

# Ellerston Equity Income KIS Fund

Monthly Report as at 30 June 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	FY2026	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.) ^^
Income pre-franking <sup>1</sup>	1.2%	1.1%	6.5%	8.0%	8.8%	8.1%
Capital <sup>1</sup>	5.2%	3.0%	-9.3%	-7.4%	-7.0%	-2.9%
<b>Fund Net Return<sup>^</sup></b>	<b>6.4%</b>	<b>4.1%</b>	<b>-2.8%</b>	<b>0.6%</b>	<b>1.8%</b>	<b>5.2%</b>
Benchmark**	0.7%	4.0%	6.1%	10.6%	7.8%	8.6%
Alpha (pre-franking credits)	5.7%	0.1%	-8.9%	-10.0%	-6.0%	-3.4%

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

<sup>^</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	BT Panorama, 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

42 years of industry experience.



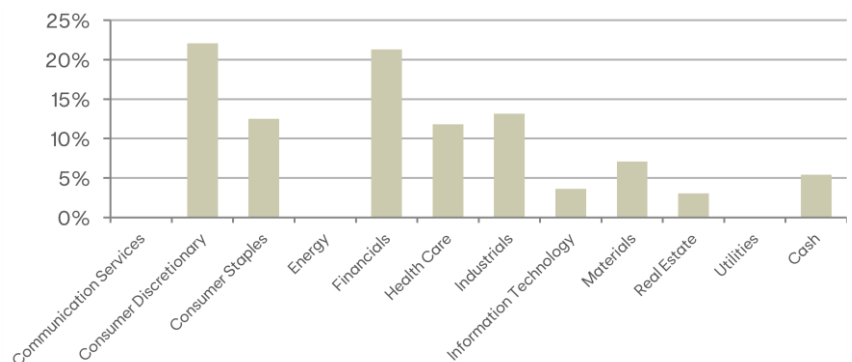
**Stephen Giubin**  
Senior Investment Analyst

39 years of industry experience.

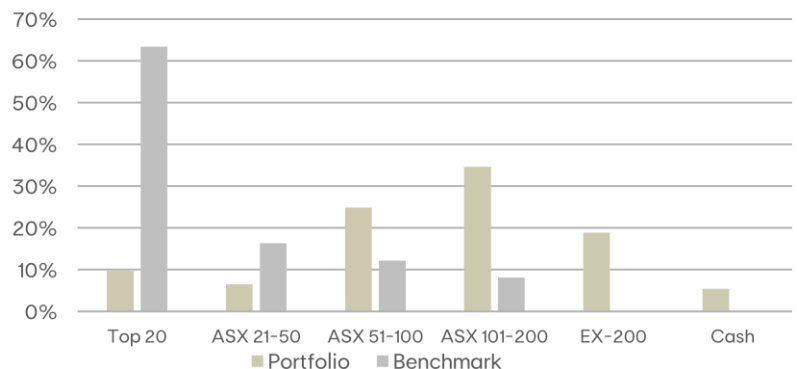
FY27(e) Key Portfolio Metrics	Fund	Benchmark
Grossed Up Dividend Yield (%)	7.6	4.7
Dividend Yield (%)	6.0	3.7
Price/Earnings (x)	12.9	16.7

Source: Ellerston Capital.

## Sector Allocation



## Exposure by Market Capitalisation



Source: Ellerston Capital.

