Ellerston Global Equity Managers Fund (GEMS) Class C

Monthly Newsletter, June 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	$1.7732
NAV Price	$1.7688
Redemption Price	$1.7644
Current Total NAV	$89,681,100
Gross Exposure	169%
Net Exposure	125%
Unit Pricing	Monthly
Management Fee	1.50% (p.a.)
Performance Fee	16.50%
Buy/Sell Spread	0.25% on application 0.25% on redemption

PERFORMANCE SUMMARY^

Performance*	FY25	FY24	FY23	FY22	FY21	5 Years (p.a.)	10 Years (p.a.)	Since Inception^^ (p.a.)
GEMS C	8.9%	11.1%	-7.0%	-13.5%	58.6%	9.1%	9.0%	10.1%
MSCI WI**	13.7%	21.3%	18.2%	-11.1%	36.9%	14.7%	10.9%	11.1%
ASX200***	13.8%	12.1%	14.8%	-6.5%	27.8%	11.8%	8.9%	8.3%

Performance*	1 Month	3 Months	1 Year
GEMS C	**3.6%**	**7.3%**	**8.9%**
MSCI WI**	**3.8%**	**9.5%**	**13.7%**
ASX200***	**1.4%**	**9.5%**	**13.8%**

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 rose 7.3% for the June quarter as markets around the world posted positive returns, following the slump in April, as the threat of high tariffs was walked back by the US administration and the market focused on the continued strength of the US economy. The US bond market was relatively well behaved, despite the passing of a major piece of legislation which will continue the path of increasing budget deficits in the US. The worsening US fiscal situation was mainly reflected in the weakness of the US Dollar which has been in a downward trend since January this year. Most major markets have returned or are close to their highs that were reached earlier in the year. The clear standout has been the Nasdaq which is now trading at calendar year highs on 30 June. We retain a relatively high net exposure to the market as the path of least resistance has been higher recently. However, political risks remain high and so we want to retain a level of downside protection which has been a detractor over the last quarter.

In Australia, the major positive contributors to performance for the quarter were Greatland Resources (Gold), Lynas Corporation (Rare Earths) and Carnaby Resources (Copper). Greatland Resources, previously Greatland Gold, completed its Australian listing at the end June. Including the contribution of the UK listing it was the greatest contributor to fund performance for the quarter. The business has now re-rated closer to Australian listed peers and we took the opportunity with the listing to reduce our holding size on relative valuation metrics. Lynas benefitted from the US Government announcing a contract with US listed MP Materials for a fixed price contract to purchase Rare Earths. This sets a precedent for a "western price", which is well above the current spot price with the aim of creating a value chain outside of China who control 90% of the rare earths processing market. Carnaby shared some good exploration hits at their new acquisition and the Harmony Gold bid for Mac Copper highlighted the appeal of the sector to cashed up gold miners. Performance detraction came from Dubber (Software), Bellevue Gold (Gold) and HiPages (Software). Dubber lost a major contract with VirginMedia UK during the quarter, which will push back the profitability profile of the business. Gold stocks in Australia mostly retreated in the last 2 months in the quarter as the gold price stopped rising and has basically traded sideways for the last quarter. This caused a number of stocks to fall, including Bellevue, as momentum came out of the sector. The stock has also traded sideways and after quarter end they did report their quarterly which was slightly below guidance, but did see the company return to positive cash flow generation. HiPages fell on no new news. The stock remains unloved despite an improvement in all metrics, in particular the steady increase in cash flow generation which will see the companies cash balance continue to increase.

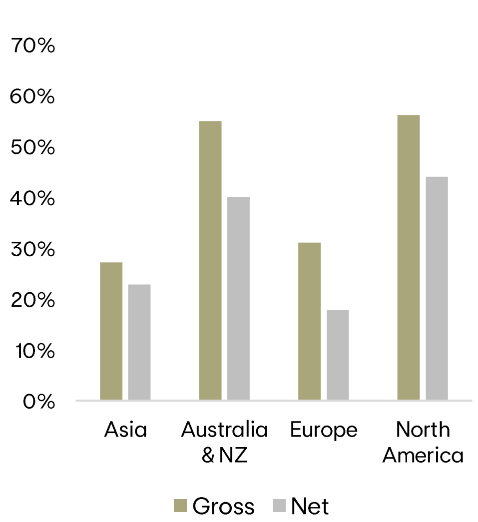
In North America, Core Scientific (Data Centres), Meta (Software) and Netflix (Subscription service) were the main positive contributors for the quarter. Core Scientific announced a takeover by major customer Coreweave towards the end of the quarter. The bid is an all-scrip deal which does mean that the share price will fall in line with the latter's share price and we have reduced our position size. The deal makes sense for both parties, particularly since the Coreweave share price re-rating since listing in March at up almost 4x. Meta rallied along with the broader AI theme in the June quarter, and the company regained its February high at the end of the quarter. Netflix continues to deliver results above brokers expectations, which continues to drive the share price. Performance detraction for the quarter came from Sigma Lithium (Lithium), Apple (Mobile devices) and KBR (Engineering and Services). We moved into some small positions in Lithium during the quarter, both in Australia and in the US. We ended up selling out of Sigma as it hit our stop loss limit, but we continue to hold Pilbara Minerals and IGO Ltd with some early signs that the price has reached a bottom during June. Whether it is temporary or not remains to be seen. Apple seems to have ended up on the losing side of Trumps tariff war and we have exited the position. KBR reported earnings ahead of expectations and several new contract wins, however there was also the potential for a revenue reduction in the NASA side of the business due to budget cuts which will impact earnings in 2026.

