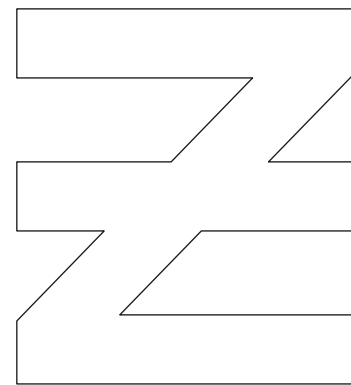


Ellerston Pre-IPO Fund



Performance Report, December 2022

Investment Objective

The investment objective of the Fund is to generate a positive return above a Hurdle Return of 6% p.a. net of fees.

Investment Strategy

The Manager uses a fundamental, research driven investment strategy to provide returns above the Hurdle Return that are not correlated to listed equity markets. The Manager undertakes fundamental research to selectively identify and invest in quality companies focus on investments in Pre-IPO, IPO, Unlisted Expansion Capital and Listed Microcap Companies, predominantly in Australia but also covering OECD and developed countries.

Key Information

Inception Date*	31 March 2020
Portfolio Manager(s)	David Keelan & Alexandra Clarke
Application Price	\$0.7830
Net Asset Value	\$0.7830
Redemption Price	\$0.7830
No Stocks	21
Hurdle Return	6% p.a. net of fees
Management Fee	1.50%
Performance Fee	20% of the investment return above the Hurdle Return for each financial year, calculated and accrued quarterly
Distributions	Annually

Performance Summary

Performance	3 Months	6 Months	1 Year	2 Years (p.a.)	Since Inception (p.a.)*
Ellerston Pre-IPO Fund [^]	-3.50%	-2.51%	-3.53%	0.87%	6.04%

[^] The net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance

Market Commentary

The December quarter saw the Small Ordinaries (XSO) decline 3.7% over the period, however significant volatility continued as the macro drove the narrative for equities. October was a strong month, with the index gaining 6% after the RBA and BOC were more dovish than the market had anticipated with smaller hikes announced and signs inflationary pressures were moderating. November saw continued gains, with the market rising 4.8% for the month on the back of a softer than expected US CPI print and dovish commentary by the Fed. However, a chunk of the previous two month's gains were given back in December, following higher than expected US Nonfarm payrolls which in turn meant that equity markets expected a delay in the US Federal Reserve (Fed) "pivot".

Fund News

During the December quarter the Ellerston Australian Pre-IPO Fund generated a return of -3.50%. At the end of the quarter, ~5% of the book was exposed to market movements with the remaining holdings predominately held at cost. While ECM conditions remained challenging over the quarter, we have two upcoming IPOs for our investments in January 2023 – Acusensus and Gold Hydrogen. We also made a ~7% investment in Mason Stevens Group, a new position for the portfolio.

No distributions were paid during the quarter, with cumulative distributions of A\$0.392 paid since inception.

