

Ellerston Fixed Income Target Return Fund – Class A Units

Monthly Report as at 31 January 2026

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 ^	0.4%	0.9%	1.2%	2.7%	2.5%
Benchmark*	0.3%	0.7%	1.5%	3.1%	3.2%
Alpha **	0.1%	0.2%	-0.3%	-0.4%	-0.7%

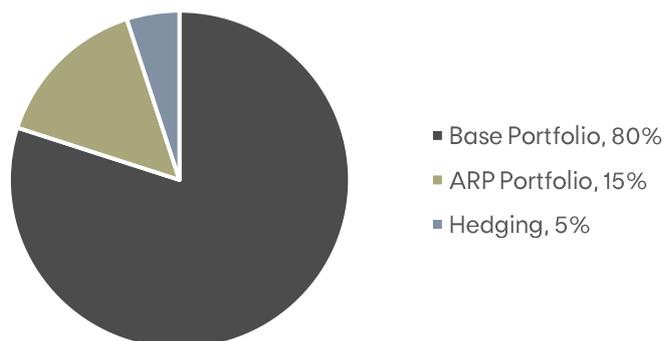
^ The net return figure is calculated after fees & expenses, assuming all distributions are reinvested. Past performance is not a reliable indication of future performance.

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

Key Information

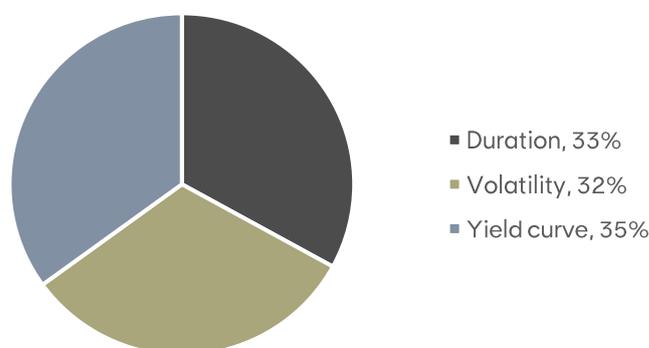
Portfolio Manager(s)	Vimal Gor & Thomas Ciszewski
Investment Objective	The investment objective of the Fund is to generate a 2.5% (net) return over the Reserve Bank of Australia (RBA) 6m Term Deposit (TD) Index over the medium to long term.
Benchmark	RBA 6m TD Index
Liquidity	Daily
Minimum Investment	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 - \$ 10.026 Net Asset Value - \$ 10.016 Redemption - \$ 10.006 Fund Size - \$ 27,455,215.33

Risk Allocation of Portfolio



Source: Ellerston Capital.

Fund Positioning of ARP Overlays



Source: Ellerston Capital.

Portfolio Characteristics

Yield to Maturity/Call	4.66%
Running Yield	4.51%
Modified Duration	0.08
Weighted Average Maturity (Years)	2.25
S&P Credit Rating	AA-
Number of Securities	9
Spread Duration	2.21

Source: Ellerston Capital.

COMMENTARY

The EFIT base portfolio is primarily composed of Australian major bank FRNs maturing in 2–5 years, rated AA-. No adjustments were made in January, with the portfolio's current yield at approximately 4.51%.

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 FOMC held the Fed funds target range unchanged at 3.50–3.75% at its 28 January meeting, with Governors Miran and Waller dissenting in favour of a 25 bp cut, highlighting an increasingly active debate around the timing of further easing. January inflation data remained noisy, but the balance of risks still points to a gradual easing bias if services disinflation resumes and labour-market softening becomes clearer. The nomination of Kevin Warsh as the next Fed Chair triggered a clear "twist steepening" in the Treasury curve, front-end yields drifted lower while the long end cheapened, reflecting a mix of expectations for an easier policy bias over time alongside higher term

premia tied to uncertainty around Fed independence, balance-sheet strategy, and the inflation/issuance backdrop.

AUSTRALIA

The domestic backdrop has tightened, with financial conditions becoming more restrictive following firmer inflation and a more hawkish policy stance. This reinforces the risk that policy remains restrictive for longer, even as growth momentum moderates and rate sensitivity rises across housing and consumption.

PORTFOLIO PROFILE

We continue to see attractive risk-adjusted carry in high-quality Australian investment-grade bank FRNs, which provide strong liquidity and resilience under the EFIT mandate. At the same time, policy uncertainty has increased: in the US, the committee is split between patience and renewed easing, while in Australia tighter financial conditions raise the odds that growth and credit transmission become more binding. Against this backdrop, we maintain a defensive portfolio profile, using the quantitative sleeve to actively manage duration and curve exposures and to preserve convexity via long-volatility positions, aiming to capture carry while retaining protection if rates reprice sharply in either direction.

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.

Find out more:

Contact Us

Sydney

Level 11, 179 Elizabeth Street,
Sydney, NSW 2000
+612 9021 7701
info@ellerstoncapital.com

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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