



Concentrated portfolio of up to 30 Australian listed securities, created via an active "bottom up" approach, seeking to identify mispricing opportunities.



Seeks to take opportunity of shorter-term opportunities via the use of Derivatives and shorter-term trading strategies, in order to enhance income and alpha.



Overall objective of providing investors with a return above the Benchmark, whilst delivering additional income.

Performance Summary

Performance	1 Month	3 Month	12 months rolling	3 Years (p.a.)	5 Years (p.a.)	10 Years (p.a.)	Since Inception (p.a.) ^^
Net^	0.41%	2.23%	8.91%	3.11%	5.12%	6.66%	7.05%
Benchmark*	3.79%	5.47%	23.42%	9.55%	8.28%	9.08%	9.37%
Alpha	-3.38%	-3.25%	-14.51%	-6.44%	-3.15%	-2.42%	-2.32%

^The net return figure is calculated after fees & expenses, assuming all distributions are reinvested. Past performance is not a reliable indication of future performance.

*The benchmark was changed from the S&P/ASX 200 Accumulation Ex REITS Index to the S&P/ASX 200 Accumulation Index on 1 July 2012.

^^Inception date is 1 July 2011.

Key Information

Portfolio Manager	Chris Kourtis
Investment Objective	To outperform the Benchmark whilst delivering additional income through option strategies over time.
Benchmark	S&P/ASX 200 Accumulation Index
Liquidity	Weekly
Target Number of Holdings	Up to 30
Number of Holdings at Month End	22
Minimum Investment	Initial investment - \$50,000 Additional investment - \$10,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	0.90% p.a.
Performance Fee ¹	15.00%
Buy/Sell Spread	0.25% / 0.25%

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

The Team



Chris Kourtis
Director & Portfolio Manager

39 years of industry experience.



Stephen Giubin
Senior Investment Analyst

36 years of industry experience.

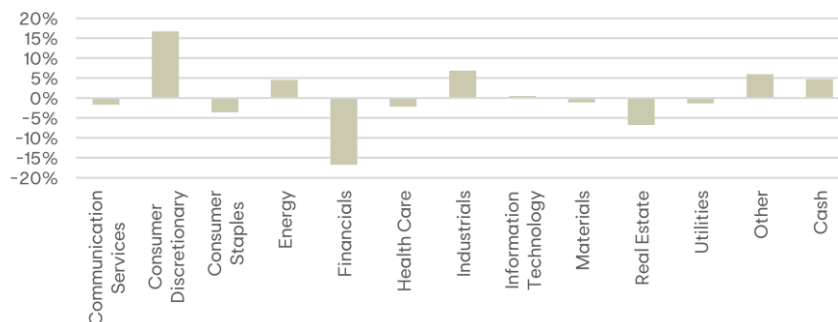
Top 10 Holdings**

Bapcor	Cleanaway Waste	Dominos	IGO	Iluka Resources
Johns Lyng	Mineral Resources	Perpetual	Premier Investments	Ramsay Health Care

Source: Ellerston Capital.

**In alphabetical order.

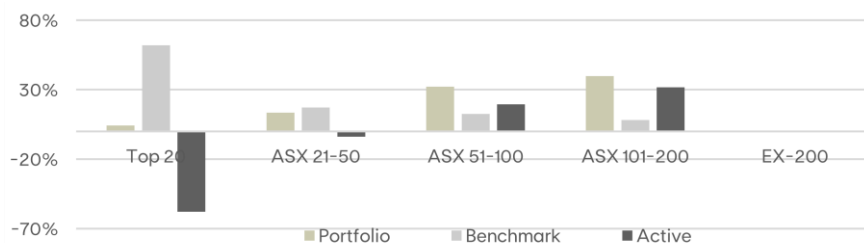
Active Sector Exposures***



Source: Ellerston Capital.

***Active sector exposures are determined by subtracting Fund sector weights from benchmark weights. Positive percentages represent over-weight sector exposures relative to Benchmark and negative percentages represent under-weight sector exposures relative to the Benchmark.

Size comparison Chart vs ASX 200



Source: Factset, Ellerston Capital

Asset Class Exposures

Exposure (% of NAV)	Equity	Long Option	Short Option	Cash	Grand Total
Net	95.12	0	-5.78	10.66	100

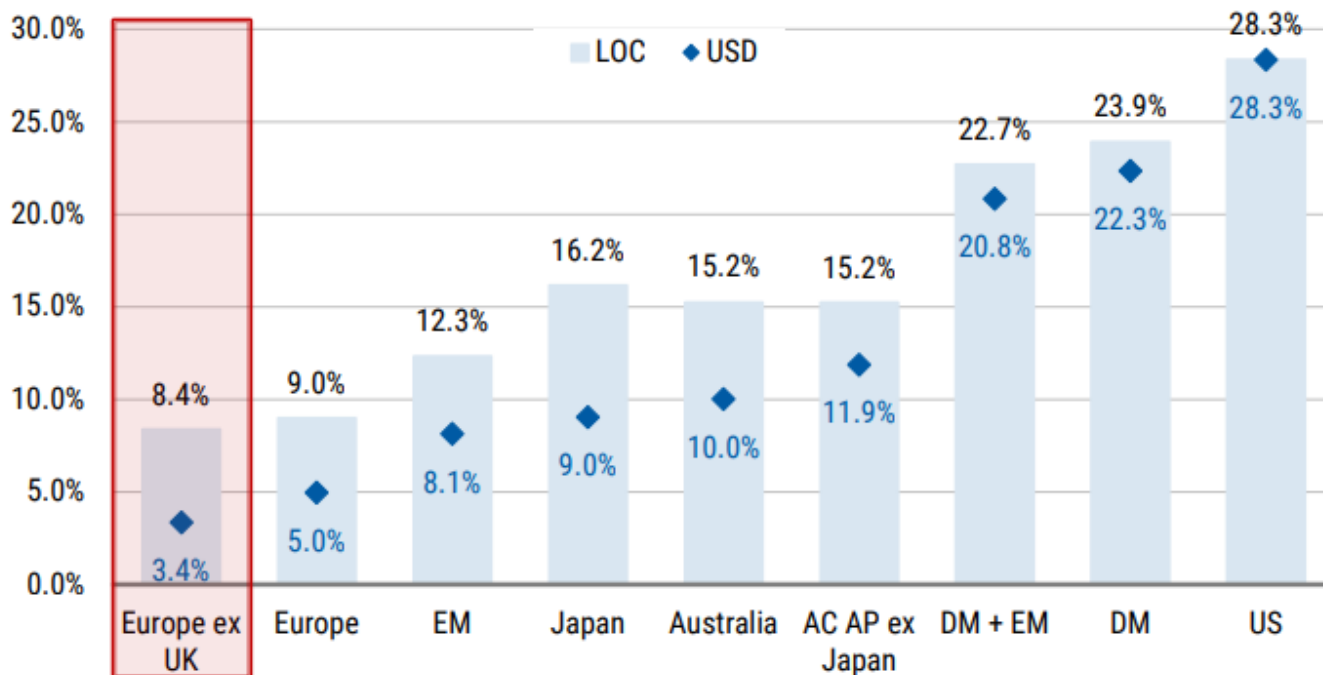
Source: Ellerston Capital.

