

Contact Australian Ex-50 Fund

ARSN: 639 574 708 | APIR Code: EVO4741AU

MONTHLY REPORT: JANUARY 2025



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 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	\$1.21
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 opened calendar year 2025 on a positive note. The S&P/ASX Midcap 50 continued its outperformance, gaining 5.6% in January and increased 21% over the past twelve months. The Small Ords Accumulation Index gained 4.6%. The Fund increased in value by 2.5%.

The new US Presidency team will remain a focal point for financial markets with critical policy decisions expected to drive currency valuations and terms of trade. Inflation remains the central concern in global economic discussions influencing both policy decisions and market sentiment. Fortunately, Australian inflation data released in January was lower than consensus, with the six-month annualised inflation rate now well within the RBA's target band. These recent numbers suggest that the RBA Cash Rate could fall three times, reaching 3.60% by mid-2026, with some economists now forecasting the first cut to be in February.

The prospect of interest rate cuts aided Consumer Discretionary stocks, with the sector up almost 7% for the month. Financials (+6.1%) and Real Estate (+4.6%) stocks also benefitted from the renewed optimism. As a result, some of the best performing stocks in the Fund were Harvey Norman (HVN.ASX), Charter Hall (CHC.ASX) and Flight Centre (FLT.ASX).

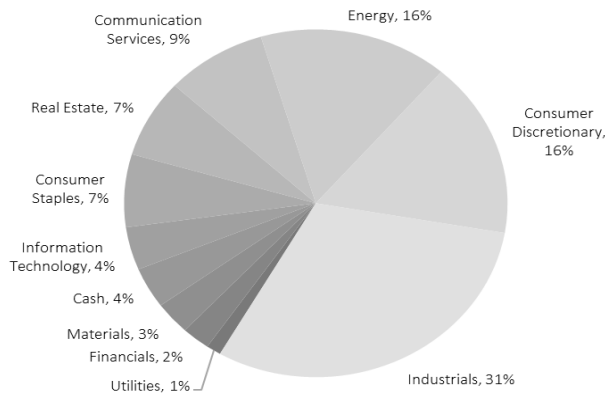
We made a few changes to the portfolio during January. We have exited Deterra Royalties (DRR.ASX) and Kelsian Group (KLS.ASX) as we are concerned about the long-term growth prospects following M&A activity in recent years. We believe that the underlying investment case has changed for both companies. We have reestablished a position in Orora (ORA.ASX) following the divestment of the US based OPS

business. ORA is focused as a global beverage packaging business with solid growth prospects and an excellent Balance Sheet, which will be used to fund a buy-back. We also added Smartgroup (SIQ.ASX), a business that specialises in outsourced employee benefits and administration services, with a particular focus on novated leasing. We see good value in the stock given its strong ROIC metrics and prospects for attractive dividends.

The upcoming February Reporting Season will be interesting as always. As we've seen in recent result periods, market reactions to disappointing results can be extreme, with 20%+ moves not out of the ordinary. Nevertheless, there is much to be optimistic about. Corporate confidence is rising as supply chain disruptions diminish and interest rate uncertainty stabilizes. A robust labour market and steady GDP growth further bolster sentiment, while share buybacks and dividend increases could enhance investor returns. If guidance from executives remains constructive, markets may respond favourably, reinforcing the upward momentum in equities.

We note that the relative underperformance of the Fund has been partly attributable to the exceptional strength of IT stocks, which we have been underweight. This has a challenging backdrop for active managers with a more diversified and balanced approach. Our focus remains on quality investing for the long term, prioritizing strong fundamentals, sustainable growth, and valuation discipline over short-term market momentum. We are confident our disciplined strategy will deliver improved performance, rewarding patient investors as fundamentals reassert themselves over time.

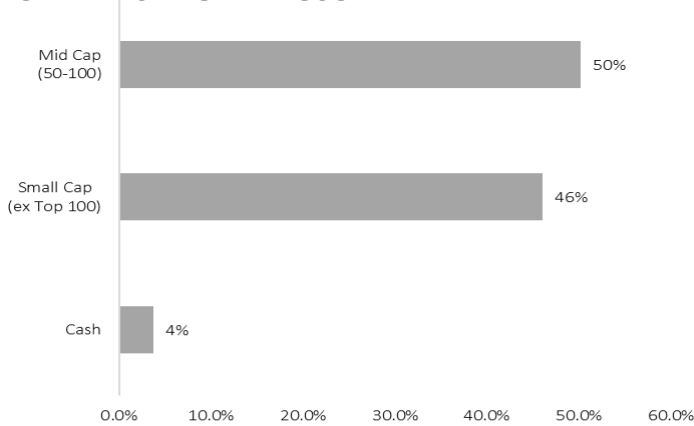
PORTFOLIO CHARACTERISTICS



TOP 10 POSITIONS

1	Ampol Limited
2	Metcash Limited
3	Harvey Norman
4	IPH Limited
5	Whitehaven Coal
6	REA Group
7	Flight Centre Travel
8	Yancoal Australia
9	Hansen Technologies
10	ARB Corporation

CAPITALISATION EXPOSURE



QUALITY & VALUATION RATIOS

Return on Capital Employed	17.5%
Operating Margin	18.9%
P/E Ratio (FY1e)	14.3x
EPS Growth	16.7%
Historical Net Distribution Yield*	4.7%

Source: Factset, Contact Asset Management estimates. *The Distribution Yield is based on June 2024 and December 2024 distributions totalling 5.7cpu and 31 January NAV price of \$1.21

Performance to 31 January 2025	1 Month	1 Year	2 Years (p.a.)#	3 Years (p.a.)#	Since Inception (p.a.)#
Contact Australian Ex-50 Fund	2.5%	1.7%	5.6%	2.8%	7.3%
S&P/ASX Small Ordinaries Index	4.6%	12.3%	7.1%	3.1%	11.2%
S&P/ASX Mid-cap 50 Index	5.6%	21.3%	9.8%	9.5%	18.3%
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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