

Ellerston Australian Micro Cap Fund – Class A Units

Monthly Report as at 31 January 2026

APIR Code: ECL0984AU | ARSN 619 727 356



Portfolio of 30-60 smaller & micro 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 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.) ^{^^}
Net [^]	0.3%	-4.9%	31.2%	22.2%	9.7%	16.1%
Benchmark*	2.7%	2.7%	22.8%	12.1%	7.5%	8.6%
Alpha	-2.4%	-7.6%	8.4%	10.1%	2.2%	7.5%

[^] 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 28 April 2017.

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	1.20%
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
IPD Group	Industrials
Servcorp	Real Estate
Shape Australia Corporation	Industrials
SKS Technologies Group	Industrials
Wagners Holding Co	Materials

*In alphabetical order.

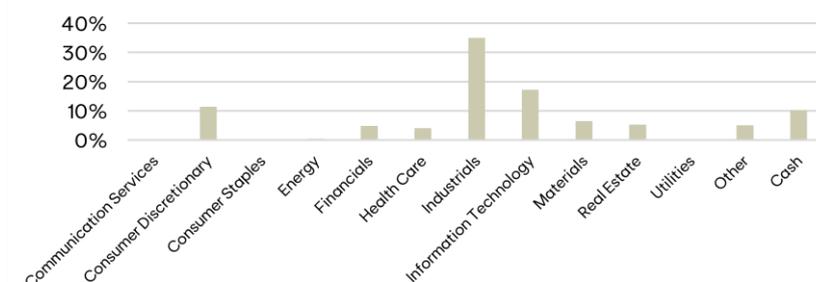
Source: Ellerston Capital.

Key Portfolio Metrics

FY26(e)	Fund	Benchmark
Price/Earnings	15.63x	16.50x
Dividend Yield	2.54%	2.95%
Net Debt/EBITDA	-0.22x	1.12x

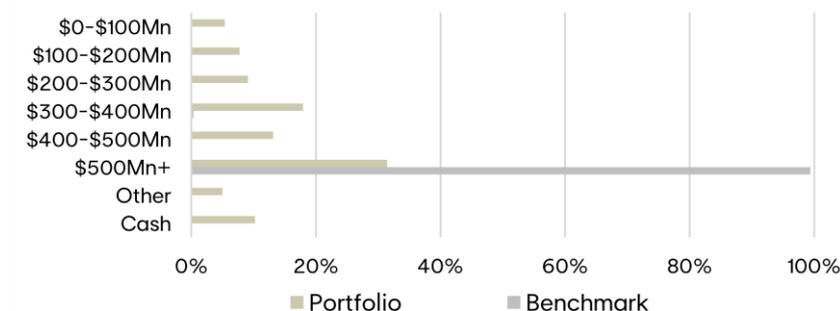
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Market Cap Exposure



Source: Ellerston Capital.

FUND COMMENTARY

The Ellerston Australian Micro Cap Fund – Class A (the Fund) returned +0.3% (net) in January, underperforming the S&P/ASX Small Ordinaries Accumulation Index (the Benchmark), which rose +2.7%. January saw a plethora of geopolitical news flow which kept the markets on its 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 +12.5% 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 cyclicity 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

GenusPlus Group (ASX:GNP) rallied 18.8% in January as markets reacted positively to upgraded earnings guidance. The company boosted its FY 2026 EBITDA guidance, driven by stronger than expected financial results for the half-year to December 2025, robust momentum across its core infrastructure and energy services divisions, and an expanding order book underpinned by recent contract awards. Investor confidence was further supported by significant contract wins across Australia's energy and utility sectors, including significant contracts with major players such as Ausgrid for REZ transmission works and an award for the Western Renewables Link project in Victoria, as well as awarded decarbonisation contracts and strategic work with Western Power. All these contracts highlighted the company's deepening footprint in critical national energy infrastructure and its role in the energy transition. We continue to hold GNP as a high conviction name in the fund.

KEY DETRACTOR

Kinatico Limited (KYP:AU) underperformed in January down -32.8% on the back of its 2Q trading update. KYP provides pre-employment screening and ongoing workforce compliance – things like identity/qualification checks, police/background checks (where applicable), right-to-work verification, contractor and credential management, and related monitoring. It sells these capabilities increasingly as recurring SaaS (notably via its new Kinatco Compliance (KC) platform) with some transactional revenue from individual checks and verifications. After its 2Q trading update investors focused on a softer SaaS exit-rate trajectory (exit-rate growth moderated to 41% despite ~50% SaaS revenue growth) and the implication that a stronger 2H is required to re-accelerate. We remain constructive on KYP because the underlying SaaS performance was only modestly below expectations (a few hundred thousand dollars in 2Q SaaS revenue, not material), the KC ramp is still early and should support improving momentum through 2H, and management commentary suggests KC is resonating with larger enterprises with product development being pulled forward to meet demand. While new customer wins were modest, the fact that most incremental annualised SaaS (~\$0.4m) came from new customers rather than conversions indicates broadening demand, and at ~17x FY26 EBITDA the valuation looks compelling for a cash-accretive SaaS business capable of sustaining 40%+ growth as recurring revenue continues to increase.

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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All holding enquiries should be directed to our registry, Automic Group on 1300 101 595 or ellerstonfunds@automicgroup.com.au.

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