

ELVEST

The Elvest Fund

Monthly Report - March 2023

Commentary

The Elvest Fund returned -1.1% for March, versus the Benchmark return of -0.7%. Since inception, the Fund has returned +5.5% after all fees, ahead of the benchmark return of -5.2%. The Fund closed the month with approximately 18% of assets held in cash.

The rush of February reporting season made way for a relatively quiet month of company specific news flow. That said, significant dispersion of returns by sector was notable.

The Small Resources Accumulation Index returned +5.6% for the month, driven principally by a surging Gold sector (+18.9%), and corporate interest in the Lithium sector. In contrast, the Small Industrials Accumulation Index delivered -3.0%. This continues the significant underperformance of small cap industrials over the past year, especially when compared with large cap industrials.

The Elvest Fund primarily focuses on emerging leaders that have niche leadership, superior economics and structural growth. These characteristics are more typically found in high quality industrials, as opposed to commodity businesses. As a consequence, periods of strength in resources dampens the Fund's returns relative to the benchmark, and vice versa.

More broadly, during March markets responded positively to the US Federal Reserve's liquidity injection into the US banking system, and moderating (yet sticky) core inflation.

Key contributors for the month were IPD Group (IPG), Domain Holdings (DHG) and Johns Lyng Group (JLG). The main detractors were Jumbo Interactive (JIN), AUB Group (AUB), and Navigator Global Investments (NGI).

IPG, an Australian value-added electrical distributor to industrial customers, climbed after hosting an investor day focused on the Electric Vehicle (EV) charging opportunity. This is a nascent business line for IPG, but a potentially large one, with a 20-fold increase in public charging

infrastructure by 2030 required to support the projected Australian EV fleet. IPG is looking to capture share in this market as an end-to-end provider of equipment, design and installation, and ongoing maintenance.

DHG rose strongly on media reports that larger rival REA Group (REA) plans to increase prices by 10-18% in the June half. Pricing power was the theme of DHG's first half FY23 report, with its own 9% yield increase offsetting most of the downturn in listing volumes during the December half.

JIN weakened in March, perhaps due to a quieter period of jackpot activity (\$15m or more in size) in recent months. There was no news otherwise, and management currently has a buyback in operation. JIN's resilience is underrated, in our view. The stock tends to perform when jackpot activity, a statistical outcome, reverts higher.

JLG rose on no news, while AUB and NGI declined for no discernable reason.

Whilst March's volatility once again provided a degree of opportunity to deploy capital, we look ahead to a period of increasing weakness in the real economy. It is against this backdrop that we continue to hold a reasonably elevated level of cash, and thus remain well placed to selectively invest into any further market weakness.

Top Holdings (alphabetical order)

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

Performance	1 Month	Since Inception*
The Elvest Fund	-1.1%	+5.5%
S&P/ASX Small Ords TR Index	-0.7%	-5.2%
Outperformance	-0.4%	+10.7%

* Inception date 1 June 2022. Performance figures after all fees and expenses.

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) is a Corporate Authorised Representative (CAR No.001296198) of Fundhost and 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

Contact

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