MARKET OVERVIEW

Equities and bond markets spent most of November coming to grips with the implications of Trump's remarkable election victory. Bond rates initially surged on higher inflation expectations, then retraced and finished the month lower, however the US\$ held its gains, closing 4.3% higher over the past three months. Emerging markets slid due to US dollar strength and escalating tariff rhetoric. Consumer Discretionary (+9.6%) and Financials (+8.4%) topped the global performance sector table. Materials (-0.4%) lagged, over concerns for China's vulnerable economy facing Trump's likely new US tariff impost.

The MSCI Emerging Markets Index fell 2.7%, underperforming the MSCI World Index which leapt higher (+4.9%) in local currency terms. The S&P 500 surged 5.9% and domestically, the S&P/ASX200 lagged, but still posted a solid gain of +3.8% to an all-time high, with the best sectors being Information Technology (+10.4%), Utilities (+9.1%) and Financials (+7.0%).

MSCI Global Country/Regional Indices Performance for the November CYTD



Source: Morgan Stanley

USA

November was all about Trump's win and front of mind were tax cuts, tariffs, deregulation, foreign policy, immigration, expansionary fiscal policy and DOGE. Trump cut the corporate tax rate from 35% to 21% back in 2018 and Trump Tax Cuts Mark 2.0 as proposed, would reduce the corporate tax rate down to 15% in his second term. With a Republican clean sweep, Trump will be in a relatively strong position to deliver the promised corporate tax cuts. If there was a constraint, it would be investor concern over ballooning government debt and higher interest payments, but the new Trump Administration will push through regardless.

The FOMC cut the Fed Funds rate by 25 bps into the 4.5% to 4.75% range, as was widely anticipated. The key takeaway from Chair Powell's Dallas speech was patience, both with respect to ongoing policy adjustment toward a more "neutral" level of rates and with respect to potential fiscal and trade policy changes from the new administration. Currently expectations are pricing in a further 25bps cut in December.

Against the backdrop of the "Trump trade", the small cap Russell 2000 index outperformed, rising 11%, followed by the Dow Jones Industrial Average (+7.7%), the NASDAQ Composite (+6.3%), with the S&P 500 being the laggard, finishing up 5.9%.

All S&P 500 sectors were in positive territory, with cyclical groups performing best. Consumer Discretionary (+13.3%) and Financials (+10.3%) delivered the strongest relative returns. Every sector except for Health Care, saw multiple expansion, with earnings contributing to all sectors save Energy, Staples and Materials.

Europe

Given the weaker economic outlook and despite a marginal increase in the inflation rate in the Euro-Zone, expectations are for the ECB to make a fourth rate cut of 25bps in December.

The Euro STOXX50 Index finished the month down 0.4%. Among the major exchanges, Germany's DAX was up 2.9%, followed by the FTSE 100 which rose 2.6%, with France's CAC 40 the clear laggard at -1.5%, due to the political impasse and budgetary imbroglio.

Asia

The much-anticipated NPC Standing Committee meeting concluded in China on 8 November and approved a new fiscal expansion plan, focusing on local government debt resolution. A Rmb10tn LGSB quota will be provided for local debt swaps in the next five years. As long as fiscal expansion helps to resolve local debt, it should positively impact the consumption environment. The NPC meeting also indicated that: "By reallocating the resources that were originally used for debt repayment, we can now utilise them to stimulate development and enhance the wellbeing of the people." Great rhetoric... The outcome was deemed disappointing by market observers, lacking substance on other important issues including: fiscal support for housing de-stocking, central government bond issuance for bank re-capitalizations and an additional consumption stimulus package. It doesn't mean it won't happen, it's just work in progress.

The underwhelming NPC meeting and Trump's tariff proposals saw Asian markets struggle. India's SENSEX rose 0.6% and China's SSE was up 0.5%, followed by Japan's Nikkei at -2.2% and Korea's KOSPI was down 3.9%. The clear laggard was the Hang Seng which closed 4.2% lower.

Commodities

Commodities were generally weaker with the ceasefire in Lebanon easing escalation concerns and impacting both oil and gold. The Brent crude oil price fell 3% to close at US\$72/barrel and gold slid 3% from its October all-time high to US\$2643/oz. Iron ore squeezed higher +2% to US\$105/tonne and coking coal prices remained flat at US\$203/tonne. The base metals complex edged lower, nickel was up 1%, aluminium was 1% lower and copper fell 5%. However, the supply led tightness in bauxite and alumina continued, driving a further 10% surge in the alumina price to an all-time high of US\$787/tonne.

Bonds

The US 10-year bond yield finished down 11bps to 4.17%, although it was a volatile period leading up to and after Trump's election win. The Fed is now likely to ease at a smaller and slower pace, given the stronger economic data coming through. Similarly, the Australian 10-year bond yield finished 16bps lower at 4.34%. The A\$ fell 1% to US\$0.65, due to the stronger US dollar.

Australia

The RBA's high bar for confidence potentially pushes rate cuts out to April or May. The resilience of our domestic labour market and commentary in the RBA minutes that the board "would need to observe more than one good quarterly inflation outcome" was re-enforced by RBA governor Michele Bullock this month that she did not view the September quarter inflation figures as "good". This means the December quarter figures on their own will be insufficient to sway the board into cutting rates sooner. This now sees a shift for expected rate cuts by the market from February to May 2025, but of course, it will be data dependant.

