

Ellerston 2050 Fund

Monthly Report as at 31 March 2025

APIR Code: ECL5651AU



Portfolio of companies which are directly or indirectly, demonstrating a pathway to aiding the abatement of carbon within Australia and the global economy.



Targets unlisted (pre-IPO and expansion capital) and listed (micro and small-cap) companies which have sound business franchises and attractive earnings profiles.



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

Performance Summary

Performance	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	Since Inception (p.a.) ^{^^}
Net [^]	-3.5%	-2.6%	-0.3%	12.8%	15.1%	7.3%
Benchmark [*]	-6.7%	-6.0%	-6.4%	-3.8%	7.6%	3.5%
Alpha	3.2%	3.4%	6.1%	16.6%	7.5%	3.8%

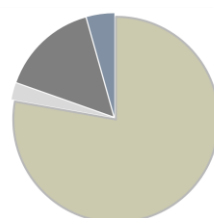
[^] The net return figure is calculated after fees & expenses, assuming all distributions are reinvested. Past performance is not a reliable indication of future performance.

^{*} S&P/ASX Small Industrials Accumulation Index. ^{^^} Inception date is 30 May 2022.

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 Industrials Accumulation Index
Target Number of Holdings	Unlisted/Pre-IPO Investments – 10-30 & Listed Micro & Small Cap Investments – 25-40
Total Number of Holdings at Month End	43
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.50% p.a.
Performance Fee ¹	20.00%
Buy/Sell Spread	0.38% / 0.38%

Portfolio Breakdown



Australian Listed Equity 77.8%

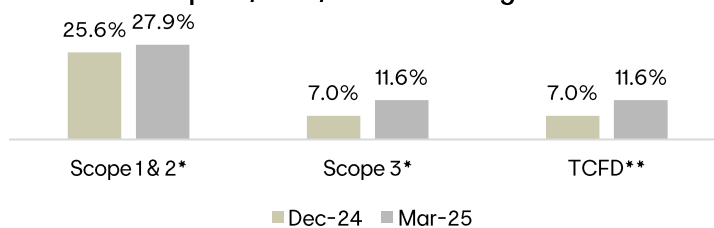
NZ Listed Equity 2.6%

Unlisted/Pre-IPO 15.2%

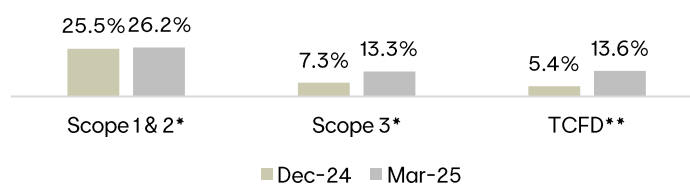
Cash 4.4%

Source: Ellerston Capital

Number of Underlying Holdings Reporting on Scopes 1,2 & 3, and according to TCFD¹



Value of Underlying Holdings Reporting on Scopes 1, 2 & 3, and according to TCFD²



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

¹ Number of underlying holdings reporting on each measure, as a percentage of total portfolio holdings.

² Value of underlying holdings reporting on each measure, as a percentage of total portfolio value

^{*}Source: Company Data

^{**}Source: Task Force on Climate-Related Financial Disclosure

COMMENTARY

The Ellerston 2050 Fund delivered -3.5% (net) in March relative to the S&P/ASX Small Industrials Accumulation Index which returned -6.7%. It was a tough month for financial markets, with the February volatility continuing well into March amid increasing uncertainty surrounding US tariffs and their implications for global growth and inflation. Locally, CPI continues to moderate, increasing the likelihood of rate cuts throughout the year. Additionally, Prime Minister Anthony Albanese announced that 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 Payments lobbying a bid for Smartpay Holdings, Domain Group receiving an improved bid from CoStar, while Insignia received two separate offers.

Volatility has picked up in 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, raising concerns about potential trade wars and economic slowdowns. In volatile markets, we strictly adhere to our long-standing and time-tested process. We favour 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 ensure it has the appropriate balance sheet for the environment. When volatility presents itself, as it does now, we look to increase the quality of the portfolio, given the dislocation of share prices and 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, two stocks which performed well in March were Fleetwood (FWD AU) and Servcorp (SRV AU).

Fleetwood's strong momentum continued into March, following a 1H25 result that came in well ahead of market expectations and analysts upgraded their estimates. Community Solutions remains a key driver of the business, with utilisation expected to be around 80% for FY25. We also see potential for continued improvement at Searipple, driven by major project accommodation demand, as works ramp up in the Karratha region. Building Solutions has turned a corner and is expected to continue benefiting from improving utilisation and margin expansion. The stock fits within the 2050 portfolio because its modular housing is significantly more energy efficient than traditional building methods, reducing carbon emissions.

Servcorp held up well in a tough market after delivering a solid result, tracking towards the top end of its profit before tax guidance, which we believe is conservative given the strength of the first half. The Middle East and Europe continue to deliver strong growth, and the stock is attractively valued, trading on 8x PE, with a dividend yield of over 5%, alongside a net cash position. The company fits in the 2050 portfolio because its virtual offices enable remote working, and shrinking corporate office footprints, reducing global emissions.

Find out more:

Contact Us

Sydney

Level 11, 179 Elizabeth Street,
Sydney, NSW 2000
+612 9021 7701
info@ellerstoncapital.com

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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