

# Ellerston Australian Emerging Leaders Fund – Class A Units\*

Monthly Report as at 31 March 2025

APIR Code: ECL6748AU | ARSN 647 979 333

\*The Fund was redesignated as Class A Units on 8 April 2025. Please note that the Fund's investment objective, strategy, fees and costs and other key features remain unchanged. Neither the terms of the units nor your rights as an investor in the Fund have changed.



Portfolio of 30-60 smaller 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.)	Since Inception (p.a.)^^
Net^	-5.80%	-6.39%	10.58%	4.06%	2.11%
Benchmark*	-3.60%	-2.00%	-1.26%	-0.82%	-1.43%
Alpha	-2.20%	-4.39%	11.84%	4.88%	3.54%

^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 13 August 2021.

## 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	41
Minimum Investment	Initial investment - \$10,000 Additional investment - \$5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.10% (p.a.)
Performance Fee <sup>1</sup>	20.00%
Buy/Sell Spread	0.25% / 0.25%

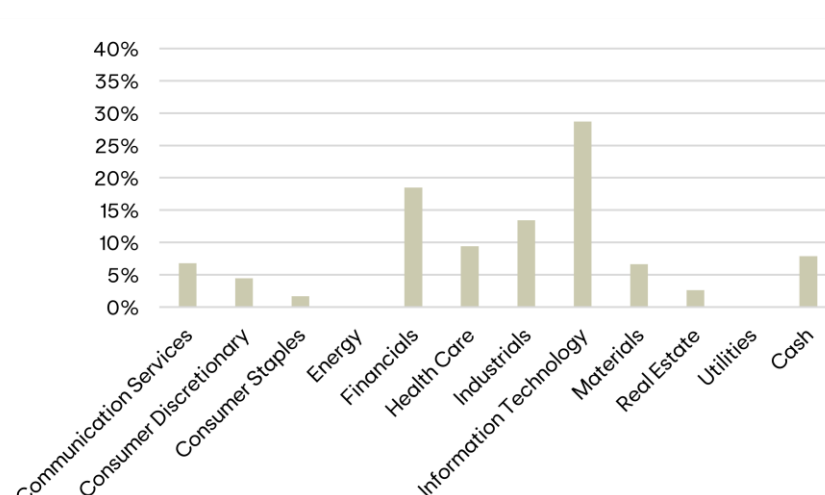
<sup>1</sup>Of the investment return above the benchmark, after recovering any underperformance in past periods.

## Top Holdings\*

Company	Sector
Catapult Group International	Information Technology
Generation Development Group	Financials
Index	Materials
MA Financial Group	Financials
Qoria	Information Technology

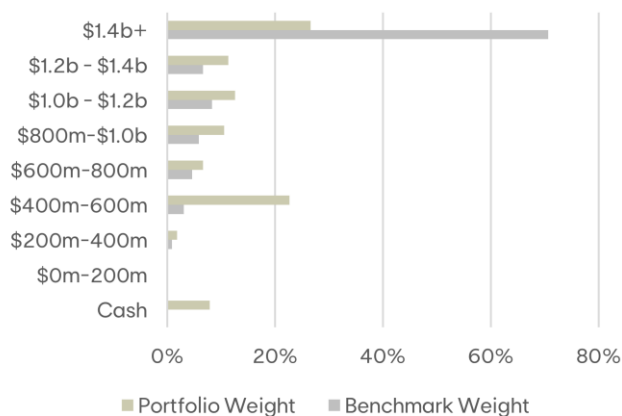
\*In alphabetical order.  
Source: Ellerston Capital.

## Sector Allocation



Source: Ellerston Capital.

## Market Capitalisation Exposure



Source: Ellerstion Capital.

## Key Portfolio Metrics

FY25e	Fund	Benchmark
Price/Earnings	16.53x	15.88x
Dividend Yield	4.04%	4.40%
Net Debt/EBITDA	-0.07x	1.17x

Source: Ellerstion Capital.

## COMMENTARY

The Ellerstion Australian Emerging Leaders Fund – Class A Units delivered -5.80% (net) in March relative to the S&P/ASX Small Ordinaries Accumulation Index which returned -3.60%. It was a tough month for financial markets, with the February volatility continuing well into March on increasing uncertainty around US tariffs and the implications for global growth and inflation. Locally, CPI continues to moderate, increasing the likelihood of rate cuts throughout the year, while Anthony Albanese announced the federal election will be held on 3 May. The Treasurer also delivered the 2025-26 Federal budget with key initiatives being tax cuts, energy bill rebates, increased funding for Medicare bulk-billing services, and investments in affordable housing. It was also a busy period for corporate activity with Tyro lobbying a bid for SmartPay, Domain receiving an improved bid, while Insignia received two separate offers.

The volatility has picked up into April as Trump revealed his 'Liberation Day' tariffs, which included a 10% minimum on nearly all imports and higher rates on specific countries. This sent shockwaves through global equity markets given concerns about potential trade wars and economic slowdowns. In volatile markets, we strictly adhere to our long and time-tested process. We like companies that are in control of their own destiny and have multiple levers to grow topline revenue and/or reduce costs to support EPS growth. We are very conscious of a company's ability to be self-funding (in tougher times) and have the appropriate balance sheet for the environment. When volatility presents itself, like it is now, we look to increase the quality of the book, given the dislocation of share prices verse fundamentals. We have navigated heightened market volatility before and each time it has created valuable opportunities to buy stocks that are back in our "target range" in respect to attractive valuations and high forecasted risk-reward ratios.

Turning to the portfolio, MA Financial (MAF AU) had a tough month, finishing down around 16% despite coming off a strong FY24 result print which exceeded market expectations. We think the stock has wrongfully been dragged down with higher beta listed fund managers, although the bulk of its FUM allocated to unlisted investments including private credit, real estate and alternatives. Additionally, private credit has attracted unwanted attention in the last couple of months, despite MAF continuing to deliver stellar flows and investment performance in the category. Notwithstanding, we think it's a solid business with multiple growth angles, a line of sight to its medium-term targets, and a well aligned management team. However, with continued noise around private credit we have lightened our exposure to this name.

Vulcan Steel (VSL AU) had a decent month, finishing up 8% after outperforming expectations, driven by stronger margins from higher aluminium prices and operational improvements. The outlook is still tough but improving, with volumes and pricing expected to gradually recover over the next 12 months, evidenced by positive pre-sale activity. In Australia, the conditions are more varied, with Victoria still struggling, however, Queensland and Western Australia are performing well, with further improvement expected as additional hybrid sites are commissioned. We have been watching VSL since it listed and waiting for the cycle to turn to see the operational leverage come through. While we don't think we are there just yet, we do think green shoots are appearing.

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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](mailto:info@ellerstoncapital.com) or visit us at [ellerstoncapital.com](http://ellerstoncapital.com).

All holding enquiries should be directed to our registry, Automic Group on 1300 101 595 or [ellerstonfunds@automicgroup.com.au](mailto:ellerstonfunds@automicgroup.com.au).

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