QVG CAPITAL

# OPPORTUNITIES FUND

MONTHLY REPORT - NOVEMBER 2025

## SUMMARY

November performance was -4.8% versus the Small Ords -1.48%. Since inception returns are 15.3% p.a.

## COMMENTARY

November's underperformance was driven by our underweight exposure to sectors currently contributing most significantly to benchmark returns, namely Materials and Gold. Small Resources rose +3.1% for the month while Small Industrials fell -3.4%. The Fund's overweights to the Information Technology and Diversified Financial sectors detracted from performance. Positive contributors included **Light & Wonder, Fleetpartners** and **SRG Global.** Detractors in November included **Catapult Sports**, **Life360, ZIP Co, Lovisa** and **Aussie Broadband.**

**ZIP** zagged despite their Q1 update being excellent. Accelerating revenue, expanding margins and another step-change in profitability should have delighted the market. Instead, the shares jumped then dumped. Investors appear to be fretting about the health of the low-end US consumer; ZIP's core demographic. But ZIP's model is built for choppy weather: loans are short duration, balances are small, and therefore the book turns over quickly. These characteristics keep credit risk contained. We acknowledge the risks but remain attracted to ZIP's high growth and high returns on capital and, at current prices, outstanding valuation.

**Life360** delivered a strong September quarter result, with revenue momentum, firmer margins and healthier cash flow keeping the business on track. Paid subscriptions continued to move in the right direction and user engagement remained solid. Yet the market lost its bearings. The share price dropped as investors worried about lower-than-expected growth in Monthly Active Users. For a company priced for perfection, even a small change of direction set off alerts.

**Ridley's** established stockfeed and pet-food businesses chug along. Our enthusiasm for the name is driven by the $300 million acquisition of Incitec Pivot Fertilisers and, more importantly, what management can do with it. IP was a small, non-core unit within the explosives-focused Dyno Nobel stable. Fertilisers now form a meaningful new growth pillar for Ridley. With its strong track record of operational excellence, Ridley should be able to harvest gains from Incitec simply by giving it the capital, focus and love it previously lacked. On a low-teen forward PE and with an A+ board and management we think Ridley has a very exciting year ahead.

## OUTLOOK

A hawkish shift from US and Australian central banks and doubts that AI spending will deliver near-term returns has deflated the market's longest-duration names (including many of our own). Heavier use of debt to fund tech capex in the US has intensified scrutiny of fast growers with low or negative free cash flow. November's sell-off hurt performance, though it did allow us to redeploy Johns Lyng proceeds and our modest cash reserves into growing businesses at valuations we consider more than fair.

Crucially, our major detractors saw no negative earnings revisions. With fundamentals intact and prices lower, our medium to long-term conviction has strengthened. The portfolio's concentration to quality growth industrials gives the QVG Opportunities Fund a differentiated return profile from its benchmark. This is usually a positive, even if it can produce short-term underperformance, as it did this month.

## NET PERFORMANCE

| PERIOD | FUND RETURN | BENCHMARK RETURN | OUT / UNDER-PERFORMANCE |
|---|---|---|---|
| 1 month | -4.78% | -1.48% | -3.30% |
| 1 year | +23.38% | +19.43% | +3.95% |
| 3 year p.a. | +17.27% | +11.51% | +5.75% |
| 5 year p.a. | +13.51% | +7.14% | +6.37% |
| Since Inception | +224.25% | +91.48% | +132.76% |
| Since Incept p.a. | +15.34% | +8.20% | +7.14% |

## TOP 5 HOLDINGS

1. Generation Development (GDG)
2. ZIP Co. (ZIP)
3. Life360 (360)
4. Aussie Broadband (ABB)
5. MA Financial (MAF)

*the fund has no exposure to Corporate Travel.

QVG CAPITAL

# FACT SHEET

## THE MANAGER

QVG Capital is an independent boutique investment management company managing funds on behalf of high-net-worth individuals and institutions ("wholesale investors"). QVG was established in June 2017 by Tony Waters and Chris Prunty and is wholly owned by its staff.  QVG manages a long-only small companies fund – the QVG Opportunities Fund – and an all-cap absolute return fund – the QVG Long Short Fund.

## QVG's FUNDS

QVG Capital manages the **QVG Opportunities Fund**; a 'best ideas' fund focusing on smaller companies and the **QVG Long Short Fund**; an all-cap absolute return fund. The Opportunities Fund predominantly invests in Australian-listed smaller companies; defined as those outside the S&P/ASX 100. The Opportunities Fund is closed to new investors while the Long Short Fund is open to new and existing investors.

## TONY WATERS

Tony has over 30 years' experience in financial markets. Prior to QVG he was the Portfolio Manager of the Ausbil Micro Cap Fund from its inception until April 2017. Tony joined Ausbil from Investors Mutual in 2008. Before that, he spent 9 years as a small cap analyst at institutional stockbroker CCZ.

## CHRIS PRUNTY, CFA

Chris has over 20 years' experience in financial markets. Prior to QVG he was the Co Portfolio Manager of the Ausbil Micro Cap Fund having joined Ausbil at the inception of the fund in February 2010. Prior to Ausbil, Chris was an analyst researching smaller companies at Investors Mutual, Confluence Asset Management and CCZ Equities.

## OUR APPROACH

**TRACK RECORD** The managers have a long association having worked together for over two decades and at three previous firms; CCZ Equities, Investors Mutual and Ausbil Investment Management where they were Portfolio Managers of the award-winning Ausbil Micro Cap Fund.

**ALIGNMENT** Our personal investment in the fund means there is a high degree of alignment between our investors and ourselves. The principals do not buy Australian-listed companies outside the fund.

**PHILOSOPHY & PROCESS** Our philosophy and process has been refined and tested over a decade and has stood the test of time in the small companies space in Australia. An earnings focus with quantitative measures of quality and value and our experience combines to generate a portfolio of undervalued growth companies in the process of being discovered by the market.

**CAPACITY MANAGED** The fund has been designed to mitigate the liquidity risk of investing in small companies. The manager is aware that too many assets under management impacts performance and will seek to actively manage capacity with maintaining performance the key objective. The fund closed to new investors on 1 August, 2018.

FUND INFORMATION

| | | | |
|---|---|---|---|
| **Name** | QVG Opportunities Fund | **Investor Eligibility** | Wholesale or 'sophisticated' investors only |
| **Structure** | Wholesale Unit Trust | **Minimum Investment** | $250,000 (unless otherwise agreed) |
| **Investment Universe** | ASX-listed smaller companies | **Liquidity** | Daily Unit Pricing Applications and Redemptions |
| **Benchmark** | S&P/ASX Small Ords Accum | **Fees** | 1.2% management and 20.5% performance |
| **Stock Holdings** | 31 | **Admin & Custodian** | MUFG Corporate Markets |
| **Stock Limit** | 10% at cost | **APIR Code** | QVG9204AU |
| **Trust FUM** | $821m | **Platform Availability** | Netwealth, HUB24, AUSMAQ, POWERWRAP |

**CONTACT INFORMATION**

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