

ELVEST

The Elvest Fund

Monthly Report - November 2022

Commentary

The Elvest Fund returned +2.5% for the month, versus the benchmark return of +4.9%. Since inception, the Fund has returned +5.4%, ahead of the benchmark return of -3.4%. Closing and average cash holdings for the month were about 25% and 28.5% respectively.

Macro headlines again drove markets during November. US inflation came in slightly better than expected at 7.7%, with global equities rallying immediately following this data release. Later in the month, Australian inflation data also positively surprised, coming in lower than expected at 6.9%.

While inflation clearly remains high across most major economies, the easing from recent peaks delivered a degree of relief for investors. With that noted, earnings estimates do not yet appear to fully account for the impacts of vastly higher interest rates, so we remain selective on stocks and conservative on cash allocation.

The recent Annual General Meeting (AGM) season was mixed, with a significant number of companies calling out increasing margin pressure. The ravages of inflation are only now starting to flow through to company earnings updates, with cost escalation a common theme.

While the consumer has been fairly resilient in 2022, we expect weakness to build more materially in the 2023 calendar year.

Key contributors for the month included IPD Group (IPG), Smartpay (SMP), and AUB Group (AUB). The main detractors were City Chic Collective (CCX) and RPMGlobal (RUL).

Electrical distribution specialist IPG and insurance broker AUB delivered strong AGM updates, with both companies providing earnings guidance that exceeded prior expectations.

SMP, a full service EFTPOS terminal provider, provided further evidence of strong momentum in Australia in its 1H23 result, with revenue up and EBITDA up 68% and 116%, respectively.

Of the detractors, fashion retailer CCX provided a disappointing AGM update. We exited our position on the day of the announcement. Cash conversion of excess inventory is on track, however US revenue growth turned sharply negative after a strong FY22. RUL retraced some of October's gains on no news.

The Fund's asset allocation remains somewhat conservative with a healthy allocation to cash. In our view, current portfolio positioning seeks to strike the right balance between capturing sensibly priced opportunity, and protecting capital in a worsening economic climate.

Top Holdings (alphabetical order)

AUB	AUB Group
FID	Fiducian Group
JIN	Jumbo Interactive
NWS	News Corporation
SMP	Smartpay

Performance	1 Month	Since Inception*
The Elvest Fund	+2.5%	+5.4%
S&P/ASX Small Ords TR Index	+4.9%	-3.4%
Relative Performance	-2.4%	+8.8%

* 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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