

# Ellerston Equity Income KIS Fund

Monthly Report as at 31 March 2026

APIR Code: ECL7259AU | ARSN 662 683 123



Concentrated portfolio of 30-40 Australian listed securities that display stable and growing dividend streams.



Looks beyond traditional "income sectors" (e.g., banks and telecoms), recognising "cyclical sectors" are now experiencing structural shifts towards the provision of more reliable income.



Aims to provide investors with returns and income growth greater than the Benchmark over rolling five-year periods.

## Performance Summary

Performance	1 Month*	3 Months	FYTD 2026	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.) ^^
Income pre-franking <sup>1</sup>	3.6%	3.4%	5.6%	10.0%	8.2%	10.8%	8.3%
Capital <sup>1</sup>	-14.7%	-19.3%	-12.2%	-14.3%	-8.5%	-7.8%	-3.5%
Fund Net Return <sup>1</sup>	-11.1%	-15.9%	-6.6%	-4.3%	-0.3%	3.0%	4.8%
Benchmark**	-7.1%	-1.6%	2.0%	11.7%	9.5%	8.6%	8.3%
Alpha (pre-franking credits)	-4.0%	-14.3%	-8.6%	-16.0%	-9.8%	-5.6%	-3.5%

<sup>1</sup>Indicative and preliminary in nature. Subject to change pending potential distribution calculations.

<sup>1</sup>The net return figure is calculated after fees & expenses, assuming all distributions are reinvested.

\*The 1-month Income pre-franking figures in Jan, Feb, Apr, May, July, Aug, Oct and Nov include accrued but not distributed income, as the Fund only distributes quarterly where available.

\*\*S&P/ASX 200 Accumulation Index. ^^Inception date is 1 May 2019. Past performance is not a reliable indication of future performance.

## Key Information

Portfolio Manager	Chris Kourtis
Investment Objective	To provide investors with returns and income growth greater than the Benchmark over rolling five-year periods.
Benchmark	S&P/ASX 200 Accumulation Index
Liquidity	Daily
Target Number of Holdings	30-40
Minimum Investment	Initial investment - \$10,000 Additional investment - \$5,000
Distribution Frequency	Quarterly (where available)
Management Fee	0.70% p.a.
Performance Fee <sup>1</sup>	10.00%
Buy/Sell Spread	0.25% / 0.25%
Platform Availability	HUB24, Netwealth, Praemium
Lonsec Rating <sup>2</sup>	Recommended

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

<sup>2</sup>Lonsec Rating reassigned 21 October 2025.

## The Team



**Chris Kourtis**  
Director & Portfolio Manager

41 years of industry experience.



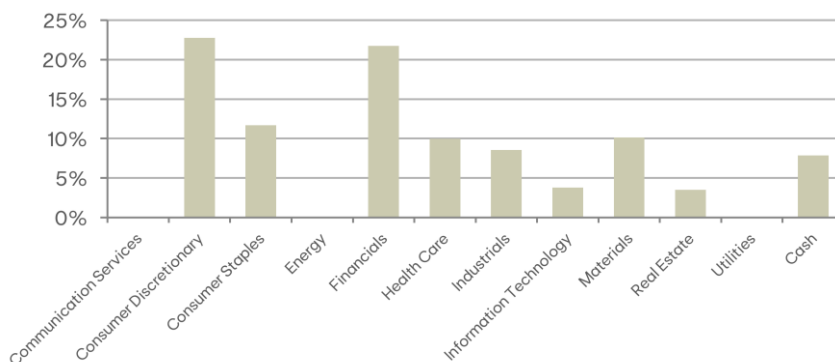
**Stephen Giubin**  
Senior Investment Analyst

38 years of industry experience.

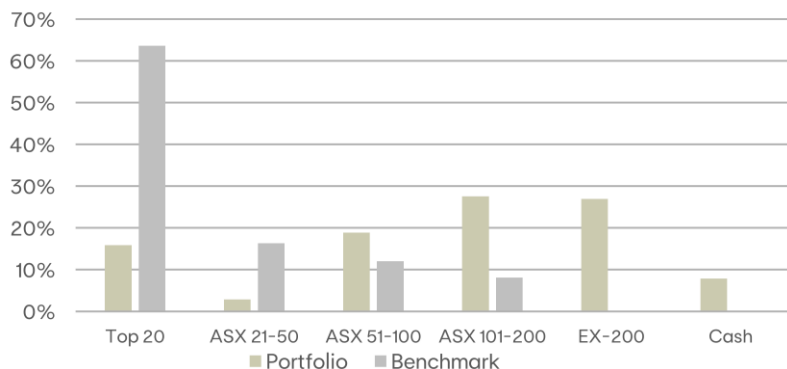
FY26(e) Key Portfolio Metrics	Fund	Benchmark
Grossed Up Dividend Yield (%)	5.7	4.7
Dividend Yield (%)	4.6	3.5
Price/Earnings (x)	13.6	17.8

Source: Ellerston Capital.

