Ellerston Australian Share Fund - Class A Units

Monthly Report as at 30 April 2025

APIR Code: ECL0005AU | ARSN 135 591 534

Ellerston Capital

Concentrated portfolio of 10-25 Australian securities with a minimum market capitalisation of $300 million and a bias away from the ASX Top 20.

Seeks companies which can sustain high returns or improve their return on capital, and that trade at a market value below the Portfolio Manager's perceived valuation.

Aims to outperform the Benchmark over rolling five-year periods.

Performance Summary

Net (%)^	1 Month	3 Months	12 months rolling	3 Years (p.a.)	5 Years (p.a.)	10 Years (p.a.)	Since Inception (p.a.) ^^
ASF	1.79%	-10.52%	-11.45%	-0.74%	9.22%	4.89%	7.49%
Benchmark*	3.62%	-3.69%	9.79%	7.18%	12.14%	7.72%	9.58%
Alpha	-1.83%	-6.83%	-21.24%	-7.92%	-2.92%	-2.83%	-2.09%

^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 200 Accumulation Index. ^^Inception date is 31 March 2009.*

Key Information

Portfolio Manager	Chris Kourtis
Investment Objective	To outperform the Benchmark over rolling five-year periods.
Benchmark	S&P/ASX 200 Accumulation Index
Liquidity	Daily
Target Number of Holdings	10-25
Number of Holdings at Month End	23
Minimum Investment	Initial investment - $10,000 Additional investment - $5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	0.90% p.a.
Performance Fee[1]	15.00%
Buy/Sell Spread	0.25% / 0.25%

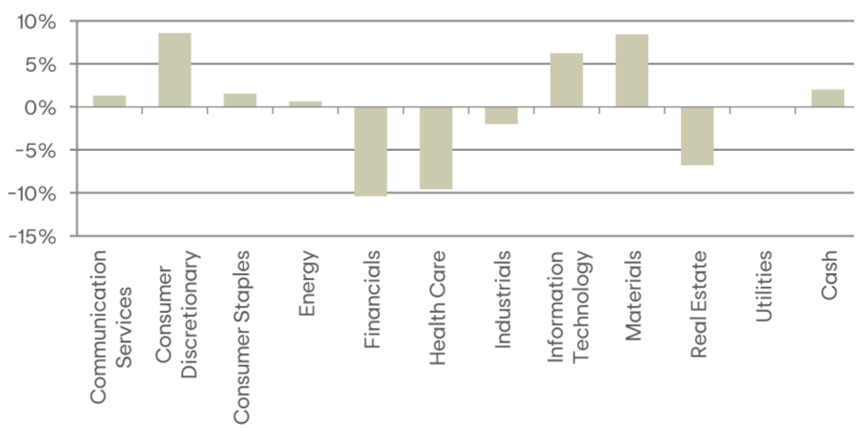
[1]Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top 10 Holdings**

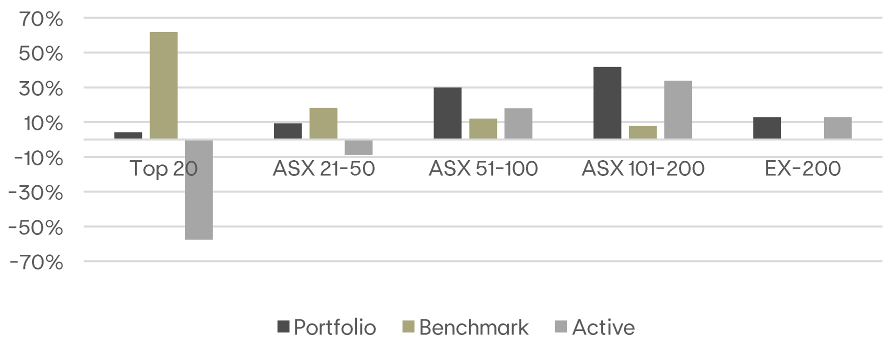
Block Inc	Graincorp	IGO	Iluka Resources	IRESS
James Hardie	Johns Lyng	Mineral Resources	Perpetual	Premier Investments

***In alphabetical order.*
Source: Ellerston Capital.

Active Sector Exposures***



Source: Ellerston Capital.
****Active sector exposures are determined by subtracting Fund sector weights from benchmark weights. Positive percentages represent over-weight sector exposures relative to Benchmark and negative percentages represent under-weight sector exposures relative to the Benchmark.*



Source: Ellerston Capital, Factset

The Team

Chris Kourtis
Director & Portfolio Manager

40 years of industry experience.

