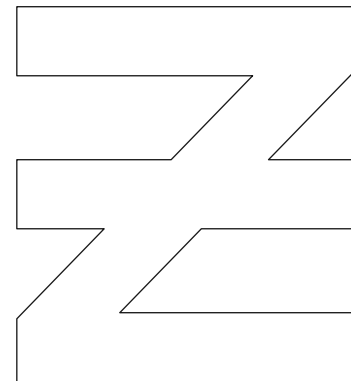


# Ellerston 2050 Fund



Performance Report, September 2023

## Investment Objective

The investment objective of the Fund is to outperform the Benchmark over a rolling three-year period.

## Investment Strategy

The Fund employs an active, research-driven investment approach which seeks to identify a portfolio of unlisted (pre-IPO and expansion capital) and listed (micro and small capitalisation) companies, with the aim of delivering superior returns to the benchmark over time. Investments will generally be made in companies that have sound business franchises with attractive earnings profiles that operate in growth industries and trade at a discount to valuation. For inclusion in the portfolio, companies must, either directly or indirectly, demonstrate a pathway to aiding the abatement of carbon within Australia and the global economy.

## Key Information

Strategy Inception <sup>^^</sup>	30/05/2022
Portfolio Manager(s)	David Keelan & Alexandra Clarke
Application Price	\$0.9528
Net Asset Value	\$0.9492
Redemption Price	\$0.9456
No Stocks	41
Management Fee	1.50% p.a.
Performance Fee <sup>**</sup>	20%
Distribution Frequency	Half Yearly (i.e. June & December)

<sup>\*\*</sup> Of the investment return above the Benchmark for each financial year, calculated and accrued monthly

## Performance Summary

Performance	1 Month	3 Months	6 Months	1 Year	Since Inception (p.a.) <sup>^^</sup>
Net <sup>^</sup>	-2.10%	-2.08%	2.53%	0.74%	-3.61%
Benchmark <sup>*</sup>	-5.04%	-1.94%	0.36%	8.41%	-2.94%
Alpha	2.94%	-0.14%	2.17%	-7.67%	-0.67%

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

## Market Commentary

The Ellerston 2050 Fund outperformed the S&P/ASX Small Ordinaries Industrials Accumulation Index by 2.94%, with the market finishing down 5.04%. The best performing sector in the Small Ordinaries was energy, up almost 16%, in contrast with real estate which fell by almost 8%. The market selloff was macro driven, with the September monthly CPI indicator showing we aren't out of the woods yet, with inflation reaccelerating to over 5% for the year. The spike in fuel prices, a stubbornly strong job market, and rebounding house prices have added to inflationary pressure, causing the market to push out rate cut expectations into late 2024. Meanwhile the surging US bond yields and consequential lower AUD are only exacerbating the situation.

Redflow (RFX AU) is a developer and manufacturer of zinc-bromine flowing electrolyte battery modules. For the month of September, RFX finished with a 10% gain to its share price. There was plenty of news flow coming out of RFX during the month, with the group announcing a small but complex contract with the United States Department of Defense, and a record contract for 34.4 MWh project win later in the month with the US Department of Energy. The latter is significantly larger than any contract secured before, with a 20 MWh contract in June being the only one that comes close in magnitude. We feel that RFX is currently at an inflection point where significant scale will begin to flow through their manufacturing plant. After surging to \$0.30 per share at the time of this announcement, the share price pulled back to \$0.22 per share to close the month. We see this as a buying opportunity and see runway for significant growth beyond these levels, as the demand for flow batteries accelerates in the coming years.

Aussie Broadband (ABB AU) is a provider of telecommunication services to the Australian market. During September ABB rose 15%. It was announced that Telstra would raise their pricing for NBN, suggesting that there could be market wide benefits on NBN pricing, and that ABB could potentially be a direct beneficiary. After market on the 29th of September, ABB launched a takeover bid for Symbio (SYM AU), a global communications software company. This acquisition looks to be highly accretive, immediately offering high levels of synergies, both on the cost and revenue side of the businesses. After a solid FY23 result in August and continuation of ABB to gather market share as indicated from the quarterly NBN wholesale market indicators report, we see strong growth for the company organically, as well as through their potential acquisition of SYM.

