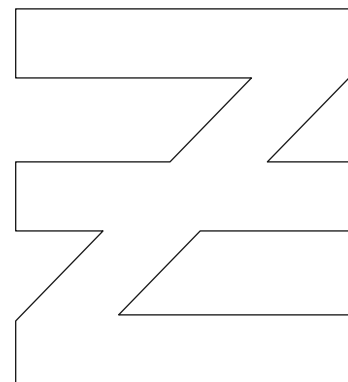


Ellerston Global Equity Managers Fund (GEMS) Class C



Monthly Newsletter, December 2023

Investment Objective

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 December 2009
Portfolio Manager	Ashok Jacob
Application Price	\$1.5767
NAV Price	\$1.5728
Redemption Price	\$1.5689
Current Total NAV	\$ 97,070,341
Gross Exposure	106.72%
Net Exposure	64.30%
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 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	10 Years (p.a.)	Since Inception^^ (p.a.)
GEMS C	2.4%	4.5%	3.9%	2.1%	10.8%	10.8%	10.3%

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 Month of December 2023, the Australian S&P/ASX 200 Total Return Index was +7.3%.

The Fund returned +2.4% (after fees).

For the Financial Year to Date, the Australian S&P/ASX 200 Total Return Index was +7.6%.

The Fund returned +7.7% (after fees).

PORTFOLIO COMMENTARY

Markets finished the year on a positive note, driven by the US Federal Reserve 'pivot' to a cutting rates bias during the quarter. In particular, the gains were strong during December across most world markets. As discussed previously, we removed most of our short positions towards the end of October and reduced the amount of hedging in the Fund to benefit from the upward move in the market. This saw our net position typically running between 50%-70% for most of the last couple of months. The path of least resistance has been upwards until the end of the year. At this point in time, it is unlikely that the easy returns of the last couple of months will continue at the same pace over this calendar year. The market has now priced in a substantial number of rate cuts, which likely implies a recession in the US this year. In this scenario, it would be difficult to see markets powering ahead with the head wind of earnings downgrades. However, a soft-landing scenario is still possible, which would involve less rate cuts, which would still be taken positively by the market.

The Fund's weighting to markets outside of the US has been increasing over the last quarter. With the US interest rate cycle having likely completed, an easing rate cycle will be beneficial for Australia and Emerging Markets. Within the US, we have been reducing our weighting to the larger tech stocks, which have been the big winners over the last year and rotating into the small and mid-cap market which have underperformed substantially versus the Magnificent Seven. As was witnessed towards the end of last quarter, small relative re-weightings out of the Nasdaq and into other sectors can have a substantial impact on returns due to the substantially large differentials in market capitalisation. This is a trend we will watch closely over the next couple of months to see if it was a one-off or the start of a larger trend.

The main drivers of positive return for the month were our long positions in Australia, including Link Administration, Lovisa Holdings and Meteoric Resources. Long position in the US and Europe also contributed positively, including GFL Environment, PTC Inc, Flutter Entertainment and CRH Plc. Our Uranium position continued to contribute positively as the price continued to rise slowly during the month. Negative contribution was mainly from our index hedging positions as we aimed to protect the downside from any 'left field' event that could impact markets.

Australia

This is an area where we have added several investments in the second half of the year which contributed positively to performance over the last quarter. In particular, large parts of the small cap sector have been trading at significant levels below what we believe to be a reasonable valuation. Within the mining sector this is particularly true, and we have added positions in 29 Metals (Copper/Zinc) and Neometals (Lithium Recycling) on top of those that we discussed back in the September newsletter. Like previously, we have been adding these in small size until we see confirmation that either operations have improved and/or commodity pricing improves. Small cap industrials have also been presenting opportunities with Link Administration being bid for during the month. We will continue to hold the position, as this company has attracted numerous bidders in the past but have then been put off by the Woodford saga which is now coming to a close. Incitec Pivot is another interesting play, that after having sold off assets in the USA is now going to undertake a significant share buyback which should drive the share price higher. They are also undertaking a potential sale process of the Australian fertilizer assets which if successful would leave the company as predominantly a provider of services to the global mining industry which should result in a re-rating when compared to its closest peer, Orica.

North America

The US market started to see some asset allocation out of the 'Magnificent Seven' into the small cap sector in the last couple of months of the quarter. This saw the Russell 2000 rise 14% for the quarter back to the index level where it has traditionally struggled to break through over the last 18 months. It is probably a bit too early to call a regime change into small caps and resources as a lot will depend on the actions of the US Fed this year. But traditionally, interest rate cuts and a falling \$US would be positive for these sectors. Outside of our larger holdings, we have positions in GFL Environmental (waste industry), Webster Financial (regional bank) and Calumet Speciality Chemicals.

Asia

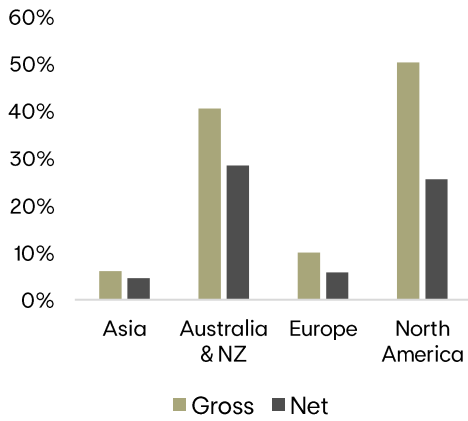
Hong Kong/China remains one of the few markets that fell during the quarter as the market remains concerned about the state of the Chinese economy. We retain a low level of exposure here but continue to look for a turn in sentiment whereby we will increase our exposure. We exited Alibaba during the quarter after another disappointing earnings update but maintain positions in Trip.com and Xiaomi Corporation. Outside of this market we have added small positions in South Korea and the Philippines. If the \$US continues to weaken this year, there is the potential for money to flow into emerging markets and we remain open to adding exposure if this thesis plays out.