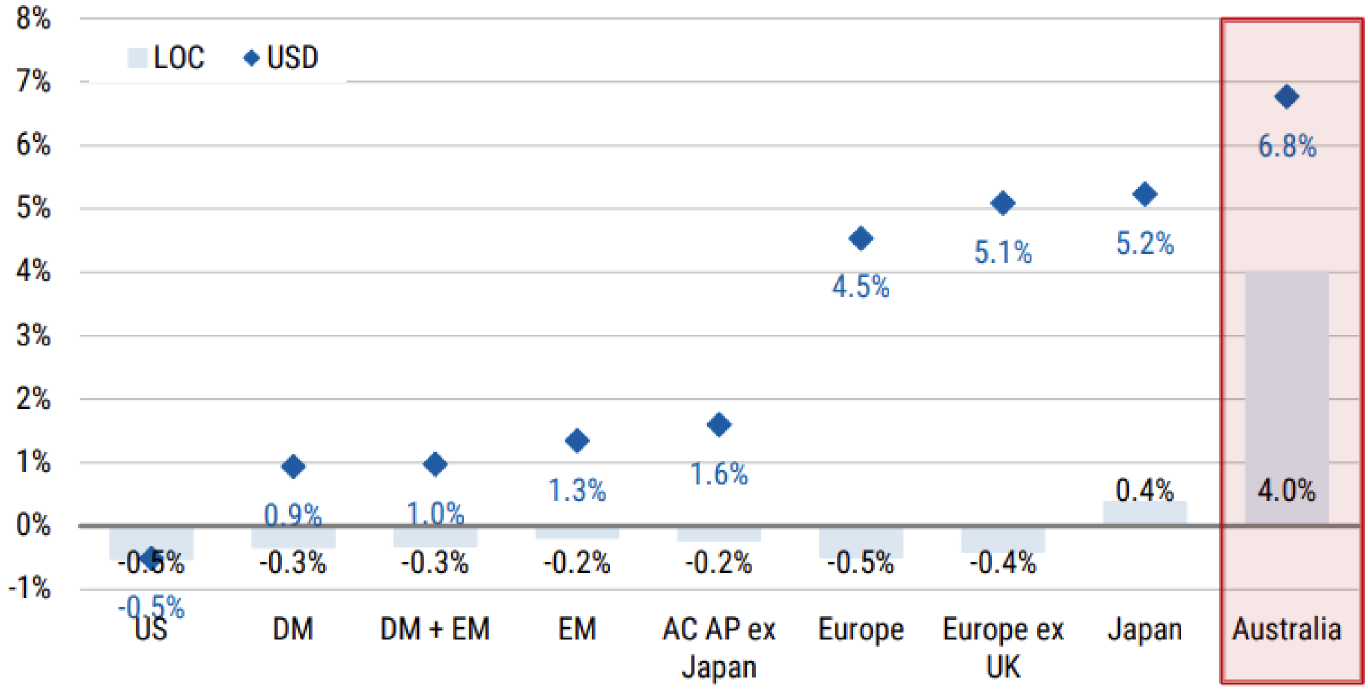
Stephen Giubin
Senior Investment Analyst

37 years of industry experience.

MARKET OVERVIEW

The 2 April "Liberation Day" shock, when President Trump announced his "reciprocal tariff" strategy, unleashed major havoc upon bond, currency and equity markets, however as the month progressed, a major reversal saw risk assets starting to behave more orderly. In the wash up after a huge swing towards month end, the MSCI World Index fell 0.3% and the MSCI Emerging Markets Index posted a return of -0.2%, with the S&P 500 falling -0.7% in local currency terms. Consumer Staples (+2.1%) and Utilities (+2.1%) topped the global sector tables, with Energy (-12.4%) the major laggard. Australia is often seen as a safe haven in periods of extreme volatility, so with our relatively low 10% discounted base tariff, we have likely attracted foreign inflows from investors switching out of Emerging markets more severely impacted by Trump's tariffs. This helped our domestic S&P/ASX200 index outperform most equity markets in April, posting a return of +3.6%. The best sectors locally were Communication Services (+6.5%), Information Technology (+6.4%) and Consumer Discretionary (+6.1%).

MSCI Global Country/Regional Indices Performance for April 2025



Source: Morgan Stanley

USA

Recession fears moderated with the likelihood that the FOMC will cut rates at their next meeting on the 7th of May, which saw the bonds rally. The S&P 500 had an astonishing late month turnaround from its 7 April intra-day low with an impressive +15% rally. The NASDAQ Composite index finished up 0.9%, followed by the S&P 500 (-0.7%), the small cap Russell 2000 Index (-2.3%), with the Dow Jones Industrial Average finishing down -3.1%. The best performing sectors were Information Technology (+1.6%), Consumer Staples (+1.2%) and Communication Services (+0.8%). conversely, the worst performers were Energy (-13.6%), followed by Health Care (-3.7%) and Materials (-2.2%).

