Ellerston Global Equity Managers Fund (GEMS) Class C

Monthly Newsletter, December 2022

Investment Objective

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 December 2009
Portfolio Managers	Ashok Jacob & Arik Star
Application Price	$1.5175
NAV Price	$1.5137
Redemption Price	$1.5099
Gross Exposure	135.84%
Net Exposure	48.41%
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 (Net)*	FYTD (6 Months)	2 Years (p.a.)	3 Years (p.a.)	5 Years (p.a.)	10 Years (p.a.)	Since Inception (p.a.)
GEMS C	-3.6%	1.2%	12.3%	6.3%	11.9%	10.8%

Source: Ellerston Capital.

* 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 December 31, 2019 to December 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 +7.7%, the Russell 2000 Index was +3.1% and MSCI World (Local) Index was +5.8%.
Your Fund net after fees returned +12.3% pa.

For the Month of December 2022, the Australian S&P/ASX 200 Index was down -3.2%, the US S&P 500 Index was down -5.8%, the Russell 2000 Index was down -6.5% and the MSCI World (Local) Index was down -5.1%.
Your Fund returned net after fees -2.2%.

2022 In Review

Fund - Thankfully 2022 is over and behind us. The fund returned -16.6% net in 22.

We could clearly see inflation coming, however did not believe that the US Federal Reserve (Fed) would tackle it as aggressively as it did. Despite being bearish throughout the year, we feared a Fed pivot and a ferocious market rebound too much and it cost us. Although our levels of beta were appropriate, the exposures to higher beta sectors such as cyclicals in the months of January, June and September proved costly.

Macro - In many ways the overarching prescription for financial markets in 2022 was unchanged from the preceding decade – *"don't fight the Fed"*. The difference in 2022? Inflation.

It has been well documented that technological advancement, demographics, globalisation, debt accumulation and excess energy availability have all been core pillars of the broad-based disinflationary trends of the past forty years. These trends in conjunction with the ever-increasing hyper-financialisation of our economy and anemic productivity growth, have underpinned the persistent decline in nominal and real rates, observed in western economies over this period. Upon hitting the lower bound of nominal short-end interest rates in 2008/09, the Fed implemented various forms of unconventional monetary policy, namely, Quantitative Easing (QE), with the objective of further loosening financial conditions. As intended, the result was a compression in risk premia across virtually all financial assets, as asset prices inflated.

When the pandemic hit in March 2020, these unconventional monetary policies were rapidly deployed in unprecedented size, in response to the anticipated deflationary shock of locking down the economy. However, this time, these monetary policies were complimented with lavish Treasury-funded fiscal packages and a weaponization of the commercial banking system, as loans were backstopped by the US Government. This was the recipe for the 39.1% increase in US M2 money supply since February 2020.

In many ways, financial asset prices responded logically to this liquidity fueled, aligned policy backdrop. In a world where the cost of capital is approaching zero, an option with a potential payoff in 10 years is quite valuable. Further, a 2% reduction in discount rate from 6% to 4% is not equivalent to a 2% reduction from 4% to 2% - asset prices react non-linearly.

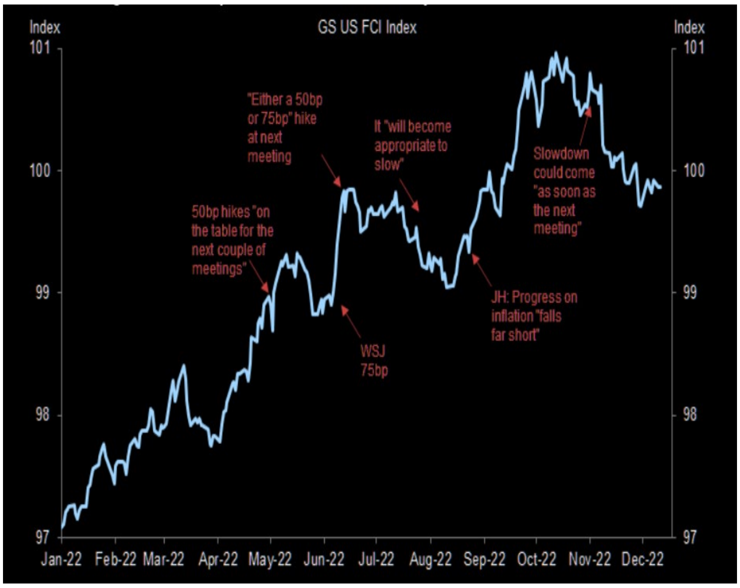
The point here is that what discount rate compression giveth, discount rate expansion can taketh away.

Discount rate compression is highly enjoyable for the majority of asset owners. Discount rate expansion, not so much. This was the story of 2022.

Following the retirement of the 'inflation is transitory' stance in November 2021, Jerome Powell and the Fed set to work, using the same Financial Conditions mechanism they had used for the decade prior, only in reverse. *"Don't fight the Fed"*. In 2022, the Fed put became a Fed short call, as any easing in financial conditions was quickly met with hawkish rhetoric from virtually all Fed Governors. The most notable of which was Jerome Powell's jawboning speech at Jackson Hole in late August. If the intention of his speech wasn't already explicitly clear, Neel Kashkari removed all remaining doubt with comments about the stock markets fall in the days subsequent: *"I was actually happy to see how Chair Powell's Jackson hole speech was received... I certainly was not excited to see the stock market rallying after our last Federal Open Market Committee meeting... Because I know how committed we all are to getting inflation down. And I somehow think the markets were misunderstanding that."*

In total the Fed hiked rates 425bps in just seven meetings and consistently tightened Financial Conditions throughout the year. This rising cost of capital has also been seen in real yields, depressing equity prices.

