

# Ellerston Fixed Income Target Return Fund – Class A Units

Monthly Report as at 30 November 2025

APIR Code: ECL4489AU



Fixed Income Target Return strategy with strong focus on generating returns throughout the market cycle.



Targets a low correlation to growth assets (and credit returns) through the cycle, but aims to increase protection during times of market weakness.



Dynamic risk allocation framework balances trade-offs between alpha sources and defensiveness.

## Performance Summary

Performance	1 Month	3 Months	6 Months	1 Year	Since Inception (p.a.) ^^
Net ^	0.3%	-0.0%	1.0%	3.0%	2.4%
Benchmark*	0.2%	0.7%	1.5%	3.2%	3.2%
Alpha **	0.1%	-0.7%	-0.5%	-0.2%	-0.8%

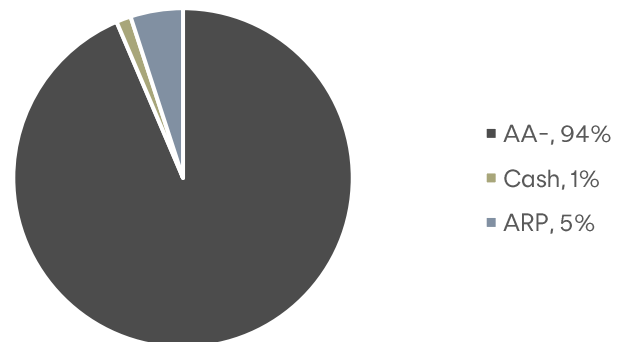
^ The net return figure is calculated after fees & expenses, assuming all distributions are reinvested. Past performance is not a reliable indication of future performance.

\* Benchmark: RBA 6m TD Index. ^^ Inception date 30 August 2024. \*\* Alpha is return generated from Net returns comparatively to the Benchmark.

## Key Information

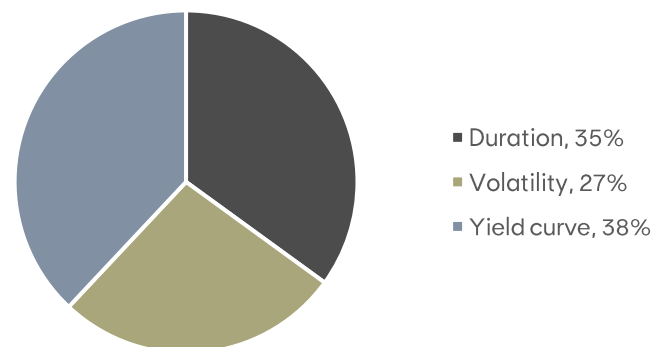
Portfolio Manager(s)	Vimal Gor & Thomas Ciszewski
Investment Objective	The investment objective of the Fund is to generate a 2.5% (net) return over the Reserve Bank of Australia (RBA) 6m Term Deposit (TD) Index over the medium to long term.
Benchmark	RBA 6m TD Index
Liquidity	Daily
Minimum Investment	Initial investment - \$10,000 Additional investment - \$5,000
Distribution Frequency	Aims to distribute quarterly.
Management Fee	0.45% p.a. of the Net Asset Value of Units.
Buy/Sell Spread	0.10%/0.10%
Class A Unit Prices & Fund Size	Application - \$ 9.9757 Net Asset Value - \$ 9.9657 Redemption - \$ 9.9557 Fund Size - \$ 27,306,951

## Fund Positioning of Portfolio



Source: Ellerston Capital.

## Fund Positioning of ARP Overlays



Source: Ellerston Capital.

## Portfolio Characteristics

Yield to Maturity/Call	4.37%
Running Yield	4.43%
Modified Duration	0.14
Weighted Average Maturity (Years)	2.42
S&P Credit Rating	AA-
Number of Securities	9

Spread Duration 2.21

Source: Ellerston Capital.

## COMMENTARY

### PORTFOLIO CHANGES

The EFIT base portfolio is primarily composed of Australian major bank FRNs maturing in 2–5 years, rated AA-. Adjustments were made in November, with the portfolio's current yield at approximately 4.37%.

