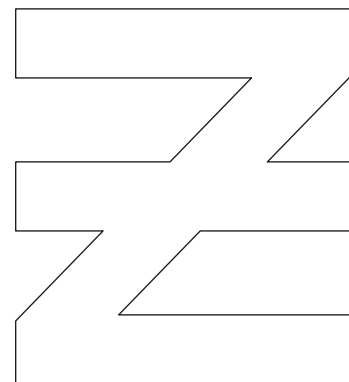


Ellerston Australian Absolute Return Fund



Monthly Newsletter, March 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	\$1.0252
NAV Price	\$1.0226
Redemption Price	\$1.0200
Liquidity	Daily
Gross Exposure	147.77%
Net Exposure	39.27%
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 [^]	1.53%	0.66%	-9.11%	-17.25%	7.79%	1.08%	5.17%
Benchmark*	0.30%	0.81%	1.51%	2.06%	0.78%	0.96%	1.47%
Alpha	1.23%	-0.15%	-10.62%	-19.31%	7.01%	0.12%	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 1.53% in March 2023.

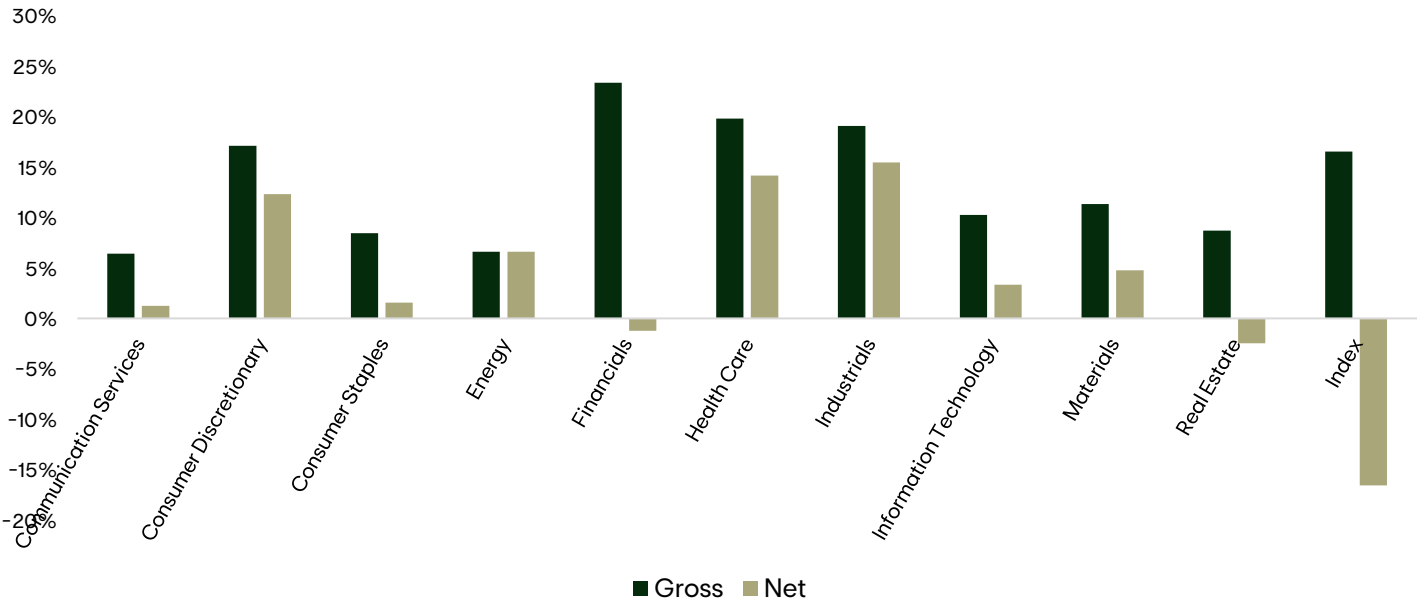
COMMENTARY

In March, two of our listed aged care providers Regis Healthcare (REG AU) and Estia Health (EHE AU) were significant out-performers versus the market. REG and EHE were up 24% and 27% for the month respectively, primarily running on the back of EHE receiving an Indicative Non-binding Proposal from Bain Capital at \$3.00 per share. This proposal represented a 28% premium to the previous closing price, or a 40% premium to the closing price two days prior to the proposal. The share price for REG also rallied on the back of the offer – a result of being the only other Australian listed aged care provider. We feel the outlook of these two companies has cleared up due to clarification around the outcomes of the Royal Commission into the Aged Care sector, specifically relating to care minutes and funding, as well as the impacts of COVID-19 dissipating. We continue to be significantly overweight the aged-care sector within our portfolio and anticipate an increase to occupancy and profitability in the coming periods. The \$3.00 per share implies an enterprise value (including RADs) of approximately \$270k per bed, which is broadly in line with the price at which now delisted Japara was acquired by Calvary in late 2021.

