

Ellerston Asia Growth Fund (Hedge Fund)

Monthly Report as at 31 July 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	Since Inception (p.a.) ^{^^}
Net [^]	0.6%	5.1%	20.2%	10.0%	12.2%
Benchmark*	1.7%	4.0%	15.6%	7.2%	9.5%
Alpha	-1.1%	1.1%	4.6%	2.8%	2.7%

[^] 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

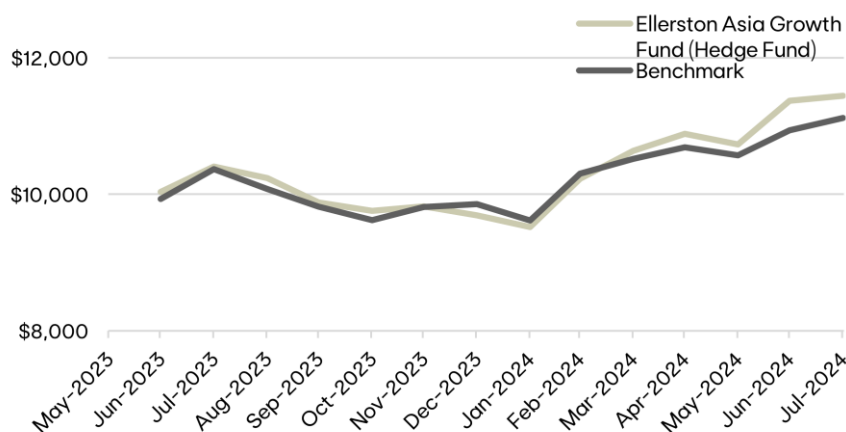
Investment Objective	To outperform the Benchmark on a net of fees basis, with a focus on capital growth and downside protection.
Benchmark	MSCI Asia Ex Japan (non-accumulation) Index in AUD.
Liquidity	Daily
Target Number of Holdings	20-50
Number of Holdings at Month End	46
Minimum Investment for Applications 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 - \$6.9308 Net Asset Value - \$6.9135 Redemption - \$6.8962
Fund Size	\$39,697,559

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.

Growth of \$10,000 Investment

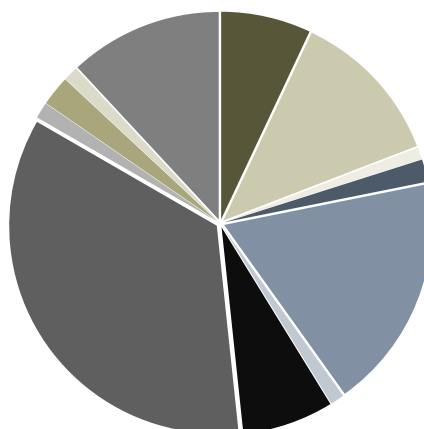


Fund Performance shown is net of fees, assuming all distributions are reinvested.

Past performance is not a reliable indication of future performance.

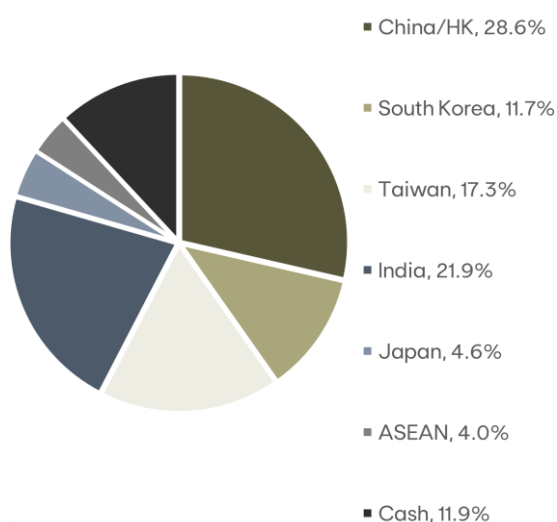
Source: Ellerston Capital.

Sector Allocation



- Communication Services 7.0%
- Consumer Discretionary 12.1%
- Consumer Staples 1.0%
- Energy 1.7%
- Financials 18.3%
- Health Care 1.1%
- Industrials 7.1%
- Information Technology 35.0%
- Materials 1.3%
- Real Estate 2.3%
- Utilities 1.1%
- Cash 11.9%

Geographic Allocation



Source: Ellerston Capital.

Top Holdings

Company	Sector	Portfolio Weight	Benchmark Weight
Taiwan Semiconductor Manufacturing Company Limited	Information Technology	14.0%	10.7%
Samsung Electronics Co., Ltd.	Information Technology	7.9%	4.4%
Tencent Holdings Limited	Communication Services	6.3%	4.7%
ICICI Bank Limited	Financials	3.3%	1.1%
Alibaba Group Holding Limited	Consumer Discretionary	3.0%	2.3%
SK hynix Inc.	Information Technology	2.6%	1.2%
HDFC Bank Ltd.	Financials	2.5%	0.8%
Hon Hai Precision Industry Co., Ltd.	Information Technology	2.3%	1.1%
Techtronic Industries Company Limited	Industrials	2.3%	0.3%
DBS Group Holdings Ltd	Financials	2.2%	0.8%

Source: Ellerston Capital.