Our quantitative fixed income strategies were adjusted to emphasise those best positioned for the current environment. The risk premia portfolio continues to actively manage duration, anticipate rate moves through the easing cycle, navigate yield curve shifts, and hedge against abrupt central bank policy changes via long volatility positions.

### FORWARD POLICY OUTLOOK

The Federal Reserve did not meet in November but at its end of October meeting lowered the target range for the federal funds rate to 3.75–4.00% and set an end to QT from 1 December, with reinvestments skewed toward T-bills. Chair Powell's hawkish tone in October initially pared back confidence in a follow-up move in December, but through November market pricing shifted back toward a high probability (roughly 70–85%) of another 25 bp cut at the 9–10 December meeting as private-sector indicators pointed to a softer labour market amid ongoing data disruptions from the extended government shutdown and cancellation of the October CPI release. Our base case remains one further 25 bp cut in December, then a slower, alternate-meeting pace of easing through 2026 toward a neutral range at 3%. While the front end is anchored by the nascent easing cycle and balance-sheet reinvestment, longer-dated yields are likely to stay sticky as term premia remain supported by persistent fiscal deficits, heavy Treasury issuance and lingering uncertainty around the inflation path once full data flow resumes. Near-term policy sensitivity continues to sit with evidence of cooling hiring and consumer momentum versus still-elevated services inflation and tariff-related price pressures.

## AUSTRALIA

The RBA left the cash rate on hold at 3.60% at its 4–5 November meeting, citing a Q3 trimmed-mean inflation print of 1.0% q/q and 3.0% y/y materially above its earlier forecasts and subsequent monthly CPI data showing headline inflation at 3.8% y/y and trimmed mean at 3.3% y/y in October. The upside inflation surprise, alongside unemployment edging up toward the mid-4% range, has effectively closed the door on any further easing this year and pushed market expectations for no cuts next year. The November Statement on Monetary Policy and accompanying technical note on the transition to a complete monthly CPI emphasised that underlying inflation has stopped falling and may drift higher if demand remains resilient, reinforcing the case for a cautious, data-dependent stance. The Board will look for clearer confirmation in wages, unit-labour costs and productivity that inflation is durably heading back into the 2–3% band before reconsidering cuts; the principal risk case remains a further rise in unemployment alongside stubborn core inflation, which would keep policy restrictive for longer and leave front-end yields anchored while growth and housing remain sensitive to any renewed shift in guidance.

### PORTFOLIO PROFILE

We expect the federal reserve to be most dovish continue easing into 2026, with the pace of cuts dependent on the inflationary impact of tariffs.

The investment team anticipates US bond yields will fall sharply if hard data confirms the weakening trend seen in surveys. We continue to see the best risk-adjusted returns in high-quality Australian investment-grade bank FRNs, which also provide superior liquidity compared with lower-ranking assets. Our curve-steepening exposure in G3 rates is maintained via alternative risk premia total return swaps, strategies designed to perform well in an economic downturn or if yield curves continue to normalise as term premiums are priced in. The portfolio remains defensively positioned in line with the EFIT mandate.

## Regulatory Guide (RG240) Fund Disclosure Benchmark – Periodic Reporting (monthly)

- **Net Asset Value of the Fund and Redemption Price of Units.**

Please refer to details on page one.

- **Any changes to key service providers including any change in related party status.**

There have been no changes to key service providers, including any change in related party status.

- **Net returns after fees, costs and relevant taxes.**

Please refer to details on page one.

- **Any material changes to the Fund's risk profile and strategy.**

There have been no changes to the Fund's risk profile and strategy.

- **Any material changes related to the primary investment personnel responsible for managing the Fund.**

There have been no changes to the primary investment personnel responsible for managing the Fund.

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Find out more:

### Contact Us

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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](mailto:info@ellerstoncapital.com) or visit us at [ellerstoncapital.com](http://ellerstoncapital.com).

All holding enquiries should be directed to our registry, Automic Group on 1300 101 595 or [ellerstonfunds@automicgroup.com.au](mailto:ellerstonfunds@automicgroup.com.au).

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