# Ellerston Global Equity Managers Fund (GEMS) Class C

## Monthly Newsletter, February 2025

**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 | $1.6566 |
| NAV Price | $1.6525 |
| Redemption Price | $1.6484 |
| Current Total NAV | $96,729,973 |
| Gross Exposure | 150% |
| Net Exposure | 100% |
| Unit Pricing | Monthly |
| Management Fee | 1.50% (p.a.) |
| Performance Fee | 16.50% |
| Buy/Sell Spread | 0.25% on application<br>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 | 1.7% | 11.1% | -7.0% | -13.5% | 58.6% | 8.0% | 9.3% | 9.9% |
| MSCI WI** | 9.3% | 21.3% | 18.2% | -11.1% | 36.9% | 14.5% | 10.3% | 11.1% |
| ASX200*** | 7.6% | 12.1% | 14.8% | -6.5% | 27.8% | 8.9% | 7.5% | 8.1% |

| Performance* | 1 Month | 3 Months | 1 Year |
|---|---|---|---|
| GEMS C | -1.5% | -2.9% | 0.5% |
| MSCI WI** | -1.0% | 0.5% | 16.5% |
| ASX200*** | -3.8% | -2.6% | 9.9% |

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 Fund delivered a negative return for the month as markets mostly fell on concerns around trade wars, signs of a slowing in the US economy and concerns that inflation may not return to central bank targets as soon as expected. In the US, markets fell, led by the Nasdaq (down 3.9%), as the rate of growth of the tech majors slowed as like for like growth becomes harder and with the high $US causing headwinds to earnings. The broader market didn't fall as much, but growth concerns were reflected in the Russell 2000 which fell 5.3% for the month. The Hong Kong market was the major highlight for the month with the index rising 13.4% led by tech stocks, as the Deep Seek announcement from last month reignited interest in the market. Our Hong Kong positions were the major positive contributors to performance for the month, along with European positions, but weren't enough to offset falls in the US and Australian positions, with the ASX down 3.8%.

In Australia, the major positive contributors to performance were Generation Development Group (Financial), Perpetual Trustees (Financial) and Fletcher Building (Materials). Generation Development rose after undertaking a capital raising to fund the acquisition of Evidentia which was earnings accretive and announced half year results that were ahead of market expectations. Perpetual rose on expectations that there would be a bid for the whole company after the sale of the Trustee business fell through. When this was confirmed that it would not proceed, we exited our holding. Fletcher Building reported results that were reflective of the severe downturn in the NZ economy. However, the market is now looking forward to an improvement due to the aggressive interest rate cutting cycle being undertaken by RBNZ. Performance detraction came from HiPages Group (Online Platform), Boss Energy (Uranium producer) and Ryman Healthcare (Aged Care). HiPages reported a result that was in line with market expectation and confirmed they were on track to meet previous full year guidance. The stock fell on small retail flow. Boss Energy fell as the market became concerned about the demand for power and hence uranium, after comments from Microsoft about there being sufficient data centre capacity in the market. This was at odds with the previous market narrative that a strong build program was required to meet demand.  Ryman Healthcare fell after undertaking a large and significantly discounted rights issue to lessen the debt burden of the company.

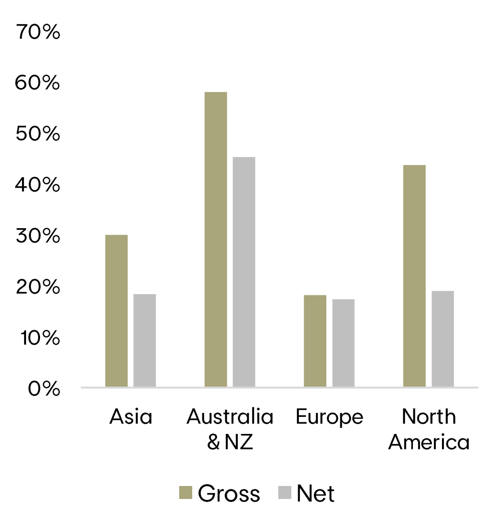
In North America, CME Group (Financial Exchanges), CRH Plc (Materials) and AerCap Holdings (Plane leasing) were the main positive contributors. CME reported a positive quarterly result and guided to continuing growth in 2025 which was in line with market expectations. This resulted in small upgrades to earnings forecasts and drove the shares higher. CRH also reported results in line with market expectations which saw the shares rise modestly despite the falling market. AerCap reported results in line with market expectations in terms of operating earnings.  The main positive was the price the company is receiving for aircraft resales where they are achieving well above book value.  This should see the NTA continue to rise and the share price. Performance detraction mainly came from Galaxy Digital Holdings (Digital assets), Vistra Corp (Power) and Amazon (Cloud/Retail). Galaxy fell as market sentiment waned around crypto currencies.  There was also a delay to the company's plans to list on Nasdaq which hurt sentiment towards the business. Vistra Corp fell for the same reasons as described for Boss Energy as sentiment soured to the energy sector. Amazon fell after reporting a strong Q4 result but pointed to a sales forecast in Q1'25 that was below market expectations, partially caused by the strength of the $US. The latter was a theme called out by quite a few companies during the quarter, due to the significant rally in the $US since September 2024.