Europe

Fund flows have continued to pour into Europe this year, with Euro-zone stocks outperforming their global peers. CYTD, MSCI Europe is up 4.4%, versus the MSCI World which is down 2.9% and the S&P500 has fallen 4.9%. This month, the Euro STOXX50 Index took a breather, down 1.1% and among the major exchanges Germany's DAX rose 1.5%, followed by the FTSE 100 posting a -0.7% return with France's CAC 40 down 2.0%.

Asia

Despite China's robust Q1 growth print (+5.4%), the unprecedented tariff shock is seen by investors as likely to slow economic growth, mainly from key exports, while domestic consumption and fixed investments are expected to improve from the NPC stimulus plan. Likely further fiscal expansion on top should also help. Fiscal support would be used to alleviate the challenges of exporters and manufacturers, boost local government finances and infrastructure spending, and lift consumption and social spending. But it's still early days in the trade war.

Asian equity markets were mixed with India's SENSEX continuing to outperform (+3.7%), both Korea's KOSPI (+3.0%) and Japan's Nikkei (+1.2%) bounced back and not surprisingly, China's SSE ended 1.8% lower, with the Hang Seng the clear laggard, down 4.0%.

Commodities

Commodities were materially weaker during the month, particularly oil. Brent crude closed down 18% to US$61/barrel, caused by the group of eight OPEC+ countries bringing forward three months of planned production increases from May. This will add 411 kb/d to the market, which seems to be a warning signal to Kazakhstan, Iraq, and even Russia about the cost of their continued over-production. Coupled with the uncertainty as to whether there will be more barrels coming from Iran and Russia, the US-led political effort to resolve the nuclear dispute and war in Ukraine continues in earnest. The iron ore benchmark price has proved resilient and was 5% lower at US$98/tonne, although coking coal bounced back 13% to US$191/tonne and thermal coal edged 2% lower to US$101/tonne. Base metals generally weakened, with copper and aluminium both falling 5% and nickel down 3%. Alumina fell 8% to US$348/tonne, -57% from its US$805/tonne recent all-time high. Gold continued pushing all-time highs, closing at US$3289/oz (A$5139/oz) and maintaining its safe haven status as the US greenback weakened post Trump's 2 April proclaimed "Liberation Day".

Bonds

The US 10-year bond yield was highly volatile, trading in a range of 4.0%-4.5%, ultimately finishing 5bp lower to 4.16%. This against a backdrop of higher for longer inflation fears, to worry over tariffs driving the US economy into a deep recession. Through April, ahead of a Federal election on 3rd of May, where Labour is expected to retain office, we saw the Australian 10-year government bond yield shift meaningfully lower by 27bp, finishing at 4.12% and the A$ was 2% higher at US$0.64, given a weaker US dollar.

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 wages pressure 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 0.25 basis point cut on May 20th, with global growth and the inflation outlook clearly a key swing factor. Something the RBA has signalled it will respond to as required.

Australian equities materially outperformed developed global peers, with the S&P/ASX 200 Accumulation Index rising 3.6%. Defensive ,Tech and Discretionary sectors were most favored. Communication Services (+6.5%), was the best performing sector, driven by REA Group (+13.1%), followed by Information Technology (driven by Megaport's +18.6% share price rally). The Consumer Discretionary sector was next best, led by Eagers Automotive (+23.1%, post a positive market update versus the competition in that space).

Energy was the worst performing sector and the only one in the red, dragged down by Beach Energy (-18.1%), followed by Materials with Bellevue Gold (-20.5%) and Alcoa Corporation (-19.1%), with the Utility sector up 1.9%.

In April, the top stocks that made a positive contribution to the Index's return were all leaders, namely CBA (+116bp), Wesfarmers (+31bp), NAB (+28bp), Westpac (+17 bp) and Telstra (+15bp). Conversely, the bottom five stocks detracting from the Index's performance were Woodside Energy (-21bp), Santos (-10bp), South32 (-10bp), Macquarie Group (-5bp) and Worley (-5bp). The ASX Small Ordinaries rose 1.8%, with the Small Resources closing up 1.7%, broadly in line with the Small Industrials, which closed 1.9% higher.

COMPANY SPECIFIC NEWS

The Market Hits

Boss Energy (BOE +27.8%) / Paladin Energy (PDN +14.7%)

The uranium price started to turn from its March low, rising by 7% to US$68/lb, driven by Trump's desire to increase nuclear energy as a source of power and China's State Council approving an additional 10 new nuclear reactors this month. It was a welcome shot in the arm for the sector, which has seen the uranium price fall from its February 2024 peak of US$105/lb. BOE reported its 3Q production, which was in line with guidance of 295klb, while sales volumes and pricing both beat. PDN also had a solid quarterly result relative to expectations, however they flagged that April volumes were impacted by weather, with work continuing to stabilise plant chemistry and feed from stockpiles related to the company's previous recent withdrawal of guidance.

