



Portfolio of companies which are directly or indirectly, demonstrating a pathway to aiding the abatement of carbon within Australia and the global economy.



Targets unlisted (pre-IPO and expansion capital) and listed (micro and small-cap) companies which have sound business franchises and attractive earnings profiles.



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

Performance Summary

Performance	1 Month	3 Months	6 Months	1 Year	Since Inception ^^
Net^	5.29%	6.38%	4.16%	8.58%	0.58%
Benchmark*	8.54%	9.53%	7.40%	11.41%	2.96%
Alpha	-3.25%	-3.15%	-3.24%	-2.83%	-2.38%

^ 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 Industrials Accumulation Index. ^^ Inception date is 30 May 2022.

Key Information

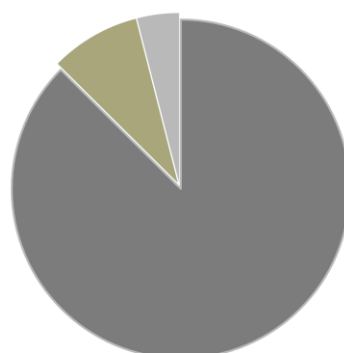
Portfolio Manager(s)	David Keelan & Alexandra Clarke
Investment Objective	To outperform the Benchmark over a rolling three year period.
Benchmark	S&P/ASX Small Ordinaries Industrials Accumulation Index
Target Number of Holdings	Unlisted/Pre-IPO Investments – 10-30 Listed Micro & Small Cap Investments – 25-40
Total Number of Holdings at Month End	44
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.50% p.a.
Performance Fee ¹	20.00%
Buy/Sell Spread	0.38% / 0.38%

Holdings Summary

Company	Portfolio Weight
RPMGlobal Holdings Ltd	6.03%
IPD Group Ltd	4.92%
Hansen Technologies Limited	4.24%
Aussie Broadband Ltd.	4.02%
Phocas Group Pty Ltd	3.86%
Other Capital Deployed^	72.95%
Cash	3.99%
Total	100.00%

Source: Ellerston Capital. ^Other Capital Deployed includes an additional 39 holdings.

Portfolio Breakdown

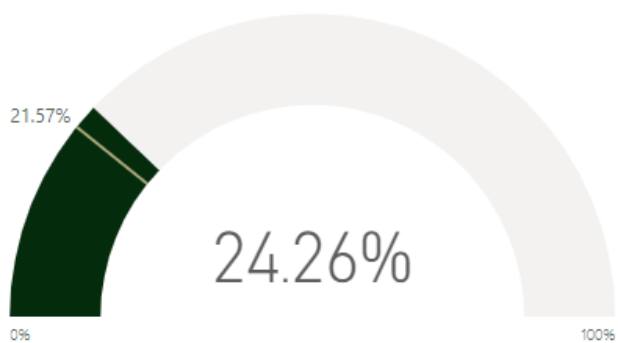


- Australian Listed Equity 87.4%
- Unlisted/Pre-IPO 8.6%
- Cash 4.0%

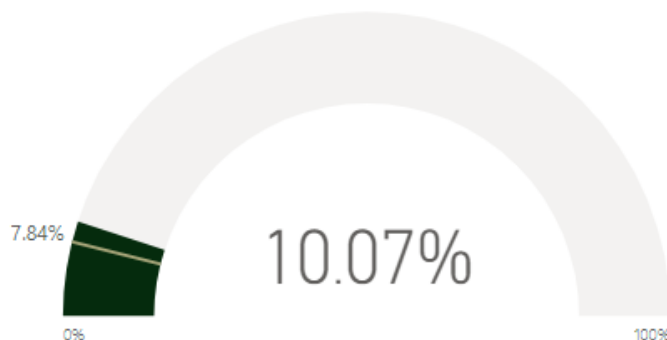
¹Of the investment return above the benchmark, after recovering any underperformance in past periods.

Source: Ellerston Capital.

