

# Ellerston Australian Emerging Leaders Fund

Monthly Report as at 31 January 2025

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.) <sup>^^</sup>
Net <sup>^</sup>	2.82%	7.84%	34.82%	8.78%	4.99%
Benchmark*	4.59%	2.70%	12.32%	3.10%	0.35%
Alpha	-1.77%	5.14%	22.50%	5.68%	4.64%

<sup>^</sup>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. <sup>^^</sup>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 <sup>1</sup>	20.00%
Buy/Sell Spread	0.25% / 0.25%

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

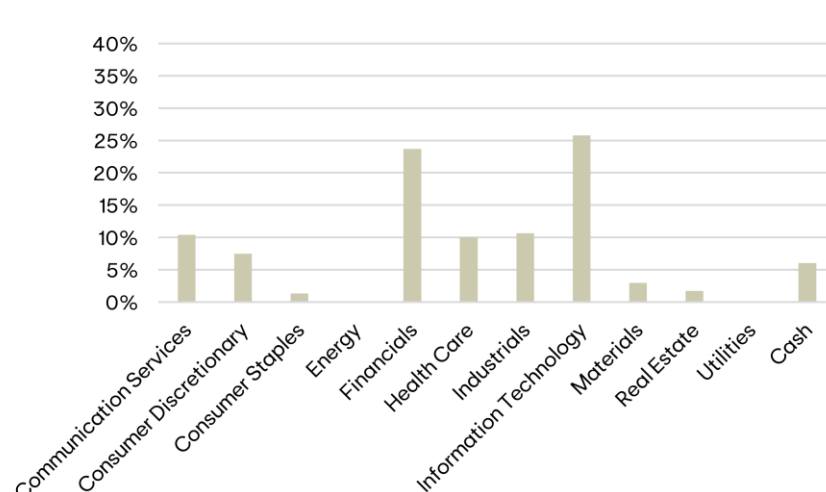
## Top Holdings\*

Company	Sector
Generation Development Group	Financials
Life 360	Information Technology
Goria Limited	Information Technology
Tuas Limited	Communication Services
Zip Co.	Financials

\*In alphabetical order.

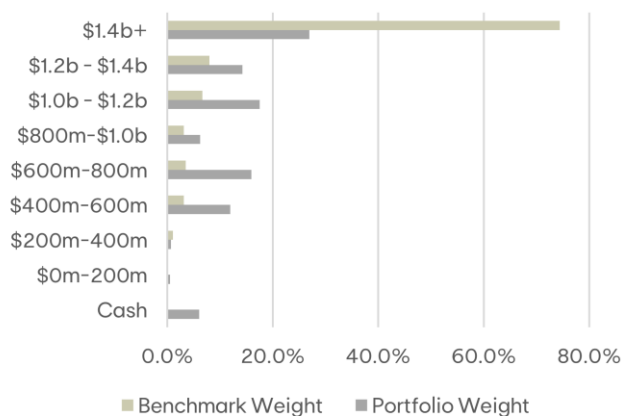
Source: Ellerston Capital.

## Sector Allocation



Source: Ellerston Capital.

## Market Capitalisation Exposure



Source: Ellerstion Capital.

## Key Portfolio Metrics

FY25e	Fund	Benchmark
Price/Earnings	17.91x	18.88x
Dividend Yield	2.34%	3.50%
Net Debt/EBITDA	-0.04x	1.19x

Source: Ellerstion Capital.

## COMMENTARY

The Ellerstion Australian Emerging Leaders Fund underperformed the market by 1.77% to deliver 2.82% in January. The S&P/ASX Small Ordinaries Accumulation Index finished up 4.59% for the month. The strong start to the year was buoyed by the Trump inauguration, however, intra-month there was volatility. At the start of January, we saw weaker performance from last year winners, which started to reverse as the month progressed. However, the biggest news (while short-lived) was the arrival of DeepSeek, an open-source AI play, out of China. This saw the Nasdaq get hit hard, as well as companies that have exposure to AI like Data Centres and uranium. The Aussie market moved in sympathy but shrugged off the major pain. Materials had a solid month with Gold moving towards its high while AUD/USD continued to decline.

Turning to the portfolio, the fund underperformed this month. While some of this was due to factors beyond our control, we had some own goals that weighed on performance.

ZIP Co (ZIP AU) had a tough month, giving back 18% after delivering a disappointing December quarter trading update versus market expectations. While overall, the numbers ZIP laid down were commendable on a qoq and pcq basis, consensus expectations were exceptionally wide at a cash EBITDA level and buy-side expectations were clearly higher than the print. We thought the market would normalise stale consensus numbers and look through a seasonal peak in opex given full year opex growth was being maintained. This proved to be incorrect. We have decreased our position materially post the quarterly catalyst playing out and will re-examine our view following the result.

On a more positive note, Imdex (IMD AU) put on 13% in January. While the company issued no announcements to the market, we note the strong performance of copper and gold during the period as the primary driver of the share price. Copper closed the month up 7%, reaching as high as an 11% intra-month gain as global demand continues to increase. Gold also rallied 7% to US\$2,800/oz. We also saw strength in junior miners' ability to raise capital over the last 4 months. TTM raises have historically had a strong and long-term correlation with IMD's tools on rent. As such, with such sustained strength in the gold and copper prices and a recovery in junior raising data, the outlook over the coming 12 months looks to be turning for IMD.

As we head into reporting season, we continue to evaluate our positions, focusing the portfolio on high-quality companies with pricing power, strong balance sheets, and the ability to grow independently of broader economic conditions. We consistently stress-test our assumptions and remain diligent in enhancing the portfolio's quality while seeking opportunities that offer a three-to-one risk-reward ratio.

---

## Contact Us

### Sydney

Level 11, 179 Elizabeth Street,  
Sydney, NSW 2000  
+612 9021 7701  
[info@ellerstoncapital.com](mailto: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](mailto:info@ellerstoncapital.com) or visit us at [ellerstoncapital.com](http://ellerstoncapital.com).

All holding enquiries should be directed to our registry, Automic Group on 1300 101 595 or [ellerstonfunds@automicgroup.com.au](mailto:ellerstonfunds@automicgroup.com.au).

---

This report has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000 (Manager), as the responsible entity of the Ellerston Australian Emerging Leaders Fund ARSN 647 979 333 without taking account the objectives, financial situation or needs of individuals. Before making an investment decision about the Fund, persons should read the Fund's Product Disclosure Statement and Target Market Determination (TMD) which can be obtained from the Manager's website [www.ellerstoncapital.com](http://www.ellerstoncapital.com) or by contacting [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com) and obtaining advice from an appropriate financial adviser. Units in the Fund are issued by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000. This information is current as at the date on the first page.

This material has been prepared based on information believed to be accurate at the time of publication. Assumptions and estimates may have been made which may prove not to be accurate. Ellerston Capital undertakes no responsibility to correct any such inaccuracy. Subsequent changes in circumstances may occur at any time and may impact the accuracy of the information. To the full extent permitted by law, none of Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, or any member of the Ellerston Capital Limited Group of companies makes any warranty as to the accuracy or completeness of the information in this newsletter and disclaims all liability that may arise due to any information contained in this newsletter being inaccurate, unreliable or incomplete. Past performance is not a reliable indicator of future performance.