



# Ellerston Capital

Monthly Newsletter March 2025

Founded on Discovery

[Info@ellerstoncapital.com](mailto:Info@ellerstoncapital.com)

02 90217701



### Funds in Focus

Funds	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception* (p.a.)
Ellerston Australian Emerging Leaders Fund	-5.8%	-6.4%	10.6%	4.1%	-	2.1%
Ellerston Fixed Income Target Return Fund	0.6%	1.1%	-	-	-	1.5%
Ellerston JAADE Australian Private Assets Fund (Retail) <sup>^</sup>	<i>Priced Quarterly</i>	1.6%	12.1%	5.9%	11.0%	16.4%

Performance figures shown are net of fees and expenses. Past performance is not a reliable indication of future performance.

\*Please refer to summary of fund performance page for fund inception dates and APIR codes. <sup>^</sup>As at 31/12/2024

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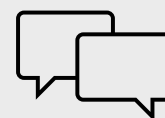
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The Case for India



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2025 Market Outlook with James Barker



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### Monthly Market Update

#### Market Overview

Escalating geopolitical tensions, more tariff threats and softening key US economic data drove market volatility higher. The MSCI World Index fell 5.0%, underperforming the MSCI Emerging Markets Index which posted a modest return of +0.3% in local currency terms. Energy (+4.0%) and Utilities (+1.7%) topped the global sector tables, with Information Technology (-9.1%) the major laggard. The S&P 500 was down 5.6% and on the home front, the S&P/ASX200 succumbed to broad based selling pressure, posting a loss of 3.4%. Domestically, the best sectors included Utilities (+1.5%), Materials (-0.3%) and Consumer Staples (-1.5%).

## Australia

As expected, the RBA left the cash rate at 4.10%. The messaging was largely unchanged from its prior meeting where it cut rates for the first time in four years, but commentary was more forward looking than in recent meetings. While the RBA acknowledged that inflation was declining and wage pressures had eased a bit more than expected, there was further emphasis on the need to see inflation "sustainably" at its midpoint target. Market expectations are for a further cut in May, with the global growth and inflation outlook clearly a key swing factor, and something the RBA has signalled it will respond to as required.

In the downdraft, Australian equities fared relatively better than developed global peers, with the S&P/ASX 200 Accumulation Index finishing down 3.4%, which followed a sharp sell-off on the last day of trading, reducing the FYTD return to +3.9%. Defensive sectors were again favored, despite Health Care performing poorly. Utilities (+1.5%) was the best performing sector, driven by high yielding APA Group (+7.0%), followed by Materials (predominantly all Gold Stocks +13.0%) and the Consumer Staples sector which was led by Collins Foods (+2.4%).

Information Technology was again the worst performing sector, dragged down by Nuix (-16.6%), followed by Consumer Discretionary (with Light & Wonder -20.7%, after Aristocrat Leisure escalated its legal fight with a second amended complaint regarding copyright infringement and a trade dress case against LNW's Jewel of the Dragon game and Tabcorp -16.9%). Real Estate came under pressure due to Digico Infrastructure REIT (down a whopping -28.9%).

In March, the top stocks that made a positive contribution to the Index's return were Evolution Mining (+9bp), Rio Tinto (+8bp), Northern Star Resources (+7bp), QBE Insurance (+6 bp) and Newmont Corporation (+6bp). Conversely, the bottom five stocks detracting from the Index's performance were Macquarie Group (-45bp), CBA (-40bp), Goodman Group (-24bp), James Hardie Industries (-22bp) and Aristocrat Leisure (-21bp). The ASX Small Ordinaries fell 3.6% and with the Small Resources closing up 4.6%, driven by the strong contribution from gold stocks, materially outpacing the Small Industrials which fell -6.7%.

## USA

Given emerging recession fears and the uncertainty created by the US administration tariff imposts (and their yet to be felt economic implications), US equities sold off, with the Dow Jones Industrial Average falling 4.1%, followed by the S&P 500 (-5.6%) and the small cap Russell 2000 Index (-6.8%). The NASDAQ Composite index was the clear laggard, finishing down 8.1%. The best performing sectors were Energy (+3.9%), Utilities (+0.3%) and Health Care (-1.7%), with the worst performing sector being Consumer Discretionary (-8.9%), followed by Information Technology (-8.8%) and Communication Services (-8.3%).

## Europe

Fund flows continued to pour into Europe, with Euro-zone stocks outperforming global peers for the fourth month in a row. The Euro STOXX50 Index took a short-term breather and pulled back by 3.8%, after the strong January and February performance of 8.1% and 3.5% respectively. Among the major exchanges, Germany's DAX fell 1.7%, followed by FTSE 100 posting a -2.0% return, with France's CAC 40 down 3.9%.

