



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

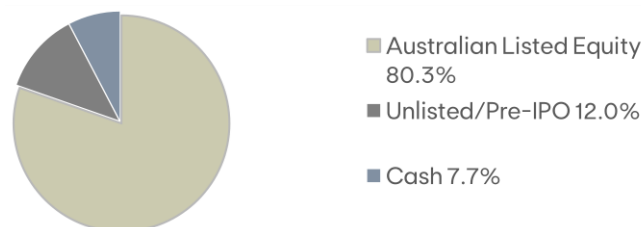
Performance	1 Month	3 Months	6 Months	1 Year	Since Inception (p.a.)^^
Net^	-1.5%	5.3%	9.0%	20.4%	6.9%
Benchmark*	-1.9%	4.6%	1.9%	12.2%	5.5%
Alpha	0.4%	0.7%	7.1%	8.2%	1.4%

^ 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

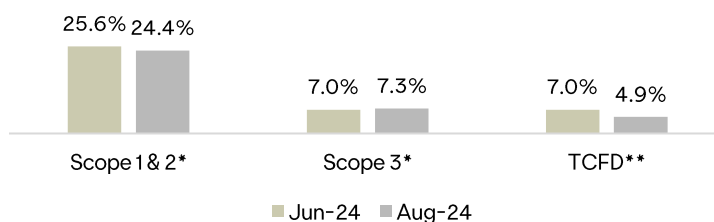
Portfolio Manager(s)	David Keelan & Alexandra Clarke
Investment Objective	To outperform the Benchmark over a rolling three year period.
Benchmark	S&P/ASX Small Industrials Accumulation Index
Target Number of Holdings	Unlisted/Pre-IPO Investments – 10-30 & Listed Micro & Small Cap Investments – 25-40
Total Number of Holdings at Month End	41
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

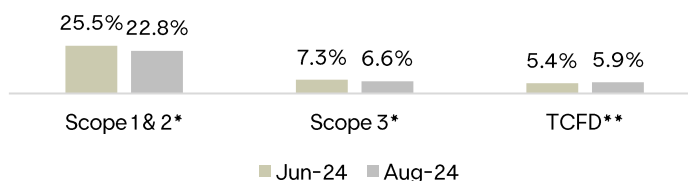


Source: Ellerston Capital

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 -1.5% (net) in August, relative to the S&P/ASX Small Industrials Accumulation Index (Benchmark) which returned -1.9%. August started off in the red as the market experienced extreme volatility on the back of the Yen carry trade reversing and softer than expected US job data. The Australian market's focus quickly turned to the reporting season. This reporting season we saw increased levels of volatility as macroeconomic challenges of the last 12 months played out in FY24 results. As usual, we saw a rebasing of FY25 estimates (consensus EPS -3.4% for the ASX200) which provides a favourable setup for the year ahead. Key winners out of reporting season included the Technology, Consumer Discretionary and Financials sectors. While key losers were the Industrial/Commercial Service Providers, Travel, Materials and the Utilities sectors. We also saw several key thematic play out over this reporting season including a recovery in Financials; FY25 Darlings not being the same as those in FY24; and structural growth being rewarded.

A couple of stocks that provided positive updates in August were Servcorp (SRV AU) and Southern Cross Electrical (SXE AU).

SRV had a strong result, delivering a 10% return for the month. FY24 saw underlying PBT come in above the top-end of guidance at A\$56.6m (compared to guidance of \$50-55m) on the back of a strong operating performance and continued office expansion. Management provided guidance for 8-15% NPBT growth in FY25 which was ahead of consensus expectations. The group continues to progress the planned listing of its Middle East operations and a final decision is to be made early in 2025. We continue to view SRV as a significantly undervalued business with a robust balance sheet position and strong growth prospects over coming years. A material portion of SRV revenue is derived from virtual offices which allows a reduced operational and environmental footprint.

SXE was a strong performer with the stock up 6% in August to reach all-time highs. During the month, SXE reported revenues increasing by 19% yoy as well as beating their EBITDA guidance by 5% to reach a record level of A\$40m. The main driver of growth for the year was in their Infrastructure division, with significant projects within Western Sydney Airport, Sydney Metro and data centres growing greatly in the period, with more work flagged for the future. SXE continue to build on their recurring base of work, with recurring revenues also growing to 17% of revenue. SXE continues to produce free cash flow, and with \$84.1m of cash and no debt on the balance sheet, it would have one of the strongest balance sheets out of its peer group. We hold SXE as a high conviction name in our portfolio and look forward to further contract wins and acquisitive growth. SXE continues to provide services to key battery projects and is helping clients transition to more sustainable power.

With reporting season now behind us we, look forward to getting back on the road, chasing down new ideas and catching up with management teams on their own turf. As we move into FY25, we expect a continued rotation into more cyclical exposures on the back of a macroeconomic recovery driven by falling interest rates. The smaller end of the market remains attractive, with a lot of negatives having been priced in, and we expect a sharp and fast turnaround as inflation remains tame and rate cuts on the horizon (albeit pushed to the right). We also think EPS revisions have been priced into the current valuation multiples which provides a meaningful opportunity.

Find out more:

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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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