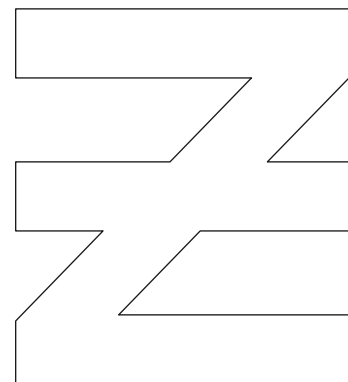


Ellerston Global Equity Managers Fund (GEMS) Class C



Monthly Newsletter, March 2024

Investment Objective

To generate superior returns for unitholders with a focus on risk and capital preservation.

Investment Strategy

The Fund provides investors with exposure to global markets through a long short equity strategy. The strategy overlays fundamental bottom-up stock selection with global macroeconomic and market outlook.

Key Information

| | |
|-------------------|---|
| Inception Date ^^ | 1 December 2009 |
| Portfolio Manager | Ashok Jacob |
| Application Price | \$1,6592 |
| NAV Price | \$1,6551 |
| Redemption Price | \$1,6510 |
| Current Total NAV | \$99,565,942 |
| Gross Exposure | 124% |
| Net Exposure | 67% |
| Unit Pricing | Monthly |
| Management Fee | 1.50% |
| Performance Fee | 16.50% |
| Buy/Sell Spread | 0.25% on application 0.25% on redemption |

PERFORMANCE SUMMARY^

| Performance* | FY24TD | FY23 | FY22 | FY21 | 5 Years (p.a.) | 10 Years (p.a.) | Since Inception^^ (p.a.) |
|--------------|--------|-------|--------|-------|----------------|-----------------|--------------------------|
| GEMS C | 13.3% | -7.0% | -13.5% | 58.6% | 11.9% | 11.1% | 10.5% |
| MSCI WI** | 17.7% | 18.2% | -11.1% | 36.9% | 12.6% | 10.5% | 10.9% |
| ASX200*** | 13.3% | 14.8% | -6.5% | 27.8% | 9.2% | 8.3% | 8.2% |

| Performance* | 1 Month | 3 Months | 1 Year |
|--------------|---------|----------|--------|
| GEMS C | 0.8% | 5.2% | 15.1% |
| MSCI WI** | 3.4% | 10.1% | 26.2% |
| ASX200*** | 3.3% | 5.3% | 14.4% |

Source: Ellerston Capital.

* The net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance.