Goldman Sachs Financial Conditions Index in 2022



Source: Goldman Sachs, Market Ear.

Source: Market Ear, Bloomberg.

The other major event of 2022 was Russia's *'special military operation'* in Ukraine. The war remains ongoing with no obvious resolution in sight. Whilst terrible for the people of Ukraine, it is fair to say that apart from some expensive energy bills (largely worn by sovereign balance sheets), the consequences as it relates to financial markets have been somewhat benign, thus far.

Perhaps less notable, at least in mainstream media, was Xi Jinping making his first international trips post COVID, including a meeting with the King of Saudi Arabia in December. We take note because, these events (Russia/Ukraine war, China/Saudi meeting) are perhaps symptoms of a larger fundamental shift in world order. Zoltan Posnar (Credit Suisse) and Kiril Sokoloff (13D), among others, have written about this fundamental shift and what it may mean for the world going forward. We do not have any great insights in this domain, we are simply aware and cognisant, that historically speaking, the stable and largely peaceful geopolitical backdrop that has characterized the last forty years is more the exception than the rule. The implication for financial assets here is that in a world with more change and geopolitical uncertainty, this should be captured in expanding risk premia, i.e. discount rate expansion, all things being equal. We believe this remains a real and present risk.

Despite rapidly rising interest rates and continuous (market) expectations of an imminent economic slowdown (ourselves included), the US consumer and broader economy remained remarkably robust in 2022, illustrated by ongoing labour market tightness. **The takeaway from this though is that the vast majority of 2022's equity market decline was driven by discount rate expansion rather than fundamental earnings weakness.**

Economists might be forecasting a US recession, but analysts certainly are not (% fall from max)

Source: Soc Gen, Datastream.

So where does that leave us in 2023...

2023 Outlook

2023 has more cross currents than we can recall in the last 40 years. These include a potential recession - soft landing or hard landing, inflation - persistent or transitory, energy security, geopolitics, China's emergence from COVID, and Putin's tenure.

The strength of the Global economy in the face of higher rates and the start of QT is somewhat surprising. However, these drivers tend to have a lagged effect. In the absence of extraneous events, inflation or not and a possible recession or not will drive equity markets during 2023. If inflation abates rapidly as most commentators anticipate and the fed pivots early enough to avoid a sharp slowdown in the labour market, we could have a benign or constructive market this year. We do suspect that the impact of higher rates makes a recession of some sort inevitable. If inflation does not fall adequately and we head into a recession of any sort, equity markets will move sharply lower. There is no way of dealing with this other than analysing the data through the year.

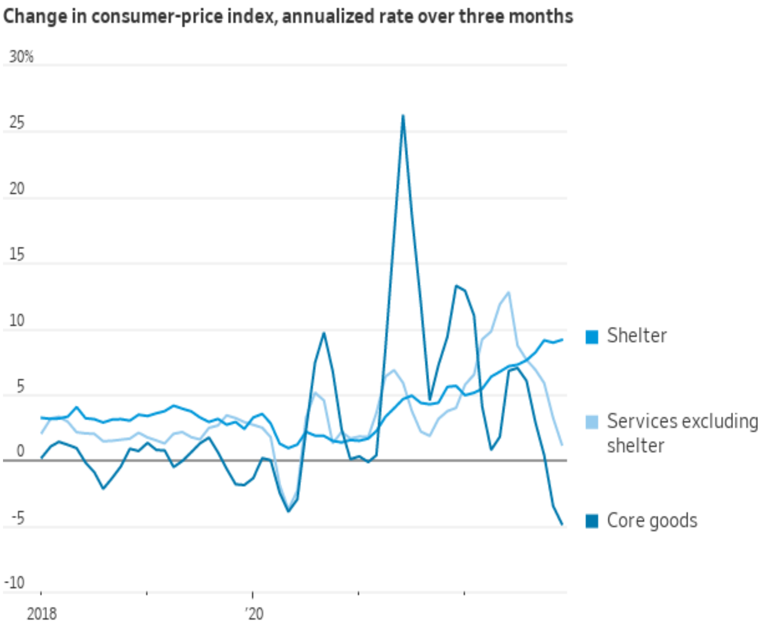
If the prescription for financial markets in 2022 was *"Don't fight the Fed"* – it would appear that 2023 has begun in direct conflict to this.

The start of 2023 has seen quite the loosening in financial conditions against the wishes of the Fed. Most recently, we have seen a number of Fed speakers in January 2023 talk about the need to raise rates a few more times in 2023, but more so, keep them elevated for an extended period of time. Further evidence, is in the form of former Fed Governor Bill Dudley's December 2022 Bloomberg Op-Ed, not so subtly titled: *"Investors Would be Better off Believing the Fed".*

Ditto, the December 2022 Fed minutes: *"Participants noted that, because monetary policy worked importantly through financial markets,* **an unwarranted easing in financial conditions, especially if driven by a misperception by the public of the Committee's reaction function, would complicate the Committee's effort** *to restore price stability."*

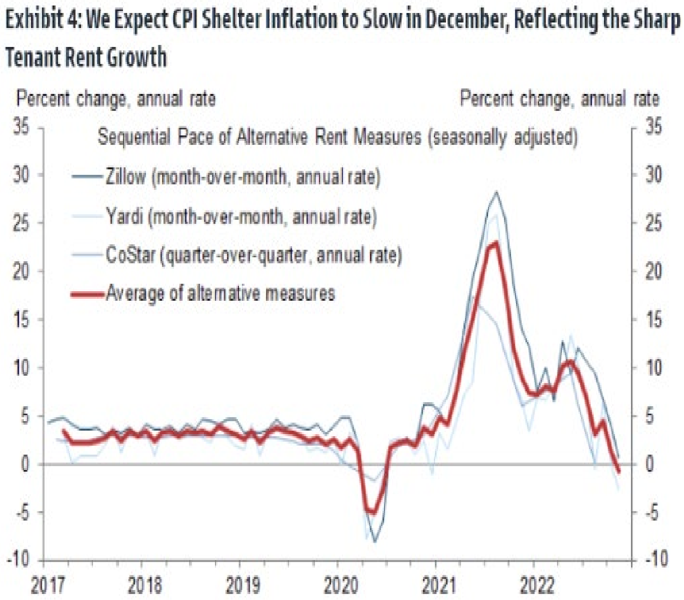
Despite this, the equity market appears to be looking through the headline inflation numbers that are preventing the Fed from altering their hawkish disposition.