### Top 5 Holdings\*

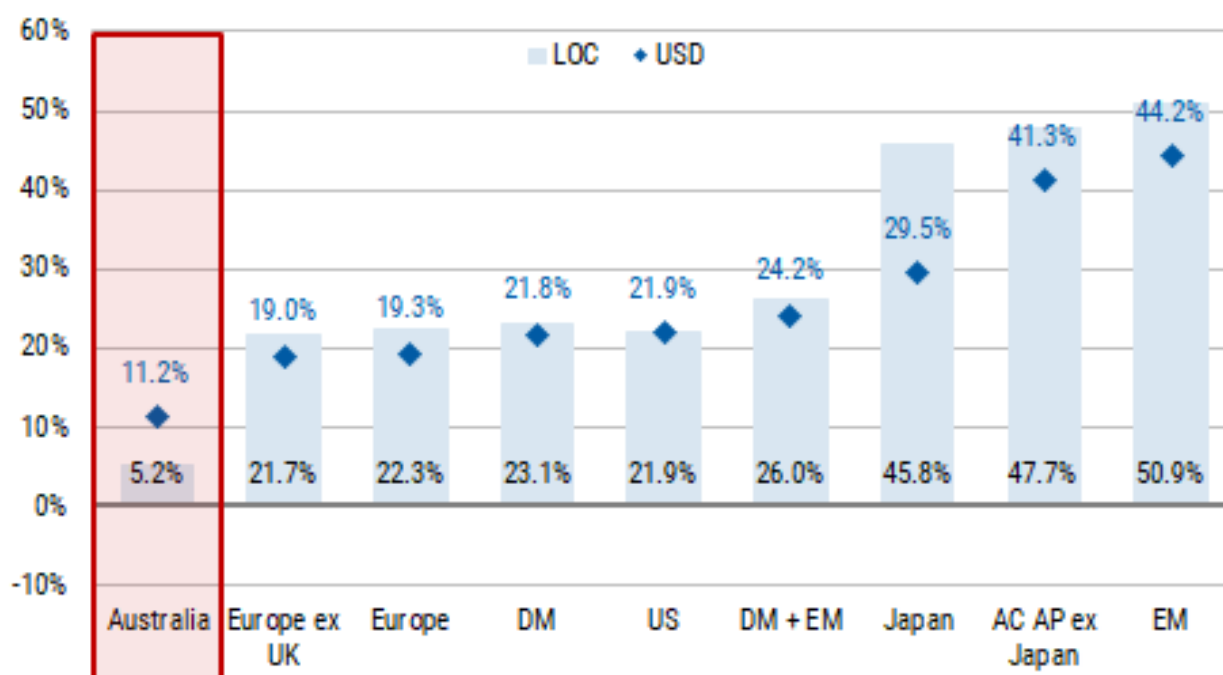
Cleanaway Waste Management
Domino's Pizza Enterprises
Liberty Financial Group
Perpetual
Treasury Wine Estates

\* In alphabetical order.  
Source: Ellerston Capital.

### MARKET OVERVIEW

International equity markets took a breather in the month of June. Heightened volatility across markets reflected both optimism that the war in Iran had been derisked post the signing of a 14-point MOU, against concerns of tighter monetary policy. Post May's strong performance (+9.5%) by the MSCI Emerging Markets Index, June was flat, as were the Developed Markets and MSCI World in local currency terms. The S&P 500 fared relatively worse, down -1.0%. Within the MSCI World Index, Health Care (+5.7%) saw the largest upside move, followed by Financials (+4.8%). Communication Services (-7.7%) and not surprisingly, Energy (-5.2%, given the sharp pull back in the oil price as peace deal reopened the Strait of Hormuz), were major underperformers. Closer to home, the S&P/ASX200 Accumulation Index etched out a +0.7% gain, with Health Care (+13.3%), Consumer Staples (+13.0%) and Consumer Discretionary (+12.2%) driving returns, outpacing declines from Energy (-8.9%), Materials (-6.7%) and Communication Services (-1.7%).

MSCI Global Country/Regional Indices Performance for the 2026FY



Source: Morgan Stanley

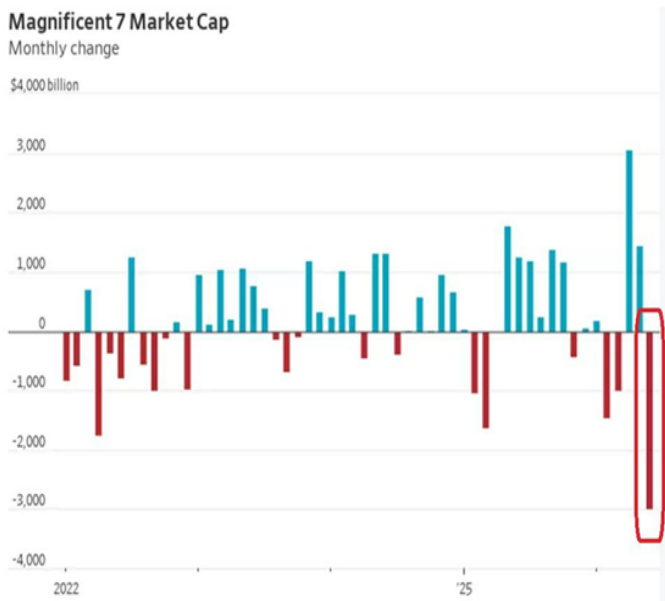
### USA

The FOMC held the fed funds rate target range at 3.5 to 3.75% as expected. New Federal Reserve Chairman Kevin Warsh vowed to restore price stability following his first policy meeting since taking the helm of the US central bank, signalling growing support for rate hikes later this year. "Persistently high prices are a burden for the American people, but the recent past need not be prologue," Warsh said in his debut press conference. Officials "are unambiguous and unanimous. This committee will deliver price stability". The Fed chief, who has been critical of so-called forward guidance, declined to submit a rate forecast. Treasuries sold off, the dollar rallied and stocks fell immediately after the decision was announced. In their post-meeting statement, officials said inflation remained elevated. They continued to characterize economic growth as "solid." Officials also described productivity growth and capital investment as strong.

