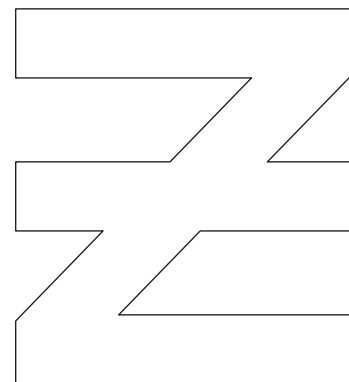


# Ellerston Australian Absolute Return Fund



Monthly Newsletter, February 2024

## 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	\$1.0514
NAV Price	\$1.0488
Redemption Price	\$1.0462
<b>Current Total NAV</b>	<b>\$7,146,809</b>
Liquidity	Daily
Gross Exposure	92.63%
Net Exposure	32.91%
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.)
<b>Net<sup>^</sup></b>	0.31%	4.00%	4.06%	4.13%	-3.02%	4.44%	4.97%
<b>Benchmark*</b>	0.34%	1.07%	2.10%	4.07%	1.97%	1.43%	1.70%
<b>Alpha</b>	-0.03%	2.93%	1.96%	0.06%	-4.99%	3.01%	3.27%

<sup>^</sup> 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 0.31% (net) in February 2024.

## COMMENTARY

The Ellerston Absolute Return Fund rose 0.3% for the month as the share market rally continued despite a very volatile half year earnings reporting season. The key drivers of performance were Zip Co, Propel Funeral Partners and Bega Cheese. The key detractors were DGL Group, Kelsian Group and BHP Group.

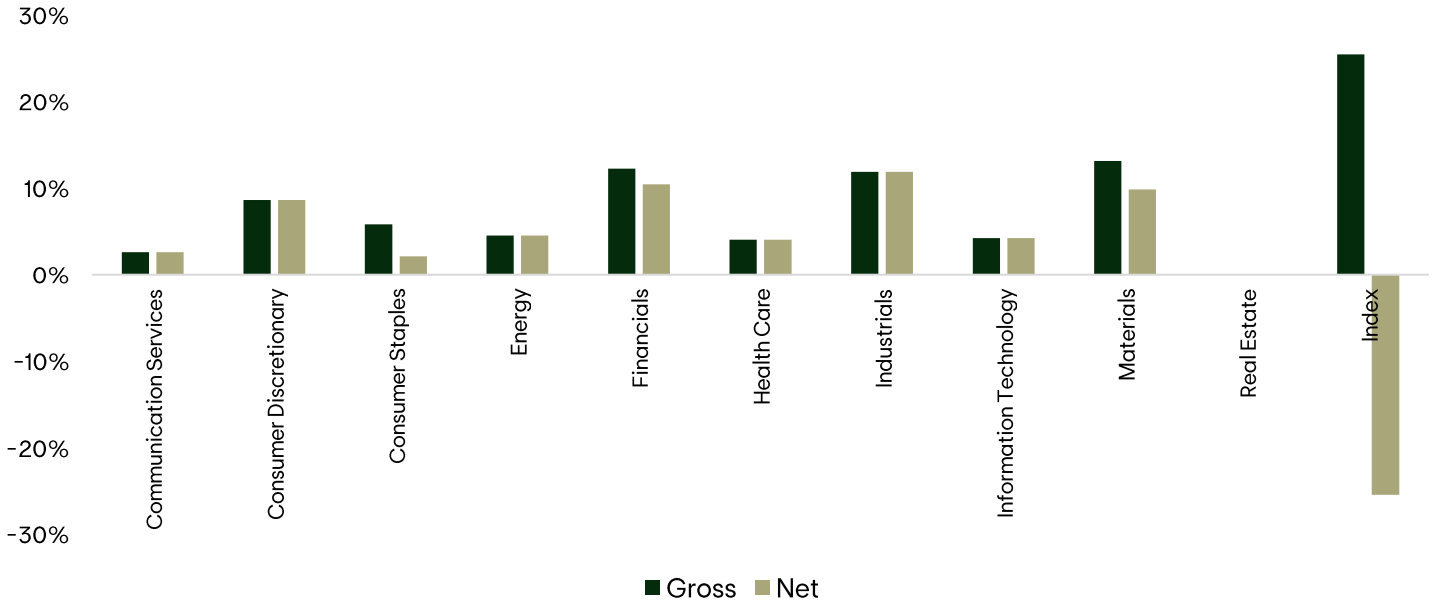
Zip Co is one of the two large players in the Point of Sale industry, along with Afterpay (now part of Block). The company has turned into a profitable business, particularly in the USA, as revenue growth has been strong enough to cover the cost base of the business. Propel Funeral rose during the month, despite undertaking a capital raise earlier in the month to fund inorganic growth. With a restocked balance sheet to fund acquisitions, we see further profit growth as the company puts the money to work. Bega Cheese reported a half year earnings result in February which was taken positively by the market. The commodity price outlook is improving and companies branded segment saw an improved operating performance.