Having wrapped up our post result meetings with company management, we are now in preparation for AGM season, which is effectively a mini reporting season, and upcoming broker conferences. During this period, the market will be paying close attention to September quarter trading updates, along with any outlook commentary or guidance. This is a great opportunity for us to explore new names, while ensuring our existing portfolio companies are tracking in line with our expectations.

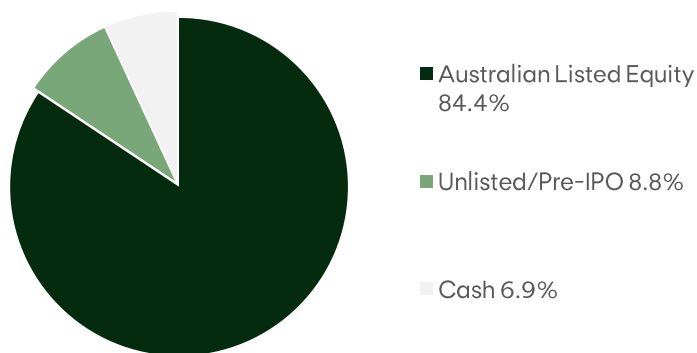
The key themes we will be monitoring closely will be cost pressure and how effectively is it being mitigated, discretionary spending (given the macro challenges) and for any companies with debt, we are keeping an especially close eye on, as the higher interest costs continue to flow into analyst numbers.

## Holdings Summary

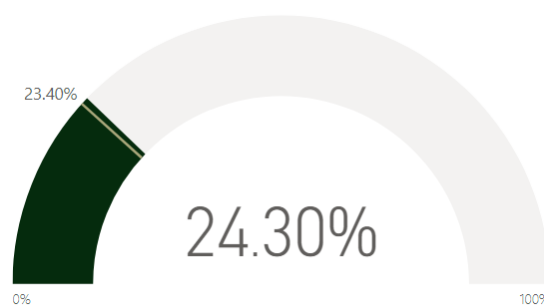
Company	Portfolio Weight
RPMGlobal Holdings Ltd	5.56%
Hansen Technologies Limited	4.69%
Adrad Holdings Limited	4.16%
Fleetwood Limited	3.83%
Phocas Group Pty Ltd	3.69%
Other Capital Deployed^	71.20%
Cash	6.90%
Total	100.00%

Source: Ellerston Capital. ^Other Capital Deployed includes an additional 36 holdings.

## Portfolio Breakdown

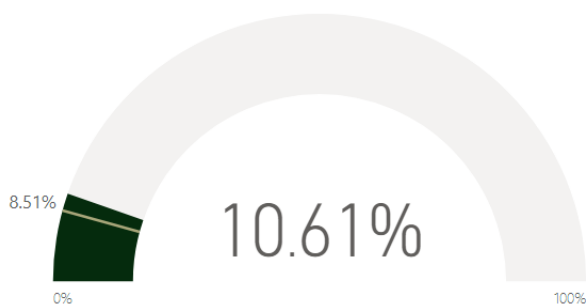


Value of Portfolio Reporting vs. Number of Companies Reporting on Scope 1 and 2\*

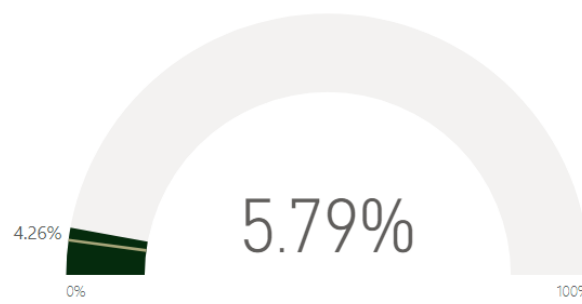


Source: Ellerston Capital.

Value of Portfolio Reporting vs. Number of Companies Reporting on Scope 3\*



Value of Portfolio Reporting vs. Number of Companies Reporting According to TCFD^\*



Source: ^Task Force on Climate-Related Financial Disclosure

\*Please note the % represented by the line is the number of companies reporting and the shaded area (green) is the total holding value of the portfolio that the companies represent.

---

## Contact Us

Level 11, 179 Elizabeth  
Street,  
Sydney, NSW 2000  
+612 9021 7701  
[info@ellerstoncapital.com](mailto: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](mailto:info@ellerstoncapital.com) or visit us at [ellerstoncapital.com](http://ellerstoncapital.com).

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

---

This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, as trustee of the Ellerston 2050 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 Information Memorandum which can be obtained by contacting [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com) and obtain 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.

---