

Ellerston Asia Growth Fund (Hedge Fund)

Monthly Report as at 31 October 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 [^]	2.0%	5.5%	10.9%	23.7%	14.2%
Benchmark [*]	1.1%	4.8%	9.0%	21.1%	11.4%
Alpha	0.9%	0.7%	1.9%	2.6%	2.8%

[^] 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

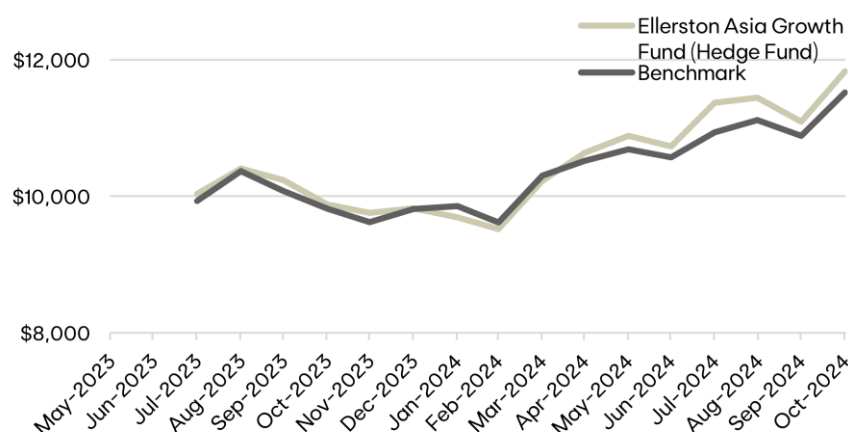
Investment Objective	To outperform the Benchmark on a net of fees basis, with a focus on capital growth and downside protection.
Benchmark	MSCI Asia Ex Japan (non-accumulation) Index in AUD.
Liquidity	Daily
Target Number of Holdings	20-50
Number of Holdings at Month End	45
Minimum Investment for Applications 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 - \$7.3103 Net Asset Value - \$7.2921 Redemption - \$7.2739
Fund Size	\$ 38,736,406

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

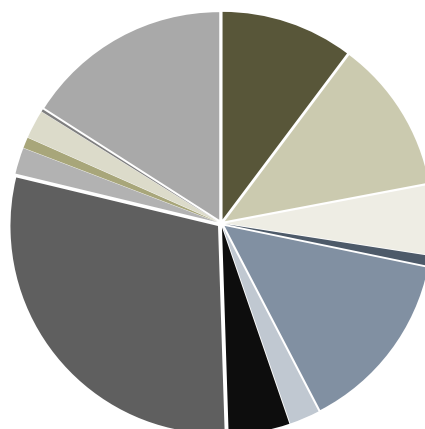


Fund Performance shown is net of fees, assuming all distributions are reinvested.

Past performance is not a reliable indication of future performance.

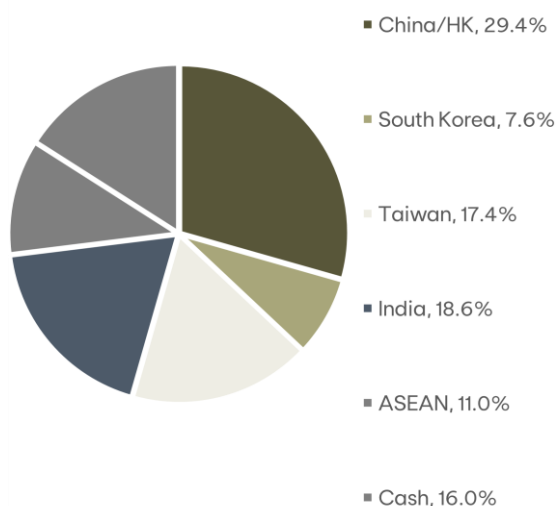
Source: Ellerston Capital.

Sector Allocation



- Communication Services 10.2%
- Consumer Discretionary 11.8%
- Consumer Staples 5.4%
- Energy 0.8%
- Financials 14.1%
- Health Care 2.4%
- Industrials 4.8%
- Information Technology 29.3%
- Materials 2.0%
- Real Estate 0.8%
- Utilities 2.2%
- Other 0.2%
- Cash 16.0%

Geographic Allocation



Source: Ellerston Capital.