Tuas (TUA AU) is an owner/operator of a national 4G mobile network in Singapore. During March, the share price for TUA rose 17% on the back of their 1H23 result. One of the key drivers for TUA is its subscriber count, which came in well above market expectations. Higher subscriber numbers, coupled with meaningful operating leverage, saw EBITDA beating analyst estimates. Pleasingly, TUA announced that they are launching into the Singapore broadband market, which has been estimated at 1.5m households and has a TAM of S\$600-700m. We feel this is a natural progression for TUA as it expands its product offering and is well positioned to take market share given its very competitive offering. TUA remains one of our core positions for the fund.

PORTFOLIO CHARACTERISTICS

Sector Exposure

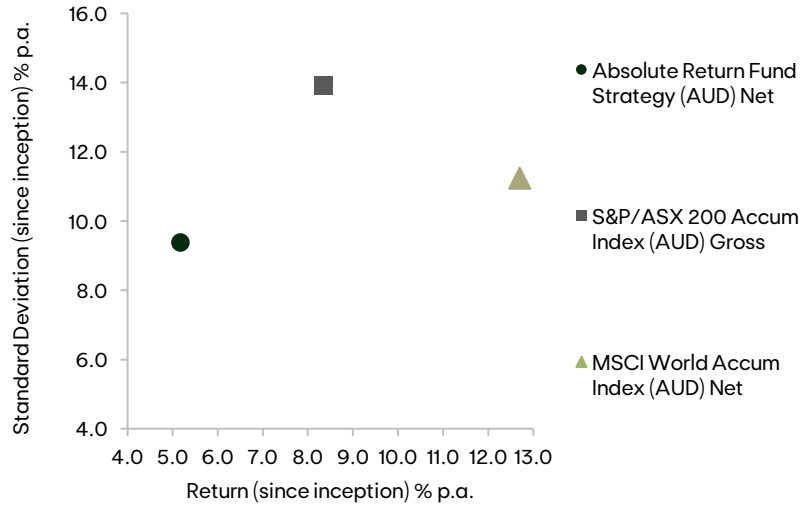


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- Capitol Health
- EQT Holdings
- Estia Health
- Generation Development Group
- Helloworld Travel
- IPH
- Kelsian Group
- Regis Healthcare
- SmartPay
- 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

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**

This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, responsible entity of the Ellerston Australian Absolute Returns Fund ARSN 168 025 670 (Fund) 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 obtaining 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.

This material has been prepared based on information believed to be accurate at the time of publication. Assumptions and estimates may have been made which may prove not to be accurate. Ellerston Capital undertakes no responsibility to correct any such inaccuracy. Subsequent changes in circumstances may occur at any time and may impact the accuracy of the information. To the full extent permitted by law, none of Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, or any member of the Ellerston Capital Limited Group of companies makes any warranty as to the accuracy or completeness of the information in this newsletter and disclaims all liability that may arise due to any information contained in this newsletter being inaccurate, unreliable or incomplete. Past performance is not a reliable indicator of future performance.