**MSCI World Index – Net Return Unhedged in Local Currency

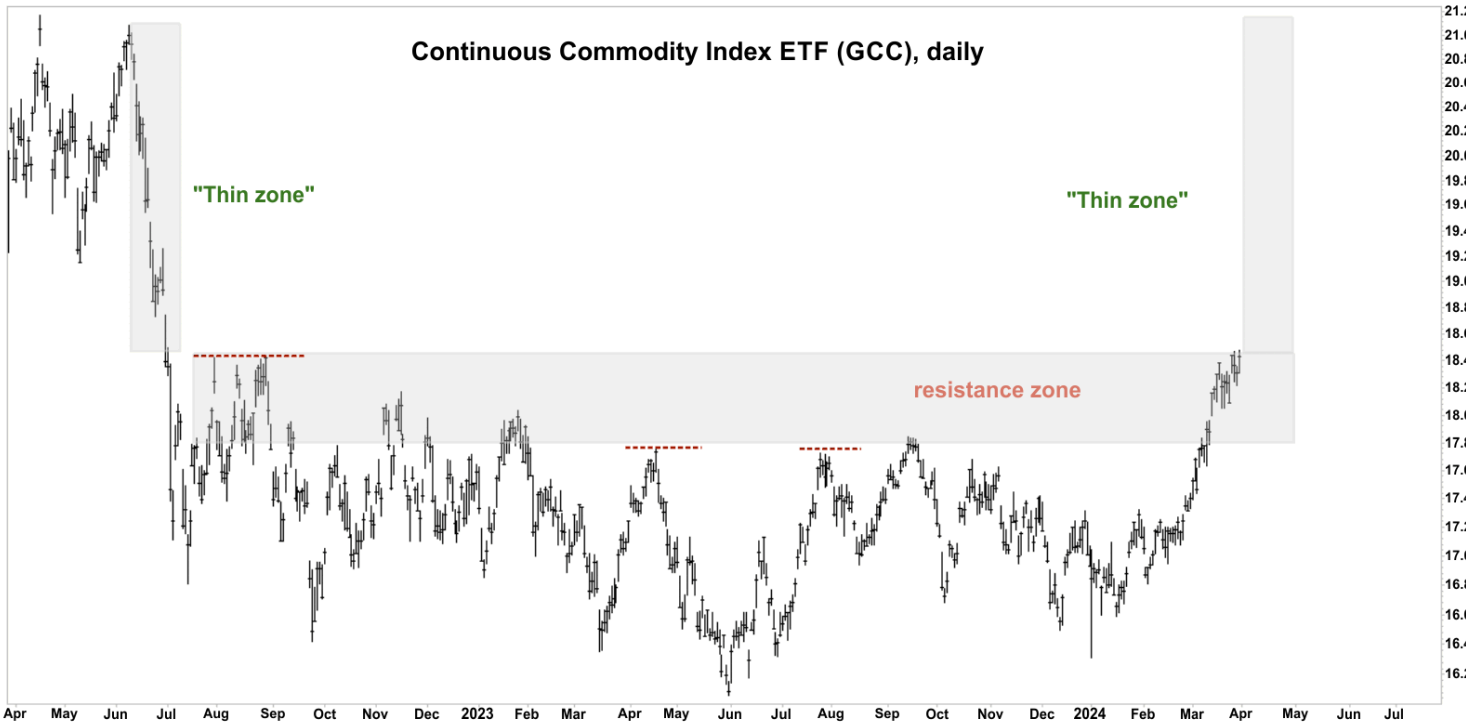
*** S&P/ASX 200 - Total Return

PORTFOLIO COMMENTARY

The positive trading environment continued in March across most markets world-wide. We are currently sitting in a 'Goldilocks' environment where economic growth is reasonable, inflation is falling (but at a slower rate than central banks expected), and interest rate cuts are still on the table but being delayed by the previous two factors. With the US Federal Reserve Chairman continuing to commit to several interest rate cuts this year; this continues to drive the positive market sentiment, but volatility will likely increase closer to the second half of the year with Fed repositioning running into the upcoming Presidential election. The downside scenario now seems to involve no interest rate cuts, but that would require a significant backflip by Jerome Powell. Previously this would have been taken very negatively by the market, but if this is offset by higher than expected GDP growth, then this could be seen as being acceptable. The further we progress through the year, the number of rate cuts expected by the market continues to decline. Of course, this could see a further sell off in the long end of the bond curve which would have a negative impact across a number of market sectors. The real left field risk is if we get into a deflationary environment which isn't reflected in market valuations. There are no signs yet of this occurring, although some pundits conclude the risk is real.