MARKET COMMENTARY

The Ellerston Asia Growth Fund (Hedge Fund) (EAFZ) (Fund) was up 0.6% (net) in July versus the MSCI Asia ex Japan (non-accumulation) (AUD) (MXASJ) Index, which was up 1.7%.

Market Summary

The global equities market posted another positive month in July, with the MSCI World Index (net) up 1.2%. However, market volatility has been on the rise. Early in the month, a weaker-than-expected U.S. Consumer Price Index (CPI) reading, coupled with softer labour market data, reassured bond investors that the Federal Reserve (Fed) might soon begin cutting interest rates. Consequently, interest-rate-sensitive asset classes outperformed, with U.S. small-cap stocks (as measured by the Russell 2000) surging by 10.2% during the month. In contrast, large-cap technology stocks struggled as investors grew more cautious about the future potential of investments in artificial intelligence (AI). The market was largely underwhelmed by the results of the "magnificent seven" tech giants, leading to pressure on the tech sector for most of July before a rebound toward the month's end. This shift from large-cap to small-cap resulted in the largest one-month outperformance of the Russell 2000 relative to the Nasdaq 100 in over two decades.

Asia underperformed the global market in July, with the MSCI Asia Pacific ex Japan Index (net) up only 0.1% for the month in local currency. South Korea (KOSPI Composite Index), Taiwan (TWSE Index), and Japan (Nikkei) dropped 1.0%, 3.6%, and 1.2%, respectively, reflecting the weakness in global tech stocks. Chinese equity markets also fell during the month due to continued challenges in the real estate sector and the spillover effects on the broader economy. The Hang Seng Index (net) was down 1.1% in local currency. On a positive note, the Indian equity market had a very strong July, with all ten key sectors delivering positive returns on an absolute basis. This was propelled by positive results across the IT and FMCG sectors and budgetary support for infrastructure and rural upliftment projects.

PERFORMANCE SUMMARY

At the country level, China was the largest contributor to alpha, while India and South Korea were the relative underperformers. At the sector level, Materials and Industrials made the biggest contributions to relative performance, whereas Information Technology and Healthcare were the relative underperformers. The Fund's performance was hurt by a market rotation from year-to-date winners to year-to-date laggards. We view this style shift as only temporary, as the market starts to price in an extreme bearish scenario for the global economy. We have also been taking advantage of market volatility to add to the positions we hold high convictions on. We believe the Fund is well-positioned to outperform in the coming months as market panic eases.

At a company level, **Techtronic Industries**, **Kalpataru Projects** and **NCC Limited** were the largest contributors to alpha, adding a combined 57 bps. Meanwhile, **SK Hynix**, **Samsonite**, and **not owning Infosys** detracted 70 bps from alpha during the month.

Techtronic Industries is a global leader in power tools, outdoor power equipment, accessories, and floor care products. Techtronic is a recent addition to the Fund, following a sell-off triggered by an unexpected leadership reshuffle. After engaging with the new management team and the Board, we believe market concerns about the management transition are overdone. The stock has since recovered, bolstered by better-than-expected prints from its peers and increasing expectations of early rate cuts by the Federal

Reserve. **Kalpataru Projects** and **NCC Limited** are two of the largest Engineering and Construction companies listed in India, with a diversified portfolio of projects in Power Transmission & Distribution (T&D), Buildings & Factories, Water Supply & Irrigation, Railways, Oil & Gas Pipelines, Urban Mobility (Flyovers & Metro Rail), Highways and Airports. Both stocks have performed on the back of India's latest fiscal budget which supports infrastructure projects.

Samsonite is a global manufacturer and retailer of suitcases, toiletries, and briefcases. The company's share price has been under pressure since it reported softer-than-expected revenue growth in June. Investor sentiment around the stock further deteriorated during the month as other luxury consumer brands also reported weak numbers. While we continue to like the balance sheet optionality of the business, we decided to exit the stock during the month as better opportunities emerged elsewhere amid broader market weakness. **SK Hynix** is a key supplier of high-end memory (including high bandwidth memory, which is essential for generative AI development) chips to server/data centre customers. The stock was sold off due to global tech weakness, despite posting strong results. We have been trimming our position before the correction; that said, the magnitude of the share price correction was still greater than expected. Despite this, we remain confident that SK Hynix is one of the best plays in the current AI super cycle.

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

Sydney

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

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 1300101 595 or ellerstonfunds@automicgroup.com.au.

This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000 Manager, responsible entity of the Ellerston Asia Growth Fund (Hedge Fund) (ASX: EAFZ) (ARSN 626 690 686) 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 the Fund's 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 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 Limited 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.