

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APiR Code: EVO4741AU

MONTHLY REPORT: APRIL 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 30 April 2024 | 1 Month | 1 Year | 2 Years (p.a.)# | 3 Years (p.a.)# | Since Inception (p.a.)# |
|--|--------------|--------------|-----------------|-----------------|-------------------------|
| Contact Australian Ex-50 Fund | -2.8% | 13.6% | 2.3% | 3.1% | 8.8% |
| Targeted return of 10% per annum | | 10.0% | 10.0% | 10.0% | 10.0% |
| S&P/ASX Mid-cap (50%)/Small cap (50%) return | -2.6% | 8.0% | 1.7% | 3.3% | 14.7% |
| <i>Relative performance vs Index</i> | <i>-0.2%</i> | <i>+5.6%</i> | <i>+0.6%</i> | <i>-0.2%</i> | <i>-5.9%</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

Equity markets retreated in April as stubbornly high inflationary figures fuelled market fears that Central Banks will not ease monetary policy as quickly as previously hoped. There was a broad-based retreat in developed markets and the ASX was not immune. Having hit an all-time high in March, the S&P/ASX 300 Accumulation Index declined 2.9%. The S&P/ASX Mid-cap 50 Index declined by 2.1% and the S&P/ASX Small Ordinaries Index reduced by 3.1%. By comparison, the Fund declined by 2.8%.

Orora Limited (ORA) released a disappointing earnings guidance early in April, citing softer conditions in its recently acquired Saverglass business and a challenging US economy. The downgrade was not overly large, but it dented investor confidence and the stock was subsequently sold off heavily (ORA lost approximately 25% of its market cap in the first half of the month). We considered the sell-off to be excessive, and seeing significant valuation support, we added to our holding in ORA during the month. There are demand headwinds, but we consider these to be cyclical. ORA accounts for c.3% of the portfolio.

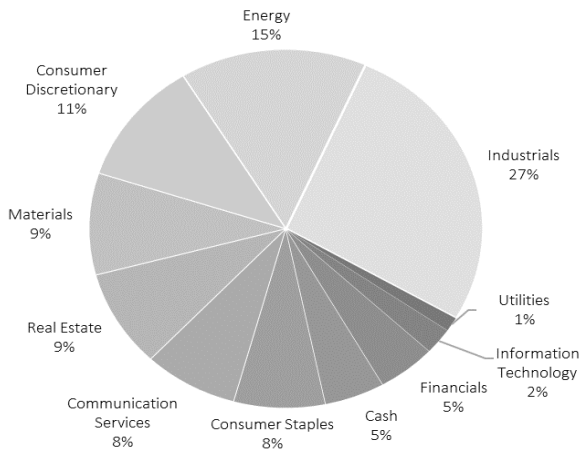
We also added to Whitehaven Coal (WHC) during the month. WHC has settled the acquisition of BHP's Queensland assets and the transaction creates an organisation with much improved scale and product diversification. Importantly, despite recent volatility in coal prices, we

have seen a normalisation in recent weeks at prices where the company generates solid margins and cashflows. A potential near-term positive catalyst is a partial sell-down of the Blackwater mine, which would reduce some of the debt load. Another portfolio holding in this sector is Yancoal Australia (YAL), which provided a quarterly update. YAL remains in a strong financial position, with \$1.3 billion of cash, net of April's dividend paid to shareholders.

We slightly reduced our holding in Reliance Worldwide (RWC) after a strong performance over the past six months. A few considerations drove this decision. Firstly, concerns around rising copper prices have created debate for the near-term earnings impact for the plumbing parts provider. Further, Australian building approvals have remained soft and the UK economy remains challenging. With RWC trading near peak earnings multiples, we thought it prudent to lock in some gains.

We remain bullish on Australian Equities for the long-term. We believe that our market is resilient and see numerous structural tailwinds. These include increases in the size of the Australia superannuation pool, continued population growth and sustained demand for our resources. We hold several businesses that we believe will be long-term beneficiaries of these tailwinds.

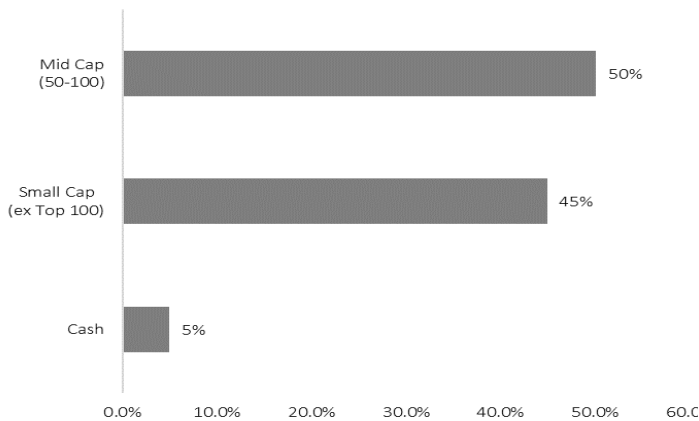
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

| | |
|----|----------------------|
| 1 | Metcash Limited |
| 2 | Ampol Limited |
| 3 | IPH Limited |
| 4 | Yancoal Australia |
| 5 | Vicinity Centres |
| 6 | Charter Hall Group |
| 7 | Redox Limited |
| 8 | Flight Centre Travel |
| 9 | GQG Partners |
| 10 | Deterra Limited |

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS

| | The Fund |
|------------------------------------|----------|
| Return on Capital Employed | 24.9% |
| Operating Margin | 25.5% |
| P/E Ratio (FY1e) | 13.1x |
| 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 30 April 2024 price of \$1.28

CONTRIBUTION TO ABSOLUTE RETURN OVER THE MONTH

| Company Name | Contribution | Company Name | Detraction |
|---------------------------|--------------|--------------------------------|------------|
| Alliance Aviation Limited | 0.31% | Orora Limited | -0.60% |
| Yancoal Australia | 0.24% | Charter Hall Group | -0.57% |
| IGO Limited | 0.22% | Ampol Limited | -0.57% |
| Redox Limited | 0.16% | Vicinity Centres | -0.46% |
| Whitehaven Coal | 0.12% | Reliance Worldwide Corporation | -0.42% |

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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