

Ellerston Fixed Income Target Return Fund – Class A Units

Monthly Report as at 28 February 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 ^ | 0.2% | 0.7% | 0.7% | 2.8% | 2.5% |
| Benchmark* | 0.2% | 0.7% | 1.5% | 3.1% | 3.2% |
| Alpha ** | 0.0% | 0.0% | -0.8% | -0.3% | -0.7% |

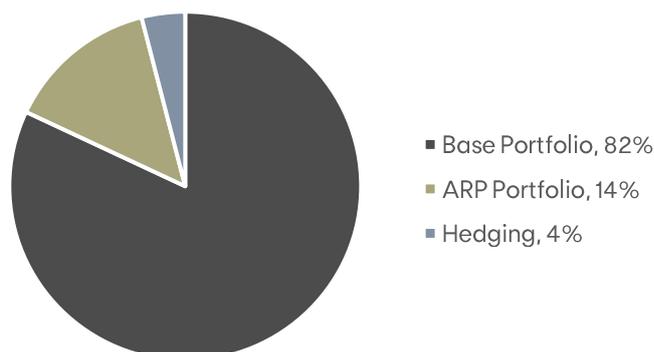
^ The net return figure is calculated after fees & expenses, assuming all distributions are reinvested. Past performance is not a reliable indication of future performance.

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

Key Information

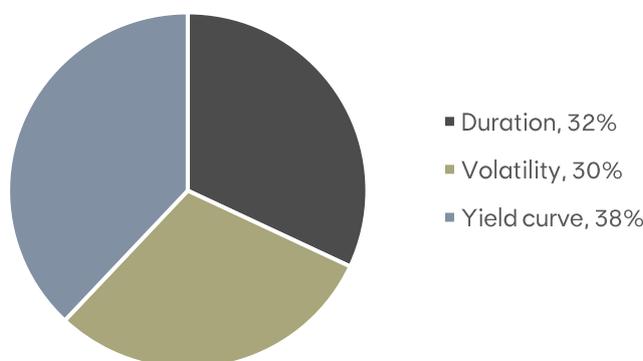
| | |
|---------------------------------|---|
| Portfolio Manager(s) | Vimal Gor & Thomas Ciszewski |
| Investment Objective | The investment objective of the Fund is to generate a 2.5% (net) return over the Reserve Bank of Australia (RBA) 6m Term Deposit (TD) Index over the medium to long term. |
| 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 - \$ 10.0432 Net Asset Value - \$10.0332 Redemption - \$10.0232 Fund Size - \$ 27,502,305 |

Risk Allocation of Portfolio



Source: Ellerston Capital.

Fund Positioning of ARP Overlays



Source: Ellerston Capital.

Portfolio Characteristics

| | |
|-----------------------------------|-------|
| Yield to Maturity/Call | 4.68% |
| Running Yield | 4.67% |
| Modified Duration | 0.13 |
| Weighted Average Maturity (Years) | 2.18 |
| 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-. Small adjustments were made in February, with the portfolio's current yield at approximately 4.68%.

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

US Treasuries rallied in February despite firmer labour market and inflation data. This suggested that market pricing was increasingly being shaped by growth concerns, risk-off sentiment and a reassessment of the AI investment cycle rather than by macroeconomic data alone. The expectations of an easing bias by Trump's nominated new Fed chair also contributed to the sentiment. Treasury yields moved lower across the curve through month-end, with intermediate and longer maturities leading the rally. Investors also became more receptive to the view that AI could prove disinflationary over time through productivity gains, reduced labour intensity and the potential for a more cyclical capex profile. Even so, the market remained cautious on the timing of Fed easing, with expectations for rate cuts still restrained relative to the softer tone emerging across rates markets by month-end.

AUSTRALIA

In Australia, the policy backdrop remained firm through February. Inflation data came in slightly above expectations, reinforcing the view that price pressures are easing only gradually. Labour market conditions also remained resilient, with unemployment still low. RBA commentary during the month reflected this tension, acknowledging that inflation remained somewhat elevated and the labour market somewhat tight, while also emphasising patience in the policy response. As a result, markets continued to reassess the likely path of domestic rates, with the bias remaining toward restrictive settings for longer even as growth slowed. By month-end, expectations were for at least one additional rate hike, with markets focused on the June RBA meeting.

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:

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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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