



Portfolio of companies which are directly or indirectly, demonstrating a pathway to aiding the abatement of carbon within Australia and the global economy.



Targets unlisted (pre-IPO and expansion capital) and listed (micro and small-cap) companies which have sound business franchises and attractive earnings profiles.



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

Performance Summary

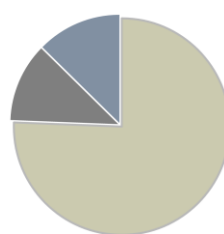
Performance	1 Month	3 Months	6 Months	1 Year	Since Inception (p.a.)^^
Net^	4.3%	6.2%	17.1%	21.2%	7.8%
Benchmark*	5.1%	5.7%	8.0%	12.7%	6.6%
Alpha	-0.8%	0.5%	9.1%	8.5%	1.2%

^ 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 Industrials Accumulation Index. ^^ Inception date is 30 May 2022.

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 Industrials Accumulation Index
Target Number of Holdings	Unlisted/Pre-IPO Investments – 10-30 & Listed Micro & Small Cap Investments – 25-40
Total Number of Holdings at Month End	40
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.50% p.a.
Performance Fee ¹	20.00%
Buy/Sell Spread	0.38% / 0.38%

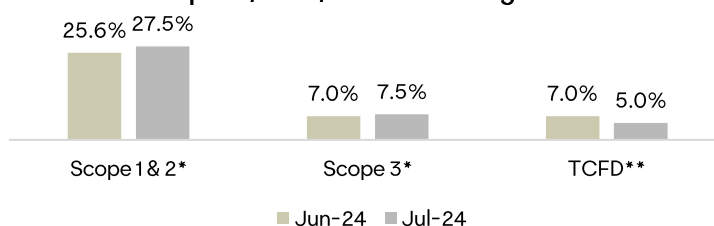
Portfolio Breakdown



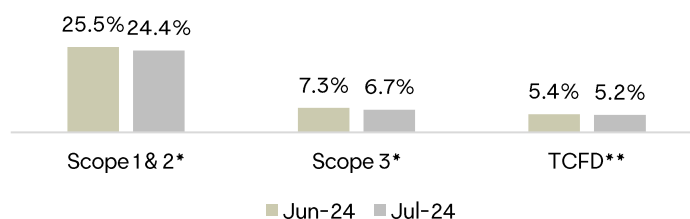
Australian Listed Equity 75.6%
Unlisted/Pre-IPO 11.7%
Cash 12.7%

Source: Ellerston Capital

Number of Underlying Holdings Reporting on Scopes 1, 2 & 3, and according to TCFD¹



Value of Underlying Holdings Reporting on Scopes 1, 2 & 3, and according to TCFD²



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

¹Number of underlying holdings reporting on each measure, as a percentage of total portfolio holdings.

²Value of underlying holdings reporting on each measure, as a percentage of total portfolio value

*Source: Company Data

**Source: Task Force on Climate-Related Financial Disclosure

COMMENTARY

The Ellerston 2050 Fund delivered 4.3% (net) in July, relative to the S&P/ASX Small Industrials Accumulation Index (Benchmark) which returned 5.1%. A softer CPI print in Australia supported the view that the RBA would not hike interest rates further, while in the US, expectations around a Fed cut accelerated. The Consumer Discretionary sector caught a bid during the month as investors started to position for expectations around improved consumer spending. Meanwhile, a fall in bond yields (on the back of expectations around interest rate cuts) supported Gold stocks. However, the Energy sector was hit hard on the back of negative uranium momentum.

In July, the market digested a lot of stock specific news flow with quarterlies in full swing and companies pre releasing their full year results. We saw trading updates from Aussie Broadband (negative); Austin Engineering (positive); Accent Group (positive); Generation Development (positive); Lifestyle Communities (negative); Supply Networks (positive); SiteMinder (mixed); and Zip Co (positive).

Turning to stocks, two names which provided strong trading updates in July were Korvest (KOV AU) and SKS Technologies Group (SKS AU).

During the month, KOV saw its share price rise by 16.2% on the back of their FY24 reported results. Management has done a great job of keeping costs down while also investing in growth during a tricky inflationary period. Gross margins above the long-term average, driven by KOV's ability to push through price rises, increase in factory utilisation and plant productivity benefits. We like the medium term thematic here, with demand on their major project work being buoyed by a significant infrastructure investment on the East Coast of Australia. Their current pipeline of major projects could see decent growth per annum out to 2030. With a great track record, strong market share and investment in additional capacity to come, we see KOV positioned perfectly to execute on the coming pipeline of projects, as well as increasing their BAU share of the market. With markets such as solar energy continuing its growth within Australia and utilising products manufactured by Korvest, we see plenty of opportunity for growth.

SKS was one of our strongest performers, with a 62% increase on its share price over the period. SKS kicked off the month with a large data centre contract award with Built, valued at over \$90m and to be almost completely recognised in FY25. This follows a June update in which the company announced a guidance upgrade to revenue of \$130m+, up from \$120m+, on the back of strong activity. With such a strong win for the company, SKS gave early FY25 revenue guidance of over \$200m, representing a 54% year-on-year increase. There is a high level of confidence in this number, as the update included their current work in hand balance of \$178m almost as FY25 begins. We see it as likely that SKS continues this strong momentum, with every chance that they are able to build upon this work in hand figure and update the guidance in the market accordingly. With such a significant investment in data centres within Australia, we see the expertise in this space that SKS has built as a competitive advantage and should see them able to execute on these projects on time and within budget. Their work within the renewables sector is also an attractive point from both a revenue and carbon emissions reduction standpoint. We continue to hold SKS as a high conviction name within our 2050 portfolio, and like the industry growth outlook over the coming decade.

The first week of August has been exceptionally volatile, with some of the largest daily equity moves that we have seen in some time, both domestically and globally. As we have said previously, volatility does create opportunities and in these times, we see a disconnect between fundamentals valuations and short-term market movements. We use these opportunities to increase our exposure to mispriced names or add in new names which had previously not met our valuation criteria. Moving to reporting season, we continue to assess our positions and we have tried to focus the portfolio on higher quality companies which have pricing power, solid balance sheets and ability to grow outside the economy. We continue to stress test each of our assumptions and remain vigilant in upweighting the quality of our portfolio and looking for opportunities that present three to one risk reward.

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All holding enquiries should be directed to our registry, Automic Group on 1300101 595 or ellerstonfunds@automicgroup.com.au.

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