There is a fair argument that Shelter is the only major remaining driver of elevated headline and core CPI. Given the Shelter component is c.40% of core CPI, this is not immaterial. Further, given the mechanism by which the Shelter component is calculated, specifically the Owners Equivalent Rent (OER) calculation, the Shelter component of CPI can lag the activity in the real economy anywhere from 6-12 months.



Note: Core excludes food and energy items

Source: Wall Street Journal, Labor Department.



Source: Goldman Sachs.

If we were to substitute 'real-time' shelter inflation data into the official CPI calculation, there is a strong argument, the Fed's goal would be complete. As such, the market is looking through to the return of the Fed put and typical monetary easing policies as the economy and inflation both weaken. The Fed are clearly of the view that their fight against inflation is not yet complete, and Jerome Powell remains convinced that the labour market is still much too tight. **As we sit here in mid-January 2023, this disconnect between the Fed, the current market view and who is ultimately correct, would appear to be the main story for financial markets in 2023.**

The other related dynamic we would focus on here is the most elementary concept in monetary policy – *'Monetary Policy works with long and variable lags.'*

Central Bankers are quite good at getting their desired directional response in the real economy from shifts in monetary policy. However, with the post-COVID 'inflation is transitory' situation just the most recent example – the calibration of their policy tools and their understanding of the magnitude of impacts on the real economy subsequent to monetary policy shifts, clearly leaves a lot be desired. In fact, that may be too kind. In an interview in July 2022, Jerome Powell said: *"I think we now understand better how little we understand about inflation."*

So after a year of one of the most aggressive monetary tightening cycles of all time, within the context of western economies that have built up a decade plus of financial excesses on cheap capital and extreme leverage – we are highly cognisant of tail risks, second derivate impacts and the unintended consequences of this policy tightening.

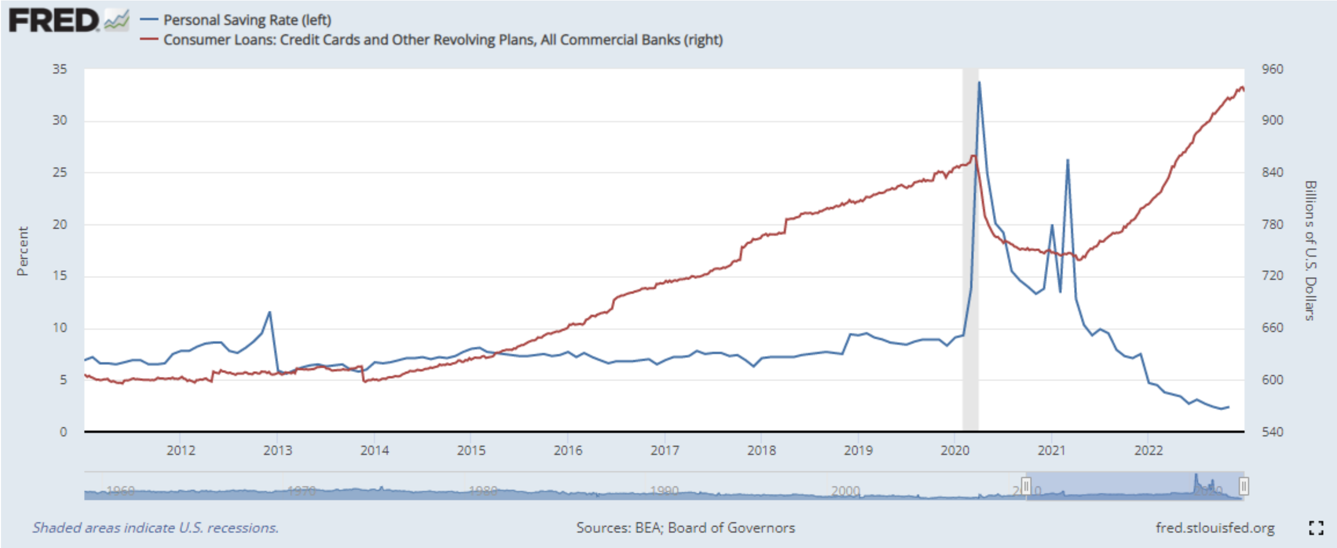
The most important component in this context is undoubtedly the US labour market.

The trajectory of the US labour market will be the key variable in 2023. There are reasonable arguments to suggest the US labour market is not nearly as robust as the headline non-farm payrolls number would suggest. Most notably, the growing discrepancy between establishment and household survey, in conjunction with work from the Philadelphia Federal Reserve, as well as some forward-looking indicators.

There is almost no doubt that tightening monetary policy will be successful in loosening the labour market, how quickly this occurs, the trajectory and subsequent policy response will be critical.

