QVG CAPITAL

LONG SHORT FUND

MONTHLY REPORT – OCTOBER 2026

SUMMARY

October performance was +1.4% taking since inception returns to +11.6% p.a.

COMMENTARY

We are not thematic investors. Despite this, short term price moves in the share market are increasingly dominated by thematics. This was apparent in October which proved to be an aggressive risk off month with defensives fairing best. The ASX300 produced +1.1% due to a flight to safety into the big banks which drove their share prices up between 5-10%. Elsewhere on the ASX, things were ugly with small caps down -6% and small resources down -14%. The portfolio was insulated from this pain as we are long durable businesses and our short positions are highly speculative in nature.

Key contributors in the long book included **Aristocrat, Bravura, Generation Development** and **Hub24.**

Hub24 released their first quarter platform inflows which were better than feared in a weak environment. Additionally, an acceleration in new advisers and a widening gap in flows between Hub and their key competitor bodes well for the future.

Generation Development was a similar story in that their Q1 update showed managed account flows weren't as bad as feared and investment bond flows strengthened.

Key detractors were all contractors and included **Genus**, **Mader** and **Southern Cross Electrical.** Genus and Southern Cross both appear to have been caught up in weakening AI and data centre sentiment. Both companies made accretive acquisitions during the month, and Genus secured new contracts equivalent to >10% of group revenues.

Mader declined in sympathy with its iron ore producing customers and an unexpected CFO departure.

On the short side, small resources in aggregate were contributors to return however our top contributions were led by a defence company with negative sales growth and a data centre provider with operational challenges.

The theme amongst detractors in the short book was two-fold: defensives and healthcare. At a thematic level this makes sense as markets rotated away from resources into defensives. On a stock specific level this overlooks the structural challenges experienced by the defensives that we are short (alcohol consumption). It also overlooks the profitability challenges of the healthcare names we are short (i.e. the specific business models are unable to generate the profitability required to justify their market caps).

OUTLOOK

Equity markets have absorbed a considerable volume of bad news over recent periods. This includes slower earnings growth, elevated interest rates and heightened geopolitical uncertainty. Much of this is now reflected in prices. Valuation multiples across a broad range of sectors have compressed significantly. Historically, lower starting valuations have been associated with higher subsequent returns over the medium-term. This is evident in our stock-by-stock forward return models.

For a long-short strategy, these conditions are constructive on both sides of the portfolio. Heightened volatility increases the opportunity to identify mispriced securities, while the short book provides a means to exploit speculative companies where enthusiasm for the dream is waning. We continue to focus on balance sheet strength, earnings quality and valuation discipline. We believe the portfolio is well positioned to benefit as fundamentals, rather than sentiment, are eventually reflected in returns.

For those that missed our September Webinar, a replay is available here: **QVG September 2026 Webinar** or via our **website**.

NET PERFORMANCE

PERIOD	FUND RETURN
1 month	+1.39%
12 months	-17.17%
3 years p.a.	+9.60%
5 years p.a.	+3.22%
Since Inception*	+127.91%
Since Inception p.a.*	+11.65%

*Inception on 13th May 2019

TOP 5 HOLDINGS

1. HUB24 (HUB)
2. Genus Group (GNP)
3. Bravura (BVS)
4. Cuscal (CCL)
5. Lovisa (LOV)

This information refers to investments in the QVG Long Short Fund (Fund). Any person wishing to invest in the Fund should review the Information Memorandum and seek legal, financial and taxation advice. The trustee and manager of the Fund is QVG Capital Pty Ltd (ABN 69 619 271 886) (QVG Capital). QVG Capital's AFSL No. 507070. 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.

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FACT SHEET - OCTOBER 2026

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 17 years' experience in financial markets spanning roles at several fund managers. Josh has held portfolio management responsibility for the Long Short Fund since its inception in 2019, Prior to this he was 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 25-35	**High Water Mark**	Yes
Typical Gross Exposure	100 – 300%	**Admin & Custodian**	Link Fund Solutions
Typical Net Exposure	0 – 100%	**APIR Code**	QVL8781AU

CONTACT INFORMATION

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