

Ellerston Australian Emerging Leaders Fund

Monthly Report as at 30 November 2023

APIR Code: ECL6748AU | ARSN 647 979 333



Portfolio of 30-60 smaller companies built through an active, research-driven investment approach.



Focus on companies which have a sound business franchise with an attractive earnings profile, which operate in growth industries and trade at a discount to valuation.



Aims to outperform the Benchmark over a rolling three-year period.

Performance Summary

Performance	1 Month	3 Months	FYTD	1 Year	Since Inception (p.a.) ^^
Net^	6.65%	0.18%	3.99%	0.25%	-9.72%
Benchmark*	7.04%	-2.88%	-0.76%	-3.19%	-7.54%
Alpha	-0.39%	3.06%	4.75%	3.45%	-2.19%

^ The net return figure is calculated after fees & expenses, assuming all distributions are reinvested. Past performance is not a reliable indication of future performance.

*S&P/ASX Small Ordinaries Accumulation Index ^^Inception date is 13 August 2021.

Key Information

Portfolio Manager(s)	David Keelan & Alexandra Clarke
Investment Objective	To outperform the Benchmark over a rolling three year period.
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Liquidity	Daily
Target Number of Holdings	30-60
Number of Holdings at Month End	43
Minimum Investment	Initial investment - \$10,000 Additional investment - \$5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.10% p.a.
Performance Fee ¹	20.00%
Buy/Sell Spread	0.25% / 0.25%

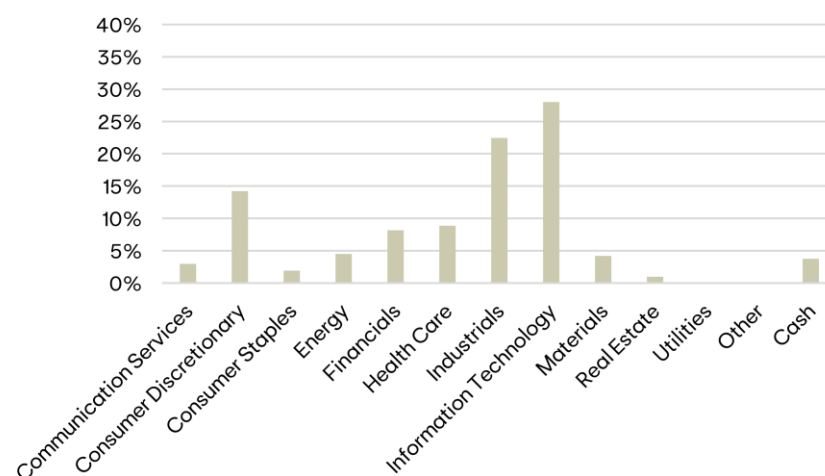
¹Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
Hansen Technologies Limited	Information Technology
Index Ltd	Materials
MMA Offshore Limited	Energy
Propel Funeral Partners Ltd.	Consumer Discretionary
RPMGlobal Holdings Ltd	Information Technology

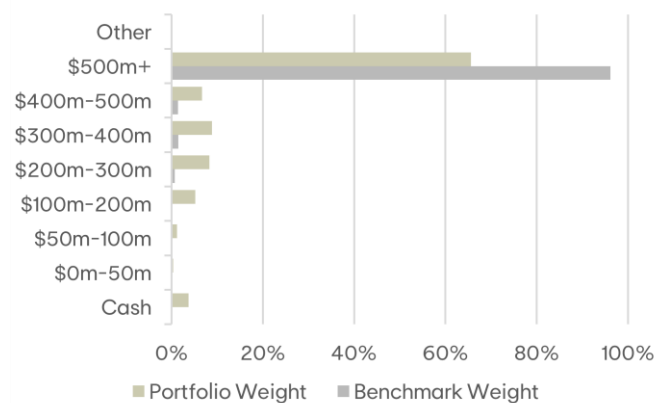
*In alphabetical order.
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Market Capitalisation Exposure



Source: Ellerston Capital.

Key Portfolio Metrics

FY24e	Fund	Benchmark
Price/Earnings	17.67x	18.48x
Dividend Yield	3.11%	3.23%
Net Debt/EBITDA	-0.24x	1.40x

Source: Ellerston Capital.

COMMENTARY

The Ellerston Australian Emerging Leaders Fund delivered 6.65% in November, compared to the S&P/ASX Small Ordinaries Accumulation Index which returned 7.04%. The market rebounded strongly in November as we saw bond yields pull back from the October highs and AGM trading updates weren't as bad as feared. From a sector perspective, tech stocks and higher risk biotech's really took off as the risk trade was clearly on. This was evident in Smalls outperforming Large Caps, with the ASX 100 up only 4.3%. During the month, we also saw the RBA raise rates by 25bps, and monthly CPI dropping to 4.9% YoY which was below market expectations.

Turning to the portfolio, it was a catalyst rich month. We had numerous trading updates given AGM season and some selective M&A. One such stock that had good momentum on the anticipation of its AGM was Tuas (TUA AU). TUA is an operator and retailer of a mobile network in Singapore. Despite not having its AGM until the 1 December, the stock rallied 17% in anticipation of a positive update. TUA provided an AGM update which showed continued growth across its subscriber numbers, revenue and EBITDA. Having recently rebranded its TUA offering as SIMBA in Singapore, TUA have seen continued success in taking market share with its value-based proposition quickly taking 8.5% market share of the Singaporean mobile subscriber market at industry-leading profitability margins. We hold TUA as a core position and see a long runway for growth ahead of it in the medium term.

Another strong contributor to November was MMA Offshore Limited (MRM AU), which is a provider of offshore vessels, project and subsea services to the offshore energy sector. November was full of news flow for MRM which saw the share price rise 25%. Beginning the month, MRM announced that it had acquired a Multi-Purpose Support Vessel (MPSV) for A\$14m. This is a great opportunistic acquisition in an extremely tight supply market for offshore vessels and given the market dynamics we feel this was a good price paid for the asset. A key requirement for management when evaluating possible vessel acquisition is the capability of vessels to operate over all of its segments as it moves to a more integrated service offering, rather than just a vessel provider. Following this announcement, MRM updated the market with guidance for the first half of FY24 of A\$55-60m of EBITDA. Considering consensus at the time of the announcement was at A\$82m for the full year of FY24, we estimate this to be a ~50% upgrade to 1H FY24. We believe that this cycle has plenty yet to play out, a story corroborated by many of the offshore energy peers. MRM has also put itself in a terrific spot to capture as much value as it can from this cycle as it continues to diversify its integrated product offering, as well as diversify its customer base, as seen in the recent department of defense contract win. Rounding out the month we also got news that MRM had secured a contract for decommissioning work to commence in Q1 CY24, shoring up the orderbook for 2H24. We continue to hold MRM as one of our high conviction positions and see further growth to come.

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All holding enquiries should be directed to our register, Automic Group on 1300101 595 or ellerstonfunds@automicgroup.com.au.

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