

Ellerston Australian Absolute Return Fund – Class A Units

Monthly Newsletter, June 2025

Investment Objective

The Ellerston Australian Absolute Return Fund – Class A Units (Fund) targets absolute returns with an annualised return objective of 5% above the RBA Cash Rate over rolling five-year periods.

Investment Strategy

The Fund seeks to provide investors with a return profile that has a low correlation with traditional asset classes. The Fund aims to generate positive returns in all market environments by reducing the majority of market risk and focusing on capital preservation and alpha generation.

Key Information

Inception Date **	3 June 2013
Portfolio Manager	Ashok Jacob
Application Price	\$1.1664
NAV Price	\$1.1635
Redemption Price	\$1.1606
Current Total NAV	\$4,834,284
Liquidity	Daily
Gross Exposure	70.30%
Net Exposure	35.18%
Management Fee	1.20% p.a.
Performance Fee	20%
Buy/Sell Spread	0.25% on application 0.25% on redemption

PERFORMANCE SUMMARY

Performance	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	10 Years (p.a.)	Since Inception* (p.a.)
Net^	0.5%	2.1%	10.2%	1.5%	3.9%	3.3%	5.3%
Benchmark*	0.3%	1.0%	4.2%	3.8%	2.3%	1.9%	2.0%
Alpha	0.2%	1.1%	6.0%	-2.3%	1.6%	1.4%	3.3%

^ Net return figure is calculated after fees & expenses. Past performance is not a reliable indication of future performance.

* RBA Cash Rate. ** Inception Date 3 June 2013

COMMENTARY

The Ellerston Australian Absolute Return Fund (the Fund) rose 2.1% (net) for the quarter in a positive quarter for the market, with the ASX200 up 9.5%. The quarter started on shaky ground with the "Liberation Day" announcement causing a sharp drawdown. From here, as the level of proposed tariffs were walked back by President Trump. The market rallied to reach all-time highs in June. The Australian market benefitted significantly by being viewed as a "safe haven", with the larger stocks in particular benefitting from index flows into the market.

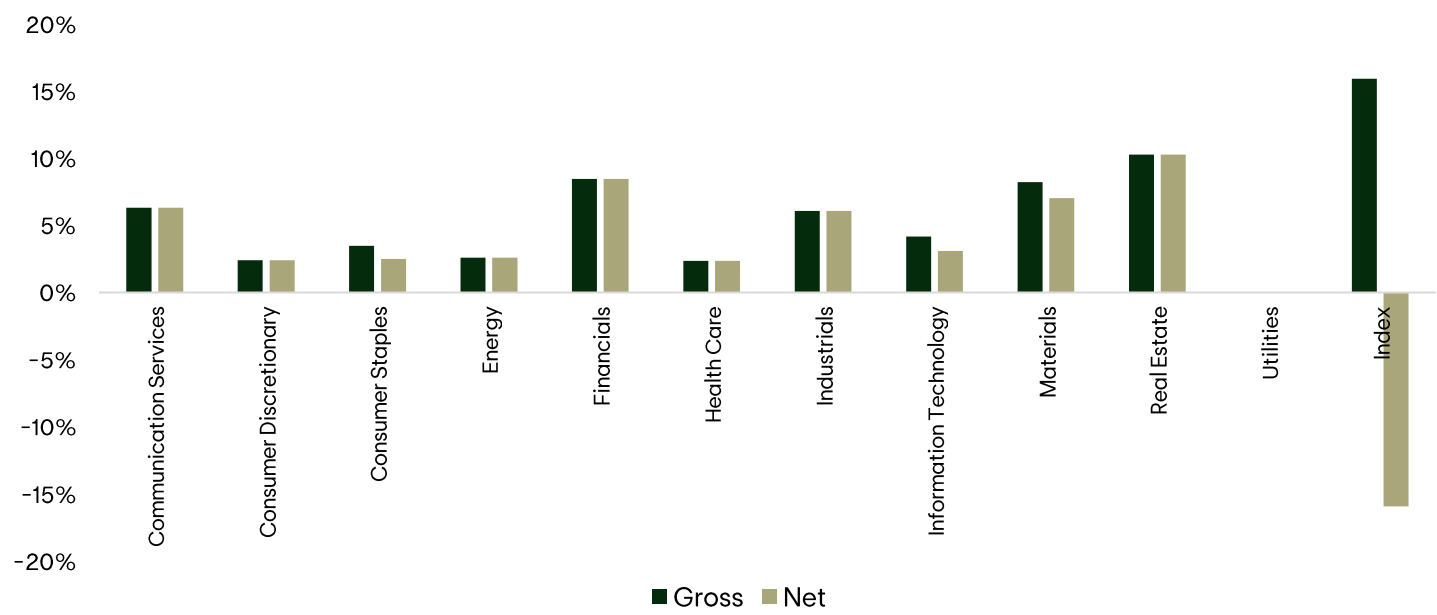
For FY25, the Fund fell short of our internal target of 1% gross return a month, however, we did outperform our benchmark of the RBA cash rate and performed reasonably versus the ASX200 (which rose 13.8%) with a significantly lower level of volatility and downside risk.