Australian equities outperformed most global peers except for the US, with the S&P/ASX 200 Accumulation Index closing up 3.8% to an all-time zenith of 8,444pts. Information Technology, Utilities and Financials were all stellar performers. Information Technology (+10.4%) was the best performer, driven by strong earnings results from Technology One (+24.3%), Xero (+16.3%) and Life360 (+15.2%). Even Wisetech posted a 10% gain, despite reducing guidance. The next best performers were Utilities (led by Origin Energy +12.9%) and Financials, with insurers QBE (+16.2%) and IAG (+13.7%), followed by the big elephant CBA (+11.1%) leading the charge.

The worst performing sectors were Materials (-2.6%), dragged down by Gold stocks (-7.1%) and Energy (Paladin Energy slumped 25.5% due to serious project commissioning issues and poor execution).

For the month, the top stocks that made a positive contribution to the Index's return were CBA (+111bp), Westpac (+29bp), Wesfarmers (+21bp), Aristocrat Leisure (+18bp) and QBE (+18bp). Conversely, the bottom five stocks detracting from the Index's performance were BHP (-44bp), CSL (-10bp), Pilbara Minerals (-5bp), Mineral Resources (-4bp) and Paladin Energy (-3bp). Unlike the Russell 2000 in the US which soared, the ASX Small Ordinaries closed modestly up 1.3% and underperformed the broader benchmark return of +3.8%. Within the ASX Small Ordinaries, the Small Industrials did much better, up 3.9% versus the Small Resources, which closed down 5.4%.

COMPANY SPECIFIC NEWS

The Market Hits

Sigma Healthcare (SIG +47.4%)

On November 7th, the ACCC announced that it had accepted the proposed merger of SIG and Chemist Warehouse Group (CWG), subject to certain court-enforceable undertakings from SIG, noting the proposed merger was unlikely to substantially lessen competition nationally. ACCC Chair commented, "critical to our conclusion that a substantial lessening of competition is unlikely, is the competitive constraint provided by competing wholesalers including API, EBOS, and CH2." To comply, SIG proposed multiple court-enforceable undertakings acceptable to the regulator including: deleting the data of pharmacies choosing to switch from SIG, as well as ring-fencing data of wholesale customers from personnel who have an ownership interest in CWG. CWG will also continue as a pharmaceutical wholesaler under the Government's Community Service Obligation arrangements for five years. SIG's shares shot up 36% in October in anticipation of

a green light from the ACCC post the granting of enforceable undertakings, so the 25% move on the day of the announcement was surprising. The momentum kept going for the remainder of November, with SIG now having risen 313% since its \$400 equity raise at \$0.70 per share back in December 2023 – amazing!

Pro Medicus (PME +29.3%)

Quality end growth stocks continue to be re-rated to even higher premiums over "run of the mill" growth stocks, challenging the more traditional valuation metrics. PME provides a range of radiology information technology software and services to hospitals, imaging centres and health care groups. PME remains a very high multiple stock trading at ~120 times Price/Revenue and an eye watering EV/EBITDA multiple of ~160x, supported by its ~40% p.a. expected revenue and EBITDA growth rate – the main driver and focus for investors. On the second last trading day in November, PME announced that it had won its largest contract to date, signing a A\$330m (US\$214m) deal with IDN Trinity Health for 10yrs. Trinity is the is one of the largest not-for-profit healthcare systems in the US operating in 26 states, comprising 93 hospitals and ~9,000 physicians (of which ~650 are radiologists). The contract marked PME's first new customer win (excluding renewals/upgrades) in the FY25 YTD and at a minimum annualised value of A\$33mn/year, is materially higher (>13x) than historical average of A\$2.5mn/year. The win is also more than double its second largest contract with Baylor Scott & White Health (A\$14mn/year). The true believers pushed the PME price up by another 9% on the announcement, having watched the share price rocket from \$96 to \$252 CYTD (with a current market cap of \$26bn).

WEB Travel Group (WEB +27.8%)

WEB posted its interim result which was slightly better than expected and clearly showed the impact of the tour operator FTI Group's collapse, with the Rev/TTV margin down sharply. WEB had already issued a negative preliminary update back in October for 1HFY25, which absolutely smoked the stock. The positive was that the second half had started strongly, with FY25 guidance above consensus. To add fuel, the company announced a \$150m on-market buyback, resulting in a solid uptick in the stock, which helped to claw back some of October's punishing 45% price collapse.

Technology One (TNE +24.3%)

ERP software company TNE reported its FY24 results, with both sales revenue and NPAT slightly ahead of expectations. After moving its long-term annual recurring revenue (ARR) guidance forward at its analyst day in July, management reinforced its aspiration to hit \$500m+ ARR in 1H25 and \$1bn+ in ARR by FY30. Surprisingly, TNE rose 10% on a fairly "in-line" result, but the company seems to have filled the "go-to" tech space that Altium previously inhabited before it was acquired by Renesas Electronics for \$8.7bn.

Block, Inc. (SQ2 +23.8%)

SQ2's 3Q24 earnings was a beat despite a revenue/GPV miss, with gross profit of US\$2.25bn (+19% yoy), similar to Q2 growth of 20%. Adjusted EBITDA of US\$807m (36% margin) outpaced the US\$695m guidance, with Cash App still the key driver, coupled with continued opex discipline. SQ2 upgraded its 2024 EBITDA target to US\$3bn, up from US\$2.9bn and gave preliminary guidance of at least 15% gross profit growth. SQ2 closed down 6% on the day of the result due to investors focusing on lower revenue. However, the stock flew immediately after Trump's election win, as a beneficiary of expected lighter regulation in the US and Trump's penchant for bitcoin which rocketed in November. By way of background, SQ2 and Core Scientific entered into an agreement back in July for the supply of SQ2's new 3 nanometer (3nm) mining ASICs. These ASICs are built by Block's Proto team and will amount to ~15EH/s of hashrate. This size order represented one of the larger bitcoin mining ASIC deals announced to date in terms of aggregate compute capacity. Whilst the benefit to SQ2 is unclear, it's certainly an indirect beneficiary of higher bitcoin prices. Application-specific integrated circuit (ASIC) is an integrated chip designed for the specific purpose of mining digital currency. Generally, each ASIC miner is constructed to mine a specific digital currency based on their hashing algorithms. Mumbo-jumbo to me....

