

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APIN Code: EVO4741AU

MONTHLY UPDATE: JULY 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	\$1.0 million
Number of stocks	22
NAV Unit Price	\$1.1286
Management Fee*	0.60% 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 across different periods	1 Month	3 Months	6 Months	1 Year	Since Inception [#]
Contact Australian Ex-50 Fund	1.1%	10.5%	-	-	14.0%
S&P/ASX Midcap 50 Accumulation Index	2.0%	14.5%	-	-	29.9%
Relative Performance	-0.9%	-4.0%	-	-	-15.9%

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

FUND COMMENTARY

The Fund returned 1.1% for the month, which trailed the S&P Midcap 50 Index (the Benchmark) which increased by 2.0%.

There have been two important developments for the Fund in recent weeks. Firstly, we have decided to decrease the Management Fee of the Fund from 0.75% to 0.60% - we remain very focused on providing a fee that is amongst the lowest in the market. The Responsible Entity has released an updated PDS to reflect this.

Secondly, in early August, Lonsec announced an "Investment Grade" rating for the Fund, which indicates that Lonsec has conviction that the Fund can generate risk adjusted returns in line with relevant objectives. The group noted several strengths including the experience of the managers, the investment process and the low-cost nature of the Fund. Given the short track record of the Fund, we are pleased with this initial rating.

We continued our conservative approach in July maintaining a high cash position as we await the Australian reporting season in August. We made no adjustments to portfolio holdings. As we mentioned last month, we continue to worry about the medium-term outlook for much of the Australian economy. The latest lockdowns imposed in Victoria combined with State border closures add another layer of complexity. The local share market remains volatile as investors continue to price in expectations of further Government stimulus combined with Central Bank intervention.

We have managed this portfolio in a conservative manner since inception and make no apologies for that. Our underperformance relative to the benchmark is almost entirely attributable to a lack of exposure to a handful of IT names, combined with an average cash weighting of 33%. With less than five months having passed since inception, a 14% return is pleasing.

We are expecting very little forward-looking statements from companies this reporting season. We will be looking at companies closely for the unwinding of any support, whether it be for their customers, clients, employees or other stakeholders, and what this means for earnings and dividends. Important questions include:

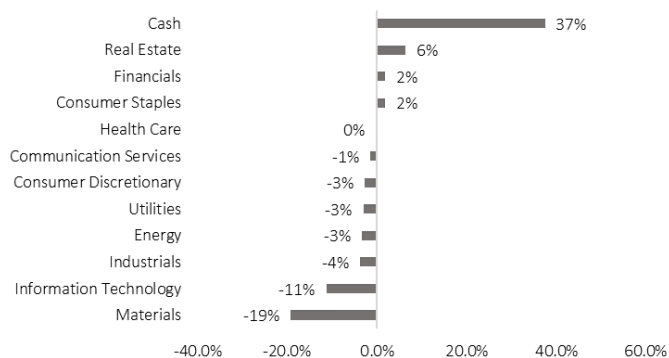
1. How are companies planning to mitigate further losses if COVID worsens?
2. What assumptions for future impairments have been made?
3. How long will it take to get back to pre COVID-19 levels?
4. What will it take to return to normal dividend payments?

However, in any good crisis comes an even better opportunity. And whilst Bears always sound intelligent, it is the Bulls that make the money eventually. We are mindful of ensuring we focus on what the main businesses opportunities within this period are for each company in the Fund. We remain optimistic on the long-term outlook for the portfolio, however given the uncertainty in the near-term, we continue to believe that patience will pay. We will be opportunistic when appropriate.

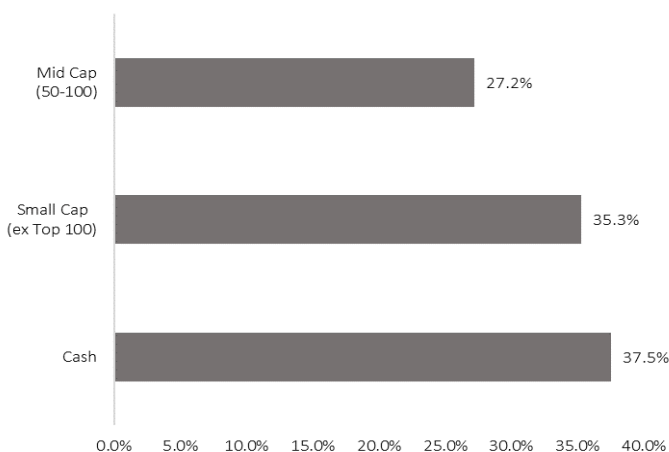
PORTFOLIO CHARACTERISTICS

Sector exposure (as at 31 July 2020)

Active Sector Exposure vs S&P/ASX Midcap 50



Capitalisation exposure



MAJOR HOLDINGS		% OF PORTFOLIO
1	TPG Telecom	6.6%
2	Resmed Inc	5.4%
3	Magellan Financial Group	4.3%
4	Northern Star Resources	4.1%
5	Reece Australia	4.1%
6	IPH Limited	4.0%
7	Harvey Norman Holdings	3.9%
8	EQT Holdings	3.8%
9	Invocare Limited	3.7%
10	ARB Corporation Limited	3.4%
11	Charter Hall Group	3.1%
12	Iress Limited	2.9%
13	AV Jennings Limited	2.5%
14	Link Administration Holdings	2.1%
15	BWP Trust	1.8%
16	Platinum Asset Management	1.8%
17	REA Group	1.5%
18	Evans Dixon Limited	1.1%
19	Cedar Woods Properties	0.9%
20	Regis Healthcare Limited	0.8%
Cash and Cash Equivalents		37.5%
Total of Top 20 and Cash		99.4%

CONTRIBUTION TO RELATIVE RETURN – JULY 2020

Company Name	Contribution	Company Name	Detraction
AMP Limited	56 bps	Afterpay Touch Group	-75 bps
AV Jennings Limited	50 bps	TPG Telecom Limited	-58 bps
Reece Australia Limited	32 bps	ALS Limited	-39 bps
ARB Corporation Limited	22 bps	Oz Minerals Limited	-36 bps
Harvey Norman Holdings Limited	19 bps	Invocare Limited	-35 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* 0.60% 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 NAV Unit Price has been used for performance reporting, however if an investor is to come out of the fund that would be done at the exit price. 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