QVG CAPITAL

LONG SHORT FUND

MONTHLY REPORT - DECEMBER 2025

SUMMARY

December performance was -3.0% taking since inception returns to +15.1% p.a.

COMMENTARY

Resources outperformed industrials (+6% vs 0%) this month as bond yields rose and the sell-off in growth stocks continued. In this environment, the highest quality businesses on the ASX are becoming cheaper at the fastest rate. Naturally, we use this as an opportunity to reassess and rank prospective returns for these stocks and position ourselves now for returns in the future.

Our long book was a detractor this month led by **Life 360**, **GDG**, and **HUB24**. Anything in the "growth camp" has been weak despite sustained earnings momentum and an absence of negative, company-specific news. This theme was prevalent across our long book this month with detractions from **Lovisa**, **Carsales**, **Wisetech** and **Genusplus** being material in aggregate.

On the positive side of the ledger, **MA financial** was a key contributor. As part of our research process, we looked up 'dark horse' in the dictionary and found a picture of Chris Lock, Head of Core Real Estate at MA Financial. His recent property deals have contributed to positive earnings revisions for the group and subsequent share price momentum. Future fees from Rokt and the strength of MA money are likely also moving the share price. We believe our key insight into MA Financial is with respect to the quality of its people and the alignment of incentives. MA's ability to attract and retain talent (for example the team it acquired through IP Generation) will drive further success.

Also contributing this month were **Maas Group** and **IPD Group**. We understand very little about AI factories in Tasmania but perhaps all we need to know is that it means hundreds of millions of good margin revenue for Maas Group. As for IPG, the acquisition of an electrical cable supplier is right in their wheelhouse. At a ~20% return on funds, it goes someway to offset the disappointment of slowing commercial construction revenues and the underperformance of their previous acquisition CMI.

Contributors to return in our short book were led by an alcoholic beverage producer and an apparel retailer, both of whom significantly downgraded their earnings outlooks for FY26. We expect each of these businesses to suffer from ongoing cost pressures making forecast earnings growth difficult to achieve.

A rebound in sold off defence names and other speculative concept stocks in our short book detracted from returns. We view this as short term volatility which is an increasingly necessary phenomenon in equity market investing.

OUTLOOK

Rising domestic inflation was the key theme on the ASX this month. Whilst we identify as stock pickers and not economists, the implications of rising bond yields is mathematically inescapable. All else equal, December's falling bond prices should equate to roughly a 4% decline in the earnings multiples of equities. We are particularly sensitive to this multiple compression as our portfolio is full of highly rated, fast growing businesses whose valuations become disproportionately cheaper as interest rates go higher. Short term the market has moved money away from our stocks and into commodities as an inflation hedge.

We are typically not positioned well for producing good short term returns in a rising rate environment. This is because we remind ourselves that over the long term, earnings growth and free cash flow are the bigger drivers of return than near term earnings multiples and so we remain focussed on these. We are confident in the view not only because it is data backed, but also because our experience tells us so. Since we launched the QVG Long Short Fund almost seven years ago interest rates have trebled. Despite this significant headwind to earnings multiples, we have multiplied investor capital by 2.6x through a focus on companies with strong earnings growth, cashflow and capital management.

NET PERFORMANCE

PERIOD	FUND RETURN
1 month	-2.98%
12 months	+8.68%
3 years p.a.	+15.92%
5 years p.a.	+11.63%
Since Inception*	+154.10%
Since Inception p.a.*	+15.07%

*Inception on 13th May 2019

TOP 5 HOLDINGS

1. Generation Development (GDG)
2. MA Financial (MAF)
3. HUB24 (HUB)
4. Genus Group (GNP)
5. Light & Wonder (LNW)

LONG SHORT FUND

FACT SHEET – DECEMBER 2025

THE MANAGER

QVG Capital is a 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 team.

THE FUND

The QVG Long Short Fund is a ‘best ideas’ fund with the flexibility to take advantage of the best ASX opportunities regardless of share price direction or market capitalisation. The net result of our long and short positions is a portfolio with reduced equity market exposure and a return profile driven predominantly by our stocking picking. The fund aims to deliver strong absolute returns greater than the RBA cash rate with the enhanced flexibility to manage equity market exposure with respect to the prevailing

KEY CHARACTERISTICS

FLEXIBLE INVESTMENT MANDATE The fund can profit by investing across the market capitalisation spectrum and can sell or ‘short’ stocks we believe will decline in value.

STRONG ALIGNMENT Our personal investment in the fund means there is a high degree of alignment between our investors and ourselves. We are heavily invested in the QVG funds and do not invest in Australian equities outside the funds.

PROVEN PHILOSOPHY & PROCESS Our philosophy and process has been refined and tested over a decade and has stood the test of time. An earnings focus with quantitative measures of quality and value and our experience combines to generate long and short ideas mispriced by the market.

PERFORMANCE CULTURE QVG seeks to be a performance driven rather than product driven organisation. We take pride in our track record and will always prioritise investment returns over asset gathering.

JOSH CLARK
CFA

Lead Portfolio Manager

Josh has over 15 years’ experience in financial markets most recently at Ophir Asset Management. Before Joining Ophir, Josh worked as the sole Analyst on the Ausbil Micro Cap Fund with Portfolio Managers Tony Waters & Chris Prunty.

TONY WATERS
Portfolio Manager

Tony has over 30 years’ experience in financial markets most recently as 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 Equities.

CHRIS PRUNTY
CFA

Portfolio Manager

Chris has over 20 years’ experience in financial markets most recently as 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.

FUND INFORMATION			
Name	QVG Long Short Fund	**Investor Eligibility**	Wholesale or ‘sophisticated’ investors only
Structure	Wholesale Unit Trust	**Minimum Investment**	$100,000 (unless otherwise agreed)
Investment Universe	ASX-listed companies	**Liquidity**	Daily Unit Pricing Applications and Redemptions
Benchmark	RBA Cash Rate	**Fees**	1.5% management and 20% performance (plus net GST)
Stock Holdings	Long 20-40; Short 10-30	**High Water Mark**	Yes
Typical Gross Exposure	100 – 300%	**Admin & Custodian**	Link Fund Solutions
Typical Net Exposure	0 – 100%	**APIR Code**	QVL8781AU

CONTACT INFORMATION

Email contactus@qvgcapital.com.au **Phone** **+61 2 8039 9060** **Email Phone** **qvg@cm.mpms.mufg.com** **+61 2 8767 1114**