

Ellerston Australian Micro Cap Fund

Monthly Report as at 31 January 2025

APIR Code: ECL0984AU | ARSN 619 727 356



Portfolio of 30–60 smaller & micro cap companies built through an active, research-driven investment approach.



Focus on companies which have a sound business franchise with an attractive earnings profile, which operate in growth industries and trade at a discount to valuation.



Aims to outperform the Benchmark over a rolling three-year period.

Performance Summary

Performance	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.) ^{^^}
Net [^]	1.62%	2.67%	26.54%	3.06%	8.97%	14.24%
Benchmark*	4.59%	2.70%	12.32%	3.10%	4.25%	6.87%
Alpha	-2.97%	-0.03%	14.22%	-0.04%	4.72%	7.37%

[^] 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 Small Ordinaries Accumulation Index. ^{^^} Inception date is 28 April 2017.

Key Information

Portfolio Manager(s)	David Keelan & Alexandra Clarke
Investment Objective	To outperform the Benchmark over a rolling three-year period.
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Liquidity	Daily
Target Number of Holdings	30–60
Number of Holdings at Month End	52
Minimum Investment	Initial investment - \$10,000 Additional investment - \$5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.20%
Performance Fee ¹	20.00%
Buy/Sell Spread	0.25% / 0.25%

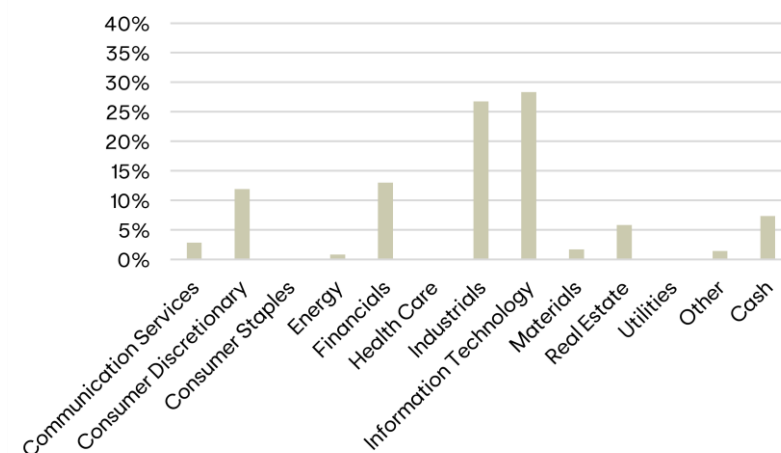
¹Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
Catapult Group International Ltd.	Information Technology
Generation Development Group Limited	Financials
GenusPlus Group Ltd.	Industrials
Qoria Limited	Information Technology
Servcorp Limited	Real Estate

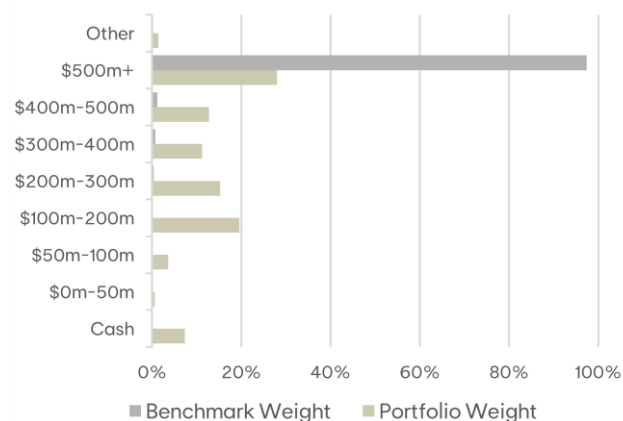
*In alphabetical order.
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Market Capitalisation Exposure



Source: Ellerstion Capital.

Key Portfolio Metrics

FY25e	Fund	Benchmark
Price/Earnings	14.37	20.17x
Dividend Yield	2.33%	3.02%
Net Debt/EBITDA	-0.08x	1.14x

Source: Ellerstion Capital.

COMMENTARY

The Ellerstion Australian Micro Cap Fund delivered 1.62% (net) in January relative to the S&P/ASX Small Ordinaries Accumulation Index which returned 4.59%. The strong start to the year was buoyed by the Trump inauguration, however, intra-month there was volatility. At the start of January, we saw weaker performance from last year winners, which started to reverse as the month progressed. However, the biggest news (while short-lived) was the arrival of DeepSeek, an open-source AI play, out of China. This saw the Nasdaq get hit hard, as well as companies that have exposure to AI like Data Centres and uranium. The Aussie market moved in sympathy but shrugged off the major pain. Materials had a solid month with Gold moving towards its high while AUD/USD continued to decline.

Turning to the portfolio, the fund underperformed this month. While some of this was due to factors beyond our control, we had some own goals that weighed on performance.

Intelligent Monitoring Group (IMB AU) was one of our key detractors, falling 11%. Following a disappointing September quarter result, the stock continued to drift in the subsequent months despite a lack of new news. On the final day of January, IMB announced its December quarterly results, reporting an adjusted pre-acquisitions EBITDA of \$9.24 million, marking a 20% increase from the previous quarter. With this new information the market can now build a bridge to IMB's FY25 EBITDA guidance of over \$38m pre-acquisitions. In early February, IMB also announced its much-anticipated debt refinancing package. This new NAB facility of \$122.5m, is estimated to deliver \$6.5m in annualised interest expenses savings as well as additional acquisition capacity to continue to consolidate the market. IMB remains a core holding in the portfolio and we look forward to the group delivering on its future prospects with a robust pipeline ahead of it.

Dropsuite (DSE AU) was one of our top performers, gaining 24% in January. We've previously highlighted the scarcity of quality tech in the Aussie market, and DSE is a prime example of the value that exists at the smaller end of the market. Dropsuite finished the quarter with \$50m of ARR driven by its net paid customer adds which were well above market expectations as traction from its new PartnerServ and Bring Your Own Storage solutions continued. We weren't the only ones searching the Australian market for smaller tech opportunities, as global tech company NinjaOne submitted an all-cash bid of \$5.90 per share, representing a 34% premium to the previous closing price. This bid was supported by the Board.

As we head into reporting season, we continue to evaluate our positions, focusing the portfolio on high-quality companies with pricing power, strong balance sheets, and the ability to grow independently of broader economic conditions. We consistently stress-test our assumptions and remain diligent in enhancing the portfolio's quality while seeking opportunities that offer a three-to-one risk-reward ratio.

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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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