

# ELVEST

The Elvest Fund

Monthly Report - November 2023

## Commentary

The Elvest Fund returned 4.6% for November, versus the Benchmark return of 7.0%. Since inception, the Fund has returned a total of 13.5% after fees, ahead of the benchmark return of -6.5%. The Fund closed the month with approximately 5% of assets held in cash.

Markets rallied in tandem with Government bonds during the month, with the Australian 10-year yield receding 52bps. Domestically, a further slowing of monthly inflation, decline in retail trade and an incremental rise in unemployment all acted to reduce the probability of rate hikes by the RBA, in the near term.

Key contributors for the month were Neuren Pharmaceuticals (NEU), Corporate Travel Management (CTD), and Pinnacle Investment Management (PNI). The only detractor of note was Johns Lyng Group (JLG).

NEU, a leading pharmaceutical company focused on neurodevelopmental disorders, rallied following the release of better than expected quarterly sales results. NEU receives royalty and milestone payments from Nasdaq-listed Acadia on its Daybue product, the world's first and only approved therapy for Rett Syndrome.

The company is currently conducting Phase 2 trials of its second drug candidate, NNZ-2591, for a range of disorders. Phase 2 top-line results are due in December 2023 for the first of these, Phelan McDermid syndrome (PMS).

With cash reserves of \$230m, a steady stream of high margin royalty income and a promising pipeline of 'orphan drug' designated therapies, NEU is swiftly emerging as a high quality ASX-listed pharmaceutical. Orphan drug designation provides incentives to encourage development of therapies for rare and serious diseases.

CTD bounced on no news other than a small amount of Director buying, and the commencement of its \$100m on market share buyback program.

PNI didn't update during the month but moved higher on November's better than expected US CPI update. At its recent AGM, PNI highlighted a rebound in retail flows during the September quarter, particularly across private credit, private equity, and fixed income strategies, demonstrating the benefit of asset class diversification in what was a weak period for markets.

JLG declined despite reiterating FY24 revenue and EBITDA guidance of \$1.18bn and \$128m, representing underlying earnings growth of approximately 20% versus FY23.

AGM commentary highlighted the positive outlook for JLG's recently established USA and Essential Home Services divisions. Integration of Reconstruction Experts (US, acquired Jan 2022) is ahead of expectations, accelerating execution of JLG's equity partnership expansion strategy in the much larger US market.

In Essential Home Services, JLG has a new business line that provides significant cross sell opportunities into its Strata Services division, which is the second largest in Australia with over 95,000 lots under management.

Coming into the end of The Fund's first full calendar year, we are excited about the quality of the portfolio, and the attractive return potential embedded within it.

## Top Holdings (alphabetical order)

CTD	Corporate Travel Management
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	4.6%	7.6%	8.8%	13.5%
S&P/ASX Small Ords TR Index	7.0%	-3.2%	-4.4%	-6.5%
Outperformance	-2.4%	10.8%	13.2%	20.0%

\* Inception date 1 June 2022. Performance after all fees & expenses. Cum distribution unit price (30/11/2023): MID (\$) 1.0811, ENTRY (\$) 1.0838, EXIT (\$) 1.0784.

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 16 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 over 9 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

<b>Name</b>	The Elvest Fund	<b>Investment Eligibility</b>	Wholesale only
<b>Structure</b>	Wholesale Unit Trust	<b>Minimum Investment</b>	\$250,000 (unless otherwise agreed)
<b>Investment Universe</b>	ASX-Listed small caps	<b>Liquidity</b>	Monthly
<b>Benchmark</b>	S&P/ASX Small Ords Accum. Index	<b>Distributions</b>	Annually
<b>Number of Holdings</b>	20 to 40 securities	<b>Fees</b>	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.
<b>Stock Limit</b>	10% at cost	<b>Administration</b>	Fundhost
<b>Investment Timeframe</b>	5 years+	<b>Custodian</b>	National Australia Bank

## Contact

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