Top Holdings

Company	Sector	Portfolio Weight	Benchmark Weight
Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology	14.3%	11.4%
Tencent Holdings Ltd.	Communication Services	7.2%	4.9%
ICICI Bank Limited	Financials	3.5%	1.2%
Alibaba Group Holding Limited	Consumer Discretionary	3.2%	2.7%
Samsung Electronics Co., Ltd.	Information Technology	3.1%	2.9%
Xiaomi Corp.	Information Technology	2.5%	0.8%
Power Assets Holdings Limited	Utilities	2.2%	0.1%
Agricultural Bank of China Limited	Financials	2.2%	0.2%
DiDi Global Inc.	Industrials	2.1%	0.0%
DBS Group Holdings Ltd	Financials	2.0%	0.8%

Source: Ellerston Capital.

MARKET COMMENTARY

The Ellerston Asia Growth Fund (Hedge Fund) (EAFZ) was up by up 2.0% (net) in October, compared to the MSCI Asia ex Japan (non-accumulation) (AUD) (MXASJ) Index, which was up by 1.1%.

Market Summary

Global equities traded higher through most of October but ultimately pulled back, closing the month down -0.9%, as declines across most sectors became pronounced in the final days. Nevertheless, the global market remains up 17.7% year-to-date. Materials and Health Care were the weakest sectors, each dropping by -3.9%, while Utilities reversed last month's notable gains, falling by -2.3%. Financials and Communication Services emerged as the best-performing sectors, gaining 1.5% and 0.6%, respectively. Meanwhile, the looming U.S. "knife-edge" presidential election and the upcoming Federal Reserve (Fed) FOMC meeting in early November captured market attention.

The MSCI Asia ex-Japan Index (net) declined by -3.25%, underperforming the MSCI World Index, which fell -0.9% in local currency terms. Asian markets showed mixed results, largely influenced by China's staggered stimulus measures, which led some markets to relinquish September's strong gains. The Chinese stimulus package announced in late September represented a key policy shift toward a more forceful, coordinated approach to support the slowing economy and contain financial risks. Policy announcements have since been gradual, with markets now focused on the upcoming National People's Congress Standing Committee (NPCSC) meeting in early November. This meeting is anticipated to reveal more about the stimulus's scale—whether it will be the significant "bazooka" the market hopes for or a more modest package.

Japan's Nikkei defied the broader regional trend, rising 3.1% as the new Ishida administration downplayed the likelihood of tax hikes. Japanese equity sentiment turned positive toward the month's end as the yen weakened amid expectations of steady interest rates and the Bank of Japan (BOJ) maintaining its policy stance. In other regional performances, Korea's KOSPI fell by 1.4%, China's SSE dropped 1.8%, and the Hang Seng declined by 3.8%, with India's SENSEX lagging notably, down 5.7%.

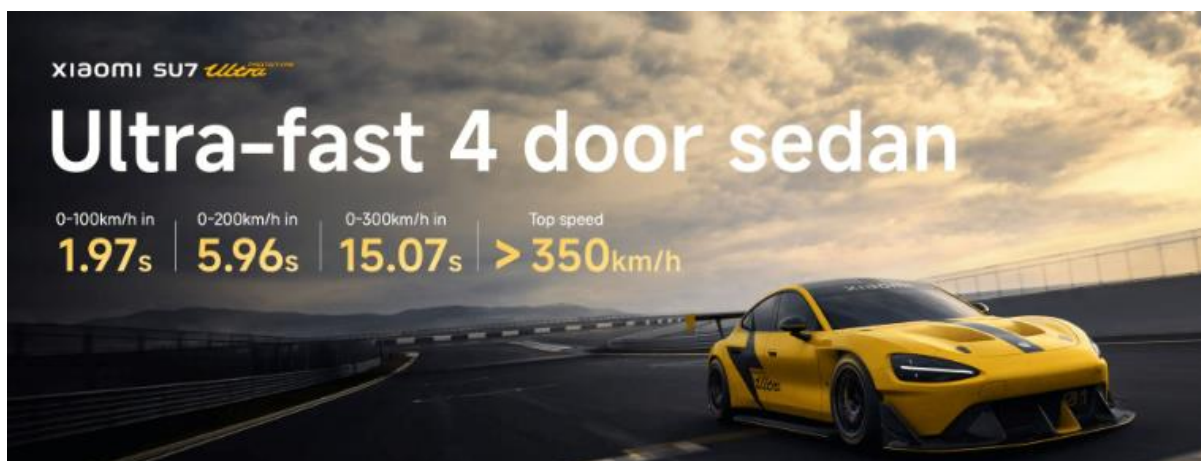
PERFORMANCE SUMMARY

At the country level, **India** was the largest contributor to alpha, while **Thailand** and **South Korea** were the relative underperformers. Our positions in India benefited from strong stock selection, generating solid positive returns despite a major market correction. On the sector level, **Information Technology** made the biggest contributions to relative performance, whereas **Financials** and **Real Estates** were the relative underperformers.

