Ellerston 2050 Fund

Monthly Report as at end of October 2026

APIR Code: ECL5651AU

Ellerston Capital

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^	-11.1%	0.3%	0.7%	3.6%	19.4%	24.1%	13.2%
Benchmark*	-2.8%	-3.8%	-1.3%	-17.9%	-2.5%	7.6%	2.4%
Alpha	-8.3%	4.1%	2.0%	21.5%	21.9%	16.5%	10.8%

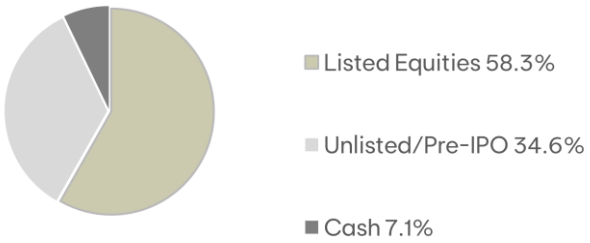
^ The net return figure is calculated after fees & expenses , assuming all distributions are reinvested . Past performance is not a reliable indication of future performance.
** S&P/ASX Small Industrials Accumulation Index . ^^Inception date is 30 May 2022.*

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%

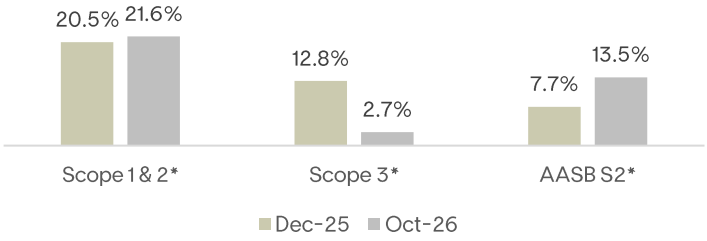
[1]*Of the investment return above the benchmark, after recovering any underperformance in past periods.*

Portfolio Breakdown

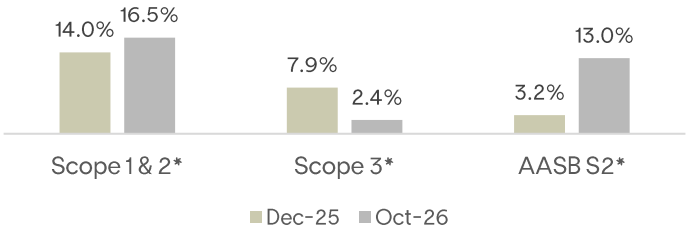


Source: Ellerston Capital.

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



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



[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 -11.1% (net) in October, underperforming the S&P/ASX Small Industrials Accumulation Index (the Benchmark) return of -2.8%. Global and domestic equity markets moved almost uniformly lower with an unwind of the AI trade leading a risk-off rotation. The broader AI ecosystem came under pressure due to rising funding costs and scrutiny of the expected returns from growing AI infrastructure investment. Market volatility was exacerbated by the ongoing Middle East conflict sending oil prices to recent highs and investor positioning ahead of the November US midterm elections, where Democrats were forecast to regain control of both the House and Senate. The US Fed held rates steady at its late-October meeting but retained a tightening bias.

Domestically, news flow was steady during the month with a number of portfolio companies providing quarterly or AGM trading updates. Economic data continues to be challenged, with annual headline inflation rising to 4.3% in September and the unemployment rate rising to 4.7%, its highest level since the COVID pandemic. Small caps remained active on the M&A front with Dicker Data, Southern Cross Electrical Engineering and GenusPlus all announcing bolt-on acquisitions.

KEY CONTRIBUTOR

Wagners (WGN AU) was a key contributor in October, with the share price rising 5% over the month. There was no stock-specific news during the month. We attribute its relative resilience to its favourable exposure to South-East Queensland construction and growing demand for composite power poles. Industry feedback suggests the South-East Queensland construction market continues to go from strength to strength and has been further buoyed by supportive weather through 1Q27. Additionally, there is growing focus on the robust five-year market demand outlook leading up to the 2032 Brisbane Olympics with supply shortfalls now being contemplated. Finally, the CFT segment appears to be reaching an inflection point with meaningful growth opportunities both domestically and internationally underpinned by increasing production capacity of its key power pole product for electricity networks. We continue to hold Wagners as a high-conviction position given the compelling multi-year growth outlook across all its operating segments.

KEY DETRACTOR

SKS Technologies (SKS AU) was a detractor in October, with the share price falling 44% over the month. Data centre-exposed stocks were broadly sold off as markets grew concerned about the ability of operators to fund continued asset buildouts. This was exacerbated by a management selldown and NextDC cutting its FY27 guidance and pausing new developments following grid supply delays at its M3 Melbourne campus. Operationally, the medium-term picture at SKS remains intact, with the company reaffirming FY27 guidance of approximately $500m revenue and $60m profit before tax during the month and securing a further $38m of work at the MEL2 data centre project. SKS additionally noted that its work at M3 is substantially complete and it has no other NextDC projects in its pipeline. We continue to hold SKS and see its valuation as compelling following the pullback.

OUTLOOK

AGM season continues through November, with associated trading updates offering valuable insights on how companies are tracking compared to expectations. Given the recent sell-off, we are seeing a number of opportunities for new portfolio additions. We remain heavily focused on examining business fundamentals and retesting valuation assumptions in light of significant share price moves in otherwise high-quality businesses. As always, we will continue to stress-test our core holdings and challenge our investment theses, focusing on companies with strong balance sheets, clear pricing power and structural tailwinds underpinning sustainable growth. We continue to rebalance our portfolio in response to market conditions and price moves, targeting superior risk-adjusted returns in our highest-conviction positions.

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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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