

Contact Australian Ex-50 Fund

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MONTHLY REPORT: OCTOBER 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	29
NAV Unit Price	\$1.12
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 October 2023	1 Month	3 Months	1 Year	3 Years (p.a.)#	Since Inception (p.a.)#
Contact Australian Ex-50 Fund	-4.9%	-7.0%	-0.1%	1.4%	5.8%
Targeted return of 10% per annum			10.0%	10.0%	10.0%
S&P/ASX Mid-cap (50%)/Small cap (50%) return	-6.2%	-11.4%	-4.6%	3.4%	11.6%
<i>Relative performance vs Index</i>	<i>+1.3%</i>	<i>+4.4%</i>	<i>+4.5%</i>	<i>-2.0%</i>	<i>-5.7%</i>

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. The reference to the blended Mid cap/Small cap index is for information only. There are no performance fees or hurdles tied to this index.

FUND COMMENTARY

Risk off dominated sentiment in October, with widespread declines in global equity exchanges. gyrations in global bond markets combined with the escalation of tensions in the Middle East spooked investors. This is the third consecutive monthly drop for equities markets, the longest losing streak since March 2020.

The Contact Australian Ex-50 Fund continued its recent history of strong relative performance in October. The Fund declined by 4.9%, however this fared better than both the S&P/ASX Small Ordinaries Index (-5.5%) and the S&P/ASX Mid-cap 50 Accumulation Index (-6.9%).

For the better part of two years, Australian Small Caps have delivered underwhelming returns. Sentiment towards small caps has deteriorated to the extent that several interesting opportunities appear to be emerging. We have been increasing exposure to that segment of the market.

Whitehaven Coal (WHC) announced the acquisition of BHP's Blackwater and Daunia coal mines during the month. The acquisition increases the exposure to metallurgical coal, a critical ingredient in steel making, as opposed to its historical reliance on thermal coal. Management outlined that the US\$3.2 billion deal was "highly accretive" and will lift production to 40 million tonnes per annum. WHC will use a combination of existing cash reserves and debt to fund the

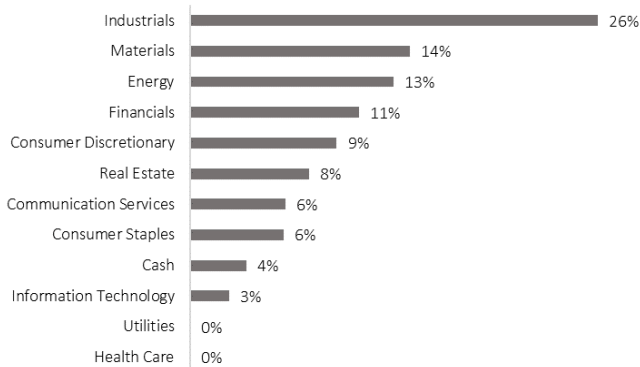
acquisition. The stock reacted positively to the news that an equity raising was not required.

Vicinity Centres (VCX) announced the acquisition of the remaining 49% interest in Chatswood Chase for \$307m, to be funded via debt facilities and asset sales. The transaction supports VCX's focus on premium assets. VCX maintained its earnings guidance at its AGM and operating trends are solid. The VCX share price is at a significant discount to its asset backing, which we see as compelling value.

Hub24 (HUB) reported net inflows of \$2.8 billion for the September quarter. While this was in-line with market expectations, the rate of growth is outpacing its peers, which is positive. We continue to believe that HUB is well positioned to gain market share from incumbents. The long-term tailwinds from a growing Australian superannuation pool is important. According to ASFA, it is expected that super assets in Australia will grow from \$3.5 trillion in 2023 to near \$10 trillion by 2040.

Investor sentiment is very negative, yet generally corporates continue to indicate that operating conditions are reasonable. However, the corporates have been reticent to provide a lot of guidance at AGMs, which adds to the investor caution. Valuation multiples look attractive for much of the market, and we see many compelling opportunities for long-term investors.

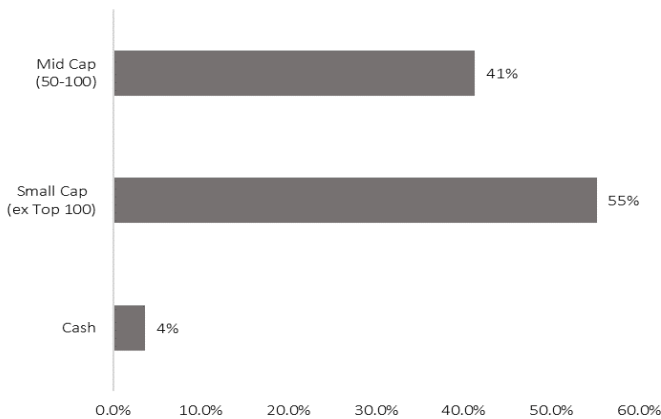
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

1	Ampol Limited
2	IPH Limited
3	Metcash Limited
4	Deterra Royalties
5	Vicinity Centres
6	GQG Partners
7	Redox Limited
8	Flight Centre Travel
9	HUB24 Limited
10	Service Stream Limited

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS

	The Fund
Return on Capital Employed	27.5%
Operating Margin	28.4%
P/E Ratio (FY1e)	12.0x
Historical Net Distribution Yield*	3.1%

Source: Factset, Contact Asset Management estimates. * The Distribution Yield is based on December 2022 and June 2023 distributions totalling 3.42 cpu and 31 October 2023 price of \$1.12

MONTHLY CONTRIBUTION TO ABSOLUTE RETURN

Company Name	Contribution	Company Name	Detraction
Whitehaven Coal	0.30%	IGO Limited	-0.96%
Redox Limited	0.18%	Allkem Limited	-0.49%
Kelsian Group	0.13%	IPH Limited	-0.47%
Smartgroup Corporation	0.11%	Ampol Limited	-0.39%
Vicinity Centres	0.01%	Reliance Worldwide Corporation	-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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