The knock-on effect of a tight labour market is a resilient consumer. Despite the fact that real wages have been negative since April 2021, there is no doubt the consumer has remained more robust throughout 2022 then many pundits would have predicted (ourselves included). In conjunction with a tight labour market, there appears to be two other drivers:

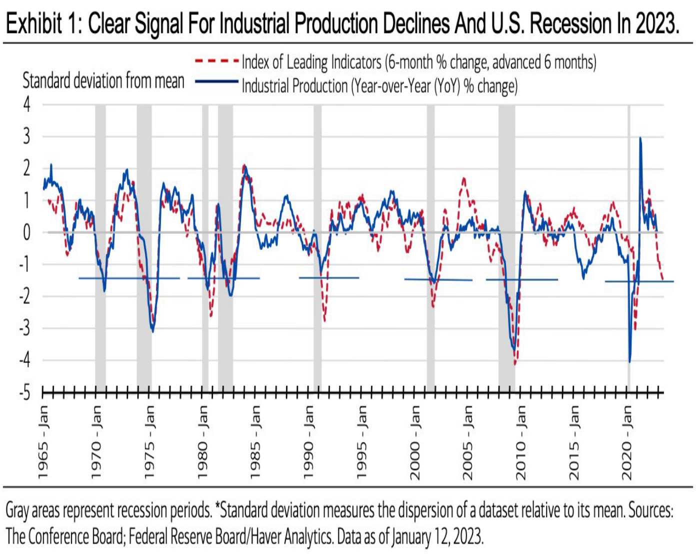
1. US Savings rate is near a 17 year low
2. Revolving Credit at record levels

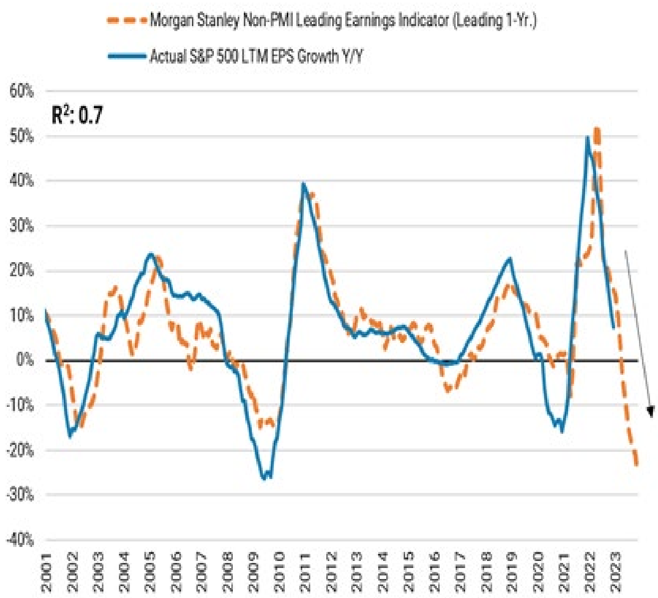


Source: St Louis FRED.

The problem is that both of these components are dependent on consumer confidence in the labour market. As consumers begin to lose confidence in the labour market, saving rates typically increase and use of revolving credit declines, the net effect of these 3 dynamics can be a rapidly slowing economy which can quickly become reflexive. Textbook recession. We continue to monitor the health of consumer intently.

Other leading indicators, such as ISM manufacturing (both headline and forward-looking components), regional Fed surveys, beige book commentary, manufacturing hours worked etc. are all pointing towards an economic slowdown in 2023.





Source: Morgan Stanley.

The other monetary policy tool that has gone somewhat unnoticed thus far since its implementation is the Fed's ramp up of Quantitative Tightening (QT). Despite the headline amount being US$95bil a month from September 2022, comprised of US$60bil of Treasuries and US$35bil of Mortgage Backed Securities (MBS), the dramatic slowdown in US housing market activity in response to rising 30-year mortgage rates and reduced early repayments, has meant the amount of MBS runoff has been slower than originally forecast. Further despite, outlining in September 2022 that the Treasury General Account (TGA) would be rebuilt to US$700bil by the end of calendar year 2022, the TGA finished 2022 several hundred billion dollars lower. The net effect of these two dynamics is that the liquidity reduction that was anticipated when QT reached full speed in September 2022, has fallen some c.US$400-US$500 billion short, thus far. The TGA obviously cannot be run down in perpetuity so there will come a liquidity payback, likely in 1Q23.

Source: Bloomberg, ZeroHedge.

Simultaneously, the reopening of the Chinese economy will be positive for global economic growth. Further, if the US labour market does manage to hold up, and CPI quickly decelerates, real wages will turn materially positive, supporting the health of the consumer and broader economy.

The summary is that the macro backdrop has as many cross currents and uncertainties as ever. We are bottom-up stock pickers, focused on identifying and exploiting attractive risk/reward situations. However, we are cognisant that businesses do not operate in a vacuum and that having a sound understanding of the broader world around us is critical to allocating risk capital intelligently. Further, as returns in recent years can attest to, as the fiscal and monetary policy levers get larger and larger relative to the size of the real economy, one must be highly aware of these movements and think through their second and third derivative impacts.

Whilst we are disappointed with the performance of the fund in 2022, we are as excited as ever about the immediate and medium-term opportunity set for fundamental absolute return investors.

We expand on a few of our core ideas below.

Short Animal Spirits

COVID QE of USD $3 Trillion crested financial asset hyperinflation. An epic bubble was created mainly in unprofitable "technology" companies, and this has now well and truly burst. The hangover is far from over, as valuations remain at absurd levels in many instances. The path to the bottom is certain, only the timing is not. With Global VC Funds still cum revaluation, the impact on the frothy end of the equity market still has the potential to surprise.

We continue to find compelling ideas on the short side, particularly as low-quality business models suffer under the dual pressure of a weakening economic backdrop and rising cost of capital. Business models that are dependent on continual equity financing, can rapidly and reflexively become worthless.

