ARSN 647 979 333 APIR ECL6748AU

Ellerston Australian Emerging Leaders Fund

Fact Sheet

Key Fund Facts

Inception Date	July 2021
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Style	Small Cap equity – active, long only, fundamental bottom-up stock picking, benchmark agnostic
Investment Objective	To outperform the benchmark over a rolling three year period.
Asset Allocation Ranges	Australian listed Securities: 60 – 100% New Zealand listed Securities: 0 – 20% Cash: 0 – 20% Derivatives: 0 – 15%
Number of Holdings	30 – 60 stocks
Investment Horizon	3-5 years
Cash Limit	0 – 20%
Management Fee	1.10% p.a.
Performance Fee^	20%
Buy / Sell Spread	0.25% on application 0.25% on redemption
Distribution Frequency	Half-Yearly
Minimum Investment	$25,000
Additional Investment	$5,000

^20% of the amount by which the accumulated investment return exceeds the accumulated return of the Benchmark during each year to 30 June.

Invest in a portfolio of exceptional small cap companies from Australian and New Zealand that have attractive growth prospects

The Ellerston Australian Emerging Leaders Fund (the "Fund") invests in small cap companies which we believe have sound business franchises with attractive earnings profiles that operate in growth industries and trade at a discount to valuation.

To invest, we require a minimum market capitalisation of more than AUD$50m at the time of investment and seek to continue to hold a company as it grows beyond this level. As a result, the typical average market cap of the total portfolio will be at a material discount to the average market cap of the S&P/ASX Small Ordinaries Index, and all portfolio names held will generally be outside the S&P/ASX Top 100 Index.

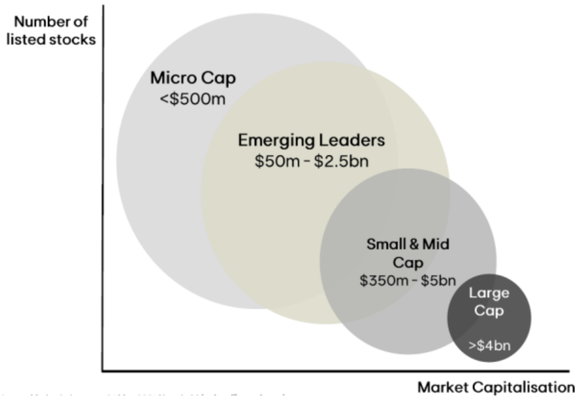
The foundation of this approach is that it's a true-to-label small cap portfolio that seeks to deliver significant out-performance versus the Benchmark, with a focus on capital preservation.

Why Australian Emerging Leaders?

Companies in the smaller cap part of the equity market are generally under-researched and under-owned. As a result, there exists an information asymmetry which can be exploited by undertaking fundamental, bottom-up research to help identify attractive companies earlier in their growth life cycle that have intrinsic strategic value and are being mispriced.

Further, we take a different approach to the traditional definition of smaller companies, identifying a segment of the market between AUD$50m - $2.5b size that we like to term "Emerging Leaders". We believe there are extensive opportunities within this space for us to identify companies that are believed to have the potential to deliver significant upside over the medium term and where there is a reasonable margin of safety to mitigate downside risk.

Chart 1. Australian Equity Market Overview



	# Listed Securities	Average Market Capitalisation
Micro Cap	1,727	A$95.6m
Emerging Leaders	1,114	A$400.3m
Small & Mid Cap	412	A$1.3bn
Large Cap	110	A$18.4bn

Source: Market Index, as at 24 May 2021. Note: bubble size is illustrative only.

Why invest in the Fund?

Attractive risk/return	An exposure to the smaller end of the small cap market gives investors' access to attractive growth opportunities at lower risk and has the ability to provide attractive returns through different market cycles.
Diversification	Smaller capitalisation stocks help diversify a portfolio. The larger end of the Australian stock market is highly concentrated by sector, whereas smaller companies exposure offers a diversity in sector.
Under-researched	Smaller capitalisation stocks are less well known and unlikely to be covered by brokers compared with larger cap peers. This provides an opportunity for active management to succeed.
Proven track record	The Emerging Leaders strategy has been run since 1 October 2019 and delivered a cumulative return of 49.66% (gross) since this date to 31 May 2021.

Investment Process

1. Idea sourcing
2. Research
3. Active pipeline
4. Portfolio construction
5. Investment & monitoring

The investment strategy that underlies the Fund is built around an assertion that the Australian share market, particularly outside the ASX100, is at times inefficient and "dislocations" or mispricing opportunities frequently prevail across securities.

Companies in the smaller cap sector are under-researched and under-owned and we believe we can:

- Discover companies earlier in their growth life-cycle;
- Identify businesses that are in the middle of a solid and sustainable turnaround or restructure; and
- Find assets that have a strategic value and are being mispriced.

The Fund aims to identify and invest in companies that are believed to have the potential to deliver significant upside over the medium term and where there is a reasonable margin of safety to mitigate downside risk.

Positions are actively managed and investments will generally be made in companies that have sound business franchises with attractive earnings profiles that operate in growing industries and trade at compelling valuations.

About Ellerston Capital

Founded on discovery

Managing money since 2002

Diverse range of investment strategies

Aligned interest with clients

Managing money since 2002, we aim to do one thing exceptionally well: grow and protect our clients' wealth through investing.

We are passionate about creating value for our clients by identifying outstanding investment ideas and designing portfolios that perform over the long term. Our Funds target a diverse range of strategies including, but not limited to, long only Australian, global and Asian equities, Australian and global long-short equity and private equity.

As a firm majority owned by its principals and employees, our clients' objectives are our objectives. Our clients include Sovereign Wealth, industry and corporate superannuation funds, family offices and high net worth investors.

Investment Team

Dedicated Emerging Leaders team working alongside Ellerston's broader network of investment professionals

David Keelan

Portfolio Manager

Alexandra Clarke

Co-Portfolio Manager

Daniel Ragonese

Investment Analyst

James Barker

Investment Analyst

Contact us

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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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