

Ellerston Asia Growth Fund (Hedge Fund)

Monthly Report as at 31 March 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 [^]	4.02%	9.78%	--	6.38%
Benchmark [*]	2.13%	6.73%	--	5.21%
Alpha	1.89%	3.05%	--	1.17%

[^] 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	34
Minimum Investment for Applications Direct with Unit Registry¹	Initial investment - \$10,000
Distribution Frequency	Half-Yearly (where available)
Management Fee²	0.75% p.a.
Performance Fee³	10%
Buy/Sell Spread⁴	0.25% / 0.25%
Unit Prices	Application - \$6.5472 Net Asset Value - \$6.5309 Redemption - \$6.5146
Fund Size	\$41,332,300

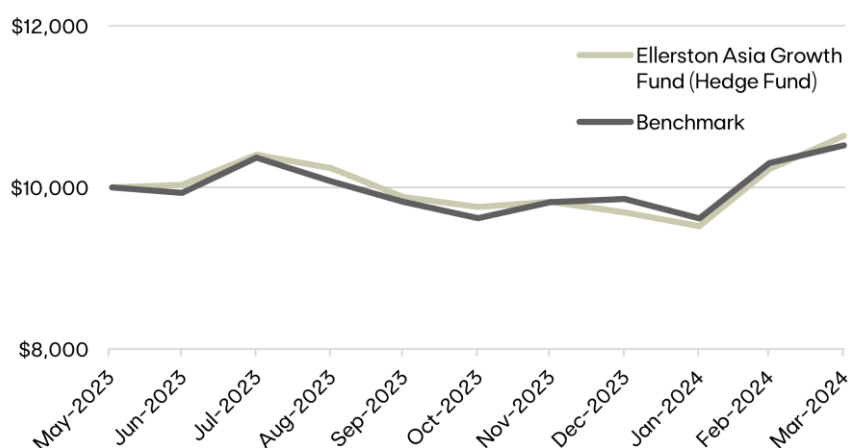
¹ Minimum number of units required for purchases made via the ASX will be dependent on each stockbroker.

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

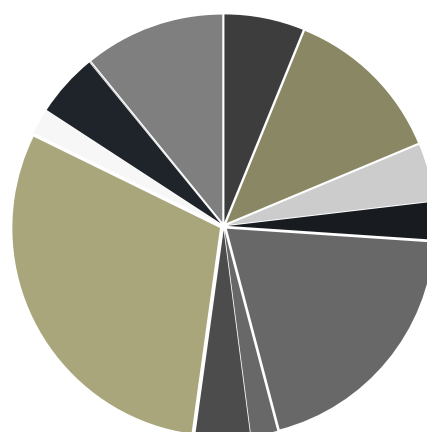


Fund Performance shown is net of fees, assuming all distributions are reinvested.

Past performance is not a reliable indication of future performance.

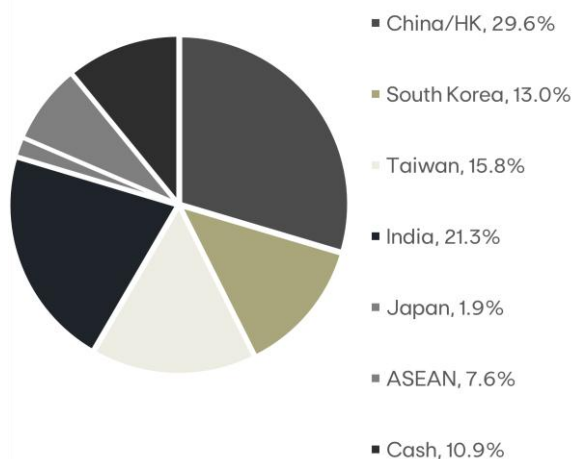
Source: Ellerston Capital.

Sector Allocation



- Communication Services 6.2%
- Consumer Discretionary 12.5%
- Consumer Staples 4.4%
- Energy 2.9%
- Financials 19.8%
- Health Care 2.0%
- Industrials 4.2%
- Information Technology 30.1%
- Materials 1.9%
- Real Estate 4.9%
- Cash 10.9%

Geographic Allocation



Source: Ellerston Capital.