HMC Capital (HMC +21.2%)

David Di Pilla's HMC continued to rally after last month's stunning +24% rise, driven by the \$1.94bn acquisition of Global Switch Australia, a seed asset for its Global Digital Infrastructure Platform (DigiCo). On 21 November, HMC announced the establishment of the new ASX-listed Digital Infrastructure REIT (DGT), which will have an enterprise value of \$4.3bn, made up of data centre assets in Australia and the US (increasing HMC's AUM to ~\$17.5bn). The fully underwritten IPO will have a \$2.75bn market cap when it lists on 12 December, with a \$2.0bn free float. DGT will be the largest IPO by capital raised, since Viva Energy's 2018 listing. The majority of the deal was allocated via the retail offer and institutional cornerstone process and there was no broader institutional offer. Institutional investors who missed out and are still keen will need to buy on market when DGT lists.

Computershare (CPU +20.9%)

At its AGM, CPU confirmed FY25 EPS guidance of 1.26cps, which is up 7.5% versus the pcp, despite a falling interest rate environment headwind. With four months of trading under their belts and strengthening trends across businesses, CPU has clearer visibility, hence, management have increased their confidence in delivering guidance. Since Trump's election win, the US cash rate forward curve has flattened, flowing through to both UK and Australian rates, which benefits CPU's cash margin income.

SGH Holdings (SGH +18.7%)

Seven Group Holdings, which changed its name to SGH at its AGM this month, provided a trading update. Pleasing investors, SGH reiterated an expected high-single-digit EBIT growth outlook for FY25. WesTrac was seeing strong performance into FY25, with robust demand in both Capital sales and Services. The Capital sales order book was one of the strongest in 10 years. Boral's market conditions have been balanced so far, in line with the second half of last year and pricing traction was maintained, supported by an improved go-to-market

strategy and better customer service outcomes. Coates regional demand was mixed, with strong performance in the West and North helping offset project delays in the East and South regions. Investors welcomed the upbeat release, especially in the outlook for SGH's largest business, WesTrac.

Telix Pharmaceuticals (TLX +18.2%)

TLX is a biopharmaceutical company focused on the development and commercialisation of diagnostic and therapeutic radiopharmaceuticals and associated medical devices. Its lead product is marketed under the brand name Illuccix, which is an advanced imaging tracer that binds to prostate cancer cells in and around the prostate, or throughout the body. This imaging tracer is then detected with a positron emission tomography (PET) scan that helps to reveal prostate cancer. TLX nearest diagnostic imaging competitor, Lantheus Holdings Inc in the US, sold off 21% after its 3Q result showed that it ceded 270bps of market share to Illuccix. TLX has been an amazing share market performer, up 145% this calendar year to date. The commencement of TLX's ADS trading on the Nasdaq on 14 November also helped broaden its potential investor reach.

Alcoa Corporation (AAI +16.5%)

AAI benefitted from the continuing supply led tightness in the bauxite and alumina markets, driving a further 10% surge in the alumina price this month, to an all-time high of US\$787 per tonne. Ironically, AAI's curtailment of its 2.2 mt Kwinana alumina refinery earlier this year, caused the squeeze and was helped by China's bauxite production being down 8mt CYTD.

The Market Misses

Paladin Energy (PDN -25.5%) / Boss Energy (BOE -21.2%) / Deep Yellow (DYL -13.0%)

Locally listed uranium companies all closed way off their 2024 highs, with the U3O8 spot price of US\$78/lb now down 26% from the US\$105/lb high achieved in February, but project commissioning issues and poor execution was not helping their cause. As a result of lower than expected production in October and noting the ongoing operational variability experienced to date in ramping up production at its LHM project, PDN revised down its FY2025 production guidance to 3.0-3.6 Mlb (previously 4.0-4.5 Mlb). More concerning, citing uncertainty with the plant ramp up, management withdrew all other guidance in relation to FY2025. BOE is also commissioning its Honeymoon Well project, but to date, has refused to give cost guidance until its exchange column 3 is completed, which is expected early next year. DYL fell the least, as it is still in the process of raising project financing to develop its Tamas project in Namibia, so no production issues yet...

Bellevue Gold (BGL -21.2%) / West African Resources (WAF -17.4%) / Emerald Resources (EMR -14.2%)

Gold stocks were hit hard in November on a bullion price which came off the boil and fell 4%. Project execution is always a key issue for investors and BGL is currently ramping up its flagship Bellevue gold project. The next few quarters will be eagerly watched to see whether BGL can sustainably mine at a rate of 1.6Mt/yr at the revised reserve grade of 5.0g/t. Resolute Mining on the other hand, had the misfortune of key executives being detained in Mali and having to pay Mali's military-led government \$US160 million to settle a "tax dispute" before allowing them to leave the country. This was a timely reminder for investors allocating capital in high sovereign risk countries, which severely impacted WAF operating in Burkina Faso and Emerald Resources in Cambodia.

Star Entertainment Group (SGR -18.8%)

SGR gave a trading update for October at their AGM held late in the month which showed an EBITDA loss of \$8.5m, taking the EBITDA loss for the first four months of FY25 to \$27m. Since the implementation of mandatory carded play and cash limits at Star Sydney on 19 August 2024, the daily average revenue was down 15.5% compared to the daily average revenue for the 4 weeks prior to implementation. The first \$100m tranche of the new debt facilities was expected to be available to be drawn shortly. Under the terms of the agreement, SGR is required to put in escrow the proceeds of the Treasury Casino sale, resulting in a net increase in cash of approximately \$35 million after fees. In order to access the second tranche of \$100 million, SGR needs to finalise security documentation and regulatory consents, raise \$150 million in subordinated capital and obtain approval from the lender group for our strategic plan. Unfortunately, there was no joy at all for investors at the AGM, with clear concerns highlighted by the Chairman, noting that "*near-term liquidity challenges, and the broader overall financial viability of the business, will remain the largest concerns for the Board and executive team*". Similar comments were made by CEO Steve McCann, noting "*Star remains in an extremely challenged position*". Not what you want to hear from any Board.