Positive contributors for the quarter were Zip Co (ZIP), Superloop (SLC) and Australian Financial Group (AFG). After exiting Zip earlier in the year, we re-entered in April as the shares had become significantly oversold following a profit warning. The stock rallied as the company published growth figures in the US which were viewed positively by the market. We again exited during the quarter. Superloop has been one of the better longer-term contributors to performance and the business continues to outperform market expectations, particularly the Origin contract. Repricing of NBN rates is also allowing the "Challenger Brands" to take market share from Telstra. Australian Financial Group will benefit from the lowering of short-term and long-term interest rates in the Australian market. This should lead to a pick-up in mortgage growth and a reduction in wholesale rates, which is positive for margins.

Negative contributions for the quarter came from Monash IVF Group (MVP), OFX Group (OFX) and Humm Group (HUM). Monash and OFX delivered negative news during the quarter, and we exited both positions. Monash made headlines, for the wrong reasons, when the embryo of one patient was incorrectly transferred to another patient. This was followed by another error at their Clayton laboratory in June. OFX reported a shocker FY25 result which was below market expectations and against the flow of similar businesses worldwide which had been reporting positive results. Humm fell during the quarter after a change in CEOs. The business has now de-rated to a very low single digit PE and we see reasonable growth into FY26 as the rate of losses in overseas markets declines significantly, which should see the business deliver good EPS growth. At the same time, the business pays a healthy fully franked dividend yield.

PORTFOLIO CHARACTERISTICS

Sector Exposure



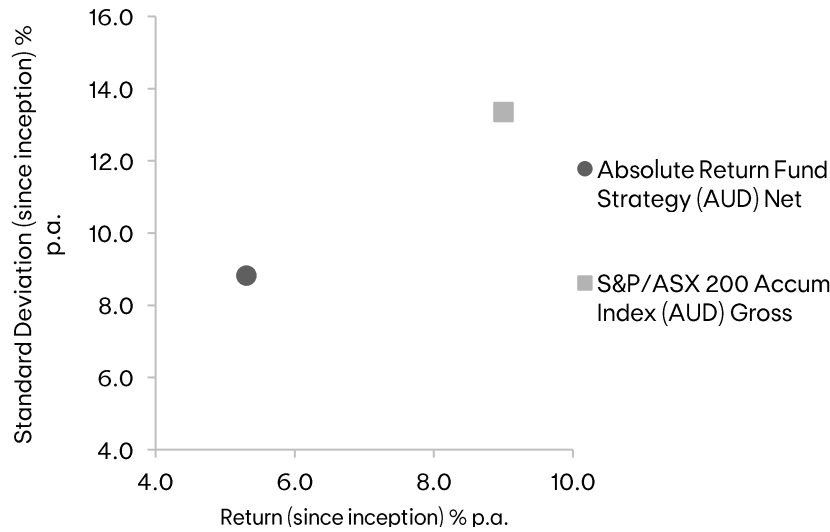
Source: Ellerston Capital.

Top 10 Holdings
(Alphabetical, Long Only)

Amplitude Energy Limited
Arena REIT
Atlas Arteria
Aussie Broadband Ltd.
Charter Hall Retail REIT
EQT Holdings Ltd.
hipages Group Holdings Ltd.
Humm Group Limited
Ricegrowers Ltd. Class B
Transurban Group Ltd.

Source: Ellerston Capital.

Strategy Performance & Volatility



Source: Ellerston Capital.
Past performance is not a reliable indication of future performance.

- **Net Asset Value of the Fund and Redemption Price of Units**

Please refer to the 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 the 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**

Please refer to the details on page one; 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 holding enquiries should be directed to our registry, Automic Group on **1300 101 595** or **ellerstonfunds@automicgroup.com.au**

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