There remains a searing debate by investors on the sustainability of trillions of dollars of AI capex, with the tech sector falling 11% from its early June highs on these concerns. It's nothing new and we saw strong price action by the US memory names (aka "the arms dealers"), up ~16% in June alone, but at the same time, the hyperscalers endured a period of underperformance. This is emphasized by the downturn

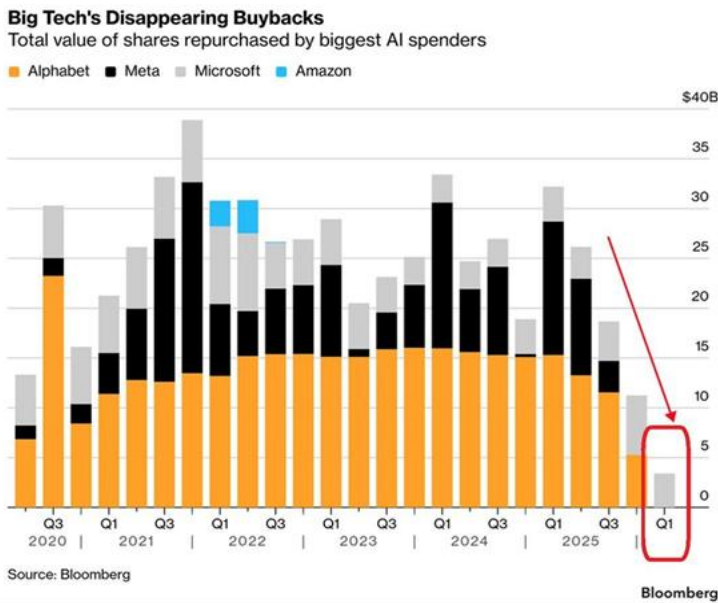
of big tech buy-back activity in favour of more capex. Micron (+18.9%), led the charge when it delivered EPS ~16% above consensus and advised that while it previously saw HBM TAM of US\$100bn in 2028, the company guided that they will now likely see this target in 2027.

**June was a very weak month for the Mag 7!**



Source: Dow Jones/FactSet

**Notice that buy-backs have stalled – more Capex!**



Source: Bloomberg

Bloomberg

In the wash-up and following the euphoria and early huge success of the SpaceX IPO, the small cap Russell 2000 Index finished +3.7% higher, trailed by the Dow Jones Industrial Average (+2.7%), the S&P 500 (-1.0%) and the NASDAQ Composite index (-2.8%). The best performing sectors on Wall Street were Industrials (+7.3%), Health Care (+6.6%, led by Moderna which traded +48.4% higher) and Financials (+4.4%). Conversely, the worst performers were Communication Services (-7.7%), followed by Energy (-5.1%) and Consumer Discretionary (-4.7%).

**Europe**

As expected, the ECB raised its key interest rate by 25bp to 2.25%, its first hike since 2023. However, more recent inflation indicators provided relief by easing the urgency for further aggressive interest rate rises. Hence, Euro-zone markets beat their global peers in June, with the Euro STOXX50 Index up +4.7%. Among the major exchanges, France's CAC 40 rose +3.0% and Germany's DAX was -0.4% lower. The FTSE 100 finished up +1.0%, with the UK market largely shrugging off PM Keir Starmer's sudden resignation, with equities squeezing higher and bond yields stabilizing as investors pivoted and welcomed the incoming leadership with some degree of trepidation.

**Asia**

China's macro backdrop remained mixed, with less supportive fiscal policy and soft domestic demand offset by stronger exports, implying limited near-term stimulus. We may see a change in the overall policy tone when the July Politburo meeting takes place, so we keep waiting! Technology companies continued to ramp up investment in chip manufacturing and data centres, however this month, the South Korean government announced it planned to invest US\$880bn in chip manufacturing and AI infrastructure jointly with local companies Samsung and SK Hynix. Despite the KOSPI closing flat in June, having fallen -8.4% early in the month and triggering the first stage circuit breaker, Samsung and SK Hynix shares continued to rally.

Japan's Nikkei 225 rose +5.7%, setting another all-time index high, driven by AI demand and export growth. The weaker Yen, which slid to its lowest level against the US dollar in four decades (despite the 1.0% lift in official interest rates in mid-June) and pull back in oil prices (Japan is a major energy importer), spurred investor sentiment. India's SENSEX was +2.6% higher, followed by China's SSE (+0.6%) and an uncharacteristic flat performance by South Korea's KOSPI (having been on a tear all year). The Hang Seng (-8.5%) was the biggest loser, due to the reversal in AI and semiconductor stocks, as investors took profits in large internet companies and the regional technology sell-off gathered pace.

