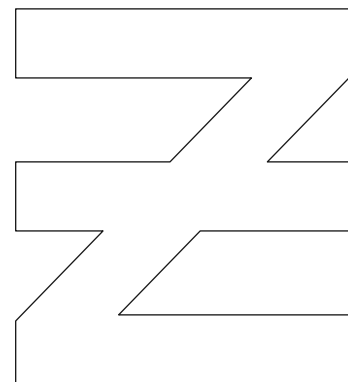


Ellerston Global Equity Managers Fund (GEMS) Class C



Monthly Newsletter, September 2024

Investment Objective

To generate superior returns for unitholders with a focus on risk and capital preservation.

Investment Strategy

The Fund provides investors with exposure to global markets through a long short equity strategy. The strategy overlays fundamental bottom-up stock selection with global macroeconomic and market outlook.

Key Information

Inception Date ^^	1 December 2009
Portfolio Manager	Ashok Jacob
Application Price	\$1.6914
NAV Price	\$1.6872
Redemption Price	\$1.6830
Current Total NAV	100,292,639
Gross Exposure	158%
Net Exposure	99%
Unit Pricing	Monthly
Management Fee	1.50% (p.a.)
Performance Fee	16.50%
Buy/Sell Spread	0.25% on application 0.25% on redemption

PERFORMANCE SUMMARY^

Performance*	FY25 TD	FY24	FY23	FY22	FY21	5 Years (p.a.)	10 Years (p.a.)	Since Inception^ (p.a.)
GEMS C	4.0%	11.1%	-7.0%	-13.5%	58.6%	11.0%	10.3%	10.3%
MSCI WI**	4.7%	21.3%	18.2%	-11.1%	36.9%	13.2%	10.8%	11.1%
ASX200***	7.8%	12.1%	14.8%	-6.5%	27.8%	8.4%	8.9%	8.4%

Performance*	1 Month	3 Months	1 Year
GEMS C	3.9%	4.0%	12.1%
MSCI WI**	1.5%	4.7%	30.4%
ASX200***	3.0%	7.8%	21.8%

Source: Ellerston Capital.

* The net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance.

**MSCI World Index – Net Return Unhedged in Local Currency

*** S&P/ASX 200 - Total Return

PORTFOLIO COMMENTARY

The positive return for the month was predominantly driven by our holdings in Australia and Asia as the commencement of interest rate cuts by the Federal Reserve will allow Central Banks in the region to commence loosening monetary policy locally, although the Reserve Bank of Australia may be the last to move. Our current thinking is that the commencement of interest rate cuts in the US will lead to a period of weakness in the \$US, which has already commenced, and therefore allow equity returns outside of this market to relatively improve after a long period of underperformance versus the dominance of US markets, mainly driven by the Nasdaq. Consequently, our "net" weightings in investments are broadly similar across Australia, Asia and North America with some smaller UK exposure mainly focused in commodity plays. From a valuation perspective, Hong Kong and South-East Asian markets look relatively attractive versus historical valuations. With markets mainly moving upwards, index hedging was the main detractor from performance for the month.

The China market leapt to life in September after the Central Government finally opened the stimulus taps. Although not a "big bang" stimulus compared to during the GFC, or other iterations by Western Governments, it did take the market by shock and that coupled with the extreme negative sentiment in positioning lead to a massive "short covering" rally in markets. We also had been relatively negative on China, with only a few individual stock positions, as it is hard to not overlook the similarities to Japan from the 1990's with deflation of a property bubble and a declining population. However, due to the extreme positioning we did have a call option strategy in place which gave us some positive returns and we quickly added positions in HK once the rally commenced. Towards the end of the month the rally in China did commence to suck liquidity out of all other Asian markets which dampened our positive returns across the region. We are not sure how long the China rally will last, as typically past events have been short and sharp 35%-50% rallies, so we will remain open to changing our positioning rapidly.

We do see better longer-term opportunities in Indonesia and the Philippines as overly restrictive monetary policies have dampened domestic demand for a number of years. Also, the long-term structural story in India remains intact and we expect to retain a reasonable positioning in this market over the longer term, despite relatively higher valuations compared to other markets.