Healius (HLS -16.6%)

HLS provided an underwhelming update at its AGM, indicating that profitability of its residual Pathology division for 1H25 would be broadly in line with 1H24 (at \$4m EBIT), well below consensus of \$25m. This was very disappointing, given revenue growth of 5.9% YTD, but investments in revenue growth, elevated labour costs, and other inflationary pressures compressed earnings. HLS believes its market share had stabilised in the last 6 months, albeit seemingly at a cost to profitability. On the use of the ~\$800m proceeds from the recent sale of its Lumus Imaging business, HLS plans to return the majority (after repaying debt) via a special dividend, given \$161m in available surplus franking credits. HLS's announcement showed Pathology laid bare without Lumus and needed to significantly lift performance and margins, as this is the business investors would be left with, post the special dividend distribution sometime in 1QCY25. HLS intends to set out medium term financial targets and timing for the Pathology business at its March quarter 2025 investor day. The market is expecting new management to reaffirm guidance towards high single digit EBIT margins and is seeking clarity and confidence that this is achievable. In the meantime, sell-side analysts are only factoring in mid-single digit EBIT margins going forward, which given the 1H25 guidance is

understandable. HLS slumped 16% post the announcement, roughly half the expected special dividend of 51 cents, causing the more flighty investors to bail.

Pilbara Minerals (PLS -16.1%)

Unfavourable lithium market conditions led to a downgrade of PLS's FY25 volume guidance. PLS took a strategic approach to depressed Li prices, playing an industry leadership role by idling its Ngungaju concentrator in response to spot SC6 prices of ~US\$750/t. This price approximates PLS's cash break-even point after stripping and sustaining capex. This is not high-cost supply (with forecast costs for Ngungaju at an industry competitive ~A\$900/t), but it's still loss-making. The planned shutdown of its smaller Ngungaju plant from 1 Dec 24 and optimised Pilgan plant operation, would see the new P850 model producing 700-740kt in FY25, versus 800-840kt prior. Lower volume is expected to lead to a substantial saving in operating costs and capital spend of ~\$200m. The extensive period of low spodumene prices has hit all local producers, with the W.A. government towards month end unveiling a \$150m lithium rescue package to save thousands of jobs. However, it is inevitable that supply needs to be cut back further until demand improves, for prices to rise to maintain supply. Investors have certainly curbed their enthusiasm for lithium producers, with stock prices now better reflecting a more cautious pricing outlook.

Mineral Resources (MIN -14.6%)

Subsequent to media revelations in October over serious governance issues and "lax compliance", driving a -24.3% drop in the share price, the MIN board responded. MIN announced that CEO Chris Ellison would remain in his role while an orderly transition was affected within the next 12-18 months to replace him and that James McClements would step down as Chair, at or before next year's AGM. It is no surprise that 75% of shareholders voted against the remuneration report at MIN's AGM. MIN also announced it would place its Bald Hill lithium mine on care and maintenance in light of a prolonged period of low spodumene concentrate prices, impacting 300 employees to be either redeployed or made redundant. This, coupled with China tariff concerns, weighing on higher cost iron ore producers like MIN, saw the stock price slip further. The company's crushing, mining services and infrastructure business remained robust post recording 50% of MIN's record yearly result of \$1.1bn of underlying EBITDA.

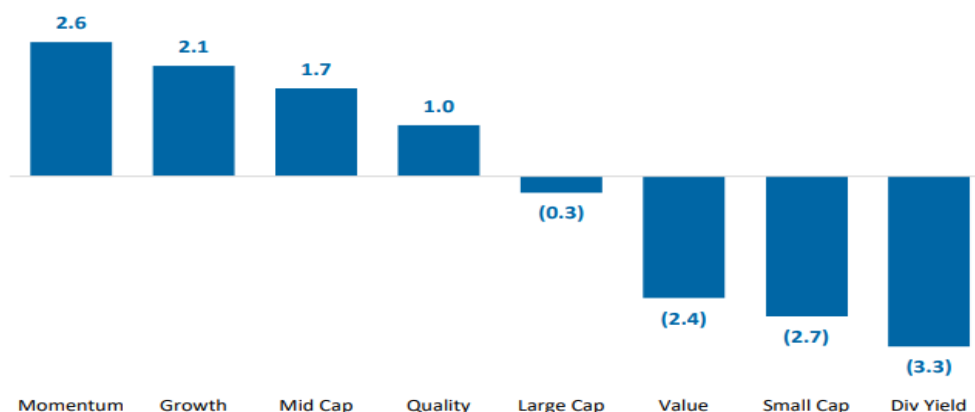
FUND PERFORMANCE

We struggled to keep pace in a market driven by a further rally in tech shares and the Fund return of +0.49% in November trailed the benchmark return of +3.79%. As per October, it was more a case of stocks we didn't own ripping (the likes of Pro Medicus +29.3%, Technology One +24.4% and Block +23.8%), that hampered performance. This has been the story FYTD and as a result, when coupled with the bank rally, the Fund's total return of +5.53% is underperforming the benchmark return of +10.41%.

For November, Information Technology (+10.4%), Utilities (+9.1%) and Financials (+7.0%) were the best performing sectors, whilst the underperformers were Materials (-2.6%), dragged down by Resources (-3.3%), which continued to retrace post the false start gains from the Chinese stimulus rally in late-September and Gold (-7.0%), the worst performer. Energy (-0.7%) and Consumer Staples (+1.1%) also lagged.

Momentum was the major positive factor during November, suggesting passive, ETF and other investors are increasingly crowding into the same names. Value underperformed Growth, as it has for most of the year and Small Caps and Dividend Yield have been the worst factors.

Relative Factor Returns in November



Source: Macquarie Research

Financials, which rallied 7.0%, accounted for 60% of the index gains and posted the largest contribution (+235bp) to the market's return in November. The drivers were two of the major retail banks; CBA (+11.1%) and Westpac, with insurers QBE (+16.2%) and IAG (+13.7%) following suit. Consumer Discretionary (led by Wesfarmers +6.8% and Aristocrat Leisure +10.8%) and Industrials (Computershare +20.9%) were also meaningful contributors.

