

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APIR Code: EVO4741AU

MONTHLY REPORT: AUGUST 2024



INVESTMENT STRATEGY

The Contact Australian Ex-50 Fund invests in a concentrated portfolio of quality Australian companies that sit outside the S&P/ASX 50 Index, with a focus on Founder-led businesses and tomorrow's leaders.

The Fund's investment objective is to seek to a total return in excess of 10% per annum, after deduction of management fees and expenses. We invest in quality companies that are profitable, pay dividends, generate attractive returns on capital and are managed by capable people. Our investment process builds on a legacy that has been honed for five generations.

Our management fees are low. Contact Asset Management's founders are aligned through co-investment in the Fund and we pride ourselves on taking a sensible and long-term approach to investing.

CONTACT EX-50 FUND OVERVIEW

Portfolio Managers	Will Culbert and Tom Millner
Targeted Return	10% per annum (net of fees)
Number of Stocks	30
NAV Unit Price	\$1.22
Management Fee*	0.60% per annum
Performance Fee	Nil
Platform Availability	AMP North, BT Panorama, Hub24, Macquarie Wrap and Netwealth

A Proven Track Record

We have over 80 years combined investment experience, running a variety of very successful portfolio strategies.

Robust Investment Process

We aim to invest in Quality companies for the long-term using a process and philosophy that has been honed for generations.

Founder Led Alignment

We aim to invest in founder-led businesses. Founder-led businesses tend to outperform significantly over the long-term¹.

Industry low Fees

Our fees are among the lowest in the Australian market². Low fees boost the ability to effectively compound capital over time.

FUND COMMENTARY

Equities had a bumpy start to August. The selloff on Wall Street began with some fundamental concerns: Tech earnings were disappointing and there were red flags in the US labour market. There was also volatility associated with the Yen carry trade. Yet markets recovered as the month went on. As Australian companies delivered their half-yearly results through August, the local equity market managed to grind higher (ASX 300 up 0.5%). Mid-cap stocks were strong, increasing 2.0%. However, the Small Ordinaries continued to lag, down 1.6%. The Fund also declined (by 2.5%).

The August 2024 Reporting Season revealed several complexities. Technology sectors showed strong performance, consumer resilience exceeded expectations, while the outlook for resources and energy remained mixed, with more short-term challenges than opportunities.

Inflation remains a concern, though it has moderated. Management teams have generally done well in controlling costs but rising borrowing expenses have impacted some businesses. While management guidance was largely conservative and limited, it was encouraging to see many consumer-facing companies report a solid start to FY25.

Overall, we rated the Reporting Season as a "Pass," with results characterised by consensus as "better than feared." This reflects a cautious optimism, given the low investor expectations leading into the August reporting period.

There were some notable highlights in our portfolio holdings. Charter Hall (CHC) was one of only a small number of companies to provide strong quantitative guidance and was rewarded. The stock closed up 14% for the month. Several Consumer Discretionary stocks delivered

reasonable results (notably ARB, HVN and REH). Contrary to earlier predictions of a sustained economic downturn, Australian consumers are not on strike; rather, they are increasingly focused on value. Early trading data for FY25 is promising, and management outlooks indicate that activity levels may have already reached their lowest point. With the possibility of interest rate cuts over the next 12 months, there is optimism that these factors could drive further market gains.

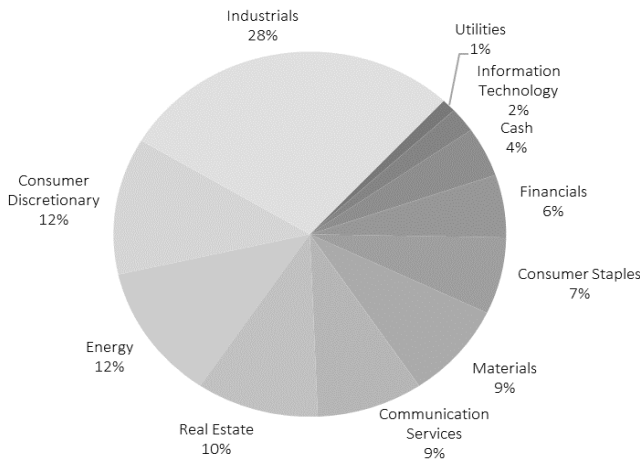
There were some disappointments, and a common theme in that was M&A (either planned or underperforming). A solid IPH result coincided with management announcing a capital raising to fund an acquisition in Canada. We believe the timing of the raising took the shine off a great set of numbers and a likely re-rating. We still think the IPH's prospects are excellent, and the stock is cheap. However, we'd like to see IPH now bed down its existing acquisitions. Yancoal Australia is another company putting M&A at the forefront of growth plans. We were disappointed that the Board decided to abandon the dividend in the near-term.

Reporting Season always sees some stocks thrown out by the market on negative short-term news. Two companies that we have been watching were examples of this. Following share price weakness post result, we have added PWR Holdings and Lovisa to the portfolio. Both companies are founder-led, have strong growth prospects and are well capitalised.

The recent results again underpinned the case for Quality investing. Those businesses with sound growth prospects and strong financials that are run by capable and trustworthy managers did best.

* Management fee 0.60% per annum (excluding GST) of the net asset value of the Fund (after any current accrued Management Fees and expenses). ¹ Bain & Company: Founder-Led Companies Outperform the Rest – Here's Why (2016). ² Morningstar data

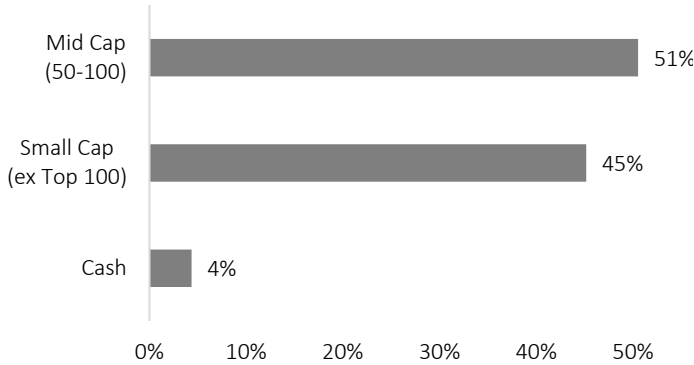
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

1	Metcash Limited
2	IPH Limited
3	Ampol Limited
4	Vicinity Centres
5	Charter Hall Group
6	GQG Partners
7	Flight Centre Travel Group
8	Harvey Norman
9	Orora Limited
10	ARB Corporation

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS

Return on Capital Employed	21.4%
Operating Margin	24.6%
P/E Ratio (FY1e)	13.4x
EPS Growth	10.8%
Historical Net Distribution Yield*	5.0%

Source: Factset, Contact Asset Management estimates. *The Distribution Yield is based on December 2023 and June 2024 distributions totalling 6.1cpu and 31 July 2024 NAV price of \$1.22

Performance to 31 August 2024	1 Month	1 Year	2 Years (p.a.)#	3 Years (p.a.)#	Since Inception (p.a.)#
Contact Australian Ex-50 Fund	-2.5%	5.5%	5.3%	-0.9%	8.1%
S&P/ASX Small Ordinaries Index	-1.6%	8.5%	3.6%	-2.9%	10.4%
S&P/ASX Mid-cap 50 Index	2.0%	9.8%	6.0%	5.3%	18.2%
Targeted return of 10% per annum		10.0%	10.0%	10.0%	10.0%

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.

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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