

Ellerston Australian Emerging Leaders Fund - Class A Units



Monthly Report as at 31 December 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[^]	-5.0%	-7.1%	12.7%	19.6%	6.1%
Benchmark*	1.4%	1.8%	25.0%	13.4%	4.4%
Alpha	-6.4%	-8.9%	-12.3%	6.2%	1.7%

[^]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%

Top Holdings*

Company	Sector
Autosports Group	Consumer Discretionary
IRESS Limited	Information Technology
MAAS Group Holdings	Industrials
Megaport	Information Technology
Symal Group Limited	Industrials

*In alphabetical order.

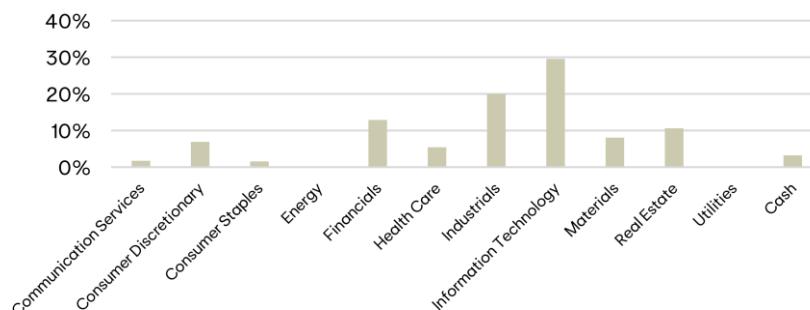
Source: Ellerston Capital.

Key Portfolio Metrics

FY26e	Fund	Benchmark
Price/Earnings	18.60x	18.32x
Dividend Yield	2.26%	2.82%
Net Debt/EBITDA	0.08x	1.23x

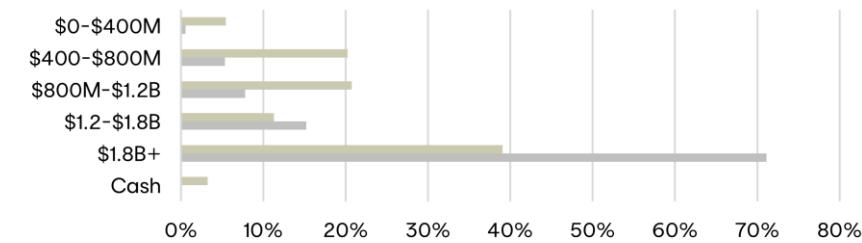
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Market Cap Exposure



Source: Ellerston Capital. ■ Portfolio Weight ■ Benchmark Weight

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

FUND COMMENTARY

The Ellerston Australian Emerging Leaders Fund – Class A Units (Fund) declined 5.0% (net) in December, compared to the S&P/ASX Small Ordinaries Accumulation Index (Benchmark), which rose 1.4%. For the December quarter, the Fund was down -7.1% (net), while the Benchmark rose 1.8%. We never like making excuses, and there were some stock-specific outcomes over the period that did not play out as expected. As part of our normal process, these "own goals" have been carefully reviewed and lessons taken to help minimise future mistakes.

That said, the majority of the Fund's relative underperformance was driven by the continued strength of the Materials sector, which rose 18.2% for the quarter and 9.2% in December alone. Resources have materially re-rated and Materials now comprise meaningful portion of the Benchmark. We do not own resources, and our effectively nil exposure to the sector proved a headwind to performance. We remain comfortable sticking to our knitting, preferring to invest in businesses with lower levels of cyclical and therefore increased predictability of earnings. We continue to see multiple identifiable catalysts across our holdings that we believe can drive meaningful re-ratings.

Looking back at 2025, the market was shaped by a range of macroeconomic and thematic influences, including rising trade tensions and tariffs, the ongoing effects of inflation, global interest rate movements, shifts in consumer confidence, and increasing optimism around the potential impact of artificial intelligence on productivity and economic growth. These forces contributed to heightened volatility throughout the year, which in turn created numerous opportunities for active stock pickers to acquire high-quality businesses at attractive valuations. For the calendar year, the Benchmark finished up 25%, with Small Industrials rising 8.8% and Small Resources delivering strong gains, reinforcing the increasingly divergent performance across sectors. Over the same period, the Ellerston Australian Emerging Leaders Fund – Class A Units delivered a return of 12.7% (net).

KEY CONTRIBUTOR

Symal Group (SYL AU) outperformed in the December quarter as investors gained confidence in the quality of its core civil execution and the earnings upside from its accelerating acquisition strategy. A strong cadence of contract wins, scope extensions and ECI activity supported near-term earnings momentum. At the same time, bolt-on acquisitions across civil, utilities and waste are reshaping the medium-term earnings profile, with recent deals expected to be fully integrated by FY27 and contribute meaningfully to EBITDA through contracted, recurring and shorter-cycle work. The combination of organic momentum and clearly accretive inorganic growth drove multiple expansion and positions SYL for a step-change in earnings into FY27. We remain attracted to the stock given its growing earnings visibility, disciplined capital allocation and exposure to structurally strong infrastructure spend.

KEY DETRACTOR

The main detractor for the quarter was Catapult Sports (CAT AU). CAT fell this quarter on the back of a broader sell-off in technology stocks and following the release of its 1H26 results. This was despite the result being largely pre-released in mid-October, when it launched a well-supported capital raise to fund the acquisition of Impext. We continue to believe the business has meaningful runway to continue to increase numbers of teams and share of wallet with existing teams over coming years, as it expands its product range and creates a more defensible ecosystem of wearable and video solutions.

OUTLOOK

Looking into 2026, we are increasingly positive on the outlook for the portfolio and the opportunity set ahead. Our focus remains firmly on opportunities that offer asymmetric outcomes, targeting at least three-to-one risk-reward with the target of deliver ~15% per annum returns over the medium term. The work undertaken over the past year has allowed us to further concentrate the portfolio in our highest-conviction ideas, where downside risk is well understood and underpinned by balance sheet strength and cash generation, while upside is supported by multiple, clearly identifiable catalysts. We are particularly looking forward to the February reporting season, which we see as a catalyst-rich period where fundamentals should reassert themselves. With expectations reset across parts of the market, we believe reporting season will provide an opportunity for several holdings to demonstrate earnings momentum and outperform.

Find out more:

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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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