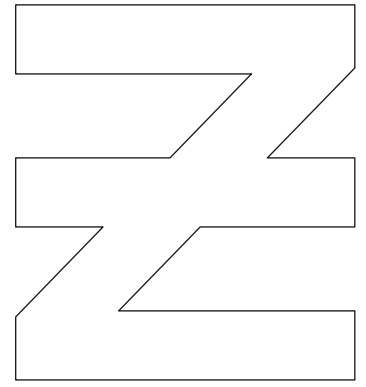


Ellerston Australian Absolute Return Fund



Monthly Newsletter, January 2023

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	\$1.0141
NAV Price	\$1.0116
Redemption Price	\$1.0091
Liquidity	Daily
Gross Exposure	127.29%
Net Exposure	38.78%
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 [^]	-0.42%	-8.11%	-13.33%	-17.51%	-0.23%	0.90%	5.14%
Benchmark*	0.26%	0.75%	1.30%	1.52%	0.63%	0.90%	1.44%
Alpha	-0.68%	-8.86%	-14.63%	-19.03%	-0.86%	0.00%	3.70%

[^] 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 -0.42% in January 2023.

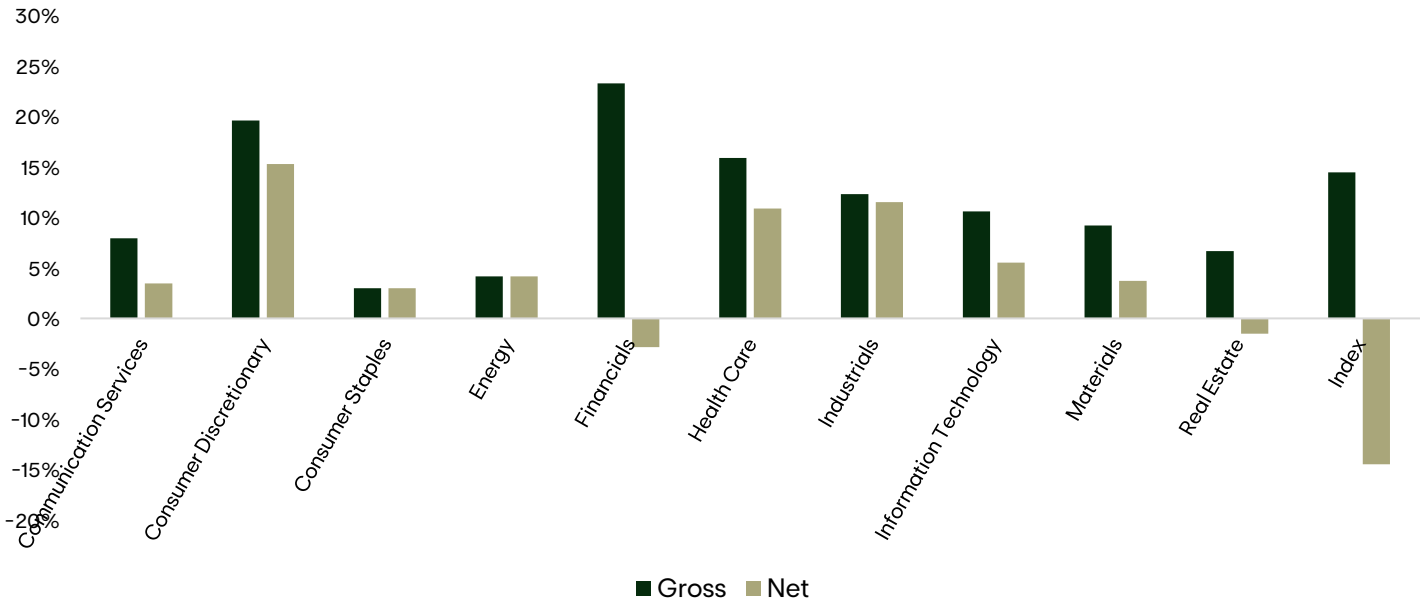
COMMENTARY

HUB24 Limited (HUB) finished the month relatively flat, however intra-month was a very different story with the stock off by as much as 10% on the quarterly flow announcement. December is not a seasonally strong quarter for flows, and we thought the number was reasonable, especially given the market volatility. We believed the sell-off was an overreaction by what has become a very skittish market, and we took the opportunity to top up our position. We were proven correct when peers Netwealth and Praemium reported much weaker flows, highlighting the quality of HUB's result and helping it recover the ground it lost. Looking beyond the quarterlies we really like the business on a long-term basis. It's benefiting from structural system growth while rapidly taking market share from the legacy platforms, complimented by improving cash margins and operating leverage.

Smartpay (SMP AU) offers payment solutions in Australia and New Zealand by providing EFTPOS systems predominately to SME customers. During January, SMP announced its 3Q23 result which showed that transacting terminals accelerated strongly and finished the quarter at 14,520 terminals which was well above consensus estimates. Pleasingly we saw all key metrics for the group ramp including revenue per terminal, number of terminals added and transaction revenue. SMP continues to have momentum on its side and we believe these tailwinds will continue into the 4Q and FY24. With SMP's zero-cost EFTPOS proposition we think in tougher economic times, more merchants will be attracted to the proposition driving terminal growth and margin expansion. In our view, SMP remains fundamentally cheap given its growth prospects and cash generation.

PORTFOLIO CHARACTERISTICS

Sector Exposure

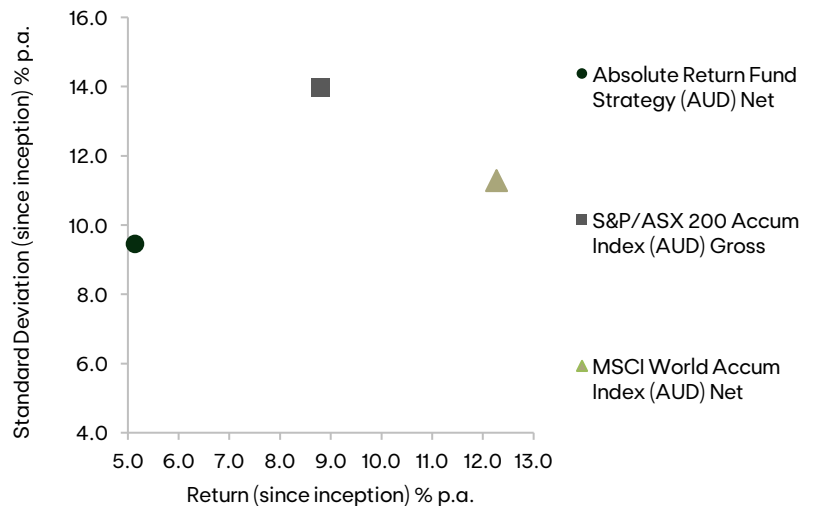


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

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

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

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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