Ellerston India Fund

Ellerston Capital

Monthly Report as at 28 February 2026

APIR Code: ECL0339AU | ARSN 618 549 796

Portfolio of 20-50 Indian Companies built through a distinctive high growth, high conviction, and benchmark independent investment approach.

Targets companies which offer attractive risk/reward profiles, utilising 'bottom up' analysis, along with a 'top down' analysis of macroeconomic conditions and structural themes.

Aims to outperform the Benchmark with a focus on capital growth and downside protection.

Strategy Performance Summary

Period	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception^^ (p.a.)
Gross Return Before Tax+	-0.6%	-19.7%	-13.1%	7.0%	7.2%	7.6%
Benchmark**	-0.3%	-11.9%	-2.9%	10.7%	10.3%	8.9%
Strategy Relative Performance	-0.3%	-7.8%	-10.2%	-3.7%	-3.1%	-1.3%

+ Strategy performance before taking into account fees, costs and applicable capital gains taxes. Past performance is not a reliable indication of future performance.
*** Benchmark is MSCI India Net Return Index (AUD) and does not take into account capital gains taxes.*
^^ Inception date is 4 May 2017.

Investor Performance Summary

Period	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception^^ (p.a.)
Net Return After Tax^	-0.7%	-19.9%	-14.6%	3.1%	4.1%	5.2%
Benchmark**	-0.3%	-11.9%	-2.9%	10.7%	10.3%	8.9%
Investor Relative Performance	-0.4%	-8.0%	-11.7%	-7.6%	-6.2%	-3.7%

^Fund return is calculated after taking into account management fees and expenses as well as capital gains taxes on unrealised gains/losses. This return is based on the NAV calculation and reflects the return received by investors in the Fund. Past performance is not a reliable indication of future performance.
*** Benchmark is MSCI India Net Return Index (AUD) and does not take into account capital gains taxes.*
^^ Inception date is 4 May 2017.

Key Information

Investment Objective	To outperform the Benchmark on a net of fees and tax basis, with a focus on capital growth and downside protection.
Benchmark	MSCI India Net Return Index (AUD)
Liquidity	Daily
Target Number of Holdings	20-50
Minimum Investment	Initial investment - $10,000 Additional investment - $5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.10% p.a.
Performance Fee[1]	15.00%
Buy/Sell Spread	0.25% / 0.25%
Unit Prices	Application –$0.7620 Net Asset Value – $0.7601 Redemption – $0.7582

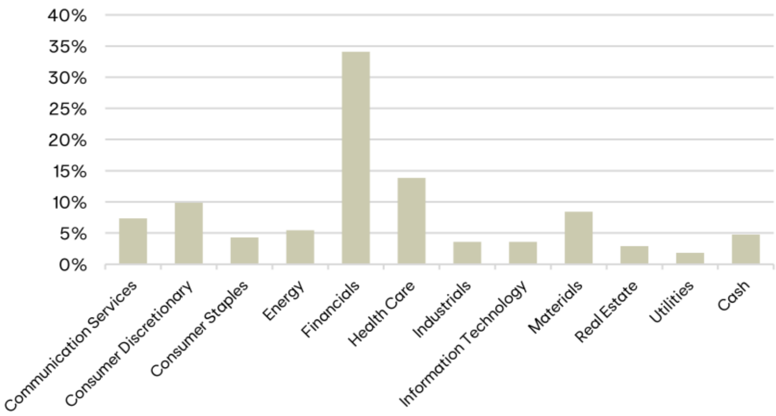
[1]Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
Axis Bank Limited	Financials
Bharti Airtel Limited	Communication Services
HDFC Bank Limited	Financials
ICICI Bank Limited	Financials
Reliance Industries Limited	Energy

**In alphabetical order.*
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital

MARKET COMMENTARY

Ellerston India Fund (The Fund) was down -0.7% (net) in February versus the MSCI India Net Return Index (AUD) (the Benchmark) which was down -0.3%. MXIN was up +0.3% in INR terms for the month. Three key events during this period were, a) the Union Budget 2026 on 1st February which prompted sharp swings as the STT (Securities Transaction Tax) hike on futures (from 0.02% to 0.05%) and a higher gross government borrowing led to near-term market disappointment. However, the public capex boost and absence of tariff hikes for OMCs did lift the index eventually. b) the India-US trade deal on 3rd February, bringing down tariffs to 18% from 50% earlier; subsequently reduced to 15% after the US Supreme Court's ruling. This was a significant positive leading to a massive upswing early in the month with expectation of improving exports leading to improved business conditions and resurging expectations of a return of foreign flows further boosting INR. However, late in the month c) a sharp sell-off in IT stocks was a key drag for the benchmark. This was driven by investors' concerns around AI lead automation deflating growth and margins of Indian IT services firms. February did see some reversal in persistent Foreign Institutional Investors (FIIs) selling with FIIs turning net buyers to the tune of USD1bn meanwhile Domestic Institutional Investors (DIIs) continued their monthly buying to the tune of USD4.2bn.

KEY MONTHLY CONTRIBUTOR

Our under-weight positioning in IT Sector and not owning **HCL technologies** and owning **Apollo Hospitals** were the key attributors. NSE IT Index was down by ~19.5% MTD (in INR) due to concerns around AI productivity tool's impact traditional software and services industry's profitability. We continue to stay under-weight on the sector as growth and profitability rebase lower with sector multiples still seeing further correction. Apollo Hospitals is one of the largest healthcare groups in India with a network of 76 owned and managed hospitals. It also operates the largest pharmacy chain and a network of primary care and diagnostic centres, telehealth clinics, and digital healthcare services. In February, Apollo reported all-round earnings beat driven by specialty care services and higher volume growth. It also presented a stronger forward outlook of mid-teen revenue growth in coming years.

KEY MONTHLY DETRACTOR

Aavaas Financiers is a housing finance company focussed on rural and semi-urban locations primarily in North, Central and West India. The company reported moderate AUM growth of 4% q/q and 15% y/y which was below the management's FY26 AUM growth guidance. The company prioritised conscious underwriting over higher growth by being conservative in disbursements. Net interest income was up 18% y/y and PAT was up 16% y/y both in-line with consensus estimates. Aavas showed improvement in asset quality and credit costs also remained stable. While the overall quarter was decent, it wasn't good enough on market expectations.

OUTLOOK

March 2026 saw the West Asia war driven external shock hitting one of India's biggest macro vulnerabilities, its Oil and Gas Imports. Sustained crude prices above USD100/barrel with a crippled supply can raise domestic inflation (by 25-50bps), increase current-account deficit (by 0.5-1% of GDP), further depreciate INR and slowly start to impact corporate growth and margins. De-escalation of the West Asia war remains the most important near-term variable. Meanwhile, Q3FY26 corporate earnings have been decent, BSE 500 companies posted 16% y/y profit growth despite one-off labour-code impacts. As expected, RBI kept the repo rate unchanged at 5.25% on 6th February and kept its stance neutral. RBI has probably reached towards the end of its current easing cycle with focus now shifting towards transmission and liquidity management.

As always, if you have any questions regarding any aspect of the Fund or the portfolio, please feel free to contact us at info@ellerstoncapital.com.

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.

Contact Us

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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.

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