## Sector Allocation



## Exposure by Market Capitalisation



Source: Ellerston Capital.

### Top 5 Holdings\*

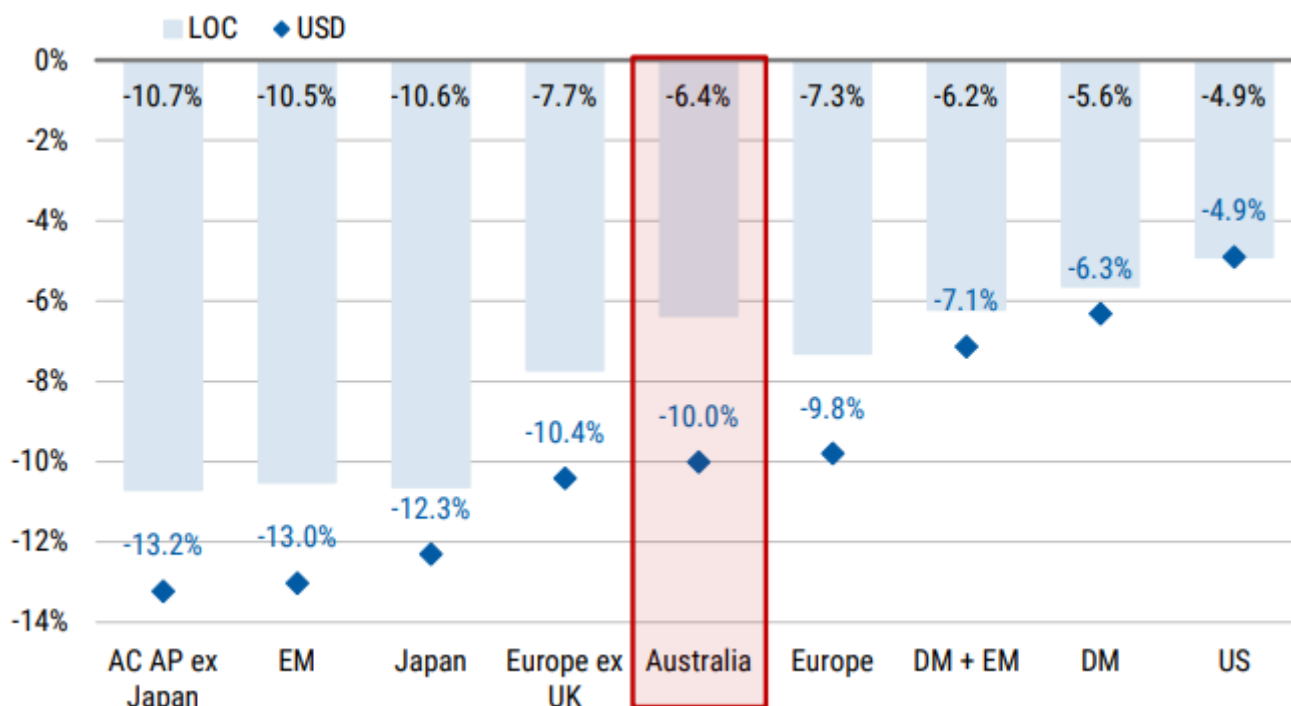
Aristocrat Leisure Limited
Domino's Pizza Enterprises
Liberty Financial Group
Treasury Wine Estates
Washington H. Soul Pattinson and Company

\* In alphabetical order.  
Source: Ellerston Capital.

### MARKET OVERVIEW

The month of March marked a sharp global risk-off episode, with both equities and bond yields driven by heightened geopolitical uncertainty surrounding the conflict in Iran. Major global indices retreated, with the MSCI World Index finishing down -5.7%. The MSCI Emerging Markets Index lagged the Developed Markets, falling -10.5% in local currency terms, whilst the S&P 500 performed relatively better, delivering a -5.0% return. Within the MSCI World Index, not surprisingly given the oil price shock, Energy (+12.6%) saw the largest percentage upside move, delivering the only positive return. Utilities ended down -3.0%, whilst Industrials (-9.4%) and Materials (-8.8%) were the major underperformers. Closer to home, the S&P/ASX200 Accumulation Index finished down -7.1%, lagging its developed global peers, with Energy (+20.4%), Utilities (+4.9%) and Consumer Staples (+1.7%) driving the gains, whilst Materials (-13.0%), Information Technology (-12.5%) and Real Estate (-11.2%) were by far the worst performers.

