

Ellerston Australian Micro Cap Fund

Monthly Report as at 31 July 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^	5.1%	14.7%	21.2%	14.6%	11.1%	15.1%
Benchmark*	2.8%	9.7%	11.5%	7.1%	7.7%	7.0%
Alpha	2.3%	5.0%	9.7%	7.5%	3.4%	8.1%

^ 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%

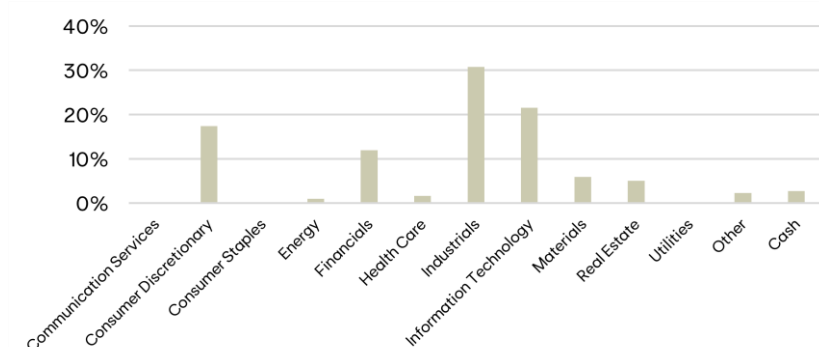
¹Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
BETR Entertainment	Consumer Discretionary
EROAD	Information Technology
Fleetwood	Consumer Discretionary
GenusPlus Group	Industrials
Servcorp	Real Estate

*In alphabetical order.
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Key Portfolio Metrics

FY26(e)	Fund	Benchmark
Price/Earnings	16.04x	18.45x
Dividend Yield	2.81%	3.20%
Net Debt/EBITDA	-0.42x	1.35x

Source: Ellerston Capital.

PORTFOLIO COMMENTARY

The Ellerston Australian Micro Cap Fund delivered +5.1% (net) in July outperforming the S&P/ASX Small Ordinaries Accumulation Index at +2.8%. 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

Goria (QOR AU) shares rallied 21% following its 4Q trading update, which included optimistic FY26 guidance. This update marked a significant turning point for the stock, with QOR projecting a 20% growth in Annual Recurring Revenue (ARR) and a strong 20% adjusted EBITDA margin. The company's positive free cash flow (FCF) guidance, along with expected growth in cash collections, provided further reassurance to investors. As QOR continues to expand its customer base, particularly in key markets like the U.S. and UK, and ramps up investments in high-return areas such as Qustodio, its strong FCF outlook positions the company for long-term sustainable growth. The Australian market is short tech and QOR has now signaled the all important FCF flip

which opens up the name to a broader group of investors. In our view, the combination of robust revenue growth and a clear path to positive cash flow is a major factor in attracting new interest to the stock.

Key Detractor

AMA Group (AMA AU) shares trended 12% lower in July, primarily due to a lack of news flow. Over the past 12 months, AMA has undergone a significant transformation, addressing balance sheet challenges and strengthening its key insurer partnerships with renegotiated terms. This should set the stage for improved operational performance. AMA has provided FY25 guidance with a pre-AASB 16 EBITDA forecast between \$58 million and \$62 million, with longer-term margin targets of 10%. We are optimistic about AMA's ability to deliver an improved margin profile and demonstrate consistent performance in the coming periods.

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:

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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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