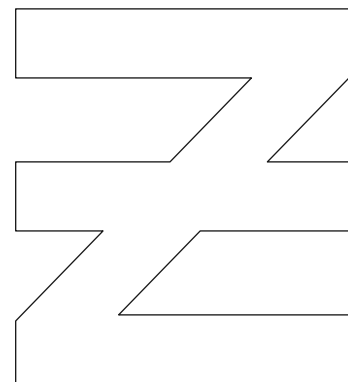


Ellerston Australian Absolute Return Fund



Monthly Newsletter, September 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	\$1.1279
NAV Price	\$1.1251
Redemption Price	\$1.1223
Liquidity	Daily
Gross Exposure	85.66%
Net Exposure	34.57%
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 [^]	-4.33%	1.20%	-8.96%	-12.47%	6.04%	3.68%	6.54%
Benchmark*	0.18%	0.44%	0.54%	0.59%	0.39%	0.81%	1.39%
Alpha	-4.51%	0.75%	-9.50%	-13.06%	5.64%	2.88%	5.15%

[^] 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 -4.33% in September.

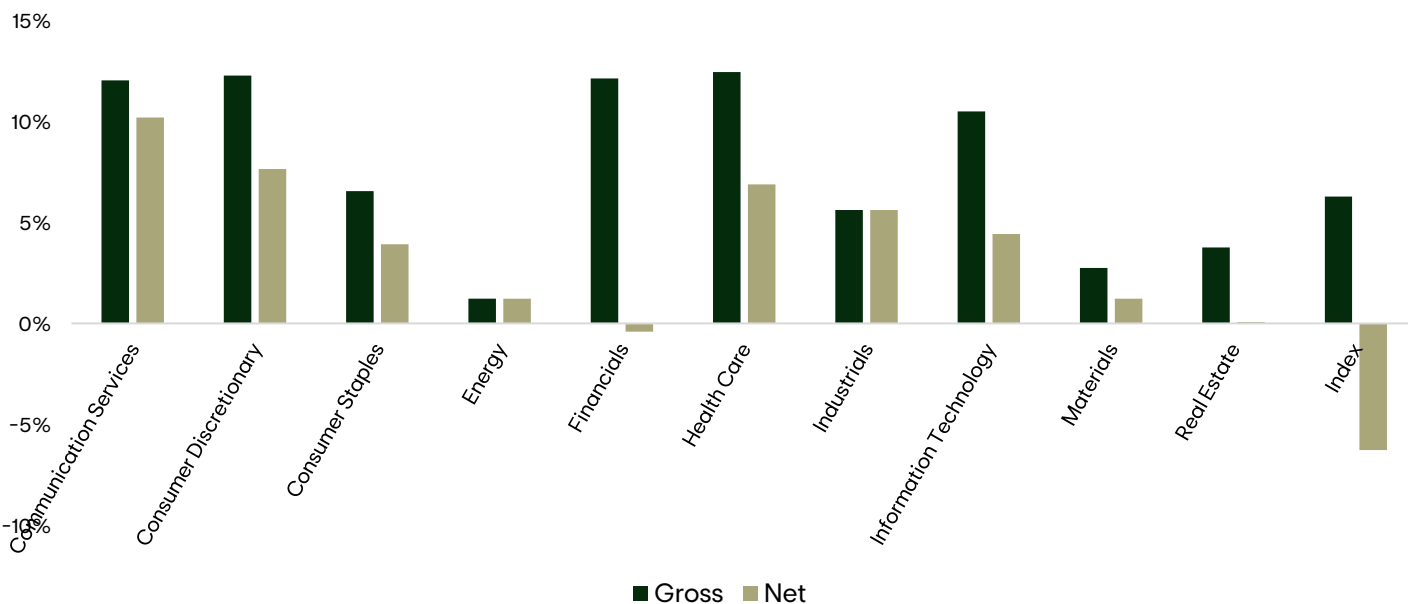
COMMENTARY

Two stocks that did well for us in September were Equity Trustees and IPH Limited. Equity Trustees (EQT-AU) one of our higher conviction positions held its ground extremely well in what was a tough month for equities. The company provides trustee and related services to both corporate and personal clients. The business is extremely resilient, long duration earnings and a prudent management team. We think the market has digested the acquisition announced late in August. We think this acquisition makes perfect sense, the two businesses are highly complementary, brings additional scale and highly sought-after staff, and material cost synergies which should deliver double digit accretion. The business continues benefiting from structural tailwinds, and still has plenty of firepower to undertake further acquisitions.

IPH Limited (IPH AU) a patent attorney firm outperformed the market in September. IPH files patents from global leading brands in Australia, New Zealand and Asia. In August with its full year result, the group announced the acquisition of Smart & Biggar a Canadian patent firm and IPH's first foray into the region. While the market is supportive of IPH moving into a new geography, we believe the main reason IPH was so resilient in September was its leverage to the falling US dollars. A bulk of IPH's revenues are billed in US dollars as such a 1 cent movement in the AUD/USD equates to approximately \$1.9m increase in revenue with most of this falling through to earnings. IPH remains a core portfolio holding, and we look forward to seeing how they integrate Smart & Biggar and continue to consolidate the Canadian market.

PORTFOLIO CHARACTERISTICS

Sector Exposure

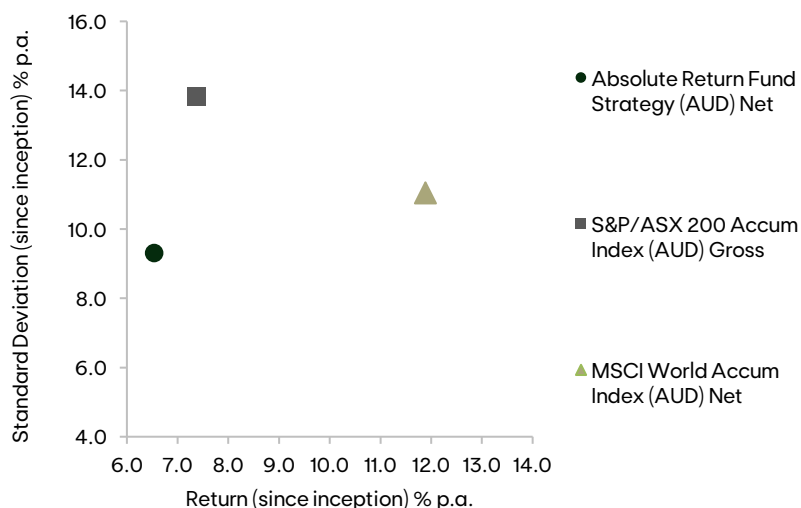


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- Capitol Health
- Corporate Travel Management
- EQT Holdings
- Estia Health
- Fleetwood
- Generation Development Group
- Hipages
- IPH
- 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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