

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APIR Code: EVO4741AU

MONTHLY UPDATE: SEPTEMBER 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	\$1.3 million
Number of stocks	23
NAV Unit Price	\$1.1405
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 to 30 September 2020	1 Month	3 Months	6 Months	1 Year	Since Inception#
Contact Australian Ex-50 Fund	-1.4%	2.2%	16.4%	-	15.2%
S&P/ASX Midcap 50 Accumulation Index	-3.0%	5.2%	37.0%	-	33.8%
Relative Performance	+1.6%	-3.0%	-20.7%	-	-18.7%

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

Markets were weaker in September, with investors continuing to focus on short-term noise around more stimulus, the uncertainty around the US election and the potential for another wave of COVID-19 cases in Europe and North America. The NASDAQ finally gave up some of its recent gains, falling 5.1% in September. The S&P 500 dropped by 3.8% and the ASX 200 fell 3.6%.

The Fund closed 1.4% lower for the month, ahead of the benchmark (the S&P/ASX Midcap 50 Index) which decreased by 3.0%.

Investors digested the news flow from the August reporting season and continued meetings with management in early September. As we noted last month, our conclusion of the recent reporting season was that earnings generally tracked ahead of some very depressed expectations. A strong August suggested that investors seemed prepared to look through the near-term earnings trough. The moves in September suggest that maybe some caution is warranted.

TPG Telecom (TPG) closed the month 11.3% lower. Part of the explanation for weakness in the telecommunication names was the release of the NBN Corporate Plan for 2021, which outlined a \$4.5 billion incremental investment. Hopes of NBN price reductions also appear less likely, which disappointed the market. We remain optimistic on the long-term prospects for TPG and a continued shift from fixed to wireless as 5G technology is rolled out. Strategically, the merger positions the new TPG Telecom well with a full product offering in Australia across Mobile and Fixed, for both Consumer/SME and

Enterprise customers. The key operating leverage in the business sits with TPG's ability to ramp up revenues across the Mobile business.

After posting a solid FY20 result in August, Harvey Norman's (HVN) update on FY21 trading to date was strong. Profit before tax for July and August was \$178 million – up 186% on the same period last year. This implies that HVN has achieved half of consensus' 1H21 profit before tax estimate in just two months of trading.

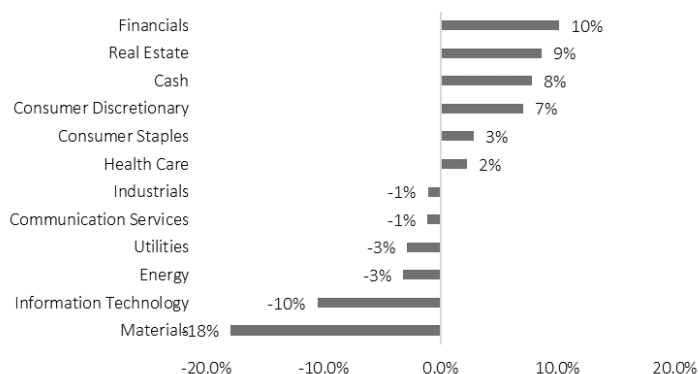
Magellan Financial Group (MFG) announced a foundation investment in Barrenjoey Capital Partners, a new Australian-based full-service investment bank which will be majority staff-owned (50.01%), MFG owning 40%, and a partnership with Barclays (9.99%). MFG will invest \$155 million for its 40% stake. Whilst this is a small outlay in the context of the broader group and mildly dilutive near-term, it nevertheless provides longer-term optionality if the venture proves successful.

The December quarter has the potential to be a very volatile period. The US election is slated for 3rd November and this will dominate most headlines. Europe and North America potentially face another wave of COVID-19 infections as we head into the northern Winter. Domestically, the stimulus packages (Jobkeeper and Jobseeker) that were so crucial to business and consumer confidence from March to September, will start to roll down to a lower rate. On the flipside, Victoria should emerge from lockdown and hopefully we see more cross border activity driving economic expansion. Finally, Annual General Meeting updates will provide useful insights.

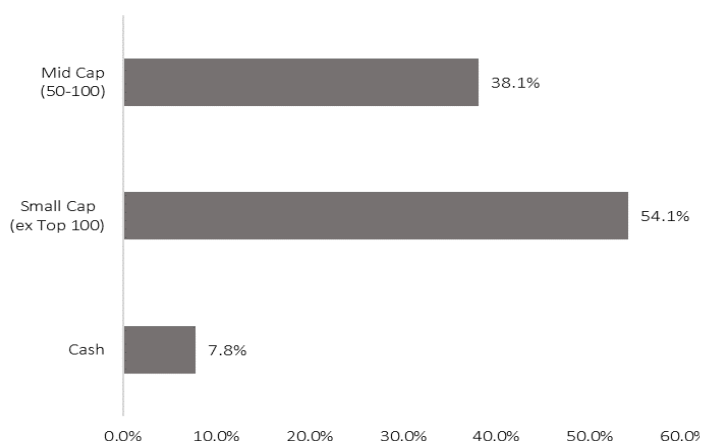
PORTFOLIO CHARACTERISTICS

Sector exposure (as at 30 September 2020)

Active Sector Exposure vs S&P/ASX Midcap 50



Capitalisation exposure



MAJOR HOLDINGS		% OF PORTFOLIO
1	Resmed Inc	7.4%
2	Magellan Financial Group	7.1%
3	Harvey Norman Holdings	6.5%
4	EQT Holdings	6.4%
5	IPH Limited	6.3%
6	TPG Telecom	6.0%
7	ARB Corporation	4.9%
8	Invocare Limited	4.8%
9	Charter Hall Group	4.8%
10	Iress Limited	4.7%
11	Reece Limited	4.4%
12	Northern Star Resources	4.4%
13	PWR Holdings	4.2%
14	Link Administration Holdings	3.9%
15	Platinum Asset Management	3.1%
16	JB Hi-Fi Limited	2.3%
17	REA Group	2.2%
18	AV Jennings Limited	2.2%
19	Cedar Woods Properties	2.1%
20	BWP Trust	2.0%
Cash and Cash Equivalents		7.8%
Total of Top 20 and Cash		97.5%

CONTRIBUTION TO RELATIVE RETURN – SEPTEMBER 2020

Company Name	Contribution	Company Name	Detraction
Afterpay Touch Group	103 bps	TPG Telecom Limited	-62 bps
Cleanaway Waste Limited	40 bps	Iress Limited	-39 bps
Tabcorp Holdings Limited	26 bps	Platinum Asset Limited	-33 bps
Reece Australia Limited	26 bps	Boral Limited	-25 bps
ARB Corporation Limited	23 bps	Link Administration Holdings	-18 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