

ELVEST

The Elvest Fund

Monthly Report - July 2024

Commentary

The Elvest Fund returned 0.4% for July, versus the Benchmark return of 3.5%. Since inception, the Fund has returned a total of 43.7% after fees, ahead of the benchmark return of 6.7%. The Fund closed the month with approximately 3% of assets held in cash.

Underperformance for the month partly reflected the Fund's underweight positioning in the strongly performing consumer discretionary and gold sectors.

The final day of the month proved to be the most productive for small cap equities, with a better than expected inflation data release driving a robust rally. Trimmed mean inflation came in at 0.8% for the quarter, well below forecasts of 1.0%.

Both markets and the RBA breathed a sigh of relief, with a view of moderating inflation seemingly restored following the above forecast March quarter print.

Key contributors for the month were Zip Co (ZIP) and Nick Scali (NCK). The main detractors were Navigator Global Investments (NGI) and RPMGlobal (RUL).

ZIP leapt on another strong quarterly driven by its US division. FY24 was a major clean up job overseen by new CEO Cynthia Scott, resulting in a phenomenal financial turnaround. Having sensibly shed loss-making international operations, ZIP now generates over \$100m in annual operating earnings from its profitable Australian and US businesses. The company also extinguished remaining corporate debt facilities during the month, via a \$267m equity raise.

ZIP's customer base could be attractive to potential suitors in the US, with FY24 growth coming largely via higher repeat usage.

NCK rallied on no news during the month, though was perhaps buoyed by the latest ABS data indicating resilient furniture sales.

With NGI and RUL approximately doubling off their respective 2023 lows, both stocks took a breather during the month of July.

NGI edged lower following the release of its June quarter Assets Under Management (AUM) update. Ownership adjusted AUM fell by 0.4% in the quarter to US\$26.2b, with strong fund performance offset by outflows.

We retain a positive view on NGI. Fund performance and longer term flow trends are sound, and the recent earnings upgrade reflects strong execution. NGI's growing cash pile and access to debt funding provides scope for acquisitions of additional stakes in the near term. Despite its significant reinvestment opportunity, NGI still trades on a double digit free cash flow yield.

RUL pared recent gains following the announcement of earnings guidance for FY24. The update mildly disappointed, though only reflected reduced perpetual sales and the timing of subscription licence deals. Neither factor alters the substantial demand profile for RUL's software among global miners, nor the attractive value proposition of the stock.

Given the mix of solid fundamental value and stabilising macro, the Elvest team is constructive on the outlook for small caps. As a result, the Manager and Elvest Portfolio Managers all added to their Fund investment ahead of the August reporting season.

Top Holdings (alphabetical order)

FID	Fiducian Group
JLG	Johns Lyng Group
NGI	Navigator Global Investments
RUL	RPMGlobal
ZIP	Zip Co

Performance	1 Month	1 Year	2 Years p.a.	Since Inception p.a.*	Since Inception*
The Elvest Fund	0.4%	22.9%	16.2%	18.2%	43.7%
S&P/ASX Small Ords TR Index	3.5%	9.3%	4.9%	3.0%	6.7%
Outperformance	-3.1%	13.6%	11.3%	15.2%	37.0%

* Inception date 1 June 2022. Performance after all fees & expenses. Unit price (1/8/2024): MID (\$) 1.2915, ENTRY (\$) 1.2947, EXIT (\$) 1.2883.

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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