

# Ellerston Australian Emerging Leaders Fund

Monthly Report as at 31 May 2024

APIR Code: ECL6748AU | ARSN 647 979 333



Portfolio of 30-60 smaller companies built through an active, research-driven investment approach.



Focus on companies which have a sound business franchise with an attractive earnings profile, which operate in growth industries and trade at a discount to valuation.



Aims to outperform the Benchmark over a rolling three-year period.

## Performance Summary

Performance	1 Month	3 Months	6 Months	1 Year	Since Inception (p.a.) ^^
Net^	0.25%	3.57%	23.06%	32.12%	-1.10%
Benchmark*	-0.05%	1.53%	11.74%	10.92%	-2.50%
Alpha	0.30%	2.04%	11.32%	21.19%	1.41%

^ The net return figure is calculated after fees & expenses, assuming all distributions are reinvested. Past performance is not a reliable indication of future performance.

\* S&P/ASX Small Ordinaries Accumulation Index. ^^ Inception date is 13 August 2021.

## Key Information

Portfolio Manager(s)	David Keelan & Alexandra Clarke
Investment Objective	To outperform the Benchmark over a rolling three year period.
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Liquidity	Daily
Target Number of Holdings	30-60
Number of Holdings at Month End	42
Minimum Investment	Initial investment - \$10,000 Additional investment - \$5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.10%
Performance Fee <sup>1</sup>	20.00%
Buy/Sell Spread	0.25% / 0.25%

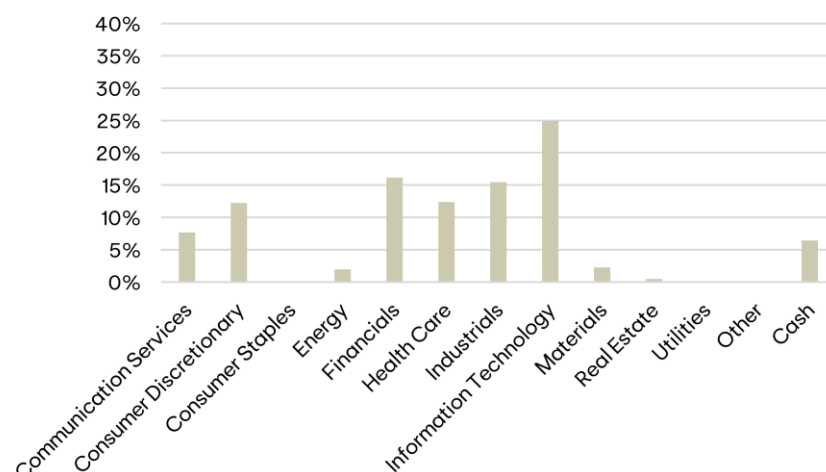
<sup>1</sup>Of the investment return above the benchmark, after recovering any underperformance in past periods.

## Top Holdings\*

Company	Sector
Alliance Aviation Services Limited	Industrials
Life360, Inc	Information Technology
Monash IVF Group Ltd	Health Care
Qoria Limited	Information Technology
RPMGlobal Holdings Ltd	Information Technology

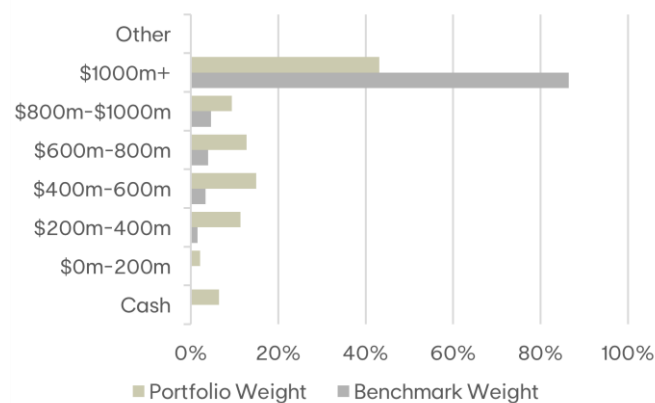
\*In alphabetical order.  
Source: Ellerston Capital.

## Sector Allocation



Source: Ellerston Capital.

## Market Capitalisation Exposure



Source: Ellerstion Capital.

## Key Portfolio Metrics

FY24e	Fund	Benchmark
Price/Earnings	17.69x	20.15x
Dividend Yield	2.54%	3.10%
Net Debt/EBITDA	-0.05x	1.50x

Source: Ellerstion Capital.

## COMMENTARY

The Ellerstion Australian Emerging Leaders fund delivered 0.25% in May relative to the S&P/ASX Small Ordinaries Accumulation Index which returned -0.05%. At the smaller end of the market, volatility was elevated with significant share price moves on limited-to-no news-flow as the market digested moves in fund flow. More broadly, we saw Small Resources outpacing Small Industrials. This positivity led to numerous capital raises being undertaken in the resource space.

Turning to the portfolio, two names which performed well during the month were Clarity Pharmaceuticals (CU6 AU) and Dronesield (DRO AU).

The month of May was pivotal CU6 with the share price gaining of 81.4% as a number of significant milestones for the business were reached. To close out the previous month of April, CU6 announced that a complete response had been reported from its first patient with metastatic castrate-resistant prostate cancer to receive two cycles of treatment of Clarity's Cu-SAR-bisPSMA. For the following 6 months post the administration of the second dose, the patient remains with undetectable levels of Prostate Specific Antigen. This adds to CU6's already impressive data set of prior results and further validates its unique IP suite. To round the month out, CU6 announced to the market that it had strengthened its Cu-64 network with a new supply agreement with SpectronRx. This should shore up its seamless supply of the diagnostic copper-64, which it uses as the diagnostic isotope in its products. We believe CU6 has a number of catalysts to play out over the coming year which could materially re-rate the share price.

The share price for Dronesield (DRO AU) increased by 36.4% in May, after completing a significant placement towards the back end of April. The capital raise is being used to build up its inventory, allowing the group to really have a good go at securing some of the extremely large defence contracts in the near-to-medium term. With a significant amount of work in the tender pipeline, DRO now has the firepower to be able to deliver on some of these very large projects. Towards the end of the month, DRO was awarded a large repeat order of A\$5.7m with a U.S. Government customer for a number of its Counter-UxS systems. We like DRO's strong pipeline and the future potential for significant operating leverage to be achieved if some or most of this pipeline is converted to revenue. With governments flagging increases in defence spend going forward, and increasing advances in unmanned warfare, we can see how DRO could be a significant beneficiary of this spend.

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](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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