



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 (p.a.)^^
Net^	0.22%	11.84%	3.50%	7.58%	0.68%
Benchmark*	1.91%	20.07%	4.44%	6.79%	3.94%
Alpha	-1.69%	-8.23%	-0.94%	0.79%	-3.26%

^ 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	42
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.50% p.a.
Performance Fee ¹	20.00%
Buy/Sell Spread	0.38% / 0.38%

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

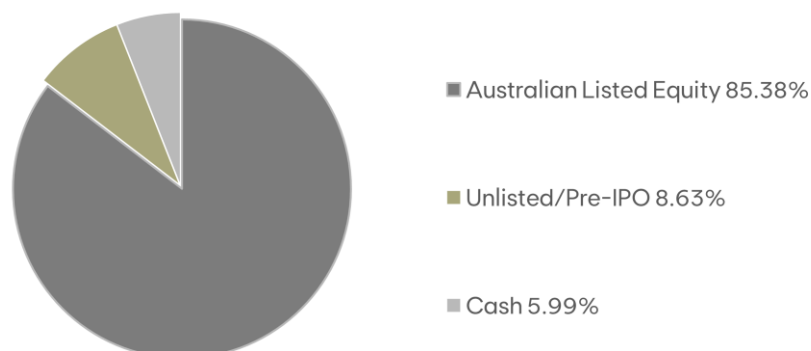
Holdings Summary

Company	Portfolio Weight
RPMGlobal Holdings Ltd	5.81%
Hansen Technologies Limited	4.13%
IPD Group Ltd	3.95%
Aussie Broadband Ltd.	3.95%
Phocas Group Pty Ltd.	3.87%
Other Capital Deployed^	72.30%
Cash	5.99%
Total	100.00%

Source: Ellerston Capital.

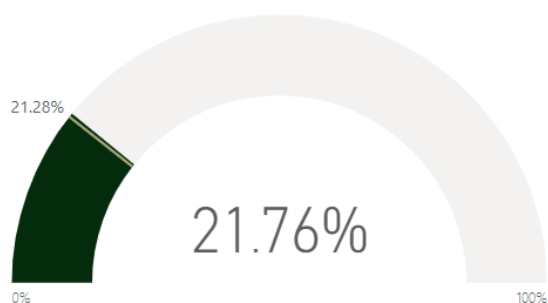
^Other Capital deployed includes an additional 37 holdings.

Portfolio Breakdown

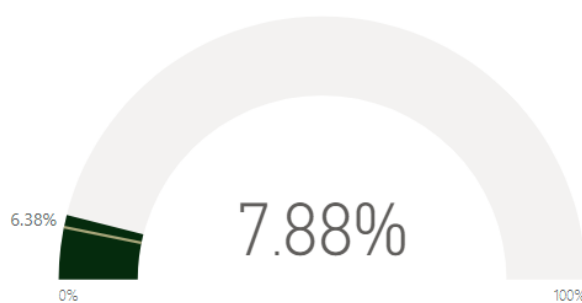


Source: Ellerston Capital.

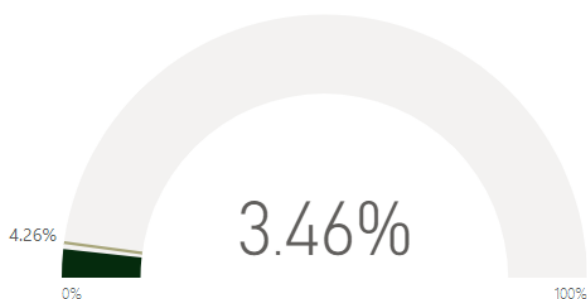
Value of Portfolio Reporting vs. Number of Companies Reporting on Scope 1 and 2*



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 0.22% (net) in January, relative to the S&P/ASX Small Ordinaries Industrials Accumulation Index which returned 1.91%. Early January saw the market stay relatively flat, before a late month rally dragged the index higher. We continued to see Large Caps outperform Small Caps and a divergence in commodities, with Energy up strongly while Mining was weak on the back of China sentiment and a stronger US dollar.

While January is usually a quiet month as the market comes back from the Christmas break and prepares for the February reporting season, it wasn't the case this year as we saw numerous trading updates.

One stock that had a strong rally was Veem (VEE AU). VEE is a manufacturer and distributor of stabilisation systems and propulsion products and services to the marine, defence and mining industries. VEE is a market leader in the marine propulsion space, and is currently rolling out disruptive technology in the form of gyrostabilisers which significantly reducing the sway of offshore vessels in choppy conditions. This allows for smaller vessels to be used in place of what would traditionally require a larger vessel to handle the sea conditions, saving both on potential fuel and capital. The real game changing technology, we believe, lies within the newly acquired rights to certain sizing of Sharrow propellers. These propellers, developed by Sharrow Marine, could potentially be one of the largest developments in the marine propeller space in decades - offering numerous advantages over traditional propellers such as reduced fuel consumption, noise, slippage and an increase in speed and performance. While proven on smaller vessels, we currently await the readout of the results when the larger propellers are fitted to the larger offshore vessels with inboard motors, of which VEE hold the global rights to. Our current holdings reflect the risk from this event, as the company anticipates going full steam ahead with its go-to-market strategy upon positive results.

Looking forward to reporting season, we think the market is likely to focus on several key factors:

1. **Topline outpacing industry conditions:** We think companies that can demonstrate revenue growth that is higher than expectations are likely to be rewarded, particularly in unloved sectors and names.
2. **M&A:** Despite current market conditions, balance sheets are reasonably robust and private equity firms have refilled their war chests and can now price debt. As such, we believe M&A activity will remain elevated as companies seek out inorganic growth opportunities.
3. **Earnings outlook commentary/guidance:** While outlook commentary and guidance are always a key focus for the market, we think given the volatility in the market and the nervousness of investors, the companies which provide quantitative outlooks will be rewarded.

All reporting seasons are slightly different with what the market wants to focus on and is normally heavily influenced by the prevailing macro conditions are at the time. However, as we always do, we will continue to stress-test our positions and our investment thesis, and we remain confident of our process and portfolio.

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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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