

Ellerston Australian Micro Cap Fund – Class A Units

Monthly Report as at 28 February 2026

APIR Code: ECL0984AU | ARSN 619 727 356



Portfolio of 30-60 smaller & micro 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 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.) ^{^^}
Net [^]	0.1%	-1.0%	31.2%	22.2%	9.5%	15.9%
Benchmark*	-2.6%	1.5%	23.0%	12.5%	6.6%	8.2%
Alpha	2.7%	-2.5%	8.2%	9.7%	2.9%	7.7%

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

* S&P/ASX Small Ordinaries Accumulation Index. ^{^^} Inception date is 28 April 2017.

Key Information

Portfolio Manager(s)	David Keelan James Barker Jack Briggs
Investment Objective	To outperform the Benchmark over a rolling three-year period.
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Liquidity	Daily
Target Number of Holdings	30-60
Minimum Investment	Initial investment - \$10,000 Additional investment - \$5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.20%
Performance Fee ¹	20.00%
Buy/Sell Spread	0.25% / 0.25%

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

Top Holdings*

Company	Sector
IPD Group	Industrials
Servcorp	Real Estate
Shape Australia Corporation	Industrials
SKS Technologies Group	Industrials
Wagners Holding	Materials

*In alphabetical order.

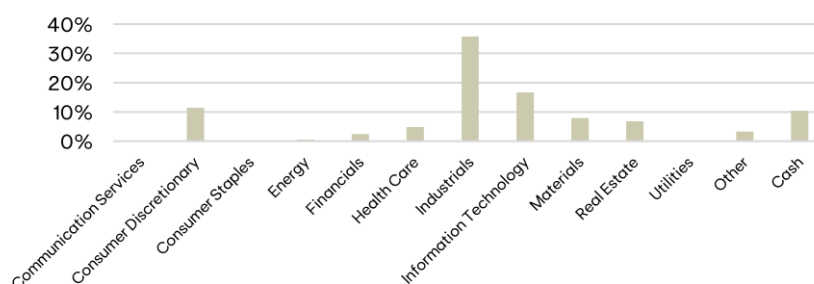
Source: Ellerston Capital.

Key Portfolio Metrics

FY26(e)	Fund	Benchmark
Price/Earnings	13.95x	14.11x
Dividend Yield	2.84%	3.13%
Net Debt/EBITDA	-0.17x	1.12x

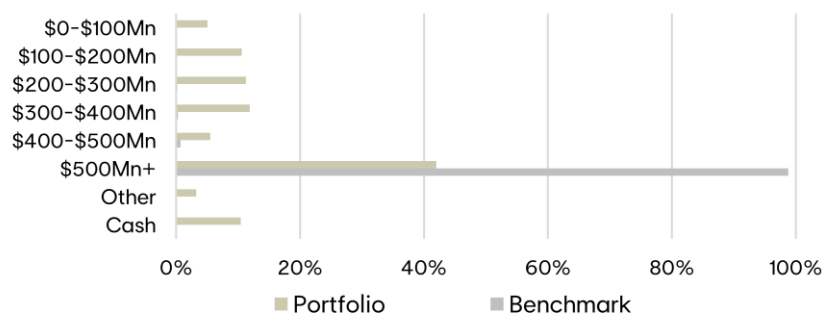
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Market Cap Exposure



Source: Ellerston Capital.

FUND COMMENTARY

The Ellerston Australian Micro Cap Fund – Class A Units (the Fund) delivered +0.1% (net) in February. The month was challenging for the broader small cap market, with the S&P/ASX Small Ordinaries Accumulation Index (the Benchmark) declining -2.6% 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 small cap 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

Wagners (WGN AU) was one of the strongest contributors to performance during the period, rallying +29.6% after delivering a materially better than expected result and upgrading full-year earnings guidance. The key driver was a clear step-up in operating performance across the business particularly in Construction Materials and Composite Fibre Technologies with EBIT ahead of market expectations and management lifting FY26 guidance to approximately \$62–66 million, an increase of ~18.5% at the midpoint versus prior guidance. The result demonstrated meaningful operating leverage, with margin improvement, stronger volumes across cement, concrete and quarry products, and growing confidence that new capacity and infrastructure exposure within the Poles business can support further earnings growth. Encouragingly, recent investment appears to be

translating into higher-quality, more repeatable earnings, while balance sheet improvement and strong cash generation added further appeal. Looking ahead, the outlook remains constructive. Continued execution in concrete and quarry volumes, the ongoing ramp-up in CFT Poles, and a recovery in Project Services should support earnings momentum into the second half and beyond. WGN remains a high conviction holding, and we believe the business is well placed to continue benefiting from the structural tailwind of South East Queensland infrastructure spend.

KEY DETRACTOR

EROAD (ERD NZ) was a detractor during February falling -23.9% the period. In our view the weakness in ERD share price was multi-pronged. Firstly, being a March year end business, it lacked news flow in the catalyst rich reporting season, this combined with a broader sell-off in technology and small-cap names, created a difficult backdrop for the stock. Adding to the uncertainty, CEO Mark Heine announced on 12 February that he will step down in June 2026 after almost 11 years with the business, with the Board commencing a search for a permanent replacement. While CEO transitions always introduce a degree of uncertainty, we take comfort in the fact that Executive Chair John Scott who has been closely engaged with the business throughout ERD's strategic reset, is well placed to provide continuity and oversight during the search process. Fundamentally, the ERD thesis remains intact: the ANZ business is performing well, the Cleanaway enterprise partnership is ramping, and the NZ eRUC opportunity represents a meaningful long-term growth driver. We view the February weakness as largely sentiment-driven rather than reflective of any deterioration in underlying business momentum, and we retain our position.

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 15% per annum returns over the medium term.

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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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