

Ellerston Australian Micro Cap Fund - Class A Units

Monthly Report as at end of August 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[^]	3.5%	-4.3%	3.9%	20.6%	5.7%	15.0%
Benchmark[*]	5.2%	-0.2%	-1.2%	9.8%	2.2%	7.0%
Alpha	-1.7%	-4.1%	5.1%	10.8%	3.5%	8.0%

[^] 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 Fee¹	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
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.

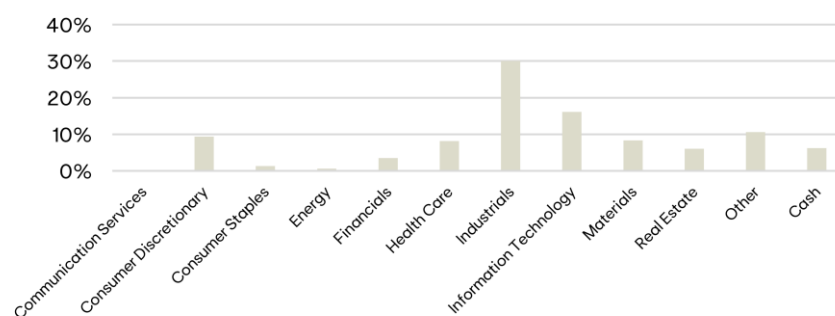
Source: Ellerston Capital.

Key Portfolio Metrics

FY27(e)	Fund	Benchmark
Price/Earnings	14.1x	14.0x
Dividend Yield	3.3%	3.5%
Net Debt/EBITDA	0.5x	0.4x

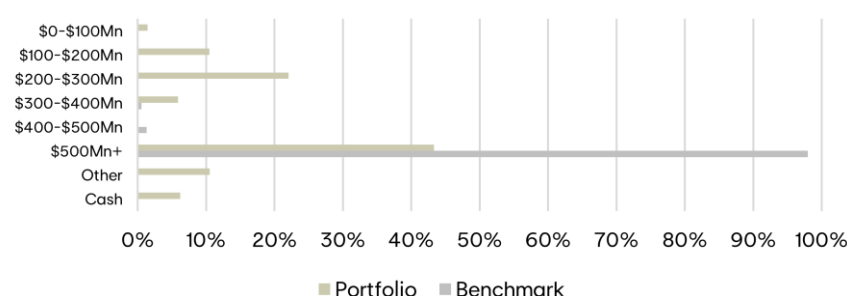
Source: Ellerston Capital.

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 3.5% (net) in August, underperforming the S&P/ASX Small Ordinaries Accumulation Index (the Benchmark) return of 5.2%. During the month, Energy and Materials were standout performers, increasing by 13% and 19% respectively, detracting from overall performance given the Fund's ex-Resources focus. The remaining sectors' contributions to Benchmark returns broadly offset each other, netting close to flat. This resulted in the Small Ordinaries outperforming the Small Industrials by approximately 5% over the month. 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

Cogstate (CGS AU) was a standout performer during the month, rising 24.8% following a strong FY26 result that reinforced the improving outlook for the business. Revenue increased 15% to US\$60.9 million and EBITDA rose 14% to US\$18.3 million, ahead of expectations. More importantly, new contract wins more than doubled to a record US\$89.0 million, lifting contracted future revenue by 32% to US\$118.5 million. The result also demonstrated that Cogstate is successfully broadening its clinical trial portfolio, with active trials increasing from 110 to 171 and new contracts spanning psychiatric disorders, rare diseases, sleep disorders and other neurological conditions. This diversification reduces the company's historical reliance only on Alzheimer's disease and individual pharmaceutical customers, while expanding its addressable market across the broader central nervous

system clinical-trials sector. Cogstate also finished the year debt-free with US\$34.8 million of cash and doubled its dividend, highlighting the strength of its balance sheet.

KEY DETRACTOR

Vysarn (VYS AU) was the top detractor in August, with its share price falling 6.1% over the month. Vysarn is an integrated water services provider spanning hydrogeological drilling, treatment technology and advisory, while developing the Kariyarra Water Scheme in the Pilbara. The pullback followed a strong run, with the stock having risen more than 45% over three months and more than doubled over the past year. The FY26 result was in line with the July trading update, with revenue up 31% to \$140.1 million, EBITDA up 36% to \$28.9 million and NPAT up 41% to \$15.1 million. Growth was led by a record year in Industrial, on tight drill rig supply in WA iron ore, and by Advisory, where a full-year contribution from CMP and a national expansion of the consulting team lifted segment EBITDA 43%. The main incremental news was on Kariyarra, where non-binding expressions of interest received through the market sounding indicate demand in excess of the 10 GL per annum sought under the Section 5C licence application. Management is targeting the licence, a binding offtake agreement and in-principle funding by the end of calendar 2026. The NewGround and Welltech acquisitions were due to complete within a couple of months post the end of August, adding facilities management and construction water capability on the east coast. We view the August move as consolidation rather than any change to the investment case and continue to hold Vysarn as a high conviction position.

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.

RESEARCH RATING



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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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