Ellerston Global Equity Managers Fund (GEMS) Class C

Monthly Newsletter, July 2026

Investment Objective

To generate superior returns for unitholders with a focus on risk and capital preservation.

Investment Strategy

The Fund provides investors with exposure to global markets through a long short equity strategy. The strategy overlays fundamental bottom-up stock selection with global macroeconomic and market outlook.

Key Information

Inception Date ^^	1 December 2009
Portfolio Manager	Ashok Jacob
Application Price	$1.7568
NAV Price	$1.7524
Redemption Price	$1.7480
Current Total NAV	$76,427,351
Gross Exposure	107%
Net Exposure	62%
Unit Pricing	Monthly
Management Fee	1.50% (p.a.)
Performance Fee	16.50%
Buy/Sell Spread	0.25% on application 0.25% on redemption

PERFORMANCE SUMMARY

Performance*	FY26	FY25	FY24	FY23	FY22	FY21
GEMS C	5.8%	8.9%	11.1%	-7.0%	-13.5%	58.6%
MSCI WI**	22.6%	13.7%	21.3%	18.2%	-11.1%	36.9%
ASX200***	6.1%	13.8%	12.1%	14.8%	-6.5%	27.8%

Performance*	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	10 Years (p.a.)	Since Inception ^^ (p.a.)
GEMS C	-5.4%	-5.0%	-0.8%	5.9%	0.0%	6.8%	9.4%
MSCI WI**	0.2%	4.9%	20.5%	18.1%	11.9%	13.0%	11.7%
ASX200***	2.3%	4.1%	6.0%	10.4%	8.0%	9.0%	8.3%

Source: Ellerston Capital.
* Past performance, indicative or actual, is not a reliable indicator of future performance, nor a promise of future returns. ^^Inception date is 1 December 2009.
**MSCI World Index – Net Return Unhedged in Local Currency.
*** S&P/ASX 200 - Total Return.

PORTFOLIO COMMENTARY

The Fund fell 5.4% (net) for the month predominantly driven by falls in AI related stocks that faced a large sell off that commenced towards the end of June. At the time of writing this report, the Fund has risen ~4.2%.

July's performance was driven by a few concerns including the delay in the Open AI float, the release of a new open-sourced model from China and a large unwind of geared retail investors in South Korea. Some of these fears were allayed at the end of the month by results which were above expectations from both Amazon and Microsoft's cloud compute businesses. We retain our positive view on longer term compute demand and are indifferent to which AI models end up being successful. Our leverage in the portfolio is to the "picks and shovels" that will benefit from increased demand for AI as use cases grow across different industries. Consequently, although we reduced some risk towards the end of June, most of our positions remained unchanged during the month of July. Winners for the month were generally in stock specific more defensive sectors and some hedging.

In Australia, the major positive contributors to performance for the month were FDC Consolidated Holdings (Commercial and Industrial fitouts), Talga Group (Anode manufacturer) and Treasury Wines (Wine producer). FDC IPO'd during the month and is one of the largest fit-out and refurbishment businesses in the Australian non-residential market in what is a highly fragmented industry.

Talga signed several "Letters of Intent" for investment and offtake with two Japanese companies. After not receiving the Swedish government funding that was expected earlier this year, the company has focussed on Japanese companies as potential investors.

These are still only preliminary agreements that need to be converted into contracts and funding commitments. Treasury Wines rose on no specific news for the company. Industry news was incrementally positive with premium wine exports to China increasing in the June quarter and the Australian wine harvest seeing its lowest crush for 25 years. Performance detraction came from Centuria Capital Group (Property), Baby Bunting (Retailer) and SKS Technologies (Electrical contractor).

Centuria fell after announcing a large property transaction that was not expected by investors and issues in their lending business (Centuria Bass). The company has raised capital in June to grow their data centre business, but a significant amount of this capital went towards the property transaction. Baby Bunting fell for the month on no new news but there was a general lack of confidence by investors in the Australian retail space, particularly after the Myer downgrade and comments about a weak consumer. SKS fell following the large sell off in all AI/Data centre related stocks worldwide in the month of July. At the beginning of August, the company announced an upgrade to FY26 earnings.

