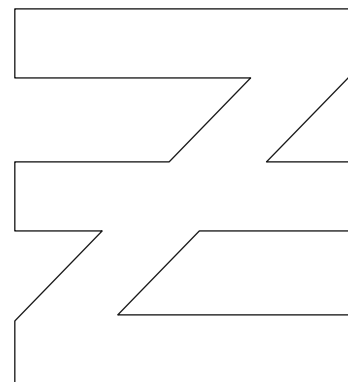


# Ellerston GEMS Fund Class A and B



Monthly Newsletter, August 2023

## Investment Objective

The investment objective is to generate superior returns for Unitholders with a focus on risk and capital preservation.

## Investment Strategy

The Fund provides investors with exposure to global markets through a long short equity strategy. The strategy overlays fundamental bottom-up stock selection with global macroeconomic and market outlook.

## Key Information

|                          |   |
|--------------------------|---|
| Inception Date^^         | 1 January 2002                              |
| Portfolio Manager        | Ashok Jacob                                 |
| Class A Redemption Price | \$1.3819                                    |
| Class B Redemption Price | \$1.3502                                    |
| Gross Exposure           | 89.56%                                      |
| Net Exposure             | 52.66%                                      |
| Unit Pricing             | Monthly                                     |
| Management Fee           | 1.50%                                       |
| Performance Fee          | 16.50%                                      |
| Buy/Sell Spread          | 0.25% on application<br>0.25% on redemption |

## PERFORMANCE SUMMARY

| Performance* | 1 Year | 2 Years (p.a.) | 3 Years (p.a.) | 5 Years (p.a.) | 10 Years (p.a.) | Since Inception (p.a.)^^ |
|--------------|--------|----------------|----------------|----------------|-----------------|--------------------------|
| GEMS A       | -4.5%  | -9.2%          | 5.6%           | 6.7%           | 11.0%           | 11.6%                    |
| GEMS B       | -4.5%  | -9.2%          | 5.6%           | 6.7%           | 10.9%           | 11.5%                    |

Source: Ellerston Capital.

\* The net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance.

## PERFORMANCE

For the 3 Year period from August 31, 2020 to August 31, 2023, the compound annual returns for the Australian S&P/ASX 200 Total Return Index was +10.7%, the US S&P 500 Index was +10.5%, the Russell 2000 Index was +8.1% and MSCI World (Local) Index was +9.8%.

**Your Fund (GEMS A) returned +5.6% p.a. (after fees).**

For the Month of August 2023, the Australian S&P/ASX 200 Index was -0.7%, the US S&P 500 Index was -1.6%, the Russell 2000 Index was -5.0% and the MSCI World (Local) Index was -1.8%.

**Your Fund (GEMS A) returned +0.6% (after fees).**

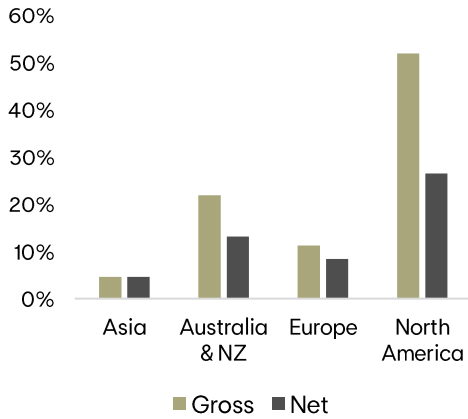
## PORTFOLIO COMMENTARY

Global stock markets were generally weaker during August with the MSCI World -1.8%, S&P 500 -1.6% and ASX200 down -0.7%. Markets drifted lower during the month until the release of the Nvidia result, which came in well ahead of expectations, drove the markets higher to claw back some of the losses. It is amazing that one stock is having such an influence on global markets. The Fund benefitted from individual stock positions and hedging to rise +0.8% (gross) for the month.

The US stock market continues to see positive earnings revisions and the vast majority of the Funds long positions (by weight) are exposed to this market. Excellent profit results from Celsius Holdings and Light & Wonder drove share prices higher by 35% and 9% respectively. Our Uranium thesis is playing out as the physical spot price continued to rise during the month as Nuclear Energy continues to be spoken about as one of the main beneficiaries of the switch to a low carbon energy market. At the same time our index hedging delivered some upside with the broader market weakness. Alternatively, the Australian stock market continued to see net revisions downwards as weakness in commodity prices, wage inflation and debt funding costs eat into corporate profits locally. That said, within the sideways action of the local market of the last year, there have been some severe dislocations in price from long term value. Consequently, you should expect to see our net weighting in the Fund increase locally. The HK/China market is another region that has suffered significantly from the Covid induced slowdown, but unlike other economies, has not rebounded. We see some optionality in some share prices for a consumer led recovery and have been building some positions in the Fund.