MSCI Global Country/Regional Indices Performance for March



Source: Morgan Stanley

### USA

US markets were derailed by the full-on attack by the US and Israel on Iran, resulting in an oil price shock and commensurate massive rise in energy prices, reigniting inflationary fears. As Mike Tyson famously quoted, "everyone has a plan, till they get punched in the mouth". It took a good week or so before equity and bond markets took the geopolitical developments seriously, with investors soon realising that the conflict would drag on. At this stage, it is not clear how the "plan" rolls out and how far reaching the economic impacts could be. From an interest rate perspective, the March FOMC meeting ended as expected, with the fed funds interest rate target range left unchanged at 3.50% to 3.75%. Chair Powell struck a balanced tone, with concern over growth, the labour market and inflation weaved into his comments. He highlighted current uncertainty and how things could look differently in as soon as six weeks. Overall, 12 of the 19 FOMC participants assumed it would be appropriate to lower the target range by at least 25 bp sometime this year.

In the wash-up, the NASDAQ Composite index finished down -4.7%, followed by the S&P 500 and the small cap Russell 2000 Index both down -5.0% and the Dow Jones Industrial Average retreating -5.2%. The best performing sectors on Wall Street were Energy (+10.4%), Utilities (-3.2%) and Financials (-3.5%). Conversely, the worst performers were Industrials (-8.4%), followed by Health Care (-8.1%) and Consumer Staples (-7.4%).

## Europe

Euro-zone markets underperformed global peers in March, with the Euro STOXX50 Index down -9.2%. As expected, the ECB left its benchmark interest rate unchanged at 2.0% for the seventh consecutive meeting. However, the meeting was viewed as a "hawkish pivot" with the war in the Middle East creating significant uncertainty, increased risks of higher energy prices and causing upward revisions to inflation projections. Among the major exchanges, the FTSE 100 fell -6.2%, France's CAC 40 was 8.8% lower and Germany's DAX was the laggard again at -10.3%.

## Asia

China held its 14th National People's Congress (NPC) where they lowered the 2026 GDP growth target to 4.5-5% and the fiscal deficit at 4.0% of GDP. What really matters is the drivers of growth, external or domestic demand. In recent years, strong external demand has reduced the urgency to boost domestic demand, causing persistent deflationary pressures. For this year, the size of stimulus will continue to largely depend on the severity of export slowdown. Given the Iran war and energy crisis, it's too early to be sure that exports will keep swinging the right way, however if not, it's likely that policymakers will step up domestic stimulus to defend their GDP target. With yoy 1Q GDP expected to grow towards 5%, the top end of China's target (from 4.5% yoy in 4Q 2025), the tone of the Politburo meeting in late April is not anticipated to be overly dovish. A weakening equity market looks like the only driver of possible further loosening. March official PMI data indicated strong activity growth and reflation, as both manufacturing and non-manufacturing PMIs actually rose above the 50% threshold. However the data remains circumspect due to the reversal of Chinese New Year effects. This data volatility will unlikely drive a decisive policy stance change when the Politburo addresses the economy, as domestic growth looks likely to be viewed as "strong" and the outlook abroad remains highly uncertain.

Given their reliance on oil, Asian markets fared poorly. The Hang Seng fell -6.6%, followed by China's SSE which finished down -8.3%, India's highly energy dependant SENSEX was 11.5% lower, as was Japan's Nikkei which fell -12.6%. South Korea's KOSPI was the clear laggard, doing a complete U-turn, with foreign buying which had pumped up the KOSPI's memory chipmakers in the last few months, pulling their money out and fleeing to US dollars, resulting in a -19.1% collapse.

## Commodities

Commodities were significantly impacted by the events in the Middle East. The Brent crude price saw continued upward pressure, ending the month +43% to \$105/barrel, caused by the shutdown of the Strait of Hormuz. Iran's retaliatory strike on Qatar's LNG complex took out ~17% of the country's LNG production, accounting for ~20% of global capacity and saw LNG prices immediately double to US\$20/mmbtu. As a consequence, end users switched to alternative energy sources such as thermal coal, driving thermal coal spot prices higher by 22% to US\$142/t. Iron ore rose 8% to US\$108/t, coking coal edged up +2% to US\$239/t and base metals were generally weaker with copper down 8% and Nickel 4% lower. Aluminium spiked by 13%, caused by more Iranian attacks on two key smelters in Abu Dhabi and Bahrain which account for ~4% of global supply, or 10% of ex-China supply. Spodumene prices edged 5% lower, rare earths slumped -20% and the bullion price retreated by 12% to close at US\$4670/oz (A\$6768/oz) on the flight back to US dollars, higher oil prices and interest rate concerns.

