Ellerston 2050 Fund

Ellerston Capital

Monthly Report as at 31 July 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	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)^^
Net^	6.6%	15.6%	21.8%	21.5%	12.8%	11.9%
Benchmark*	5.3%	12.0%	9.4%	11.0%	8.2%	7.4%
Alpha	1.3%	3.6%	12.4%	10.5%	4.6%	4.5%

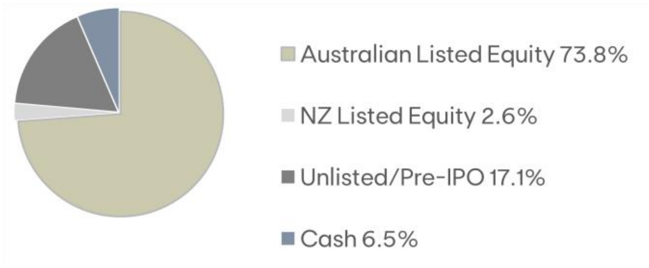
^ The net return figure is calculated after fees & expenses, assuming all distributions are reinvested. Past performance is not a reliable indication of future performance.
** S&P/ASX Small Industrials Accumulation Index. ^^Inception date is 30 May 2022.*

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
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.50% p.a.
Performance Fee[1]	20.00%
Buy/Sell Spread	0.38% / 0.38%

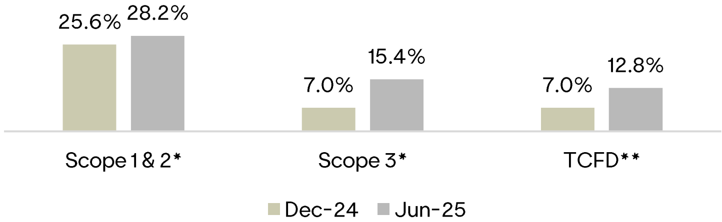
[1]*Of the investment return above the benchmark, after recovering any underperformance in past periods.*

Portfolio Breakdown

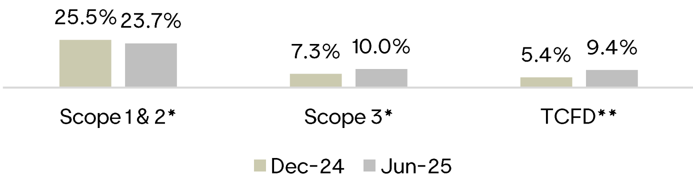


Source: Ellerston Capital

Number of Underlying Holdings Reporting on Scopes 1,2 & 3, and according to TCFD[1]



Value of Underlying Holdings Reporting on Scopes 1, 2 & 3, and according to TCFD[2]



[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 6.6% (net) in July relative to the S&P/ASX Small Industrials Accumulation Index (Benchmark) which returned 5.3%. A major surprise in July was the RBA's decision to maintain the cash rate at 3.85%, a cut had been fully priced in by the market. The RBA cited ongoing concerns about inflation and global uncertainties. As is usual July had plenty of company specific announcements from cleansing events to small acquisitions. On the downside we saw Flight Centre issue a profit warning; Viva Energy provided an earnings update which was below consensus expectations and Bapcor downgrade FY25 earnings. On the positive side, several defence-focused companies like DroneShield and Electro Optic Systems posted strong quarterlies, which resulted in a rally in their share prices

Key Contributor

In July, Johns Lyng Group (JLG AU) received a takeover offer from Pacific Equity Partners (PEP) at A$4.00 per share, representing a 57% premium to the last traded price prior to the confirmation of the indicative proposal. JLG was a key holding in our portfolio where we had initiated our position, post the extreme share price weakness after the February result. We believed the market had overreacted to short-term challenges — specifically, unsustainably low adverse weather events in Australia and continued underperformance of JLG's U.S. business relative to expectations. At those levels, the stock was trading near our bear case valuation, and we saw this as an attractive entry point, with the business trading at a meaningful discount to its long-term valuation and unlisted transactions. With the company now set to delist from the ASX following the execution of a Scheme Implementation Deed in July, we exited our position on the back of the stock trading near the bid price.

Key Detractor

Channel Infrastructure (CHI NZ) was one of our key detractors for the month, closing down 4%. The company provided a couple of data points during the period, including its quarterly update on fuel volumes through its Marsden Point site. While the volume result was broadly in line with long-term forecasts, the quarter was impacted by a number of short-term issues, including tank outages caused by scheduled maintenance and aircraft availability challenges with Air New Zealand's fleet. However, we view these as temporary disruptions, with green shoots emerging from rising passenger volumes at Auckland Airport and tank maintenance programs expected to conclude by the end of 2025. Additionally, CHI informed the market that the expected Final Investment Decision for its biorefinery project would now be pushed to 2026, rather than the previously anticipated 2H 2025. While this was not a large surprise given the complexity of the project, it reflects one of several upside opportunities for CHI moving forward. The company continues to collaborate with Fortescue on its e-Sustainable Aviation Fuel project and is progressing potential biorefinery development with the Seadra Consortium. Despite the short-term setbacks, we continue to hold Channel Infrastructure as one of our core positions within the fund, believing the long-term growth prospects remain intact.

Outlook

As we move into the August reporting season, we are thoroughly reassessing our positions, with a focus on higher-quality companies that have pricing power, solid balance sheets, and the ability to grow outside of the broader economic trends. We are leveraging current market conditions to increase our exposure to mispriced stocks or to introduce new names that previously didn't meet our valuation criteria. We continue to stress-test each of our assumptions and are committed to enhancing the quality of our portfolio, actively seeking opportunities that offer a 3:1 risk-reward profile. We look forward to seeing the clarity reporting season brings, as it will allow us to identify emerging trends and better position the portfolio for FY26.

Find out more:

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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