Asian performance was driven positively by HK Options, Alibaba (Online Shopping) and Ganfeng Lithium (Lithium miner and processor). On the downside Samsung Electronics (Chip maker), Sumitomo Financial (Japan Financial) and Bank Rakyat (Indonesia) were the main detractors. The regional bank sector in particular was seen as an easy funding source for those reducing their underweight in China markets.

The Australian weighting in the Fund is mainly driven by individual industrial stock ideas and by an ability to gain favourable commodity exposure which we predominantly have through this market and North America. Main drivers of performance for the month were Siteminder (Hotel software), Humm Group (Financial Services) and Boss Energy (Uranium). HiPages (Trade Services), Oneview Healthcare (Hospital Software) and Cooper Energy (Gas) were the main detractors.

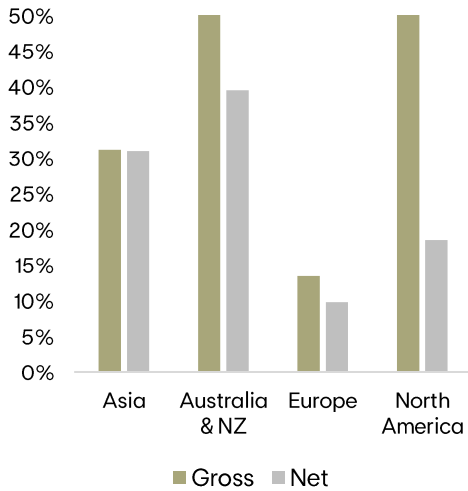
In North America we have looked to broaden our exposure to materials (Gold, Lithium and Uranium) and small cap companies, the latter having been left behind by the tech driven rally over the last number of years. The presumption here is that the Federal Reserve can pull off the feat of avoiding a hard landing scenario which would be negative for the smaller end of the market. The easing of interest rates is generally positive for small caps who typically have a higher, and more expensive, level of debt funding than their larger cap peers. We do still retain a core holding in the mega-cap tech names due to their attractive market positioning dynamics. The main drivers of performance were Cameco (Uranium), Sprott Physical Platinum Trust (Platinum) and Meta (Social Media). Light & Wonder (Gaming Machines), GFL Environmental (Waste Services) and Saudi Tadawul Group (Stock Exchange) were the main detractors.

The Funds resource exposure is spread across a number of different commodities and is a space where there are always opportunities to make money due to often extreme moves in sentiment and positioning. Our largest exposure is in Gold, which fits in with the weaker \$US thematic as well as lack of fiscal discipline by either political party in the US. Gold equities remain undervalued versus the spot gold price, which continues to move higher, generally due to the lack of involvement by generalist investors. We like the fact that significant EPS upgrades (higher price and lower oil price) are due across the sector which should drive positive returns. One of the main contributors to monthly performance was Greatland Gold in the UK. Despite being listed in the UK, this is an Australian operation, with the company likely to complete the purchase of the WA Telfer mine from Newmont during October. This will see it being able to consolidate its holding in the Havieron Gold/Copper project with a path to production through using the existing Telfer mill and mine which still has several years mine life available, excluding regional prospects. We expect the company will attract a reasonable multiple once it lists on the ASX next year as there are very few long life small-mid cap gold stocks listed locally.

We have returned to our longer-term theme of Uranium, which we exited when valuations became a bit frothy, with holdings in both Australian and US companies which were pricing in more realistic long term U3O8 prices. Lithium and Platinum are another two commodities where we thought equity valuations have been pricing potentially over pessimistic assumptions. We think it is unlikely there will be another wave of greenfield developments due to the abundance of existing resources, but we think existing operators can benefit from the lack of new developments and hence we hold a few producers across different jurisdictions. Platinum should benefit from the increased importance of Hybrid vehicles in the energy transition due to the continued use of catalytic converters, plus the low price is seeing the shutting down of existing operations in the US and South Africa which will likely lead to an upward move in prices in the future.