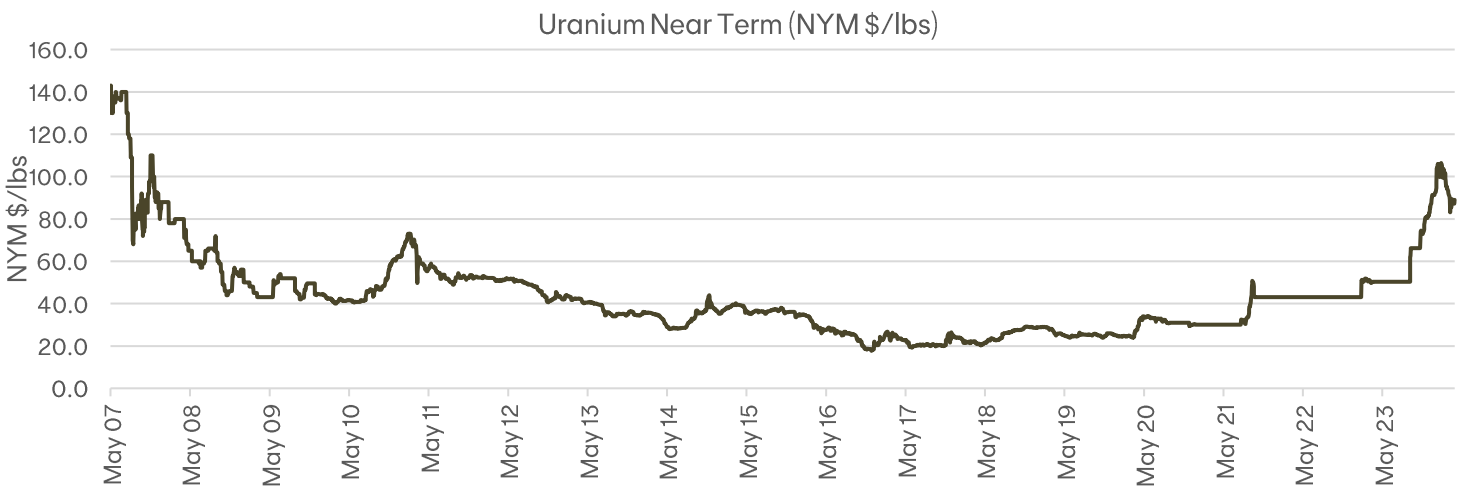
Recently there has been a broadening of market leadership away from Tech into Financials, Industrials and Commodities. We have also changed the composition of the Fund, reducing our Tech holdings in the USA and Asia and investing more in commodities where we have a positive view.

The Fund often has several thematics that structure our Fund composition. These include Uranium, the growth of AI, Gold and Commodities. Currently, our largest thematic is in the Commodity space, including Gold and Uranium. There are several separate sub themes, but overall, the general thesis revolves around a period of low commodity prices leading to an extended period of under-investment, resulting in an under-supply situation and therefore higher prices. The old adage of the cure for "low prices" is "low prices" generally tends to hold true. The length of the downturn is always the hardest period to pick, especially in more complex supply chains that exist in Uranium and Lithium.



Source: Ellerston capital, 13D

Commodity exposure in the Fund is now sitting at around 30%. We still retain our larger weighting in Uranium where we continue to like the long term thematic. Uranium is currently facing a severe structural deficit that proves challenging to mitigate, with Kazatomprom revising down production forecasts for the next two years due to a Sulfuric Acid shortage. Despite this, Russia maintains a significant role in the market, supplying 20% for commercial vendors and holding a 40% share of global enrichment services. Anticipation of a sharp increase in uranium prices looms as term contracts are expected to be signed at over US\$100/lb. Projections from the World Nuclear Association suggest an average annual demand of 218 million pounds through 2030, far exceeding the current production rate of 120-130 million pounds and with secondary supplies dwindling. Looking ahead, the global uranium requirement are likely to surge from 200 million pounds to 600 million pounds, largely due to China's near doubling of its reactor fleet.