Lynas Rare Earths (LYC +24.2%)

Rare earths have been the anti-tariff trade, despite China imposing export restrictions and the NdPr price not having moved. Despite very soft quarterly production and sales, LYC is the world's only significant producer of separated rare earth materials outside of China, for the time being and hence the stock of choice for investors.

Eagers Automotive (APE +23.2%)

APE had two major sell side buys placed on its stock this month, highlighting APE's position as the "best-in-class" Australian automotive retail market leader. APE's strong management team has positioned the company to capitalise on the new-car cycle turning up and is strategically well placed for further industry consolidation. APE provided 'conservative' guidance and noted potential for further footprint expansion either via acquisitions, or greenfields. Investors bought in, with the cherry on top being the exclusive distribution agreement with China's BYD, which is on a tear, doubling its local market share in the March quarter, with successful new model launches to come.

Helia Group (HLI +21.3%)

HLI, the provider of lenders mortgage insurance, fell 25% in the month of March after announcing that its current Supply and Service contract with CBA (due to expire on 31-Dec-25) will not be renewed. For perspective, the CBA contract, represented ~44% of GWP in FY24. The fact that the HLI share price is now back to where it was on the day prior to the announcement, is very puzzling. No releases, no substantial holding changes, hence the rebound has been confounding.

Megaport (MP1 +18.6%)

MP1 is a network-as-a-service (NaaS) business offering carrier-neutral, SDN-based elastic interconnection services. The company has had a history of large and volatile moves with its result's releases, however this month there was no particular news. We put the move down to the strong rebound in US equity markets in the last seven trading days in April, powered by the Nasdaq Composite's 9.9% rise, which saw our local tech sector up 9.2% follow suit.

Challenger (CGF +17.6%)

CGF jumped 10%, after posting its 3Q25 update with strong total annuity sales. Growth of 20% on pcp and a narrowed profit guidance range to NPAT $450-465m, which was higher than current consensus fueled the rally. Also, earlier in April, strangely, CGF's major shareholder MS&AD, sold its 15.1% interest to Japanese competitor Dai-ichi at a price of $8.46/share, representing a 53 per cent premium to Challenger's previous closing price. With Apollo still at 9.9% on CGF's register post selling 10.6% back in September at $6.51/share, the market's fear of another block sell down seemed to have been calmed after the Dai-ichi transaction.

De Grey Mining (DEG +15.5%) / Regis Resources (RRL +15.1%)

The DEG acquisition by Northern Star (NST) was completed on 23 April, with the discount to the offer of 0.119 NST shares for each DEG share closing. RRL pre-released its 3Q25 report with a beat at 90koz of gold, driven by strong performance at its Tropicana mine, resulting in a much higher increase in its cash and bullion position of $138m, boosting the balance sheet to $372m, with no debt after the $300m repayment of its term loan.

Pro Medicus (PME +14.8%)

PME provides a range of radiology information technology software and services to hospitals, imaging centres and health care groups. PME is a quality growth stock, which trades at a significant premium over other "run of the mill" growth stocks, certainly challenging the more traditional valuation metrics. PME's stock price is closely aligned with tech stocks and as such, is sensitive to "risk on" behaviour and lower equity discount rates impacted by longer dated bond rates. After being down 21% in March, PME rebounded in the last seven trading days of April, where tech stocks rallied and bond yields fell both in the US and locally, very similar to Megaport mentioned above. PME is now trading at ~115 times EV/Sales and an eye watering EV/EBITDA multiple of ~150x, supported by its ~40% p.a. expected revenue and EBITDA growth rate - the main driver and focus for growth style investors.

The Market Misses

HMC Capital (HMC -22.0%)

HMC is an alternative asset manager aiming to provide capital-lite exposure to scalable asset strategies across real estate, private equity, energy transition, value-add infrastructure and private credit. HMC's stock price recently peaked at $12.54/share in late November 2024, following a number of successful deals, namely the Sigma Healthcare/Chemist Warehouse transaction, but also getting the Digico Infrastructure REIT IPO away when markets were buoyant. Since then, the stock has de-rated significantly, predominantly with Digico (where HMC holds ~19%) trading 46% below its issue price of $5.00 in December, as well as the recent underwhelming trading performance of its broader listed entities. Early in April, HMC held their investor day showcasing its five key verticals over almost eight hours. The session failed to resolve many of the key issues overhanging recent stock performance. This included the resolution of ownership/recapitalisation of Healthscope, confirmation of equity commitments for its planned Energy Transition Fund, ensuring that HMC isn't required to settle the Neoen acquisition on its balance sheet and also news flow on Digico, namely the HCF certification and progress on leasing and development of SYD1. The response to the investor day was a 11.0% fall in the share price!

