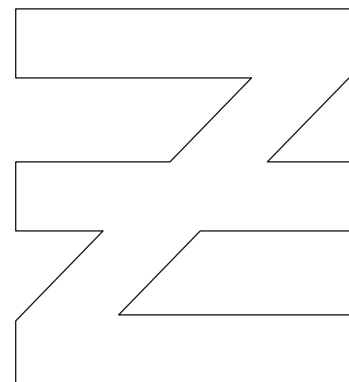


Ellerston Australian Absolute Return Fund



Monthly Newsletter, August 2024

Investment Objective

The Ellerston Australian Absolute Return Fund (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	\$1.1088
NAV Price	\$1.1060
Redemption Price	\$1.1032
Current Total NAV	\$6,542,586
Liquidity	Daily
Gross Exposure	78.05%
Net Exposure	33.71%
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[^]	2.87%	2.21%	5.45%	9.73%	-3.96%	3.93%	5.24%
Benchmark*	0.36%	1.08%	2.17%	4.32%	2.68%	1.74%	1.81%
Alpha	2.51%	1.13%	3.28%	5.42%	-6.65%	2.20%	3.42%

[^] Net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance.
* RBA Cash Rate

COMMENTARY

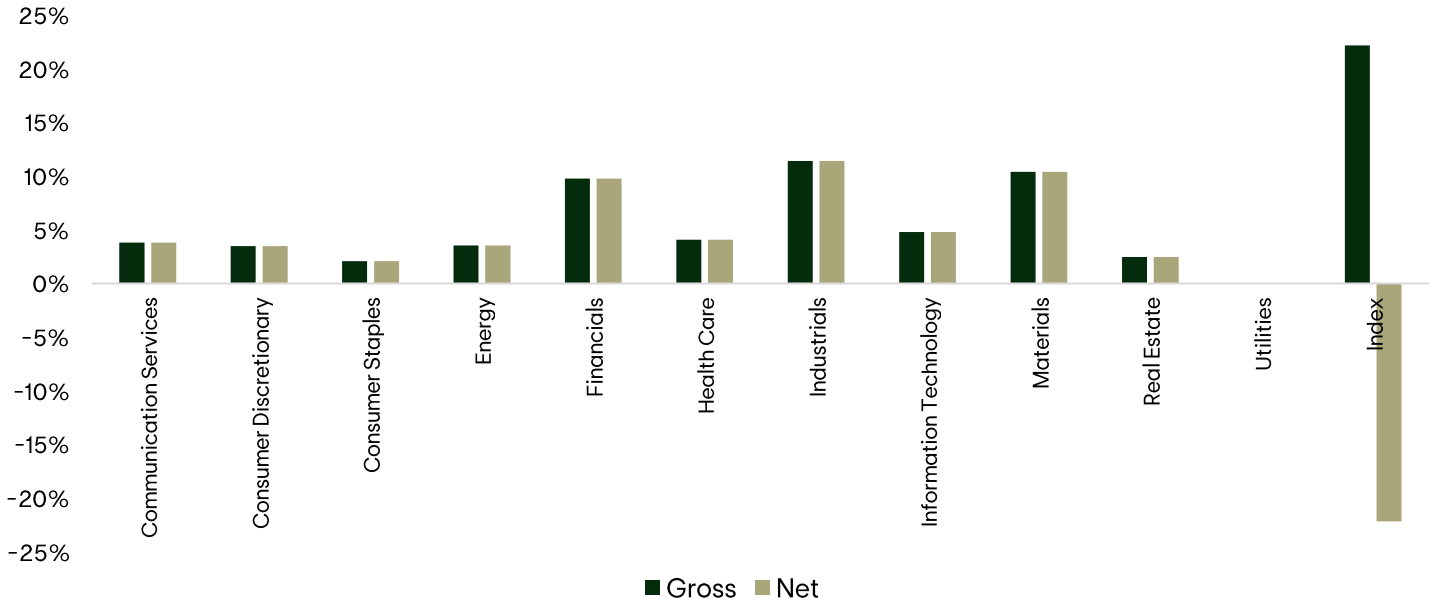
The Ellerston Australian Absolute Return Fund rose +2.9% for the month. The market was initially hit hard at the beginning of the month on concerns around the unwind of the Japanese Yen carry trade, but then recovered all the losses by the end of the month. The Funds performance was relatively stable as downside protection through options helped limit losses earlier in the month and then overall stock performance was generally positive overall after the ASX reporting season period.

