

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APIR Code: EVO4741AU

MONTHLY REPORT: DECEMBER 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	29
NAV Unit Price	\$1.18 (ex-distribution)
Management Fee*	0.60% per annum (excluding GST)
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 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-term.

Industry low Fees

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

FUND COMMENTARY

The Australian Equities market finished the calendar year on a soft note, falling 3.1% in December. The S&P/ASX Midcap 50 gave back some of its previous strong gains, falling 3.8%, while the S&P/ASX Small Ordinaries declined 3.2%. The Fund did slightly better than the market yet decreased by 2.9%.

The Santa rally was disrupted by a more hawkish US Federal Reserve, which signalled a materially slower easing of rates path through 2025. Consensus now expects only two cuts. In Australia, hopes of more interest rate cuts could be longer dated, with an unexpectedly strong unemployment rate of 3.9%. These macro factors were a main factor in the softer equities market performance.

Sector performance was again mixed, with Consumer Staples leading the way, returning 0.7% for December 2024. Utilities had another good period, returning 0.4%, while Energy finally found some support, returning 0.1% in a very weak market. In contrast, Real Estate delivered a weak return in December of -6.0% with most stocks in this segment trading ex-distribution during the month. Materials lagged again, delivering -4.5% in December. On a one-year basis to 31 December 2024, the Materials sector has returned -13.8%, the worst of all sectors.

Metcash Limited (MTS) delivered its interim FY2025 result with Food (ex-tobacco) and Liquor performing well in a difficult market. The result was offset by weaker demand and promotional activity in Hardware. We consider MTS to be a well-managed business, and it has already responded to the weaker conditions by implementing additional cost management initiatives. Importantly, MTS's Food division accounts for 45% of EBIT and saw Supermarkets and Convenience revenue increase

by 3.2%, with overall revenue increasing by 10% following the Superior Foods acquisition. The shares closed the month 2% higher in a weak market. MTS remains an important portfolio holding and offers a forecast FY2025 grossed up yield of 8.4%.

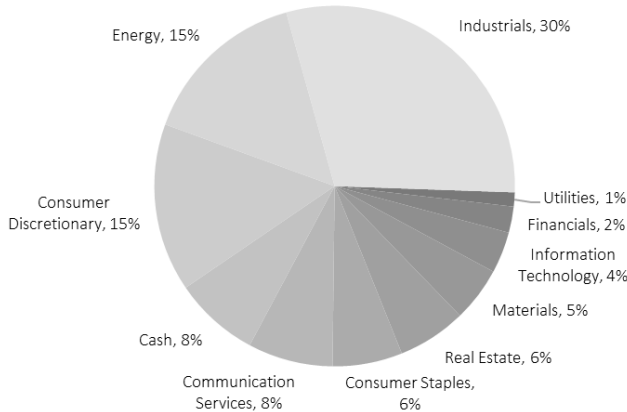
We attended the Harvey Norman (HVN) Annual General Meeting in early December and remain impressed by the strong growth prospects in overseas jurisdictions. We believe that the market fails to appreciate the opportunity for growth that this presents for HVN. Malaysia remains a major growth region with 80 stores flagged and HVN has just opened its first store in England. With a strong Balance Sheet, backed by property assets and a compelling dividend yield, we continue to rate HVN as a core investment.

We lightened our exposure to GQG Partners (GQG) during the month but still retain a holding in the company. The stock has been an excellent performer for the Fund as the business has increased Funds Under Management significantly. It is testament to the power of founder-led businesses. We consider that the rate of growth could slow over the medium term and think the stock is now appropriately valued. We see better value opportunities elsewhere.

We expect periods of volatility in 2025. We will continue to focus on investing in quality companies. As it stands, the portfolio demonstrates a good mix of income and growth. Importantly, the portfolio metrics are also compelling with a P/E multiple of the Ex-50 Fund at 14x times vs c.19x for the market.

Finally, the Fund paid a semi-annual distribution of 1.43 cents per unit on 31 December.

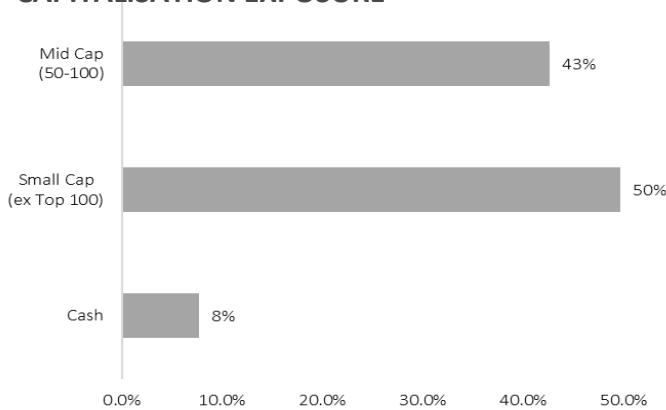
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

1	Ampol Limited
2	Metcash Limited
3	IPH Limited
4	Harvey Norman
5	Whitehaven Coal
6	Flight Centre Travel
7	REA Group
8	Deterra Royalties
9	Redox Limited
10	Hansen Technologies

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS

Return on Capital Employed	24.1%
Operating Margin	21.1%
P/E Ratio (FY1e)	14.5x
EPS Growth	17.6%
Historical Net Distribution Yield*	4.9%

Source: Factset, Contact Asset Management estimates. *The Distribution Yield is based on June 2024 and December 2024 distributions totalling 5.7cpu and 31 December 2024 NAV price of \$1.18

Performance to 31 December 2024	1 Month	1 Year	2 Years (p.a.)#	3 Years (p.a.)#	Since Inception (p.a.)#
Contact Australian Ex-50 Fund	-2.9%	1.4%	7.3%	-1.0%	6.9%
S&P/ASX Small Ordinaries Index	-3.2%	8.4%	8.1%	-1.6%	10.6%
S&P/ASX Mid-cap 50 Index	-3.7%	12.5%	10.1%	4.3%	17.7%
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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