

ELVEST

The Elvest Fund

Monthly Report - August 2024

Commentary

The Elvest Fund returned -4.1% for August, versus the Benchmark return of -2.0%. Since inception, the Fund has returned a total of 37.8% after fees, ahead of the benchmark return of 4.5%.

August started with indices sharply down on softer than expected US employment data and a sudden unwind of the yen carry trade. A flight of capital to ASX gold stocks and large caps saw each finish the month up 6.7% and 0.7% respectively.

A nervous market was evident in the dispersion in monthly returns within our wider watchlist. Two thirds moved by 5% (+/-) or more, with a negative skew.

This dynamic also reflected tempered outlooks for FY25. In terms of guidance surprises, there were far more misses than beats. A ratio greater than two to one perhaps highlights a more cautious company management view on the economic outlook.

Key contributors for the month were Zip Co (ZIP) and Life360 (360). The main detractors were Johns Lyng Group (JLG), Jumbo Interactive (JIN), and Dicker Data (DDR).

JLG was the main driver of Fund underperformance during the month. The company attributed "unusually benign weather" for missing core (non-catastrophe) FY24 insurance building earnings expectations. FY25 guidance was also 14% below consensus.

Weather aside, JLG was paused from job allocations by a major insurer during the half. Transparent communication and consistent execution are important pillars for Elvest. We exited the position, and redeployed accordingly.

ZIP advanced on a dramatically improving outlook for its US operations, which swung to a \$77m pre-tax profit on 46% revenue growth in FY24. Management pointed to top-line growth continuing at similar rates over the next 2 years with only modest increases in operating

expenditure, which, if delivered, imply powerful earnings growth. Recent integrations with Stripe, GooglePay and (potentially) Apple will help towards its medium term targets.

Leading family tracking app provider 360 rallied on a strong Q2 result and CY24 earnings upgrade. Paying subscriptions increased by 128k to breach 2 million, up 25% YoY and well ahead of expectations. 360 is currently exploring strategies to monetise its wider base of 71 million active users. Platform advertising has recently been launched, and agencies such as elderly monitoring and family financial services have been flagged as future opportunities.

Trivial short term factors weighed on the prices of JIN and DDR during the month, though our theses are unchanged. JIN's core Australian lotteries business is executing well into a growing online market, and DDR is poised to benefit from a strong technology refresh cycle in the coming years.

While results for the month were disappointing, with the benefit of new data we have improved the Portfolio by reallocating capital to strong businesses executing into large market opportunities.

Top Holdings (alphabetical order)

360	Life360
NGI	Navigator Global Investments
NWS	News Corporation
RUL	RPMGlobal
ZIP	Zip Co

Performance	1 Month	1 Year	2 Years p.a.	Since Inception p.a.*	Since Inception*
The Elvest Fund	-4.1%	15.6%	14.7%	15.3%	37.8%
S&P/ASX Small Ords TR Index	-2.0%	8.5%	3.6%	2.0%	4.5%
Outperformance	-2.1%	7.1%	11.1%	13.3%	33.3%

* Inception date 1 June 2022. Performance after all fees & expenses. Ex distribution unit price (1/9/2024): MID (\$) 1.2390, ENTRY (\$) 1.2421, EXIT (\$) 1.2359.

This information refers to investments in The Elvest Fund (The Fund). Any person wishing to invest in the Fund should review the Information Memorandum and seek legal, financial and taxation advice. The trustee of the Fund is Fundhost Limited (ABN 69 092 517 087, AFSL No. 233 045). Elvest Co Pty Limited (ABN 65 657 018 614, AFSL 547262) is manager of The Fund. Only investors who are wholesale clients (as defined in s761G and s761GA of the Corporations Act 2001 (Cth)) may invest in the Fund. An investment may achieve a lower than expected return and investors risk losing some or all of their principal investment. Past performance is no indication of future performance.

The Manager

Elvest Co is a boutique investment manager specialising in small cap Australian equities. Independently owned and operated by managers with a strong track record, Elvest Co is the investment manager of The Elvest Fund.



Adrian Ezquerro
Principal & Portfolio Manager

Adrian is a Portfolio Manager of the Elvest Fund, and a co-founder of investment management company Elvest Co Pty Limited. Adrian has over 15 years' experience in financial markets, with prior roles including Analyst, Senior Analyst, Portfolio Manager and Head of Investments.



Jonathan Wilson CFA
Principal & Portfolio Manager

Jonathan is a Portfolio Manager of the Elvest Fund, and a co-founder of investment management company Elvest Co Pty Limited. Jonathan has 10 years' experience in financial markets, with prior roles including Analyst, Senior Analyst and Portfolio Manager.

Investment Approach

Our bottom-up research and company visitation program results in an actively managed portfolio of high-quality Australian businesses offering dynamic growth. We seek to own a part share of established emerging leaders that are still relatively early in their life cycle. We therefore expect to benefit from the earnings and dividend growth that often follows. We target companies that have emerging industry leadership, a strong balance sheet, healthy cash generation, aligned management teams and large opportunity sets.

About The Fund

The Elvest Fund is a long only, small cap Australian equities fund. The Fund typically invests in 20-40 companies that are outside of the S&P/ASX 100 at the time of initial inclusion. The objective is to provide strong absolute returns to investors, while also outperforming its Benchmark over the long term.

Fund Information

Name	The Elvest Fund	Investment Eligibility	Wholesale only
Structure	Wholesale Unit Trust	Minimum Investment	\$250,000 (unless otherwise agreed)
Investment Universe	ASX-Listed small caps	Liquidity	Monthly
Benchmark	S&P/ASX Small Ords Accum. Index	Distributions	Annually
Number of Holdings	20 to 40 securities	Fees	1.28% (incl. GST, net of RITC)
Stock Limit	10% at cost		20.5% (incl. GST, net of RITC) of outperformance of the Benchmark, subject to a high water mark.
Investment Timeframe	5 years+	Administration	Fundhost
APIR Code	FHT0540AU	Custodian	National Australia Bank
Platform Availability	HUB24, Netwealth		

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