

Contact Australian Ex-50 Fund

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MONTHLY REPORT: JUNE 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	\$1.19 (ex-distribution)
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 June 2024	1 Month	1 Year	2 Years (p.a.)#	3 Years (p.a.)#	Since Inception (p.a.)#
Contact Australian Ex-50 Fund	-2.2%	8.9%	9.2%	-0.6%	7.7%
Targeted return of 10% per annum		10.0%	10.0%	10.0%	10.0%
S&P/ASX Mid-cap (50%)/Small cap (50%) return	-1.4%	8.0%	10.5%	1.6%	13.8%
<i>Relative performance vs Index</i>	<i>-0.8%</i>	<i>+0.9%</i>	<i>-1.3%</i>	<i>-2.2%</i>	<i>-6.2%</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 were mixed in June, with US markets continuing to grind higher, yet many European and Asian markets retreated slightly. The S&P/ASX 300 Accumulation Index ended the month 0.9% higher, driven by Large Caps. As has been the case for some time now, Small and Mid-cap stocks have failed to keep pace. In June, both the S&P/ASX Mid-cap 50 Index and the S&P/ASX Small Ordinaries Index declined by 1.4%. The same trend was evident over the past twelve months, with the S&P/ASX 20 increasing by almost 15%, yet Midcaps (+6.5%) and Small Ordinaries (+9.3%) lagged.

It was an interesting twelve months in equity markets and we are satisfied that the Fund outperformed the blended Mid cap / Small cap index in a volatile year. We maintained optimism in October amid investor pessimism. Most management teams we spoke to remained constructive and we stayed consistent in our preference for Quality. The next six months from October saw the Fund rally over 15%. We remain upbeat on the prospects for the Fund as we believe that the overall valuation metrics for the portfolio remain compelling given its Quality metrics.

There were several economic releases in June. Of note, ASX Futures are now pricing a 45% chance of a 25bps hike to 4.60% at the next RBA meeting in August. The odds of a hike increased after the higher-than-

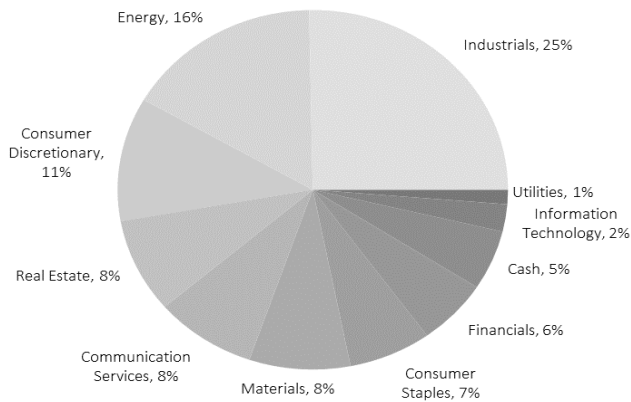
expected May inflation rate of 4%. Leading into the release, futures were pricing in a 5% chance of an interest rate cut. We continue to believe that the Quality businesses with strong Balance Sheets will be best placed.

Metcash (MTS) delivered a reasonable full year result in a challenging market. Trading conditions for consumer-facing businesses are certainly getting tougher. Nevertheless, the Food and Liquor divisions were solid and have maintained the significant step up in profitability compared to pre-COVID numbers. Total Tools continues to drive profit growth and the division is holding its own in a competitive market. Management indicated that it was pleased with the performance of the business, particularly against its peers. Cash flow was strong and return metrics (e.g. ROIC) remain robust. We believe that MTS management is doing an admirable job in a tighter market.

Over the past twelve months, GQG Partners, Service Stream and HUB24 were the most notable contributors to performance. IGO, Orora and IPH were the main detractors of performance.

The June distribution has been finalised. The total cash distribution for the FY24 year was 6.1 cents per unit. Based on an ex-distribution price of \$1.19, the historical distribution yield for the Fund is 5.1%, which we consider to be attractive. Thank you for your support over the year.

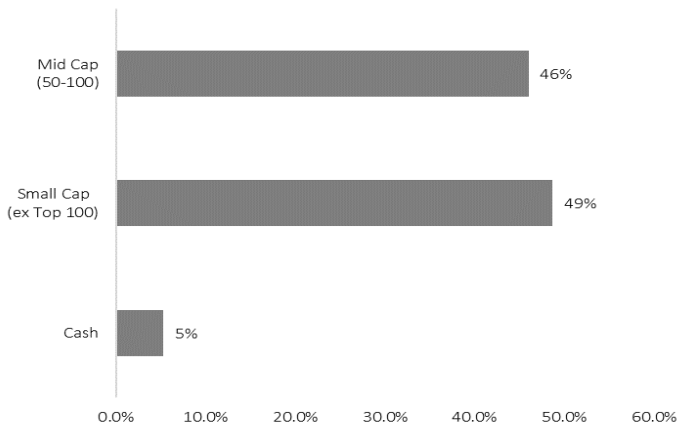
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

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

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS

	The Fund
Return on Capital Employed	24.7%
Operating Margin	26.1%
P/E Ratio (FY1e)	12.7x
Historical Net Distribution Yield*	5.1%

Source: Factset, Contact Asset Management estimates. * The Distribution Yield is based on June 2023 and December 2023 distributions totalling 6.1% and 30 June 2024 ex-distribution price of \$1.19

CONTRIBUTION TO ABSOLUTE RETURN OVER THE MONTH

Company Name	Contribution	Company Name	Detraction
GQG Partners	0.38%	Deterra Royalties	-0.56%
Flight Centre Travel Group	0.28%	Ampol Limited	-0.44%
REA Group	0.17%	IGO Limited	-0.38%
Yancoal Australia	0.16%	Metcash Limited	-0.29%
IPH Limited	0.06%	Harvey Norman Holdings	-0.27%

The Contact Australian Ex-50 Fund Product Disclosure Statement (PDS), Reference Guide and Target Market Determination (TMD) is available at

<https://contactam.com.au/ex-50-fund-overview/>

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