Top Holdings

Company	Sector	Country	Portfolio Weight
Taiwan Semiconductor Manufacturing	Information Technology	Taiwan	12.3%
Samsung Electronics	Information Technology	Korea	7.7%
Tencent Holdings	Communication Services	China	6.2%
SK Hynix	Information Technology	Korea	4.4%
MediaTek	Information Technology	Taiwan	3.5%
ICICI Bank	Financials	India	3.4%
PT Bank Mandiri (Persero) Tbk	Financials	Indonesia	3.4%
AIA Group	Financials	Hong Kong	3.1%
Kweichow Moutai Co	Consumer Staples	China	3.0%
Reliance Industries	Energy	India	2.9%

Source: Ellerston Capital.

MARKET COMMENTARY

The Ellerston Asia Growth Fund (Hedge Fund) (EAFZ) was up 4.02% (net) in March versus the MSCI Asia ex Japan (non-accumulation) (AUD) (MXASJ) Index, which was up 2.13%.

Market Summary

Global equities continued their upward trajectory in the month, marking the fifth consecutive month of gains. The S&P 500 Index reached new all-time highs, completing its best first quarter since 2019. The Energy and Materials sectors were among the best performers, benefiting from higher commodity prices. The Technology, Consumer Cyclical, and Consumer Defensive sectors also led market gains in the first quarter. The US economy showed signs of strength, with retail sales and industrial production rebounding in February. The unemployment rate remained below historical standards. The Federal Reserve maintained its target rate range at 5.25-5.50%, with the updated interest rate projections reiterating three rate cuts in 2024.

The MSCI World Index was up 3.4% in March in local currency terms. US (Dow Jones Industrial Average) and European equities (MSCI Europe) were up 2.2% and 4.3%, respectively. Asian markets were relative underperformers, with MXASJ up 2.1%. Within Asia, South Korea (KOSPI composite index) and Japan (Nikkei 225 Stock Average) were the standout performers, up 3.9% and 3.8%, respectively.

PORTFOLIO PERFORMANCE SUMMARY

The Fund outperformed in all geographies in the month, with China and South Korea being the largest contributors to alpha. At a sector level, Information Technology and Consumer Discretionary were the biggest contributors to relative performance. Meanwhile, Materials were the worst performer.

At a company level, **SK Hynix**, **Samsung Electronics**, and **TSMC** were the largest contributors to alpha, adding a combined 97bps. Meanwhile, **AIA Group**, **DPC Dash**, and not owning **Hon Hai** detracted 96bps to alpha during the month.

TSMC, **Samsung Electronics**, and **SK Hynix** outperformed during the month as the market sees continued strength in AI-related investments. **TSMC** is the only manufacturer of NVIDIA's advanced data centre graphic processing units (GPUs) and is a supplier of AI accelerators for AMD, Google, Amazon, and even Intel. **Samsung Electronics** and **SK Hynix** are the two key suppliers of high-end memory (including high bandwidth memory, which is essential for generative AI development) chips to server/data centre customers. We position ourselves for the AI thematic via semiconductor supply chain companies, where Asia is the home for many. MXASJ is one of the most technology-heavy indices in the world, with technology stocks making up ~40% of the benchmark. This compares favourably to developed markets such as MSCI Australia, where technology companies account for only ~4%.

AIA Group is the largest independent Pan-Asia life insurer. Despite reporting a strong result in the month, the share price had been sold off due to China-related growth and margin concerns. The market was also disappointed by the lack of an update on the existing share buyback program.

DPC Dash is Domino's Pizza's exclusive master franchisee in mainland China. DPC Dash has been under a market overhang after the stock was removed from the Hong Kong Stock Connect. Nevertheless, the company reported better-than-expected FY23 full-year results in the month and achieved profitability a year ahead of schedule.

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 1300 101 595 or ellerstonfunds@automicgroup.com.au.

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