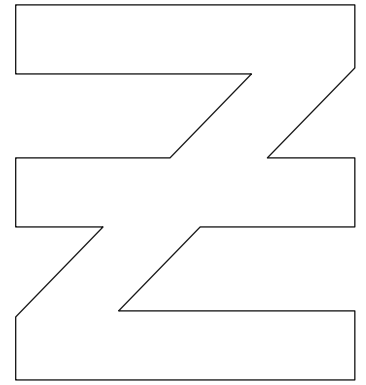


Ellerston Australian Absolute Return Fund



Monthly Newsletter, August 2022

Investment Objective

The Fund targets absolute returns with an annualised return objective of 5% above the RBA Cash Rate over rolling five year periods.

Investment Strategy

The Fund seeks to provide investors with a return profile that has a low correlation with traditional asset classes. The Fund aims to generate positive returns in all market environments by reducing the majority of market risk and focusing on capital preservation and alpha generation.

Key Information

Inception Date **	3 June 2013
Portfolio Manager	Ashok Jacob
Application Price	\$1.1789
NAV Price	\$1.1760
Redemption Price	\$1.1731
Liquidity	Daily
Gross Exposure	89.13%
Net Exposure	32.53%
Management Fee	1.20% p.a.
Performance Fee	20%
Buy/Sell Spread	0.25% on application 0.25% on redemption

PERFORMANCE SUMMARY

Performance	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.)**
Net [^]	0.75%	0.75%	-4.33%	-5.82%	8.85%	4.63%	7.11%
Benchmark*	0.15%	0.32%	0.36%	0.41%	0.36%	0.79%	1.38%
Alpha	0.60%	0.43%	-4.69%	-6.23%	8.49%	3.84%	5.73%

[^] Net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance
* RBA Cash Rate

PERFORMANCE

The Ellerston Absolute Return Fund delivered 0.75% in August.

COMMENTARY

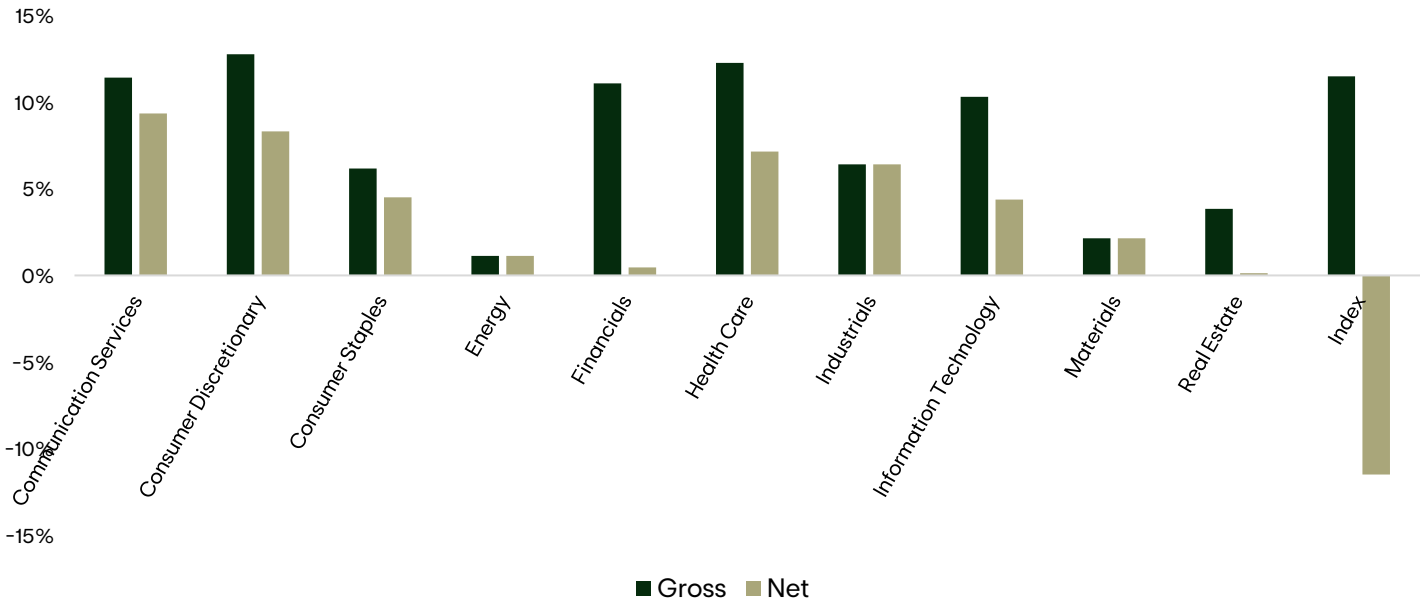
Two stocks that did well for us in August were Capitol Health (CAJ AU) and Servcorp (SRV AU).