NUIX (NXL -20.8%)

NXL is an investigative analytics and intelligence software provider which has had a topsy-turvy history since its IPO back in December 2020. NXL shares temporarily stabilised post its disappointing update at the company's AGM in November 2024 pointing to a weaker first half with and expected pick up in the seconded half, but management failed to convince investors, taking a 22% hit on the day of the announcement. This was followed by a 1H25 update on 28 January, which was again weaker than market expectations, causing the stock to be pummelled by 21% that day. Come the 7th of April, another disappointing trading update was provided, with growth now expected be at the low end of its recently guided range of 11-16%. Ironically in March, NXL was included in the S&P/ASX 200 index, but it is doubtful that it will be there for long.

Bellevue Gold (BGL -20.5%)

BGL's very weak Q3 production update (26koz vs guidance of ~35koz) triggered a review event with its project debt/hedge provider. BGL was forced to raise $156m equity at $0.85/share (26% discount), with A$110m used to pay down out of the money gold CY25 hedges. Production guidance was again downgraded in FY25/FY26 (-17%/-28%), with the long-term profile lowered to 190koz from 250koz. Against the background of all-time record gold prices, BGL shares are down 19% versus the local gold sector, which is up 38% for the CYTD, far from a belle view!

Alcoa Corporation (AAI -19.1%)

AAI has been hit by the Trump tariffs on aluminium exported to the US, coupled with weaker aluminium and alumina prices this month, which are down 5% and 8%, respectively.

Beach Energy (BPT -18.1%)

BPT has been impacted by the 18% fall in the benchmark Brent oil prices this month, as has the broader energy sector which is down 8%. Energy is the worst performing sector locally and globally, with the MSCI World index down 12% in local currency terms. The announcement of increasing output and "cheating" by OPEC+, as well as the Saudis willing to accept lower prices has driven prices weakening to a four year low of US$61/barrel.

Generation Development Group (GDG -17.3%)

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Liontown Resources (LTR -16.0%)

LTR reported its 3Q25 spodumene production in line with expectations as well as realised prices and costs resulting in cash from operations of $14m, however cash on hand fell $20m to $173m, after capex and leases. The stock fell mainly due the weaker spodumene price of US$720, down 10% in April. The current price makes it more challenging for LTR in FY26, which is a transitional year as the open pit is exhausted and the plant is fed from a combination of open pit stockpiles and ore sorting material as the underground ramps up, putting pressure on managing unit costs.

South32 (S32 -14.6%)

Like Alcoa, S32 has been sold down purely on lower aluminium and alumina prices this month.

Perpetual (PPT -14.5%)

PPT released their 3Q25 business update which disappointed on net outflows in its Asset Management (PAM) business of $8.9bn, resulting in AUM falling to $221bn. The positives in the update were the solid performance of the Corporate Trust (PCT) business, contributing 30% of PPT's 1H25 earnings, which continued to incrementally grow FUA in the quarter and surprisingly, despite negative Press on staff poaching, the Wealth Management (PWM) business delivered an impressive $0.9bn of net inflows. Also, PPT gave new guidance on FY25 total expense growth of 3%-4%, which was lowered from 4% prior. Focus remains on PPT's previously articulated sale of its PWM business, which would extinguish most of its debt and be the catalyst for a much needed re-rating. Given KKR were prepared to pay ~$2.2bn for PWM and Corporate Trust combined, the current market cap of ~$1.85bn for the entire company is far too cheap.

Worley (WOR -13.8%)

Worley is a global provider of professional project and asset services in the Energy, Chemicals and Resources sectors and has been positively correlated to oil prices, so it is no surprise that WOR would trade in the same direction as oil prices with Brent down 18% this month.

FUND PERFORMANCE

April proved to be another extraordinarily volatile month for global equities, driven by the shock of President Trump's bombshell and much larger than expected reciprocal tariff strategy announcement. This initially caused major drawdowns across world equity markets, however a significant reversal occurred after Trump announced a 90-day tariff pause on the Administration's reciprocal tariffs, except for those imposed on China. Australia's equity resilience was on show, with all sectors ex-Energy recovering from their early April lows, to post a Benchmark return of +3.62%, which outpaced the Fund return of +1.87%.

Defensives again outperformed in April. Communication Services (+6.5%), Information Technology (+6.4%) and Consumer Discretionary (+6.1%) were the best performing sectors, whilst the underperformers were Energy (-7.7%), Materials (+0.7%) and Utilities (+1.9%). The major contributors to April's benchmark return were Financials (+190bp), Consumer Discretionary (+48bp) and Real Estate (+39bp). Conversely, the major detractors were Energy (-32bp), Utilities (+3bp) and Materials (+14bp).

