

31 May 2021

Dear Unitholder,

Re: Significant Event Notice for Ellerston Australian Market Neutral Fund (ARSN 168 025 670; APIR Code: ECL0013AU)

Further to our correspondence dated 18 December 2020, Ellerston Capital Limited (ACN 110 397 674) in its capacity as Responsible Entity (RE) for the Ellerston Australian Market Neutral Fund (ARSN 168 025 670) (the "Fund") will issue an updated Product Disclosure Statement (PDS) to reflect the following changes to the Fund:

Item	Old PDS	New PDS (to be issued 1 June 2021)
Fund Name	Ellerston Australian Market Neutral Fund	Ellerston Australian Absolute Return Fund
Investment Strategy	<p>The Fund is an Absolute Return strategy and aims to generate positive returns in all market environments by reducing the majority of market risk and focusing primarily on capital preservation and Alpha generation.</p> <p>The Fund will utilise a Relative Value and a Special Situations strategy.</p>	<p>The Fund is an Absolute Return strategy and aims to generate positive returns in all market environments by reducing the majority of market risk and focusing primarily on capital preservation and Alpha generation.</p> <p>The Fund will utilise a fundamental, bottom-up stock picking approach. The Manager also utilises a "top down view" to adjust its investment exposures accordingly.</p>
Investment Guidelines and exposure:		
Targeted number of positions	Between 50 and 100 (combined Long and Short)	Between 30 and 100 (combined Long and Short)
Maximum Net Equity Exposure	+25% of the Net Asset Value of the Fund	+40% of the Net Asset Value of the Fund
Minimum Net Equity Exposure	-25% of the Net Asset Value of the Fund	-10% of the Net Asset Value of the Fund
Maximum Position Exposure	+/- 8% of the Net Asset Value of the Fund except where the maximum individual security exposure exceeds this due to market movements. In such circumstances, the Manager will dispose of any securities within a reasonable period.	+/- 10% of the Net Asset Value of the Fund except where the maximum individual security exposure exceeds this due to market movements. In such circumstances, the Manager will dispose of any securities within a reasonable period.
Derivatives	Derivatives will be used as part of the Fund's Relative Value and Special Situations strategy. The Fund will use Derivatives to, amongst other things, Leverage the portfolio and achieve a Short position. The Fund will use Exchange Traded Derivatives only.	Derivatives may be used for the purpose of hedging the portfolio and/or individual security risk and to increase/decrease overall portfolio and country exposures. The Fund may use Exchange Traded or OTC Derivatives.
Key Decision Maker	Paul Drzewucki	Ashok Jacob

Importantly, the following Fund features remain unchanged:

- Investment objective
- Benchmark
- Fees (i.e. Management Fee, Performance Fee, Buy/Sell spread and estimated expenses)
- Application and Redemption frequency

The aforementioned Fund changes will take place to more closely align with that of Ellerston's founding product; the Ellerston Global Equity Managers (GEMS) Fund. The GEMS Fund has been run by Ashok Jacob (Executive Chairman and Portfolio Manager) since its inception in January 2002, and since this time has produced a 14.14% p.a. (net¹) return, as at 30 April 2021.

The Ellerston Australian Absolute Return Fund investment strategy will adopt a Long/Short investment approach which seeks to provide investors with a return profile that has a low correlation (i.e. low relationship) with traditional asset class returns. The Fund will remain an Absolute Return strategy and aims to generate positive returns in all market environments by reducing the majority of market risk and focusing primarily on capital preservation and alpha generation.

The new Ellerston Australian Absolute Return Fund PDS will be accessible on Ellerston's website (ellerstoncapital.com) and a soft copy will also be forwarded to you, for your records. If required, a printed version can be requested by calling Ellerston's Investor Relations team on (02) 90217701.

Please note, the new PDS replaces any previous copies of the PDS. Any new Application Form(s) from the previous PDS dated 4 June 2019 will not be accepted from the issue date of the new PDS i.e. new Application Forms from the previous PDS will not be accepted from Wednesday 30 June 2021 onwards.

Questions?

If you should have any questions on these changes, please don't hesitate to contact Ellerston's Investor Relations team on (02) 90217701.

Yours sincerely,

Ellerston Investor Relations.

E: info@ellerstoncapital.com

P: +61 2 9021 7701

DISCLAIMER

¹The performance figures are net of taxes, fees and expenses and assuming distributions are reinvested. Since strategy inception for GEMS A is 1 January 2002 Past performance is not a reliable indicator of future performance, nor a promise of future returns.

This letter has been prepared by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, responsible entity of the Ellerston Australian Absolute Return Fund (ARSN 168 025 670) without taking account the objectives, financial situation or needs of individuals. Before making an investment decision about the Fund persons should read the Fund's Product Disclosure Statement which can be obtained by contacting info@ellerstoncapital.com and obtain advice from an appropriate financial adviser. Units in the Fund are issued by Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000. This information is current as at the date on the first page.

This material has been prepared based on information believed to be accurate at the time of publication. Assumptions and estimates may have been made which may prove not to be accurate. Ellerston Capital undertakes no responsibility to correct any such inaccuracy. Subsequent changes in circumstances may occur at any time and may impact the accuracy of the information. To the full extent permitted by law, none of Ellerston Capital Limited ABN 34 110 397 674 AFSL 283 000, or any member of the Ellerston Capital Limited Group of companies makes any warranty as to the accuracy or completeness of the information in this newsletter and disclaims all liability that may arise due to any information contained in this newsletter being inaccurate, unreliable or incomplete. Past performance is not a reliable indicator of future performance.