

ELVEST

The Elvest Fund

Monthly Report - July 2023

Commentary

The Elvest Fund returned +4.1% for July, versus the Benchmark return of +3.5%. Since inception, the Fund has returned a total of +16.9% after fees, ahead of the benchmark return of -2.4%. The Fund closed the month with approximately 10% of assets held in cash, after paying out the annual distribution (\$0.0532 per unit) during the month.

Markets were buoyed by cooling inflation, with the rate of annual price growth in the US slowing to 3% in June, from 4% in May. Domestic inflation slowed to 6%, down from 7% in the prior month. We are nearing peak rates, and investors are increasingly looking through to recovery on the other side.

More relevant to us was the company-specific newsflow covering the June quarter and pre-reporting season guidance. Approximately one third of the Fund's holdings provided updates, which were broadly satisfactory and well-received.

Key contributors for the month were RPMGlobal (RUL), Corporate Travel Management (CTD), and Navigator Global Investments (NGI). The main (though modest) detractor was Dicker Data (DDR).

Mining operations software provider RUL updated on software sales and EBITDA guidance for FY23 with Total Contract Value (TCV) and Annually Recurring Revenue up 25% to \$70.5m and \$55m, respectively. Underlying EBITDA is expected to triple to \$15m, highlighting the operating leverage built into RUL's business model. With a net cash balance sheet and growing pipeline we are looking ahead to another solid year for what is still an under the radar small cap.

CTD, a leading global corporate travel specialist, provided FY23 guidance that was slightly ahead of expectations. Operational momentum continues to build solidly, with 2HFY23 earnings expected to be more than double that of the first half.

The \$2.95bn of annualised new client wins picked up during FY23 are yet to materially transact, which bodes well for earnings growth in future periods.

Alternative asset manager NGI delivered its June quarterly assets under management (AUM) update during the month, highlighting sound performance and positive net fund flows.

NGI is working towards execution of its Strategic Portfolio transaction, as detailed in our prior monthly report, which we believe will unlock considerable value for investors in due course.

DDR, Australia's dominant mid-market IT distributor, declined on no company-specific news. While macroeconomic concerns are perhaps weighing on the stock, our view is that DDR will continue to increase its market share from 35% currently. With a significant expansion underway at the Kurnell headquarters, DDR is primed for future technology refresh cycles across its diverse customer base.

August reporting season will reveal further insights across Elvest's shortlist of 100 or so companies. As always, financial strength and strategy execution will be the focus, and we look forward to updating on Fund activities next month.

Top Holdings (alphabetical order)

CTD	Corporate Travel Management
FID	Fiducian Group
JLG	Johns Lyng Group
NGI	Navigator Global Investments
RUL	RPMGlobal

Performance	1 Month	1 Year	Since Inception p.a.*	Since Inception*
The Elvest Fund	+4.1%	+9.9%	+14.3%	+16.9%
S&P/ASX Small Ords TR Index	+3.5%	+0.8%	-2.1%	-2.4%
Outperformance	+0.6%	+9.1%	+16.4%	+19.3%

* Inception date 1 June 2022. Performance after all fees & expenses. Ex distribution unit price (1/8/2023): MID (\$) 1.1136, ENTRY (\$) 1.1164, EXIT (\$) 1.1108.

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) 20.5% (incl. GST, net of RITC) of outperformance of the Benchmark, subject to a high water mark.
Stock Limit	10% at cost	Administration	Fundhost
Investment Timeframe	5 years+	Custodian	National Australia Bank

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