ELVEST

The Elvest Fund

Monthly Report - January 2025

Commentary

The Elvest Fund returned 1.0% for January, versus the Benchmark return of 4.6%. Since inception, the Fund has returned a total of 41.0% after fees, ahead of the benchmark return of 13.7%.

The resources sector, and most notably the Gold sub-sector (no Fund exposure), led the small cap market higher during the month. The Small Resources and All Ordinaries Gold indices were up 8.3% and 15.2% for the month respectively.

Relative returns for the month of January largely reflect small cap Gold stock outperformance and the detraction of ZIP on Fund returns. We discuss the latter point below.

Key contributors for the month were Life360 (360), Pinnacle Investment Management (PNI) and Block, Inc. (XYZ). The main detractors were Zip Co (ZIP), RPMGlobal (RUL) and Navigator Global Investments (NGI).

Both 360 and XYZ rallied on no news in January. We maintain a constructive view on the growth prospects for each business in 2025 and beyond.

PNI rallied on growing expectations of a good FY25 result, with investors ostensibly pricing in the strong performance of underlying managers and the continuation of solid inflows across both domestic and international markets.

ZIP declined sharply on its 2Q25 update released at the end of the month. The result was operationally sound with continued above-market topline growth in the US, headlined by Total Transaction Volume and Revenues up on last year by 39% and 42%, respectively.

Cash EBTDA of $35m was up 50%, but missed lofty expectations due to increased marketing expenditure during the Christmas period, much of which is merchant-partner co-marketing tied to transaction volumes. US users, which had been relatively flat since 2022, rose by 280k or 7% to 4.2m during the quarter.

While new customer groups initially have higher loss rates, the Pay-in-4 model has shown itself to be resilient even with fast growth, due to its short duration and real-time risk management.

Management emphasised cost discipline for the remainder of the financial year, reiterating 6-10% cost growth in FY25.

With BNPL's share of transactions sitting at around 2% in the US versus 15%+ here and in other countries, and ZIP consistently ranking well across iOS and Android, we continue to see a long growth runway.

RUL fell on no news, while NGI dropped despite posting a better than expected quarterly AUM update. Performance delivered by hedge funds within wholly owned subsidiary Lighthouse Partners was a particular highlight. We expect this to be a driver of solid performance fee recognition at the upcoming result.

As attention turns to the first half reporting season, the spectre of tariffs hang over markets, and are likely to heighten equity volatility. While such macro factors continue to impact markets in the immediate term, it is the companies that deliver strong compound earnings growth that will ultimately drive shareholder returns over time. With this context, portfolio metrics remain sound. Forecast portfolio earnings growth is attractive at 23%, and compares favourably to a portfolio P/E of under 19x.

Top Holdings (alphabetical order)

360	Life360
NGI	Navigator Global Investments
PNI	Pinnacle Investment Management
XYZ	Block Inc
ZIP	Zip Co

Performance	1 Month	1 Year	2 Years p.a.	Since Inception p.a.*	Since Inception*
The Elvest Fund	**1.0%**	**11.2%**	**13.7%**	**13.7%**	**41.0%**
S&P/ASX Small Ords TR Index	**4.6%**	**12.3%**	**7.1%**	**4.9%**	**13.7%**
Relative Performance	**-3.6%**	**-1.1%**	**6.6%**	**8.8%**	**27.3%**

* Inception date 1 June 2022. Performance after all fees & expenses. Cum distribution unit price (1/2/2025): MID ($) 1.2676, ENTRY ($) 1.2708, EXIT ($) 1.2644.

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 and mid 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 Australian equities fund. The Fund invests in 20-40 companies that are typically 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 and mid 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**	HSBC

Contact

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