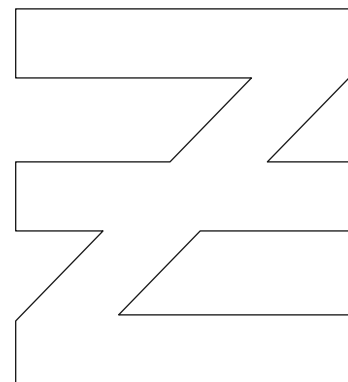


# Ellerston Global Equity Managers Fund (GEMS) Class C



## Monthly Newsletter, December 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	\$1.6695
NAV Price	\$1.6653
Redemption Price	\$1.6611
Current Total NAV	\$98,492,426
Gross Exposure	145%
Net Exposure	96%
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*	FY25TD	FY24	FY23	FY22	FY21	5 Years (p.a.)	10 Years (p.a.)	Since Inception^^ (p.a.)
GEMS C	2.5%	11.1%	-7.0%	-13.5%	58.6%	9.2%	10.1%	10.0%
MSCI WI**	6.7%	21.3%	18.2%	-11.1%	36.9%	12.0%	10.6%	11.0%
ASX200***	6.9%	12.1%	14.8%	-6.5%	27.8%	8.1%	8.5%	8.1%

Performance*	1 Month	3 Months	1 Year
GEMS C	-2.2%	-1.4%	5.8%
MSCI WI**	-1.9%	1.9%	21.0%
ASX200***	-3.2%	-0.8%	11.4%

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 negative performance for the month was predominantly driven by the rapid decline in the \$A, mainly versus the \$US, where we had fully hedged our stock exposure. This offset the gains that were made at the stock level across most regions. We typically hedge currency exposure unless we have a strong view, or the interest rate difference is large making the cost of hedging prohibitive. Although there are always risks of a further fall in the \$A, due to the increased dominance of the \$US, the low 60's has typically been a level where the currency does find some support over the last couple of decades.

In Australia, the major positive contributors to performance were Perenti Group, Insignia Financial and Amplitude Energy. Perenti has been playing catch up to the re-ratings experienced by its mining services peers over the last couple of years. The environment is relatively positive for the industry with a move to more underground mining and a reduction in competition after the major downturn that the industry experienced 5-10 years ago. Insignia has attracted takeover interest, which is not surprising considering its low PE ratio and high FCF yield, particularly when compared to its peers in Netwealth and Hub. With currently two interested bidders we see the scope for a higher bid and the potential to rollover into an unlisted vehicle which could also be attractive. Amplitude rallied on continued commentary from the regulator about ongoing gas shortages in SE Australia. This continues to be a positive back drop for the company, but until the ownership of the Otway assets is resolved and a funding solution released, short term upside is limited. Performance detraction came from Zip Co, Siteminder and Perpetual. Zip Co is seeing a period of consolidation after a large upward move. Siteminder also is in a period of consolidation until the financial success of new products is visible, which will take until the end of the year. Perpetual fell after an adverse tax ruling from the ATO regarding the sale of the Trust assets. It is now back to the drawing board to find a solution to realise value in the listed entity.

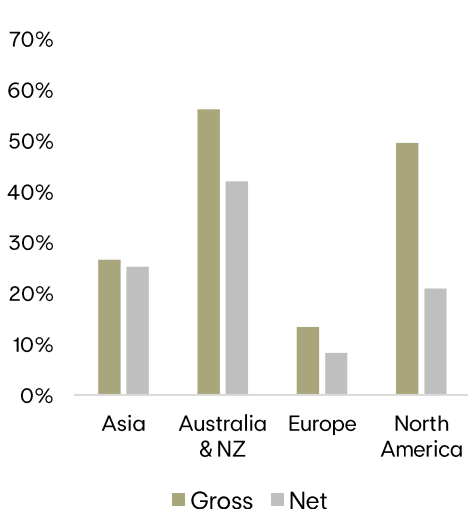
In North America, Nebius, Netflix and Apple were the main positive contributors. Performance detractor mainly came from Core Scientific, GXO Logistics and Sigma Lithium. Nebius continues to attract significant investor interest post its relisting in October last year, but that has also come with significant share price volatility. The business is an AI infrastructure play with exposure to GPU clouds. The closest comparison is with the unlisted player Coreweave. We see further upside in the business as analyst coverage commences and Coreweave moves towards a market listing. Netflix saw no major new news but momentum trends around subscriber numbers remain positive. It was a similar story for Apple, and we await outlook comments with the quarterly earnings release in January. Core Scientific retreated in December after a significant rally in the last 6 months. The issue of a convertible note provided a negative impact on sentiment as although the terms were positive for the company the market generally prefers a straight equity capital raise. GXO fell after the sudden resignation of the CEO and media speculation of a sale process for the company ended. The two announcements resulted in us exiting the position. Sigma Lithium had positive news with shipments for the year exceeding expectations, but this was offset by market falls in the Lithium price for the month. The company remains one of the lowest cost players in the hard rock market and we hold it as a beneficiary for any future lithium price recovery.

