

Ellerston Australian Emerging Leaders Fund – Class A Units

Monthly Report as at 31 August 2025

APIR Code: ECL6748AU | ARSN 647 979 333



Portfolio of 30–60 smaller 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.)	Since Inception (p.a.) ^{^^}
Net [^]	7.2%	15.3%	33.5%	18.8%	8.1%
Benchmark [*]	8.4%	12.4%	23.4%	9.8%	3.4%
Alpha	-1.2%	2.9%	10.1%	9.0%	4.7%

[^] 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 16 August 2021.

Key Information

Portfolio Manager(s)	David Keelan Alexandra Clarke James Barker
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	1.10% (p.a.)
Performance Fee ¹	20.00%
Buy/Sell Spread	0.25% / 0.25%

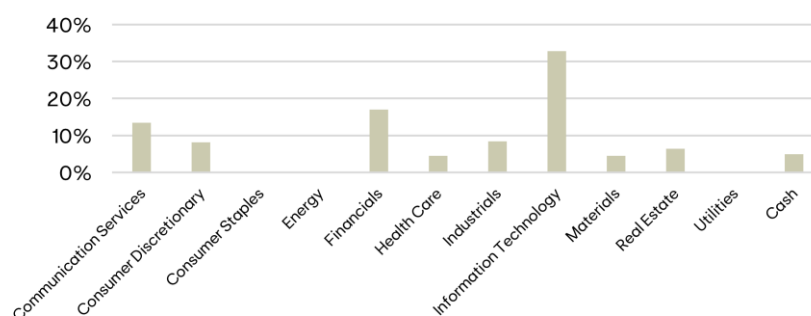
¹ Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
Aussie Broadband	Communication Services
Australian Finance Group	Financials
Catapult Sports	Information Technology
Goria	Information Technology
Zip Co	Financials

*In alphabetical order.
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Key Portfolio Metrics

FY26e	Fund	Benchmark
Price/Earnings	19.56x	20.35x
Dividend Yield	2.08%	2.70%
Net Debt/EBITDA	0.28x	1.30x

Source: Ellerston Capital.

COMMENTARY

The Ellerstun Australian Emerging Leaders Fund – Class A Units delivered +7.2% (net) in August, underperforming the S&P/ASX Small Ordinaries Accumulation Index, which delivered 8.4%, in what was an exceptionally strong month for equity markets. August reporting season was marked by heightened volatility, particularly in well-held large caps, with CSL (-21.4%) and Woolworths (-8.6%) among the biggest detractors. Despite these sharp moves, the broader market proved resilient, with the S&P/ASX 200 Accumulation Index finishing +3.1% for the month. Resources were a standout, with Materials (+9.2%) and the Small Resources Index (+13.7%) driving gains on stronger commodity prices and optimism around China stimulus. Gold stocks were especially strong (+20.1%), supported by expectations of US rate cuts and a weaker US dollar, leading to a sharp re-rating in gold miners. By contrast, Health Care (-13.2%) was the weakest sector as CSL's disappointing result weighed heavily, while Technology (-1.7%) and Energy (+3.3%) also underperformed. Consumer Discretionary (+7.6%) provided positive surprises, with stocks such as AP Eagers, Lovisa and Nick Scali posting robust trading updates that exceeded expectations and pointed to resilient demand. All in all, the August reporting season was defined by sharp share price overreactions, which created compelling opportunities to add to our preferred holdings which were oversold on result, with the market taking a clear "shoot first, ask questions later" approach.

KEY CONTRIBUTOR

Australian Finance Group (AFG AU) was our strongest performer, rallying 26% during the month. The company delivered a stronger-than-expected FY25 result, with net interest margins surprising to the upside. We believe AFG is in a real sweet spot, as ongoing rate cuts are driving stronger demand for housing credit while also lowering funding costs. With tight operating expenses, this has translated into significant operating

leverage in the second half. These supportive dynamics are likely to persist over the foreseeable future. In addition, AFG continues to benefit from the structural shift toward mortgage broking over direct lending, further reinforcing its growth runway.

KEY DETRACTOR

Superloop (SLC AU) had a tough month, falling 14%, despite reporting a strong FY25 result. June closing connections came in slightly below market expectations, reflecting the impact of earlier price increases and elevated competition during the period. Importantly, we view the firm pricing discipline as supportive of gross margins heading into FY26, and we are encouraged by the acceleration in connections post balance date. Looking ahead, SLC is well placed to benefit from the upcoming NBN speed tier upgrades, where it has been an outperformer at higher speeds, while remaining competitively priced despite the recent hikes. We also continue to see value in the build-up of its Smart Communities FTTP recurring revenue stream, which provides an additional layer of earnings resilience and growth.

OUTLOOK

While the reporting season provided some extreme volatility it did allow us to stand behind our conviction and add to positions where we could clearly see the market had mispriced the trading updates. We continue to look for higher-quality companies that have pricing power, solid balance sheets, and the ability to grow outside of the broader economic trends. As we position for the back half of the calendar year we expect further M&A to be a key theme; as well as companies seeking out accretive capital raises. We remain vigilant in stress-testing 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.

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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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