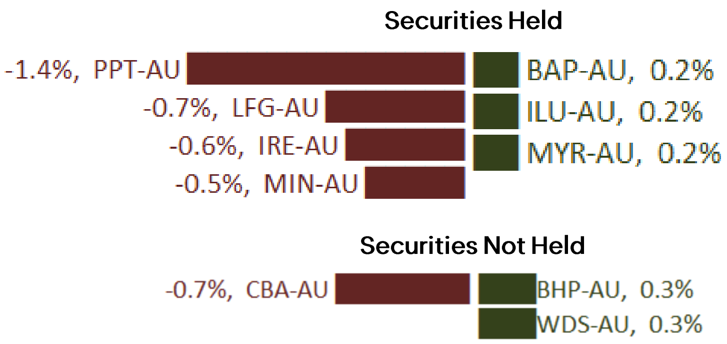
Returns" (%)	Gross	Benchmark*	Excess	Net
1 Month	1.87%	3.62%	-1.75%	1.79%
3 Months	-10.27%	-3.69%	-6.58%	-10.52%
12 months rolling	-10.46%	9.79%	-20.25%	-11.45%
3 Years (p.a.)	0.36%	7.18%	-6.82%	-0.74%
5 Years (p.a.)	10.43%	12.14%	-1.71%	9.22%
10 Years (p.a.)	6.03%	7.72%	-1.69%	4.89%
Since Inception (p.a.)	8.66%	9.58%	-0.92%	7.49%

Past performance is not a reliable indicator of future performance

"The return figures are calculated using the redemption price for Class A Units and on the basis that distributions are reinvested. The Gross and Excess return figures are before fees and expenses whereas the Net Return figures are net of fees and expenses for the Class A Units. Returns of the Fund may include audited and un-audited results. Past performance is not a reliable indicator of future performance.

* The benchmark was changed from the S&P/ASX 200 Accumulation Ex REITS Index to the S&P/ASX 200 Accumulation Index on 1 July 2012.

Month of April Attribution



Source: Ellerston Capital

For April, the main positive contributors to the Fund's performance were overweight positions in Bapcor (BAP +12.6%, post a recent solid trading update ahead of their Strategy Day), Iluka (ILU +7.0%), Myer (MYR +10.8%) and not owning BHP (BHP -0.03%) and Woodside Energy (WDS -10.3%). But these were not enough to compensate for this month's detractors, which included overweight positions in Perpetual (PPT -14.5%), Liberty Financial (LFG -9.4%, which drifted lower on no new news), IRESS (IRE -1.9%), Mineral Resources (MIN -14.1%) and not owning any CBA which rallied hard (CBA +10.4%).

FUND ACTIVITY

Fund activity in April was relatively subdued. We trimmed Challenger and Orica and topped up existing positions in Ampol, Insurance Australia Group and Johns Lyng, all at the lows.

NEW STOCKS ADDED

- None

STOCKS EXITED

- None

INCREASED

- Ampol
- IAG
- Johns Lyng

DECREASED

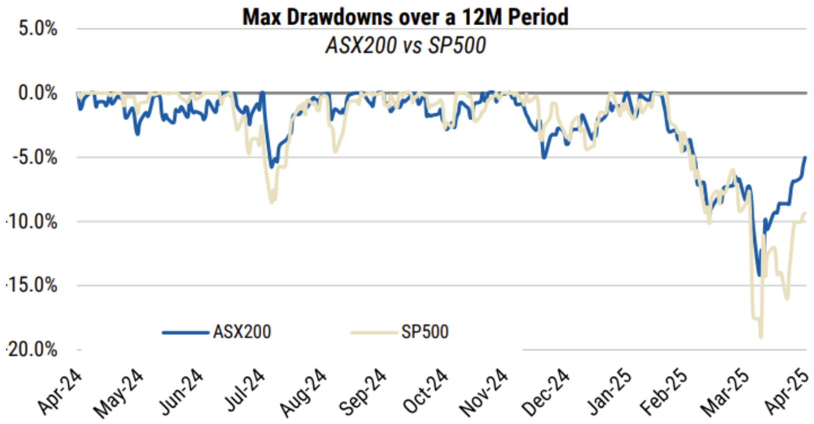
- Challenger
- Orica

FUND STRATEGY AND OUTLOOK

The roll out of the Trump Administration "Liberation Day" reciprocal tariff strategy has shocked investors and impacted all risk assets. Most strategists have shaved global growth forecasts, whilst acknowledging the upward pressure on US inflation, with strong echoes of "stagflation". The current climate of lower growth and disinflation outside the US is very likely to lead to lower rates globally.

Trump's change of mind re policy is proving problematic and we await his next posting to see where we are heading. As trade policy evolves, investors will have a much better handle on the implications for both growth and inflation, but in the meantime, the 90 day tariff reprieve has effectively kicked the can down the road. Against this backdrop, Australia appears relatively well positioned to weather increased risks around reciprocal tariffs and global trade, as experienced in April, with the ASX 200 managing to outperform all major global equity markets.

