

Ellerston Asia Growth Fund (Hedge Fund)

Monthly Report as at 29 February 2024

APIR Code: ECL1411AU | ARSN 626 690 686



Portfolio of 20-50 Asian Companies built through a distinctive high conviction and benchmark independent investment approach.



Focus on high quality companies with superior growth characteristics, sustainable earnings, and quality management.



Aims to outperform the Benchmark with a focus on capital growth and downside protection.

Performance Summary

Performance	1 Month	3 Months	1 Year	Since Inception ^{^^}
Net [^]	7.42%	4.12%	--	2.26%
Benchmark [*]	7.12%	4.95%	--	3.02%
Alpha	0.30%	-0.83%	--	-0.76%

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

^{*} MSCI Asia Ex Japan (non-accumulation) Index in AUD.

^{^^} Inception Date is 01/06/2023. The Ellerston Asia Growth Fund (Hedge Fund) was formerly known as the Ellerston Asia Growth Fund, with a strategy inception date of 04/01/2017. The performance was reset following a restructure of the fund into an exchange traded managed fund which took effect on 01/06/2023. Cumulative return since inception.

Key Information

Investment Objective	To outperform the Benchmark on a net of fees basis, with a focus on capital growth and downside protection.
Benchmark	MSCI Asia Ex Japan (non-accumulation) Index in AUD.
Liquidity	Daily
Target Number of Holdings	20-50
Number of Holdings at Month End	36
Minimum Investment for Applications Direct with Unit Registry ¹	Initial investment - \$10,000
Distribution Frequency	Half-Yearly (where available)
Management Fee ²	0.75% p.a.
Performance Fee ³	10%
Buy/Sell Spread ⁴	0.25% / 0.25%
Unit Prices	Application - \$6.2942 Net Asset Value - \$6.2785 Redemption - \$6.2628
Fund Size	\$40,807,799

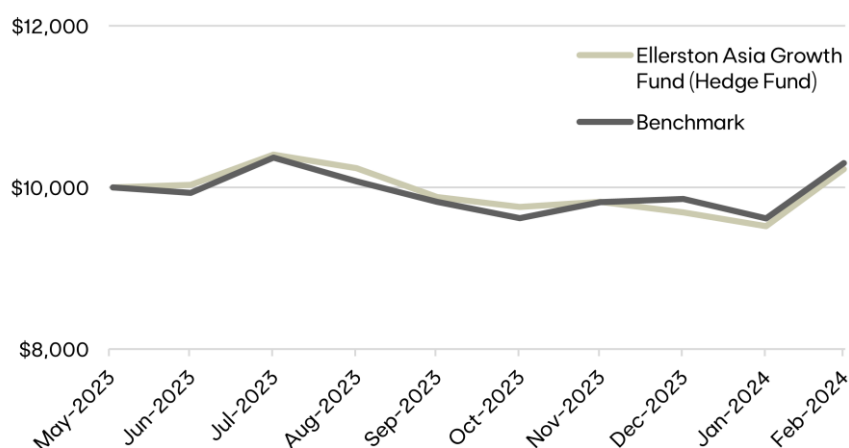
¹ Minimum number of units required for purchases made via the ASX will be dependent on each stockbroker.

² The Manager is waiving the management fee for the first year following quotation of units on the ASX.

³ Of the investment return above the benchmark, after recovering any underperformance in past periods.

⁴ Applicable only to investors buying and selling directly with the manager.

Growth of \$10,000 Investment

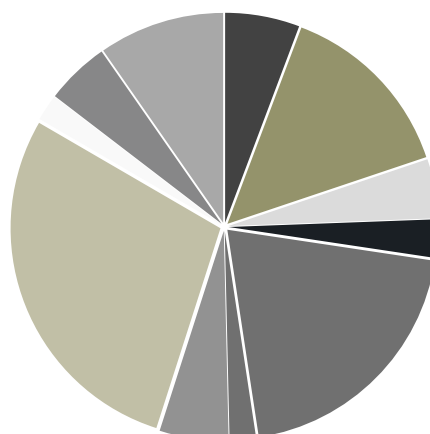


Fund Performance shown is net of fees, assuming all distributions are reinvested.

Past performance is not a reliable indication of future performance.

Source: Ellerston Capital.

Sector Allocation



■ Communication Services 5.7%

■ Consumer Discretionary 14.1%

■ Consumer Staples 4.6%

■ Energy 3.0%

■ Financials 20.2%

■ Health Care 2.0%

■ Industrials 5.3%

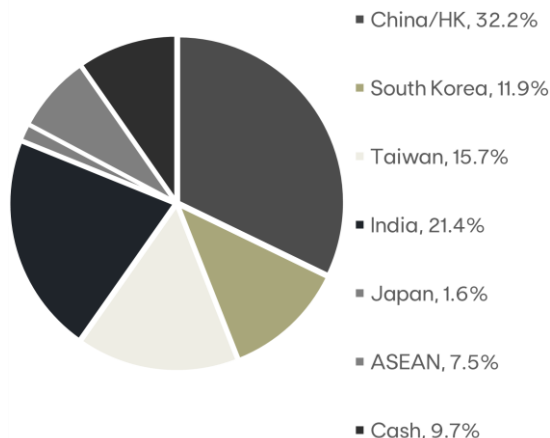
■ Information Technology 28.4%

■ Materials 2.0%

■ Real Estate 4.9%

■ Cash 9.7%

Geographic Allocation



Source: Ellerston Capital.