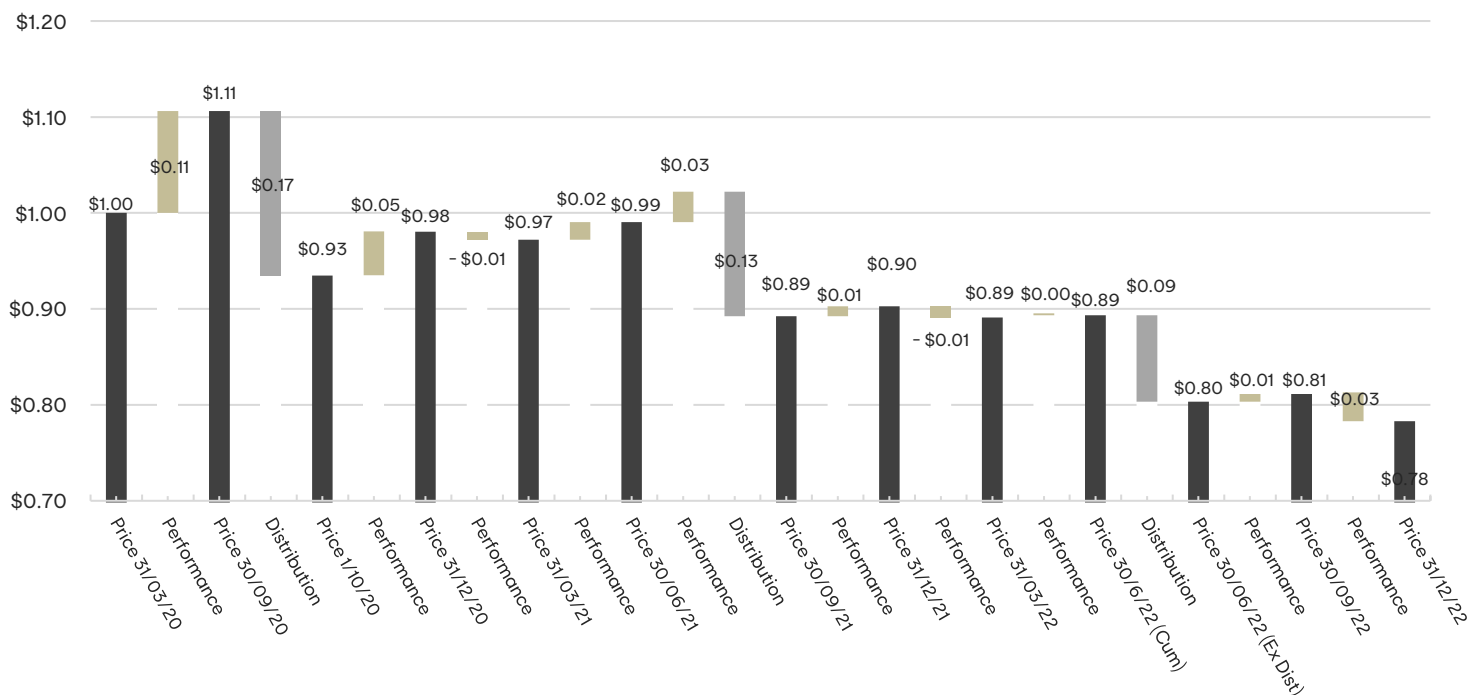
December Update

Over the December quarter, we added a new investment to the portfolio, **Mason Stevens Group**. Mason Stevens is a Sydney based, specialist wealth management platform operator with approximately \$6b funds under administration. The company provides superannuation and non-superannuation products, managed account and investment solutions. The key point of differentiation is the CIO function, which is designed to support the Managed Accounts. The team consists of investment professionals which provide support across asset allocation, equities, fixed income and alternatives. The group has solid visibility on incoming flows, strong balance sheet position, is highly profitable and cash flow generative.

From an overall markets perspective, we expect volatility and liquidity in equity markets to be driven by the macro. We remain cautious on the macro outlook given the potential for an economic slowdown and therefore companies earnings over CY23/24. Market liquidity continues to be constrained; however, we are starting to see more attractive valuations flow through to the unlisted environment and we are more positive on quality and price of deal flow coming through looking ahead. As mentioned above, by the end of January it is expected another two of our investments will list on the ASX. Our cash position sits at over 9% with several liquidity events expected to occur over the next 6-12 months.

We think it is important given the current state of markets to reiterate how assets are held and valued within the portfolio. We know that market conditions have resulted in a slow-down in primary and secondary equity markets and a de-rating of market multiples. While this may have a potential impact on the timing of some of our liquidity events, the majority of our investments are held at cost (or lower) and/or in instruments which float, like convertible notes. This reflects our conservative approach and means the Fund is well placed when our expected liquidity events occur. The Fund also has a process of reviewing the holding valuations of its investments, which is overseen from an external valuation committee.