**Commodities**

Commodity prices continued to be impacted by the events in the Middle East, with skirmishes and the Iran war dragging on, despite the cease fire agreement. The Brent crude oil price fell sharply in spite of ongoing disruptions to transit through the Straits, ending the month another -20% down to \$73/barrel. Ongoing optimism about a "deal", which would re-open the Strait of Hormuz on a permanent basis seemed to de-escalate tensions, with tanker traffic steadily improving. Iron ore edged down -6% to US\$99/t, coking coal rose +1% to US\$243/t and thermal coal finished -5% lower at US\$130/t. Base metals were generally weaker, copper was only down -2%, but Nickel and Aluminium fell sharply, down -15% and -17%, respectively. Spodumene prices, which had gone ballistic, were down by -17% to

US\$2160/t, albeit still at a great level, and the bullion price tumbled down -12%, largely on Middle East news flow, to close at US\$4008/oz (A\$5792/oz).

## Bonds

Global bond yields were mixed in June, in response to rate hikes (ECB and Japan), generally weaker economic activity and a peak in energy inflation. German 10-year bond ended down 8bp and the US yield curve flattened on the back of a more hawkish tone from Warsh and expectations of higher Fed interest rates. The US 10-year bond yield nudged 3bp higher to 4.47% and the Australian 10-year bond yield fell by 9bp to 4.74%, primarily due to slowing housing activity, not helped by the Federal government's budget taxation changes. As a result, the A\$ weakened by 4% to US\$0.69 this month.

## Australia

Not surprisingly, the RBA Board kept the cash rate on hold at 4.35% at its June meeting in a unanimous decision, after hiking rates at the prior three meetings. The Statement noted that financial conditions had tightened as a result of rate hikes earlier in the year and that the Board felt it had space to assess what impact these hikes and ongoing constraints to oil supply, would have on the economy and inflation. However, the skew was still hawkish, with an additional comment at the end of the Statement that the Board would consider "increasing the cash rate further if required". These were the reasons the RBA paused. The RBA statement added its first recognition of softening domestic demand conditions since the end of last year, noting that "consumer spending is slowing" and "momentum in the housing market has shifted". This was in stark contrast with business investment, which remains strong, and with credit readily available. Importantly, the Statement emphasised that the economic slowdown was in line with expectations and necessary to see inflation start moving back towards the RBA's target: "Demand needs to slow to reduce capacity pressures", with the RBA welcoming the slowdown. It now looks like a 50/50 proposition of another rate hike this year. The June quarter CPI will be out on 29 July, fingers crossed!

The S&P/ASX 200 Accumulation return of 0.7% was in line with major global indices in local currency terms, with commodity weakness unwinding YTD Resources' leadership. The domestic market continued to grind higher, rising to 8,778.7, thanks to the performance of the ASX200 Industrials (+4.4%) offsetting the ASX200 Resources (-7.8%).

For the 2026FY, the All Industrials finished down -4.5% vs the All Resources which rallied +50.0% but closed well off their highs.

The worst performing stock for June in the S&P/ASX 200 was Judo Capital Holdings (JDO) which fell -39.7%. JDO totally surprised investors with their update pointing to a material deterioration in credit quality and increase in three specific provisions over recent weeks, with 2H26 BDDs way above expectations, delivering a PBT ~15% miss and downgrade to lofty 2027 expectations. The update raised questions about credit origination, risk management, visibility of their book and monitoring. The ASX announcement challenged not just management credibility, but the credibility of their business model given management updated the market as recently as in May with a deep dive of their exposures. We have not owned banks for a long time and feel that JDO may be the canary in the coal mine given the impairments came "out-of-the-blue", possibly requiring the major banks to revisit their own loan exposure visibility and hence future provisioning.

Health Care (+13.3%) was the best performing sector, paring YTD losses, driven by Pro Medicus (+53.8%), Telix Pharmaceuticals (+27.2%) and Neuren Pharmaceuticals (+22.1%). Consumer Staples (+13.0%, driven by the A2 Milk Company up +39.3%) and Consumer Discretionary (+2.5%, led by the strong recovery in Aristocrat, up +22.3%) also drove the gains domestically. Energy (-8.9%) was the worst performing sector, dragged down by lower oil prices and yet another negative production and earnings surprise by Karoon Energy (-25.6%). Materials (-6.7%) and Communication Services (-1.7%) also fared poorly.

