

Ellerston Mid Cap Opportunities Fund

Monthly Report as at 31 January 2026

APIR Code: ECL6330AU | ARSN 683 124 263



Portfolio of 25-40 Mid Cap 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 Month	6 Month	Since inception ^^
Net^	-4.8%	-16.1%	-6.8%	3.8%
Benchmark*	1.9%	1.4%	12.0%	18.0%
Alpha	-6.7%	-17.5%	-18.8%	-14.2%

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

* 50% of the S&P/ASX Mid Cap 50 Total Return (TR) Index and 50% of the S&P/ASX Small Ordinaries Total Return (TR) Index. ^^ Inception date is 31 January 2025.

Key Information

Portfolio Manager(s)	David Keelan Alexandra Clarke Jack Briggs
Investment Objective	To outperform the Benchmark over a rolling three year period.
Benchmark	50% of the S&P/ASX Mid Cap 50 TR Index & 50% of the S&P/ASX Small Ordinaries TR Index
Liquidity	Daily
Target Number of Holdings	25-40
Minimum Investment	Initial - \$10,000 Additional - \$5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.00% (p.a.)
Performance Fee ¹	20.00%
Buy/Sell Spread	0.25% / 0.25%

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

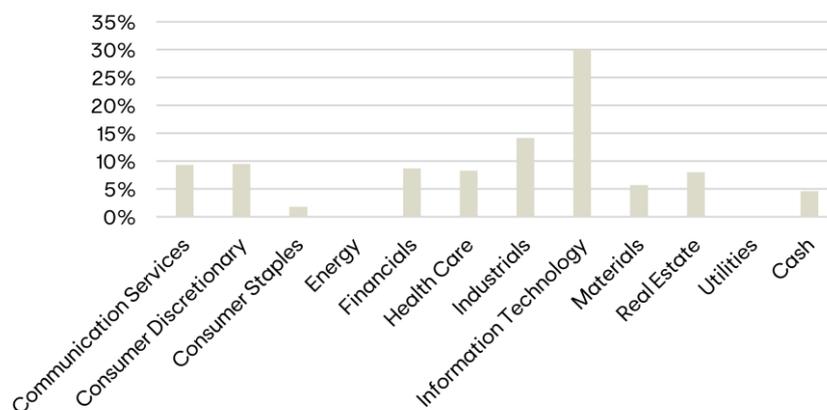
Top Holdings*

Company	Sector
Light & Wonder, Inc	Consumer Discretionary
MAAS Group Holdings	Industrials
Megaport	Information Technology
Nextdc	Information Technology
Seek	Communication Services

* In alphabetical order.

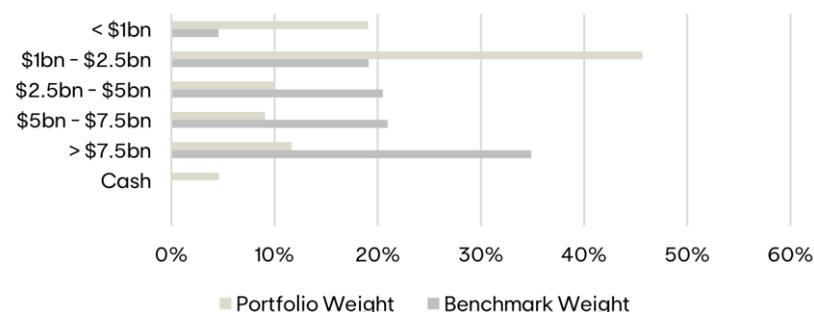
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Market Capitalisation Exposure



Source: Ellerston Capital.

FUND COMMENTARY

The Ellerston Mid Cap Opportunities Fund fell by -4.8% (net) in January, underperforming the Benchmark, which rose +1.9%. January saw a plethora of geopolitical news flow which kept the markets on its toes and caused a 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 +12.5% compared to the Small Industrials which declined by -2.0%. A fundamental part of our investment process is that we don't own resource companies. We remain comfortable with our process and 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

Codan (CDA AU) was up +33.8% in January, underpinned by a meaningful upgrade to near-term earnings expectations following its 1H26 trading update. The key driver was Metal Detection, where revenue was flagged up ~46% yoy to ~\$168m, pointing to stronger-than-expected demand (particularly across Africa/Rest of World) and a higher exit run-rate into 2H26, supported by favourable mix and margin momentum as new product launches gained traction. Communications was solid rather than the source of the upgrade, with 1H26 revenue of roughly \$222m (+19% yoy) tracking toward the upper end of guidance and reinforcing confidence in ongoing defence and public-safety demand, including continued contribution from Kagwerks and improving momentum in Zetron. In aggregate, revenue was ~5% ahead of consensus, but the more important signal was the ~11% NPAT beat, highlighting the operating leverage in the model when volumes and mix surprise to the upside. Looking ahead, we see CDA as leveraged to three growth themes—global defence spend, public safety/secure communications, and gold-price-driven detection demand—while an undemanding balance sheet and strong cash generation provide capacity for disciplined, value-accretive acquisitions to broaden capability across defence and public safety.

KEY DETRACTOR

Bravura Solutions (BVS AU) was the key portfolio detractor declining -20.6% over January. There was no stock specific news and BVS tracked the broader selloff in the ASX300 Software and Services index closely. The primary driver for the global software selloff in January was increasing concerns about AI disrupting software. Over the last 3 months AI capability at writing software code has accelerated meaningfully with some industry participants suggesting we are already at the point where humans should no longer write any code by hand. When evaluating software disruption we see a nuanced picture, LLMs the predominant AI technology have inherent limitations which are best solved in a number of use cases by interacting with software as a tool. We believe BVS will be one of these tools and retain its position with customers given: it is a system of record (storing its customers crucial data), as well as its high level of integration and domain IP, especially as its clients are in a heavily regulated, compliance crucial industry (wealth management). Additionally, post the end of January BVS has upgraded its FY26 earnings guidance by 18% due to short term operating momentum and the stock rise 30%.

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 favorably. 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 ~12% per annum returns over the medium term.

RESEARCH RATING



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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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