

Ellerston Australian Micro Cap Fund

Monthly Report as at 31 March 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^	-2.05%	-0.39%	14.37%	2.87%	17.71%	13.63%
Benchmark*	-3.60%	-2.00%	-1.26%	-0.82%	10.24%	5.85%
Alpha	1.55%	1.61%	15.63%	3.69%	7.47%	7.79%

^ 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	53
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%

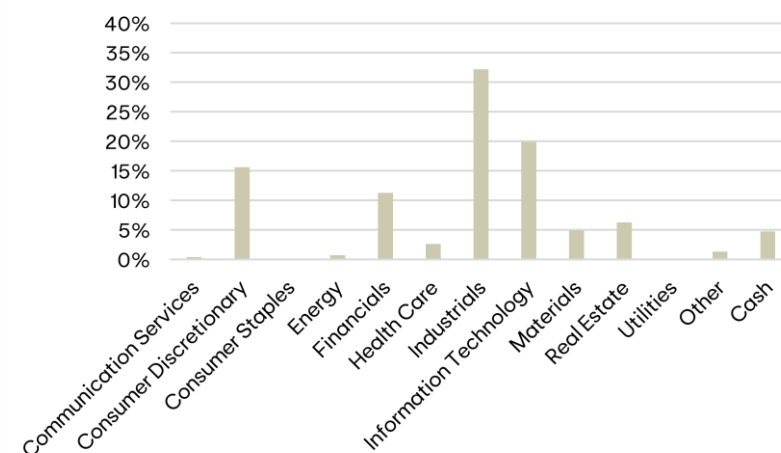
¹Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
BlueBet Holdings Ltd.	Consumer Discretionary
Fleetwood Limited	Consumer Discretionary
Generation Development Group	Financials
GenusPlus Group Ltd.	Industrials
Servcorp Limited	Real Estate

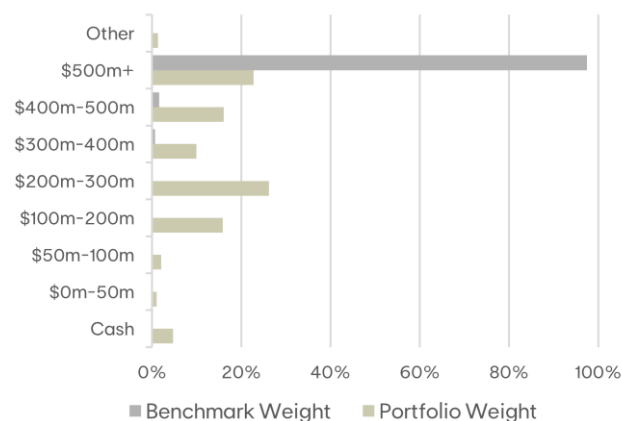
*In alphabetical order.
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Market Capitalisation Exposure



Source: Ellerstion Capital.

Key Portfolio Metrics

FY25e	Fund	Benchmark
Price/Earnings	12.75x	15.88x
Dividend Yield	2.77%	4.37%
Net Debt/EBITDA	-0.44x	1.17x

Source: Ellerstion Capital.

COMMENTARY

The Ellerstion Australian Micro Cap Fund delivered -2.05% (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 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 had positive updates in March were AMA Group (AMA AU) and Wagners (WGN AU).

AMA Group was a solid performer, delivering an 18% gain after finalising an agreement with Suncorp. While the details were confidential, they've agreed on an inflationary mechanism, with reference to cost and severity of repairs. Both companies reaffirmed their commitment to working together to best serve Suncorp's customers, which includes targeting twelve new locations and an additional 40,000 annual repairs over the next four years. The company also finalised its capital structure, by redeeming the \$50m of convertible notes and confirmed that debt facilities have been agreed upon with two major banks. With the balance sheet tidied up and an agreement with a key customer in place, we believe the company is well placed to lead consolidation of the fragmented accident repair industry.

Wagners also had a strong month, gaining 11% following a strong earnings result which came in above the guidance range. WGN was able to turnaround its composite fibre technology business and deliver strong concrete volumes in a more rational market. In March, we saw further details on the infrastructure and construction profile for the 2032 Brisbane Olympics which WGN's is exceptionally well placed to supply volumes. On top of the Olympics, infrastructure spending more generally in WGN's key areas remains robust with projects such as the \$9bn Bruce Highway upgrade. Longer term, we believe the demand backdrop, rational competition and better pricing supports long term margins, driving further upside.

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All holding enquiries should be directed to our registry, Automic Group on 1300 101 595 or ellerstonfunds@automicgroup.com.au.

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