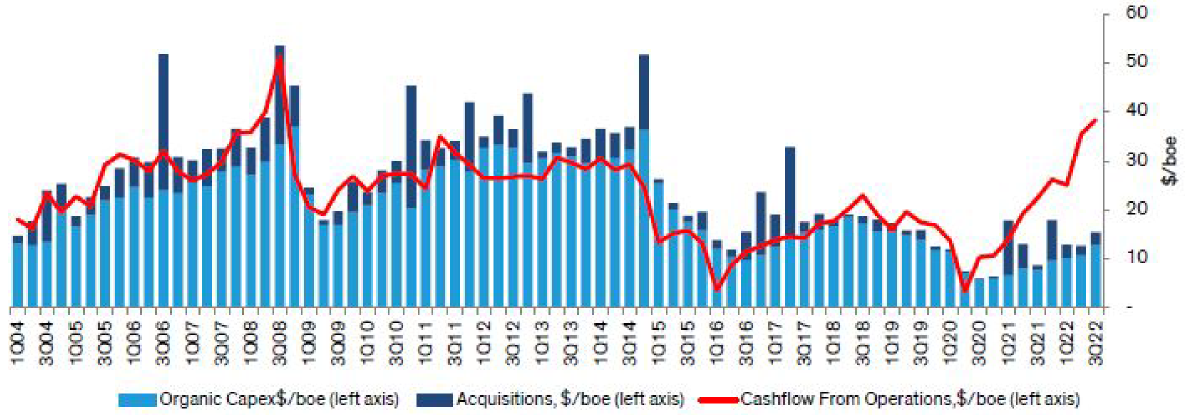
Energy

The recent weakness in the oil price is a function of the markets fear of an impending recession. Oddly, the SPX does not price that in, as consensus is still pointing towards 5% growth this year. One of these markets will be wrong. The play in energy is simple. Short term, an economic slowdown is priced in to some extent, China will open relentlessly all year, and the US needs to replenish its Strategic Oil Reserve. Long term, the Arab states have no intention of converting their energy reserves into something the US is printing, let alone can confiscate anytime. With this overlay, oil equities are cheap by any metric.

In all investing, but particularly so in commodity industries, we are unwavering students of capital cycle theory. When price increases above marginal cost of production, economic profits are earnt, which in turn attracts investment chasing these excess returns, this investment inevitably adds supply with a lag, supply comes online reducing prices, i.e. the bones of a basic commodity cycle. A basic principle, but highly useful in keeping oneself grounded in the face of the ever-present commentary that this commodity cycle is different, *'demand for this commodity will explode due to XZY new use case'*.

However, critical to this framework is that the supply-side is unencumbered in its ability to respond to appropriate price signals. There are numerous reasons, why we're cautiously of the view that this supply response function to price has been impaired in upstream oil & gas, exploration & production. After decades of lighting money of fire in US Shale, investors are now demanding capital be returned to them and not re-invested by oil & gas companies. A highly simplistic approach to the *'energy transition'*, has led to a dearth of capital available for investment in upstream oil & gas production. Further, the capital that does remain available for investment naturally then comes with a higher cost (both equity and debt), the result of which is a higher marginal cost of production. Perversely, Central Banks raising interest rates further increases the cost of capital and further delays investment needed to address supply side deficits.

Cash flows from Operations and Capex... Continued discipline in organic capex despite impact of extinguishing hedges



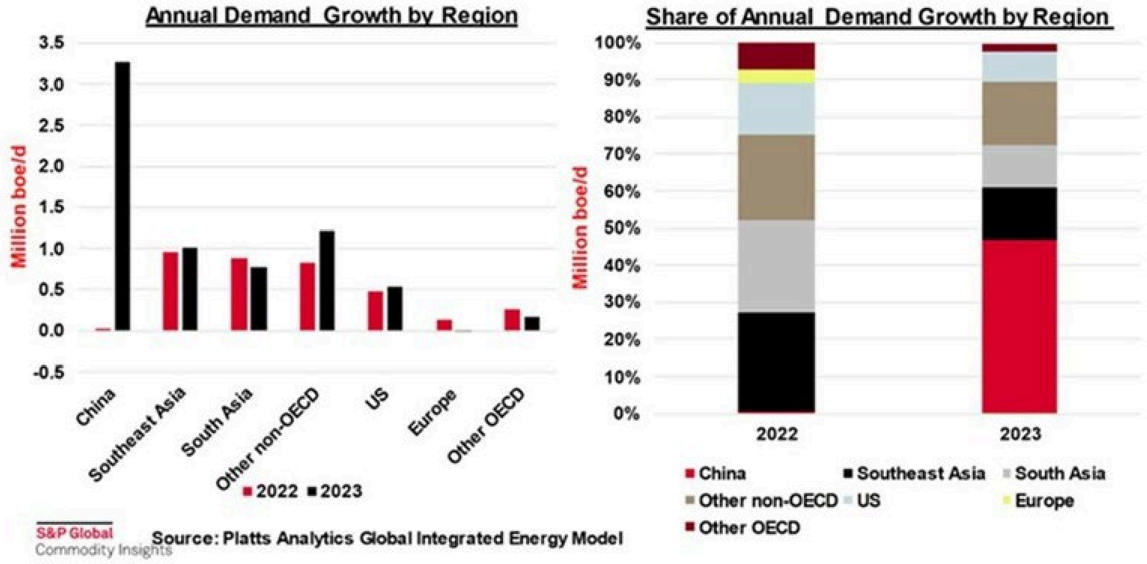
The production volume is an absolute measure and differs from quarter to quarter based on number of companies included in the calculations
Source: Company reports, Bernstein analysis, Bloomberg

On the fiscal side of the equation, policy makers appear committed to making the same mistake of the 1970's, windfall taxes, price caps, consumer subsidies, etc. The latter underpins demand, and the former acts to further suppress the needed supply side response function.