In June, the top 5 stocks that made a positive contribution to the Index's return were Wesfarmers (+46bp), CSL (+33bp), Aristocrat Leisure (+25bp), Woolworths (+22bp) and Macquarie Group (+15bp). These collectively contributed +143bp to the ASX200 performance of +67bp, hence all the other stocks detracted 76bp. The bottom five stocks detracting from the Index's performance were BHP (-55bp), Fortescue (-20bp), Rio Tinto (-18bp), Woodside Energy (-17bp) and PLS Group (-16bp). The ASX Small Ordinaries underperformed the ASX200, delivering a total return of -2.0%, with the Small Industrials, up +3.9% and the Small Resources returning -13.4%.

## FUND PERFORMANCE

The month of June was fruitful, with the Fund delivering a very strong return of +6.39% against a more modest incremental gain of +0.67% for the benchmark. Although finishing on a positive note, our financial year was a tale of two halves, whereby the 1H was very strong, but the past 6 months to 30/6/26 proved highly challenging and disappointing, with the drivers of market returns over this period not suiting our style/approach.

Australian equities ended June with modest gains, thanks to the recent outperformance of the ASX200 Industrials sector (+4.4%) offsetting the ASX200 Resources (-7.8%). For the FY26, the All Industrials delivered a -4.5% return vs the All Resources which have rallied an impressive +50.0%, acting as the primary ASX and secondary derivative proxy for AI exposure (copper, aluminium, lithium and energy).

For the month of June, the Health Care (+13.3%), Consumer Staples (+13.0%) and Consumer Discretionary (+12.2%) sectors were the best performers, whilst the Energy (-8.9%) was the worst performing sector. The Materials (-6.7%) and Communication Services (-1.7%) sectors also fared poorly.

The major contributors to this month's Benchmark return were Consumer Discretionary (+81bp, led by Aristocrat +25bp), Health Care (+65bp) and Financials (+55bp).

### Month of June Attribution

The factors driving the Fund's June performance were holding overweight positions in Treasury Wine estates (+12.3%), Aristocrat Leisure (+22.3%), Premier Investments (+19.2%), Myer (+29.8%) and being underweight BHP (-4.7%). The major negative contributors for the month were holding overweight positions in Domino's Pizza (-13.1%) and being zero weight in Wesfarmers (+13.3%).

## FUND ACTIVITY

In June, post powerful share price rallies, we profitably exited Aristocrat, BHP, IPH and culled the holding in AUB Group. With the proceeds we further strengthened Brambles, Premier Investments and Ramsay Health Care. We have also introduced a number of companies that have been closely monitored for years and know well, namely A2 Milk, ASX and ResMed (previously owned). Given the de-rating of each, it is our view that they have all been grossly over sold. Other new stocks introduced to the portfolio are written up below. Please see our views on Centuria Capital and Nick Scali as follows.

### Centuria Capital Group (CNI)

CNI is a property funds management company managing ~\$21.8bn of Group AUM, comprising listed AUM of \$6.2bn (Centuria Industrial REITS and Centuria Office REIT) and unlisted funds of \$12.1bn. CNI also provides structured property and development finance of ~\$2.5bn and \$1.0bn in investment bonds. CNI acquired a 50% interest in ResetData in 1H 2025 for a cost price of only \$21m, achieving Cloud Partner status with NVIDIA and Titanium Partner recognition with Dell. It is Australia's first completed public sovereign AI-Factory that is currently operational and steadily increasing GPU capacity directly in relation to customer onboarding. In order to accelerate growth across ResetData, as well as supporting CNI's growth aspirations across its real estate equity and credit funds, the company undertook a fully underwritten \$300m equity raising at \$2.00/share. CNI sees ResetData as a certified AI infrastructure platform, rather than a generic GPU reseller. It is aligned to sovereign AI, government, defence and enterprise workloads, where local control, compliance and strict security standards matter more than simply accessing the lowest-cost capacity. CNI is trading on a PE multiple of 14x, well below its peers (e.g. Charter Hall trades on 21.3x), a healthy dividend yield of 5.5%, with ResetData in a position to add significant growth optionality and value to CNI down the track. ResetData's 50% interest is conservatively valued at \$0.20/share based on a 3MW case, however with current HOA's at ~13MW, we should see additional revenue in 2027-2028. CNI's potential pipeline of 200MW plus from the current 1.1MW highlights the enormous option value. Execution of course, of managements articulated strategy to the market (full of sceptics), will be the key driver.

