

Ellerston Asia Growth Fund (Hedge Fund)

Monthly Report as at 30 June 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	6 Months	1 Year (p.a.)	Since Inception (p.a.) ^{^^}
Net [^]	5.9%	6.9%	17.3%	13.3%	12.6%
Benchmark*	3.4%	4.0%	10.9%	10.1%	8.6%
Alpha	2.5%	2.9%	6.4%	3.2%	4.0%

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

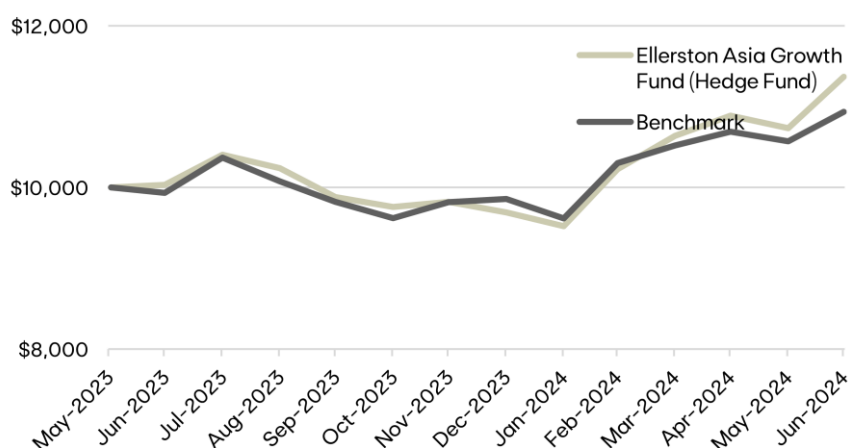
* MSCI Asia Ex Japan (non-accumulation) Index in AUD.

^{^^} 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.

Key Information

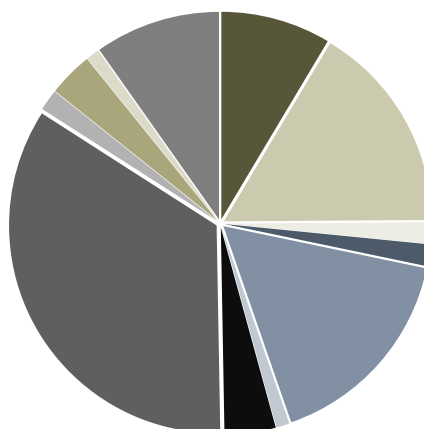
Investment Objective	To outperform the Benchmark on a net of fees basis, with a focus on capital growth and downside protection.
Benchmark	MSCI Asia Ex Japan (non-accumulation) Index in AUD.
Liquidity	Daily
Target Number of Holdings	20-50
Number of Holdings at Month End	43
Minimum Investment for Applications Direct with Unit Registry ¹	Initial investment - \$10,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	0.75% p.a.
Performance Fee ²	10%
Buy/Sell Spread ³	0.25% / 0.25%
Unit Prices	Application - \$6.9977 Net Asset Value - \$6.9802 Redemption - \$6.9627
Fund Size	\$41,488,119.94

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

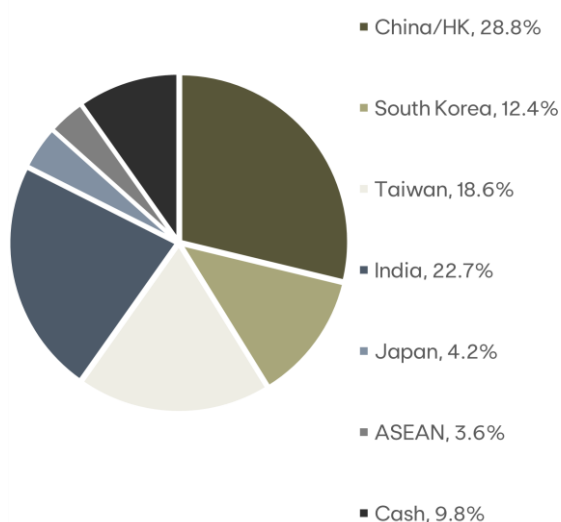


¹ Minimum number of units required for purchases made via the ASX will be dependent on each stockbroker.

² Of the investment return above the Benchmark after recovering any underperformance in past periods.

³ Applicable only to investors buying and selling directly with the manager.

Geographic Allocation



Source: Ellerston Capital.

