

Contact Australian Ex-50 Fund

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MONTHLY UPDATE: APRIL 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	\$0.5 million
Number of stocks	21
NAV Unit Price	\$1.0336
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 30 April 2020	1 Month	3 Months	6 Months	1 Year	Since Inception#
Contact Australian Ex-50 Fund	4.2%	–	–	–	3.1%
S&P/ASX Midcap 50 Accumulation Index	16.1%	–	–	–	13.4%
Relative Performance	-11.9%	–	–	–	-10.3%

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. It has been a volatile period in markets, and we continue to be selective in allocating capital. We are prepared to miss short-term high risk opportunities in the interest of preserving capital. With heightened volatility, we remember Warren Buffett's "Rule number 1: Never lose money. Rule number 2: Never forget rule number 1".

Global equity markets moved fast in April to price in a quick restart and return to normality. The Australian market delivered its best month since the early 1990s, led by the S&P Midcap 50 Index (the benchmark), which rocketed 16.1%. By comparison, the Fund delivered a 4.2% return.

There are a few interesting investment opportunities emerging. However, we struggle to understand the buoyant earnings expectations in the current environment and believe there will be a material downward revision in the coming months linked to the evolving COVID-19 health issue. We believe that the growing unemployment problem combined with a widespread change in human behaviour will take some time to wash through. The bold and decisive moves in March by Governments and Central Banks to stimulate economies has been immense, however there is likely to be a sunset clause on the rescue packages. We are yet to see any Western economies fully emerge from lockdowns, hence we think it premature to assume a quick recovery.

As noted in our March report, we continue to believe that 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.

There were a number of notable stock specific developments in April. Several companies tapped the market for capital or alternatively suspended dividends to protect Balance Sheets. The Fund only participated in one raising, which was Reece Limited (REH), which raised \$600 million. We believe that REH's capital raising positions the business to accelerate the growth strategy in the United States as well as weathering any economic fall-out from COVID-19.

Magellan Financial Group (MFG) continues to generate solid net inflows notwithstanding the market volatility. In January, the manager oversaw \$104 billion. At April's end, FUM stood at \$97 billion, highlighting the resilience of the franchise in a weak market. MFG has a strong balance sheet with net cash, a respected brand, it generates good returns and is founder led. All quality attributes that we admire.

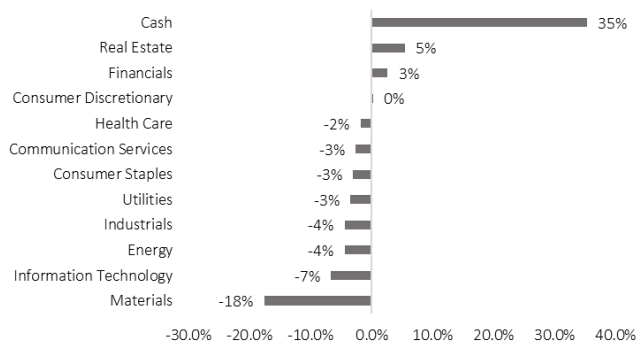
Resmed Inc (RMD) lagged the market in March, however the company has since announced a very strong quarterly result. The underlying sleep apnoea business remains robust, and RMD was a beneficiary of a COVID-19 surge in ventilators/masks and increased capacity. The company has a large addressable market and a quality product with a recurring revenue stream.

While we remain optimistic on the long-term, our deployment of funds will likely be measured over the coming months. We have seeded the Fund with our own money and our intention is still to selectively deploy more of our capital into the Fund over the coming months.

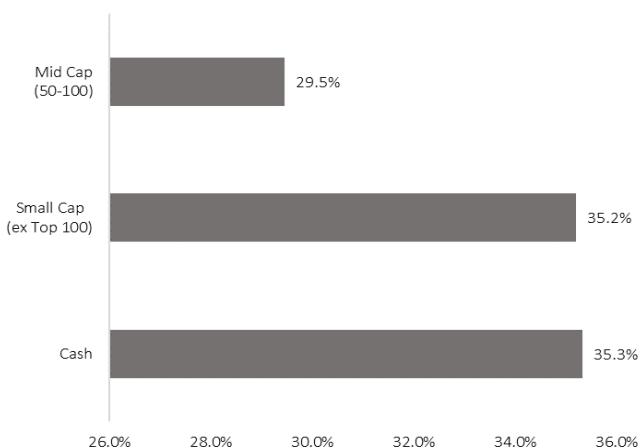
PORTFOLIO CHARACTERISTICS

Sector exposure

Active Sector Exposure vs S&P/ASX Midcap 50



Capitalisation exposure



MAJOR HOLDINGS		% OF PORTFOLIO
1	Resmed Inc.	5.2%
2	TPG Telecom	4.8%
3	Magellan Financial Group	4.8%
4	The A2 Milk Company	4.7%
5	Iress Limited	4.5%
6	EQT Holdings	4.2%
7	Northern Star Resources	4.1%
8	Charter Hall Group	4.1%
9	IPH Limited	4.0%
10	Breville Group	3.9%
11	Reece Limited	3.1%
12	ARB Corporation	3.1%
13	BWP Trust	3.0%
14	Harvey Norman Holdings	2.5%
15	Platinum Asset Management	2.3%
16	REA Group	1.7%
17	Invocare Limited	1.6%
18	Evans Dixon Limited	1.0%
19	Cedar Woods Properties	1.0%
20	Nick Scali Limited	0.6%
Cash and Cash Equivalents		35.3%
Total of Top 20 and Cash		99.6%

CONTRIBUTION TO RELATIVE RETURN – APRIL 2020

Company Name	Contribution	Company Name	Detraction
Iress Limited	46 bps	Afterpay Touch Group	-138 bps
TPG Telecom Group	32 bps	Evolution Mining Limited	-132 bps
Charter Hall Group	27 bps	Tabcorp Holdings	-79 bps
ARB Corporation	18 bps	Xero Limited	-75 bps
Breville Group	17 bps	Boral Limited	-65 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