

ELVEST

The Elvest Fund

Monthly Report - May 2024

Commentary

The Elvest Fund returned 1.5% for May, versus the Benchmark return of -0.1%. Since inception, the Fund has returned a total of 41.0% after fees, ahead of the benchmark return of 4.5%. The Fund closed the month with approximately 3% of assets held in cash.

Hotter than expected inflation numbers again tested equity markets during the month. Australian CPI of 3.6% came in above expectations of 3.4%, while the trimmed mean was also higher at 4.0%.

As a result, expectations for rate cuts were again pushed further out. Headlined by a weakening consumer, cracks are also appearing across the domestic economy, potentially reflecting a maturing rate cycle.

In a continuation of recent trends, the Small Industrials Index (-0.9%) underperformed during the month, in contrast to the Small Resources Index (+1.9%).

Key contributors for the month were RPMGlobal (RUL) and Neuren Pharmaceuticals (NEU). The main detractors were Helloworld Travel (HLO) and Dicker Data (DDR).

RUL announced a 12 month extension of its on market buy back (up to 5% of shares on issue). In a sensible use of its capital, RUL has bought back \$20.5m of stock at an average price of \$1.63 per share since the program commenced in June 2022.

Elvest also attended RUL's technology day in Brisbane, featuring the company's market-leading mining software modules, AMT and Xecute.

Though volatile, NEU contributed positively during May following the release of its Pitt Hopkins Phase 2 results. The key highlight was a statistically significant improvement from baseline as assessed by both clinicians and caregivers.

DDR provided a 1Q24 market update, reporting a 10% year-on-year decline in revenue and flat EBITDA.

The stock was harshly dealt with, down 14% for the month, providing an opportunity to substantially increase our position from a modest initial weight.

DDR has a dominant position in domestic IT distribution with 35% share across Australia and New Zealand, with a focus on the relatively higher margin mid-market segment. Given DDR's diversification across vendors and customers, and the barriers to scale for new entrants, we see DDR only growing share over time.

We view the 1Q24 as a blip in DDR's trajectory, given the prior corresponding period was boosted by a backorder book resulting from global supply chain disruptions during 2022. Looking ahead, DDR is well positioned to capitalise on the coming AI-driven technology refresh cycle, having recently completed a 70% capacity expansion at its Kurnell headquarters.

HLO provided a Q3FY24 market update that was slightly below consensus expectations. Despite selling-off during May, the business is enjoying healthy demand from an older customer demographic and remains well capitalised.

The Fund now marks its two year anniversary, with a solid outcome to date. While satisfied with the start, we remain focused on the job of adding value over much longer term time horizons.

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	Since Inception p.a.*	Since Inception*
The Elvest Fund	1.5%	28.0%	18.7%	41.0%
S&P/ASX Small Ords TR Index	-0.1%	10.9%	2.2%	4.5%
Outperformance	1.6%	17.1%	16.5%	36.5%

* Inception date 1 June 2022. Performance after all fees & expenses. Unit price (31/5/2024): MID (\$) 1.3436, ENTRY (\$) 1.3469, EXIT (\$) 1.3402.

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) 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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