

# Ellerston Australian Emerging Leaders Fund – Class A Units

Monthly Report as at 31 January 2026

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.) <sup>^</sup>
Net <sup>^</sup>	-4.6%	-13.7%	4.6%	17.0%	4.9%
Benchmark*	2.7%	2.7%	22.8%	12.1%	4.9%
Alpha	-7.3%	-16.4%	-18.2%	4.9%	0.0%

<sup>^</sup> 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. <sup>^^</sup> 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 <sup>1</sup>	20.00%
Buy/Sell Spread	0.25% / 0.25%

## Top Holdings\*

Company	Sector
IRESS Ltd	Information Technology
MAAS Group Holdings Ltd.	Industrials
Megaport Ltd.	Information Technology
Regis Healthcare Ltd.	Health Care
Servcorp Ltd	Real Estate

\*In alphabetical order.

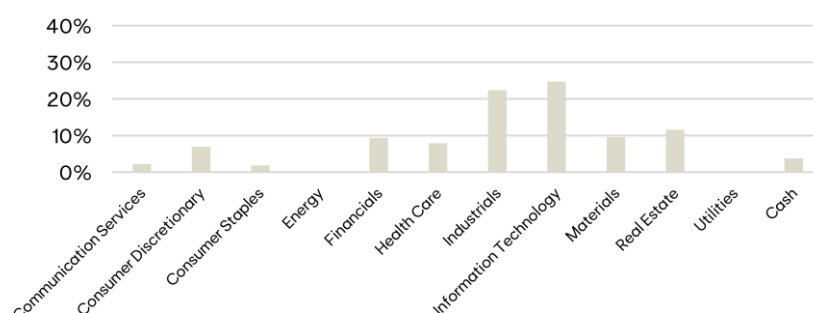
Source: Ellerston Capital.

## Key Portfolio Metrics

FY26e	Fund	Benchmark
Price/Earnings	17.99%	16.5x
Dividend Yield	2.94%	3.0%
Net Debt/EBITDA	0.16x	1.12x

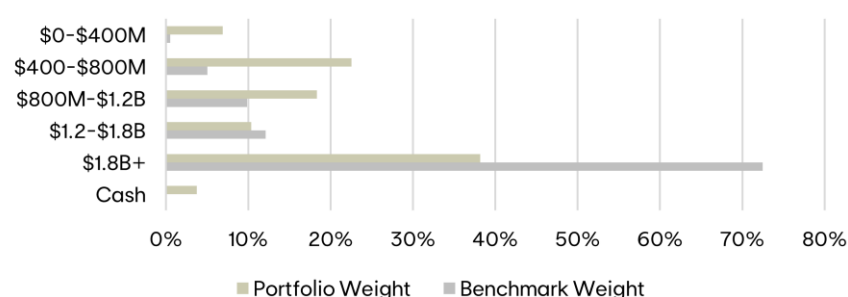
Source: Ellerston Capital.

## Sector Allocation



Source: Ellerston Capital.

## Market Cap Exposure



Source: Ellerston Capital.

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

## FUND COMMENTARY

The Ellerston Australian Emerging Leaders Fund (the Fund) fell by -4.6% (net) in January, underperforming the S&P/ASX Small Ordinaries Index (the Benchmark), which rose +2.7% (net). January saw a plethora of geopolitical news flow which kept the markets on their toes and movement in FX rates. In Australia, a recent resurgence in inflation, alongside a tightening labour market saw an increased chance of the RBA lifting interest rates at its next meeting in February (subsequently we saw a 25bps lift). This reinforced higher-for-longer interest rate expectations, which is weighing on valuation-sensitive growth and technology stocks. This pressure was compounded by recent AI-related developments, which further heightened investor concerns toward the technology sector. A key consequence was the sharp rotation towards resources continued, lifting the Small Resources Index by +12% compared to the Small Industrials which declined by -2%. A fundamental part of our investment process is that we don't own resource companies. This was a detractor to performance in recent periods; however, we remain comfortable with our process. We prefer to invest in companies with lower levels of cyclicality and more predictable cashflows. We remain confident we can continue identifying high quality stocks with structural growth stories and identifiable catalysts for re-rating.

### KEY CONTRIBUTOR

Servcorp Limited (SRV-AU) was a standout contributor for the Fund in January, rallying 13.4% on the back of upgrading its FY26 profit guidance. The update saw underlying NPBIT guidance lifted to \$80m–\$84m and underlying free cash to no less than \$100m, alongside an increase in the minimum dividend to 32cps. The update reflected stronger contributions from mature locations, improved occupancy and pricing discipline across its global workspace network spanning 38 cities in 19 countries. The positive sentiment was further supported by recent strategic expansions and location openings, including the unveiling of premium office space in Melbourne's Southbank in December 2025 and ongoing growth in key international markets such as Riyadh and Bangkok, reinforcing Servcorp's expanding footprint and diversified global revenue base. SRV remains a high conviction position for the fund.

### KEY DETRACTOR

Qoria (QOR-AU) underperformed in January falling -42% post its 2Q trading update. While we had trimmed the position heavily into the quarter, it still had an impact on the month's performance. The key issue in the quarter was cash rather than growth. While management reiterated FY26 guidance and underlying operating momentum remained intact (solid pipeline and continued ARR progress in constant currency), headline ARR was clipped by FX and, more importantly, cash receipts/collections were softer than the market had expected, driving a materially weaker free cash flow outcome and a lower cash balance. Elevated costs (including some flagged as one-off – which we found out in February related to a reverse takeover by Aura) and adverse FX further increased uncertainty around the timing and confidence of FY26 FCF positivity, and that near-term cash conversion concern dominated sentiment despite a constructive medium-term setup if execution normalises. Post the 2Q and into February we saw QOR announced a reverse takeover of the stock by Aura (an unlisted American SaaS provider) for the equivalent of \$0.72 a share which if successful would result in a combined business worth north of A\$3bn in enterprise value and delivering close to US\$320m of ARR and targeting >20% growth for CY26. While there is a lot of water under the bridge, this could be a game changer for QOR and provide a significant scale tech player on the ASX if the scheme is approved.

### OUTLOOK

We expect the upcoming reporting season to be particularly interesting, as the recent sell-off in growth and technology stocks has been largely indiscriminate, creating a more favourable environment for active stock picking. We anticipate heightened volatility as earnings are released, with companies that continue to execute and deliver solid results likely to be well rewarded, while those that fall short may be punished harshly. With increasing focus on the opportunities and threats posed by AI, we expect this to feature prominently in company commentary, and believe businesses that execute well and clearly articulate their strategy in a post-AI world will be viewed favourably. More broadly, our process remains unchanged, with a continued focus on opportunities offering asymmetric outcomes, targeting at least a three-to-one risk-reward profile and aiming to deliver approximately 15% per annum returns over the medium term.

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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](mailto:ellerstonfunds@automicgroup.com.au).

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