

ELVEST

The Elvest Fund

Monthly Report - December 2024

Commentary

The Elvest Fund returned -4.8% for December, versus the Benchmark return of -3.1%. Since inception, the Fund has returned a total of 39.6% after fees, ahead of the benchmark return of 8.7%.

With portfolio company specific newsflow muted during the month, returns were largely driven by macroeconomic events, headlined by a more hawkish Federal Reserve.

At their December meeting, The Fed signalled a materially slower easing path through 2025, sending bond yields higher and equities lower. The median FOMC member now expects to deliver only two interest rate cuts in 2025, down from five previously. As a result, the 10-year US bond yield shot up 40bps to close the month at 4.58%.

The key contributor for the month was Navigator Global Investments (NGI). The main detractors were Zip Co (ZIP) and Life360 (360).

NGI rose on no news. Wholly owned US subsidiary Lighthouse Partners outperformance, if sustained over the December quarter, should deliver healthy CY24 performance fee income for the Group.

ZIP's co-founder Larry Diamond stepped down as director and US Chairman to focus on his own Family Office and philanthropy. The move was the culmination of a leadership transition that has seen a swift financial turnaround over the last 2 years. ZIP's US app appeared to perform well over the Christmas period, which bodes well for the December quarter result due later this month.

360 declined on news unrelated to execution and performance, with the share price impacted by the reversal of the November Russell index upweight.

Block Inc (SQ2), a new top 5 holding, has numerous compelling growth opportunities for its consumer-side (Cash App) and merchant-side (Square) divisions. Coupled with the company's recent cost-cutting, SQ2 is set up for a period of strong earnings growth.

Cash App, a mobile financial services app, has amassed 57 million users in the US and regularly features at the top of iOS and Android rankings for Finance. SQ2's 'Bank the base' strategy involves driving adoption of saving, lending and spending tools within Cash App to better monetise its base, around half of which are free users of SQ2's peer-to-peer payments tool.

The main pillar driving monetisation is Cash App Card, which currently has 24 million active users. SQ2's focus for 2025 is on driving adoption of 'Paycheck Deposit' users from 2 million last year, and integration of Afterpay on Cash App Card, which could significantly improve per-user inflows and monetisation rate, respectively.

Square provides payments and business management hardware and software to over 4 million merchants ('sellers') globally. In 2H CY24 SQ2 consolidated Square's platform and added flexible checkout features for sellers including bar tabs and pre-authorised payments, the absence of which had been a hand brake on growth. With improved products and streamlined development infrastructure, the focus for 2025 is on ramping up seller adoption.

We enter 2025 focused and excited about the return potential embedded in the portfolio. Thank you for investing your capital alongside ours in The Fund.

Top Holdings (alphabetical order)

360	Life360
NGI	Navigator Global Investments
NWS	News Corporation
SQ2	Block Inc
ZIP	Zip Co

Performance	1 Month	1 Year	2 Years p.a.	Since Inception p.a.*	Since Inception*
The Elvest Fund	-4.8%	12.5%	16.6%	13.8%	39.6%
S&P/ASX Small Ords TR Index	-3.1%	8.4%	8.1%	3.3%	8.7%
Relative Performance	-1.7%	4.1%	8.5%	10.5%	30.9%

* Inception date 1 June 2022. Performance after all fees & expenses. Unit price (1/1/2025): MID (\$) 1.2552, ENTRY (\$) 1.2583, EXIT (\$) 1.2521.

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 and mid 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 over 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 Australian equities fund. The Fund invests in 20-40 companies that are typically 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 and mid 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, Netwealth	Custodian	HSBC

Contact

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