Ellerston Mid Cap Opportunities Fund

Ellerston Capital

Monthly Report as at end of August 2026

APIR Code: ECL6330AU | ARSN 683 124 263

Portfolio of 25 - 40 Mid 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	6 Months	1 Year	Since Inception (p.a.)^^
Net^	2.1%	1.4%	-2.0%	-18.4%	-1.7%
Benchmark*	5.5%	3.8%	-2.5%	0.7%	8.3%
Alpha	-3.4%	-2.4%	0.5%	-19.1%	-10.0%

^ The net return figure is calculated after fees & expenses , assuming all distributions are reinvested . Past performance is not a reliable indication of future performance.
** 50% of the S&P/ASX Mid Cap 50 Total Return (TR) Index and 50% of the S&P/ASX Small Ordinaries Total Return (TR) Index. ^^ Inception date is 31 January 2025.*

Key Information

Portfolio Manager(s)	David Keelan Jack Briggs James Barker
Investment Objective	Aims to outperform the Benchmark over a rolling three year period
Benchmark	50% of the S&P/ASX Mid Cap 50 TR Index & 50% of the S&P/ASX Small Ordinaries TR Index
Liquidity	Daily
Target Number of Holdings	25-40
Minimum Investment	Initial investment - $10,000 Additional investment – $5,000
Distribution Frequency	Half-Yearly (where available)
Management Fee	1.00% p.a.
Performance Fee[1]	20.00%
Buy/Sell Spread	0.25% / 0.25%

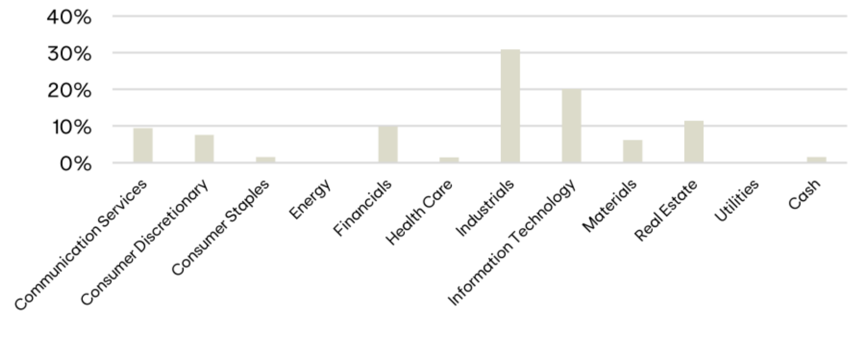
[1]Of the investment return above the benchmark, after recovering any underperformance in past periods.

Top Holdings*

Company	Sector
Dicker Data Limited	Information Technology
MAAS Group Holdings Ltd.	Industrials
Servcorp Limited	Real Estate
SKS Technologies Group Limited	Industrials
Wagners Holding Co. Ltd.	Materials

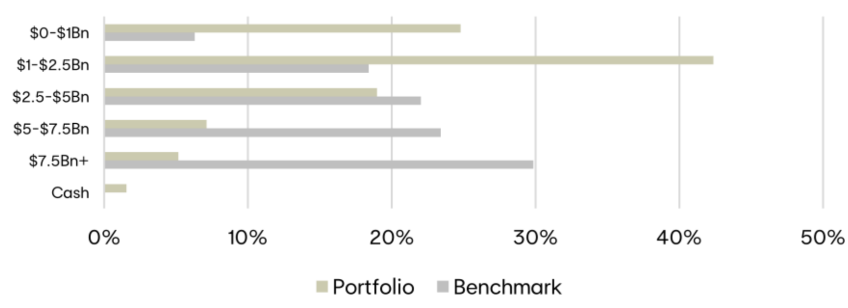
**In alphabetical order.*
Source: Ellerston Capital.

Sector Allocation



Source: Ellerston Capital.

Market Cap Exposure



Source: Ellerston Capital.

FUND COMMENTARY

The Ellerston Mid Cap Opportunities Fund (the Fund) delivered a return of 2.1% (net) in August, underperforming the Benchmark return of 5.5%. 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. 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 involving Iran 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

Bravura Solutions (BVS AU) was the fund's top contributor during the month rising 30% and paying a c.5% dividend yield. At its FY26 result BVS released maiden FY27 guidance which was c.10% ahead of analyst forecasts at the EBITDA line and included ongoing strong revenue growth. The market had previously discounted BVS as a mature business with some self-help on margins. However, the market is increasingly aligning with our belief that BVS's superior software in wealth management can sustain revenue growth in the high-single to low-teens range. Additionally, BVS have repeatedly outperformed their guidance expectations over the previous 24 months suggesting further positive news, and giving the guidance this early in the period also signalled confidence in the outlook.

KEY DETRACTOR

IRESS (IRE AU) was the fund's top detractor during the month falling 15%. IRE's 1H26 results demonstrated strong momentum on their business efficiency program with cash EBITDA outperforming consensus expectations and an upgraded FY26 outlook. This was overshadowed by marginally slower revenue growth due to some delays in client projects. We feel the company inadequately explained its normalised cost performance, with the market confused around opex vs capex (we think the market is now potentially double counting), as well as failing to identify some one-off accelerated depreciation and amortisation. Whilst revenue deceleration will always be harshly punished, we feel IRE's share price move was overstated.

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

Recommended
Lonsec Research

Find out more:

Contact Us

Sydney

Level 11, 179 Elizabeth Street,
Sydney, NSW 2000
+612 9021 7701
info@ellerstoncapital.com

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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