

ELVEST

The Elvest Fund

Monthly Report - May 2023

Commentary

The Elvest Fund returned +0.1% for May, versus the Benchmark return of -3.3%. Since inception, the Fund has returned +10.1% after fees, ahead of the benchmark return of -5.8%. The Fund closed the month with approximately 12% of assets held in cash.

This marks the one-year anniversary for the Fund. In a tumultuous year that included two of the largest monthly drawdowns for the Small Ordinaries in the last decade, we are satisfied with the result.

Various factors impacted markets, most of which remain as concerns for investors today. Chief among these have been sticky inflation and the swift increase in interest rates across most major economies. Higher rates resulted in compressed earnings ratios, with small caps significantly underperforming their large cap counterparts.

Key contributors for the month were Life360 (360), Jumbo Interactive (JIN) and News Corporation (NWS). Detractors included Lovisa (LOV) and Helloworld Travel (HLO).

360, a leading family tracking app provider, reported a solid 1QCY23 result. Revenue was up 34% on higher paid subscriber numbers (+22%) as well as revenue per subscriber (+43%). Combined with cost cutting measures introduced in January, 360 expects to reach positive free cash flow earlier than expected during the calendar year.

Digital lottery specialist JIN provided an updated FY23 outlook during the month. Disciplined cost management was a highlight, made all the more important by a softer run of recent jackpot activity.

JIN also announced pricing changes to be effected from late May 2023, which will benefit margins for FY24 and beyond. Earnings estimates were upgraded accordingly, and the stock rallied off recent lows.

Like most companies exposed to advertising, operating conditions for NWS have softened as the year has progressed. Against these headwinds, management

decisively cut costs, with US\$160m in annualised savings now expected to be delivered by the end of CY23.

Quarterly results for Q3FY23 came in ahead of expectations, while NWS' core 61.4% shareholding in REA Group (REA) remains a highly valuable cornerstone of value underpinning our long term investment case.

Cost of living pressure weighed on consumer discretionary stocks, down 6.1% in May. However, the impacts are not uniformly felt across age groups and market segments.

Strong demand from HLO's baby boomer customer base contrasts with recent share price weakness. LOV sits on the other side of the mortgage belt, serving a younger, primarily female, demographic. Given its low price point, LOV enjoys a degree of resilience in demand versus middle market retailers.

Looking ahead, we believe we are part way through a phase of softening estimates for aggregate corporate earnings. The silver lining is that we are finding opportunities to accumulate high quality small caps at sensible prices.

We are thankful to have you onboard as we seek out the emerging leaders of the ASX. To ask a question or discuss the Fund, please message us at info@elvest.com.au.

Top Holdings (alphabetical order)

CTD	Corporate Travel Management
FID	Fiducian Group
NGI	Navigator Global Investments
RUL	RPMGlobal
SMP	Smartpay

Performance	1 Month	Since Inception*
The Elvest Fund	0.1%	10.1%
S&P/ASX Small Ords TR Index	-3.3%	-5.8%
Outperformance	+3.4%	+15.9%

* Inception date 1 June 2022. Performance figures after all fees and expenses. Unit price (1/6/2023): MID (\$) 1.1016, ENTRY (\$) 1.1043, EXIT (\$) 1.0988

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

Contact

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