## Bonds

Global bond yields rose in March in response to the inflationary energy price shock caused by war in Iran and supply disruptions in the Middle East, with US 10-year bond yields finishing 34bp higher to 4.29%. The Australian 10-year bond yield rose commensurately by 35bp to 4.97%, post the RBA's 25bp rate hike early in March. The A\$ depreciated by 3% to US\$0.69 this month, driven by safe haven flows into the US dollar amid global growth concerns.

## Australia

On the domestic front, as expected the RBA raised rates again by another 25bp to 4.1% with a close 5-4 split by the board. The minutes disclosed later showed the four board members who voted to keep rates on hold were worried about the geopolitical and domestic uncertainties that they believed merited waiting until the next May meeting before hiking rates. It potentially indicates that follow up rate hikes are not necessarily guaranteed, however the market is expecting a further 2 or 3 rises this year.

March was a tough month for Australian equities, with the S&P/ASX 200 down -7.1% to close at 8482. Energy (+20.4%) was the best performing sector, driven by Viva Energy (+48.0%), Yancoal (+43.6%) and Karoon Energy (+35.6%), followed by Utilities (+4.9%) and Consumer Staples (+1.7%) as the only other sectors in the black.

Materials (-13.0%) was the worst performing sector, dragged down by Iperionx (-47.8%), Pantoro Gold (-42.3%) and Deep Yellow (-33.7%). Information Technology (-12.5%) had another poor month with the continued global sell-off in SaaS stocks. Life360 (-23.6%), SiteMinder (-20.6%) and WiseTech Global (-19.9%) were again amongst the worst performers. The sell-off in the IT sector was followed by Real Estate (-11.2%), Consumer Discretionary (-8.7%) and Industrials (-8.0%).

In March, the top 5 stocks that made a positive contribution to the Index's return were Woodside Energy (+52bp), Santos (+14bp), Coles (+9bp), Suncorp (+6bp) and Telstra (+6bp). These collectively contributed +87bp of the ASX200 performance of -715bp, hence all the other stocks lost a staggering 802bp! Conversely, the bottom five stocks detracting from the Index's performance were BHP (-125bp), NAB (-87bp), Northern Star Resources (-51bp), CBA (-45bp) and ANZ Group (-44bp). The ASX Small Ordinaries really struggled and underperformed the ASX200, delivering a total return of -11.0%, with Small Industrials down -8.4% and the Small Resources returning -15.0%, mainly dragged down by gold stocks, namely Regis Resources, Westgold Resources and Greatland which were hit hard.

## COMPANY SPECIFIC NEWS

### The Market Hits

#### Viva Energy Group (VEA +48.0%)

Refining margins in Asia took off after the closure of the Strait of Hormuz, exacerbated by China suspending its exports, rather than deploying its reserve of 90-120 days. Both VEA and Ampol, being the only remaining domestic refiners addressing 20% of Australia's demand requirements, benefitted from gross refining margins spiking to record levels of ~US\$70/bbl in March. VEA shares outperformed, given its recent lag versus its peer ALD. Also helping, the federal government restructured the Fuel Security Services Payment (FSSP) after a review found that refiners rarely qualified for support since its 2021 launch. VEA's Geelong and Ampol's Lytton refineries will now receive subsidies when refining margins dip below \$15.9 per barrel (A\$0.10 per litre), with payments rising on a sliding scale and capped at \$2.9 per barrel. Towards month end, the federal government also slashed the fuel excise in half to 26.3cpl, effective for the next three months, in order to keep Australia moving, benefiting VEA and ALD by offsetting demand destruction from potential rationing and associated convenience store losses.

#### Yancoal Australia (YAL +43.6%) / New Hope Corporation (NHC +27.3%)

The Iran war which kicked off on 28<sup>th</sup> of February has created absolute havoc in energy markets. It started with the blocking of the Strait of Hormuz, restricting the flow of oil from the Gulf States by ~8mbpd, representing ~ 7.5% of global production. This supply side shock resulted in oil prices rising ~50% and gas prices doubling post the damage caused to 17% of Qatar's LNG production output, which supplies ~20% of global capacity. As a consequence, the demand for thermal coal as an alternative energy source spiked, with the Asian benchmark price rising ~22%. Thermal coal producers YAL and NHC, as well as other local peers, were major beneficiaries.

