QVG CAPITAL

OPPORTUNITIES FUND

MONTHLY REPORT - AUGUST 2026

August performance was -1.4% versus the Small Ords +5.18%. Since inception returns are +11.2% p.a.

Small Resources rose +17.5% (with the Gold benchmark +29%) in August while Small Industrials were up just +0.2%. Against this backdrop our reporting season was underwhelming. Last month's winner became this month's sinner as **Generation Development** gave back its July outperformance. A combination of higher than anticipated cost and capital expenditure growth guidance, higher taxes and commentary around managed account flows that mirrored HUB24 and Netwealth's cautious tone, conspired to make Generation Development our worst performer.

In more pleasant news, **Bravura's** guidance for FY27 was above expectations despite currency headwinds that have tripped up several of our other offshore earners. Turnarounds are hard and we've had mixed success with these over the years (see also: EML Payments), but Bravura shows the rewards when you combine a competitively advantaged business with commercial and energetic management.

Life360 is anther stock that seems to like to go up or blow up. Unfortunately, it was the later in August as although the June quarter result came in ahead of guidance and they raised full year revenue expectations, they downgraded September quarter earnings thus putting a heavy burden the December quarter to hit full year consensus expectations. With more revenue coming from advertising this will become the usual seasonal pattern for Life360. We retain a meaningful holding as the product continues to improve and valuation is compelling for the growth.

Automotive leasing business **FleetPartners** is the subject of a bidding war with, at last count, four interested parties. FleetPartners has been a trying but ultimately rewarding investment for the fund. The business has always been cheap but has lacked growth to act as a catalyst for a re-rating. We have stuck with it as management have run it well and allocated capital by aggressively buying back stock at depressed valuations. In a low-growth environment there are many Australian industrial companies who could do worse than emulate FPR's operational and capital discipline.

Lovisa and **Universal Stores** are youth retailers that both performed for the fund in August. So too did construction companies **Shape** and **FDC**. Offsetting these were the likes of **Hansen Technologies** which delivered awful FY27 guidance, **HUB24** whose outlook is being hamstrung by tax changes and **Aussie Broadband** who guided inline with expectations but fell anyway.

OUTLOOK

Last month we suggested the portfolio's best-case environment was some combination of reduced rate expectations, a benign earnings season, and capital rotating away from AI supply chain trades.

Time to mark the wish list:

- August's inflation release says lower rates are unlikely in the near term.
- Reporting season was mixed, with the clearest losers exposed to CGT changes and housing weakness.
- The AI supply chain trade has cooled somewhat, while results from the companies themselves are impressive.

The rates picture is unhelpful. But our companies are growing earnings, and we aren't paying much for that growth. From this starting point, we think the odds of acceptable to good returns over the medium term are high.

NET PERFORMANCE

PERIOD	FUND RETURN	BENCHMARK RETURN	OUT / UNDER-PERFORMANCE
1 month	-1.37%	+5.18%	-6.43%
1 year	-21.83%	-1.23%	-20.60%
3 year p.a.	+7.60%	+9.77%	-2.17%
5 year p.a.	+1.24%	+2.22%	-0.98%
Since Inception	+159.31%	+82.15%	+77.16%
Since Incept p.a.	+11.17%	+6.89%	+4.28%

TOP 5 HOLDINGS

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

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	28	**Admin & Custodian**	MUFG Corporate Markets
Stock Limit	10% at cost	**APIR Code**	QVG9204AU
Trust FUM	$600m	**Platform Availability**	Netwealth, HUB24, AUSMAQ, POWERWRAP

CONTACT INFORMATION

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