

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APIR Code: EVO4741AU

MONTHLY UPDATE: MARCH 2020



FUND DESCRIPTION

The Contact Australian Ex-50 Fund (the Fund) balances growth and income to provide access to a concentrated portfolio of quality Australian companies that sit outside the S&P/ASX 50 Index. This strategy seeks to find long term investments in tomorrow's leaders.

The Fund seeks to achieve strong relative returns in excess of the benchmark, through a concentrated portfolio of high quality small to medium sized ASX listed companies.

The Fund is managed by Contact Asset Management, which is a research driven, active equities manager, investing for the long term. We seek profitable, well-managed companies that offer a sustainable yield and are attractively priced.

FUND OVERVIEW

Portfolio Managers	Will Culbert and Tom Millner
Benchmark	S&P/ASX Midcap 50 Accumulation Index
Fund size	\$0.4 million
Number of stocks	21
NAV Unit Price	\$0.9923
Management Fee*	0.75% per annum (excluding GST)
Performance Fee*	15% (excluding GST). No Performance Fee is payable for any period in which the total return of the Fund is less than the Benchmark return or the total return of the Fund is negative.

Performance for periods ending 31 March 2020	1 Month [#]	3 Months	6 Months	1 Year	Since Inception [#]
Contact Australian Ex-50 Fund	(1.0)%	–	–	–	(1.0)%
S&P/ASX Midcap 50 Accumulation Index	(2.3)%	–	–	–	(2.3)%
Relative Performance	+1.3%	–	–	–	+1.3%

Performance is reported net of all fees. Past performance is not a reliable indicator of future returns. # Inception date is 17 March 2020.

PERFORMANCE COMMENTARY

The Contact Australian Ex-50 Fund was established in March 2020 and we are delighted to share our inaugural Monthly Report with investors.

While we appreciate this is a volatile period in the Australian stock market and broader economy, we believe this is an opportune time to launch the Fund. Since its peak in mid-February to launch date, the S&P/ASX Midcap 50 Index dropped by almost 40%. We believe there are now several opportunities to begin buying high quality, income producing businesses managed by capable people.

COVID-19 dominated headlines in March. The initial concern by investors in late February turned to panic in early March as the outbreak spread rapidly outside China and showed little signs of abating. Government enforced restrictions and lockdowns were imposed across the globe. Singapore's Minister for National Development summed up the complexity of the decisions facing all governments succinctly, noting "The challenge is that the more we do to flatten the infection curve, we are actually also steepening the recession curve because as we do more of these measures, the right measures, to save lives ... economic activity will be reduced and it will increase the risk of an economic downturn."

In the second half of March, Governments and Central Banks materially increased the response. In Australia, the RBA cut rates twice in March with the cash rate now at a record low 0.25%. The Morrison Government has already injected more stimulus measures into the economy than we saw during the entire GFC. The aim is to put the Australian economy into hibernation and help it recover once we come

out the other side. Markets reacted positively and the benchmark index increased by 15% in the final week of March.

We are buoyed by early signs of success in Australia and it appears that the Government is doing the best job possible at addressing the healthcare crisis without destroying the economy. The stimulus measures, particularly the JobKeeper initiative, have prevented an explosion in unemployment. We believe the recovery will take time; yet the unprecedented size of the fiscal and monetary stimulus will boost the prospects of many businesses.

For now, while uncertainty persists, we think it prudent to maintain a higher proportion of cash than typical. We continue to believe that this is a market where individual stock selection is paramount. We want a war chest to take advantage of opportunities. Some businesses are more vulnerable than others, yet many good quality companies are caught up in the indiscriminate selling. There is heightened emotion in markets currently and we welcome the opportunity to buy stocks at attractive prices as we intend to own them for the long-term.

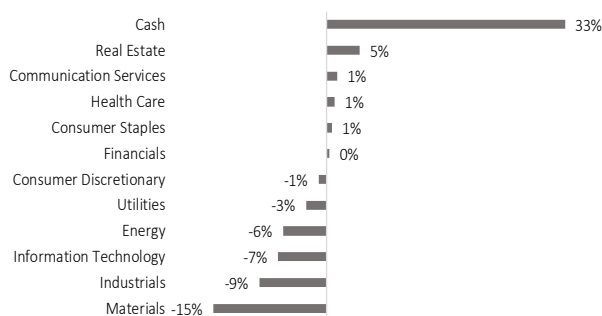
The Fund is well positioned with a portfolio of profitable companies with attractive returns on capital that are appropriately leveraged. We believe that now, more than ever, is the time to own well capitalised businesses run by management teams with talent and integrity.