Whilst Brent has averaged very healthy levels throughout 2022, we have yet to see any meaningful investment into a supply side response.

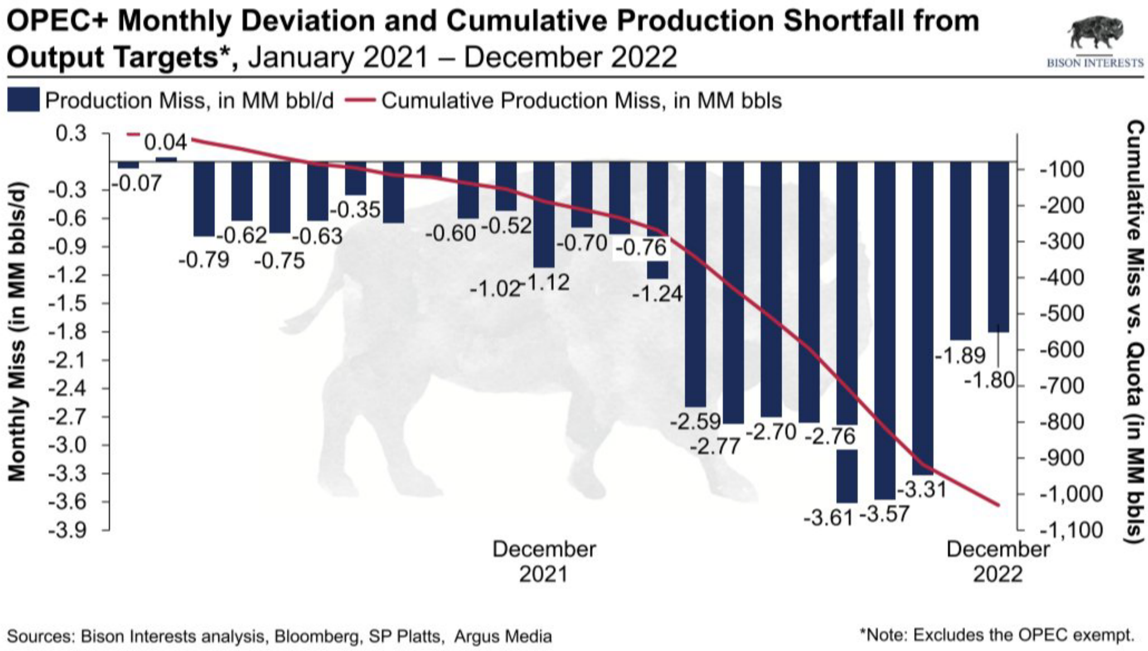
Further to this, oil prices in 2022 were suppressed by two material drivers, the first is the Global strategic reserves release and secondly China's zero-COVID policy – both of which will unwind in 2023, adding c.3-5mil barrels to the supply/demand equation.

China's COVID policy is the most important fundamental factor for energy markets



Source: S&P Global.

The other learning from 2022 is judging on the realized output, it would appear OPEC+ has much less spare capacity than many oil analysts had previously assumed at the beginning of the year. The 2 million barrel per day cut that OPEC+ announced in November 2022 has had virtually no impact to global supply, it only acted to reduce the output deficit somewhat, as depicted below.



The thorn in OPEC+ side over the past 15 years has clearly been the US shale boom. In conjunction with investors pivot to focus on return of capital, there also appears to be growing evidence that the best inventory is being depleted, and the rapid efficiency gains that the industry enjoyed throughout the 2010's are now plateauing. As US Shale players, move onto tier 2 and 3 inventory, this should require a higher breakeven crude oil price along with a lower production output per dollar of capex spent.

Within OPEC+, Russia also has other issues as a result of the Ukraine invasion. Particularly the sanctions on western technology imports among other constraints have some analysts predicting Russia will see a decline in oil production output in 2023. The IEA, for example, have suggested this reduction could amount to up to 1.5 million barrels per day.

Whilst we are highly respectful of the supply-side response that capital cycle theory would dictate at $85 Brent, there appears to be numerous drivers that will act to keep the supply-side tight. Demand is clearly the other side of the equation, and whilst directionally we would expect China's demand to improve materially from 2022 lockdown induced levels, demand is clearly economically sensitive and as such will be dependent on the health of the overall global economy. As we put this all together, vis-à-vis what the operating equities are discounting in terms of future crude oil prices today, we continue to believe the risk/reward skew is favourable.

Gold

Last year Gold rose strongly against most currencies other than the USD. Its strength was just a glimpse of what the Fed pausing at some time in the future may cause. We have a view that let alone a pause in hiking, the Fed will pause QT if and when financial conditions deteriorate. The impact of any such pivot could be breathtaking.

Inflation and its arrival, let alone its possible persistence, is the needle that had taken away the ability of the Fed to print as before. Simply put, the day has finally arrived after 2008 where QE is not a safe policy option anymore. The days of QE1, QE2, the twist, Not QE and Giga QE (COVID) are over unless we sink into a deep, hard landing style recession that completely tames inflation. Any further debasement of the USD could have an asymmetric impact on the Gold price. Additionally, the pretenders have been seen off, a'la Crypto. This is the best backdrop for Gold since arguably Bretton Woods, and we see it as a coiled spring. Gold equities are cheap and not held by anyone other than gold bugs.

Uranium

We have written many times that uranium has been one of the largest positions in the fund for the better part of 3 years now. It continues to remain so today, but notably is expressed predominantly through U3O8 spot price listed vehicles, Sprott Physical Uranium Trust and Yellow Cake, where we see the risk/reward as highly compelling. As we wrote in our 2021 year end letter, many of the operating leveraged equities no longer possess the risk/reward asymmetry we demand.

