

# Ellerston Mid Cap Opportunities Fund

Monthly Report as at 28 February 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	1 Year	Since inception (p.a.) <sup>^^</sup>
Net <sup>^</sup>	-4.3%	-15.0%	-16.8%	0.2%	-0.6%
Benchmark <sup>*</sup>	-1.3%	0.6%	3.3%	20.9%	15.1%
Alpha	-3.0%	-15.6%	-20.1%	-20.7%	-15.7%

<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.

<sup>\*</sup> 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. <sup>^^</sup> Inception date is 31 January 2025.

## Key Information

Portfolio Manager(s)	David Keelan Jack Briggs Alexandra Clarke James Barker
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 <sup>1</sup>	20.00%
Buy/Sell Spread	0.25% / 0.25%

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

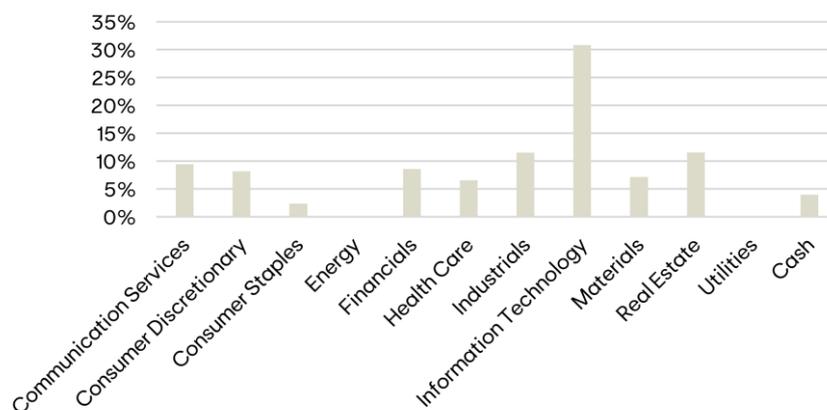
## Top Holdings\*

Company	Sector
Gemlife Communities Group	Real Estate
IRESS Limited	Information Technology
Megaport Ltd.	Information Technology
Nextdc Limited	Information Technology
Seek Limited	Communication Services

\* In alphabetical order.

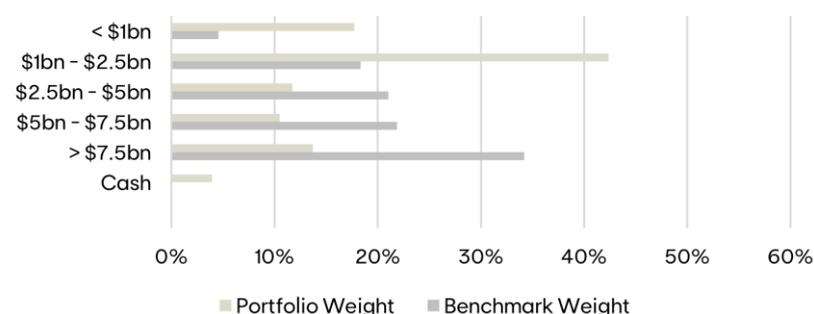
Source: Ellerston Capital.

## Sector Allocation



Source: Ellerston Capital.

## Market Capitalisation Exposure



Source: Ellerston Capital.

## FUND COMMENTARY

The Ellerston Mid Cap Opportunities Fund (the Fund) decreased -4.3% (net) in February relative to its Benchmark which returned -1.3%. The month was challenging for the broader market, as reporting season delivered a mixed but ultimately sobering outcome. The season was characterised by extreme price volatility, with stocks punished disproportionately even for modest misses as investors rotated aggressively out of growth and into defensives and quality. Looking at the market more broadly Banks and large cap Industrials were the standout beneficiaries of this rotation at the index level, while Health, Technology and many small cap growth names bore the brunt of the selling, in several cases irrespective of underlying result quality. For the retail sector, which was a particular pain point during the season, consensus EPS forecasts were cut with softer second half trading updates the common thread among underperformers like Temple & Webster; Harvey Norman and Nick Scali. The dominant thematic to emerge from reporting season was AI exposure (a recurring theme for the last 5 months), which has rapidly become a key macro factor driving earnings expectations and valuations. Companies building or enabling AI were rewarded while those perceived as disrupted faced the harshest de-ratings. On the macro front, the RBA delivered a widely anticipated rate hike in February, and the market is pricing in further tightening through the year as inflation remains above the RBA's 2–3% target band. For investors, the month reinforced a familiar dynamic whereby indiscriminate sentiment-driven selling creates dislocation between price and underlying earnings trajectory, which is precisely where active stock selection has the greatest opportunity to add value.