We have seeded the Fund with capital from Contact Asset Management and from the Portfolio Managers – we consider alignment to be important. Our intention is to selectively deploy more capital into the fund over the coming months.

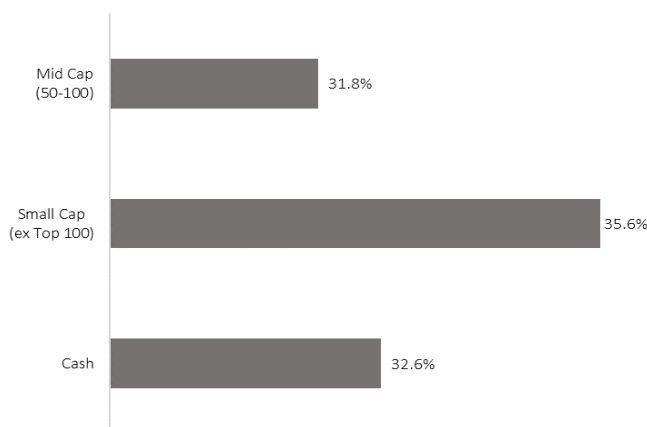
PORTFOLIO CHARACTERISTICS

Sector exposure

Active Sector Exposure vs S&P/ASX Midcap 50



Capitalisation exposure



MAJOR HOLDINGS		% OF PORTFOLIO
1	Resmed Inc.	5.9%
2	TPG Telecom	5.7%
3	A2 Milk Company	5.4%
4	Magellan Financial Group	4.7%
5	Breville Group	4.7%
6	EQT Holdings	4.3%
7	Northern Star Resources	4.3%
8	Charter Hall Group	3.9%
9	Reece Limited	3.8%
10	IPH Limited	3.8%
11	Iress Limited	3.6%
12	BWP Trust	3.1%
13	ARB Corporation	3.1%
14	Harvey Norman Holdings	2.5%
15	Platinum Asset Management	2.3%
16	Invocare Limited	2.0%
17	REA Group	1.8%
18	Cedar Woods Property	1.1%
19	Regis Healthcare	0.5%
20	Evans Dixon Limited	0.5%
Cash and Cash Equivalents		32.6%
Total of Top 20 and Cash		99.7%

CONTRIBUTION TO RETURN – MARCH 2020

Company Name	Contribution	Company Name	Detraction
Breville Group	104 bps	Invocare Limited	-84 bps
Magellan Financial Group	70 bps	ARB Corp Limited	-50 bps
BWP Trust	36 bps	Reece Limited	-44 bps
Regis Healthcare Limited	30 bps	EQT Holdings Limited	-42 bps
Iress Limited	19 bps	REA Group Limited	-25 bps

The Contact Australian Ex-50 Fund Product Disclosure Statement (PDS), Reference Guide and Investor Handbook is available at <https://contactam.com.au/ex-50-fund-overview/>

* Management fee* 0.75% per annum (excluding GST) of the net asset value of the Fund (after any current accrued Management Fees and expenses, but before any Performance Fee accrual for the relevant period). Performance fee 15% (excluding GST) of the total return of the Fund (after deduction of Management Fees and expenses) that is in excess of the return of the Benchmark during a relevant performance period (or part period where), and provided any underperformance from previous periods has been recovered. No Performance Fee is payable for any period in which the total return of the Fund is less than the Benchmark return or the total return of the Fund is negative. The material contained within this Report (The Report) has been prepared by Contact Asset Management Pty Limited (ABN 54 614 316 595, AFSL 494045)(Contact). It is issued by the Responsible Entity of the Fund, Evolution Trustees Limited (ABN 29 611 839 519, AFSL 486217)(Evolution). Figures referred to in The Report are unaudited. The Report is not intended to provide advice to investors or take into account an individual's financial circumstances or investment objectives. This is general investment advice only and does not constitute advice to any person. Neither Evolution nor Contact guarantee repayment of capital or any particular rate of return from the Fund. Neither Evolution nor Contact gives any representation or warranty as to the reliability, completeness or accuracy of the information contained in this Report. Investors should consult their financial adviser in relation to any material within this document. Past performance is not a reliable indicator of future performance. Investors should consider the PDS and Reference Guide and any other material published by Contact or Evolution in deciding whether to acquire units in the Fund. This information is available at www.contactam.com.au