Australia's drawdown was less relative to the US in April



Source: Morgan Stanley

At a time of dramatic policy change in the US, higher equity market valuations as reflected in the still elevated PE ratio of the S&P500 index, clearly represents an added risk to investors. There appear only two options for investors. The bullish view is that peak tariff panic passed in early April. Weaker earnings revisions indices (ERIs), coupled meaningfully with negative sentiment in soft data, suggest that a shallow recession may have already been priced by markets. The more negative view is that post the 15% rebound off intra-month lows, we could be near the top of a Bear Market Rally, PEs are still high and the big economic hit from tariffs is still to come, driving earnings lower. Only time will tell if the bears are climbing the wall of worry, as the outlook is very clouded.

Relative to all of trade war fireworks, the Fed has been calm and cites potential tariff impacts as being 'transitory', deeming risks to recession as 'not high' and to date, is comfortable with two proposed interest rate cuts as its baseline in 2025. If economic data points were to weaken enough for the FOMC to start worrying about unemployment rates trending higher, more rate cuts will be required. Market expectations are for a 25bp rate cut at the next FMOC meeting in early May, which is where half the market observers were betting on prior to the tariff reprieve.

US 1Q25 earnings reporting is only at the half-way mark, but so far company EPS guidance generally has reflected an elevated level of macro uncertainty due to confusion around tariff policy. 1Q expectations are for revenues to grow 4.2% and EPS by 7.4%. Projected EPS growth among groups is expected to vary significantly, as seen below (a blend of consensus estimates and reported results where available):

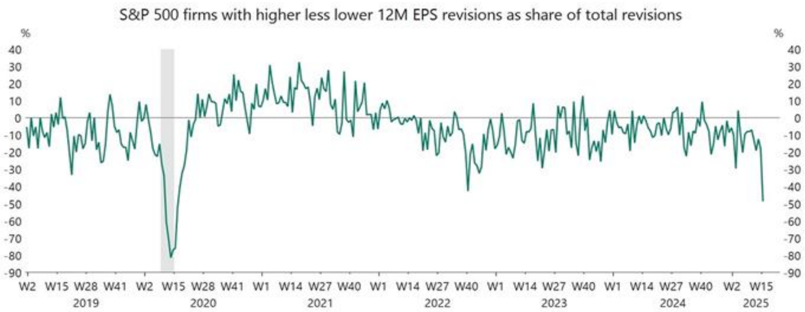
US Forecast EPS Growth YoY

- TECH+: 22.3%
- Financials: 6.4%
- Non-Cyclicals: 2.7%
- Cyclicals ex-Energy: -2.4%
- Energy: -17.8%

Consensus expectations are for Cyclicals ex-Energy margins to contract -5.2%, only slightly worse than consensus expectations for Non-Cyclicals -3.1%. However, Non-Cyclicals sales are expected to grow 5.2%, largely offsetting any margin impact, led by Healthcare (+8.5%) and Utilities (+5.1%). The 6 largest TECH+ companies are expected to outgrow the rest of the market as a group (EPS Growth 24.8% vs. 3.0%), though forecasts will clearly vary for each company.

Early takeaways from US1Q earnings has seen accelerating EPS downgrades in April, which at -46ppt, are already more akin to a recession than a slowdown. On US results, there are beats, but at a lower rate than normal, with a downgrade to upgrade ratio of 5 to 1 for 2Q25e. US results also show lower than expected capex, higher inventories and reduced cash circulation, all of which reflect rising uncertainty and add to growth headwinds. Consumer spending has slowed, but it seems most companies are taking more of a 'wait and see' macro approach to tariff policy and are yet to push through large layoffs at this juncture.

Sharpest decline in earnings outlook since 2020



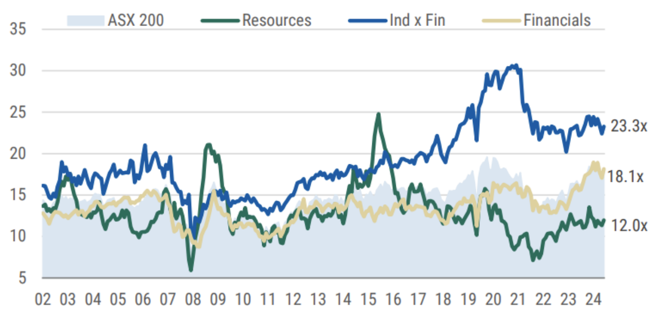
Source: Bloomberg/Apollo

Australian shares rose 3.6% in April, however the market was down 9% over the first 5 trading days of April due to global concerns about the impact of trade wars. The S&P/ASX 200, then miraculously rebounded +13% after Trump announced a 90-day tariff pause, except for the 145% slug to China. April's gain was driven mainly by PE expansion of 5ppt, partly offset by an earnings decline of 1.3ppt.