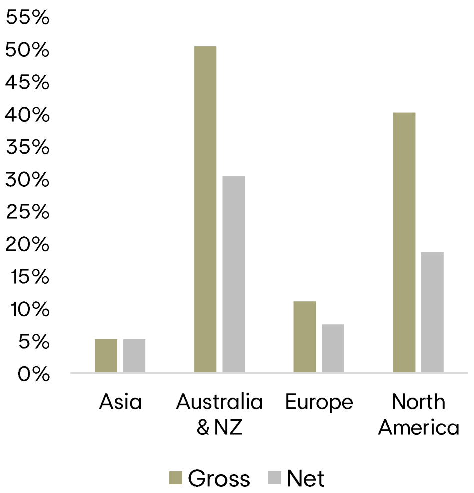
In North America, the major positive contributors to performance for the month were Corpay (Payments business), Amazon (Data centres and Retail) and GFL Environmental (Waste management). Corpay benefitted from the switch into more defensive sectors during the month as the higher risk sectors of the market sold off. There were no specific news announcements for the month although the company did report a good quarterly result in August. Amazon announced very strong results from their cloud services business for Q2 which resulted in a large share price move on the last day of the month. The business remains one of the more reasonably priced Mag7 businesses for the growth that they have delivered. GFL confirmed during the month that they are holding discussions with suitors regarding taking the company private. The business trades at a lower multiple than its larger peers (Republic and Waste Management) with a superior growth profile. Performance detraction for the month came from SharonAI (Neocloud), Mastec (Electrical contractor) and Propetro Holdings (Oil field drilling and remote power). SharonAI fell significantly with the general AI sell off. Mastec fell significantly after reporting Q2 earnings that missed raised expectations in the communications business. This side of the business has seen delays by Telcos in spending that pushed earnings in this sector more into 2027 than 2026. This has been partially offset by growth in other areas that resulted in low single digit downgrades. The business now trades at a significant discount to peers. Propetro fell as part of the AI trade as they are focussing the future growth of the business on remote power generation for data centres. The historical onshore oil drilling business should be performing better with the higher average oil price.

Within Asia, positive performance for the month came from MMG Ltd (HK listed Copper producer). During the month MMG announced Q2 earnings that were ahead of expectations mainly on lower cash costs for several mines. Byproduct credits in Zinc and Silver have been positive in lowering cash costs and therefore improving EBITDA performance. Performance detraction for the month came from Rohm (Japanese semiconductor) and Chinext ETF (Chinese technology). Rohm fell along with all other semiconductor stocks for the month. There was no specific news for the company. The Chinext ETF fell for the month along with other AI trades and we exited this position during the month.

In Europe, positive performance for the month came from Inditex (Spanish fashion) and Rheinmetall (German defence). Inditex rose for the month as generally European shares performed better than more tech weighted markets as investors switched into more defensive sectors. Rheinmetall rose after reporting results that were ahead of market expectations. The company has had a significant derating over the last 6 months and we reinvested in the company during the month as the multiple has compressed to more acceptable levels. The company had no specific news for the month. Performance detraction for the month came from Jenoptik (Optical systems) and Nexans (Cable producer) and Johnson Matthey (PGM processor). Jenoptik was caught up in the AI trade with no specific new announcements for the month. Johnson Matthey rose marginally for the month as platinum and palladium prices stabilised after falling significantly from their January highs. We maintain a small, short position in the business as the company now faces headwinds with lower prices of the commodities that they recycle. We exited this position in August after the US announced intervention in the Japanese Yen which signals a move to a weaker $US which should be positive for precious metals.