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. 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.

Capitol Health (CAJ AU) is an owner and operator of radiology clinics predominately focused in the Victorian market. CAJ is a company that we have known for a number of years and have owned previously. We recently added it back to the portfolio given its under geared balance sheet, strong management team which has seen margins expand over the last few halves and its ability to consolidate the market. In August CAJ continued to deliver in one of the more challenging services environments we have seen due to covid lockdowns and absenteeism. The group also announced an acquisition of FMIG which should contribute around \$6m of EBITDA and bolsters its Victorian presence. We believe M&A in this space will remain elevated with both trade buyers and PE both looking at consolidating the sector. We note that CAJ is trading on 8.5x EV/EBITDA and a lot of the larger transactions in the market are being completed at circa 12x EBITDA. As such we believe CAJ is not only a quality organic growth story but an attractive takeover target.

PORTFOLIO CHARACTERISTICS

Sector Exposure

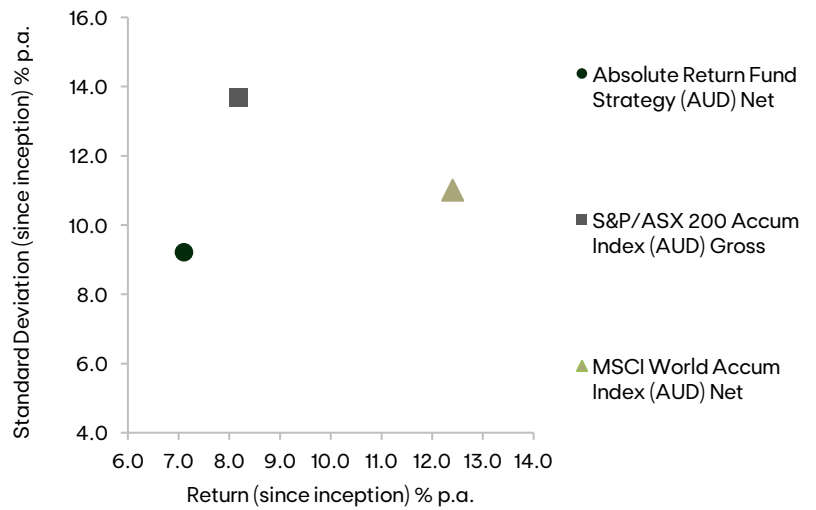


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- Capitol Health
- Corporate Travel Management
- EQT Holdings
- Estia Health
- Generation Development Group
- Hipages
- IPH
- Regis Healthcare
- Rubicon Water
- Tasfoods

Strategy Performance & Volatility



Source: Ellerston Capital.

RG240 Fund Disclosure Benchmark – Periodic Reporting (monthly)

- **Net Asset Value of the Fund and Redemption Price of Units**
Please refer to details on page one.
- **Any changes to key service providers including any change in related party status**
There have been no changes to key service providers, including any change in related party status.
- **Net returns after fees, costs and relevant taxes**
Please refer to details on page one.
- **Any material changes to the Fund's risk profile and strategy**
There have been no changes to the Fund's risk profile and strategy.
- **Any material changes related to the primary investment personnel responsible for managing the Fund**
Please refer to details on page one; there have been no changes to the primary investment personnel responsible for managing the Fund

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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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