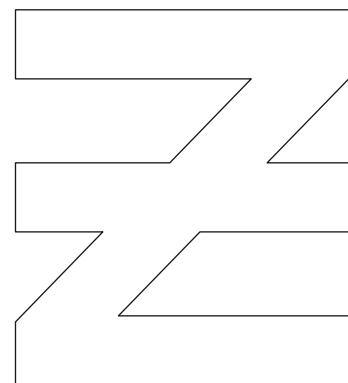


Ellerston Australian Emerging Leaders Fund



Monthly Newsletter, April 2023

Investment Objective

To provide investors with long term capital growth by investing in a portfolio of quality Australian & New Zealand companies. The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term.

Investment Strategy

The Fund employs an active, research-driven investment approach which seeks to identify a portfolio of smaller company Securities with the aim of delivering superior returns to the Benchmark over time. The Fund will invest in companies that are believed to have the potential to deliver significant upside over the medium term and where there is a reasonable margin of safety to mitigate the downside risk. Positions are actively managed within the Fund.

Key Information

Strategy Inception ^^	13-Aug-21
Portfolio Manager	David Keelan & Alexandra Clarke
Application Price	\$0.7596
Net Asset Value	\$0.7577
Redemption Price	\$0.7558
Liquidity	Daily
No Stocks	43
Management Fee	1.10% p.a.
Performance Fee**	20%
Buy/Sell Spread	0.25% on application 0.25% on redemption
Minimum Investment	\$10,000
Minimum Additional Investment	\$5,000
Distribution Frequency	Half Yearly (i.e. June & December)

** Of the investment return above the benchmark, after recovering any underperformance in past periods

Performance Summary

Performance	1 Month	3 Months	6 Months	1 Year	Since Inception (p.a.)^^
Net^	0.89%	-2.16%	-2.96%	-19.30%	-14.66%
Benchmark*	2.78%	-1.74%	5.77%	-9.43%	-7.81%
Alpha	-1.89%	-0.42%	-8.72%	-9.87%	-6.85%

^ The net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance
* S&P/ASX Small Ordinaries Accumulation Index

COMMENTARY

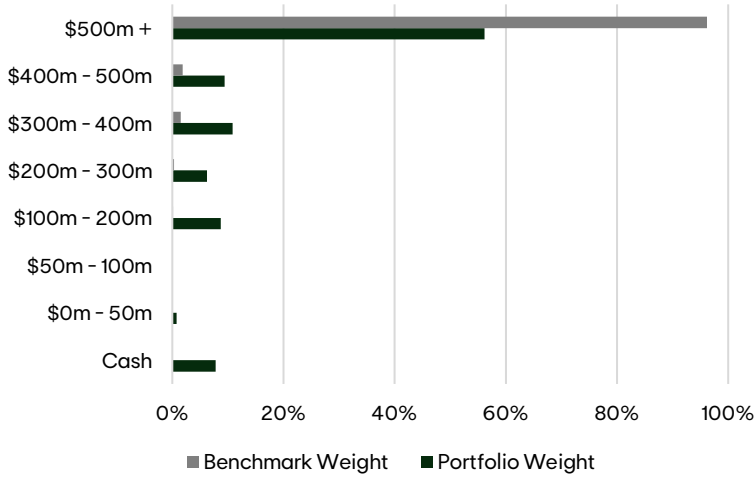
The Ellerston Australian Emerging Leaders Fund underperformed the Small Ordinaries Index by -1.9% in the month of April. The market rallied in April partially based on the Reserve Bank of Australia (RBA) pausing interest rate rises (we note RBA moved rates by 0.25% in May), the anticipation of a softer landing and signs that global inflation was on a downward trajectory. We continued to see M&A appear with Kirin bidding for Blackmores and Wesfarmers/API bidding for Silk Lasers to name two. More importantly, we saw at the smaller end of the market, fundamentals return. By this we mean catalysts and changes in earnings once again drove share price movements. The quarter was filled with news flow as companies got a handle on their 3Q results, and many cleansing the market before conference season kicked off.

Imdex (IMD AU) is a provider of mining equipment, technology and services to the mining industry diversely across APAC, the Americas, Europe and Africa. In recent years, Imdex have had a higher % of their sales with exposure to gold and iron ore, in line with the S&P exploration spend by commodity. Over the month of April, there had been a fair bit of commentary from around the market that activity in many of IMD's operating regions had slowed due to poor weather, although as a whole the global market had a fairly resilient 3Q FY23. Later in the month, IMD announced that they had formalized their investment in Krux Analytics, an advanced analytics software provider offering real-time exploration and production drilling data. We hold IMD as one of our high conviction stocks, and look forward to their FY23 results and updates on their integration of the Devico business.

IPH is a provider of intellectual property services, with operations in Australia and New Zealand, South East Asia, China, and Canada. During the previous month of March, IPH endured a cyber incident that was not well received by the market. IPH did a great job of communicating its progress towards resolving the issue towards the back end of March and into April, and as more clarity around the severity of the incident came to light the share price rebounded. It was revealed that only a small amount of data was breached within one of their business divisions, and had minimal impact of the business going forward. They also assured their investors that they have now enhanced their cyber security measures following the incident. We see IPH as a high quality, defensive business and continue to hold as a high conviction stock in our Australian Emerging Leaders Portfolio.

PORTFOLIO CHARACTERISTICS

Market Capitalisation



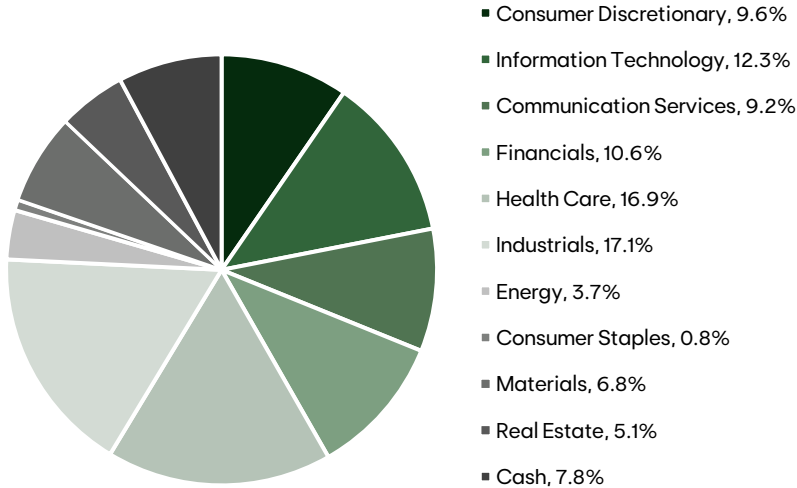
Key Portfolio Metrics

FY23e	Fund	Benchmark
Price/Earnings	17.9x	18.9x
Dividend Yield	1.8%	3.2%
Net Debt/EBITDA	0.3x	1.2x

Source: Ellerston Capital.

Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

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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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