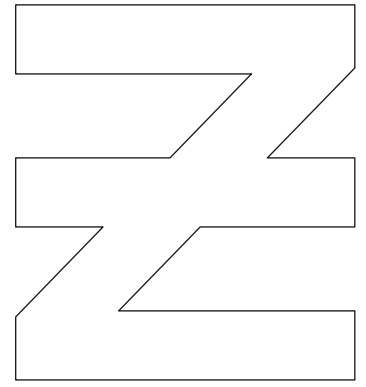


Ellerston Australian Absolute Return Fund



Monthly Newsletter, February 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	\$1.0097
NAV Price	\$1.0072
Redemption Price	\$1.0047
Liquidity	Daily
Gross Exposure	134.53%
Net Exposure	31.57%
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 [^]	-0.43%	-2.89%	-14.35%	-18.06%	1.49%	0.71%	5.05%
Benchmark*	0.25%	0.76%	1.40%	1.77%	0.69%	0.92%	1.46%
Alpha	-0.68%	-3.66%	-15.75%	-19.83%	0.80%	-0.22%	3.60%

[^] 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 -0.43% in February 2023.

COMMENTARY

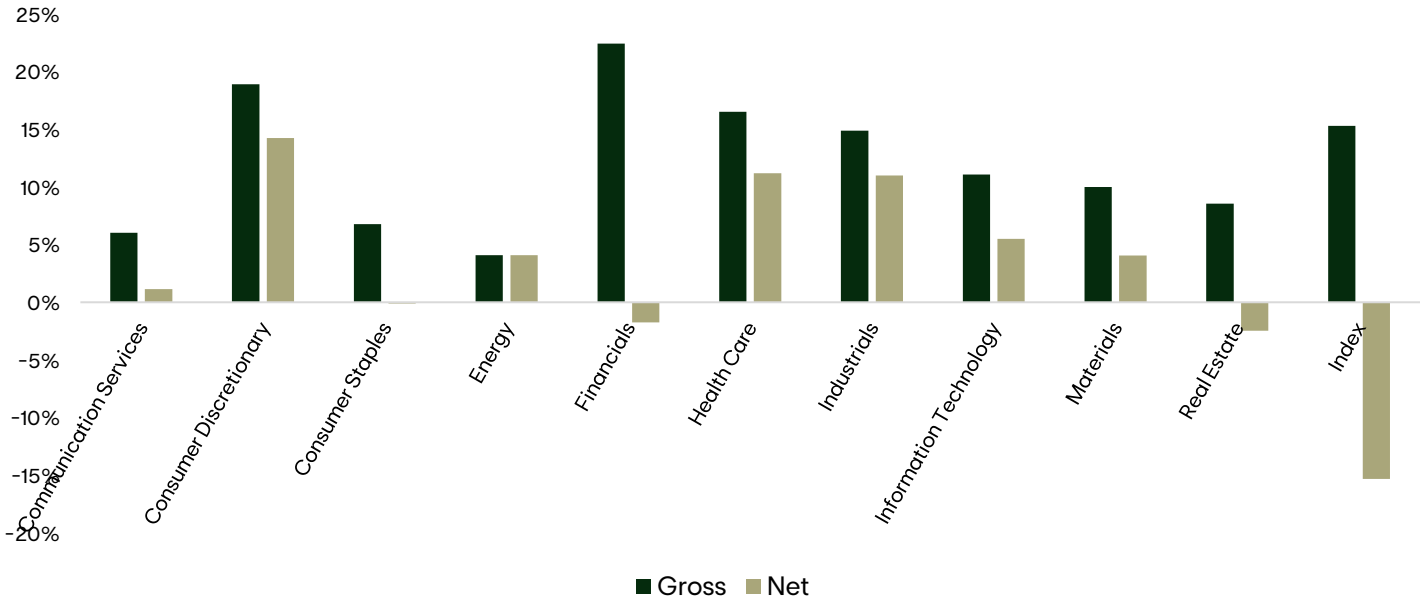
Two companies which reported a reasonable result in February whose valuations over the last 6 months have come back into more agreeable territories are DGL Group and Kelsian Group.

DGL group (DGL AU), a provider of diversified services within the chemical manufacturing, warehousing, distribution and environmental services, closed the month of February up 20%. The share price ran throughout the month in anticipation of the H1 FY23 results, which was released on the 28th February. DGL demonstrated strong revenue growth of 52% on the prior period, driven both by acquisitive activity in the half as well as strong organic growth. Cash flow conversion, which had been an issue in previous results, came in very strong for H1 FY23 at 108%. The result was accompanied by an upgrade to the guided EBITDA range, from \$70-\$72m to \$71.5-\$73.5m for FY23, and was coupled with guidance to strong underlying cash flow conversion of 90-95%. We hold DGL as one of our core positions and look forward to a strong half in which DGL continues to leverage their specialised solutions in the chemical manufacturing and logistics space.

Kelsian Group (KLS AU) is Australia's largest integrated multi-modal provider and tourism operator. Over the month of February, the KLS share price closed 12.5% up on the back of new contract wins and a strong 1H FY23 result. KLS, through its wholly-owned subsidiary Transit Systems, announced that they have entered into a binding contract with Transport for NSW as the sole operator in Regions 2 and 15 in south-western Sydney. These contracts within Sydney solidify an already strong geographical presence within the region, and should be able to realise greater efficiencies with each additional adjacent region won. 1H FY23 results for Kelsian were strong, with revenue growth reflecting the strong rebound in domestic tourism market over the half, with outlook for the segment in the form of forward bookings also high. We continue to hold KLS as a core position, as we feel they are well positioned to win new transport contracts, both within Australia and internationally, as well as benefit from further recovery in the tourism sector.

PORTFOLIO CHARACTERISTICS

Sector Exposure

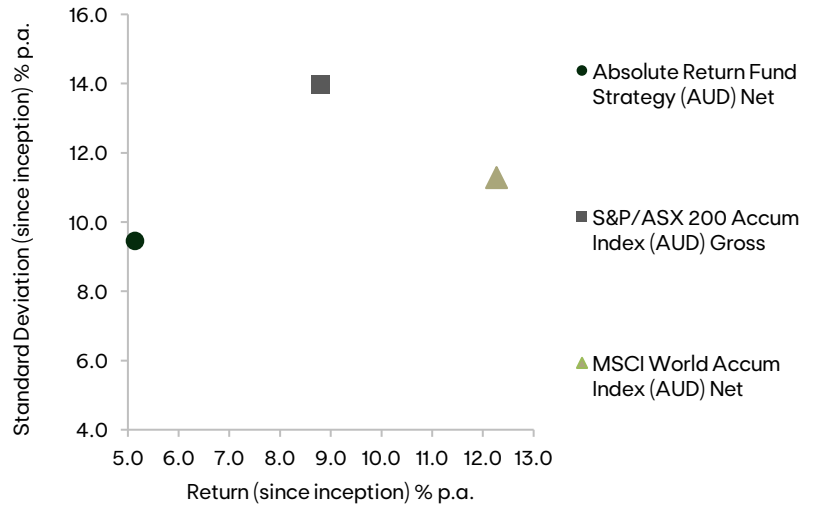


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- Capitol Health
- EQT Holdings
- Estia Health
- Generation Development Group
- Helloworld Travel
- HUB24
- IPH
- Kelsian Group
- 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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