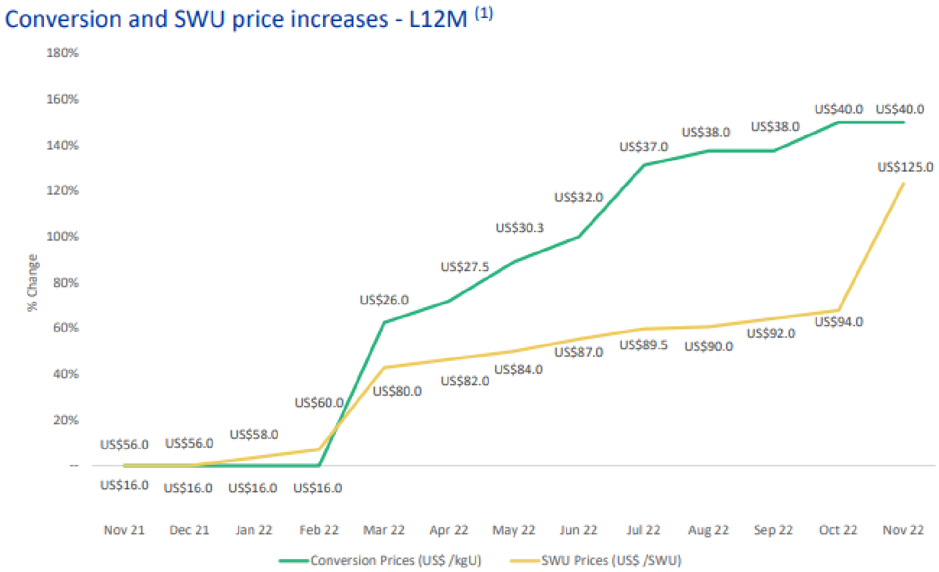
Over this three year period, the narrative around uranium has improved dramatically and the primary supply/demand deficit at the U3O8 level is largely well understood at this point.

However, whilst the high level U3O8 supply/demand imbalance seems well understood, it is only one part of a highly complex nuclear fuel cycle and in isolation this imbalance is not all that important. Why? Secondary supplies.

99.9% of U3O8 ends up as Enriched Uranium Product (EUP), which ultimately goes into a Nuclear Fuel Rod. Therefore, EUP is the ultimate demanded product, not U3O8. To produce EUP, there are a number of steps in the nuclear fuel cycle. To simplify, Uranium is spun in centrifuge's to 'enrich' the material and turn it into EUP. This is a hugely energy intensive process. The energy input in this process is quoted in SWU's (Selective Work Unit).

Given the large fixed cost nature of running an enrichment process, in an environment of cheap energy costs and excess enrichment capacity, enrichers can and do 'underfeed' uranium. In effect, the industry can produce an equivalent amount of EUP with less U3O8, by simply spinning the material for longer.

The concept of underfeeding has been central to the enrichment industry for the past 10 years. This has begun to change in 2022 and we expect it will continue to do so. As SWU prices move higher, the economics of 'underfeeding' no longer make sense, in fact depending on the combination of input costs, there is an argument that enrichers in the western world may be better off 'overfeeding' their centrifuges. As a result this could increase U3O8 demand by anywhere from 20% to 40%, depending on input prices, material availability, enrichment capacity, etc.



Source:
1) UxC Weekly Publications 1 November 2021 – 28 November 2022

We believe that there is a lag by the broader Uranium and Nuclear Fuel industries in dealing with this dynamic. As such, we remain incredibly bullish on the outlook for U3O8 prices in the near and medium term.

Stock Specific Ideas

Golar LNG (GLNG.US)

Golar LNG (GLNG.US) is our bread and butter special situation. Under the stewardship of new CEO, Karl Fredrik Staubo, Golar LNG pivoted their strategy to focus on their core competitive advantage centered upon, designing, building and operating Floating Liquefied Natural Gas (FLNG) vessels. Many natural gas resources are located in remote offshore fields, where subsea pipelines structures do not exist or are not economically viable. Floating Liquefied Natural Gas (FLNG) vessels have been designed to facilitate the production, liquefaction, and storage of natural gas at sea. Golar is the only proven and operational provider of FLNG as a service globally, with a market leading capex/ton. During the 2010's decade, Golar had embarked upon putting together a vertically integrated LNG company. Following US$6.8bil of assets sales over the past 24 months, Karl and the Golar management team continue executing on their pathway to streamlining Golar to be an FLNG pure-play.

Pro Forma for the asset divestments, as at the end of 3Q22, GLNG has a US$49mil net cash balance sheet. Over and above this net cash position – GLNG has US$515mil of investments remaining on the balance sheet. With a US$2.5bil market cap currently, this implies a c.US$2.0bil EV.

So what do you get for the remaining US$2.0bil EV?

1. Hilli (FLNG Vessel) – was Golar's first FLNG and proof of concept. Hilli is currently contracted to Perenco in Cameroon and will do c.US$295mil and c.US$245mil in EBITDA and free cash flow respectively in 2023. Hilli's has 20+ years of economic life remaining, however, the current contract with Perenco will end July 2026. Given the medium-term gas situation in Europe, Hilli is becoming a more strategic asset by the day.
2. Gimi (FLNG Vessel) – 20 year fixed price, take-or-pay contract with BP. GLNG will receive $151mil of EBITDA per year for 20 years, beginning in 4Q23.
3. Further FLNG projects – given the size of these FLNG projects and the various stakeholders involved, the economics of each FLNG project are negotiated on a vessel-by-vessel basis. GLNG have said they have balance sheet capacity to construct a further 3 FLNG projects (depending on size, timing, deal specifics, etc.)

