

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APIR Code: EVO4741AU

MONTHLY REPORT: JANUARY 2021



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	\$3.0 million
Number of stocks	24
NAV Unit Price	\$1.2265
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 31 January 2021	1 Month	3 Months	6 Months	1 Year	Since Inception [#]
Contact Australian Ex-50 Fund	0.8%	5.4%	9.0%	-	24.3%
S&P/ASX Midcap 50 Accumulation Index	-1.1%	9.0%	19.1%	-	54.7%
Relative Performance	1.9%	-3.5%	-10.1%	-	-30.5%

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. Performance figures may be subject to rounding.

FUND COMMENTARY

The Contact Australian Ex-50 Fund increased by 0.8% in January. By comparison, the benchmark decreased by 1.1%.

In the early part of the month, global markets focused on the Biden inauguration, increased stimulus measures and the ongoing COVID-19 vaccine rollout. Volatility emerged in the final days of January as retail day traders took on the hedge funds in an eruption of irrational exuberance that, if only for a day or two, commanded centre stage. While the GameStop story will likely continue to be an interesting anecdote of David versus Goliath, it is unlikely to have a lot of relevance for long-term investors. Nevertheless, the intra-day moves in late January remind us that we are operating in a volatile market where short-term speculation is often dominating traditional fundamental analysis.

The Consumer Discretionary sector was the best performing segment of the market during the month as several retailers upgraded profit forecasts. The sector continues to benefit from two broad thematic: (i) housing strength and (ii) the regional travel boom. This was a contributor to the Fund's performance during the month.

JB Hi-Fi Limited (JBH) provided a strong trading update during January. Total sales for 1H21 were up 24% on the prior corresponding period and NPAT was up a massive 86%. All divisions performed well, however the performance from The Good Guys and JB Hi Fi New Zealand were the biggest sources of surprise. Like many other retailers, JBH has been a material beneficiary from COVID-19 via a combination of significant

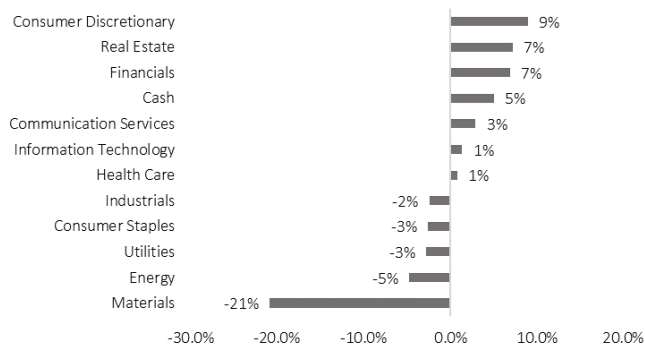
fiscal stimulus and increased time spent at home. JBH will have to cycle this abnormal base from mid-March 2021. Nevertheless, for now disciplined cost control combined with strong sales growth has driven significant operating leverage.

Resmed Inc. (RMD) reported its first half FY21 result in late January. The company delivered another strong result that was ahead of market expectations. The better-than-expected performance was driven by a recovery in its core sleep and respiratory care business. The result was also characterised by sound cost control. RMD management noted that it was "seeing great adoption of digital health and an increase in the importance of out-of-hospital healthcare in the last twelve months, and that will only expand throughout 2021 as vaccines become more widely available, and communities open up worldwide". The RMD investment case is premised on a significant market opportunity (900 million people have sleep apnea and only 20% have been diagnosed).

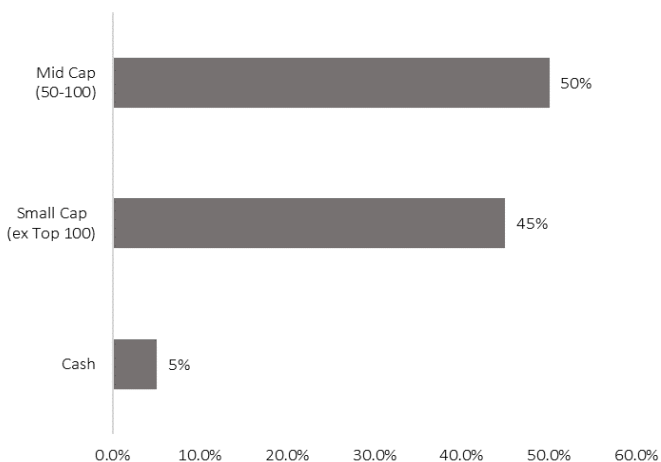
We added Carsales.com (CAR) to the portfolio in January. CAR is the largest online automotive, motorcycle and marine classifieds business in Australia. CAR is a well-managed business with a history of delivering excellent Return on Invested Capital. CAR is benefiting from a strong earnings recovery in the sector, particularly in the used car market. Its exposure to offshore markets offers another growth lever. CAR offers a reasonable dividend yield of 3.5% on a grossed-up basis, which is expected to grow.

PORTFOLIO CHARACTERISTICS

Active Sector Exposure vs S&P/ASX Midcap 50



Capitalisation exposure



MAJOR HOLDINGS		% OF PORTFOLIO
1	Harvey Norman Holdings	7.5%
2	Resmed Inc	7.4%
3	Magellan Financial Group	7.0%
4	EQT Holdings Limited	6.3%
5	ARB Corporation	5.7%
6	IPH Limited	5.4%
7	Iress Limited	5.1%
8	TPG Telecom	5.0%
9	Charter Hall Group	4.9%
10	Reece Limited	4.9%
11	Northern Star Resources	4.4%
12	Nine Entertainment Holdings	4.1%
13	JB Hi-Fi Limited	4.1%
14	PWR Holdings Limited	3.8%
15	Link Administration Holdings	3.7%
16	Cedar Woods Properties	3.0%
17	AV Jennings Limited	2.7%
18	REA Group Limited	2.5%
19	Carsales.com Limited	2.0%
20	E&P Financial Group Limited	1.7%
Cash and Cash Equivalents		5.0%
Total		96.2%

MONTHLY CONTRIBUTION TO RELATIVE RETURN

Company Name	Contribution	Company Name	Detraction
Harvey Norman Limited	0.95%	Magellan Financial Group	-0.48%
ARB Corporation Limited	0.71%	Link Administration Holdings Limited	-0.48%
Cedar Woods Properties Limited	0.34%	Iress Limited	-0.31%
Reece Australia Limited	0.26%	Incitec Pivot Limited	-0.27%
E&P Financial Group Limited	0.22%	IDP Education Limited	-0.20%

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