### Nick Scali (NCK)

NCK is a stock we have watched for a long time but have never owned, however, given the shares have pulled back to a 5-year low (back to 2021 Covid levels), we have initiated a fresh position. The company, managed by well-respected major shareholder Anthony Scali, is a leading retailer of high-quality lounges, dining room tables and bedroom furniture, with best in class margins locally and with a credible store roll out agenda. Despite being leveraged to the economic cycle, earnings over the long term have been incredibly resilient and profits have actually grown. Apart from the well-known macro-headwinds (consumer cost of living pressures, higher interest rates etc), the major problem in the eyes of investors, has been NCK's acquisition/foray into the UK market, which to date has been a drag on profitability and returns. By way of background, NCK acquired a loss-making business called Fabb Furniture back in 2024 and has been re-invigorating 16 plus outlets (re-branding under the NCK banner, introducing a new product range etc). It appears that their strategy is slowly bearing fruit (with margins having lifted significantly to 58.5% since NCK took over the reins) and is gaining traction. We are attracted to the engine-room ANZ segment, which continues to deliver strong sales growth (1H26 LFL sales growth of 12.7%), top of class gross margins and believe the UK turnaround is underway (but turnaround stories have struggled to win friends in this market). The company has a pristine balance sheet (holding net cash) and has recently lifted its dividend (demonstrating management's confidence despite growth capex commitments). On a de-rated PE of 17x with roll-out growth optionality and an expected dividend yield of 4.4% (pre 100% franking), Scali shares now look pretty attractive to us.

## FUND STRATEGY AND OUTLOOK

With geopolitical tensions in the Middle East thawing and oil prices continuing to fall as Strait shipments ramp up, it should improve the prospects for US economic growth in the second half.

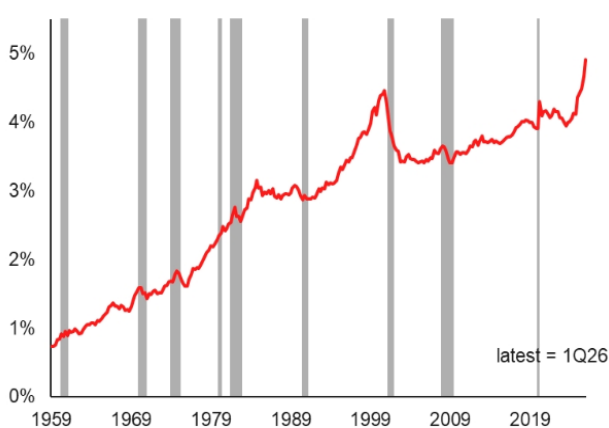


Source: Bloomberg

New Fed Chair Kevin Warsh commented that inflation risks had receded since the June 16-17 FOMC meeting, reiterating his confidence in the profound effects of AI and that the related expanding supply side has "huge implications" for future monetary policy. His view is that the AI shock is leading a boom in capex first and foremost in demand, but expects we will see the supply side response kick in at some point. "In the near term it will be inflationary, we can observe it on the demand side, but it's up to the central bank to decide whether it's inflationary." It seems highly likely that the Fed funds rate stays on pause for at least the next quarter.

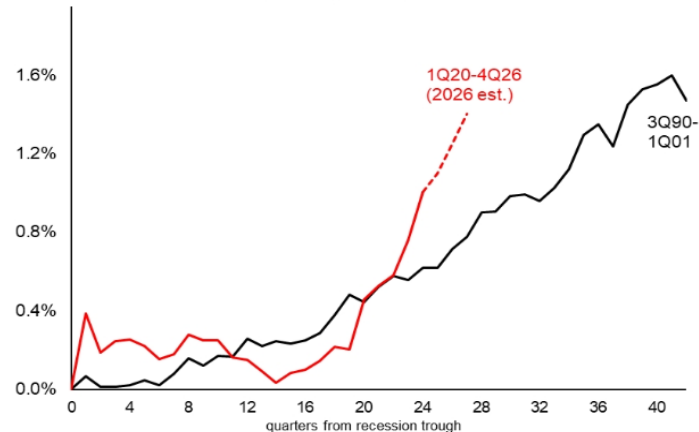
The US is clearly the epicentre of the AI boom and the mind snapping increase in capex guidance by the hyperscalers underpins investment growth. The increase in tech-related investment now well exceeds by a huge margin the levels that occurred in the 1990s and scepticism is growing.