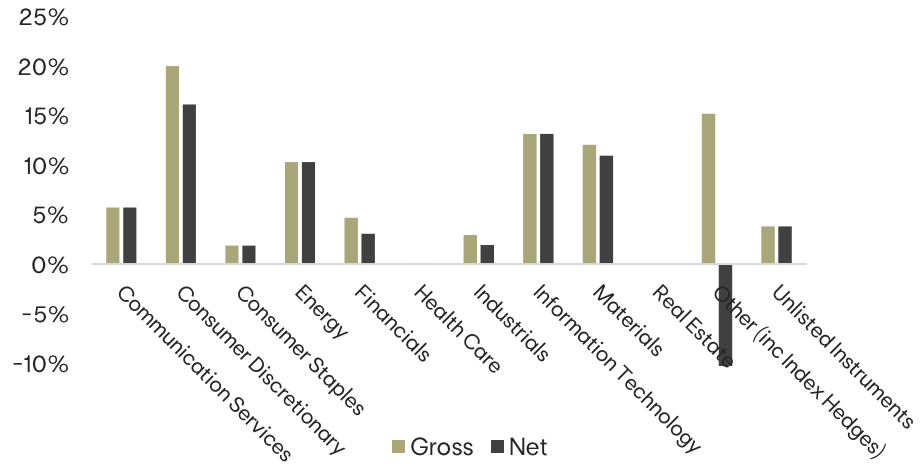
# PORTFOLIO CHARACTERISTICS

## Region Exposure



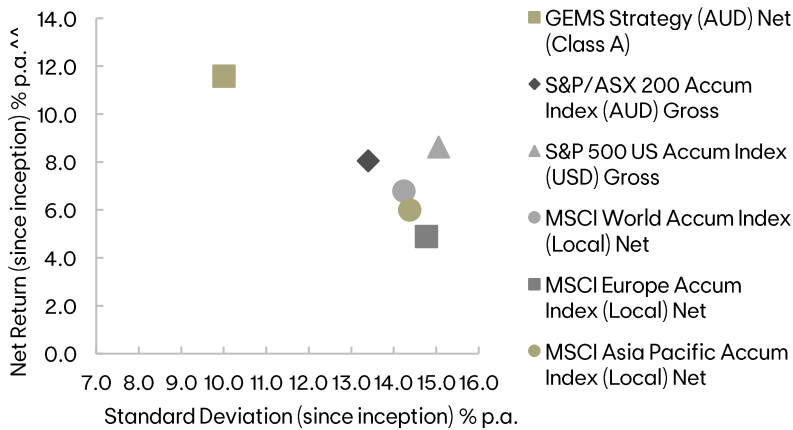
Source: Ellerston Capital.

## Sector Exposure



Source: Ellerston Capital.

## GEMS Strategy Performance & Volatility^^



Source: Ellerston Capital.  
 Past performance is not a reliable indication of future performance.  
 ^^Inception Date 1 January 2002

## Top 10 Holdings (Alphabetical, Long Only)

- AMAZON.COM INC
- BOOKING HOLDINGS INC
- CALUMET SPECIALTY PRODUCTS PARTNERS
- CELLNEX TELECOM SA
- INTERNATIONAL GAME TECHNOLOGY
- LIGHT AND WONDER INC
- META PLATFORMS INC
- MICROSOFT CORP
- SANTOS LTD
- TRIP.COM GROUP

Source: Ellerston Capital.

- **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.

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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](mailto:info@ellerstoncapital.com) or visit us at [ellerstoncapital.com](http://ellerstoncapital.com)

All holdings enquiries should be directed to our register, Automic Group on 1300 101 595 or [ellerstonfunds@automicgroup.com.au](mailto:ellerstonfunds@automicgroup.com.au).

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<sup>^</sup> Actual performance for your account may vary from that set out in this newsletter and will vary for investments made in different classes, or at different times throughout the year. Some performance data is estimated and preliminary and subject to change.

<sup>^^</sup>For the period 1 January 2002 to 30 April 2006, the CPH Group GEMS Portfolio was not operated within a separate fund structure. The underlying investment assets of the CPH Group GEMS Portfolio were owned during that time within corporate entities of the CPH Group for which audited accounts were prepared on an annual basis. Accordingly, in order to provide relevant historical performance information for the period 1 January 2002 to 30 April 2006 (Historical Returns) net returns were calculated on the basis of the actual dollar returns of the CPH Group GEMS Portfolio adjusted to reflect a fund structure similar to the Fund and including all fees. For GEMS B, GEMS A returns have been used between 1 May 2006 and 2 November 2009. The returns of the Fund and the relevant Indices are net of fees, expenses and taxes and assuming distributions are reinvested.

# The standard deviation is often used by investors to measure the risk of an asset. The standard deviation is a measure of volatility: the more an asset's returns vary from the average return, the more volatile the asset. A higher standard deviation means a greater potential for deviation of return from the average return of the asset.

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