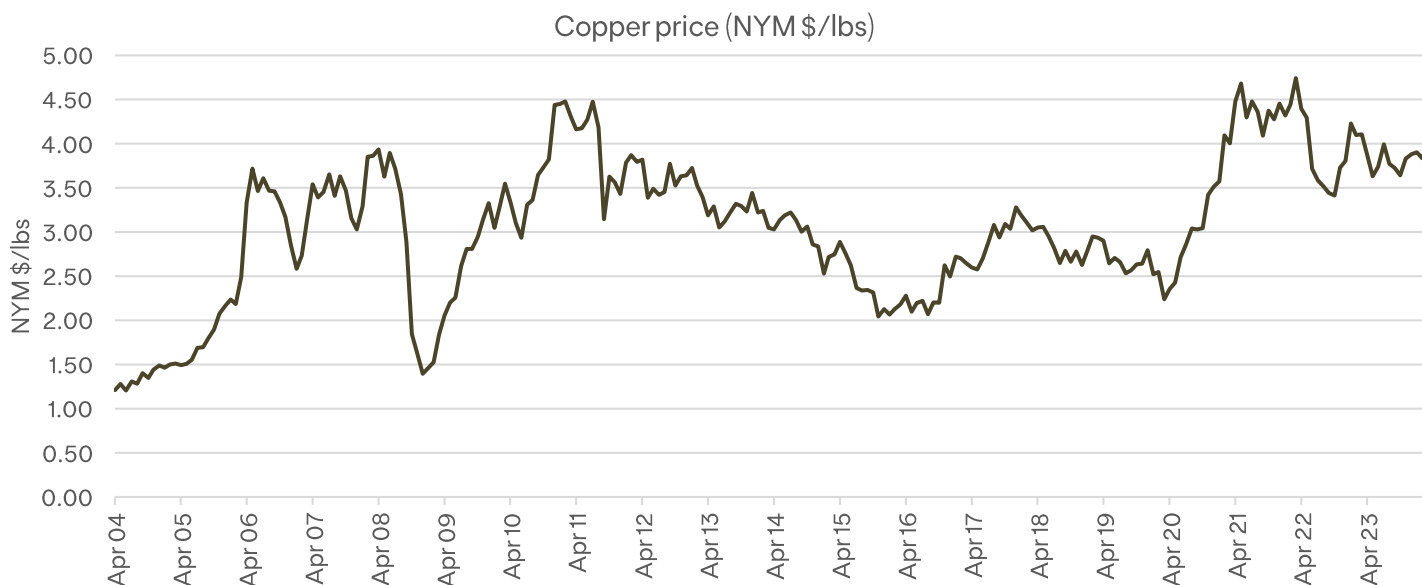


Source: Factset

Gold has become a larger part of the Fund as we have added to our exposure in Australia. The gold price looks to have broken out of a 3-year trading range despite relative strength in the \$US, with concerns around the indebtedness of the USA and further global central bank buying to diversify away from the \$US. Gold equities have not kept pace with the move up in bullion and we would expect a catch up in share prices in coming months. Typically, when the Gold price rises, share prices move upwards at a greater rate than the commodity. To date this has not been the case. A niche market in Palladium is also

of interest. The rapid growth in EV's has led to stagnant demand in catalysts used in Internal Combustion Engines (ICE). This has resulted in a dramatic fall in the commodity price to the point where about 40% of global production is now loss making. Increased demand for Hybrids is likely to see catalyst demand stabilise which should see a rapid recovery in the metal price. After the significant fall in the Lithium price, this sector has also started to look interesting. Demand is still growing at a significant rate of anywhere between 20% and 30% pa and the low commodity price is likely to have killed off marginal high-cost producers in the near term. At these low Lithium prices, Lithium Battery Storage technology is attractive versus Sodium Ion technology. The oversupply in the battery supply chain will eventually be worked through which should then result in prices returning to more reasonable levels. Due to the complexity of the supply chain, it can take a while for inventories to return to a more normal level.

We also have holdings in Copper, and the prevailing theme of a supply shortfall is expected to drive prices higher, especially with increased electrification, power demand, and the growth of AI processing capacity. Despite cost inflation driven by declining grades and rising construction costs, current Copper prices remain at levels last seen in 2006 (chart below). However, we anticipate a dramatic price increase in Copper due to these factors. Forecasts for Copper indicate an imminent major structural shortage, with supply becoming increasingly restricted as demand surges once more.