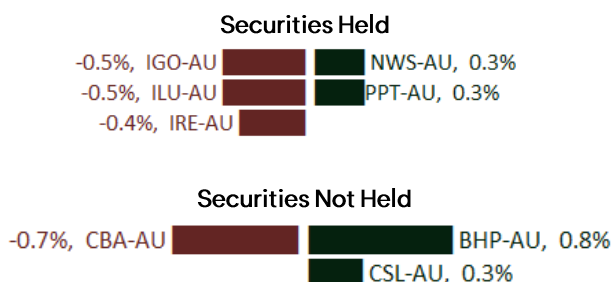
Conversely, Materials (contributed -56bps to the downside) driven by BHP (-4.9%), Energy (Paladin Energy -25.%) and Consumer Staples (Endeavour Group -6.8%, after reporting a disappointing 1Q Retail business trading update, with lower sales and margin guidance) acted as a major drag on the broader market.

Returns ¹ (%)	Gross	Benchmark [*]	Excess	Net
1 Month	0.49%	3.79%	-3.30%	0.41%
3 Months	2.50%	5.47%	-2.97%	2.23%
12 months rolling	9.97%	23.42%	-13.45%	8.91%
3 Years (p.a.)	4.10%	9.55%	-5.45%	3.11%
5 Years (p.a.)	6.18%	8.28%	-2.10%	5.12%
10 years (p.a.)	7.69%	9.08%	-1.39%	6.66%
Since Inception (p.a.)	8.15%	9.37%	-1.22%	7.05%

¹The return figures are calculated using the redemption price for Class A Units and on the basis that distributions are reinvested. The Gross and Excess return figures are before fees and expenses whereas the Net Return figures are net of fees and expenses for the Class A Units. Returns of the Fund may include audited and un-audited results. Past performance is not a reliable indicator of future performance.

^{*}The benchmark was changed from the S&P/ASX 200 Accumulation Ex REITS Index to the S&P/ASX 200 Accumulation Index on 1 July 2012.

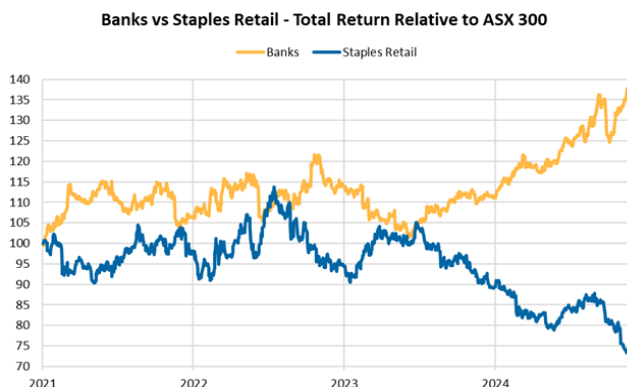
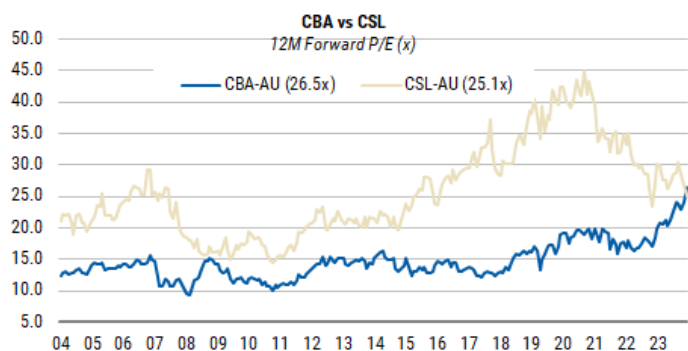
Month of November Attribution



Source: Ellerstion Capital

For November, the main positive contributor to the Fund's performance was overweight positions in News Corp (NWS +10.4%). Perpetual (PPT +7.0%) and not owning any BHP (BHP -4.9%) and CSL (CSL -1.6%). Detractors during the month included overweight positions in IGO (IGO -7.6%), Iluka (ILU -4.9%), IRESS (IRE -6.6%) and not holding CBA (CBA +11.1%).

As has been the case all year, not holding CBA or any other banks has significantly constrained returns. The large Bank underweight has resulted in negative sector selection contribution for many managers, including us and we have been unable, thus far, to capture alpha elsewhere to compensate given our value biased, contrarian positioning. CBA which has no earnings growth, has a dividend yield of only 3% (way inferior to the market) and is valued at an all-time high Price/Book of 3.5x, astonishingly now trades on a higher PE multiple than CSL. For further perspective, Banks have posted almost twice the return of Woolies and Coles over past 18 months - remarkable....



Source: Morgan Stanley

FUND ACTIVITY

The Fund was highly active again in November, profitably exiting two core positions, namely Insignia Financial and Fortescue, following the sharp re-bounce in share prices from their recent September lows. The Fund also culled Atlas Arteria (into the IFM creep at a premium), IRESS, and News Corp.

On the flip side, we used the weakness in share prices and selectively strengthened relatively new positions in Ampol, Domino's Pizza, Johns Lyng Group and Ramsay Health Care.

Mineral Resources, a stock we have never owned in the past, was introduced in late November to the portfolio as a high conviction long – see detailed write-up below. We effectively swapped our Fortescue iron ore exposure for Mineral Resources at more attractive valuation metrics.

NEW STOCKS ADDED

- Mineral Resources Limited

STOCKS EXITED

- Insignia Financial
- Fortescue Ltd

INCREASED

- Ramsay Health Care Limited
- Liberty Financial Group Ltd
- Johns Lyng Group Ltd
- Iluka Resources Limited
- Domino's Pizza Enterprises Limited
- Ampol Limited

DECREASED

- Santos Limited
- News Corporation
- IRESS Limited
- Atlas Arteria

Mineral Resources (MIN)

We have closely followed MIN for many years, but couldn't get over the line on valuation grounds, until now. MIN shares have slumped 65% from their January 2023 high of \$96.28 and 52% from levels seen as recently as May this year (\$79.49). Three key factors have impacted the company: lower commodity prices (iron ore and lithium), higher debt levels/interest costs and more recently, serious governance issues, in that order. On the commodity front, iron ore has been trending between US\$90-100/t, which made it hard to turn a profit for MIN's higher cost Yilgarn operation (to be closed by December). The company's Pilbara operation also struggles at sub-US\$90/t. The jewel in the iron-ore operational crown and future is in MIN's Onslow mine, producing higher quality ore at competitive costs, currently ramping up towards 35mtpa (MIN 60.3%) by June 2025. This will more than compensate for other higher cost tonnage being shuttered and generate superior cash flow. Lithium prices are only marginally above cyclical lows, resulting in recent production cutbacks across the industry and specific to MIN, the curtailment of its Bald Hill mine, with Mt Marion trading water. However, the Wodgina operations are of a higher quality and much lower cost, with an expanding production profile.

