

Ellerston Mid Cap Opportunities Fund

Monthly Report as at 31 May 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, that 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.)^^
Net^	2.6%	-3.3%	-17.8%	-7.9%	-3.0%
Benchmark*	1.9%	-6.1%	-5.5%	8.4%	6.9%
Alpha	0.7%	2.8%	-12.3%	-16.3%	-9.9%

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

* 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. ^^ Inception date is 31 January 2025.

Key Information

Portfolio Manager(s)	David Keelan Jack Briggs 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 ¹	20.00%
Buy/Sell Spread	0.25% / 0.25%

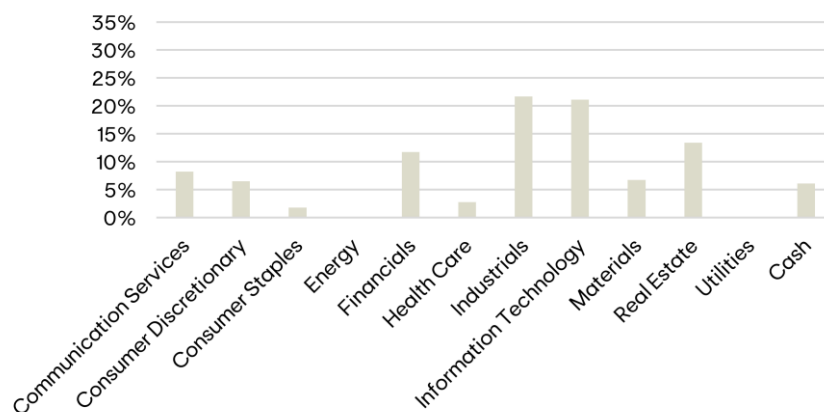
¹Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
Bravura Solutions	Information Technology
Cedar Woods Properties	Real Estate
Gemlife Communities Group	Real Estate
GenusPlus Group	Industrials
Servcorp	Real Estate

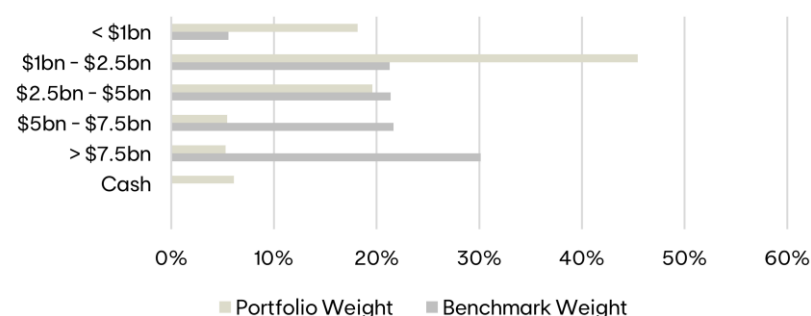
* In alphabetical order.
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Market Capitalisation Exposure



Source: Ellerston Capital.

FUND COMMENTARY

The Ellerston Mid Cap Opportunities Fund (the Fund) delivered a return of 2.6% (net) in May, outperforming the Benchmark return of 1.9% over the period. May proved to be another highly active month across both geopolitical and macroeconomic fronts. While progress in the US/Iran peace negotiations has been slower than markets initially anticipated, developments have nevertheless contributed to a moderation in global energy prices, with oil prices declining approximately 20% from the highs experienced during the peak of the conflict.

Domestically, economic data remained mixed, with unemployment rising to 4.5%, the highest level in five years and above expectations, while inflation eased to 4.2% and GDP growth also undershot forecasts. Taken together, these data points suggest the impact of elevated interest rates and higher fuel costs is continuing to weigh on consumer confidence and spending behaviour. This was further compounded by the sweeping tax changes announced in the Federal Budget, particularly proposed reforms to negative gearing and capital gains tax concessions, which have added another layer of uncertainty for households, investors and the broader housing market.

On a more positive note bond yields have stabilised in recent months, reinforcing the view that the RBA is likely approaching the end of its hiking cycle. Encouragingly, despite softer economic conditions, capital markets remain selectively supportive for high-quality businesses, as demonstrated by the successful IPO of SkinKandy and capital raisings completed by both NextDC and CDC, underscoring the market's ongoing enthusiasm for AI and data centre-related investment themes.

KEY CONTRIBUTOR

Megaport (MP1) was the top contributor for the fund during the period. MP1 announced a series of CPUaaS and GPUaaS contract wins of significant magnitude. The essence of these deals is MP1 buys CPU's and GPU's using their balance sheet and installs them in data centres, signing back-to-back multi-year leases of to customers. The customers are predominantly hyper growth AI applications desperate for scarce compute power and MP1 is achieving exceptional 25%+ unlevered returns. The contracts cumulatively saw EBITDA expectations rise by c.20% during the

month and the stock's valuation re-rated strongly as MP1 transitioned from a battleground stock to a consensus AI winner.

KEY DETRACTOR

Tuas (TUA AU) was the portfolio's biggest detractor during the month following a significant regulatory setback in Singapore. The stock fell by over 60% after Singapore's Infocomm Media Development Authority (IMDA) suspended its review of Simba Telecom's proposed acquisition of M1 amid concerns regarding the use of unauthorised radio spectrum. The subsequent termination of the M1 transaction removed a key growth catalyst that had been embedded in market expectations, resulting in a substantial de-rating of the stock. While the regulatory investigation creates near-term uncertainty around potential fines/penalties, operational undertakings and the business' cost structure, or potentially worst-case ongoing right to operate. We have consequently exited the position.

OUTLOOK

We are using the period between reporting seasons to continue attending broker conferences, sourcing new investment ideas and meeting with portfolio companies ahead of blackout periods. It provides a valuable opportunity to revisit existing positions, challenge our investment theses and identify emerging opportunities, particularly as recent market volatility has created several dislocations across our universe. We continue to focus on finding high-quality businesses with strong balance sheets, pricing power and structural tailwinds. We continue to rigorously stress-test the portfolio to ensure our highest conviction positions remain the most catalyst-rich and offer the most attractive risk-adjusted return opportunities.

RESEARCH RATING



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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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