

Ellerston GEMS Fund Class A and B

Monthly Newsletter, October 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	\$1.3691
Class B Redemption Price	\$1.3373
Class A Current Total NAV	\$14,816,166
Class B Current Total NAV	\$72,516,961
Gross Exposure	85.86%
Net Exposure	48.41%
Unit Pricing	Monthly
Management Fee	1.50%
Performance Fee	16.50%
Buy/Sell Spread	0.25% on application 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	-0.9%	-10.0%	5.8%	8.1%	10.5%	11.5%
GEMS B	-0.9%	-10.0%	5.8%	8.1%	10.4%	11.3%

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 October 31, 2020 to October 31, 2023, the compound annual returns for the Australian S&P/ASX 200 Total Return Index was +8.9%, the US S&P 500 Index was +10.4%, the Russell 2000 Index was +3.9% and MSCI World (Local) Index was +9.7%.

Your Fund (GEMS A) returned +5.8% p.a. (after fees).

For the Month of October 2023, the Australian S&P/ASX 200 Index was -3.8%, the US S&P 500 Index was -2.1%, the Russell 2000 Index was -6.8% and the MSCI World (Local) Index was -2.6%.

Your Fund (GEMS A) returned -1.4% (after fees).

PORTFOLIO COMMENTARY

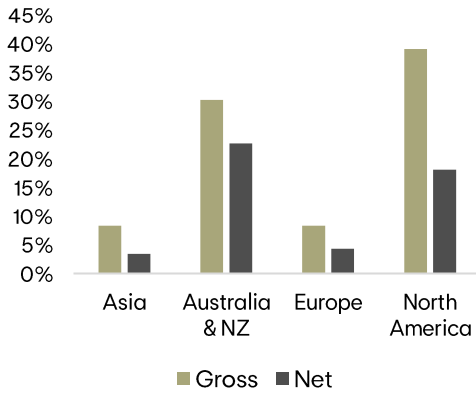
Worldwide stock market weakness continued in October, driven by the continued sell-off of bond markets and nervousness around the conflict in the Middle East and it's potential to spread to a wider regional conflict. Larger stock markets fell 3% to 4% with the smaller end of most markets characterised by significantly larger falls. In particular, the Russell 2000 in the US and ASX Small Ordinaries locally.

We were unable to deliver a positive return, as although we made money from our short positions and hedging, this was insufficient to offset a number of larger falls in individual long holdings that encountered issues during the month. The largest positive contributors to performance, outside of index hedges and individual short positions, were Microsoft (+7%), Light & Wonder (+2%) and Xiami (+14%). On the downside, Calumet Specialty, Cellnex and Cardlytics were the largest detractors.

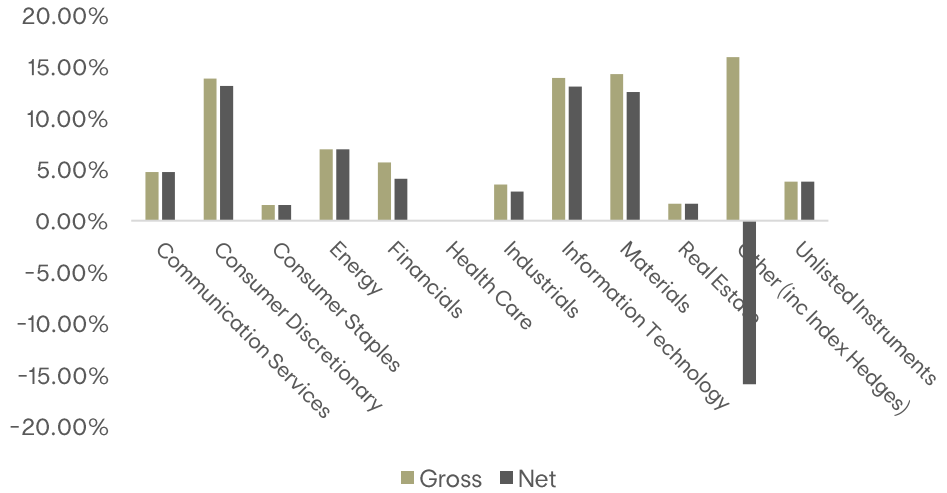
We continued to maintain relatively conservative positioning for the majority of the month before closing out some hedging and a number of individual short positions, which has seen our net exposure increase towards month end as many markets and individual stocks look oversold in the short term. This combined with the Federal Reserve potentially having completed raising interest rates has seen bond markets rallying. This is leading to a sharp rally in equity markets and the removal of some hedging and short positions should enable the Fund to benefit from this.

PORTFOLIO CHARACTERISTICS

Region Exposure



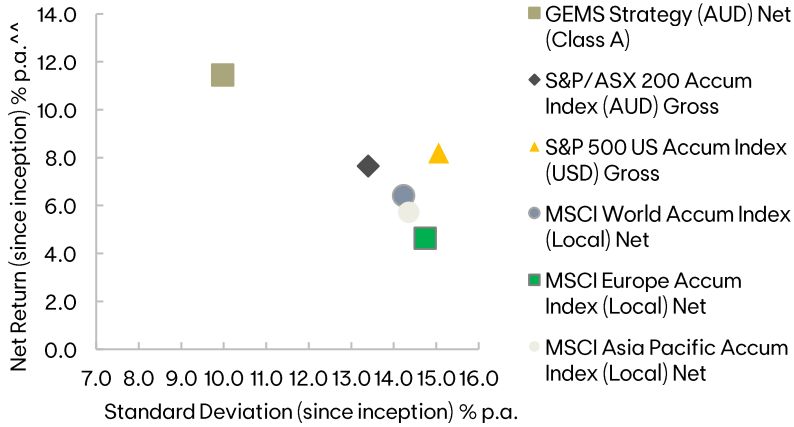
Sector Exposure



Source: Ellerston Capital.

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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)

- Alibaba Group Holding Ltd
- Amazon.Com Inc
- Light And Wonder Inc
- Meta Platforms Inc
- Microsoft Corp
- Nexgen Energy Ltd
- Perenti Global Ltd
- Santos Ltd
- Trip.Com Group L (Hk*)
- Yellow Cake Plc

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.

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 holdings enquiries should be directed to our register, Automic Group on 1300 101 595 or ellerstonfunds@automicgroup.com.au.

[^] 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.

^{^^}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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