

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APIR Code: EVO4741AU

MONTHLY REPORT: MARCH 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	28
NAV Unit Price	\$1.31
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 2024	1 Month	3 Months	1 Year	3 Years (p.a.)#	Since Inception (p.a.)#
Contact Australian Ex-50 Fund	2.8%	7.7%	19.5%	5.5%	9.8%
Targeted return of 10% per annum			10.0%	10.0%	10.0%
S&P/ASX Mid-cap (50%)/Small cap (50%) return	4.1%	7.1%	14.4%	6.0%	15.8%
<i>Relative performance vs Index</i>	<i>-1.3%</i>	<i>+0.6%</i>	<i>+5.1%</i>	<i>-0.5%</i>	<i>-6.0%</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 March with a 2.8% return. This was the fifth consecutive month of positive returns for the Fund, contributing to a pleasing one-year return of 19.5%. The market has rallied from its October 2023 lows, and still we remain optimistic on the long-term prospects for Australian Equities. We build on our rationale in our latest *Contact Insights* piece, which is available on our website.

With February Reporting season behind us, we took the opportunity to visit management teams and company operations. Of note, we attended the Metcash (MTS) Investor Day and Site Tours in Melbourne. The Metcash business has three key pillars: Food, Liquor and Hardware. Its marquee brands are IGA, Cellarbrations, Mitre 10 and Total Tools.

The trip reinforced that MTS has strong positions in attractive markets and is positioned for continued growth. Of note, its Total Tools brand has 115 stores in the network, with a target of 170 stores. The rate of rollout is expected to be 10 stores annually. It is already the largest retailer of professional tools in Australia. Beyond store growth across its key pillars. MTS continues to look for consolidation opportunities across its key addressable markets.

MTS new CFO provided useful insights into the financial framework of the business. The foundations of this are to maintain a strong Balance

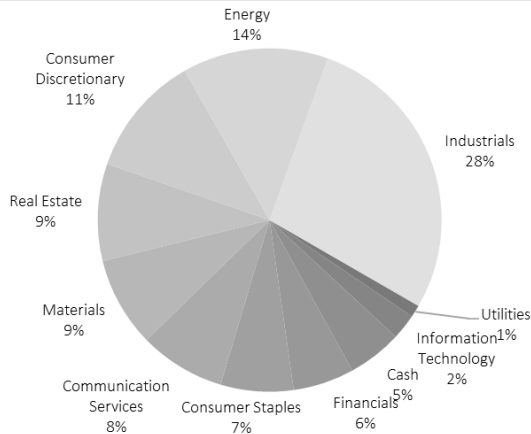
Sheet. There are opportunities to optimise free cash flow through working capital initiatives. In all, the trip reinforced our positive view on the stock. We remain impressed with the management team and we consider the stock cheap when compared to Coles (COL), Wesfarmers (WES) and Woolworths, which all trade on a c.50% higher P/E multiple than MTS.

We established a small position in LGI Limited (LGI) in March. LGI is a profitable green energy producer that is converting methane from landfill into energy. It is a founder-led business established in 2009. LGI generates revenue via (i) its generators supply energy to the National Electricity Market (NEM); and (ii) it creates valuable ACCUs (Australian Carbon Credit Units), which it can sell.

In recent years LGI has experienced strong revenue and earnings growth. It is a high margin business, and we are optimistic on its growth prospects. We expect LGI to recover more gas from signing up additional landfills around the country. Secondly, LGI is investing in adding batteries to more sites, which allows it to take advantage of the huge swings in electricity prices.

We maintain steadfast in our intention to invest in Quality companies that have favourable long-term prospects. We channel Oscar Wilde, who said, "I have the simplest of taste. I like only the best."

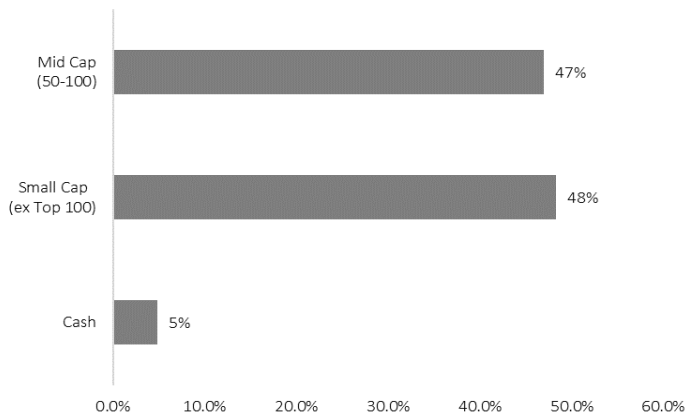
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

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

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS

	The Fund
Return on Capital Employed	22.9%
Operating Margin	24.3%
P/E Ratio (FY1e)	13.9x
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 31 March 2024 price of \$1.31

CONTRIBUTION TO ABSOLUTE RETURN OVER THE MONTH

Company Name	Contribution	Company Name	Detraction
Redox Limited	0.59%	Yancoal Australia	-0.32%
Service Stream	0.49%	IGO Limited	-0.20%
Vicinity Centres	0.44%	REA Group	-0.13%
Ampol Limited	0.43%	E&P Financial Group	-0.10%
Charter Hall Group	0.40%	Kelsian Group	-0.08%

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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