Ellerston 2050 Fund

Monthly Report as at end of August 2026

APIR Code: ECL5651AU

Portfolio of companies which are directly or indirectly, demonstrating a pathway to aiding the abatement of carbon within Australia and the global economy.

Targets unlisted (pre-IPO and expansion capital) and listed (micro and small- cap) companies which have sound business franchises and attractive earnings profiles.

Aims to outperform the Benchmark over a rolling three - year period.

Performance Summary

Performance	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)^^
Net^	4.7%	-2.9%	9.8%	16.1%	24.4%	23.0%	14.6%
Benchmark*	0.2%	1.1%	-3.5%	-13.9%	1.1%	4.6%	3.4%
Alpha	4.5%	-4.0%	13.3%	30.0%	23.3%	18.4%	11.2%

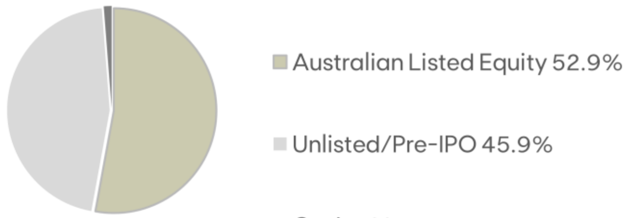
^ The net return figure is calculated after fees & expenses , assuming all distributions are reinvested . Past performance is not a reliable indication of future performance.
** S&P/ASX Small Industrials Accumulation Index . ^^Inception date is 30 May 2022.*

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 Industrials Accumulation Index
Target Number of Holdings	Unlisted/Pre-IPO Investments – 10-30 & Listed Micro & Small Cap Investments – 25 - 40
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.50% p.a.
Performance Fee[1]	20.00%
Buy/Sell Spread	0.38% / 0.38%

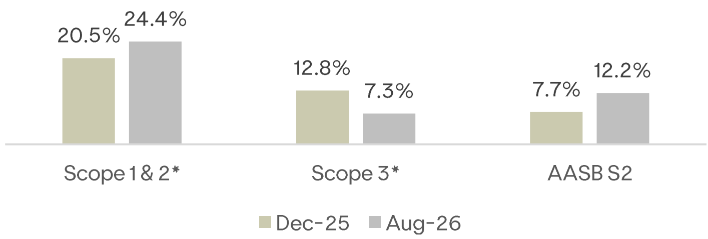
[1]Of the investment return above the benchmark, after recovering any underperformance in past periods.

Portfolio Breakdown

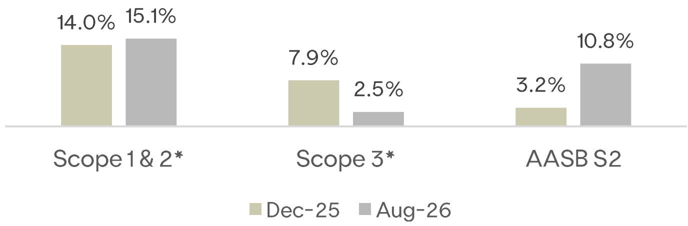


Source: Ellerston Capital.

Number of Underlying Holdings Reporting on Scopes 1, 2 & 3, and according to AASB S2



Value of Underlying Holdings Reporting on Scopes 1, 2 & 3, and according to AASB S2



[1]Number of underlying holdings reporting on each measure, as a percentage of total portfolio holdings.
[2]Value of underlying holdings reporting on each measure, as a percentage of total portfolio value.
**Source: Company Data.*

FUND COMMENTARY

The Ellerston 2050 Fund (the Fund) delivered a return of 4.7% in August, outperforming the S&P/ASX Small Industrials Accumulation Index (the Benchmark) return of 0.2%. Health care and industrials were two of the strongest performing sectors, increasing by 4% and 3% respectively, while the more rate sensitive consumer and real estate sectors lagged. Reporting season was also extremely volatile, with daily share price movements of 10–20% becoming increasingly common and, in many cases, appearing disproportionate to changes in underlying earnings expectations.

The RBA left interest rates unchanged in August, although its tone shifted notably more hawkish as inflation continued to struggle to return to the target band. The market is now pricing in one, and potentially two, further rate increases, weighing on real estate, rate-sensitive financial services, consumer and technology stocks. The ongoing conflict in the middle east and volatility in oil prices added to inflationary pressures, while the effects of the May Budget continued to reverberate through the property market, consumer confidence and the broader economy.

Despite this more challenging backdrop, a strong result from Nvidia renewed enthusiasm for AI and reinforced the scale of the infrastructure buildout across semiconductors, memory, power generation, data centres and cooling. M&A activity was also particularly strong, with transactions involving Equity Trustees, Reliance, Cleanaway and Austal, an ongoing contest for FleetPartners, and more recent approaches for Ingenia, Peet and MaxiPARTS. While some of these proposals may be considered opportunistic, their breadth suggests private-market buyers are increasingly finding value in listed companies.

KEY CONTRIBUTOR*

SKS Technologies (SKS AU) was among the fund's top contributors in August, with its share price rising 12.3% over the month. SKS designs and installs electrical, communications and audio-visual infrastructure across Australia, with data centres now its largest end market. The month began with a trading update on 3 August, with FY26 before-tax profit of $39.3 million coming in 15.6% above the guidance given in February. The full-year result on 18 August confirmed a third consecutive year of step-change earnings growth. Revenue rose 33% to $347.9 million and before-tax profit grew 89% to $39.3 million, with the PBT margin expanding from 8.0% to 11.3% on scale benefits. Data centre revenue grew 48% to $207.7 million, while the traditional business also grew 16%. The balance sheet remains strong with $49.6 million of cash and no debt, and the full-year dividend was lifted 67% to 10 cents per share. Work on hand rose 56% to $312 million and the tender pipeline expanded to $1.69 billion, 87% of which is data centre work. Management guided to FY27 revenue of approximately $500 million and before-tax profit of $60 million, a further 52% increase.

KEY DETRACTOR*

Centuria Capital Group (CNI AU) was a detractor during the month, falling 17%. A confluence of factors saw CNI fall: 1) CNI has c.$280m exposure within its Private Credit funds to Bathla, a residential property developer that went into administration; 2) CNI raised equity in June to pursue its Reset Data business' GPUaaS opportunity; 3) macroeconomic data saw the market shift from the cash rate plateauing to another likely rise in September/October, which saw real estate exposed companies fall 10%. We believe CNI has been harshly dealt with, and there remains a good chance it can recoup the vast majority, if not all, of its exposure to Bathla over the next six months and that Reset Data customer contracts will come.

OUTLOOK

The period following reporting season is particularly valuable as we digest the latest results, reassess expectations for our portfolio companies and search the broader market for opportunities that may have been overlooked. It is also an excellent time to meet with non-portfolio companies and hear directly from management about their plans for the next 12 months. The heightened volatility has created several opportunities, particularly among businesses that were once market darlings but are now trading at reasonable valuations for the first time in several years. Our focus remains on companies benefiting from enduring structural tailwinds, supported by healthy balance sheets and strong management alignment. We also continue to stress-test the portfolio to ensure our highest-conviction positions offer the most compelling risk-adjusted upside.

***Attribution is based on the contribution from ASX-listed portfolio positions only.**

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Find out more:

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