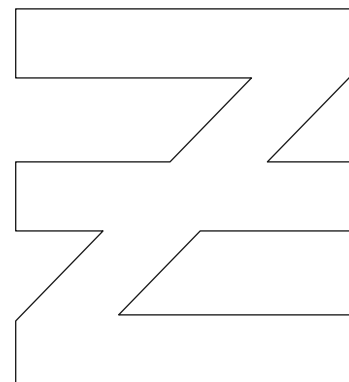


Ellerston Australian Absolute Return Fund



Monthly Newsletter, December 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	\$1.0209
NAV Price	\$1.0184
Redemption Price	\$1.0159
Current Total NAV	\$7,177,357
Liquidity	Daily
Gross Exposure	139.42%
Net Exposure	5.93%
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[^]	0.98%	0.15%	-2.25%	0.25%	-3.73%	3.49%	4.75%
Benchmark*	0.36%	1.05%	2.08%	3.87%	1.73%	1.34%	1.66%
Alpha	0.62%	-0.91%	-4.33%	-3.63%	-5.47%	2.15%	3.10%

[^] 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 0.98% (net) in December 2023.

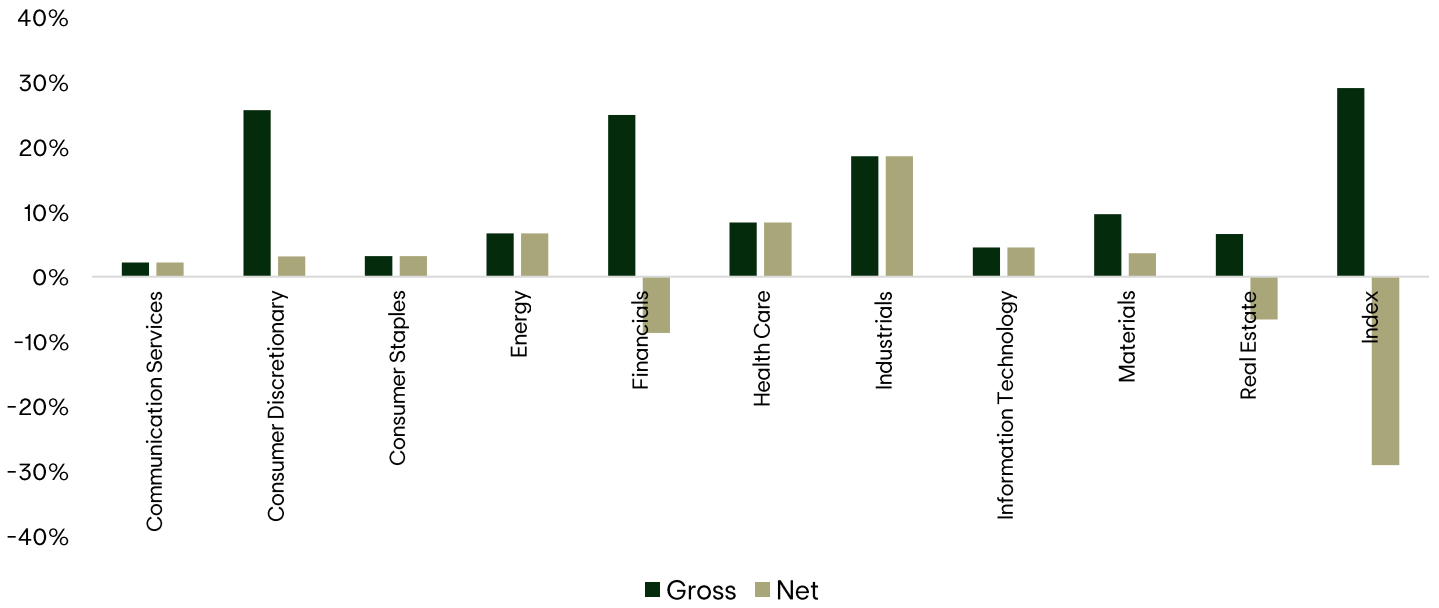
COMMENTARY

The biggest news in the portfolio this month was the historic potential reverse takeover by Chemist Warehouse of Sigma Healthcare (SIG AU) one of our core positions. SIG is one of the leaders in full line pharmaceutical wholesales in Australia. Back in June 2023, SIG won back the supply contract to Chemist Warehouse where it would supply both Pharmaceutical Benefits Scheme Medicines and Fast-Moving-Consumer-Goods products for a period of 5 years. With this relationship back in place, Chemist Warehouse took the opportunity to launch probably ASX's largest reverse takeover. The SIG share price rocketed off the back of the news and closed the month up 43.5% on its starting price. With significant synergies and great value unlocked through the combination of the two businesses, new investors flocked to the stock. Chemist Warehouse boasts around 500 stores nationally with around \$300m in annual profit, bringing significant scale to the SIG business.

QOR a child safety business, share price rallied 24.4% during December supported by an update recently devised cost out strategy. As announced as part of its AGM in November, QOR is looking to target a sub \$80m run rate in cash operating costs in FY24. In the December update QOR was able to quantify the benefit of its cost outs to date, while flagging further savings would be achieved and detailing where remaining savings are coming from. Having completed \$4.6m of the costs savings already with another \$2.2m identified by the company to be achieved before the end of the March quarter. With these significant steps into profitability for QOR, investors have gained comfort around the business funding position moving forward. We continue to hold QOR as a core position and see significant upside as they reach milestones including as 20% EBITDA margins in the short to medium term.

PORTFOLIO CHARACTERISTICS

Sector Exposure

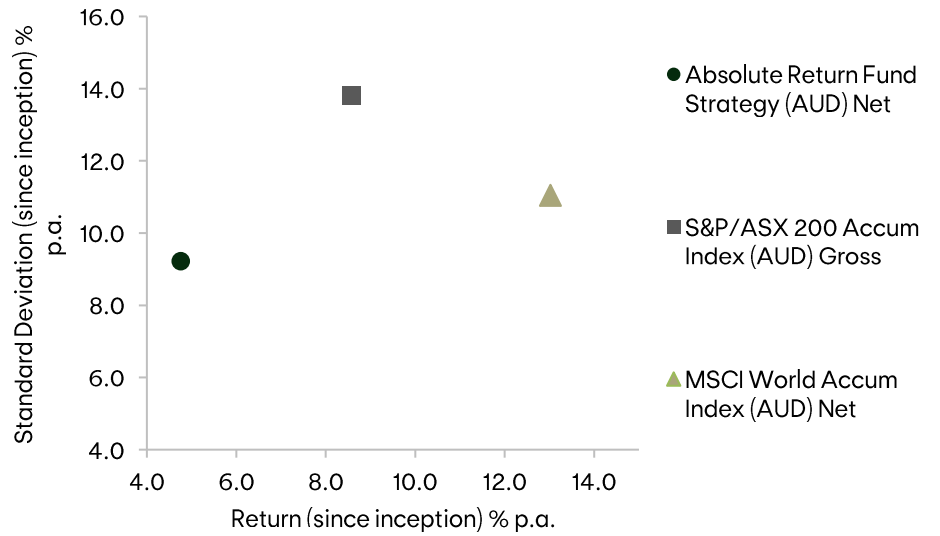


Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)

- ALS Ltd.
- BHP Group Ltd
- EQT Holdings Ltd.
- HUB24 Limited
- IPH Ltd.
- Kelsian Group Limited
- Propel Funeral Partners Ltd.
- Sigma Healthcare 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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