

ELVEST

The Elvest Fund

Monthly Report - December 2023

Commentary

The Elvest Fund returned 9.3% for December, versus the Benchmark return of 7.2%. Since inception, the Fund has returned a total of 24.1% after fees, ahead of the benchmark return of 0.3%. The Fund closed the month with approximately 3.3% of assets held in cash.

Equities rallied strongly for the second straight month during December, as central banks paused rates on cooling inflation data. Although the ASX Small Ordinaries Index gained over 14% in the final two months of 2023, small cap valuations remain attractive, in our view.

Key contributors for the month were Neuren Pharmaceuticals (NEU), RPMGlobal (RUL), Lovisa (LOV), and Navigator Global Investments (NGI). There were no notable detractors.

NEU, a developer of therapies for neurodevelopmental disorders, announced positive top-line results from its Phase 2 Phelan-McDermid syndrome (PMS) clinical trial of its drug NNZ-2591. Results exceeded expectations, and appear to be even stronger than NEU's highly successful first drug, Daybue, which was approved by the US FDA for treatment of Rett syndrome in March 2023.

The PMS results bode well for the Phase 2 trials of NNZ-2591 for Pitt Hopkins syndrome, Angelman syndrome and Prader-Willi syndrome, results of which will be released during CY24. In the meantime, we expect to see continued strong sales growth for Daybue, which is licensed to NASDAQ-listed Acadia, who will next report in early February.

RUL rose on no news in December. It was perhaps due, after muted receptions to the company's October and November EBITDA upgrades. We expect typically modest cash flow for RUL's December half, reflecting the strong 2H skew of the company's maintenance and subscription software billing cycle.

FY24 EBITDA guidance sits at \$21m to \$23.5m, up by around 50% on FY23. Despite the recent rally, RUL remains materially undervalued, in our view.

LOV opened its first store in China during the month, a market in which CEO Victor Herrero has deep experience, having opened over 600 stores in previous roles. LOV currently has a presence in over 40 markets with the US currently driving Group store network growth in the mid to high teens (%) in FY24. Success in China could potentially extend this runway by several years.

NGI completed a \$120m equity raising in December, with proceeds used to expedite settlement of the outstanding redemption payment owing to GP Strategic. NGI will now receive 100% of the distributions coming from the NGI Strategic Portfolio (previously shared with GP Strategic), resulting in a step change to Group EBITDA.

Based on average profit distributions from the portfolio over the last 3-5 years, NGI would have generated approximately US\$70m (A\$103m) of pro forma EBITDA in FY23. This compares well to an enterprise value of A\$750m, and provides a strong cash flow stream to pursue its growth objectives.

Top Holdings (alphabetical order)

CTD	Corporate Travel Management
JLG	Johns Lyng Group
NEU	Neuren Pharmaceuticals
NGI	Navigator Global Investments
RUL	RPMGlobal

Performance	1 Month	1 Year	Since Inception p.a.*	Since Inception*
The Elvest Fund	9.3%	20.9%	14.6%	24.1%
S&P/ASX Small Ords TR Index	7.2%	7.8%	0.2%	0.3%
Outperformance	2.1%	13.1%	14.4%	23.8%

* Inception date 1 June 2022. Performance after all fees & expenses. Unit price (31/12/2023): MID (\$) 1.1821, ENTRY (\$) 1.1851, EXIT (\$) 1.1791.

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 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 8 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
Investment Timeframe	5 years+		outperformance of the Benchmark, subject to a high water mark.
APIR Code	FHT0540AU	Administration	Fundhost
Platform Availability	HUB24	Custodian	National Australia Bank

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