Within Asia, positive performance came from Syrma Technology in India, Full Truck Alliance (a Chinese company listed in the US) and Mitsui Financial. Syrma is one of the largest Printed Circuit Board makers in India and is benefitting from the push in electronics manufacturing in the country for local manufacturing needs and exports. Full Truck Alliance is a new position in the Fund and is a platform business in the logistics industry. It continues to take market share from traditional brokers. Mitsui Financial is benefitting from the normalisation of interest rates and inflation in the country after several decades of disinflation and negative interest rates. Detractors for the month were Meituan in Hong Kong, NCC Ltd and Aptus Value Housing in India. Meituan fell as hopes for further Chinese government stimulus faded. The market was expecting a number of new announcements, but these have now been pushed back to after Chinese New Year. NCC and Aptus both fell more than the market for the month, which itself has seen a 10% correction since the beginning of October, on no new news, but like many individual small caps, they have seen over sized moves as Foreign selling continued in the Indian market.

In Europe, we only hold two companies, with the French lotteries business FDJ effectively flat for the month and UK listed Australian gold miner Greatland Gold falling as the gold price corrected, alongside the strength in the \$US. More importantly for earnings, the \$A gold price finished 2024 only marginally below the peak achieved earlier in the month. Greatland Gold should see an ASX listing in the June quarter this year which is likely to result in a re-rating as it trades at a discount to equivalent peers in the domestic market.

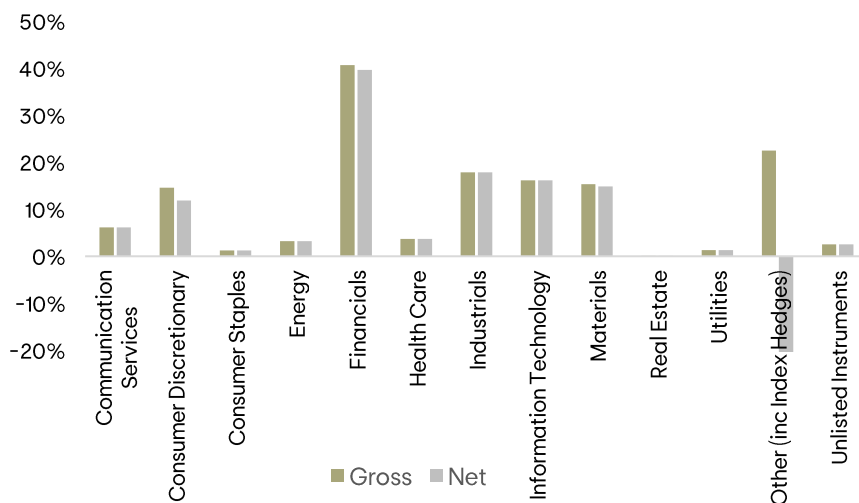
## PORTFOLIO CHARACTERISTICS

### Region Exposure



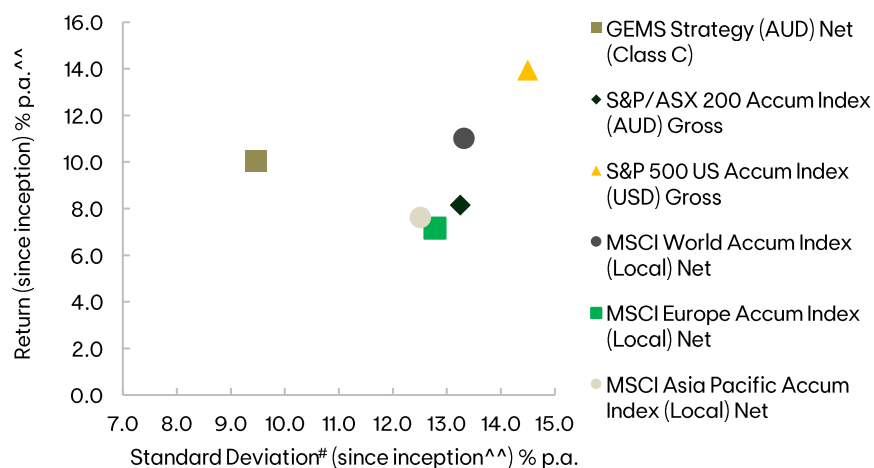
Source: Ellerston Capital.

### 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) \*

- AMAZON.COM INC
- AMPLITUDE ENERGY LTD
- CRH PLC
- GENERATION DEVELOPMENT GROUP LIMITED
- GFL ENVIRONMENTAL INC
- GREATLAND GOLD PLC
- PERENTI GLOBAL LTD
- SITEMINDER LTD
- SPROTT PHYSICAL PLATINUM AND PALLADIUM TRUST
- TKO GROUP HOLDINGS

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

Sydney  
Level 11, 179 Elizabeth Street,  
Sydney, NSW 2000  
+612 90217701  
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 holdings enquiries should be directed to our registry, Automic Group on 1300 101 595 or [ellerstonfunds@automicgroup.com.au](mailto: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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