Ellerston Australian Micro Cap Fund - Class A Units

Ellerston Capital

Monthly Report as at end of July 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^	-9.1%	-3.2%	11.6%	19.3%	6.5%	14.7%
Benchmark*	-3.2%	-3.2%	1.8%	7.5%	2.2%	6.5%
Alpha	-5.9%	0.0%	9.8%	11.8%	4.3%	8.2%

^ 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	Aims 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%

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

Top Holdings*

Company	Sector
Cogstate Ltd	Health Care
Servcorp Limited	Real Estate
SKS Technologies Group Limited	Industrials
Vysarn Ltd	Materials
Wagners Holding Co. Ltd.	Materials

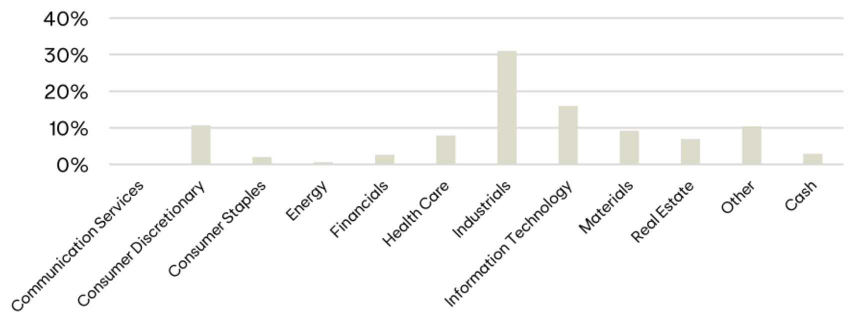
**Top 5 ASX-listed holdings in alphabetical order.*
Source: Ellerston Capital.

Key Portfolio Metrics

FY27(e)	Fund	Benchmark
Price/Earnings	14.5x	13.1x
Dividend Yield	3.3%	3.5%
Net Debt/EBITDA	0.4x	0.5x

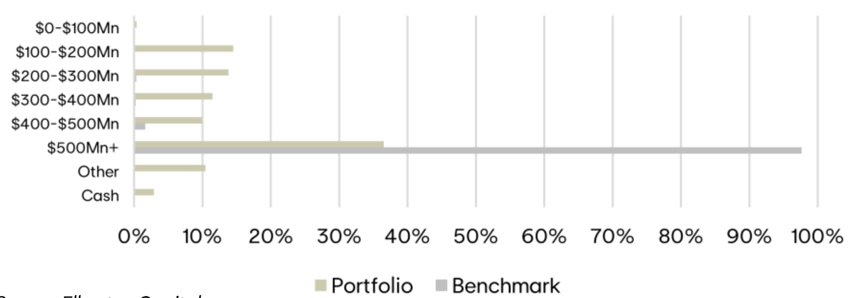
Source: Ellerston Capital.

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 -9.1% (net) in July, underperforming the S&P/ASX Small Ordinaries Accumulation Index (the Benchmark) return of -3.2%. The Small Ordinaries declined primarily due to a re-escalation of the war in Iran driving volatility in oil prices and mixed economic data leading to fluctuating expectations for the interest-rate outlook.

The Fund had disappointing performance in July, with several of our positions falling on no company-specific news flow. This was particularly the case for stocks that had exposure to the AI and data-center thematic, with the market concerned around broader capex vs returns balance for the global hyperscalers. For our portfolio companies exposed to this thematic, they are experiencing strong demand driving increased revenue visibility and economies of scale.

August provides a plethora of catalysts for our portfolio. We have taken advantage of the recent volatility to increase conviction within our portfolio. We remain committed to our investment process, continuing to stress-test our theses and assumptions as we look forward to the upcoming reporting season.

KEY CONTRIBUTOR

Clover Corporation (CLV AU) was the Fund's top contributor in July, with its share price rising 13.6% despite no company-specific news flow. Clover refines omega-3 oils and produces microencapsulated powders, principally Hi-DHA tuna and algal oils, which it supplies globally to manufacturers of infant formula, senior nutrition products, nutraceuticals, and functional foods and beverages. The stock rebounded after selling off from April, despite delivering a strong 1H26 result in March. Revenue increased 17% to $44.1 million, EBITDA grew 61% to $6.9 million, and NPAT rose 75% to $4.2 million. Gross margin expanded by 850 basis points to 35.6%, supported by an improved customer and product mix, new product wins in senior nutrition and powdered drinks, and a return to profitability at the Melody Dairies joint venture. FY26 revenue guidance of $92–96 million was maintained, implying a stronger second half. We continue to hold the stock and believe its earnings base is now materially higher quality and more diversified than it was 12 months ago.

KEY DETRACTOR

Mayfield Group (MYG AU) was among the Fund's top detractors for the month of July, with the share price falling 30.2% over the period. The only material announcement was the acquisition of the Switchboards Division of Nilsen (SA) Pty Ltd on 13 July for $4m in cash, funded from existing reserves. The transaction brings across the N-Series switchboard and motor control centre platform and all associated intellectual property. Approximately 66 employees are expected to transfer, including designers, estimators, project personnel and skilled tradespeople, at a time when specialist electrical manufacturing skills remain scarce in Australia. The acquisition also includes $3.9m of new work in hand, and management expects it to contribute revenue of $10–15m in FY27. Importantly, it accelerates utilisation of the Royal Park manufacturing facility acquired in January 2026. This is Mayfield's third acquisition in twelve months, following BE Switchcraft and SMEC Power & Technology, with both integrations tracking ahead of plan. In our view the scale of the share price move is difficult to reconcile with the announcement itself, which adds people, product IP and orderbook at a modest price. We continue to see Mayfield as well positioned across the energy transition, data centre, defence and resources end markets.

OUTLOOK

We are deep in preparation for the August reporting season, which is typically the most catalyst-rich period of the year for Australian small and microcap equities. We continue to rigorously stress-test our core holdings, challenge our investment theses and ensure the portfolio is well positioned ahead of what is often the most significant period for earnings revisions and share price movements. It is also a fertile environment for identifying new investment opportunities, with recent market volatility leaving the share prices of a number of high-quality businesses detached from their underlying fundamentals. Our focus remains on companies with strong balance sheets, pricing power, high-quality management teams and structural growth tailwinds, where we believe the market is underappreciating the medium-term earnings outlook. We remain disciplined in capital allocation and continue to ensure our highest conviction positions offer the most compelling risk-adjusted return opportunities.

RESEARCH RATING

Recommended
Lonsec Research

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

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