## Asia

China's National Peoples Congress met in March, reinforcing ambitious GDP growth targets of "around 5%" for 2025, also announcing a broad fiscal expansion of 1.5-2% of GDP to support ongoing growth. Kick starting consumption is a top priority, so the CNPC gave local governments more autonomy and available funds to facilitate inventory destocking. The emphasis was on boosting high-quality growth and supporting the private sectors, vowing to deepen the opening-up of domestic markets. Given domestic and external growth headwinds, the government may need to roll out additional policy support this year to achieve its stretch growth target.

Asian equity markets surprisingly bucked the trend and outperformed, with India's SENSEX the standout performer, rising 5.8%, followed by the Hang Seng at +1.1%, China's SSE up 0.5%, Korea's KOSPI ended 2.0% lower, with Japan's Nikkei again the laggard, down 3.3%.

## Commodities

The feature of commodity markets was the strength in Gold which set an all-time high of US\$3123/oz (A\$4990z/oz) as investors sought its safe haven allure, with Trump's tariff imbroglio in the eyes of the market having gone from bad to worse, to totally unpredictable. Brent Crude was up 3% to US\$75/barrel, as hopes of a Trump engineered resolution of the Russia-Ukraine conflict ebbed and flowed. Thermal coal edged higher by 1% to US\$103/tonne, coking coal weakened by 9% to US\$169/tonne and the iron ore benchmark price remained steady at US\$104/tonne. The base metals complex squeezed higher, with copper up 3% (Comex now above US\$5.00/lb), nickel up 3% and aluminium down 3%. The alumina market continued to adjust lower and dropped a further 20% to US\$378/tonne, now down 53% from its recent all-time high of US\$805/tonne.

## Bonds

The US 10-year bond yield was flat (finished 1bp lower to 4.21%), against a backdrop of softer economic data and much weaker consumer sentiment (with the reading of the University of Michigan survey for March showing that overall sentiment fell again in the month, to a more than two-year low). The Australian 10-year bond yield also edged up slightly by 9bp to 4.39% and the A\$ was 1% higher at US\$0.63, given a slightly weaker US dollar.



Net Returns		1M (%)	3M (%)	1Y (%)	3Y (% p.a)	5Y (% p.a)	10Y (% p.a)	S.I.* (% p.a)	APIR Code / Inception Date
Australian Equity	Ellerston Australian Emerging Leaders Fund	-5.8	-6.4	10.6	4.1	-	-	2.1	ECL6748AU 13/8/21
	S&P/ASX Small Ordinaries Accumulation Index	-3.6	-2.0	-1.3	-0.8	-	-	-1.4	
	Excess Return	-2.2	-4.4	11.8	4.9	-	-	3.5	
	Ellerston Equity Income KIS Fund	-3.5	-7.2	-8.9	0.8	10.4	-	6.4	ECL7259AU 1/5/19
	S&P/ASX 200 Accumulation Index	-3.4	-2.8	2.8	5.6	13.2	-	7.8	
	Excess Return	-0.1	-4.4	-11.7	-4.8	-2.9	-	-1.3	
	Ellerston Australian Micro Cap Fund	-2.1	-0.4	14.4	2.9	17.7	-	13.6	ECL0984AU 1/5/17
	S&P/ASX Small Ordinaries Accumulation Index	-3.6	-2.0	-1.3	-0.8	10.2	-	5.8	
	Excess Return	1.6	1.6	15.6	3.7	7.5	-	7.8	
International Equity	Ellerston Global Mid Small Cap Fund - Class A	-5.7	-6.3	-1.2	3.8	9.7	-	9.6	ECL8388AU 1/3/17
	MSCI World Mid Cap Index	-3.2	-0.9	8.3	10.1	13.3	-	10.5	
	Excess Return	-2.5	-5.4	-9.4	-6.3	-3.6	-	-0.8	
	Ellerston India Fund	7.5	-10.7	5.5	11.1	14.8	-	9.0	ECL0339AU 4/5/17
	MSCI India Net Return Index	9.2	-3.6	6.5	13.8	20.1	-	11.6	
	Excess Return	-1.6	-7.1	-1.0	-2.7	-5.3	-	-2.6	
Private Assets	Ellerston JAADE Australian Private Assets Fund (Retail)**	-	1.6	12.1	5.9	1.0	-	16.4	ECL2707AU 5/7/19
	Note: The Ellerston JAADE fund results are reported quarterly and therefore are updated as at 31 December 2024								



