

Ellerston Australian Micro Cap Fund

Monthly Report as at 31 May 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^	8.29%	7.56%	23.80%	11.33%	13.02%	14.66%
Benchmark*	5.76%	3.83%	9.76%	4.68%	6.77%	6.70%
Alpha	2.53%	3.73%	14.04%	6.65%	6.25%	7.96%

^ 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
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%

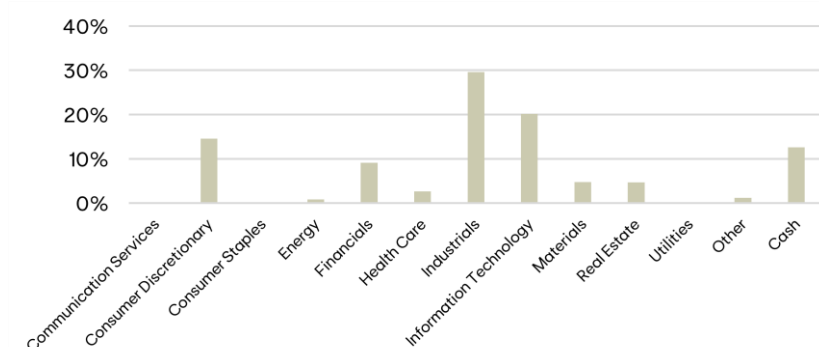
¹Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
BETR Entertainment	Consumer Discretionary
Catapult Group International	Information Technology
EROAD	Information Technology
GenusPlus Group.	Industrials
Servcorp	Real Estate

*In alphabetical order.
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Key Portfolio Metrics

FY25e	Fund	Benchmark
Price/Earnings	15.37x	17.44x
Dividend Yield	2.64%	3.11%
Net Debt/EBITDA	-0.23x	1.20x

Source: Ellerston Capital.

COMMENTARY

The Ellerston Australian Micro Cap Fund delivered 8.29% (net) in May relative to the S&P/ASX Small Ordinaries Accumulation Index which returned 5.76%. After a volatile April, May rebounded solidly shaking off "Liberation Day" as tariff deadlines were extended. Closer to home, we saw a Labor victory in the Federal Election and certainty around policies buoy equity markets coupled with a 25bps rate cut by the RBA. Around the grounds, we saw uranium stocks take off pushing the Energy sector up 12% for the month. Small Resources were also materially higher up 10% on the back of strength in the gold names. On the industrial side of the index, Information Technology rallied 9% led by Catapult (CAT AU) which was up 43% on the back of it reporting its FY25 result. We have discussed CAT numerous times in the past and it remains one of our High Conviction picks. We continue to see the announcement of new product initiatives to flow through as well as stronger operating leverage, which bodes well for FY26 and beyond.

Turning to the portfolio, two stocks which had some newsflow in May were ikeGPS Group (IKE AU) and Eroads (ERD AU) which both reported results.

IKE is a provider of products and services to the electrical utilities and communications space, allowing for the collection, analysis and management of distribution assets. Towards the end of April, IKE released its 4Q25 results which saw subscription revenue accelerate. The jump in subscription revenue was driven by adoption of its PoleForeman product by large US utility companies. IKE now provides its software to 8 of the 10 largest US utility companies. Much like the transformative investment being made in Australia with Rewire the Nation, the US is undergoing a significant investment in the power distribution space. IKE is in a strong operational position to capitalise on this significant market opportunity, as the US looks to prepare its grid for further electrification and contribution from renewable sources. Going forward, IKE reconfirmed its 35%+ subscription revenue growth target and demonstrated strong cost controls. As such, we think the group is only at the start of its journey.

ERD is a stock we have had in the portfolio for some time moving from a prospect up to a core holding. We had been waiting for ERD to demonstrate the business model flipping to free cash flow positive. We believe this free cash flow flip leads to significant share price appreciation as the market can draw a line in the sand of a business being self-funding. Over the years we have seen the flip with Life360 (360 AU), Megaport (MP1 AU) and Catapult (CAT AU) to name a few. Turning more specifically to the result, ERD for the third year in a row beat its revenue, EBIT, and FCF targets to deliver ARR of NZ\$175m and normalised EBIT of NZ\$9.9m. At the result ERD provided FY26 guidance for revenue of >\$205m and ARR >\$188m and maintained its medium-term ARR CAGR target of +11%-13% across FY27-FY29). We believe ERD is just at the start of the re-rate cycle as market comes to appreciate its growth profile and stickiness of its customer base.

Find out more:

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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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