Source: Factset

Oil exposure serves two purposes, a hedge against Middle East risks and the risk of declining growth in global production, mainly due to the potential maturing of US shale oil. Overall, the S&P Metals and Mining Index has significantly underperformed the broader S&P500 Index since 2011 and we would expect to see a recovery of some of that underperformance over the coming years.

Monthly Performance

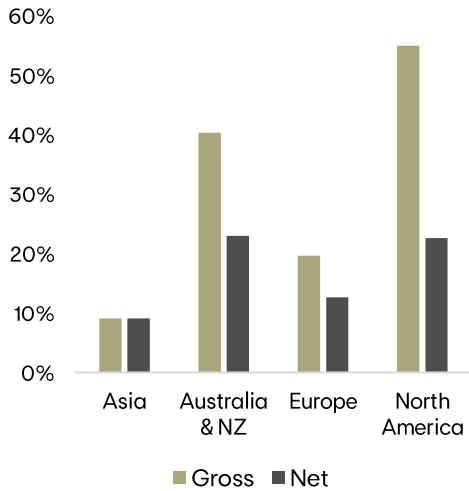
The Fund delivered a positive performance for the month through our stock selection, but hampered by downside risk protection which has been a drag on performance for the last 6 months. However, we believe in investing part of our profit when the market is rising into downside protection for when markets turn down again.

Superloop (Aust) was the main positive contributor to performance for the month, after they won a wholesale contract off Aussie Broadband which at the same time effectively torpedoed the bid by the latter. Commodities as a whole made a positive contribution including our gold stocks in the form of Perseus Mining (Aust) and Spartan Resources (Aust), Exxon Mobil (USA) in Oil and Teck Resources (USA) in Copper. Resona Bank in Japan rose as the Band of Japan moved towards raising interest rates and our investment in the Saudi Stock Exchange was a positive contributor.

On the downside, moves were typically stock specific with Just Eat in the Netherlands reversing the gains of January and February, Flutter Entertainment in the UK dropping after the strong gains of January and Zillow Group in the US. Lithium stocks gave back some of their gains from earlier in the year and were detractors from performance. We hold investments in Australian, USA and China based Lithium companies.

