

ELVEST

The Elvest Fund

Monthly Report - September 2024

Commentary

The Elvest Fund returned 3.1% for September, versus the Benchmark return of 5.1%. Since inception, the Fund has returned a total of 42.1% after fees, ahead of the benchmark return of 9.8%.

Markets rallied progressively throughout the month, buoyed by the beginning of a new US rate cut cycle and Chinese government stimulus efforts.

Beijing announced a range of measures in a bid to boost economic growth towards China's 5% target, igniting a strong resource sector rally.

The Small Resources index (no Fund exposure) was a core driver of small cap returns during the month, surging 18.2% off its intra-month lows, to ultimately deliver 7.2% for September.

Key contributors for the month were Zip Co (ZIP), RPMGlobal (RUL), and Aussie Broadband (ABB). The main detractors were Tyro Payments (TYR), Smartpay (SMP), and News Corp (NWS).

ZIP rose on no company specific news, though US rate cuts will benefit US divisional margins via reduced funding costs for its BNPL products. ZIP will provide a 1Q25 update later this month.

RUL also rallied on no news. Indicative of its progress, the company was added to the S&P/ASX300 Index during the month. RUL's software division continues to innovate, releasing new products including an automated open cut mine design solution.

ABB sold its remaining 12% holding in rival Superloop (SLC), locking in \$100m of proceeds including a further \$42.7m gain on sale. With a net cash balance sheet likely in FY25, management is currently assessing a range of organic, acquisitive and capital management options available to the company.

We see ABB as well positioned to combine both capital returns and investment in growth initiatives, given the Board's targeted net leverage ratio of 1.75 to 2.0x implies up to \$300m of dry powder.

TYR and **SMP** both weakened on media reports related to the RBA's review of retail payments regulation, inclusive of surcharging. Despite some parochial negative attention, we believe the RBA will take a pragmatic approach to surcharging that will result in either caps being implemented, or rules being placed on technology providers. The latter option would relate to removing a merchant's ability to exercise discretion over surcharges, in our view. Neither would materially impact TYR or SMP.

NWS drifted on updates relating to the majority owned REA Group (REA), which lobbied and then sweetened its bid for UK-listed digital real estate business, Rightmove. With REA since abandoning its interest, we see little fundamental reason for further weakness.

Specific to research, September was a productive month for the Elvest team. Insights gleaned from numerous company management team meetings, product demonstrations and a technology conference all helped to further refine investment theses.

Top Holdings (alphabetical order)

360	Life360
NGI	Navigator Global Investments
NWS	News Corporation
RUL	RPMGlobal
ZIP	Zip Co

Performance	1 Month	1 Year	2 Years p.a.	Since Inception p.a.*	Since Inception*
The Elvest Fund	3.1%	23.6%	20.6%	16.2%	42.1%
S&P/ASX Small Ords TR Index	5.1%	18.8%	12.6%	4.1%	9.8%
Outperformance	-2.0%	4.8%	8.0%	12.1%	32.3%

* Inception date 1 June 2022. Performance after all fees & expenses. Cum distribution unit price (1/10/2024): MID (\$) 1.2774, ENTRY (\$) 1.2806, EXIT (\$) 1.2742.

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 over 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)
Stock Limit	10% at cost		20.5% (incl. GST, net of RITC) of outperformance of the Benchmark, subject to a high water mark.
Investment Timeframe	5 years+	Administration	Fundhost
APIR Code	FHT0540AU	Custodian	HSBC
Platform Availability	HUB24, Netwealth		

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