

Ellerston Global Equity Managers Fund (GEMS) Class A and B

Monthly Newsletter, August 2022

Investment Objective

The investment objective is 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 January 2002
Portfolio Manager	Ashok Jacob & Arik Star
Class A Redemption Price	\$1.4477
Class B Redemption Price	\$1.4144
Gross Exposure	162.84%
Net Exposure	34.20%
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*	1 Year	2 Years (p.a.)	5 Years (p.a.)	10 Years (p.a.)	Since Inception (p.a.)^^
GEMS A	-13.6%	11.1%	10.6%	12.9%	12.4%
GEMS B	-13.6%	11.1%	10.6%	12.8%	12.3%

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

Performance

For the 3 Year period from August 31, 2019 to August 31, 2022, the compound annual returns for the Australian S&P/ASX 200 Total Return Index was +5.5%, the US S&P 500 Index was +12.4%, the Russell 2000 Index was +8.6% and MSCI World (Local) Index was +9.7%. **Your Fund (GEMS A) net after fees returned +16.7%.**

Calendar Year to Date from January 1, 2022 to August 31, 2022, the Australian S&P/ASX 200 Index is down -3.6%, the US S&P 500 Index is down -16.1%, the Russell 2000 Index is down -17.2% and MSCI World (Local) Index is down -14.8%. **Your Fund (GEMS A) is down net after fees -13.5%.**

For the Month of August 2022, the Australian S&P/ASX 200 Index was up 1.2%, the US S&P 500 Index was down -4.1%, the Russell 2000 Index was down -2.0% and the MSCI World (Local) Index was down -3.5%. **Your Fund (GEMS A) returned net after fees +0.10%.**

The GEMS portfolio was up slightly for the month of August, generating a net return of +0.10%, during a month that saw commodity stocks perform very strongly enabling the Australian market to rise, while most global markets sustained material declines.

During the month, gains included Celsius, Cameco, Flutter, Occidental, Yellow Cake and Golar. Detraction from performance included Cellnex, Alphabet, Microsoft, Alcoa, Gold positioning, and Ralph Lauren. Hedging proved effective with stock specific shorts and US index shorts and puts contributing positively to performance.

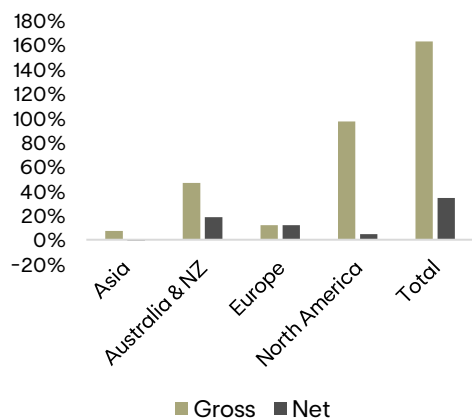
Outlook and Positioning

The next ten years is almost certain to be very unlike the last 10 years. The gale-force tailwinds of quantitative easing, zero interest rate policy and benign inflation are behind us. Positioning will be of paramount importance to generate strong returns with the appropriate risk reward skew. Value over Long Duration Growth. Cash Flow over Promises. Hard Assets and Real Businesses over Froth. While these dynamics have always resonated with us and been at the core of our investment style, we believe that they will be the drivers of returns for the broader market in the years ahead.