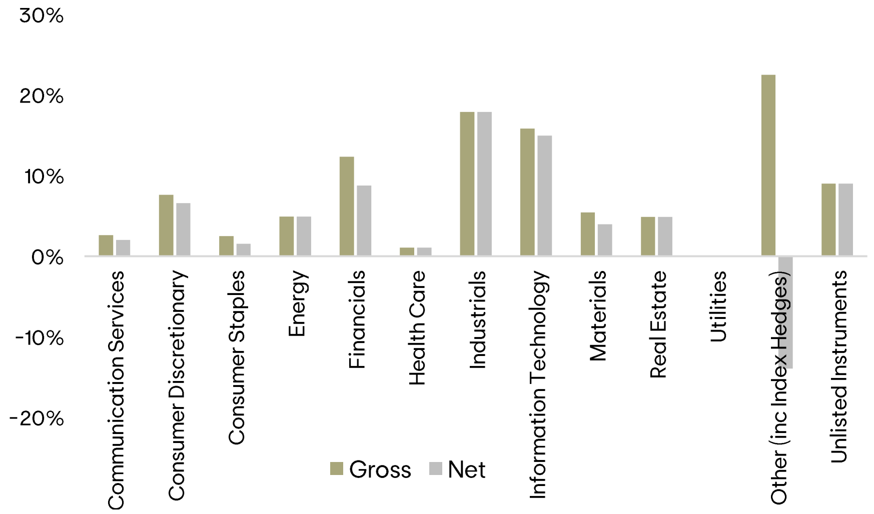
PORTFOLIO CHARACTERISTICS

Regional Exposure



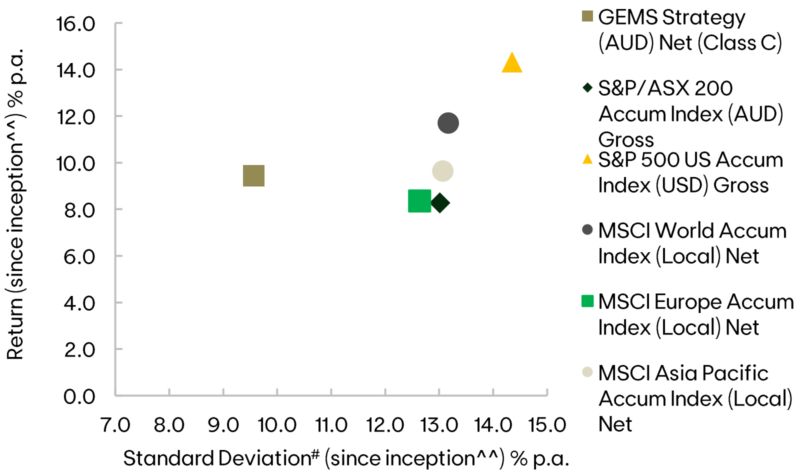
Source: Ellerston Capital.

Sector Exposure



Source: Ellerston Capital.

GEMS Strategy Performance & Volatility



Source: Ellerston Capital.
Past performance is not a reliable indication of future performance.
^^Inception Date 1 December 2009.
#See full disclaimer at the bottom of this document.

Top 10 Holdings (Alphabetical, Long Only)

- AMAZON.COM INC
- CENTURIA CAPITAL GROUP
- CORPAY INC
- FDC CONSOLIDATED HOLDINGS
- FIRMUS GRID
- FLUTTER ENTERTAINMENT
- GFL ENVIRONMENTAL
- ROHM CO
- SHARONAI INC
- TREASURY WINE ESTATES

Source: Ellerston Capital.

Regulatory Guide (RG240) Fund Disclosure Benchmark – Periodic Reporting (monthly)

- **Net Asset Value of the Fund and Redemption Price of Units.**

Please refer to the details on page one.

- **Any changes to key service providers, including any change in related party status.**

There have been no changes to key service providers, including any change in related party status.

- **Net returns after fees, costs and relevant taxes.**

Please refer to the details on page one.

- **Any material changes to the Fund's risk profile and strategy.**

There have been no changes to the Fund's risk profile and strategy.

- **Any material changes related to the primary investment personnel responsible for managing the Fund.**

There have been no changes to the primary investment personnel responsible for managing the Fund.

Contact Us

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Find out more

Should investors have any questions or queries regarding the Fund, please contact our Investor Relations team on **02 9021 7701** or **info@ellerstoncapital.com** or visit us at **ellerstoncapital.com**

All holdings enquiries should be directed to our registry, Automic Group on 1300 101 595 or ellerstonfunds@automicgroup.com.au.

The standard deviation is often used by investors to measure the risk of an asset. The standard deviation is a measure of volatility: the more an asset's returns vary from the average return, the more volatile the asset. A higher standard deviation means a greater potential for deviation of return from the average return of the asset. The returns and risk of the Fund and the relevant Indices are net of taxes, fees and expenses and assuming distributions are reinvested. The performance figures presented are for the Ellerston Global Equity Managers Fund GEMS C Units. The one month return figure may be an estimate and not the final return. This estimate also impacts other performance information provided. Estimated performance figures are preliminary and subject to change. Returns for other classes may differ slightly. Past performance is not indicative of future performance.

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