

ELVEST

The Elvest Fund

Monthly Report - June 2024

Commentary

The Elvest Fund returned 1.5% for June, versus the Benchmark return of -1.4%. Since inception, the Fund has returned a total of 43.1% after fees, ahead of the benchmark return of 3.1%. The Fund closed the month with approximately 2% of assets held in cash.

June was a solid finish to what was a productive financial year for the Fund, despite the relative underperformance of small caps persisting throughout FY24.

Domestic headline inflation was again above expectations at 4.0% for the year to May, representing an acceleration from the April rate of 3.6%. As a result, at least one further rate hike can't be ruled out in upcoming RBA deliberations.

While cash rates may remain at prevailing levels for longer than initially forecast, we expect small caps to outperform whenever the cycle shifts towards an easing bias.

Key contributors for the month were Navigator Global Investments (NGI) and Jumbo Interactive (JIN). The main detractors were Hansen Technologies (HSN) and Smartpay (SMP).

NGI rallied following an earnings upgrade, with the company now expecting to deliver adjusted EBITDA of between US\$85m and \$90m for FY24, which was approximately 15% ahead of consensus expectations.

The upgrade reflected better than expected profit distributions from the NGI Strategic portfolio, as well as healthy CYTD investment performance from Lighthouse.

NGI enters FY25 with a growing baseline of recurring earnings and a strong set of performance numbers across the breadth of its portfolio. Even after rallying strongly over the past year, NGI is still attractively priced at a free cash flow yield of about 10%.

JIN rose on no news. The digital lottery retailer enjoyed favourable jackpot activity during FY24, including a record \$200m draw in the June half, which bodes well for a strong FY24 result in August.

It was an eventful month for leading utility billing software provider HSN, with a leadership change announcement followed by a large contract renewal and upgrade.

Concerns about organic growth appear overdone, and we have confidence in management's ability to create value via M&A. As such, we used share price weakness to increase our position during the month.

SMP declined modestly having reported its FY24 result in late May. The result was in line with expectations, driven by the Australia division which saw revenues up 31% in challenging economic conditions.

SMP will imminently launch payments acquiring services in its home market of New Zealand, where it has thus far operated a payments terminal rental business. Successful execution of this strategy should result in significantly higher earnings for SMP, in our view.

We anticipate that the Fund will declare a distribution for FY24, details of which will be available to investors in the coming weeks.

During July we will be preparing for the upcoming reporting season, with a focus on those companies whose structural demand drivers strongly outweigh the effects of a weaker economic environment.

Top Holdings (alphabetical order)

FID	Fiducian Group
JIN	Jumbo Interactive
JLG	Johns Lyng Group
NGI	Navigator Global Investments
RUL	RPMGlobal

Performance	1 Month	1 Year	2 Years p.a.	Since Inception p.a.*	Since Inception*
The Elvest Fund	1.5%	27.5%	20.5%	18.8%	43.1%
S&P/ASX Small Ords TR Index	-1.4%	9.3%	8.9%	1.5%	3.1%
Outperformance	2.9%	18.2%	11.6%	17.3%	40.0%

* Inception date 1 June 2022. Performance after all fees & expenses. Cum distribution unit price (1/7/2024): MID (\$) 1.3635, ENTRY (\$) 1.3669, EXIT (\$) 1.3601.

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, with DRP option
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		
Investment Timeframe	5 years+		
APIR Code	FHT0540AU	Administration	Fundhost
Platform Availability	HUB24, Netwealth	Custodian	National Australia Bank

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