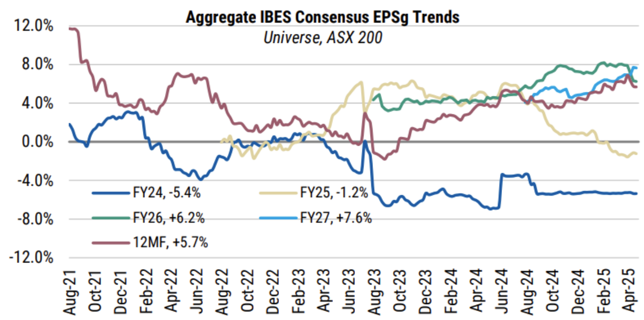
Heading into the 27th Macquarie Conference, net EPS revisions for FY25 are -16ppt, This suggests this year could be a downgrade conference, which contrasts with last year, as there were net upgrades (+6ppt) going in and the conference delivered net positive surprises.

In terms of Valuations, the ASX 200 12MF P/E currently stands at 17.8x, trading at the top one standard deviation above the long-term average (14.7x since 1992). Earnings across the forecast years have been revised lower at the aggregate, with -0.9%/-2.4%/- 1.7% declines across FY25/26/27 estimates, driven by lower revisions within the Energy sector. Earnings growth estimates have adjusted accordingly, with consensus now forecasting -1.2% for FY25, +6.2% and +7.6% for FY26/27, respectively.

The 12M forward PE of the Industrials ex-Financials at 23.3x



Annual Consensus EPS Growth Trends FY24-27



Source: Morgan Stanley

The market's reaction to the ALP election victory is likely to be muted, overshadowed by any new Trump Tweets. As we have emphasised previously, markets do not like uncertainty and today is possibly the most uncertain world geopolitically, economically and in terms of polices since the 1930s. Given the above backdrop, expect heightened equity market volatility, coupled with dispersion of share price returns, which will throw up short-term dislocations and mis-pricing investment opportunities.

To summarise your portfolio's current positioning:

1. Quality Franchises, Growth at Reasonable, Attractive Valuations

Solid companies with strong/leading market positions and credible management with good balance sheets.

Ampol, Block Inc., Insurance Australia Group, IPH, James Hardie, Liberty Group, Premier Investments, Seek, and WEB Travel.

2. Businesses that are highly cyclical or seasonal in nature, that have faced headwinds

Heavily discounted companies with strong market positions and strategic assets, but very sensitive to economic conditions/seasonality/weather.

Challenger, GrainCorp, Johns Lyng, Myer, Orica, Origin, Orora and Seven West Media.

3. Turnarounds

Sound businesses that have historically generated poor returns, have been badly managed, resulting in poor execution of strategy and have under-earned versus their potential. These stocks are in a transition phase, and we think earnings/returns will improve over the medium term. Out of favour with the market, somewhat contrarian positions.

Bapcor, IRESS and Perpetual.

4. Deeper Value Resource Plays

Stocks trading at discounts to NPVs, where much of the heavy lifting has been done (cost out, self-help). The cycle and longer term thematics are still positive and any demand pick up will challenge balanced supply.

IGO, Iluka Resources and Mineral Resources.

We are truly grateful for, and always appreciate your continued support.

Warmest Regards,

Chris Kourtis

Portfolio Manager

About the Ellerston Australian Share Fund

The Fund aims to achieve its performance objectives by adopting a fundamental "bottom-up" investment approach to stock selection which is focused on identifying and then constructing a portfolio of the highest conviction ideas.

Investment opportunities for the Fund are identified by analysing and understanding the factors affecting (amongst other things): business model, industry structure, management team and overall valuation. Ellerston Capital typically favours businesses that can sustain high returns or improve their return on capital and looks to invest in businesses with a market value below the value we attribute to them.

Benchmark weightings do not drive our stock decisions, our approach is totally benchmark independent.

Due to the high conviction nature of the portfolio and the resulting deviation in portfolio composition relative to benchmark weighting, it is expected that the returns from the Fund will differ significantly from the broader market indices.

STRATEGY FUNDS UNDER MANAGEMENT	$560,262,337
FUNDS UNDER MANAGEMENT – ASF UNIT TRUST	$3,255,763
APPLICATION PRICE	$0.8111
REDEMPTION PRICE	$0.8071
NUMBER OF STOCKS	23
INCEPTION DATE	31-March-09

Contact Us

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Find out more:

For new or additional applications into the Fund, please click here.

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 1300 101 595 or ellerstonfunds@automicgroup.com.au.

Ellerston Capital