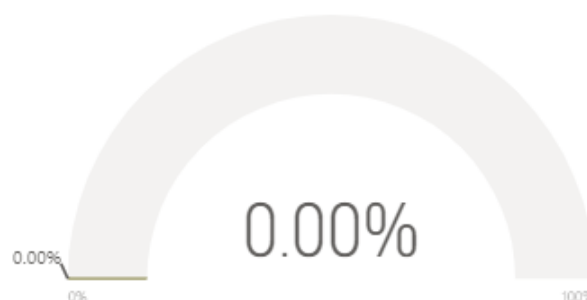
Value of Portfolio Reporting vs. Number of Companies Reporting on Scope 1 and 2*



Value of Portfolio Reporting vs. Number of Companies Reporting on Scope 3*



Value of Portfolio Reporting vs. Number of Companies Reporting According to TCFD^*



Source: ^Task Force on Climate-Related Financial Disclosure

*Please note the % represented by the line is the number of companies reporting and the shaded area (green) is the total holding value of the portfolio that the companies represent.

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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, Automic Registry Services on **1300 101 595** or **ellerstonfunds@automicgroup.com.au**

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