

Ellerston Australian Micro Cap Fund – Class A Units

Monthly Report as at 31 May 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, 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 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.) ^{^^}
Net [^]	4.7%	4.8%	27.8%	24.1%	9.6%	16.0%
Benchmark*	2.0%	-6.1%	11.2%	10.6%	4.0%	7.2%
Alpha	2.7%	10.9%	16.6%	13.5%	5.6%	8.8%

[^] 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% 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
GenusPlus Group	Industrials
Mayfield Group Holdings	Industrials
Shape Australia Corporation	Industrials
Servcorp	Real Estate
SKS Technologies Group	Industrials

*ASX listed securities, In alphabetical order.

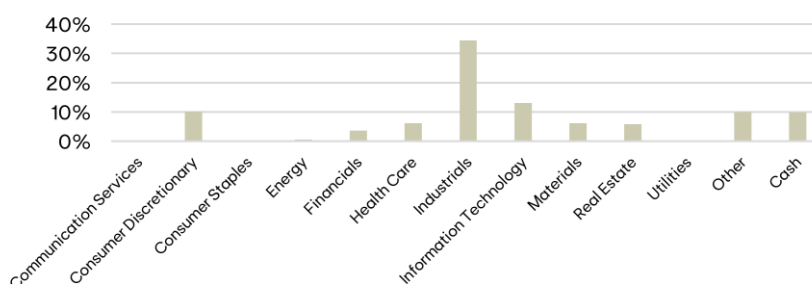
Source: Ellerston Capital.

Key Portfolio Metrics

FY26(e)	Fund	Benchmark
Price/Earnings	18.3x	16.8x
Dividend Yield	2.3%	2.2%
Net Debt/EBITDA	-0.1x	1.2x

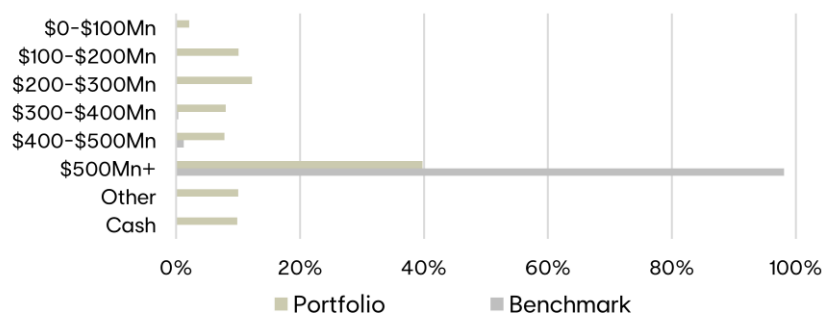
Source: Ellerston Capital.

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 a return of 4.7% (net) in May, outperforming the S&P/ASX Small Ordinaries Accumulation Index (the Benchmark) return of 2.0% 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

SKS Technologies (SKS AU) was the fund's top contributor for the month of May 2026. The company saw its share price rise 36.2% for the month and continues a strong run in recent months. Early in the month the company updated the market with a \$22m contract win for a major retailer's new headquarters. Accompanying this announcement was an updated work-in-hand figure of \$355m and FY27 secured revenue at \$270m in May 2026, which is 35% higher than where FY26 secured revenue was at the start of

July 2025. When this is framed with the increase in pipeline from \$572m in February 2026 to \$1.25bn at the start of May, it is easy to get excited about SKS's growth prospects in FY27 and beyond. We see SKS as a critical delivery partner for some of the major Australian hyperscale data centre providers, each with significantly increasing levels of pipeline to deliver on in the coming years.

KEY DETRACTOR

Acusensus (ACE AU) was the fund's top detractor for the month, finishing down 11.9%. Early in the month, the company gave a trading update to the market with a reiteration of guidance. This update was generally positive across the board, with formal announcement of 2 new operational programs underway in the UK. Transport Scotland signed on for a 6 month trial period, and Sussex Police have committed to a 1 month trial. In the US, ACE has grown its sales pipeline to record levels. Mobilisation of key projects such as the work zone speed enforcement in Connecticut are progressing well. Within Australia, Transport for NSW have issued a 6+6 month extension from 1 July 2026 on their mobile speed camera contract. The potential award of the ACT TAPES contract continues to progress, though award is perhaps delayed vs market expectations. While there has perhaps been a lack of material catalysts for the last few months, we hold the view that there is still significant upside here on the back of market-leading technology.

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.

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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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