## KEY CONTRIBUTOR

NRW Holdings (NWH AU) was one of the strongest contributors to performance during the month, rallying +25.5% after delivering a standout 1H26 result that demonstrated the breadth and quality of the business well beyond its mining services origins. EBITA of \$132 million came in approximately 10% ahead of consensus and 36% above the prior corresponding period, with the beat broad-based across segments. Civil, Mining, and the MET divisions all performed well, while the newly acquired Fredon business made an encouraging early contribution through the EMIT division. Management upgraded FY26 EBITA guidance for the third time in four months, lifting the range to \$275–285 million, underpinned by a record order book of \$7.5 billion and active tenders of \$9.2 billion with a further \$25 billion pipeline of projects due to be tendered within the next 12 months. The result clearly demonstrated NWH's evolution into becoming a genuinely diversified industrial business, with growing exposure to data centres, defence, renewables, and aged care through Fredon providing multiple new vectors for earnings growth. We continue to hold NWH as a core position. The business is trading at an undemanding valuation relative to peers given its growth outlook, generates strong free cash flow, and is exceptionally well positioned to benefit from the sustained level of resources and infrastructure capital expenditure across Australia. With a record pipeline, improving margins, and a growing addressable market, we see compelling runway for earnings growth into FY27 and beyond.

## KEY DETRACTOR

MAAS Group (MGH AU) was a detractor during the month (down -12.5%), with the share price coming under pressure following a strategic announcement that fundamentally altered the investment thesis. MGH's Construction Materials division had been widely regarded as the jewel in the crown. It is a high-quality, vertically integrated quarry and aggregates business that represented one of the last remaining ways on the ASX to gain exposure to the construction materials thematic, underpinned by strong east coast infrastructure demand and a portfolio of hard-to-replicate quarry assets. The decision to divest the division to Heidelberg Materials Australia for up to \$1.7bn was well received on price, with the implied multiple of 11.8x FY26 EV/EBITDA comparing favorably to domestic and global peer transactions. However, the share price reaction was driven less by the price achieved and more by the absence of any explicit framework for how the ~\$550m in net proceeds would be redeployed or returned to shareholders. Without that clarity, the market was unwilling to pay a premium for the electrification and digital infrastructure opportunity ahead of MGH, with the stock ultimately finding valuation support from the implied value of the remaining businesses anchored by the Civil Construction and Hire segment and the Firmus relationship. We are believers in the electrification thematic and think the strategic direction is sound, but until management provides greater clarity on capital deployment, whether through M&A, buybacks, or organic investment, the market is unlikely to reward the stock for optionality it cannot yet underwrite. We continue to hold our investment in MGH but at a lower weight, as we believe the current valuation presents an attractive risk/reward with capital allocation announcements and contract news flow the key re-rating catalysts from here.

## OUTLOOK

Looking ahead, we expect the coming quarter to present compelling opportunities for active stock picking. The recent indiscriminate sell-off in growth and technology has, in our view, created several attractive entry points in fundamentally strong businesses that have been caught up in broader market weakness. We are getting back on the road, meeting with existing and prospective portfolio companies on their own turf, stress-testing our current holdings, and screening for new ideas. Our focus remains firmly on high-quality businesses with resilient balance sheets, clear pricing power, and multiple drivers of sustainable growth. The portfolio is positioned in high-conviction names we believe can compound earnings over time and well placed to deliver superior risk-adjusted returns throughout the cycle, targeting at least a three-to-one risk-reward profile and approximately 12% per annum returns over the medium term.

## RESEARCH RATING



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## Find out more:

Should investors have any questions or queries regarding the Fund, please contact our Investor Relations team on 02 9021 7701 or [info@ellerstoncapital.com](mailto:info@ellerstoncapital.com) or visit us at [ellerstoncapital.com](http://ellerstoncapital.com).

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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