

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APIR Code: EVO4741AU

MONTHLY REPORT: NOVEMBER 2021



FUND DESCRIPTION

The Contact Australian Ex-50 Fund (the Fund) balances growth and income to provide access to a portfolio of quality Australian companies that sit outside the S&P/ASX 50 Index. This strategy seeks to invest in Founder-led businesses and tomorrow's leaders within the mid and small cap Australian Equities universe.

The Fund's investment objective is to seek a total return in excess of 10% per annum, after deduction of Management Fees and expenses, 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
Targeted return	10% per annum (net of fees)
Number of stocks	29
NAV Unit Price	\$1.36
Management Fee*	0.60% per annum (excluding GST)
Performance Fee	Nil

* Management fee 0.60% per annum (excluding GST) of the net asset value of the Fund (after any current accrued Management Fees and expenses).

Performance to 30 November 2021	1 Month	3 Months	6 Months	1 Year	Since Inception (p.a.) [#]
Contact Australian Ex-50 Fund	1.6%	-3.8%	6.4%	12.4%	21.2%
Targeted return of 10% per annum				10.0%	10.0%

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. Numbers greater than one year are annualised.

FUND COMMENTARY

Global markets experienced increased volatility late in the month following the emergence of the more transmissible COVID variant, Omicron. After several buoyant months and solid earnings numbers, global markets became skittish in late November. As a result, most global equities exchanges closed the month lower. Australia's S&P/ASX 300 Accumulation Index decreased by 0.5% for the month. The Fund closed 1.6% higher.

Aside from the macro uncertainty that continues to linger from Covid related events, the month was dominated by Annual General Meetings and associated trading updates. We cover a few highlights below.

Reece Limited (REH) was the best performing stock in the portfolio during November, which was driven by a buoyant update at the company's AGM. Reece is a high-quality business led by an experienced management team that is founder-led and highly aligned with shareholders. REH's local operations generate high returns on capital and excellent cash flows. Its US operations offer a significant platform for long-term growth.

Charter Hall Group (CHC) announced upgraded earnings guidance for FY22 at its AGM. The company now expects operating earnings per security of 83 cents per share. The previous guidance, which many thought was bullish, was 75 cents per share. The upgrade, which is driven by performance fees and revaluation, implies a minimum 36% growth rate over FY21. Funds Under Management also increased and now amounts to \$54 billion.

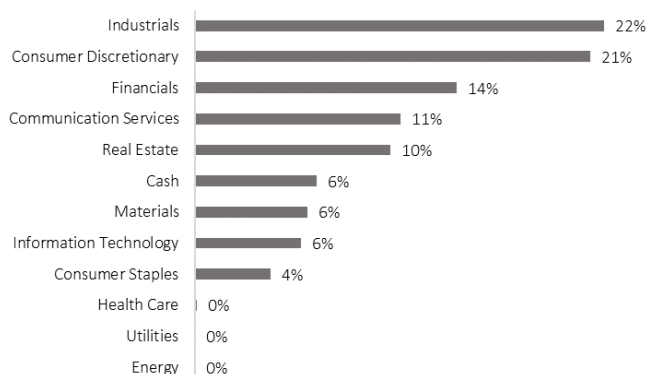
Nine Entertainment Group (NEC) provided a solid trading update at its AGM. The update implied that 1H22 EBITDA is tracking marginally ahead of expectations. The commentary highlighted solid advertising and property market conditions combined with commendable cost control.

Monadelphous Group (MND) maintained its prior guidance that FY22 revenue will be lower than prior year. While this is a negative headline, it is not new news. Management continued to highlight that border restrictions in its key Western Australia market are resulting in challenges in accessing skilled labour as well as impacting operational productivity levels. Management believes that the labour market will remain tight despite expectations of borders reopening given the strong demand for labour across industries. In the medium term, the demand for MND services is expected to be robust, particularly in an environment of buoyant commodity prices.

REA Group (REA) delivered a strong quarterly result, which was driven by momentum in residential listings (+11%) and the impact of recent price rises.

As lockdowns lift in New South Wales and Victoria, we have doubled our efforts to meet management teams, visit company operations and discuss prospects for the Fund. Please contact us at info@contactam.com.au if you would like to discuss the Fund in more detail.

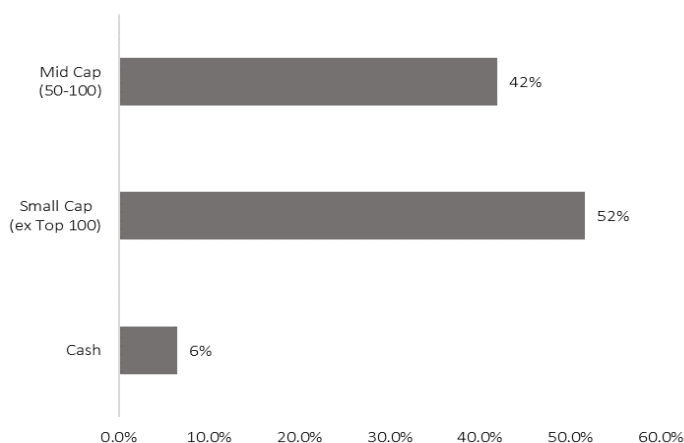
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

1	Harvey Norman Holdings
2	Reece Limited
3	Nine Entertainment Holdings
4	ARB Corporation
5	Charter Hall Group
6	Deterra Resources
7	GQG Partners
8	Metcash Limited
9	IPH Limited
10	Invocare Limited

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS OF THE PORTFOLIO

	The Fund
Return on Capital Employed	28.4%
Operating Margin	24.3%
EPS Growth (FY1e)	10.7%
P/E Ratio (FY1e)	18.8x
Yield - Net (FY1e)	3.7%

Source: Factset, Contact Asset Management estimates

MONTHLY CONTRIBUTION TO ABSOLUTE RETURN

Company Name	Contribution	Company Name	Detraction
Reece Limited	0.95%	Bank of Queensland	-0.56%
Charter Hall Group	0.61%	Kelsian Group	-0.39%
ARB Corporation	0.51%	GQG Partners Inc	-0.38%
Link Administration Holdings	0.46%	Cedar Woods Properties	-0.34%
Nine Entertainment Holdings	0.39%	Monadelphous Group	-0.21%

The Contact Australian Ex-50 Fund Product Disclosure Statement (PDS), Reference Guide, Target Market Determination (TMD) and Investor Handbook is available at

<https://contactam.com.au/ex-50-fund-overview/>

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