Ellerston Australian Micro Cap Fund

Monthly Report as at 31 October 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^	2.5%	21.1%	41.7%	23.5%	13.5%	17.3%
Benchmark*	1.9%	14.3%	22.8%	13.9%	9.6%	8.5%
Alpha	0.6%	6.8%	18.9%	9.6%	3.9%	8.8%

^ 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%

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

Top Holdings*

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

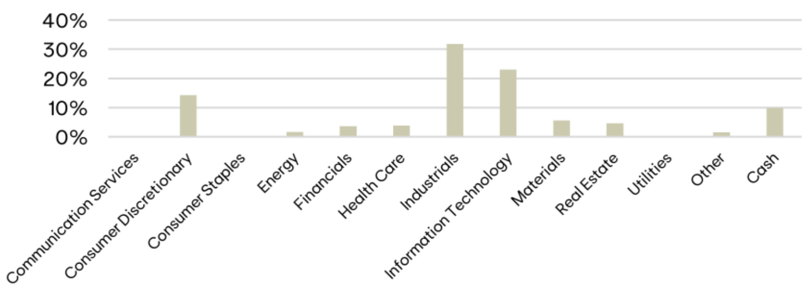
**In alphabetical order.*
Source: Ellerston Capital.

Key Portfolio Metrics

FY26(e)	Fund	Benchmark
Price/Earnings	15.57x	18.50x
Dividend Yield	3.35%	2.82%
Net Debt/EBITDA	-0.33x	1.41x

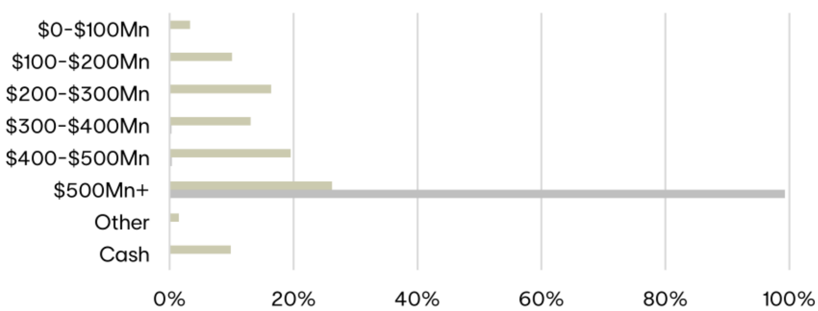
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Market Cap Exposure



Source: Ellerston Capital.

FUND COMMENTARY

The Ellerston Australian Micro Cap Fund rose +2.5% (net) in October, outperforming the S&P/ASX Small Ordinaries Accumulation Index, which gained +1.9%. October was a tale of two halves, with strong outperformance of the index in the first half of the month, before rolling over on the back of macro concerns including a stronger CPI and softening gold price (albeit off a high). Looking behind the index, the best performing sectors were Healthcare, which rallied 7.6%, followed by IT, which was up 5.7%. Commodity-driven stocks continued to rally within the index, with Materials up 2.5% and Energy up 3.6% for the month. The team has been busy getting out on the road in October as several conferences have been held, which always provide valuable insights too the broader economy and key portfolio companies. Pleasingly, as a general comment, most have provided positive updates and this was also echoed in several trading updates provided at recent AGMs.

KEY CONTRIBUTOR

Acusensus (ACE AU) was the strongest contributor to performance in October, rising 70.2% over the month. Contract momentum continued to build following the company's FY25 results, with one contract extension and a significant new state-wide enforcement contract in the US added to an already expanding pipeline. The Connecticut award—for state-wide Automated Work Zone Speed Control enforcement—marks ACE's first automated enforcement contract in the US and its largest US win to date, representing an important milestone as the company works to scale its presence in a substantial addressable market. In Australia, the Queensland Department of Transport and Main Roads expanded its engagement with ACE, doubling the number of trailer-based speed enforcement units, demonstrating both ACE's ability to grow within existing jurisdictions and its success in entering new ones. Collectively, these early FY26 contract wins position the company well to deliver toward the upper end of its guidance range, with further potential catalysts ahead as the market awaits updates on ACE's Road Worker Safety product.

KEY DETRACTOR

EROAD (ERD AU) underperformed in October as the market reacted sharply to what was a relatively small downgrade to FY26 guidance. While ARR and revenue were trimmed 2–5% at the midpoint, the share price reacted disproportionately. The eRUC opportunity is material, however, we think the market had gotten ahead of itself on the timing, which contributed to the overreaction. However, on fundamentals, the downgrade was driven by a one-off churn event in the legacy Coretex US business—an area that has long been recognised as lower quality—rather than any weakness in ERD's core ANZ operations, which continue to grow strongly. We like ERD here because the strategic pivot toward Australia and New Zealand, alongside the eRUC opportunity, positions the business for structurally higher returns. The market's focus on the modest guidance reset has overshadowed the far more important developments: strengthening leadership with the new Executive Chair with expertise in scaling tech platforms, accelerating ANZ momentum, and growing visibility on a multi-year, NZ$1.2bn eRUC rollout where ERD holds a clear first-mover advantage. With the stock now pricing in very little beyond the core NZ business, we see the recent weakness as an attractive opportunity to accumulate a high-quality earnings stream with significant medium-term optionality.

OUTLOOK

We are now halfway through AGM season, with a consistent flow of trading updates offering valuable read-throughs on company performance. Pleasingly, most updates to date have shown businesses tracking well and building positive momentum into FY26. Management commentary has generally been constructive, highlighting resilient demand, improving cost disciplines, and early signs of margin recovery/stabilisation. As we move through the remainder of AGM season, these updates will continue to refine our understanding of how companies are navigating the current environment and where the strongest opportunities for sustainable earnings growth are emerging.

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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