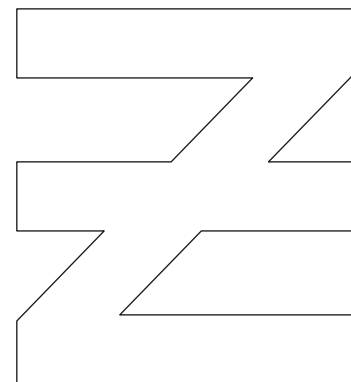


Ellerston 2050 Fund



Performance Report, August 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	\$1.0029
Net Asset Value	\$0.9991
Redemption Price	\$0.9953
No Stocks	30
Management Fee	1.50%
Performance Fee	20% of the investment return above the Benchmark for each financial year, calculated and accrued monthly
Distributions	Half Yearly

Performance Summary

Performance	1 Month	3 Months	6 Months	1 Year	Since Inception (p.a.)*
Ellerston 2050 Fund^	-0.54%	-0.11%	-	-	-0.09%
Benchmark**	-1.04%	-0.48%	-	-	-1.23%
Alpha	0.50%	0.37%	-	-	1.13%

^ 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 outperformed the Small Industrials Accumulation Index by 0.50% during August. It was a rollercoaster month for the benchmark which rallied in the first two weeks, before giving it all back in the second half after Powell's hawkish comments. Looking behind the index, industrials were the stronger performer, increasing by 4%, while Information and Technology and REITs fell by around 5%. To a large extent reporting season played out as we had anticipated, with labour shortages and inflationary pressures being key features. What was also interesting, and while backwards looking, the consumer has held up surprisingly well despite the rising cost of living. Overall, outlook commentary was relatively conservative across the board, which is to be expected given the macro uncertainty, and we saw FY23 EPS forecasts cut by a much needed 5% on average.

Servcorp (SRV AU), one of our core positions was a standout performer during the month, putting on almost 20%. The company provides of workspace solutions, with operations in Australia and New Zealand, Asia, Europe, the Middle East and USA. Servcorp's product offering includes the provision of physical corporate offices, individual desks in a co-working environment, hot desks and a virtual office solution, where the customer can work remotely while using Servcorp's address and ancillary services, reducing transport related carbon emissions. The company delivered a solid result, managing its costs tightly and generating free cash flow, while benefiting from higher occupancy and pricing post COVID. With nearly a third of its market cap in unencumbered cash, guidance for strong growth in FY23 and generating free cash flow of at least \$60m, we believe there is significant upside in this name.

Austin Engineering (ANG AU) performed remarkably well in August with its share price increasing by 35% for the month. The company designs and manufactures truck bodies and buckets across the Asia Pacific, North America and South America. The company manufactures lightweight truck bodies which reduce fuel consumption and lower emissions. Prior to its FY22 results announcement, ANG announced the acquisition of Mainetec. The deal was done at an attractive price and was accompanied by several synergy opportunities – both of which were well received by the market. The company posted a solid FY22 result, with both revenue and earnings up materially on the prior year, demonstrating the success of the Austin 2.0 strategy. Alongside the results, ANG announced two new products as part of its next gen truck body and high-performance bucket series. In our view, ANG is well positioned to utilise its strong network and new, reduced cost base to grow out its expanded product offerings into new geographies, while also improving its margins

Moving forward, we think many of these cost headwinds have peaked and should start to moderate. We are pleased earnings expectations have come down to more achievable levels, and we are starting to see some value emerge, particularly after some of the dramatic share price reactions which we believe were overdone. We will continue to stress test our positions and sift through these opportunities, particularly where we can see evidence of pricing power, resilient demand, and healthy balance sheets.

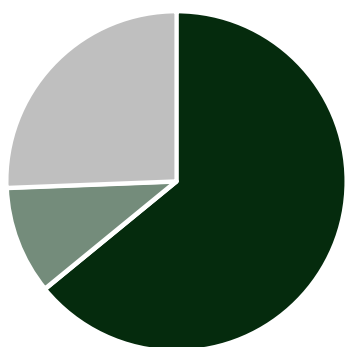
Holdings Summary

SECURITY	PORTFOLIO WEIGHT
Adrad Pty Ltd*	8.40%
EnviroSuite	4.27%
RPMGlobal Holdings	4.13%
PWR Holdings	4.04%
Servcorp	4.03%
Additional Holdings^	49.50%
Cash	25.61%
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.

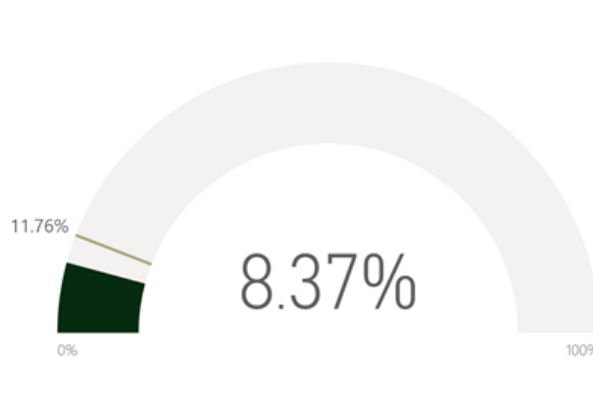
Portfolio Breakdown



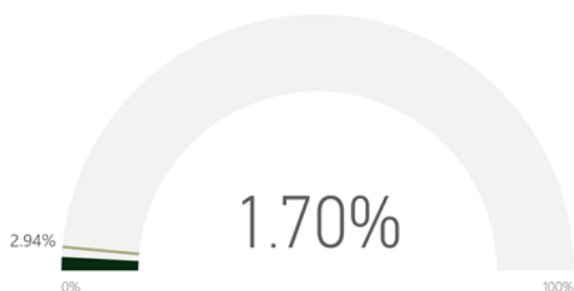
- Listed Australian Equity, 64.08%
- Listed New Zealand Equity
- Unlisted/Pre-IPO, 10.31%
- Cash, 25.61%

Source: Ellerston Capital.

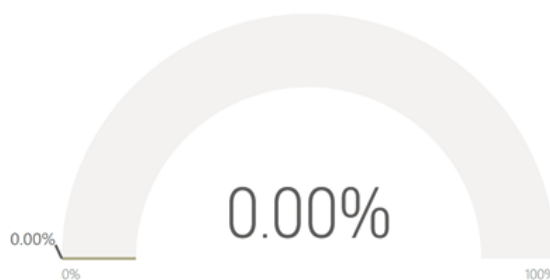
Value of Portfolio Reporting vs. Number of Companies Reporting on Scope 1 and 2*



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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