#### Telix Pharmaceuticals (TLX +36.6%)

Biopharmaceutical company TLX announced that Part 1 of its ProsACT Global Phase 3 prostate cancer trial met its primary objectives confirming acceptable safety, tolerability and dosimetry for TLX591. This removed a key overhang on the stock, driving a powerful relief rally. A week later, TLX also reported that it had resubmitted a New Drug Application (NDA) with additional data to the US Food and Drug Administration (FDA) for TLX101-Px (Pixclara). TLX101 is an investigational PET2 imaging agent candidate for the characterization of recurrent or progressive glioma (brain cancer) from treatment related changes in both adult and paediatric patients. Given the potential to address significant unmet medical need, it was granted Orphan Drug and Fast Track designations by the FDA. This was very well received by investors.

#### Karoon Energy (KAR +35.6%)

KAR is an upstream energy producer with operations in Brazil and the Gulf of Mexico and remains one of the purest oil exposures on the ASX. KAR has experienced operational problems this year due to a production leak and its expansion plans for a new oil project (Neon) in Brazil have also yet to find a partner to move forward. However, investors ignored these obstacles and chased the name for its pure oil leverage.

### The Market Misses

#### Iperionx (IPX -47.8%)

IPX is a titanium (Ti) metals company using its patented technologies to produce higher performance alloys from titanium scrap, at a lower cost compared to existing processes. IPX also owns the Titan Mineral Sands project in Tennessee, which could be developed to support a fully integrated Ti metal's production facility. IPX is currently in the development and expansion phase, going from 125tpa to 200tpa and is aspiring to achieve a commercial rate of 1,400tpa in mid-2027, with 10,000tpa (>10% of the US titanium metal market share) planned from 2030. IPX plummeted 22% immediately after reporting a 1H26 earnings loss of US\$34.8m, far worse than expected (this compared to a 1H25 loss of US\$16.2m). The overall collapse this month reflects growing impatience with the company's continued absence of commercial revenue, despite its ambitious scaling plans.

#### Pantoro (PNR -42.3%) / Northern Star Resources (NST -32.2%)

The 12% fall in the gold price to US\$4670/oz in the month of March was mostly attributable to the conflict in Iran, with a flight to US dollars and concern that higher oil prices would lift interest rates further. This dragged the overall sector down by 23%, with PMR and NST both underperforming.

PNR downgraded its production guidance by 15% due to underground flooding, interrupted haulage operations, plus a pending contractor changeover. PNR is now guiding to a production level of 86-92koz for FY26 and AISC, originally provided as A\$1,950-A\$2,250/oz, concerningly were not re-stated. The lowered guidance also left investor's questioning the medium-term target of ~200koz in FY27-FY28.

NST had yet another guidance downgrade, revising production from 1.6-1.7Moz to "above 1.5Moz", a 9% reduction at the mid-point following unreliable milling performance above ground at KCGM and reduced mining productivity at Jundee. NST's KCGM Mill Expansion Project continues to progress for commissioning in 1QFY27, which should increase overall processing capacity to 27Mtpa from the current

13 Mtpa mill, which has had performance issues in the old mill circuit. The rapid succession of operational production downgrades left investors questioning management's execution ability.

### Deep Yellow (DYL -33.7%)

DYL reported a below expectation 1H26 result, however given the production at its Tumas uranium project in Namibia now not expected to commence until FY29, investor concern centred on the higher SG&A and share based payments. While Tumas is a low-grade orebody (79.5Mlb reserve; grade 298ppm U<sub>3</sub>O<sub>8</sub>), it has a long life (>30 years) and does provide exposure to a rising uranium price. DYL expects to make a Final Investment Decision (FID) on this key project once the uranium price is at a sustainable level to incentivise greenfield expansion. Against the backdrop of a 17% fall in the spot uranium price in the last two months and Tumas's high-cost structure, it's no surprise that the FID continues to slip. DYL released a response to media speculation, indicating the company is not undertaking a capital raising at this time, however with financing nowhere near completion, investors were rightly spooked.