On the negative side, DGL Group reported a result and outlook that was well below market expectations, and we have now exited the position from the Fund. Kelsian Group profit was also below expectations, mainly due to a larger than expected increase in Depreciation and Amortisation charges. The business performed well at the EBITDA line and the company has a number of growth drivers. We continue to hold the company.

BHP has been dragged lower by the fall in the Iron Ore price (down 17% since the beginning of January) due to weakness in the Chinese economy.

## PORTFOLIO CHARACTERISTICS

### Sector Exposure

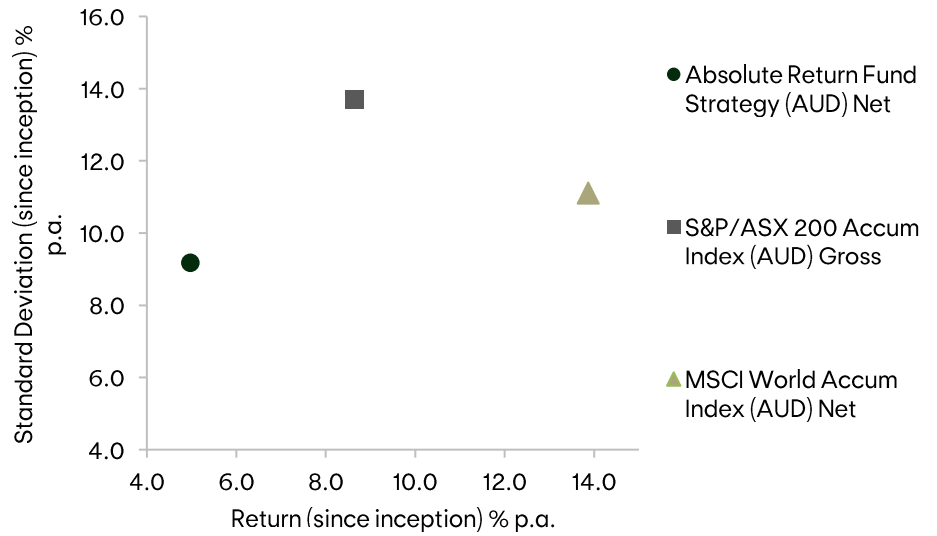


Source: Ellerston Capital.

### Top 10 Holdings (Alphabetical, Long Only)

- Accent Group Ltd.
- BHP Group Ltd.
- Cooper Energy Ltd.
- EQT Holdings Ltd.
- Kelsian Group Ltd.
- OFX Group Ltd.
- Propel Funeral Partners Ltd.
- Smartgroup Corporation Ltd.
- SmartPay Holdings Ltd.
- Zip Co Ltd.

### 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

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### 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](mailto:info@ellerstoncapital.com) or visit us at [ellerstoncapital.com](http://ellerstoncapital.com)

All holding enquiries should be directed to our register, Automic Group on **1300 101 595** or [ellerstonfunds@automicgroup.com.au](mailto:ellerstonfunds@automicgroup.com.au)

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