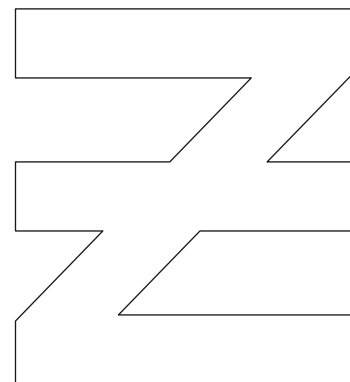


Ellerston Australian Emerging Leaders Fund



Monthly Newsletter, November 2022

Investment Objective

To provide investors with long term capital growth by investing in a portfolio of quality Australian & New Zealand companies. The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term.

Investment Strategy

The Fund employs an active, research-driven investment approach which seeks to identify a portfolio of smaller company Securities with the aim of delivering superior returns to the Benchmark over time. The Fund will 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 the downside risk. Positions are actively managed within the Fund.

Key Information

Strategy Inception ^^	13 August 2021
Portfolio Manager	David Keelan & Alexandra Clarke
Application Price	\$0.7876
Net Asset Value	\$0.7856
Redemption Price	\$0.7836
Liquidity	Daily
No Stocks	42
Management Fee	1.10% 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	Since Inception (p.a.)^^
Net^	0.61%	-4.03%	-5.96%	-21.00%	-16.55%
Benchmark*	4.92%	-0.81%	-3.37%	-14.03%	-10.67%
Alpha	-4.31%	-3.23%	-2.59%	-6.97%	-5.89%

^ The net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance
* S&P/ASX Small Ordinaries Accumulation Index

COMMENTARY

November was a disappointing month for the Ellerston Australian Emerging Leaders Fund which delivered 0.6%, compared to the Small Ordinaries Accumulation Index which put on 4.9%. Our lack of resource exposure hurt us with the Small Resources Index rallying 12%, compared to a modest 3% increase in the Small Industrials.

Looking more broadly at the market, the strong rally in November was a function of the softer than expected US CPI print, and dovish commentary from the Fed. Accordingly, the markets have peeled back their terminal rate expectations and the Australian 10-year bond yield declined by 20bps. In November we saw significant news flow with many of our portfolio companies - and the general market - providing trading updates at their AGMs and broker conferences. The updates were mixed with the consumer holding up surprisingly well although the headwinds are building, with cost pressures still present (albeit moderating) and funding costs continuing to rise. The markets remain extremely volatile which is creating opportunities and we think well-funded companies will look at resuming M&A activity to capitalise on current conditions.

Imdex (IMD AU) - one of our high conviction positions - was a strong performer for the month, putting on almost 19%. The strong share price rally was supported by an update on the commercialization of its Blast Dog product, broker initiations, victory in a lingering court case against fellow listed peer Boart Longyear Group (BLY AU) and successfully defending their patented technologies. Looking ahead, we expect the 1H23 will show continued sales momentum after a record 1Q23, continued traction in the Americas and a further shift towards rental and SaaS sales mix.

Another strong contributor in November was Aroa Biosurgery (ARX AU) which gained 25.7% over the month. ARX is a commercial stage medical device company, with its primary offering being the proprietary AROA-ECM, a bioscaffold derived from sheep stomach used in the treatment of soft tissue repairs. In November, ARX report its 1H23 results where they reiterated their recently upgraded guidance of NZ\$62-64m, maintained gross margin of 84% and FY23 normalised EBITDA breakeven. We like the outlook for ARX given the strong growth profile ahead for the business, coupled with a robust balance sheet position.

Moving forward, we expect the volatility to remain high for the near term which will continue to create new and interesting investment opportunities. We will stick to our process, looking for high quality businesses which resilient revenues, pricing power, strong management teams and ideally companies which are catalyst rich.

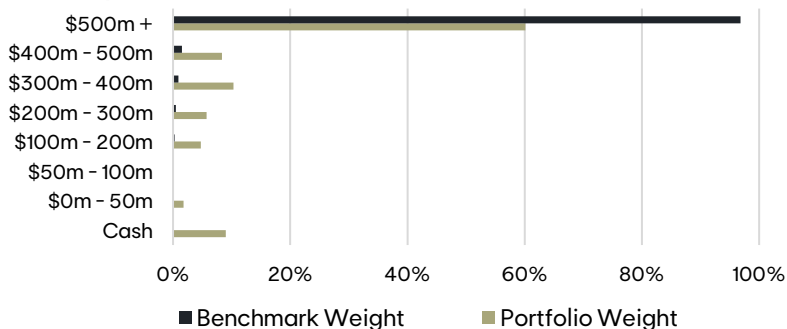
PORTFOLIO CHARACTERISTICS

Key Portfolio Metrics

FY23e	Fund	Benchmark
Price/Earnings	16.1x	19.7x
Dividend Yield	2.2%	3.3%
Net Debt/EBITDA	-0.03x	1.24x

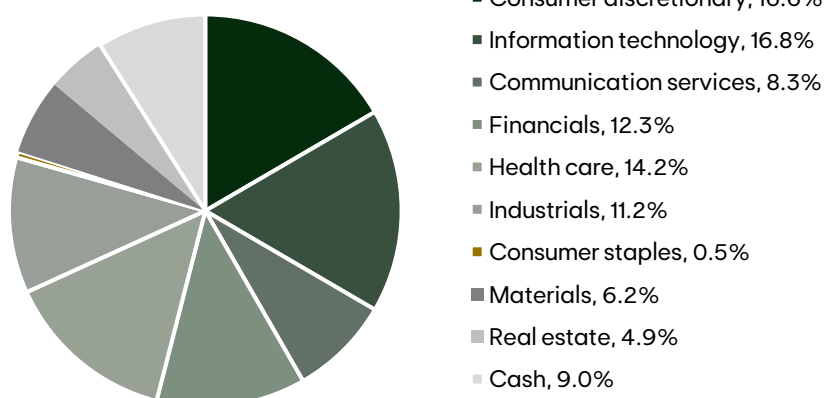
Source: Ellerston Capital.

Market Capitalisation



Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Contact Us

Sydney

Level 11, 179 Elizabeth Street,
Sydney, NSW 2000
+612 90217701
info@ellerstoncapital.com

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 Group on 1300 101 595 or ellerstonfunds@automicgroup.com.au

This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, as the responsible entity of the Ellerston Australian Emerging Leaders Fund ARSN 647 979 333 without taking account the objectives, financial situation or needs of individuals. Before making an investment decision about the Fund persons should read the Fund's Product Disclosure Statement and Target Market Determination (TMD) which can be obtained from the Manager's website www.ellerstoncapital.com or by contacting info@ellerstoncapital.com and obtain advice from an appropriate financial adviser. Units in the Fund are issued by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000. This information is current as at the date on the first page.

This material has been prepared based on information believed to be accurate at the time of publication. Assumptions and estimates may have been made which may prove not to be accurate. Ellerston Capital undertakes no responsibility to correct any such inaccuracy. Subsequent changes in circumstances may occur at any time and may impact the accuracy of the information. To the full extent permitted by law, none of Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, or any member of the Ellerston Capital Limited Group of companies makes any warranty as to the accuracy or completeness of the information in this newsletter and disclaims all liability that may arise due to any information contained in this newsletter being inaccurate, unreliable or incomplete. Past performance is not a reliable indicator of future performance.