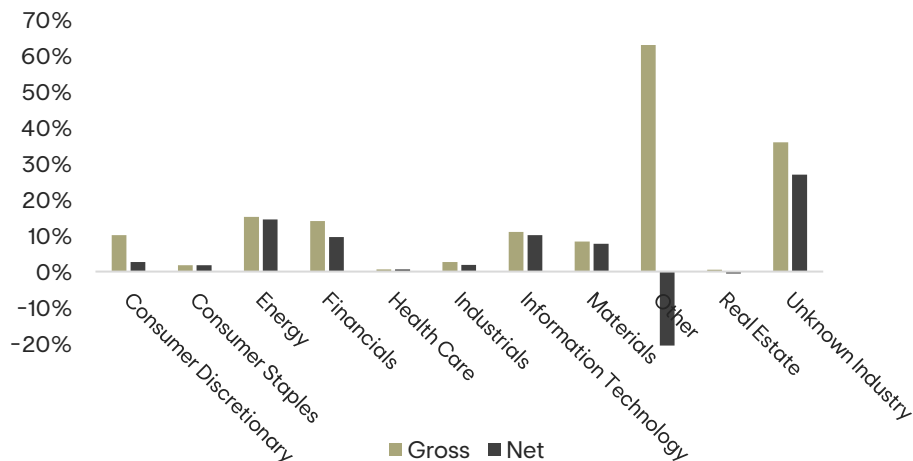
Global markets had a volatile month during August. There seems to be a consensus view that the risk to earnings has a one-way skew. Down! Everyone knows that Quantitative Tapering (QT) entered its full-strength phase in September. Impact so far – Benign. Ongoing impact – unknown. Inflation is a known issue. It's velocity and longevity is debated ad nauseum. The outcome is unknown. Central banks are hiking rates aggressively. The groundswell of hope for a US Federal Reserve (Fed) pivot remains consistent. No matter what the latest CPI number comes in at. And then there is the endless commentary around a recession. No doubt there will be one in time, but we don't know when. In the meantime, there is full employment, the restaurants are full, travel is strong, and retail seems to be doing ok. Doesn't feel like we are there yet. What is certain is these and other issues that are "Macro" have consumed all market participants, such that every data point can drive aggressive moves up or down, ensuring uncertainty and volatility. Lots of known issues, opinions and experts, with many unknown outcomes. The volatility has been very orderly, with no sense of panic. As the macro environment evolves it's a time to be cautious, constructive and opportunistic.

PORTFOLIO CHARACTERISTICS

Region Exposure



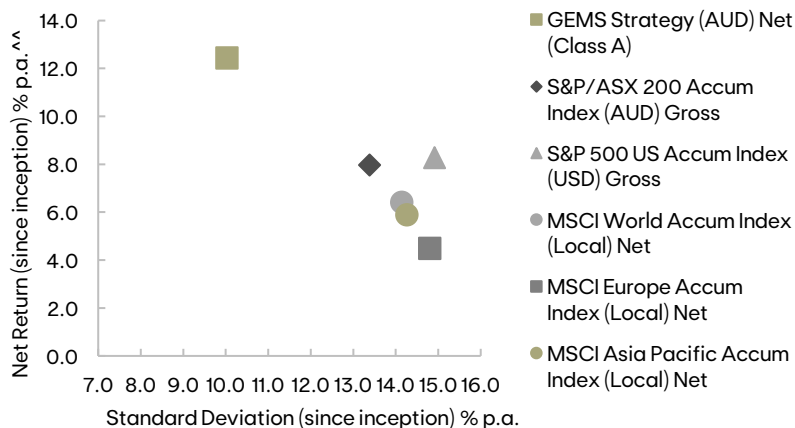
Sector Exposure



Source: Ellerston Capital.

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GEMS Strategy Performance & Volatility[^]



Source: Ellerston Capital.

Past performance is not a reliable indication of future performance.

Top 10 Holdings (Alphabetical, Long Only)

- ALCOA
- ALPHABET
- CAMECO
- CELLNEX TELECOM
- FLUTTER ENTERTAINMENT
- GENERATION DEVELOPMENT GROUP
- MICROSOFT
- MONEY3
- OCCIDENTAL PETROLEUM
- YELLOW CAKE

Source: Ellerston Capital.

Regulatory Guide (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

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 holdings 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.

^^ For the period 1 January 2002 to 30 April 2006, the CPH Group GEMS Portfolio was not operated within a separate fund structure. The underlying investment assets of the CPH Group GEMS Portfolio were owned during that time within corporate entities of the CPH Group for which audited accounts were prepared on an annual basis. Accordingly, in order to provide relevant historical performance information for the period 1 January 2002 to 30 April 2006 (Historical Returns) net returns were calculated on the basis of the actual dollar returns of the CPH Group GEMS Portfolio adjusted to reflect a fund structure similar to the Fund and including all fees. For GEMS B, GEMS A returns have been used between 1 May 2006 and 2 November 2009. The returns of the Fund and the relevant Indices are net of fees, expenses and taxes and assuming distributions are reinvested.

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.

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