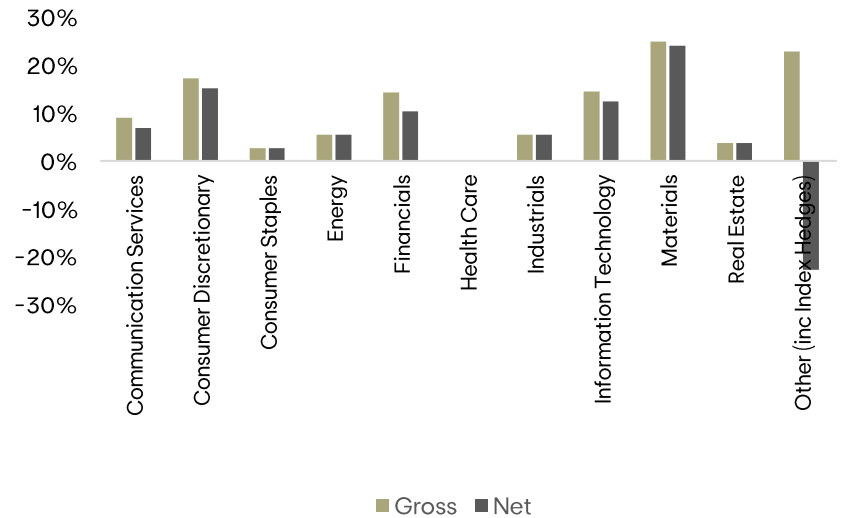
PORTFOLIO CHARACTERISTICS

Region Exposure



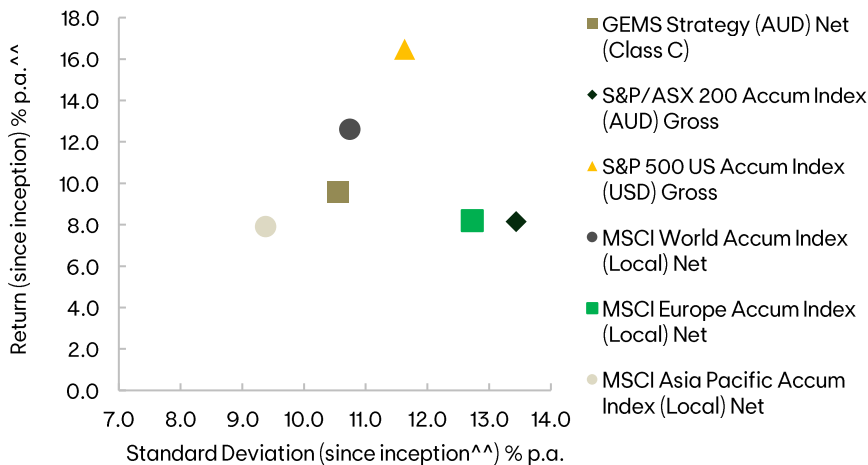
Source: Ellerston Capital.

Sector Exposure



Source: Ellerston Capital.

GEMS Strategy Performance & Volatility



Source: Ellerston Capital.
 Past performance is not a reliable indication of future performance.
^{^^}Inception Date 1 December 2009.

Top 10 Holdings (Alphabetical, Long Only)

- CRH PLC
- EXXON MOBIL CORP
- FLUTTER ENTERTAINMENT PLC
- LIGHT AND WONDER INC
- LINK ADMINISTRATION HOLDINGS L
- NETFLIX INC
- NEWS CORP
- PERSEUS MINING LTD (AU)
- SPROTT PHYSICAL URANIUM TRUST
- TECK COMINCO LTD

Source: Ellerston Capital.

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

Please refer to details on P1.

- **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 P1.

- **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 P1; there have been no changes to the primary investment personnel responsible for managing the Fund.

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 holdings enquiries should be directed to our register, Automic Group on 1300 101 595 or ellerstonfunds@automicgroup.com.au.

[^] Actual performance for your account may vary from that set out in this newsletter and will vary for investments made in different classes, or at different times throughout the year. Some performance data is estimated and preliminary and subject to change.

The standard deviation is often used by investors to measure the risk of an asset. The standard deviation is a measure of volatility; the more an asset's returns vary from the average return, the more volatile the asset. A higher standard deviation means a greater potential for deviation of return from the average return of the asset. The returns and risk of the Fund and the relevant Indices are net of taxes, fees and expenses and assuming distributions are reinvested. The performance figures presented are for the Ellerston Global Equity Managers Fund GEMS C Units. The one month return figure may be an estimate and not the final return. This estimate also impacts other performance information provided. Estimated performance figures are preliminary and subject to change. Returns for other classes may differ slightly. Past performance is not indicative of future performance. This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, as the responsible entity of the Ellerston Global Equity Managers Fund ARSN 118 887 095 without taking account the objectives, financial situation or needs of individuals. Before making an investment decision about the Fund persons should read the Fund's Product Disclosure Statement and Target Market Determination (TMD) which can be obtained from the Manager's website www.ellerstoncapital.com or by contacting info@ellerstoncapital.com and obtain advice from an appropriate financial adviser. Units in the Fund are issued by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000. This information is current as at the date on the first page. This material has been prepared based on information believed to be accurate at the time of publication. Assumptions and estimates may have been made which may prove not to be accurate. Ellerston Capital undertakes no responsibility to correct any such inaccuracy. Subsequent changes in circumstances may occur at any time and may impact the accuracy of the information. To the full extent permitted by law, none of Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, or any member of the Ellerston Capital Limited Group of companies makes any warranty as to the accuracy or completeness of the information in this newsletter and disclaims all liability that may arise due to any information contained in this newsletter being inaccurate, unreliable or incomplete. Past performance is not a reliable indicator of future performance.