### Capstone Copper Corp. (CSC -29.8%)

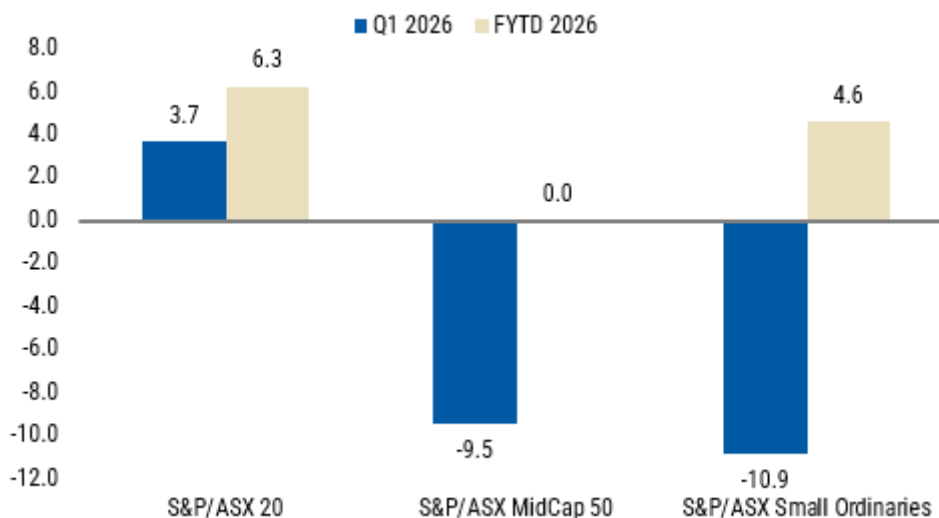
CSC had previously provided CY26 guidance of 200-230kt of copper production at US\$2.45-US\$2.75/lb, but gave a mid-term (CY27) target of ~265kt for the first time. This target was ~10% below expectations and underwhelmed shareholders. The 8% fall in the copper price made things even worse.

## FUND PERFORMANCE

In a difficult month for global equities, where the scale and longer duration of the ongoing Middle East conflict has caught most investors including ourselves off-guard, the Fund returned a disappointing -11.1% versus the S&P/ASX200 Accumulation benchmark return of -7.1%. This capped off a challenging and volatile quarter.

The S&P/ASX Small Ordinaries Index is now down -10.9% for the March Quarter, with Small Industrials down -14.3%, while the Small Resources Index has performed relatively better (-3.6% Q1 2026) given gold's record run and oil price tailwinds from the war in Iran. In an equity market increasingly exposed to Index inclusions, upweights and down weights, Quant activity and High Frequency Trading flow, daily moves in and out of small caps have become outsized and very extreme. Mid-Caps also performed poorly (-9.5%).

Conversely, the S&P/ASX Top 20 Index delivered a positive return (+3.7%), driven by passive, ETF and relentless rotation back into large caps (investors gravitating to a concentrated cohort of the largest of large caps in fact). Outsized and violent moves are at times puzzling and the push into leaders has not suited our style and approach.



Source: Morgan Stanley

For the month of March, the Energy (+20.4%), Utilities (+4.9%) and Consumer Staples (+1.7%) sectors were the best performers, whilst the Materials (-13.0%), Information Technology (-12.5%) and Real Estate (-11.2%) sectors fared poorly.

The major contributors to this month's Benchmark return were Energy (+80bp, led by Woodside Energy contributing +52bp), Utilities (+7bp) and Consumer Staples (+5bp).

### Month of March Attribution

There were few positive contributors to the Fund's March performance that moved the dial. Overweight positions in Soul Patts (+5.6%), Suncorp (+10.4%) and not owning NAB (-15.5%) helped. But these were more than offset by major negative contributors for the month, namely overweight positions in Domino's Pizza Enterprises (-19.2%), Bapcor (-31.0%), Treasury Wine Estates (-18.3%) and not owning Woodside Energy (+27.2%).

## FUND ACTIVITY

Fund activity was relatively subdued in March. We took some profits in several names; BHP, Evolution Mining, GQG Partners, Northern Star Resources and Suncorp. With the proceeds, we strengthened Aristocrat, insurance broker AUB Group, Dexis Property Group and Treasury Wine Estate on further share price weakness.

## FUND STRATEGY AND OUTLOOK

The last three months have been incredibly eventful. It started with the stratospheric climb in the gold and silver price, followed by the US deporting Maduro and taking control of Venezuela and its oil reserves, Trump's threat to take over Greenland in part for its critical materials and now a full-blown war in Iran. The Middle East conflict, as a result of severely constricting the flow of oil and LNG through the Straits of Hormuz, has thrown out the window the most diligent and carefully laid investment strategies. War news headlines and events dominate are having an extensive impact not just directly on energy markets, but also on other key commodities such as sulphur, urea, ammonia and aluminium.

