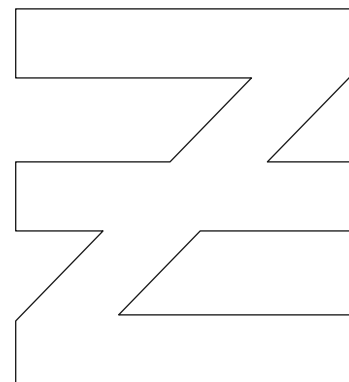


# Ellerston Australian Absolute Return Fund



Monthly Newsletter, July 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	\$1.0284
NAV Price	\$1.0258
Redemption Price	\$1.0232
Liquidity	Daily
Gross Exposure	147.50%
Net Exposure	18.44%
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 <sup>^</sup>	-1.54%	-3.35%	1.40%	-12.11%	0.31%	1.80%	5.03%
Benchmark*	0.34%	0.99%	1.84%	3.16%	1.18%	1.12%	1.55%
Alpha	-1.88%	-4.35%	-0.43%	-15.28%	-0.87%	0.69%	3.48%

<sup>^</sup> 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 -1.54% in July 2023.

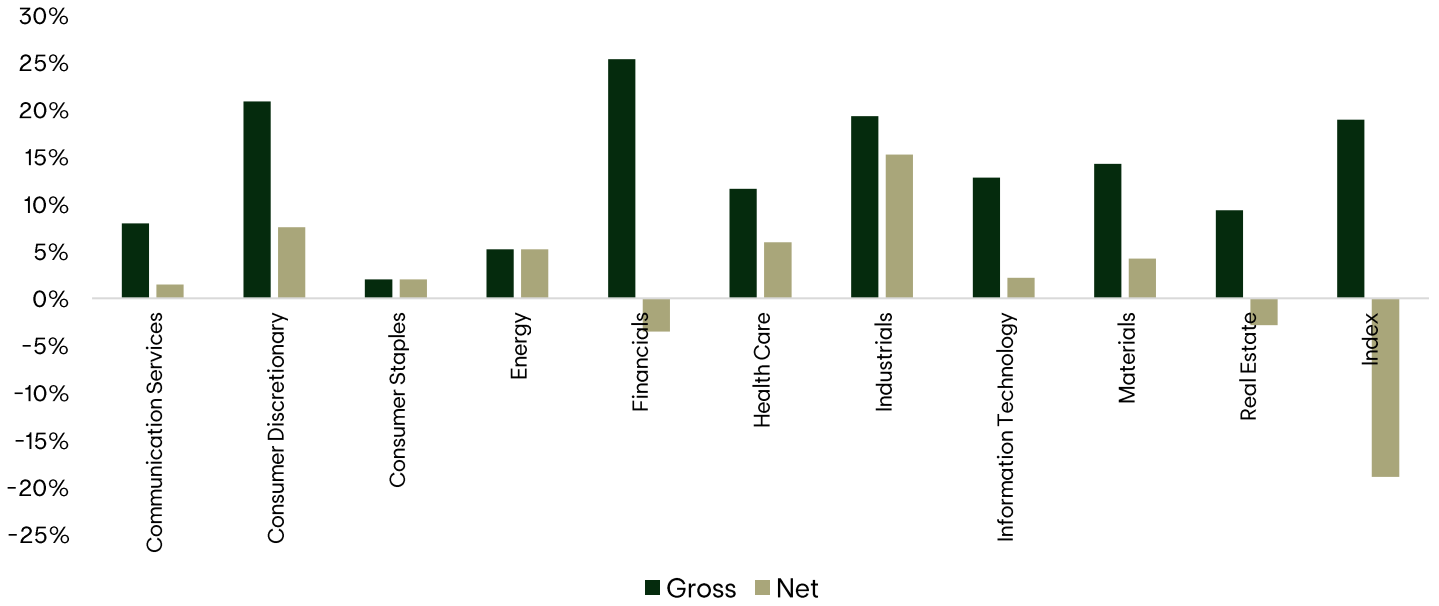
## COMMENTARY

HUB24 Limited (HUB AU), one of our core positions, had a solid month rising by 11%, after putting out a very respectable quarterly result. The platform net inflow of \$2.1b for the fourth quarter of FY23, while down on the pcip, this is a positive outcome in what has been a very challenging environment for financial advisers. The challenging macro backdrop and volatile financial markets have constrained flows; however, we think these are transitory headwinds, and the company remains leveraged to the structural shift towards independent specialist platforms, the ever-growing pool of retirement savings. In the Plan for Life data, HUB24 continues to rank in 1st place for quarterly and annual net inflows, with approximately 6% market share, and at the current rate adding around 1% per year.

SmartGroup (SIQ AU) was a standout performer during the month, increasing by 14%. While there was no company specific news during the period, one of its listed rivals FleetPartners provided a solid 3rd quarter trading update. FPR reported Electric Vehicles at 36% of novated leases delivered in the 3rd quarter which increased to 45% in the month of June. FPR also highlighted the average EV price is 30% higher than the average internal combustion vehicle. These metrics are a positive read for SIQ, which is one of the largest players in the novated leasing space, and is benefiting from the regulatory tailwind, which provides material tax benefits for purchases of electric vehicles. This should continue to payout for at least the next few years, shifting consumers towards the novated channel, while the company also benefits from the higher yield, and operating leverage.

## PORTFOLIO CHARACTERISTICS

### Sector Exposure

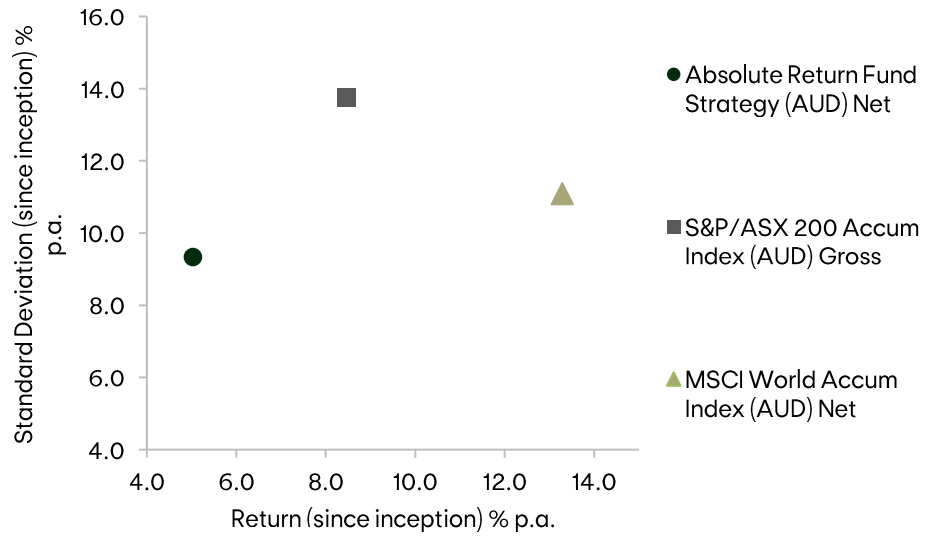


Source: Ellerston Capital.

### Top 10 Holdings (Alphabetical, Long Only)

- ALS Ltd.
- EQT Holdings Ltd.
- EVT Limited
- Fleetwood Limited
- Generation Development Group Limited
- IPH Ltd.
- Kelsian Group Limited
- Servcorp Limited
- SmartPay Holdings Limited
- Strike Energy Limited

### 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 the 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 the 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 the details on page one; there have been no changes to the primary investment personnel responsible for managing the Fund

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### 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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