Ellerston India Fund

Ellerston Capital

Monthly Report as at 31 December 2025

APIR Code: ECL0339AU | ARSN 618 549 796

Portfolio of 20-50 Indian Companies built through a distinctive high growth, high conviction, and benchmark independent investment approach.

Targets companies which offer attractive risk/reward profiles, utilising 'bottom up' analysis, along with a 'top down' analysis of macroeconomic conditions and structural themes.

Aims to outperform the Benchmark with a focus on capital growth and downside protection.

Strategy Performance Summary

Period	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception^^ (p.a.)
Gross Return Before Tax+	-3.7%	-4.1%	-13.6%	11.8%	11.2%	9.9%
Benchmark**	-2.1%	4.1%	-4.7%	11.9%	13.1%	10.4%
Strategy Relative Performance	-1.6%	-8.2%	-8.9%	-0.1%	-1.9%	-0.5%

+ Strategy performance before taking into account fees, costs and applicable capital gains taxes. Past performance is not a reliable indication of future performance.
*** Benchmark is MSCI India Net Return Index (AUD) and does not take into account capital gains taxes.*
^^ Inception date is 4 May 2017.

Investor Performance Summary

Period	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception^^ (p.a.)
Net Return After Tax^	-3.8%	-4.7%	-14.8%	8.4%	8.1%	7.6%
Benchmark**	-2.1%	4.1%	-4.7%	11.9%	13.1%	10.4%
Investor Relative Performance	-1.7%	-8.8%	-10.1%	-3.5%	-5.0%	-2.8%

^Fund return is calculated after taking into account management fees and expenses as well as capital gains taxes on unrealised gains/losses. This return is based on the NAV calculation and reflects the return received by investors in the Fund. Past performance is not a reliable indication of future performance.
*** Benchmark is MSCI India Net Return Index (AUD) and does not take into account capital gains taxes.*
^^ Inception date is 4 May 2017.

Key Information

Investment Objective	To outperform the Benchmark on a net of fees and tax basis, with a focus on capital growth and downside protection.
Benchmark	MSCI India Net Return Index (AUD)
Liquidity	Daily
Target Number of Holdings	20-50
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]	15.00%
Buy/Sell Spread	0.25% / 0.25%
Unit Prices	Application – $0.9154 Net Asset Value – $0.9131 Redemption – $0.9108

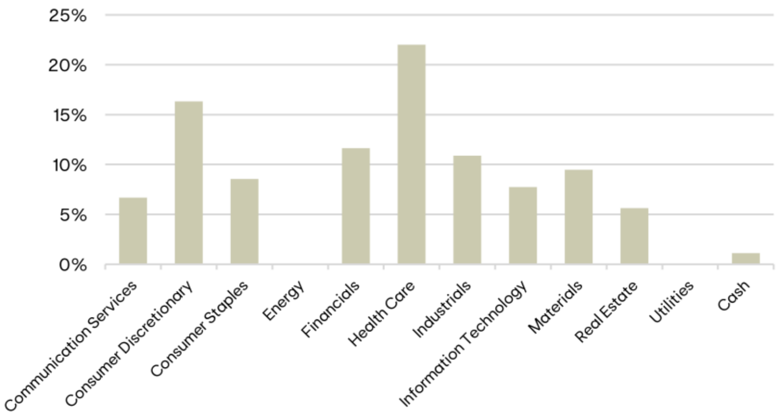
[1]Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
Aptus Value Housing Finance India	Financials
Bajaj Finserv	Financials
Leela Palaces Hotels & Resorts	Consumer Discretionary
Schneider Electric Infrastructure	Consumer Discretionary
Shriram Finance	Financials

