

Ellerston Australian Emerging Leaders Fund

Monthly Report as at 31 December 2024

APIR Code: ECL6748AU | ARSN 647 979 333



Portfolio of 30-60 smaller companies built through an active, research-driven investment approach.



Focus on companies which have a sound business franchise with an attractive earnings profile, which operate in growth industries and trade at a discount to valuation.



Aims to outperform the Benchmark over a rolling three-year period.

Performance Summary

Performance	1 Month	3 Months	1 Year	3 Years (p.a.)	Since Inception (p.a.) ^{^^}
Net [^]	-0.71%	7.73%	35.88%	4.01%	4.26%
Benchmark*	-3.07%	-1.01%	8.36%	-1.57%	-0.95%
Alpha	2.36%	8.74%	27.52%	5.58%	5.21%

[^]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 Ordinaries Accumulation Index. ^{^^}Inception date is 13 August 2021.

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 Ordinaries Accumulation Index
Liquidity	Daily
Target Number of Holdings	30-60
Number of Holdings at Month End	42
Minimum Investment	Initial investment - \$10,000 Additional investment - \$5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.10% (p.a.)
Performance Fee ¹	20.00%
Buy/Sell Spread	0.25% / 0.25%

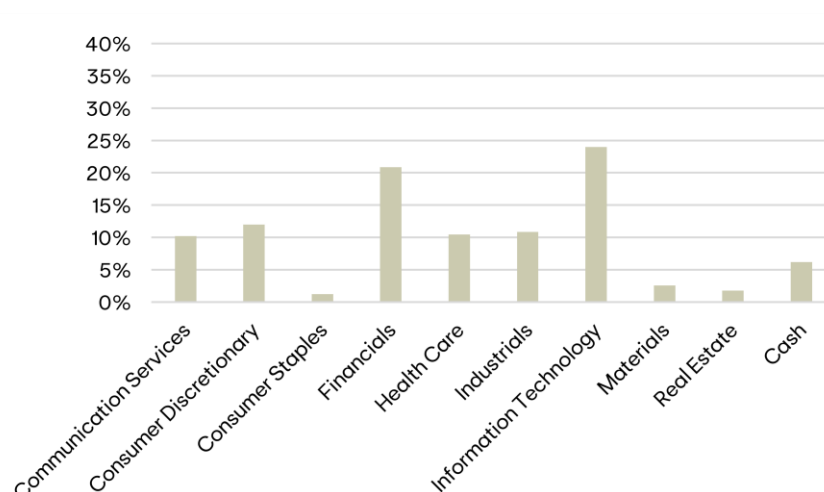
Top Holdings*

Company	Sector
Catapult Group	Information Technology
Generation Development Group	Financials
Myer Holdings	Financials
Qoria Limited	Information Technology
Tuas Limited	Communication Services

*In alphabetical order.

Source: Ellerston Capital.

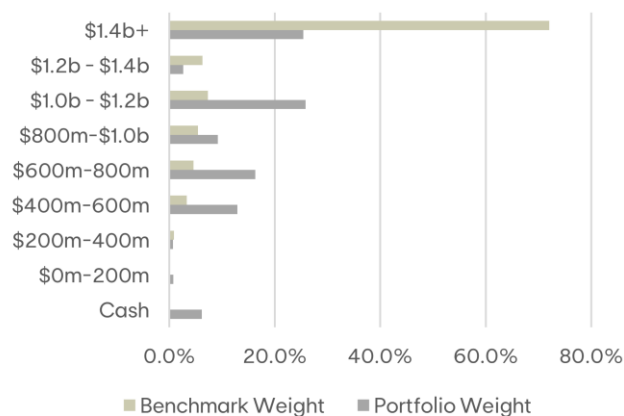
Sector Allocation



Source: Ellerston Capital.

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

Market Capitalisation Exposure



Source: Ellerstion Capital.

Key Portfolio Metrics

FY25e	Fund	Benchmark
Price/Earnings	17.79x	18.88x
Dividend Yield	2.32%	3.50%
Net Debt/EBITDA	0.22x	1.19x

Source: Ellerstion Capital.

COMMENTARY

The Ellerstion Australian Emerging Leaders Fund outperformed the market by 2.36% to deliver -0.71% in December. The S&P/ASX Small Ordinaries Accumulation Index finished down -3.07% for the month dragged lower by both Industrials and Small Resources.

Two stocks that performed well in December were Myer Holdings (MYR AU) and Tuas (TUA AU).

Myer Holdings (MYR AU) was a strong performer in December, with the stock closing up 16%. The share price continued to gain momentum on the back of the proposed merger with Premier Group's Apparel Brands division. The merger is expected to complete in early February 2025. The combined business is expected to be one of Australia's leading retailers with nearly ~800 stores, \$4bn of sales and \$275m of EBIT. We still see a number of catalysts to play out over coming months, including MYR's investor day which will provide further articulation of the combined business' strategy.

Tuas (TUA AU) performed well during the month of December, with share price growth of 14% and recorded an intra-month all-time high of \$6.56. Alongside their AGM materials on the 6th of December, TUA updated the market with their unaudited results from 1Q FY25. The mobile subscriber number continues to grow to over 1.1 million, with 6% growth quarter-on-quarter now taking their market share to over 11%. Another positive update was their progress on broadband, with subscribers now over 10,000 which was a meaningful acceleration from the last print. From a financials perspective, TUA released unaudited figures of \$35.5m revenue and \$16.1m of EBITDA in 1Q FY25, a 33% and 46% increase respectively on the PCP.

Looking more broadly at CY 2024 the market focused on the US Election; as well as potential China stimulus (or not); concerns around inflation and where interest rates were going. Overall, we saw the Small Ordinaries finish the year up 8.36%; Small Industrials rallying 12.10% and Small Resources falling -1.97%, whilst the **Ellerstion Australian Emerging Leaders Fund delivered a net return of 35.88%** over the period. We think the start of 2025 will be very similar to where we ended 2024, waiting for the Trump inauguration and see how the anticipated policies will flow through to our domestic market.

We would like to thank you for your support in 2024 and we will continue to focus on bottom-up stock picking and take the macro environment for what it is. We love to find mispriced, quality businesses which can deliver outsized returns. We look forward to the upcoming reporting season in February and getting back out on the road to hunt down new ideas.

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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 1300101595 or ellerstonfunds@automicgroup.com.au.

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