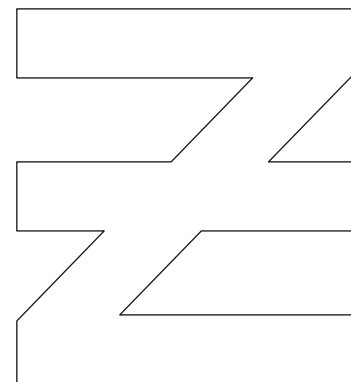


Ellerston 2050 Fund



Performance Report, December 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	\$0.9335
Net Asset Value	\$0.9300
Redemption Price	\$0.9265
No Stocks	34
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^	-2.53%	-1.30%	-1.24%	-	-7.00%
Benchmark**	-3.38%	6.58%	5.53%	-	-5.76%
Alpha	0.85%	-7.88%	-6.77%	-	-1.24%

^ 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

December saw a reversal of the exceptionally strong November with the market finishing down 3.4%. The Ellerston 2050 Fund outperformed the Small Ordinaries by 0.9%. The market was weighed down by higher than expected US Nonfarm payrolls which in turn meant that equity markets expected a delay in the US Federal Reserve (Fed) "pivot".

Looking more broadly at CY22, it has been a particularly challenging year for Micro and Small Caps with the Small Ordinaries finishing down 18.38% compared to the ASX 100 which was broadly flat at +0.63. The smaller end of the market was disproportionality impacted by the withdrawal of liquidity due to tightening monetary policy. This led to significantly reduced volumes across financial markets (especially at the small end of town). We also saw the Small Industrial Index derate heavily as higher inflation rates accentuated existing cost pressures at an industry level. While at an asset allocation level, it drove a rotation out of Industrials into Resources which have historically benefited in inflationary environments.

Contributing to funds' performance in December was Kelsian Group (KLS AU) and Aspen Group Limited (APZ AU).

Kelsian Group (KLS AU) was a steady performer in December with the defensive nature of its earnings stream helping support the share price in a weaker market. The Group also secured a \$800m, seven year contract for Sydney Bus services. This contract helped to alleviate some uncertainty which existed on KLS's ability to renew contracts and win new work in Australia given the competitive environment. We continue to like KLS's organic growth profile, the strong tender pipeline and optionality around M&A. In addition, KLS is at the forefront of the move to zero emission public transport with Australia's largest purchase of Electric Buses and its purchase of a Hydrogen fleet.

Aspen Group (APZ AU) is a property investment and development company. In December, APZ's share price rose 15% as they announced the acquisition of 41m shares in fellow ASX-listed company Eureka Group Holdings (EGH AU), representing approximately 14% of EGH's shares on issue. In addition to this, they had announced the acquisition of Black Dolphin Resort Motel in Merimbula, NSW. Black Dolphin is a motel complex comprising 49 units over 1 hectare of land and intend to refurbish many of the cabins to attract a broader customer base and reduce seasonality. As this new facility is adjacent to one of their existing properties, EGH hope to combine the land to deliver both revenue and cost synergies for the combined businesses. We continue to hold APZ as a core position in our 2050 portfolio. APZ are committed to running a low emissions business model, utilising higher density and communal living spaces, as well as following a carbon emission reduction target for the assets it controls that is in line with the 2015 Paris Agreement.

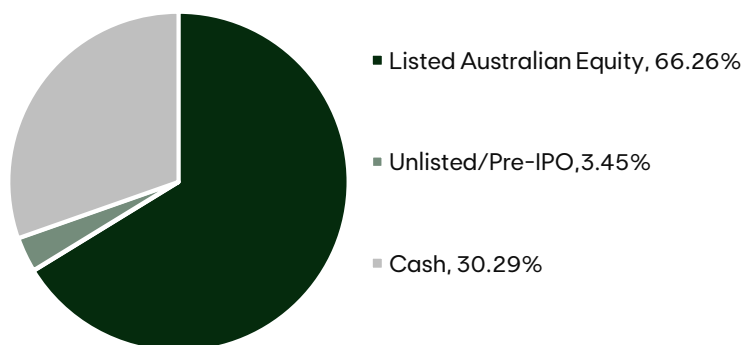
Kicking off 2023, our initial priority will be preparation for the 1H23 reporting season. With concerns around cost pressures, weakening demand and balance sheet flexibility we are comfortable that our portfolio exposure is balanced heading into the reporting season. We think volatility will remain elevated in the near term. As always, our preference is to find high quality businesses benefiting from long-term structural tailwinds, with solid balance sheets and strong management teams. Given our bottom-up stock picking approach we welcome volatility, as it provides the fund with opportunities to accumulate high quality stocks at attractive prices.

Holdings Summary

SECURITY	PORTFOLIO WEIGHT
RPMGlobal Holdings	5.27%
Kelsian Group	4.69%
Adrad Pty Ltd	4.52%
Imdex	4.05%
IPH Ltd	3.70%
Additional Holdings^	47.48%
Cash	30.29%
Total	100.00%

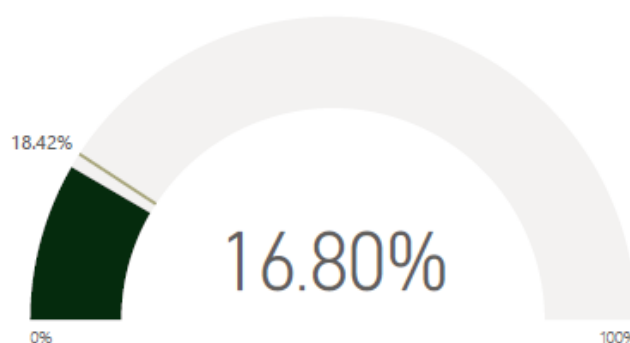
Source: Ellerston Capital. ^Other capital deployed includes additional 29 holdings.

Portfolio Breakdown

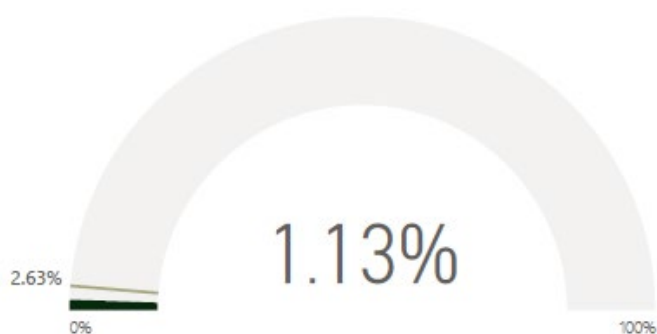


Source: Ellerston Capital.

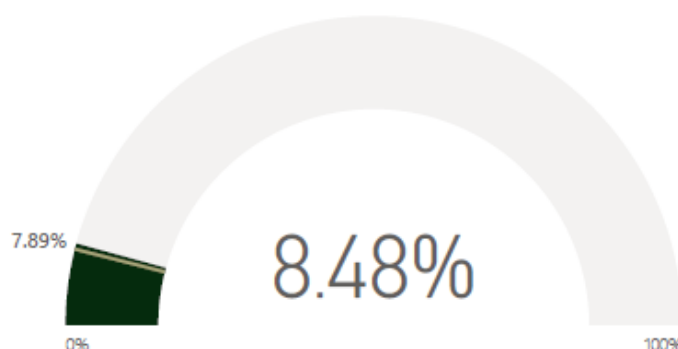
Value of Portfolio Reporting vs. Number of Companies Reporting on Scope 1 and 2*



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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