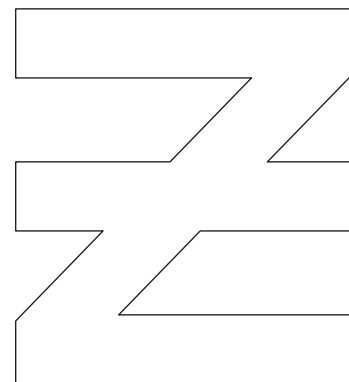


# Ellerston Australian Absolute Return Fund



Monthly Newsletter, March 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	\$1.0841
NAV Price	\$1.0814
Redemption Price	\$1.0787
<b>Current Total NAV</b>	<b>\$7,268,990</b>
Liquidity	Daily
Gross Exposure	96.73%
Net Exposure	35.85%
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>	3.11%	6.19%	6.34%	5.75%	-2.28%	5.95%	5.22%
<b>Benchmark*</b>	0.36%	1.07%	2.13%	4.14%	2.09%	1.48%	1.72%
<b>Alpha</b>	2.75%	5.12%	4.21%	1.61%	-4.37%	4.47%	3.51%

<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 3.11% (net) in March 2024.

## COMMENTARY

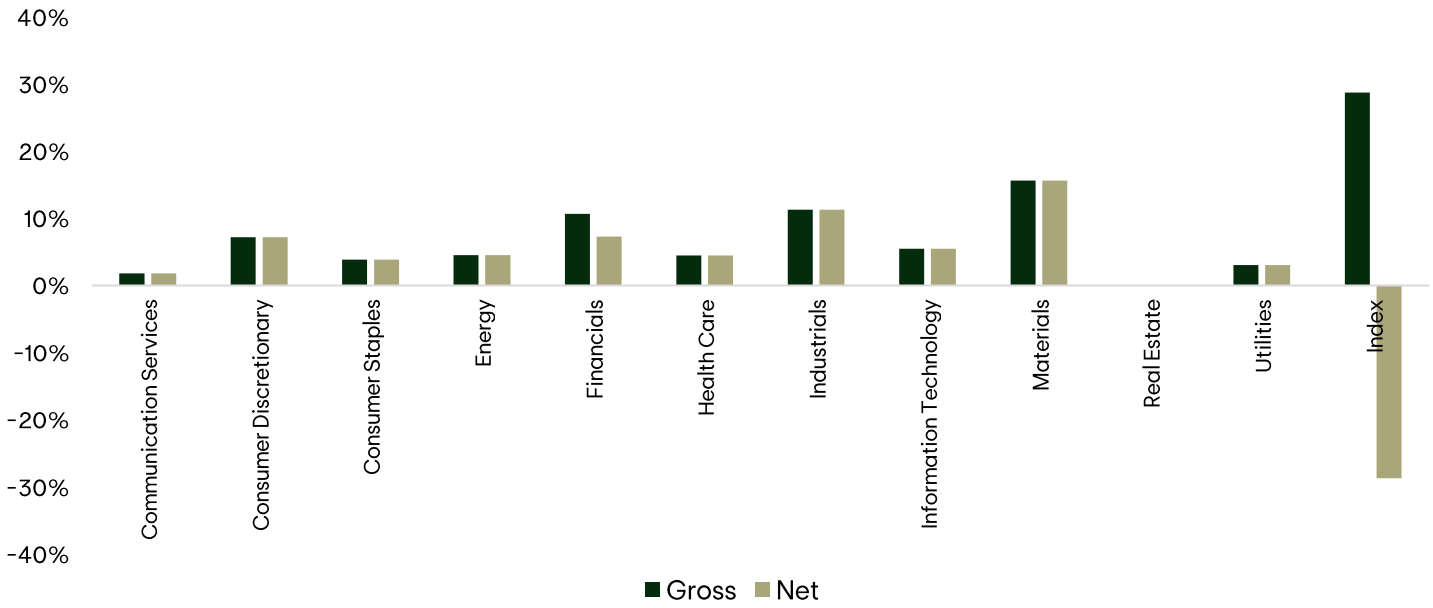
The Ellerston Absolute Return Fund rose 3.2% gross for the month as the positive trading environment continued in March, with us seemingly in a 'Goldilocks' environment where economic growth is reasonable, inflation is falling (but at a slow rate), and interest rate cuts are still on the table but being delayed by the previous two factors. In fact, interest rate cuts are now looking less likely domestically than in the US as inflation remains sticker driven by higher services inflation due to wage increases locally. Global markets this year have seen a bit of a shift in sentiment from technology and into financials and commodity stocks and this was reflected by the rise in resources locally. The key drivers of performance were Cooper Energy, Zip Co and Life 360. The key detractors were Smart Group, Aussie Broadband and Syrah Resources.

Cooper Energy share price rose as the company progresses through the decommissioning of the BMG field in Bass Strait. As the deeper wells are completed (the riskier ones), the chance of a cost overrun decreases and hence the share price recovery. The demand for local gas at higher prices is strong and as the Orbost gas plant performance improves, so does profitability. 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. Life 360 share price soared after announcing plans to launch an advertising business through its app. Expectations are that this could rival the revenue generated by the subscription model for the location tracking app.

On the negative side, Smartgroup fell on no new news. The share price did rally pre and post the release of Full Year results in February and the price has now returned to the levels of mid-February. Aussie Broadband fell after losing a customer (Origin) to rival Superloop. On the positive side we did benefit from our holding in Superloop on the positive side of the ledger. Syrah Resources fell back to our entry price after announcing another unexpected capital raise. We did not participate in the raising but continue to hold the company as an option on the Graphite price.

## PORTFOLIO CHARACTERISTICS

### Sector Exposure

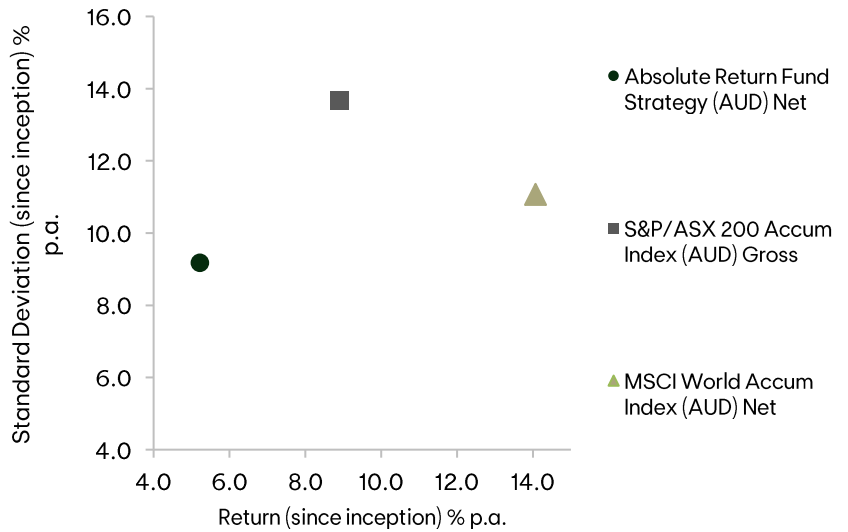


Source: Ellerston Capital.

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



### 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** 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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