Capital expenditure requirements for Onslow and for MIN's lithium expansions have significantly increased net debt, which peaked at \$4.43bn on 30 June 2024. A further \$1.7bn will be spent in FY25, so rightly, investors were concerned. However, MIN pulled off two major asset sales: its 49% of the Onslow haulage road in WA for \$1.3bn to Morgan Stanley and part of its energy business to Gina Reinhardt for \$1.1bn. Importantly, this now means MIN's debt profile will peak in 1H25 and significant free cash should flow from FY26 (in the order of \$0.5bn+ to \$1.0bn+ in FY27). The third factor, governance issues, which hit the media on 18 October, has seen the stock price slide a further 27%. In this regard, following a well-publicised internal review, changes have been made to the board (Chair to step down etc) and CEO Chris Ellison (founder and largest shareholder with ~12%) to transition for 12-18 months for a new CEO, given the importance on commissioning and delivering the key Onslow iron-ore project.

So, the reasons we have taken the plunge and invested for the first time are summarised as follows:

- MIN's higher cost iron ore and lithium projects have been shut and higher quality/lower cost tonnes will increase, particularly at Onslow, which can withstand commodity prices even stress tested 30% below current cyclically low levels.
- Recent asset sales have taken pressure off the balance sheet, which was obviously a major concern for us and the market. With Onslow ramped up to nameplate, Net Debt to Underlying EBITDA drops to a very comfortable 1.6x.

- We didn't particularly like how all the governance issues played out, but felt the 27% recent further sell-off was an over-reaction and was pricing in the risk. Major shareholder Chris Ellison obviously wants his 12% equity to be trading at much higher levels and given the company's operational track record (putting aside the governance issues that are being addressed), he is a determined individual who will ensure that major projects are delivered. His 12-18 months tenure is also needed to steer and retain his flat structured senior people, who have been on board for decades and are arguably some of the best in the industry at crushing and other mining services.
- The underappreciated key business in MIN's stable is its Mining Services business. This gem contributed a record EBITDA result of \$550m in FY24 and earnings should increase ~50% in FY26 when volumes are fully ramped up. MIN will be producing profitable and increased tonnes of iron ore and lithium, which means the Mining Services business will be growing faster, supplying 100% of the services compared to MIN's equity volumes of 60% of Onslow and 50% of the lithium. **The Mining Services business alone is worth more than the market cap of the whole company, currently sitting at A\$6.6bn**, so an opportunity to pick this great business alone, when much of the balance sheet stress has been alleviated, makes it worthwhile risk/return proposition. One could never rule out a potential capital raise by the company which has been widely speculated, but should this occur, it would be welcomed by investors. Other assets in the portfolio are more than free options – Onslow (which can be expanded beyond 35mt to 40mt with minimal capex) and Wodgina can keep producing at 30% lower iron ore and spodumene prices, underwriting Mining Services higher profits.



Source: FactSet

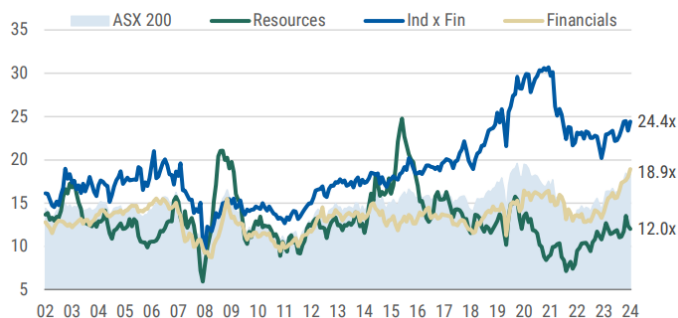
FUND STRATEGY AND OUTLOOK

Global markets spent much of November deliberating and re-appraising the implications of Trump's election victory. US treasury yields eventually fell, the US dollar rallied, and Bitcoin temporarily hit US100,000. US stocks surged (S&P 500 +5.9%) and emerging market equities slid amidst the greenback strength and escalating over Trump's tariff rhetoric.

Against this backdrop, Australia looks set to be an earnings growth laggard in the near term, given official interest rate cuts won't fully kick in domestically until FY26. The other handbrake is the uncertainty with respect to the impacts on global trade (particularly on our biggest trading partner China) from any pending US tariff wars. China's Central Economic Work Conference meeting to be convened in early December, aimed at mapping out economic targets and stimulus plans for 2025 should hopefully clarify the size of any stimulus measures. It is vitally important for our economy and the Resources sector, which to date, has grossly underperformed Banks in the past 12 months by a whopping 59%.

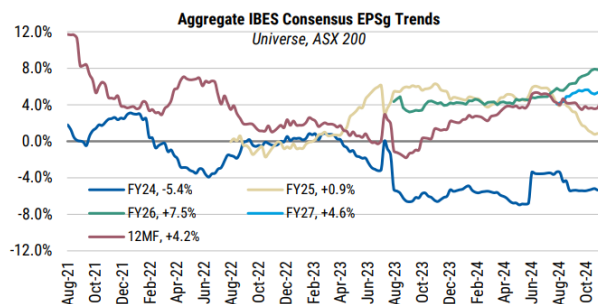
In terms of Valuations, the domestic market 12MF P/E currently stands at 18.4x in November, trading at 2 standard deviations above the long-term average (14.7x since 1992). With aggregate earnings stabilising in November, consensus earnings growth expectations for FY25 are now basically flat, with the level down 8% so far this year. This effectively pushes out the expected earnings rebound to FY26 and stands in stark contrast to a market multiple that has re-rated by 2 P/E points since the start of the financial year.