**US - Info processing equip. and software investment**  
% of nominal GDP



Source: Macquarie

**US - Info processing equip. and software investment**  
% of GDP, ppt change from post-recession trough



### Amazon founder Bezos' view on risk:

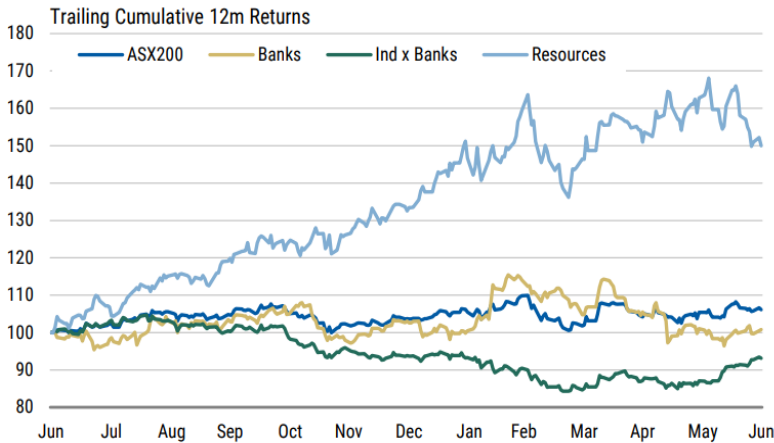
"Outsized returns often come from betting against conventional wisdom is usually right. Given a ten percent chance of a 100 times payoff, you should take that bet every time. But you're still going to be wrong nine times out of ten. We all know that if you swing for the fences, you're going to strike a lot, but you're also going to hit some home runs. The difference between baseball and business, however, is that baseball has a truncated outcome distribution, When you swing, no matter how well you connect with the ball, the most runs you can get is four. In business, every once in a while, when you step up to the plate, you can score 1,000 runs. This long-tailed distribution of returns is why it's important to be bold. **Big winners pay for so many experiments.**"

Just at a time when some market observers are growing uneasy over whether the massive sums being poured into artificial intelligence will ever pay off, the prices the sector commands for each unit of usage have started to drift lower. The Silicon Data LLM Token

Expenditure Index, which tracks what users pay for AI tokens, is now down almost 20% from its high in May. But for context, this is after the index nearly doubled since its inception in December 2025. This gauge may be the clearest early read on the sector's US\$1trillion capex boom. For investors, this could be a flashing signal that AI companies are starting to lose some pricing power with increasingly cost-sensitive customers and that expectations for an eventual AI bonanza may not deliver the expected return on investment. Time will tell.

In the meantime, the earnings picture in the US looks very solid, supported by the AI boom which continued to shift the tone in markets driving material gains during FY26 in the semiconductor-heavy Asian markets of Korea (+176.0%), Taiwan (+107.2%) and Japan's Nikkei 225 (+76.0%) to record highs. It also drove Copper up 35% (helped by supply side constraints) and Lithium (157%). In FY26, Bitcoin was the big loser, down -46%.

Australia has been left behind, highlighting the ASX's structural underweight to global growth and Tech leadership and continued dependence on the Big 4 banks, Big 4 resources stocks and the less cyclical yield-sensitive industrials. **As shown below, in the last 12 months, the ASX200 Resources delivered a massive return of +50.0%, towering over the ASX200 Industrials return of -4.5% and Banks at +0.8%.**



Source: Morgan Stanley.

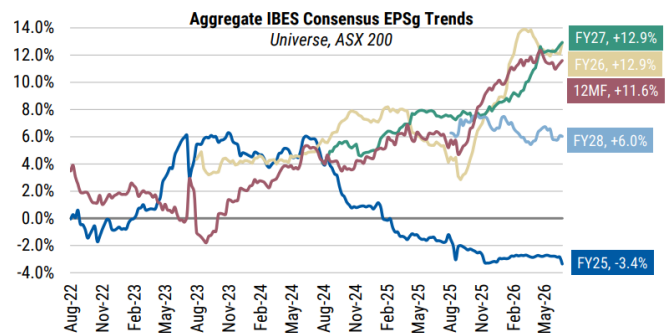
Domestically, earnings expectations have now turned slightly higher in FY27 by 0.6% and FY26 down by 0.6%. As a result, valuation support has been relatively static, but earnings risk is re-emerging as the key driver, particularly as sector dispersion increases beneath the index, given the recent Federal budget implications. Commodity markets and the Resources sector remain the primary earnings driver for the ASX.

**The 12M forward PE of the Industrials ex-Financials at 21.6x**



Source: Morgan Stanley.

