

Contact Australian Ex-50 Fund

ARSN: 639 574 708 APiR Code: EVO4741AU

MONTHLY REPORT: MARCH 2023



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	28
NAV Unit Price	\$1.13
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 31 March 2023	1 Month	3 Months	1 Year	3 Years (p.a.)#	Since Inception (p.a.)#
Contact Australian Ex-50 Fund	-2.6%	2.2%	-11.5%	7.2%	6.8%
Targeted return of 10% per annum			10.0%	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

The Fund retracted slightly in March in a more volatile Equities market. At a macro level, the failure of several US regional banks weighed on sentiment early in the month before the US Fed provided liquidity support. As fears of contagion of a run on the banks subsided, investors focused on the likely change in policy action by Central Banks. We witnessed the start of a change in behaviour in early April as the RBA paused on its rate hiking.

The Fund declined by 2.6% in March, which was broadly in line with the S&P/ASX Mid-cap 50 Accumulation Index.

After a busy February reporting season, there was less stock specific news in March. Of note for the Fund, **Kelsian Limited (KLS)** announced the acquisition of All Aboard America! Holdings, a US based bus business providing contract and charter coach passenger services. The purchase price of almost A\$500 million will be funded through a combination of debt and equity. We took up our rights under the non-Renounceable rights issue at \$5.55.

The transaction opens the door for significant growth in the US for Kelsian. AAAH is the 4th largest motorcoach operator in the US with 1,069 vehicles. For reference, KLS Australian bus segments has ~3,000 buses. The US market is large (over \$30 billion) but very fragmented. The business has a high degree of recurring revenue and solid EBITDA margins of 25%. The majority of the management team (including the founders) will remain with the business.

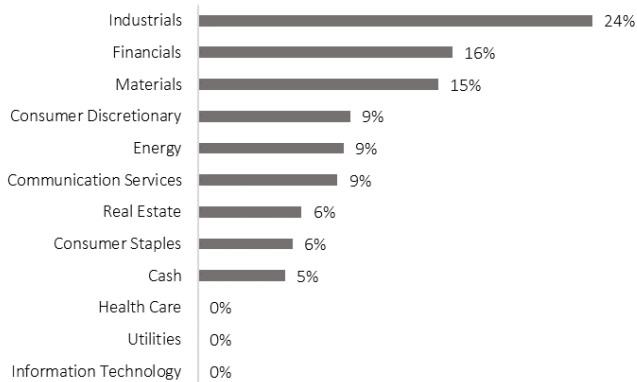
Charter Hall Group (CHC) fell 17% during the month, which was partly attributable to negative sentiment on the Commercial Real Estate sector following the recent bank issues in the US. There also seems to be an air of negativity on the outlook for Office Building valuations. We believe that CHC will be better placed than peers, given its portfolio is higher quality and its Balance Sheet is robust. Its revenue stream is more resilient than peers from the fees generated on Funds Management.

We toured Chadstone Shopping Mall with **Vicinity Centres (VCX)** Investor Relations team in March. This is arguably the premier mall in Australia. Foot traffic has recovered sharply post Covid and spending on Luxury items is strong, which is counter-intuitive to some of the negative rhetoric on consumer spending. VCX has an enviable asset portfolio and ancillary income continues to grow and lease income grows with CPI clauses.

Reliance Worldwide (RWC) held an Investor Day and announced the launch of two new products to complement the successful SharkBite push-to-connect plumbing technology. The company is hopeful to take more market share. Trading conditions are in line with expectations.

We continue to believe that the Portfolio is well positioned, with attractive Fund metrics offering an enviable combination of Quality, Value and Growth. We seek to deliver a long-term return of 10% p.a. through a disciplined investment process that avoids unprofitable and high-risk companies.

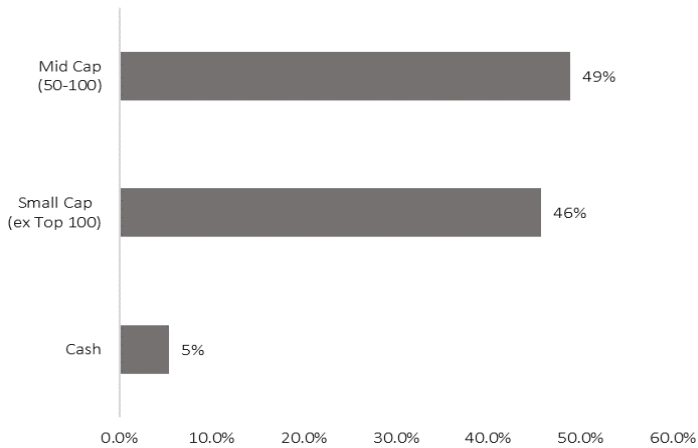
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

1	Metcash Limited
2	Deterra Royalties
3	Ampol Limited
4	IGO Limited
5	HUB24 Limited
6	IPH Limited
7	Smartgroup Limited
8	Alliance Aviation Limited
9	Whitehaven Coal Limited
10	Kelsian Group

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS OF THE PORTFOLIO

	The Fund
Return on Capital Employed	28.2%
Operating Margin	27.7%
Expected EPS Growth (3 yr CAGR)	8.2%
P/E Ratio (FY1e)	11.6x
Historical Distribution Yield*	5.0%

Source: Factset, Contact Asset Management estimates. * The Distribution Yield is based on June 2022 and December 2022 distributions totalling 5.64 cpa 31 March 2023 price of \$1.13

MONTHLY CONTRIBUTION TO ABSOLUTE RETURN

Company Name	Contribution	Company Name	Detraction
REA Group	0.42%	Charter Hall Group	-0.68%
Deterra Royalties	0.34%	GQG Partners	-0.47%
Smartgroup Limited	0.22%	IPH Limited	-0.43%
Nine Entertainment Company	0.16%	Kelsian Limited	-0.34%
Allkem Limited	0.14%	Metcash Limited	-0.31%

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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