At a company level, **Xiaomi**, **TSMC** and **Syrma SGS technology** were the largest contributors to alpha, adding a combined 78 bps. Meanwhile, **DPC Dash**, **China Galaxy Securities** and **Health and Happiness (H&H)** detracted 70 bps from alpha during the month.

Xiaomi, a leading global electronics company renowned for its affordable, high-quality smartphones, recently held a product launch event that was well-received by the market. The company introduced its latest flagship, the Xiaomi 15, notable for being among the first smartphones to feature Qualcomm's Snapdragon 8 Elite SoC. Additionally, Xiaomi unveiled HyperOS 2, its self-developed operating system, which enhances cross-device connectivity and AI integration. The launch also included the powerful

SU7 Ultra, further showcasing Xiaomi's innovation. These developments present multiple re-rating catalysts for the stock. We continue to believe that the market undervalues Xiaomi by focusing primarily on its smartphone segment, thereby underestimating the company's expanding "Human x Car x Home" ecosystem.



Source: Xiaomi

Taiwan Semiconductor Manufacturing Company (TSMC) is the exclusive manufacturer of NVIDIA's advanced data center graphics processing units (GPUs) and supplies AI accelerators to companies like AMD, Google, Amazon, and Intel. In October, TSMC reported robust quarterly results, surpassing expectations in revenue, margins, and outlook. The company noted, "We continue to observe extremely robust AI-related demand from our customers throughout the second half of 2024, leading to an increasing overall capacity utilization rate for our leading 3-nanometer and 5-nanometer process technologies." **Syrma SGS**, one of India's largest Printed Circuit Board Assembly (PCBA) manufacturers, plays a significant role in the Electronics Manufacturing Services (EMS) sector. The company is well-positioned to benefit from India's initiatives to boost exports, create jobs, and enhance local manufacturing. Syrma SGS reported strong earnings, with a 45% year-on-year growth in EBITDA and an EBITDA margin of 8.5%, exceeding the expected 6.0-6.5%.

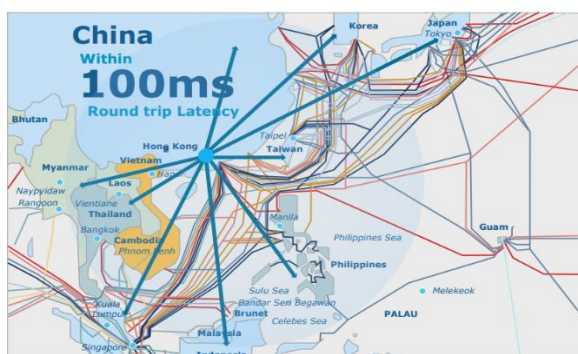
DPC Dash is the exclusive master franchisee for Domino's Pizza in mainland China. Recently, DPC Dash faced a market overhang after Domino's US (DPZ US) announced the sale of a 5% stake in the business for HK\$65 per share. Following this event, we held a call with DPC Dash's management and remain confident in the company's underlying business momentum despite the short-term impact. The primary reason behind DPZ's share sale was to enhance stock liquidity, a move we support. It is also worth noting that DPZ has consistently favoured an asset-light business model, a strategy that does not affect its relationships with master franchisees globally. **China Galaxy Securities**, a major Chinese state-owned brokerage and investment bank, and **Health and Happiness**, a global health and nutrition company known for brands like Biostime (infant formula), Swisse (vitamins and supplements), and Zesty Paws (pet supplements), both experienced strong performance in September. However, these stocks have given back some of those gains in October, with no stock-specific news driving the pullback.

The Fund was particularly active this month, especially during the first two weeks when the Chinese market experienced extreme volatility. We adopted a more defensive positioning by trimming and exiting some high-beta Chinese names and rotating back into low-beta stocks with strong fundamentals to protect gains. A notable addition to the portfolio was **Sunevision (1686 HK)**, a Hong Kong-based data center operator. Sunevision is the largest data centre operator in Hong Kong, holding a 35% market share. Its facilities are last-mile and low-latency, with the company also owning a sea cable landing station. With the highest power capacity and lowest latency in the region, we believe Sunevision is well-positioned to benefit from the structural growth in Hong Kong's IDC market as demand for generative AI shifts from training to inferencing. Trading at an 11x EBITDA multiple (or 16x on a fully diluted basis), we expect Sunevision's valuation gap with global peers to narrow as it continues to deliver best-in-class revenue growth (over 15%) and strong margins.

SUNEVISION'S IDCs and Cable Landing Station are Developed in Strategic Locations in HK



Source: SuneVison



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:

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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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