

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APIR Code: EVO4741AU

MONTHLY REPORT: FEBRUARY 2024



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	27
NAV Unit Price	\$1.28
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 29 February 2024	1 Month	3 Months	1 Year	3 Years (p.a.)#	Since Inception (p.a.)#
Contact Australian Ex-50 Fund	2.5%	11.2%	13.2%	5.6%	9.3%
Targeted return of 10% per annum			10.0%	10.0%	10.0%
S&P/ASX Mid-cap (50%)/Small cap (50%) return	3.5%	10.1%	8.1%	5.2%	15.0%
<i>Relative performance vs Index</i>	<i>-1.0%</i>	<i>+1.1%</i>	<i>+5.1%</i>	<i>+0.4%</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

The Contact Australian Ex-50 Fund advanced in February with a 2.5% return. This was a sound result in a market that was buoyed by strong performance from IT stocks. The Fund's return trailed the S&P/ASX Mid-cap 50 index (+5.3%) yet bettered the S&P/ASX Small Ordinaries Index (+1.7%). Our 1, 2 and 3-year performance remains solid against these indices and we remain focused on Quality.

Investor expectations were low heading into Reporting Season and, in the main, results were better than feared. This time last year we noted that top line momentum (driven by price not volume) was a feature. Twelve months on, while top line momentum is sound, the overarching theme this year is an increased focus on costs. The good news is that the better-quality companies have done well at protecting margins.

There were several excellent results from Portfolio holdings in February. Reliance Worldwide (RWC), a manufacturer of plumbing parts, reported a resilient result. Despite subdued volumes, the result was a great example of a management team aggressively tackling the cost base. With end-markets potentially stabilising later this year, and new product initiatives underway, RWC is well-placed for an eventual upturn in the cycle. The stock increased by almost 30% in February.

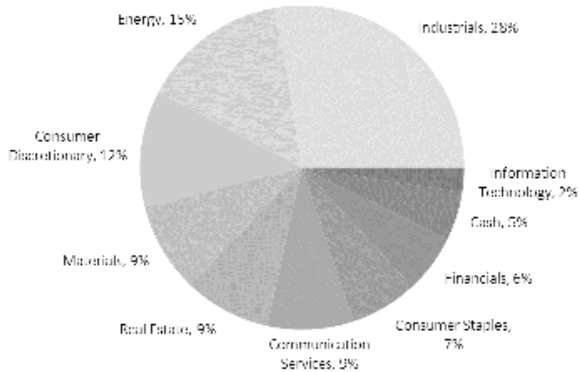
GQG Partners also delivered a strong result underpinned by exceptional growth in Funds Under Management. In November 2023, we penned a

Contact Insights piece highlighting that we thought GQG was mispriced (i.e. undervalued). We couldn't reconcile why it was trading on similar multiples to other listed ASX Fund Managers despite far superior growth prospects, strong performance and an incredibly competitive fee structure. Since then, FUM has increased from c.US\$106 billion to US\$137 billion and the share price has re-rated from \$1.30 to a recent high of \$2.34 on 29 February.

As is often the case in Reporting periods, some share prices reacted poorly to results. While this creates short-term disappointment, we have not lost conviction in any of our holdings. In fact, we took the opportunity to add to several positions that we deemed oversold.

As we look ahead, we expect that the focus on interest rates will remain a key talking point. If, as expected, Central Banks start to cut rates, then activity and household spending power will improve. This will drive another leg of earnings growth. Relative to global peers, we continue to believe that the Australian market looks attractive. Further, we think the outsized opportunities are in small caps. We think it likely that Australian equities can keep delivering reasonable earnings growth throughout 2024 on the back of low unemployment, tight commodity markets, strong migration and the continued tailwinds from Superannuation contributions.

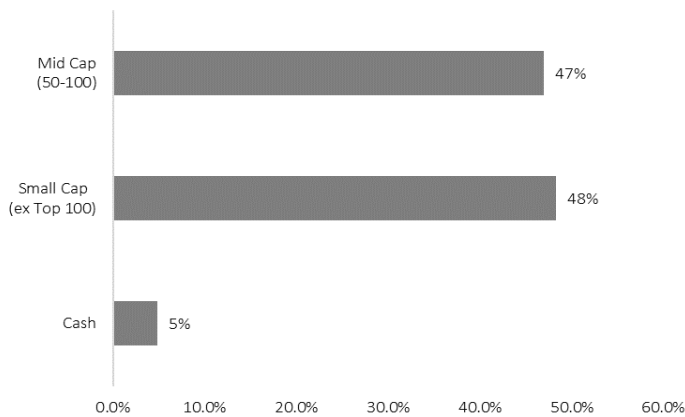
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

1	Ampol Limited
2	Metcash Limited
3	IPH Limited
4	Yancoal Australia Limited
5	Vicinity Centres
6	Flight Centre Travel
7	Charter Hall Group
8	Harvey Norman Holdings
9	Reliance Worldwide
10	GQG Partners

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS

	The Fund
Return on Capital Employed	23.1%
Operating Margin	23.6%
P/E Ratio (FY1e)	13.5x
Historical Net Distribution Yield*	2.6%

Source: Factset, Contact Asset Management estimates. * The Distribution Yield is based on June 2023 and December 2023 distributions totalling 3.38 cpu and 29 February 2024 price of \$1.278

CONTRIBUTION TO ABSOLUTE RETURN OVER THE MONTH

Company Name	Contribution	Company Name	Detraction
Reliance Worldwide	0.96%	Kelsian Group	-0.52%
GQG Partners	0.93%	Whitehaven Coal	-0.49%
Service Stream	0.65%	Alliance Aviation	-0.48%
ARB Corporation	0.64%	Nine Entertainment	-0.34%
Ampol Limited	0.61%	Deterra Royalties	-0.32%

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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