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

Sector Allocation



Source: Ellerston Capital

MARKET COMMENTARY

Ellerston India Fund (EIF) (Fund) was down -4.7% (net) (AUD) for the December Quarter (2025) versus the MSCI India Index (MXIN) (Benchmark) which was up 4.1% (MXIN was up 6.1% in INR terms for the December Quarter). The rally was narrow, driven by select index-heavy large-cap stocks. Influencing this were positive global cues and anticipation of a US-India trade deal; RBI (Reserve Bank of India) and Federal rate cuts; Indian corporate earnings for Q3FY26 coming in better than anticipated; short covering as risk-on sentiment improved; and improving expectations of consumption, driven by GST reform tailwinds and the festive season. The key reasons for underperformance were our underweight positioning in large-caps; a relatively difficult earnings season; and a setback in stock calls within the volatile small-mid cap universe.

KEY QUARTERLY CONTRIBUTORS

Shriram Finance and Piramal Finance are large NBFCs (Non-Banking Financial Companies) in India, which both benefited from RBI's 25bps rate cut in December. **Shriram Finance** is the second largest NBFC in India with a 50% loan book consisting of used commercial vehicles and the remainder comprising of retail and consumer loans. It primarily serves the unbanked, sub-prime, unorganised, rural and semi-urban borrowers, leveraging its extensive customer connect. MUFG, one of Japan's largest lenders, acquired a 20% stake in Shriram Finance for USD4.4 billion leading to improved costs of funding, and relieving capital constraints for faster earnings growth. **Piramal Finance** primarily focuses on retail and small business loans. The company listed on the 7th of November, after a reverse-merger with its parent holding entity Piramal Enterprise. The stock saw a valuation re-rating driven by price discovery after listing. We believe the business was undervalued at its determined price of INR 1124, trading at a discount to its book value on an absolute basis and at a relative discount in comparison to other similar NBFCs.

KEY MONTHLY DETRACTORS

Cohance Lifesciences is primarily a CDMO (Contract Development and Manufacturing Organisation) player with multiple niche chemistry and manufacturing capabilities to produce NCEs, bulk drugs, intermediates, as well as specialty chemicals for global pharma, biotechnology and chemical companies. In October, one of their small facilities (EBITDA contribution <1 %) received a USFDA penalty due to 6 observations after an inspection. Further, its CEO resigned noting personal reasons. The company is currently going through weak monthly sales figures due to inventory de-stocking in two key molecules and one of the plants shutting down. **Go Fashion** offers a unique play as the largest Women Bottom Wear brand and retailer in India with ~8% market share. However, the Indian consumer market has been struggling, and the company's reported sales have been weak, leading to a cycle of earnings downgrades. We have exited both stocks.

OUTLOOK

The market remains at a crucial point with investors concerned about the India-US trade deal that has been pending for more than six months, with suggestions of a bigger structural geopolitical issue brewing between the two countries. This is leading to continuous FII outflows and a weaker INR. Meanwhile, domestic investors have remained net buyers, but their resilience might be tested.

India's headline inflation averaged just 0.8%YoY in 3QFY26, and further rate cuts are likely. Four quarters of weaker economic and earnings growth are behind and earnings are expected to bottom out in H1CY25 with stronger growth trajectory from H2CY25. FIIs have been net sellers in CY25 of ~USD19bn. Prior to this, FIIs have been serious sellers in 2008 (GFC, ~USD13bn outflow), 2018 (global liquidity tightening, ~USD5bn outflow) and in 2022 (global risk-off, ~USD17bn outflow); geopolitics might play a crucial role to decide flows in CY26.

Valuations have become reasonable, reverting to the mean from +1SD highs but still not cheap on an absolute basis. However, on relative valuations, India is now at -1SD in comparison to Asian and EM markets after suffering its worst relative performance in 30 years in 2025 compared to both markets. MSCI India was up only 4.3% in US dollar terms on a total return basis, compared with the 30.2% and 34.4% gains in MSCI AC Asia Pacific exJapan and MSCI Emerging Markets.

As always, if you have any questions regarding any aspect of the Fund or the portfolio, please feel free to contact us at info@ellerstoncapital.com.

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.

Contact Us

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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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