Europe

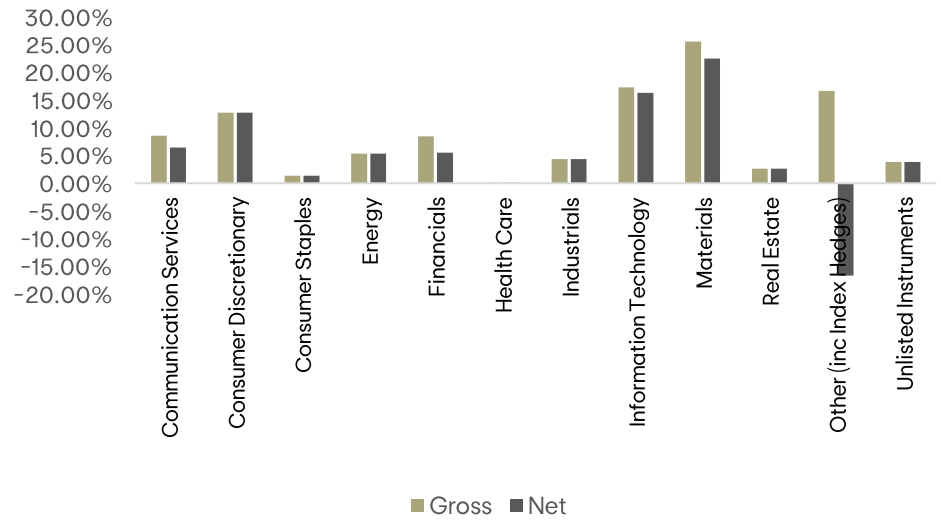
We hold a small number of positions in Europe with the Irish head quartered building materials CRH Plc being the largest position. Cellnex Telecom who own and operate mobile phone towers also makes the list of companies we own in Europe. Our key focus remains in Australia, Asia and North America, however, we will take positions in Europe when individual opportunities arise. Our long positions in Europe generated a positive return for the quarter and we hold no shorts in these markets.

PORTFOLIO CHARACTERISTICS

Region Exposure



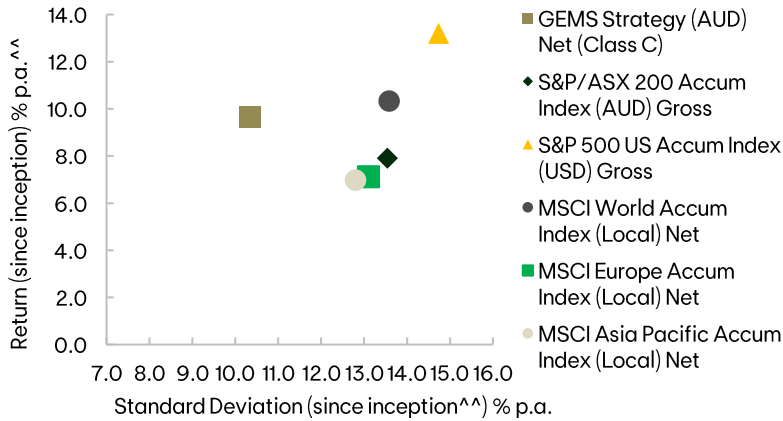
Sector Exposure



Source: Ellerston Capital.

Source: Ellerston Capital.

GEMS Strategy Performance & Volatility



Source: Ellerston Capital.

Past performance is not a reliable indication of future performance.

^^Inception Date 1 December 2009.

Top 10 Holdings (Alphabetical, Long Only)

- AMAZON.COM INC
- FLUTTER ENTERTAINMENT PLC
- LIGHT AND WONDER INC
- LINK ADMINISTRATION HOLDINGS LTD
- META PLATFORMS INC
- MICROSOFT CORP
- NEXGEN ENERGY LTD
- PERENTI GLOBAL LTD
- PTC INC
- SPROTT PHYSICAL URANIUM TRUST

Source: Ellerston Capital.

- **Net Asset Value of the Fund and Redemption Price of Units**

Please refer to details on P1.

- **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 P1.

- **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 P1; there have been no changes to the primary investment personnel responsible for managing the Fund.

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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.

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. The returns and risk of the Fund and the relevant Indices are net of taxes, fees and expenses and assuming distributions are reinvested. The performance figures presented are for the Ellerston Global Equity Managers Fund GEMS C Units. The one month return figure may be an estimate and not the final return. This estimate also impacts other performance information provided. Estimated performance figures are preliminary and subject to change. Returns for other classes may differ slightly. Past performance is not indicative of future performance. This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, as the responsible entity of the Ellerston Global Equity Managers Fund ARSN 118 887 095 without taking account the objectives, financial situation or needs of individuals. Before making an investment decision about the Fund persons should read the Fund's Product Disclosure Statement and Target Market Determination (TMD) which can be obtained from the Manager's website www.ellerstoncapital.com or by contacting info@ellerstoncapital.com and obtain advice from an appropriate financial adviser. Units in the Fund are issued by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000. This information is current as at the date on the first page. This material has been prepared based on information believed to be accurate at the time of publication. Assumptions and estimates may have been made which may prove not to be accurate. Ellerston Capital undertakes no responsibility to correct any such inaccuracy. Subsequent changes in circumstances may occur at any time and may impact the accuracy of the information. To the full extent permitted by law, none of Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, or any member of the Ellerston Capital Limited Group of companies makes any warranty as to the accuracy or completeness of the information in this newsletter and disclaims all liability that may arise due to any information contained in this newsletter being inaccurate, unreliable or incomplete. Past performance is not a reliable indicator of future performance.