Within Asia, positive performance came from Sunevision Holdings (HK Data Centre), DPC Dash (Domino's Pizza China) and KE Holdings (Online Real Estate China).  Sunevision rose as investors poured into HK tech stocks during the month. We have held the company since last year and exited the position during the month as our valuation price target was met. DPC rose on no new news, and we reduced our holding during the month as it is getting close to our expected valuation. KE holdings is a new investment and rose for the month along with most tech related stocks. Performance detraction came from Trip.com (OTA China), GDS Holdings (China Data Centre) and Bharti Hexacom (India Mobile Operator). Trip missed quarterly earnings forecasts and downgraded expectations for 2025. We exited post the result. We recycled our investment from Sunevision into GDS as think it hold greater upside; however, the stock fell after a significant gain month to date which had a short-term negative impact. Bharti Hexacom fell for the month on no new news. General market weakness continues in India with foreign selling continuing. We have substantially reduced our holdings in the market and will look to increase when some stability returns to the market.

In Europe, positive performance came from Greatland Gold (Australian Gold Producer), Banca Monte dei Paschi Siena (Italian Bank) and Leonardo Spa (Italian Aerospace & Defense).  Greatland rose after releasing some positive drilling results from a potential new underground resource at Telfer.  The upward rise in the gold price for the month also helped sentiment. Banca MPS rose on no new news although we are confident that the bank consolidation game in Italy has not finished and that BMPS will be one of the consolidated. Leonardo rose along with most European defence stocks for the month on expectations that all European countries will have to increase their spending as the US pursues a more isolationist policy under President Trump.  Minor negative performance for the month came from just one position, Siemens Energy.

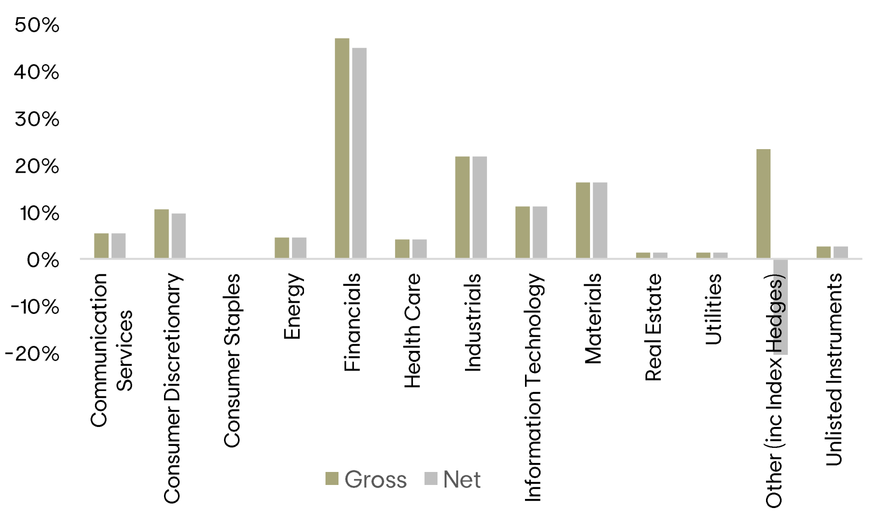
## PORTFOLIO CHARACTERISTICS

### Region Exposure



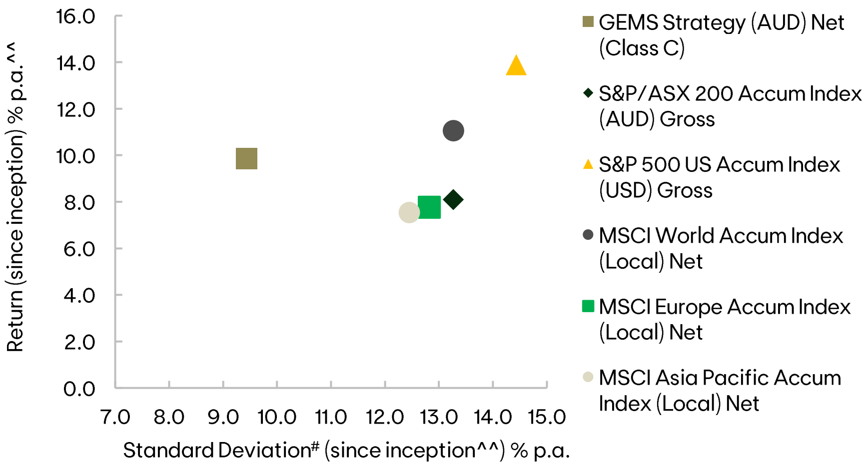

Source: Ellerston Capital.

### 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, Listed)

- AMAZON.COM INC
- AMPLITUDE ENERGY LTD
- CRH PLC
- EMERALD RESOURCES NL (AT*)
- GENERATION DEVELOPMENT GROUP LIMITED
- GREATLAND GOLD PLC
- INSIGNIA FINANCIAL LTD
- ISHARES U.S. FINANCIALS ETF
- NETFLIX INC
- SPROTT PHYSICAL PLATINUM AND PALLADIUM TRUST

Source: Ellerston Capital.

## 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

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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.

^ 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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