Within Asia, positive performance for the quarter came from Capital Land India Trust (Indian REIT), Titagargh Rail Systems (Indian Rolling Stock) and Jio Financial Services (Indian Financial). Capital Land India rallied in line with the movement in the Singapore 10-year yield (yield falling) which is one of the major short-term drivers of the share price. Longer term the company has the ability to deliver double digit EPS growth and pays a high single digit dividend yield. Titagargh rallied along with the Indian market in May after seeing a significant drawdown for the share price over the previous 10 months. Jio Financial has rallied alongside the broader Indian market. Interest rate cuts by the central bank, signs that earnings growth decline has bottomed and a renewal of foreign buying have seen the market rally back close to the highs of 2024. Performance detraction came from Alibaba Group (E-commerce), Lexinfintech (Chinese financial) and CATL Ltd (Chinese battery maker). Alibaba share price remains below the level of the pre-tariffs announcement as FY25 results came out below expectations due to a higher level of investment. We retain a mildly positive view on Chinese stocks and think that Alibaba is a relatively cheap play on AI investment compared to US peers. Lexinfintech results came out of ahead of expectation, but the ongoing threat of US ADR de-listing weighed heavily on the share price, and we exited during the quarter. We held CATL going into the tariff day announcement which hurt performance and exited during the quarter as we changed some of our investment positions in HK/China away from higher levels of tariff risk to more domestic focused companies.

In Europe, positive performance came from Siemens Energy (German Energy Solutions), Chemring (UK explosives manufacturer) and Heidelberg Materials (Global cement manufacturer). Siemens continues to re-rate after reporting a quarterly result that saw a significant increase in order book and free cash flow generation both ahead of market expectations. It continues to trade at a discount to closest peer GE Vervona (US Based). Both companies are benefitting from the need to add to electrical grid infrastructure and the demand for gas turbines to help to provide grid stability as coal fired generation is gradually wound down. Chemring announced first half results and an outlook that were ahead of market expectations. The macro background of higher defence spending in Europe is impacting the demand for explosives due to the ongoing demand in the Ukraine war and the need to rebuild stockpiles. With NATO members committing to higher levels of defence spending, tailwinds for the company remain in place. Heidelberg Materials has continued to re-rate since the German government announced plans regarding stimulus spend, including around infrastructure. This should lead to increased demand for cement and the company continues to trade on a relatively modest valuation with positive earnings revisions. There were no companies that detracted from performance during the quarter. Index protection strategies using options was the only detractor.

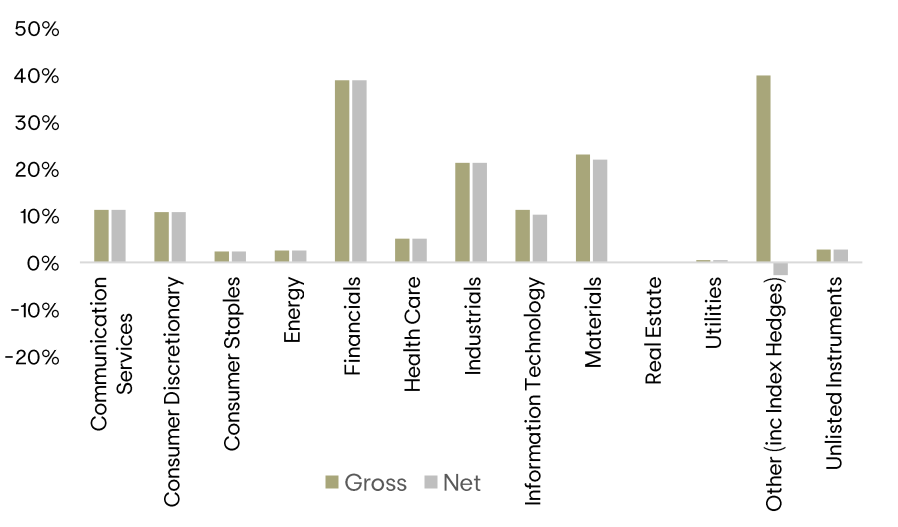
PORTFOLIO CHARACTERISTICS

Region Exposure



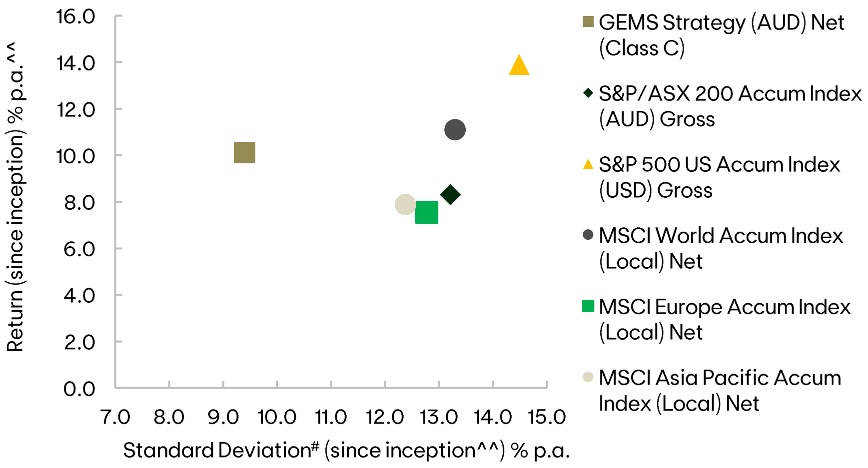
Source: Ellerston Capital.

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
- CME Group Inc.
- CORE SCIENTIFIC
- GREATLAND RESOURCES LTD
- META PLATFORMS INC
- MICROSOFT CORP
- MOSAIC CO-THE
- NETFLIX INC
- SIEMENS ENERGY AG

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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