		Return Type	1M (%)	3M (%)	CYTD (%)	1Y (%)	3Y (% p.a)	5Y (% p.a)	10Y (% p.a)
Australia	S&P/ASX 50	Total	-3.3	-3.0	-3.0	3.2	6.4	13.1	6.9
	S&P/ASX 200	Total	-3.4	-2.8	-2.8	2.8	5.6	13.2	7.1
	S&P/ASX 200 Industrial	Total	-4.4	-3.7	-3.7	6.7	7.6	13.1	6.8
	S&P/ASX 200 Resources	Total	0.4	0.7	0.7	-9.2	-0.6	14.2	9.1
	S&P/ASX Small Ordinaries	Total	-3.6	-2.0	-2.0	-1.3	-0.8	10.2	6.3
	S&P/ASX Small Industrials	Total	-6.7	-6.0	-6.0	-3.8	0.4	8.6	5.4
	S&P/ASX Small Resources	Total	4.6	9.1	9.1	5.4	-4.8	16.3	9.8
	MSCI Australia Value	Net	-1.4	-1.3	-1.3	-0.8	5.4	15.8	5.2
	MSCI Australia Growth	Net	-5.4	-5.0	-5.0	5.4	7.3	10.5	8.3

ASX 200 Sectors	Energy	Total	-2.9	-5.2	-5.2	-21.6	-0.6	12.0	1.1
	Utilities	Total	1.5	2.2	2.2	16.1	12.2	10.1	8.7
	Financials	Total	-3.9	-2.6	-2.6	16.3	12.1	19.1	6.7
	Materials	Total	-0.3	0.7	0.7	-7.4	-0.4	14.5	10.6
	Industrials	Total	-2.1	2.6	2.6	11.9	10.4	12.5	8.7
	Real Estate	Total	-4.9	-6.9	-6.9	-6.1	2.3	12.1	5.7
	Consumer Discretionary	Total	-6.3	-2.7	-2.7	6.8	9.1	18.0	10.0
	Health Care	Total	-4.6	-9.1	-9.1	-5.3	1.5	1.0	9.4
	Information Technology	Total	-9.7	-17.5	-17.5	-0.5	7.7	17.1	12.0
	Consumer Staples	Total	-1.5	0.7	0.7	-2.4	-1.2	3.0	5.6
	Communication Services	Total	-3.4	1.5	1.5	6.5	5.9	13.1	1.1

Local Currency

World	MSCI World Index	Net	-5.0	-2.7	-2.7	7.0	8.5	16.5	9.8
	MSCI EM (Emerging Markets)	Net	0.3	2.7	2.7	11.1	4.7	9.6	5.8
	MSCI AC World Index ex Australia	Net	-4.5	-2.1	-2.1	7.5	8.1	15.7	9.4
	MSCI World Mid Cap	Net	-3.7	-1.5	-1.5	3.4	4.8	14.4	7.5

America	S&P 500	Net	-5.7	-4.4	-4.4	7.8	8.6	18.0	11.9
	Dow Jones Industrial Average	Net	-4.1	-1.0	-1.0	6.8	8.1	15.5	10.7
	NASDAQ Composite	Net	-8.2	-10.3	-10.3	6.1	7.3	18.2	-
	Russell 2000	Total	-6.8	-9.5	-9.5	-4.0	0.5	13.3	6.3

Asia Pac	Hang Seng Index	Net	1.1	16.1	16.1	46.1	5.6	3.0	2.7
	Nikkei 225 Stock Average	Net	-3.5	-10.1	-10.1	-10.4	10.3	15.2	8.0
	MSCI AC Asia ex Japan	Net	-0.2	2.0	2.0	13.5	4.6	8.7	5.4
	MSCI India	Net	6.9	-3.1	-3.1	4.3	11.3	23.5	11.3

		SPOT	1M (%)	3M (%)	CYTD (%)	1Y (%)	3Y (% p.a)	5Y (% p.a)	10Y (% p.a)
FX	U.S. Dollar per Australian Dollar	0.6232	0.2	0.6	0.6	-4.5	-6.0	0.4	-2.0
	Euro per Australian Dollar	0.5769	-3.5	-3.5	-3.5	-4.5	-5.1	0.7	-2.1
	British Pounds per Australian Dollar	0.4828	-2.2	-2.3	-2.3	-6.5	-5.4	-0.4	-0.6
	Japanese Yen per Australian Dollar	93.1858	-0.6	-4.2	-4.2	-5.6	0.7	7.1	0.2

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The net return figure is calculated after fees and expenses. Past performance is not a reliable indication of future performance.

\*Since Inception

\*\* Since inception performance is calculated from 30 September 2019, which is the date from which the Ellerston JAADE Australian Private Assets Fund (Retail) made its first investment into the Ellerston JAADE Australian Private Assets Fund (Wholesale).

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## Contact Us

### Sydney

Level 11, 179 Elizabeth Street,  
Sydney, NSW 2000  
+612 90217701  
[info@ellerstoncapital.com](mailto:info@ellerstoncapital.com)



Find out more.

Should investors have any questions or queries, 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)**.

For further information about any of our funds, please contact National Account Manager Lisa Salamon at [lsalamon@ellerstoncapital.com](mailto:lsalamon@ellerstoncapital.com) or 0406 585 322.

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