Ellerston Fixed Income Target Return Fund – Class A Units

Ellerston Capital

Monthly Report as at 31 March 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 ^	0.0%	0.5%	1.1%	2.2%	2.3%
Benchmark*	0.3%	0.7%	1.5%	3.0%	3.2%
Alpha **	-0.3%	-0.2%	-0.4%	-0.8%	-0.9%

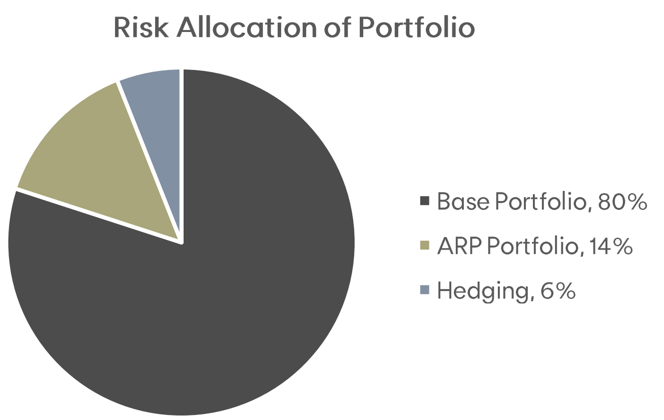
^ The net return figure is calculated after fees & expenses, assuming all distributions are reinvested. Past performance is not a reliable indication of future performance.
** Benchmark: RBA 6m TD Index. ^^Inception date 30 August 2024. **Alpha is return generated from Net returns comparatively to the Benchmark.*

Key Information

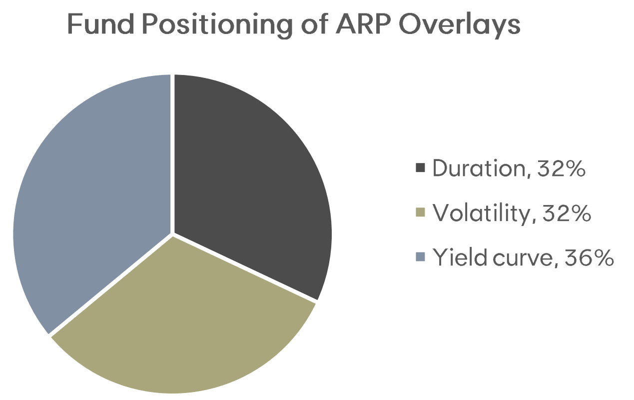
Portfolio Manager(s)	Vimal Gor & Thomas Ciszewski
Investment Objective	The investment objective of the Fund is to generate a 2.5% (net) return over the Reserve Bank of Australia (RBA) 6m Term Deposit (TD) Index over the medium to long term.
Benchmark	RBA 6m TD Index
Liquidity	Daily
Minimum Investment	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 – $ 10.0388 Net Asset Value – $ 10.0288 Redemption – $ 10.0188 Fund Size – $ 26,636,536.29

Portfolio Characteristics

Yield to Maturity/Call	5.19%
Running Yield	4.92%
Modified Duration	0.12
Weighted Average Maturity (Years)	2.04
S&P Credit Rating	AA-
Number of Securities	9
Spread Duration	2.21



Source: Ellerston Capital.



Source: Ellerston Capital.

PORTFOLIO COMMENTARY

The EFIT base portfolio remains primarily composed of Australian major bank FRNs maturing in 2–5 years, rated AA-. The portfolio continues to provide attractive carry, liquidity and resilience within the mandate. During March, the quantitative fixed income sleeve remained focused on strategies best positioned for a more volatile macro environment, with an emphasis on curve management and maintaining protection against abrupt policy or inflation repricing.

This remains consistent with the fund's defensive carry approach and use of long-volatility positions to help preserve convexity through periods of market stress.

FORWARD POLICY OUTLOOK

Global fixed income yields repriced sharply higher in March as geopolitical tensions in the Middle East triggered an oil shock, drove commodity prices materially higher and renewed inflation concerns across developed markets. US Treasury yields rose meaningfully across the curve, with the 10-year yield ending the month around 4.4%, while longer-dated Treasury yields moved above 5%. German Bund yields also moved higher, and global bond markets broadly shifted toward a dreaded stagflationary macro backdrop. Policy makers could be forced to hold rates steady or even hike into a rising unemployment data.

AUSTRALIA

In Australia, the rates backdrop also turned more challenging through March. The oil shock pushed inflation concerns back to the forefront and contributed to a sharp repricing in domestic yields, with the Australian 10-year bond yield peaking near 5.0% during the month. Although February CPI came in at 3.7% year on year and the trimmed mean monthly pace remained relatively benign, the RBA maintained a hawkish tone, with the Board's March discussion framed as a question of timing rather than direction.

J.P. Morgan research revised down its Australian growth forecasts, citing softer consumer data, tighter financial conditions and the added drag from the inflationary supply shock. Credit growth has softened, housing activity has moderated and the policy mix increasingly points to a more difficult balance between inflation management and growth preservation. Markets therefore continued to price a restrictive policy setting, with expectations leaning toward a further hike in May or June.

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 the RBA is set for additional hikes before June 30. 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.

Contact Us

Sydney

Level 11, 179 Elizabeth Street,
Sydney, NSW 2000
+612 9021 7701
info@ellerstoncapital.com

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 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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