Positive contributors for the month were Humm Group (HUM), HiPages (HPG) and Orora (ORA). Humm rose 57% for the month after reporting a FY24 result that demonstrated the resilience of the business during the negative rate cycle of the last couple of years. Expectations are that Net Interest Margins have stabilised through re-pricing and a rally in Australian Government 10 Year bond yields. We continue to see further upside for the business. HiPages reported results that were slightly ahead of market expectations, but more importantly the company generated positive Free Cash Flow for the first time since listing. The business was rewarded with a 29% rise in the share price. The new Tradie Core platform should improve the quality of the business, but we won't know the results until early next year. Orora rose 25% after receiving a bid from Private Equity. We think that the bid probably puts a floor under the share price which has been heavily impacted by a poor acquisition that was made in France.

Negative contributions for the month came from Kelsian Group (KLS), Insignia Financial (IFL) and Siteminder (SDR). Kelsian fell 28% after reporting higher capex figures for FY25 that were well above market expectations. This raised concerns around the ROIC that the company can generate from such investments and therefore resulted in a significant de-rating of the business. Management credibility has taken a significant hit over the last year, which now seems to be fully reflected in the current share price. Insignia fell 16% for the month after shocking the market with a cancellation of the final dividend. This outcome is reasonable based on the negative cash flow the company will see this Financial Year but should have been flagged earlier by the company. Positively, the result saw earnings upgrades for the business and we would expect the company to rise from here. Siteminder fell 13% for the month as they indicated some likely softness in the H1'25 result due to worldwide travel industry weakness. This is a short-term issue and shouldn't impact the longer-term growth ambitions of the company where the management team is targeting a 30% revenue growth rate for the business and continued Free Cash Flow growth.

PORTFOLIO CHARACTERISTICS

Sector Exposure



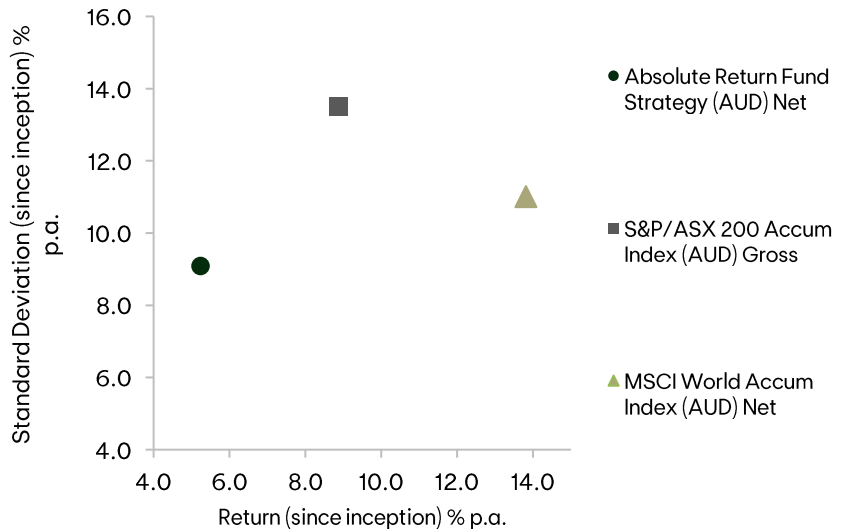
Source: Ellerston Capital.

Top 10 Holdings (Alphabetical, Long Only)



Source: Ellerston Capital.

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

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