**Annual Consensus Earnings Growth**



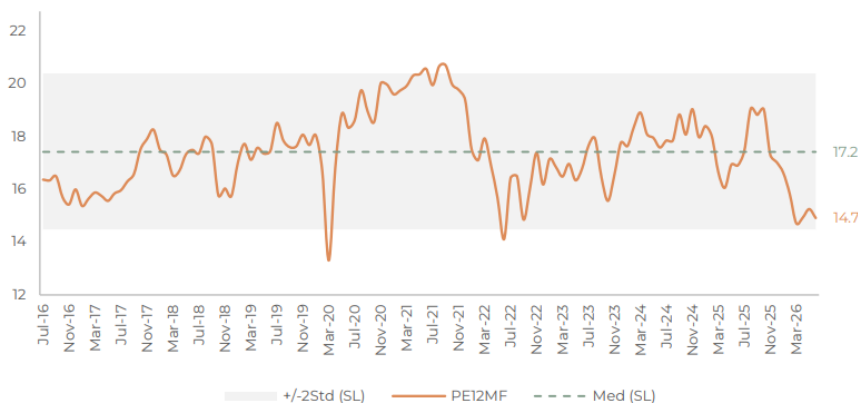
As we commented in our May monthly communique, thanks to the Federal budget, from 1 July 2027, capital gains tax and negative gearing changes, which have now passed into law, will certainly sharpen investor attention. While some changes have future implementation dates, sentiment has been affected almost immediately. The game has shifted for housing with changes to incentives that will result in different outcomes. The risk of a serious air pocket in activity for housing-linked categories (Banks, Real Estate/Construction and Consumers) continues to rise. House Price signals are already coming under pressure and broader de-leveraging trends in the economy are occurring. Monetary policy response will no doubt lag, as a slowdown is necessary to tame inflation pressures that were already in the system, well before recent macro and policy developments. The Budget impact and lower energy prices makes the odds of a rate rise this year, as a 50/50 proposition.

We have maintained our zero Bank exposure and see more attractive opportunities elsewhere (despite the Banks being such a large component of the ASX 200). Banks (CBA, WBC, ANZ, NAB) remain least favoured given the lingering risk of RBA rate hikes, headwinds from the budget tax changes, their weak momentum, downgrades and PERs that are still elevated after the unprecedented 2024-25 re-rate for the sector.

This new FY27 year kicks off with US equities hitting all-time record highs, while Australia treads water. Q426 left global investors celebrating, as Wall Street closed out its strongest quarter since 2020 and kept the party going into July. The Dow cracked 52,000 for the first time, powered by Alphabet's debut as a Dow member, while the tech-heavy Nasdaq rebounded sharply as chipmakers rallied off recent lulls. At home, the story was more sanguine, with the ASX 200 drifting lower to start the new financial year. The subdued mood by investors has been weighed down by the RBA's June meeting minutes, confirming a more hawkish tone, with inflation still above its target level and further rate hikes which will be data dependent, but cannot be ruled out after three hikes already this year.

The brave new investment world we operate in is one whereby passive investing and systematic trading is setting market prices and AI scraping is forensically dissecting company announcements in an attempt to identify patterns to drive quant momentum in price reactions. As we also highlighted in our previous update, and the ongoing rotation away from Active Managers by asset owners/industry super funds and the migration towards "internal" and passive investments. This structural shift has resulted in many Mid and Small Cap positions held by active managers being severely marked down and conversely, the Top 10 stocks by market cap in the local market being re-rated up and to date, showing incredible resilience during times of extreme market volatility (regardless of lofty valuations and what's happening in the rest of the world). For the more patient longer term investors, this is throwing up some incredible bargains in many under-researched mid and small cap stocks and we aim to identify and accumulate more of these. The Small Ords now trade on a PE of 14.7x, a 15% discount vs. their 10yr average.

ASX Small Ordinaries PE 12MF



Source: Barrenjoey

The other structural shift in the market is the increase of systematic and quant trading. According to Goldman Sach's Prime Broking Division in the US, a breakup of their own average daily volume trading flows is showing that "fundamental" investors now only account for 15% of daily volumes in US equities vs 36% 10 years ago, a record low. Quantitative funds (read machines and propellor heads) and Multi-manager hedge funds now have significantly higher turnover, which in part explains why we are experiencing such violent share price moves on a daily basis, but particularly around earnings reporting seasons or company updates.

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 attractively priced quality growth/defensive stocks such as Resmed and Washington Soul Patterson in that cohort. As we have commented previously in detail in the performance section, we are firmly of the view that many of our key holdings, despite short term headwinds, are totally mis-priced by the market, have strong medium term earnings turnaround potential with material valuation upside capture. If the market continues to de-rate and mis-price them, as the geopolitical and macro dust settles, as sure as night follows day, M&A activity should pick up as PE and corporates look to pick up some bargains in this space.

Recent additions to the portfolio, the likes of Ramsay Health, Cleanaway and ASX etc 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 more disciplined management - these stocks trade at significant deep discounts to our valuations as previously espoused. Stocks introduced in June, such as Nick Scali, one of the best operators in the retail sector and Centuria Capital, look set for a re-rating (refer our note in the activity section).

For the 2027 Financial Year, the forecast grossed up Dividend Yield for the Fund now sits at 7.6%, superior to the grossed-up Market Dividend Yield of 4.7%.

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## Contact Us

### Sydney

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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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