

Ellerston Australian Micro Cap Fund

Monthly Report as at 31 August 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^	11.1%	17.7%	34.4%	18.9%	11.6%	16.4%
Benchmark*	8.4%	12.4%	23.4%	9.8%	7.9%	8.0%
Alpha	2.7%	5.3%	11.0%	9.1%	3.7%	8.4%

^ 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 & 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	1.20%
Performance Fee ¹	20.00%
Buy/Sell Spread	0.25% / 0.25%

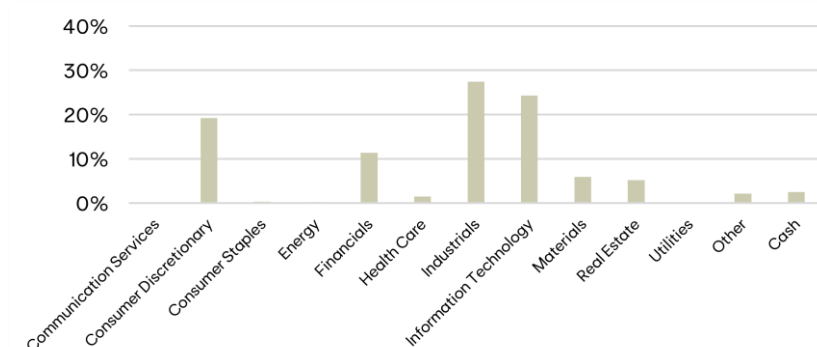
¹Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
Australian Finance Group	Financials
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	15.35x	20.35x
Dividend Yield	2.62%	2.65%
Net Debt/EBITDA	-0.05x	1.30x

Source: Ellerston Capital.

PORTFOLIO COMMENTARY

The Ellerston Australian Microcap Fund returned +11.1%(net) in August, outperforming 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 (+9.0%) 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

EROAD (ERD AU) was a strong performer in August, with the share price supported by growing momentum around electronic road user charging (eRUC). The New Zealand Government confirmed plans to transition 3.5m light vehicles to eRUC by 2027, a development highly favourable for ERD given its ~92% market share in the local market. This represents a revenue opportunity of more than NZ\$100m annually and positions the company as the clear incumbent in a regulated, high-margin market. Importantly, similar policy discussions are emerging in Australia, where authorities are

considering tolling electric vehicles as fuel excise revenues decline, which could provide an additional avenue for growth. Coupled with ERD's consistent track record of beating revenue, EBIT and free cash flow targets, and its transition to being self-funding, we believe the company remains in the early stages of a re-rating cycle as the market begins to appreciate both its domestic leadership and international growth potential.

KEY DETRACTOR

Betr Entertainment (BBT AU) was the portfolio's largest detractor for the month, declining a modest 3% against a strongly rising market. This reflects the company being outbid for Pointsbet after a protracted competitive process. Notwithstanding, BBT delivered a strong FY25 result, exceeding market expectations following the successful integration of the recent Top Sport acquisition. Net win margins remained resilient despite the addition of lower-margin customers, underscoring the strength of the platform. Looking ahead, the company is well placed to capture market share during the upcoming AFL/NRL finals series and the Spring Racing Carnival, supported by a healthy pipeline of new products. More broadly, BBT remains well capitalised and is positioned to continue consolidating the sector.

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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