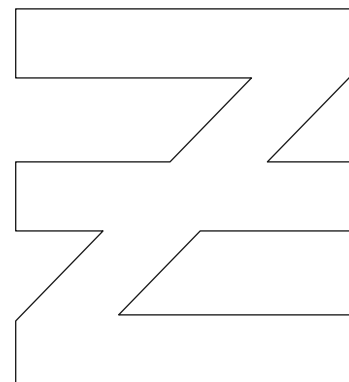


Ellerston Australian Absolute Return Fund



Monthly Newsletter, October 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	\$0.9960
NAV Price	\$0.9935
Redemption Price	\$0.9910
Current Total NAV	\$7,441,953
Liquidity	Daily
Gross Exposure	145.41%
Net Exposure	14.43%
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[^]	-2.30%	-3.15%	-6.40%	-9.76%	-2.12%	2.06%	4.58%
Benchmark*	0.34%	1.02%	2.02%	3.64%	1.50%	1.25%	1.61%
Alpha	-2.64%	-4.17%	-8.42%	-13.40%	-3.62%	0.81%	2.97%

[^] 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 -2.30% (net) in October 2023.

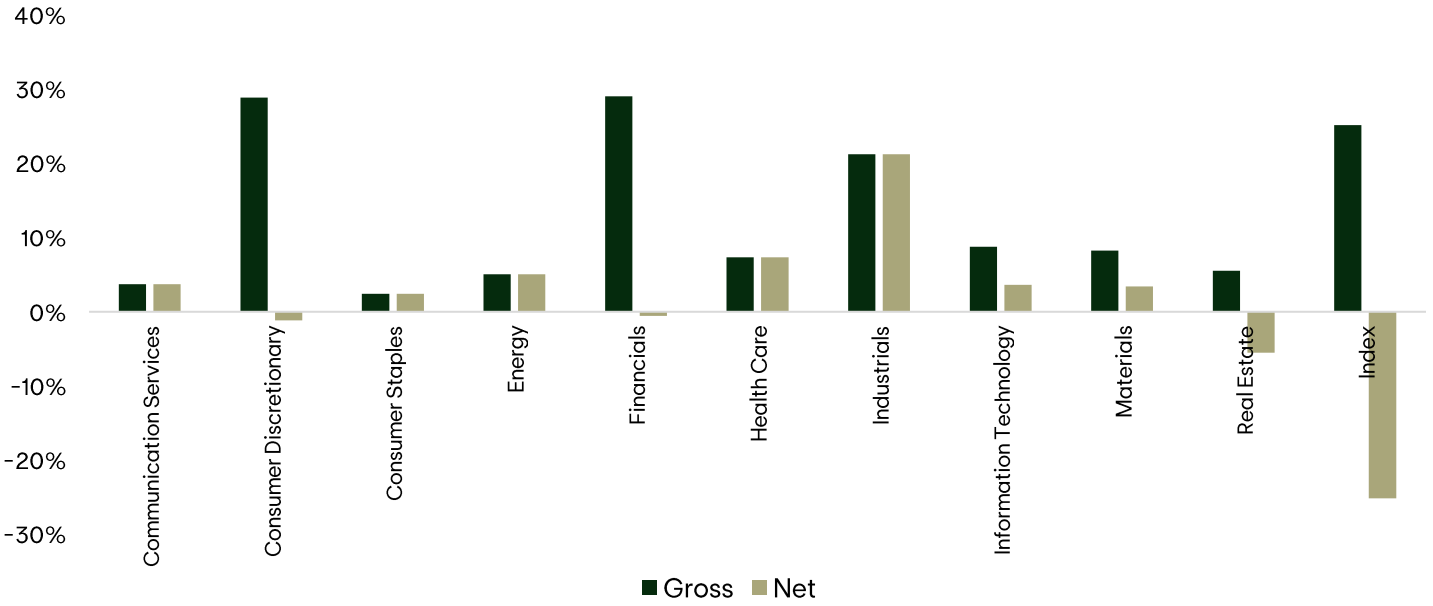
COMMENTARY

Propel Funeral Partners (PFP AU) proved its defensiveness this month, putting on 4% in what was a tough month for markets. During the month, the company confirmed recent media speculation around potential takeover activity, indicating the offers weren't compelling enough to consider. Regardless, we are attracted to the resilience of the company's earnings and cashflows, with its strong pricing power which has protected its margins in the current inflationary environment. We think the company is best placed to consolidate what is a highly fragmented industry, with an extensive pipeline of acquisitions to make in the coming years.

Kelsian Group (KLS AU) is an owner/operator of multi-modal transportation and tourism services. KLS is a strong defensive play in times of economic uncertainty, with 92% of their contracted revenue coming from non-discretionary sources such as long term, government-backed contracts. For the month of October, KLS was up 5.1% as it gave a trading update at their AGM during the period. A significant piece of that update was around the Sydney region bus operations, of which KLS is the largest operator. News of the new contracts within the region being fully staffed and KPIs being met/exceeded were well received by the market. Additionally, they gave positive news around the integration of AAAHI in the USA, as it continues to grow its contract portfolio as well. We continue to hold KLS as a core position in our fund and we like the strength of the tender pipeline in both international and domestic markets.

PORTFOLIO CHARACTERISTICS

Sector Exposure

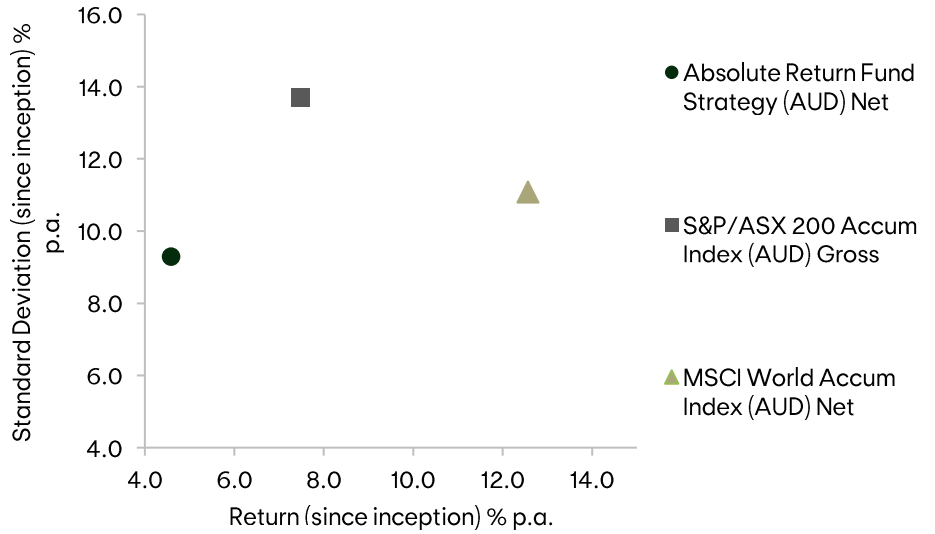


Source: Ellerston Capital.

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

- ALS Ltd.
- BHP Group Ltd
- EQT Holdings Ltd.
- EVT Limited
- Generation Development Group
- HUB24 Limited
- IPH Ltd.
- Kelsian Group Limited
- Propel Funeral Partners Ltd.
- Smartgroup Corporation Ltd

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

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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