

Contact Australian Ex-50 Fund

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MONTHLY REPORT: MAY 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	\$1.26
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 May 2024	1 Month	1 Year	2 Years (p.a.)#	3 Years (p.a.)#	Since Inception (p.a.)#
Contact Australian Ex-50 Fund	-1.1%	14.7%	4.6%	2.5%	8.4%
Targeted return of 10% per annum		10.0%	10.0%	10.0%	10.0%
S&P/ASX Mid-cap (50%)/Small cap (50%) return	0.2%	10.1%	4.6%	3.2%	14.5%
<i>Relative performance vs Index</i>	<i>-1.3%</i>	<i>+4.6%</i>	<i>+0.0%</i>	<i>-0.7%</i>	<i>-6.1%</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

Global equity markets continued to grind higher in May, despite a mixed economic backdrop. Australian markets failed to match offshore strength, partially attributable to lower index exposure to big tech. The Australian Equity market continues to be volatile as investors navigate mixed signals. It appears that hopes of near-term interest rate cuts are all but extinguished as the economy appears resilient. Unemployment is still robust, inflation is higher than the RBA had hoped (but it is not out of control) and earnings prospects for many companies remain resilient.

The Fund retreated 1.1% in May versus marginal gains for both the S&P/ASX Mid-cap 50 Index (+0.5%) and the S&P/ASX Small Ordinaries Index (+0.2%). There were no major drivers of the slight underperformance during the month. Our Energy names performed well, yet we are underweight IT. Some of our small Industrial names have lagged in the short-term and we have taken the opportunity to increase exposure in several stocks.

One example is a new position in Lindsay Australia Limited (LAU), which is now trading below \$0.90, having been over \$1.40 earlier this financial year. We have owned this family-led business for a long time in the BKI Investment Company portfolio and know the business and management team well. Lindsay Brothers Transport was established in

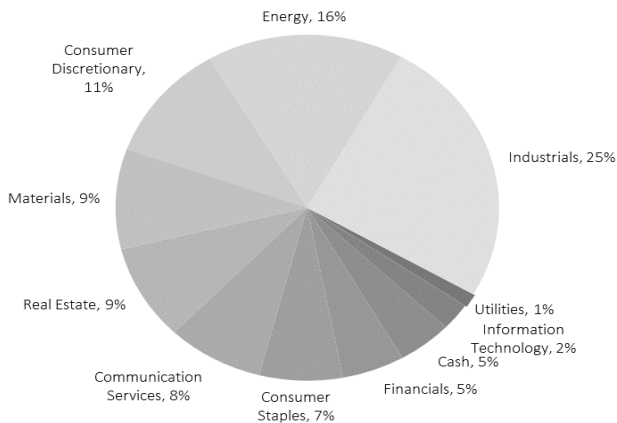
1953 in Coffs Harbour and has become one of Australia's leading integrated transport, logistics and rural supply companies. It now operates from 16 terminals with over 1000 vehicles as it services Australian farmers at all levels of the supply chain.

In early May, LAU management revised its EBITDA guidance slightly lower due to weather disruptions. While this is a short-term headache, we argue that the seasonal volatility is more than reflected in the share price. Our forecasts imply that LAU is trading on a P/E of 7x and a grossed-up dividend of >7%. The Balance Sheet is robust and LAU's competitive position has strengthened in recent years. We are optimistic on the prospects for the business and the stock.

We made a few other minor tweaks to the portfolio during the month, however our highest conviction names remain consistent. GQG Partners has been very strong as FUM has passed US\$150 billion. We did lock in some profits on Redox Limited but maintain a reasonable position. Overall, we remain upbeat on the prospects for the Fund as we believe that the overall valuation metrics for the portfolio remain compelling given its superior Quality metrics.

Finally, the Fund has been added to both the AMP North and BT Panorama platforms. This is in addition to it already appearing on HUB, Macquarie and Netwealth platforms.

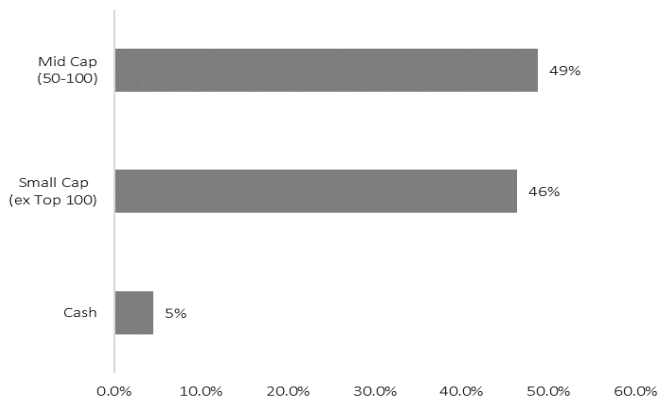
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

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

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS

	The Fund
Return on Capital Employed	25.5%
Operating Margin	26.3%
P/E Ratio (FY1e)	12.7x
Historical Net Distribution Yield*	2.7%

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 \$1.26

CONTRIBUTION TO ABSOLUTE RETURN OVER THE MONTH

Company Name	Contribution	Company Name	Detraction
Yancoal Australia	0.81%	Flight Centre Travel Group	-0.48%
GQG Partners	0.63%	Metcash Limited	-0.48%
Whitehaven Coal	0.16%	Ampol Limited	-0.40%
REA Group	0.12%	Deterra Royalties	-0.26%
CAR Group Limited	0.07%	IGO Limited	-0.23%

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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