Then there are the second order effects, the greatest of which is Asia's dependency on jet fuel and diesel from the Middle East. The longer the war continues, the greater the consequences for the region and for global growth. Geopolitical tensions pose significant challenges to Asia through higher energy prices and natural gas constraints that disrupt supply chains, manufacturing and exports. But if tensions ease and oil prices revert, the industrial cycle in Asia should roar back to life. What happens to production in Asia will be a harbinger for the global economy. Asia is the region most exposed to higher oil and gas prices, as its oil and gas trade balance sits at -2.1% of GDP, above -1.5% for the euro area for perspective.

In terms of conflict timeline, visibility is extremely low. Whilst we don't profess to be any experts on geopolitics and given the US and Israel's intentions remain unclear; news flow headline risk is extreme. This is leading to whipsawing of risk assets, with news oscillating between demands for "unconditional surrender" to "having productive discussions" and back to threats of an escalation.

As the deadline looms, at the time of writing, oil rallied back above US\$112/bbl after US President Donald Trump vowed an escalation in the war in Iran over the coming weeks. This followed Trump's rare primetime address to the nation, where he cast the war as a success. The President's address sited that the US had "achieved its objectives" but he also threatened further escalation.

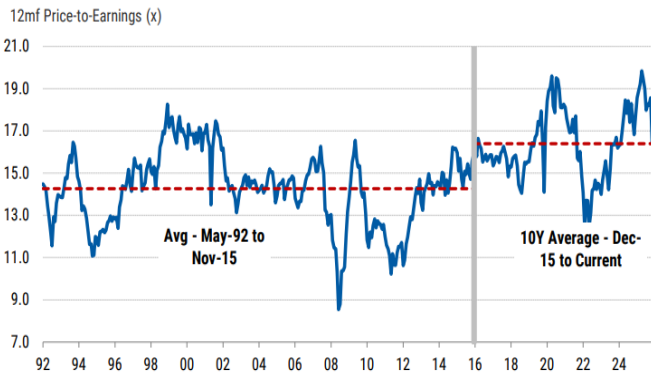
"We are going to hit them extremely hard over the next two to three weeks. We're going to bring them back to the Stone Ages, where they belong. If there is no deal, we are going to hit each and every one of their electric generating plants very hard and probably simultaneously. We have not hit their oil, even though that's the easiest target of all, because it would not give them even a small chance of survival or rebuilding. The United States imports almost no oil through the Strait of Hormuz and won't be taking any in the future".

Things took a turn for the worse, with his threats escalating, overshadowing hopes of a ceasefire. Just after announcing the rescue of a downed American airman, Trump said in an expletive-laced social media post that he'd bomb the country's power plants and that Iran's leaders would be "living in Hell". He stated that "if Iran does not agree to the US's terms, the military could destroy every bridge in Iran and put every power plant out of business". These comments are not constructive...

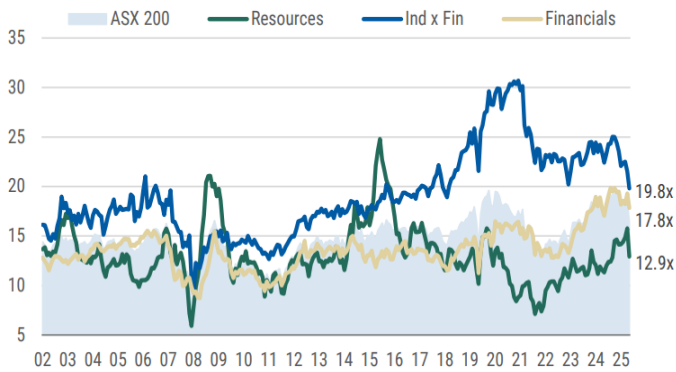
What we can conclude is the following: it is by no means clear what will happen to Iran's stockpile of enriched uranium and that investors should assume some damage and geopolitical premium will persist, keeping energy prices elevated through '26. While not derailing economies, stagflation is the most likely scenario and should probably be baked in. There also seems limited prospect for regime change and that Iran will not accept a unilateral truce and has specific economic conditions for a ceasefire. The Strait of Hormuz is key to Iran's deterrence doctrine and it will be problematic to normalize and re-open the Strait of Hormuz, even under a quick resolution. Given there is no clarity on opening the Straits, beyond "it will happen naturally" and it is not US's responsibility, without a resumption of flows through Hormuz, there is little sign that pressure on oil and energy markets will abate. However, pipeline rerouting and Saudi/UAE bypassing the Strait is a positive development, with Iran likely to establish some form of gating system or toll regime.