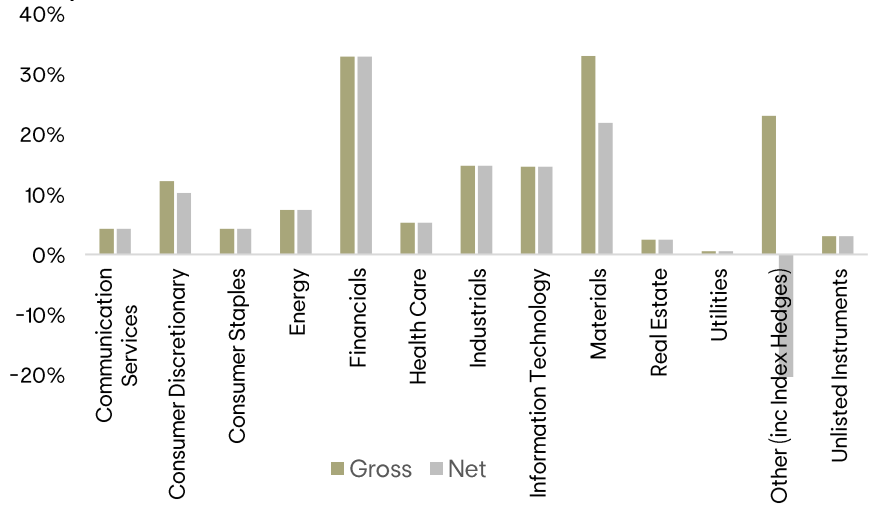
PORTFOLIO CHARACTERISTICS

Region Exposure



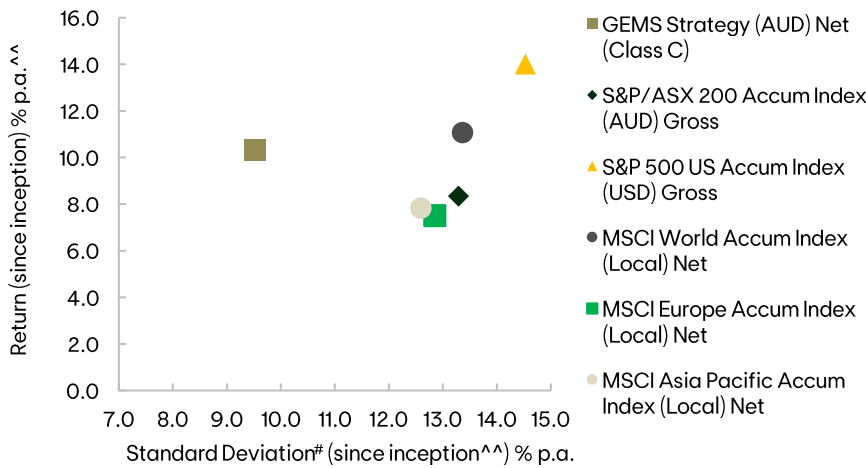
Source: Ellerston Capital.

Sector Exposure



Source: Ellerston Capital.

GEMS Strategy Performance & Volatility



Source: Ellerston Capital.
 Past performance is not a reliable indication of future performance.
 ^^Inception Date 1 December 2009.

Top 10 Holdings (Alphabetical, Long Only, Listed)*

- ALIBABA GROUP HOLDING LTD
- BHP BILLITON LTD
- GENERATION DEVELOPMENT GROUP LIMITED
- GREATLAND GOLD PLC
- INSIGNIA FINANCIAL LTD
- MICROSOFT CORP
- NETFLIX INC
- SITEMINDER LTD
- SPROTT PHYSICAL PLATINUM AND PALLADIUM TRUST
- VANECK VECTORS GOLD MINERS ETF

Source: Ellerston Capital.
 * The Top holdings is listed companies

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.

Contact Us

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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 holdings enquiries should be directed to our registry, Automic Group on 1300 101 595 or ellerstonfunds@automicgroup.com.au.

[^] Actual performance for your account may vary from that set out in this newsletter and will vary for investments made in different classes, or at different times throughout the year. Some performance data is estimated and preliminary and subject to change.

The standard deviation is often used by investors to measure the risk of an asset. The standard deviation is a measure of volatility; the more an asset's returns vary from the average return, the more volatile the asset. A higher standard deviation means a greater potential for deviation of return from the average return of the asset. The returns and risk of the Fund and the relevant Indices are net of taxes, fees and expenses and assuming distributions are reinvested. The performance figures presented are for the Ellerston Global Equity Managers Fund GEMS C Units. The one month return figure may be an estimate and not the final return. This estimate also impacts other performance information provided. Estimated performance figures are preliminary and subject to change. Returns for other classes may differ slightly. Past performance is not indicative of future performance.

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