Unit Prices Since Inception



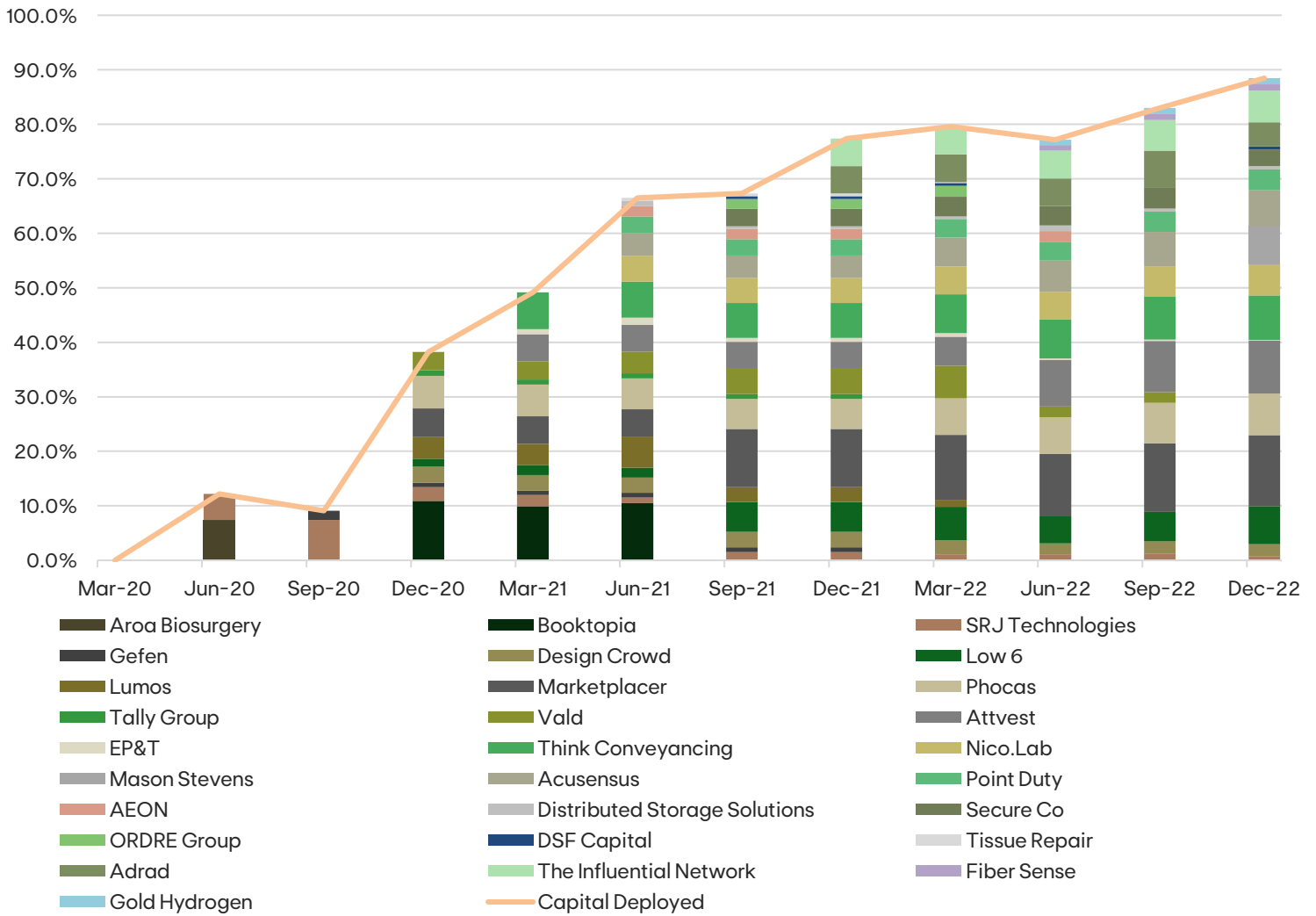
Source: Ellerston Capital.

Holdings Summary

SECURITY	PORTFOLIO WEIGHT [^]
MARKETPLACER	13.04%
ATTVEST (CAPEVEST)	9.71%
DEEP BLUE COMPANY (THINK CONVEYANCING)	8.12%
PHOCAS	7.66%
MASON STEVENS	6.96%
OTHER CAPITAL DEPLOYED*	44.71%
CASH	9.81%
TOTAL	100.00%

Source: Ellerston Capital. *Other capital deployed includes additional 16 holdings. ^Portfolio weights are calculated excluding the impact of distribution.

Capital Deployed



Source: Ellerston Capital.

Our philosophy around pre-IPOs is very simple. We are looking for high quality businesses that have clear pathways to IPO, offering opportunities to achieve superior returns with minimal correlation to the market. We are looking to achieve a 20% IRR and given the current state of the market we believe we are well placed to deliver on this target.

Contact Us

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

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