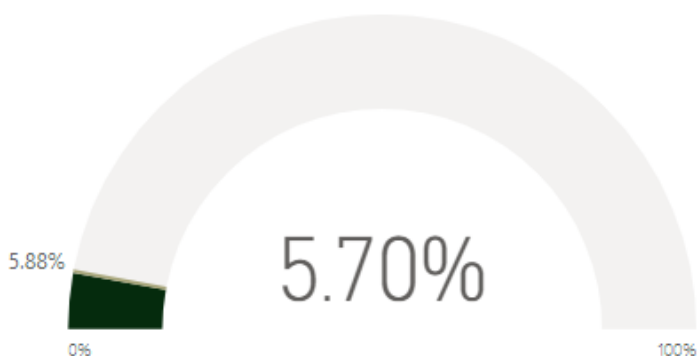
Value of Portfolio Reporting vs. Number of Companies Reporting on Scope 1 and 2*



Value of Portfolio Reporting vs. Number of Companies Reporting on Scope 3*



Value of Portfolio Reporting vs. Number of Companies Reporting According to TCFD^*



*Please note the % represented by the line is the number of companies reporting and the shaded area (green) is the total holding value of the portfolio that the companies represent.

^Source: Task Force on Climate-Related Financial Disclosure

COMMENTARY

The Ellerston 2050 Fund delivered 5.29% in December, relative to the S&P/ASX Small Industrials Accumulation Index which returned 8.54 %.

After a poor November, the market rallied strongly on the back of sentiment around expected US rate cuts in 2024 as inflation looks to be coming under control. We saw a resurgence in corporate activity in the month with numerous capital raisings as well as a plethora of takeovers. At the bigger end, Link Administration (LNK AU) was bid by MUFJ Trust; Adbri Ltd (ABC AU) was bid by CRH and the Barro Group, while Perpetual Ltd (PPT AU) was back in the cross hairs of an acquirer with Soul Patts (SOL AU) launching a takeover. The smaller end of the market was not immune from M&A either particularly in healthcare linked businesses. We had Pacific Smiles (PSQ AU) reject a bid from Genesis Capital; Volpara Health (VHT AU) accept an offer from Lunit and Probiotec (PBP AU) happy to be acquired by Pyridam.

The month also saw several trading updates with the likes of Premier Investments (PMV AU) surprising on the upside while Katmandu (KMD AU) continued to disappoint. We would anticipate a raft of retail updates in late January as business release Christmas trading data. Resources were a mixed bag with smalls underperforming large (+3.7% vs 8.2% respectively) on the back of an iron ore rally and conversely weakness in rare earths.

Other stocks which performed admirably during the month were RPMGlobal Holdings (RUL AU) and Qoria (QOR AU, formerly FamilyZone or FZO AU). RUL is a provider of software, ESG and other advisory services to the global resources industry. Over the month RUL's share price rose by 14% on very little news. In November the group upgraded its revenue guidance by \$3m to the new range of \$110-115m with all of that falling through to NPAT (\$16.5-18m). This upgrade is on the back of a payment related to a software agreement that will now be recognised in FY24. We continue to like RUL and believe it is a high-quality software business that is generating earnings and cash, trading at an attractive valuation. RUL fits in the 2050 portfolio because its software and advisory service helps enables customers to reduce their emissions with optimized processes and machinery.

QOR a child safety business, share price rallied 24% 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. QOR fits in the 2050 portfolio because it supports the transition to remote learning reducing travel requirements, along with moving to paperless education.

With calendar year 2023 now behind us, we would like to thank all of our investors for their continued support. We are excited about the opportunities that are presenting themselves in 2024 with the large valuation disconnect appearing at the smaller end of the market. As always, our focus remains on finding high quality businesses benefiting from long-term structural tailwinds, with solid balance sheets and strong management teams. Given our bottom-up stock picking approach we welcome volatility, as it provides the fund with opportunities to accumulate high quality stocks at attractive prices.

Find out more:

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

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