

Ellerston Australian Absolute Return Fund

Monthly Newsletter, May 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	\$1.0848
NAV Price	\$1.0821
Redemption Price	\$1.0794
Current Total NAV	\$7,093,186.12
Liquidity	Daily
Gross Exposure	96.50%
Net Exposure	17.17%
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.)
Net[^]	-0.48%	3.18%	7.30%	3.78%	-3.49%	5.24%	5.15%
Benchmark*	0.36%	1.08%	2.16%	4.25%	2.32%	1.57%	1.76%
Alpha	-0.84%	2.10%	5.14%	-0.47%	-5.81%	3.67%	3.39%

[^] 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 -0.48% (net) in May 2024.

COMMENTARY

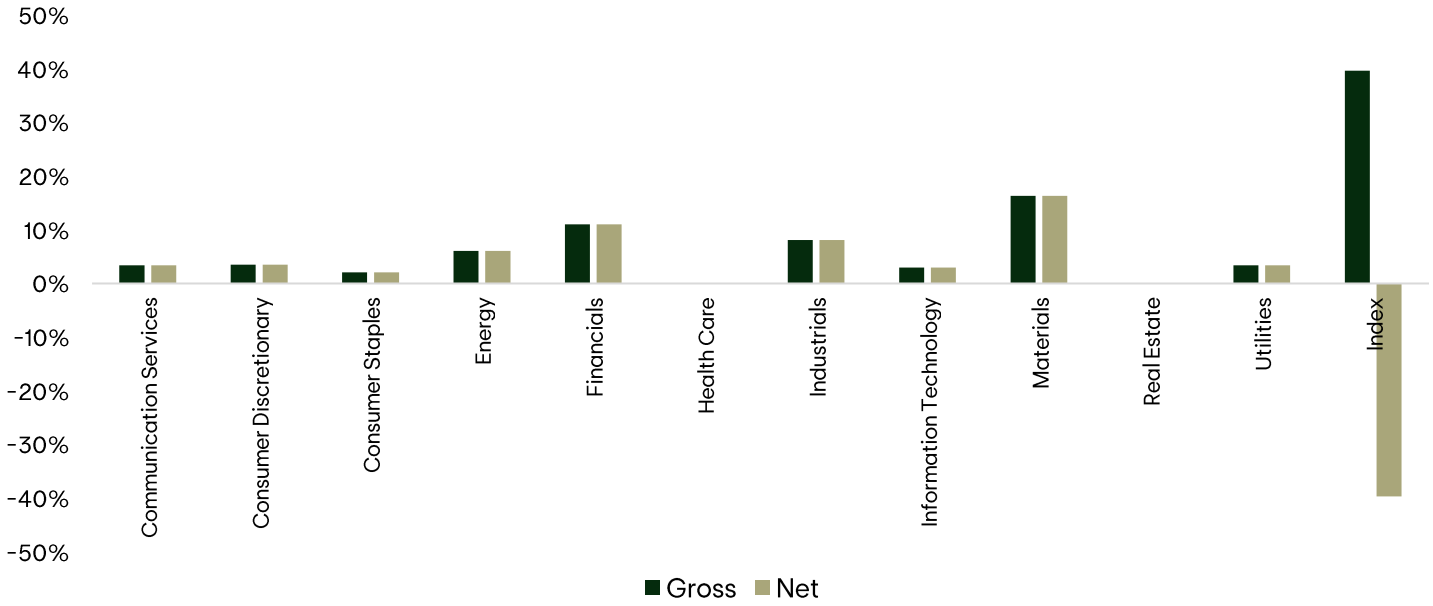
The Ellerston Absolute Return Fund fell 0.38% (gross) for the month, as global stock markets recovered following some positive inflation prints (reducing) in the US.

Positive contributors for the month were OFX Group (OFX), Chalice Mining (CHN) and Cooper Energy (COE). OFX released its FY24 results to the market which demonstrated a fantastic 2HFY. While its Net Operating Income was broadly in line with what the market was looking for, OFX demonstrated further operating leverage and delivered further synergies from its recent Firma acquisition and beats at the EBITDA and NPAT lines. Accompanying this strong result was the issuance of medium-term targets of 10%+ NOI CAGR at 28-30% underlying EBITDA margins, which has seen the market significantly adjust their estimates upwards over the next 3 years. With FY25 shaping up to be a year with a number of elections and other catalysts for potential periods of increased FX trading, we see now as a good time for OFX to grow and deliver on outlook targets.

Negative contributions for the month came from Smartgroup Corporation (SIQ), Insignia Financial (IFL) and Kelsian Group (KLS). At the beginning of May, SIQ gave an 1Q 2024 trading update to the market that fell short of expectations despite showing momentum continuing to build. As a result, the stock fell 15% over the period. Insignia dropped 11% on the back of a quarterly update, as the reported outflow figure was worse than feared. On the positive side Insignia reported a strong FUMA outcome primarily on the back of good market performance. Kelsian fell 7% as it gave a 2HFY24 trading update that was broadly in line with market expectations, however, was not enough to shift market sentiment around the stock.

PORTFOLIO CHARACTERISTICS

Sector Exposure

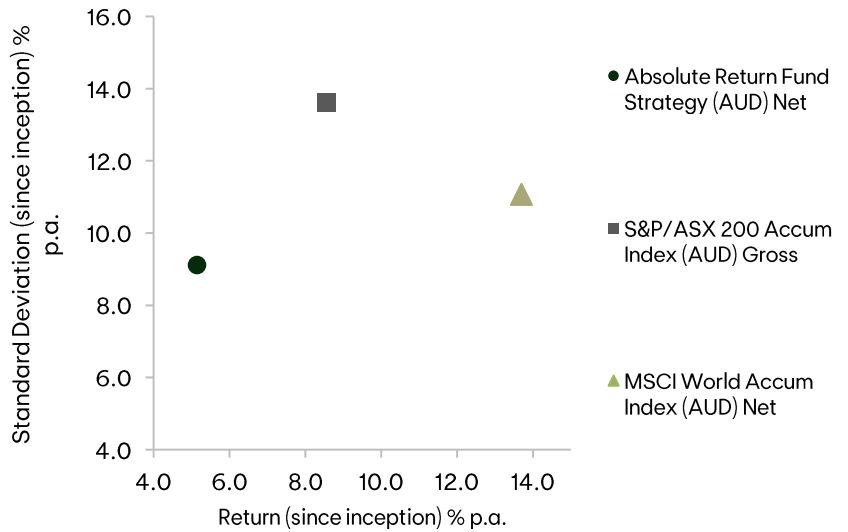


Source: Ellerston Capital.

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

Contact Us

Sydney

Level 11, 179 Elizabeth Street,
Sydney, NSW 2000
+612 9021 7701
info@ellerstoncapital.com

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**

This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, the responsible entity of the Ellerston Australian Absolute Returns Fund ARSN 168 025 670 (Fund) without taking into 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 obtaining 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 of 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.