**Putting aside the geopolitics, what we have also observed is that the March quarter was marked by extreme dispersion, commodity led returns and rising AI disruption risks, despite record EPS in the US.** Equity markets in 1Q26 experienced an unusually high degree of return dispersion, with a significant proportion of global stocks rallying sharply, while a similarly large cohort declined materially over the same period. The quarter did in fact record the second-largest dispersion in US stock returns in over 15 years and was the highest quarterly dispersion in European stock returns since late 2020 (global pandemic times).

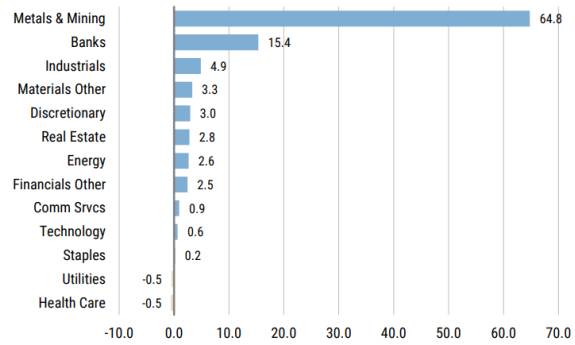
**Domestically, March was fundamentally a de-rating story. Earnings expectations remained resilient, with aggregate consensus estimates still pointing to double-digit growth in FY26 (+13.9%) and FY27 (+10.5%).** However, the pace of positive revisions slowed as the macro backdrop keeps shifting. To date, the Australian market has responded via a valuation de-rate rather than earnings, with the forward multiple adjusting (lower) by ~2 P/E turns to 16.4x, now broadly in line with 10-year averages. It's worth noting that the Metals & Mining and Banking sector have accounted for 80% of the market's growth in earnings over the past 12-months (refer below table).



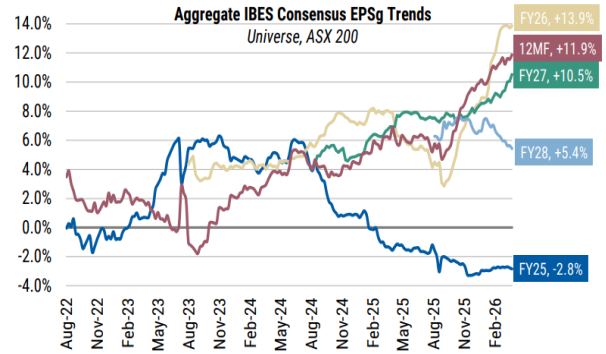
The 12M forward PE of the Industrials ex-Financials at 19.8x



Contribution to Change in Aggregate Consensus Earnings  
Past 12-months



Annual Consensus EPS Growth Trends FY25-28



Source: Morgan Stanley.

Apart from the changes in the Activity Section, as per last month, we continue to hold our true to label, Contrarian and Value biased line, favouring the more Defensive Growth stocks in that cohort such as Aristocrat, which has a pristine balance sheet, delivered on strategy and earnings, yet has been savagely de-rated.

The portfolio continues to own virtually no Tech/IT (the exception being IRE which also delivered a solid beat when it reported), as the sector has been for the past few years trading on ritzy revenue multiples, offering no or little by way of dividend yield. We have historically had a very tiny exposure to the Tech/IT/Software sector. However, just like in February, the continued brutal sell off in the month of March and de-rating in many quality IT/growth stocks, where the market is fearful of disruption in business models from AI, is again starting to throw up some better value opportunities in the marketplace. That said, we continue to avoid and sit on the sidelines with regard to WiseTech, ZIP, Pro Medicus, Xero, SEEK, Carsales, MP1, Life360 and the like.

We believe many of our key holdings, namely Dominos, Aristocrat, Liberty Financial Group, Treasury Wines, Washington Soul Patts etc., which are still out of favour and completely mis-priced by the market, have strong medium term earnings turnaround potential with material valuation upside capture. Confident boards seeking growth or synergy options, an uptick in private equity deals and relatively favorable global conditions for financing are expected to underpin a buoyant 2026 year for mergers and acquisitions, after Australian corporate activity lagged the frenetic pace of global transactions last year. The new additions to the portfolio are stocks that we contend are good businesses which have historically been badly run/executed poorly, have misallocated capital or are facing short-term headwinds. These are manageable and fixable over the medium term, with these stocks trading at significant deep discounts to our valuations.

For the 2026 Financial Year, the forecast grossed up Dividend Yield for the Fund now sits at 5.7%, superior to the grossed-up Market Dividend Yield of 4.7%.

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## Find out more:

For new or additional applications into the Fund, please click [here](#).

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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