Whilst Golar is still yet to announce a third and/or fourth FLNG project, the structural backdrop on the demand side could not be more favourable. On the supply side, please note, Golar is the only independent manufacturer of FLNG's in the world, and, arguably more importantly, the only independent operator with proven reference cases.

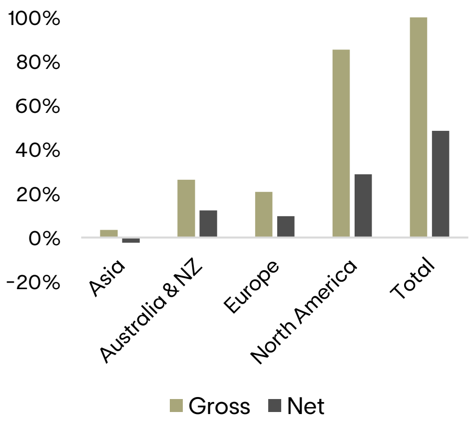
Whilst each new FLNG project is dependent on unique deal terms and economics – we believe each incremental project is worth c.$7 per share to GLNG equity. GLNG has balance sheet capacity (and arguably much more capacity if projects are optimally structured financially), to announce and begin work on a further 3 projects over the next 12-18 months.

Conservative assumptions around the sum of the parts, gets c.$42 of equity value just for Hilli, Gimi and other current balance sheet investments. Any incremental FLNG project announcement is free optionality over and above. As such it is not difficult to see $50+ of equity value. Golar currently trades at $23 per share.

As such, GLNG continues to be one of our top ideas, with a highly compelling risk/reward asymmetry.

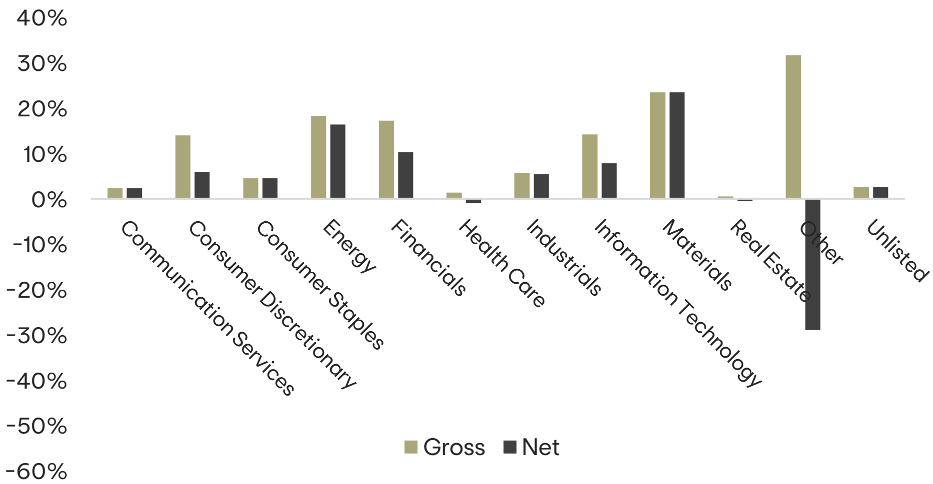
PORTFOLIO CHARACTERISTICS

Region Exposure



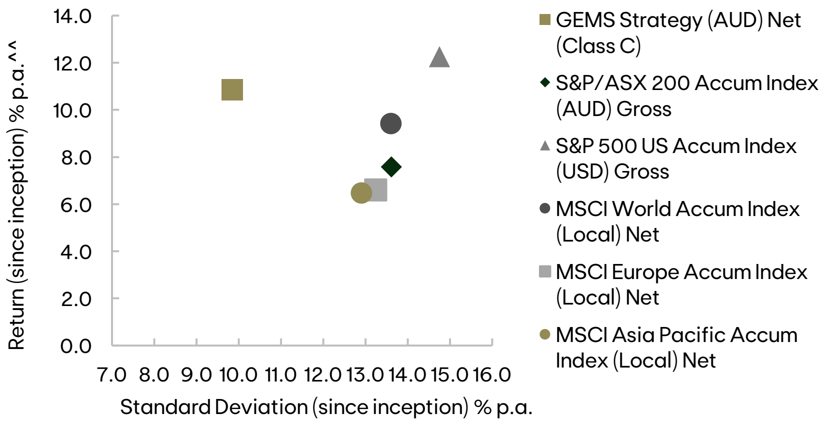
Source: Ellerston Capital.

Sector Exposure



Source: Ellerston Capital.

GEMS Strategy Performance & Volatility^^



Source: Ellerston Capital.
Past performance is not a reliable indication of future performance.
^^Inception Date 1 December 2009.

Top 10 Holdings (Alphabetical, Long Only)

- BOOKING HOLDINGS
- CALUMET SPECIALTY PRODUCTS PARTNERS
- CELSIUS HOLDINGS
- GOLAR LNG
- HOWDEN JOINERY GROUP
- LIGHT AND WONDER
- LSB INDUSTRIES
- LYNAS CORP
- 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 P1.

- **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 P1.

- **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 P1; there have been no changes to the primary investment personnel responsible for managing the Fund

Contact Us

Sydney

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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, Automic Group on 1300 101 595 or ellerstonfunds@automicgroup.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.

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. The returns and risk of the Fund and the relevant Indices are net of taxes, fees and expenses and assuming distributions are reinvested. The performance figures presented are for the Ellerston Global Equity Managers Fund GEMS C Units. The one month return figure may be an estimate and not the final return. This estimate also impacts other performance information provided. Estimated performance figures are preliminary and subject to change. Returns for other classes may differ slightly. Past performance is not indicative of future performance. This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, as the responsible entity of the Ellerston Global Equity Managers Fund ARSN 118 887 095 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.

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