The 12M forward PE of the Industrials ex- Financials at 24.4x



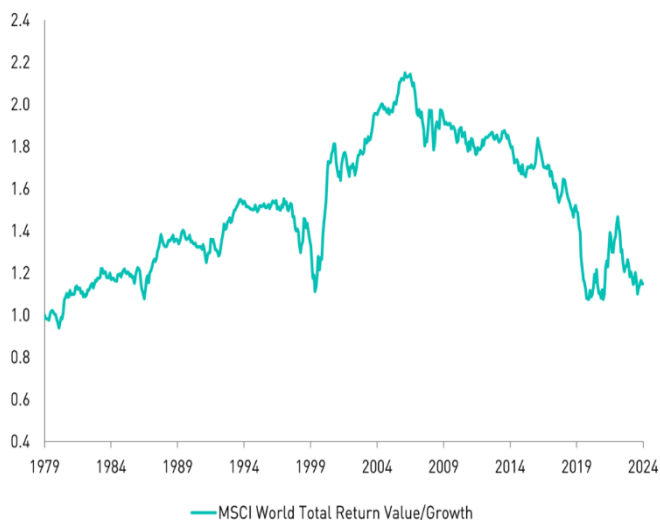
Source: Morgan Stanley

Annual Consensus EPS Growth Trends FY24-27

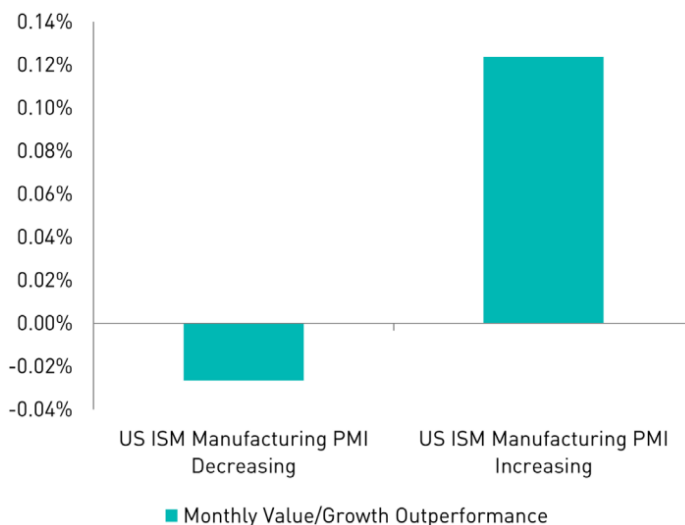


After a period of underperformance relative to growth stocks since the GFC (with a small respite in 2022), Value stocks are screening historically cheap relative to Growth stocks. However, valuations alone are far from being a suitable timing tool and can be fraught with danger. You need a key catalyst for mean reversion and that catalyst for outperformance of Value as a factor will be the rate easing cycle and economic recovery in FY26. This should broaden earnings growth across more sectors and be supportive of the more cyclical value stocks. Historically, Value has outperformed Growth when the US ISM Manufacturing PMI has been increasing (refer below table).

MSCI World Value has underperformed Growth since the GFC



US ISM Manufacturing PMI



Source: Bell Potter

Election uncertainty has been replaced by policy uncertainty – what the Trump Administration will do and when is highly uncertain. Most policy ideas that have been put forward during the campaign have been market friendly, but also could come in a version that could destabilize risk assets. While various key appointments will give a sense of which way the administration is leaning, we will probably only find out early next year whether the proposed President-elect Donald Trump's policy goals will be implemented in a maximalist or minimalist fashion.

In the meantime, geo-political risks in the Middle East continue to wax and wane, German and French no confidence motions and South Korea's temporary declaration of martial law, when coupled with equities flirting with all-time highs, pose risks for another unforeseen destabilising event for investors. The wall of worry continues to be climbed as equity markets squeeze higher, so we need to stay vigilant!

To summarise your portfolio's current positioning:

1. Quality Franchises, Growth at Reasonable, Attractive Valuations

Solid companies with strong/leading market positions and credible management with good balance sheets.

Atlas Arteria, Ampol, Aurizon, Cleanaway, Light & Wonder, News Corp, Premier Investments, IPH and Liberty Group.

3. Turnarounds

Sound businesses that have historically generated poor returns, have been badly managed, resulting in poor execution of strategy and have under-earned versus their potential. These stocks are in a transition phase, and we think earnings/returns will improve over the medium term. Out of favour with the market, somewhat contrarian positions.

Bapcor, Domino's Pizza, Insignia Financial, IRESS, Perpetual and Ramsay Health Care.

2. Businesses that are highly cyclical or seasonal in nature, that have faced headwinds

Heavily discounted companies with strong market positions and strategic assets, but very sensitive to economic conditions/seasonality/weather.

Challenger, Johns Lyng, Orora and Seven West Media.

4. Deeper Value Resource Plays

Stocks trading at discounts to NPVs, where much of the heavy lifting has been done (cost out, self-help, deleveraging). The cycle and thematic are still positive and any demand pick up will challenge balanced supply.

Fortescue, IGO, Iluka Resources and Santos.

We are truly grateful for, and always appreciate your continued support.

Warmest Regards,

Chris Kourtis

Portfolio Manager

About Ellerston Overlay ASF

The investment objective of the Fund is to provide investors with a return that outperforms the Benchmark whilst delivering additional income through option strategies over time.

The Fund aims to achieve this by investing in a concentrated portfolio comprising of no more than 30 Australian Listed Securities and where possible, enhancing income through the use of Derivatives and shorter term trading strategies.

The Fund aims to be invested with a minimum of 90% in physical Securities at all times and must maintain a net exposure of 50% or greater. At least 75% of the Fund will be aligned to the portfolio of the Ellerston Australian Share Fund (EASF). The Fund may invest in REITS.

STRATEGY FUNDS UNDER MANAGEMENT	\$203,663,412.53
FUNDS UNDER MANAGEMENT – OASF UNIT TRUST	\$7,608,411.96
APPLICATION PRICE	\$1.1137
REDEMPTION PRICE	\$1.1081
NUMBER OF STOCKS	22
INCEPTION DATE	1-Jul-11

Source: Ellerston Capital.

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Find out more:

For new or additional applications into the Fund, please click [here](#).

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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