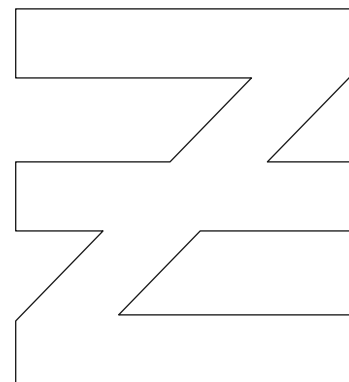


Ellerston Australian Absolute Return Fund



Monthly Newsletter, November 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	\$1.0110
NAV Price	\$1.0085
Redemption Price	\$1.0060
Current Total NAV	\$7,435,576
Liquidity	Daily
Gross Exposure	142.25%
Net Exposure	11.14%
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[^]	1.51%	0.06%	-3.28%	-2.77%	-3.69%	2.75%	4.70%
Benchmark*	0.35%	1.02%	2.05%	3.76%	1.62%	1.29%	1.63%
Alpha	1.16%	-0.96%	-5.33%	-6.53%	-5.30%	1.46%	3.06%

[^] 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 1.51% (net) in November 2023.

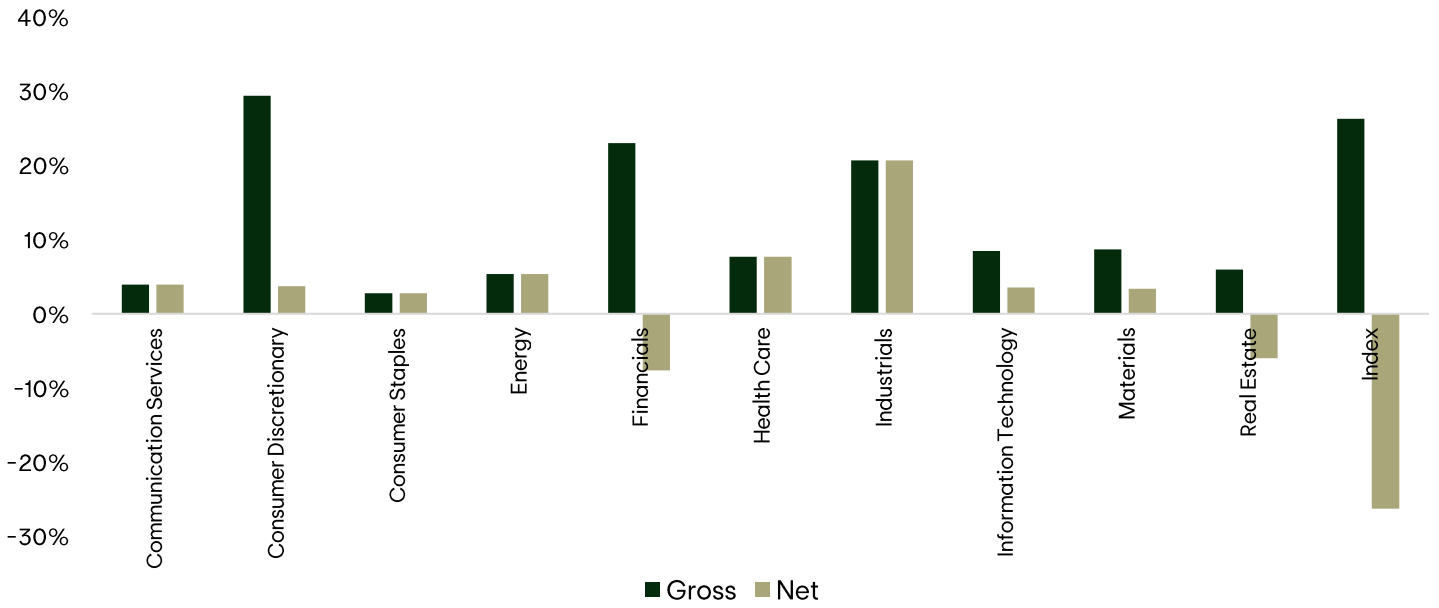
COMMENTARY

During November, Capital Health (CAJ AU) which is provider of medical imaging provided a positive trading update on the back of its AGM. CAJ saw organic revenue growth of 11.9%, which surpassed Medicare benefits. The trading update also showed the benefit of the new indexation that came into effect. At the FY23 result, CAJ's margins came under pressure given the inflationary environment. What was pleasing with its AGM commentary was the fact that the group saw "solid margin improvement compared to FY23". We believe while some of this margin improvement can be attributed to good cost controls, the bigger driver would be the CAJ's increase exposure to MRI's and exiting low margin services. CAJ now has 28 MRI machines, which is up 27% on the pcp and makes up 42% of the group's clinics, which in turn should drive margins higher. We believe CAJ remains fundamentally undervalued, and its geographical exposure makes it an attractive acquisition target.

Also in November, IPH Limited (PH AU), which is a patent attorney firm, announced an additional Canadian acquisition of ROBIC further consolidating its position in the country. IPH paid \$124m for the firm and it will take the group's market share to ~27% (from ~21% previously). IPH paid 8.8x EBITDA for the business which is slightly ahead of its previous Canadian acquisitions, however, we believe the revenue growth and greater synergies justify the premium. In our view, IPH has now consolidated the Canadian market and the next 12 months will be about integration and bedding down the acquisitions over the last 2 years. Going forward, we think this highly cash generative business will de-gear its balance sheet before shifting its focus to other secondary geographies.

PORTFOLIO CHARACTERISTICS

Sector Exposure

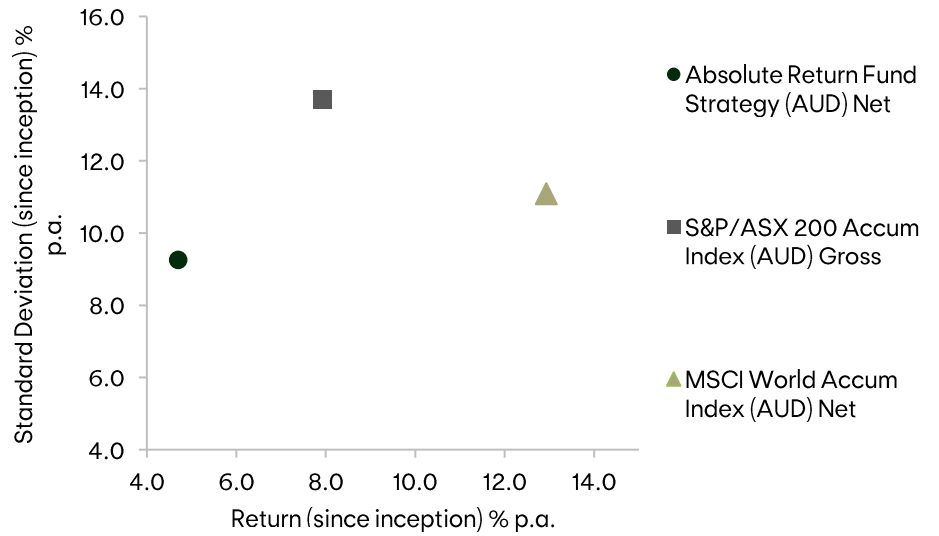


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- BHP Group Ltd
- EQT Holdings Ltd.
- EVT Limited
- Helloworld Travel Ltd
- HUB24 Limited
- IPH Ltd.
- Kelsian Group Limited
- Propel Funeral Partners Ltd.
- Smartgroup Corporation Ltd
- 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

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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