Top Holdings

Company	Country	Sector	Portfolio Weight
Taiwan Semiconductor Manufacturing Company Limited	Taiwan	Information Technology	11.3%
Samsung Electronics Co., Ltd.	Korea	Information Technology	7.1%
Tencent Holdings Limited	China	Communication Services	5.7%
SK hynix Inc.	Korea	Information Technology	3.9%
AIA Group Limited	Hong Kong	Financials	3.8%
MediaTek Inc.	Taiwan	Information Technology	3.4%
PT Bank Mandiri (Persero) Tbk.	Indonesia	Financials	3.4%
ICICI Bank Limited	India	Financials	3.4%
Kweichow Moutai Co., Ltd.	China	Consumer Staples	3.0%
Reliance Industries Limited	India	Energy	3.0%

Source: Ellerston Capital.

MARKET COMMENTARY

The Ellerston Asia Growth Fund (Hedge Fund) (EAFZ) was up 7.42% (net) in February versus the MSCI Asia ex Japan (non-accumulation) (AUD) (MXASJ) Index which was up 7.12%.

Market Summary

Global equities continued their strong start to the year and enjoyed their fourth straight months of gains in February, supported by new evidence of a robust US economy and a better-than-expected US earnings season. Investors continued to be excited by the AI theme, driven by Meta's earnings at the start of the month and Nvidia's results towards the end. The US economy remained strong, with the jobs report for January showing nonfarm payrolls up by 353,000, which is nearly twice the expected level. Investors also scaled back bets that the Federal Reserve will start to cut interest rates in May after data showed US inflation eased less than expected in January.

MSCI World Index was up 4.6% in February in local currency terms. US (Dow Jones Industrial Average) and European (MSCI Euro) equities were up 2.5% and 3.7% respectively. Asian markets were relative outperformers with MXASJ up 5.8%. China is leading the way with MSCI China +8.6% gross, helped by government support and an uptick in sentiment, while the MSCI AC Asia Pacific returned 5.13%.

Portfolio Performance Summary

Taiwan was the largest contributor by country to alpha during the month, whilst our UW position for China was the relative drag. At a sector level, Information Technology was the biggest contributor to relative performance. Meanwhile, Industrials was the worst performer.

At a company level **Trip.com**, **SK Hynix** and **MediaTek** were the largest contributors to alpha adding a combined 117bps. Meanwhile, **Titagarh Rail System**, **Samsung Electronics** and **not holding any Li Auto** detracted 59bps to alpha during the month.

SK Hynix and **MediaTek** outperformed during the month as sentiment around the semiconductor supply chain was boosted by Nvidia results that highlighted the continued strength in generative AI related demand. **SK Hynix** is one of the world's leading makers of memory semiconductors including higher bandwidth memory (HBM), which is essential for generative AI development. **MediaTek** is the largest chip design house in Asia. The company specializes in multimedia and wireless IP for SoC design, and that positions it well for the coming AI semi era, in both cloud and edge AI.

Trip.com is China's largest OTA platform. Trip.com reported better-than-expected fourth quarter results, supported by China's strong domestic travel demand (65% above 2019 levels) as well as a robust recovery in outbound travels (95% of 2019 levels). The company also upgraded their margin outlook for 2024, citing improved cross-selling ratio and operational efficiency.

Titagarh Rail System is a leading Indian rolling stock manufacturer. Titagarh reported solid results with revenue / net profit up 25%/92% during the month. The stock underperformed during the month as investors taking profits after a strong year of ~300% return. We continue to believe India's railway capex is set to expand over the next 3 years and view Titagarh as one of the biggest beneficiaries.

Samsung Electronics is the flagship company of the Samsung Group and the largest diversified electronics company in Asia, ex-Japan. Despite share price being up during the month, it lagged the broader market as market worries about a slower-than-expected memory market recovery. Market doubts over Samsung's leadership in high-bandwidth memory (HBM) may have also contributed to the stock's recent relative weakness.

As always, if you have any questions regarding any aspect of the Fund or the portfolio, please feel free to contact us at info@ellerstoncapital.com.

Regulatory Guide (RG240) Fund Disclosure Benchmark – Periodic Reporting (monthly)

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

Please refer to 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 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 details on page one; there have been no changes to the primary investment personnel responsible for managing the Fund.

Find out more:

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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 1300101 595 or ellerstonfunds@automicgroup.com.au.

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