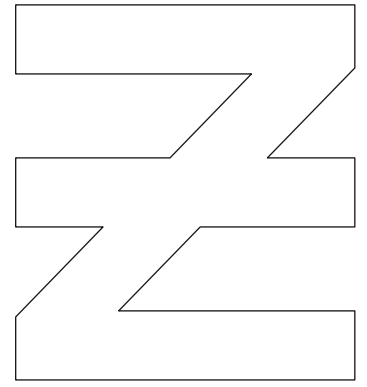


# Ellerston Australian Absolute Return Fund



## Monthly Newsletter, December 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	\$1.0184
NAV Price	\$1.0159
Redemption Price	\$1.0134
Liquidity	Daily
Gross Exposure	112.22%
Net Exposure	39.07%
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 <sup>^</sup>	-2.05%	-9.71%	-8.63%	-19.34%	-0.41%	0.98%	5.24%
Benchmark*	0.26%	0.70%	1.15%	1.27%	0.56%	0.87%	1.43%
Alpha	-2.31%	-10.41%	-9.77%	-20.61%	-0.98%	0.11%	3.81%

<sup>^</sup> 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 -2.05% in December.

### COMMENTARY

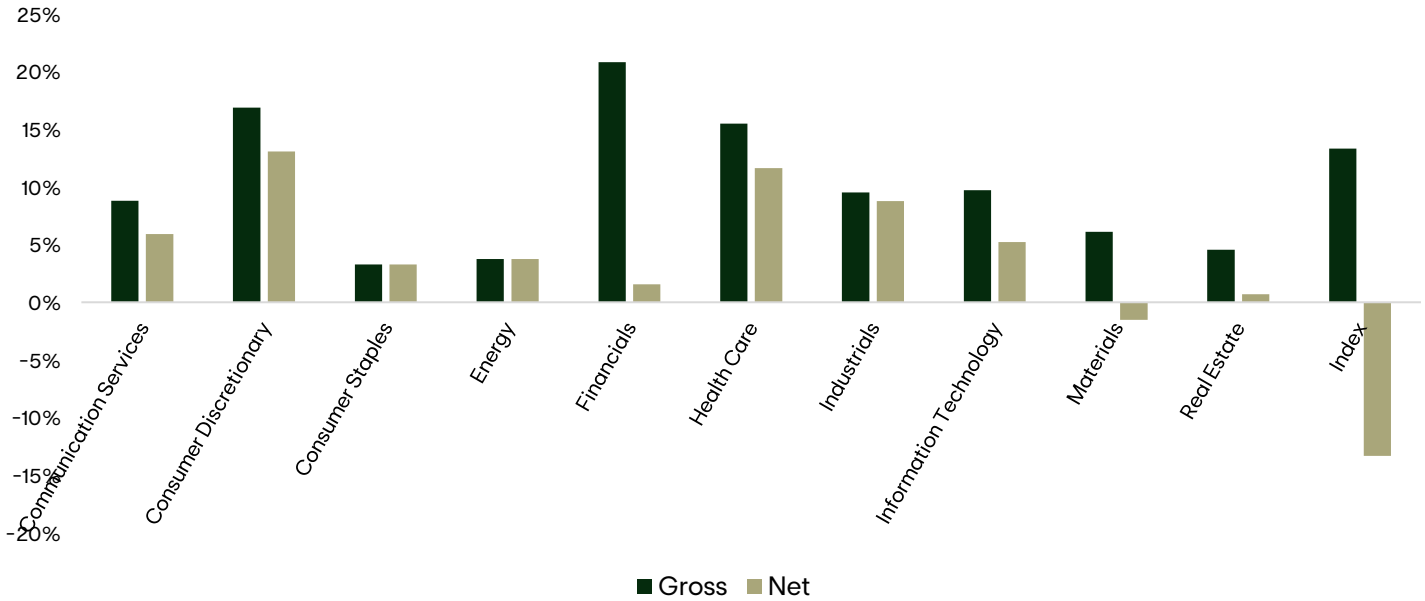
Two stocks that performed well during December were Kelsian Group (KLS AU) and Strike Energy (STX AU), which is a new addition to the portfolio.

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.

Strike Energy (STX AU) had a heavy news flow month, with the announcement of an extension of the 1:1 scrip-based takeover for Warrego Energy (WGO AU) increasing its strategic holding to 19.9%. WGO has been under great scrutiny in recent times with a number of different parties all trying to get their hands on the asset. STX also announced a \$153m debt financing package to progress its Perth Basin assets, which includes refinancing an existing \$33m facility; a \$40m facility to support the appraisal drilling of two wells in South Erregulla and to upgrade existing Contingent Resources to Reserves; and an uncommitted \$80m Erregulla gas development facility. We are attracted to STX upstream gas asset position with the company well placed to benefit from the WA tightening domestic gas market. We anticipate further consolidation in the Perth Basin.

## PORTFOLIO CHARACTERISTICS

### Sector Exposure

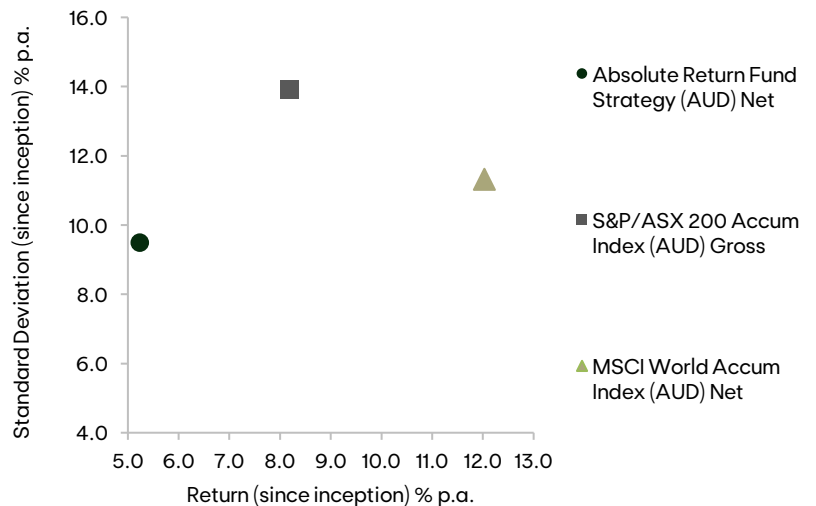


Source: Ellerston Capital.

### Top 10 Holdings (Alphabetical, Long Only)

- Capitol Health
- EQT Holdings
- Estia Health
- Generation Development Group
- Hipages Group Holdings
- IDP Education
- IPH
- Kelsian Group
- Regis Healthcare
- Rubicon Water

### 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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Contact Us

Sydney

Level 11, 179 Elizabeth Street,  
Sydney, NSW 2000  
+612 9021 7701  
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](mailto:ellerstonfunds@automicgroup.com.au)**

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