Top Holdings

Company	Sector	Portfolio Weight	Benchmark Weight
Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology	14.6%	11.1%
Tencent Holdings Ltd.	Communication Services	7.3%	4.8%
Samsung Electronics Co., Ltd.	Information Technology	7.2%	4.3%
SK hynix Inc.	Information Technology	4.2%	1.4%
ICICI Bank Limited	Financials	3.0%	1.1%
HDFC Bank Limited	Financials	3.0%	0.9%
MediaTek Inc	Information Technology	2.7%	1.0%
Trip.com Group Ltd.	Consumer Discretionary	2.6%	0.4%
Maruti Suzuki India Limited	Consumer Discretionary	2.3%	0.3%
Midea Group Co. Ltd. Class A	Consumer Discretionary	2.0%	0.0%

Source: Ellerston Capital.

MARKET COMMENTARY

The Ellerston Asia Growth Fund (Hedge Fund) (EAFZ) was up 5.9% (net) in June versus the MSCI Asia ex Japan (non-accumulation) (AUD) (MXASJ) Index, which was up 3.4%.

MARKET SUMMARY

Global equity markets demonstrated resilience and continued their upward trajectory in June, with the MSCI World Index (net) gaining 2.32% for the month. This performance brought the index's year-to-date return to an impressive 13.43%, marking the sixth-best start to a year since its inception in 1998. The rally was primarily driven by U.S. equities, with the S&P 500 (net) jumping 3.55% in June and reaching multiple new closing highs. However, the gains were notably concentrated in a handful of large-cap stocks, particularly those related to artificial intelligence, leading to a significant disparity between market-cap weighted and equal-weighted indices. While developed markets generally performed well, there were mixed results across regions, with European stocks facing headwinds due to political uncertainties. Emerging markets outperformed, buoyed by strong showings in Asian markets.

The MSCI Asia Pacific ex Japan Index (net) gained 3.0% for the month. South Korea's KOSPI Composite Index and Taiwan's stock market (TWSE index) posted strong gains, rising 6.1% and 8.8% respectively, driven by enthusiasm surrounding artificial intelligence and semiconductor stocks. The Indian equity market also reached an all-time high, registering 7.1% gains for the month. Despite the initial setback from a mixed general election outcome, the market recovered sharply led by steady political, economic, and capex indicators. We have adjusted our India positions to reflect the election outcome. Chinese stock markets experienced mixed performance amid ongoing economic challenges. The Shanghai Composite Index (SSE Composite index) dropped 3.87% in June as the People's Bank of China decided to maintain the loan prime rates unchanged. This decision, coupled with concerns about the real estate market and sluggish consumer spending, contributed to a broader trend of reduced earnings projections for major Chinese indicators. We kept our underweight position for China but have started to selectively add back some exposures given the recent market corrections.

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 Financials were the biggest contributors to relative performance. Meanwhile, Consumer Discretionary was the relative underperformer.

At a company level, **TSMC**, **SK Hynix**, and **Samsung Electronics** were the largest contributors to alpha, adding a combined 128 bps. Meanwhile, **MINISO**, **Trip.com**, and **Adani Energy Solution** detracted 71 bps from alpha during the month.

TSMC, **SK Hynix**, and **Samsung Electronics** 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 home to 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%.

MINISO is a Chinese retailer and variety store chain that specializes in household and consumer goods. There has been some market speculation around how their China business has weakened in the last two months amid macro challenges. Despite the market concern, we believe MINISO is well on track to achieve 20% earnings CAGR over the next three years after speaking with the company this month. **Trip.com** is China's largest OTA platform. The stock saw some profit-taking after a 40% rally year-to-date and on the back of a convertible bond (CB) offering where near-term CB hedging activity was expected. Our recent communication with the company confirmed the travel demand trend in China is intact and Trip.com is well positioned to enjoy a margin tailwind as the recovery of international travel starts ticking up. **Adani Energy Solution** is one of the largest private sector power transmission companies operating in India. The stock bore the brunt of weaker-than-expected numbers of seats being won by the Modi government versus initial expectations and projections post the exit polls. The Modi-led government will now have to work with coalition partners that might push the growth or capex-driven government policies towards more welfare-related policies.

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.**

There have been no changes to the primary investment personnel responsible for managing the Fund.

Find out more:

Contact Us

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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 registry, Automic Group on 1300 101 595 or ellerstonfunds@automicgroup.com.au.

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