

ELVEST

The Elvest Fund

Monthly Report - February 2024

Commentary

The Elvest Fund returned 4.6% for February, versus the Benchmark return of 1.7%. Since inception, the Fund has returned a total of 32.6% after fees, ahead of the benchmark return of 2.9%. The Fund closed the month with approximately 4% of assets held in cash.

While Australian CPI steadied at two year lows of 3.4%, stronger than expected jobs and inflation data in the US drove bond yields higher during the month. That said, the macro largely took a back seat to the company specific details of reporting season in recent weeks.

Aggregate results and outlook statements were moderately better than expected, particularly for our investable universe, and reflect a resilient domestic and global economy.

Key contributors for the month were RPMGlobal (RUL), Lovisa (LOV), Jumbo Interactive (JIN), and Fiducian Group (FID). The main detractors were Corporate Travel Management (CTD) and Neuren Pharmaceuticals (NEU).

RUL rallied 24% during February, having delivered first half EBITDA of \$10m, which was up 89% on the pcp. While a pleasing result, the outlook is even more encouraging. RUL indicated that demand for its software was increasing across multiple geographies, which, alongside flattening research and development spend, should drive strong earnings growth in coming periods.

LOV surged following a better than expected first half result, with EBIT up 16% to \$82m, in part driven by a near record gross profit margin of 80.7%. Recent like for like sales turned positive, which bodes well for second half earnings.

Looking beyond FY24, we remain excited about the company's aggressive global store roll program, which could ultimately double or triple the existing footprint of 860 stores across over 40 markets.

Despite operating in vastly different sectors, JIN and FID share several characteristics in common. Both are founder led, have strong net cash balance sheets, generate lots of cash, and have deep pools of growth opportunities. Each delivered sound first half results highlighted by healthy revenue growth, sensible cost control, and better than expected earnings and fully franked dividends.

CTD fell during the month following the release of a significant FY24 earnings downgrade, driven mainly by an underperforming UK government contract and its US division, which slowed sharply during the December quarter. We exited the position and allocated capital to companies with stronger operational momentum, but will monitor CTD's progress through the remainder of the year.

NEU had an eventful month. A short report targeting NEU's US partner, Acadia Pharmaceuticals, combined with unexpected holiday-period seasonality in sales for its flagship drug, Daybue, shook investor confidence.

Our thesis for NEU is unchanged. New CY24 Daybue sales guidance of US\$370 - 420m (+120%) underpins another solid year of royalty and milestone revenue for NEU. This will aid commercialisation of its exciting pipeline drug, NNZ-2591, which has the potential to grow NEU's addressable market fivefold in the coming years.

Top Holdings (alphabetical order)

JIN	Jumbo Interactive
JLG	Johns Lyng Group
LOV	Lovisa
NGI	Navigator Global Investments
RUL	RPMGlobal

Performance	1 Month	1 Year	Since Inception p.a.*	Since Inception*
The Elvest Fund	4.6%	24.3%	17.5%	32.6%
S&P/ASX Small Ords TR Index	1.7%	7.8%	1.7%	2.9%
Outperformance	2.9%	16.5%	15.8%	29.7%

* Inception date 1 June 2022. Performance after all fees & expenses. Cum distribution unit price (1/3/2024): MID (\$) 1.2631, ENTRY (\$) 1.2662, EXIT (\$) 1.2599.

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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