QVG CAPITAL

OPPORTUNITIES FUND

MONTHLY REPORT – OCTOBER 2026

October performance was +2.92% versus the Small Ords -6.43%. Since inception returns are +10.68% p.a.

In October **FleetPartners** (FPR) received, and their board recommended, a $5.30 takeover offer from private equity firm Pacific Equity Partners. FPR achieved a 22% p.a. total return over the 7-year life of the fund's holding, but it was not a smooth journey. Our investment got off to an inauspicious start when the stock went from $1.80 to under 50c during Covid. This was followed by a recovery then a -40% drawdown in the second half of 2022. There was a four-year period from May 2022 to May 2026 where the total shareholder return was circa 2% p.a. including a grinding two year -35% drawdown from March 2024 until May this year.

We maintained patience with FPR as we try to judge our investments based on the operating performance of the company, not just performance of the share price (although the latter can often tell you something about the former!). We believed the company was making sensible operational and capital management decisions. It also helped that management communicated in an honest and straightforward manner. On the operating front, FPR spent $30m on a technology investment and multi-year business transformation called project Accelerate and launched into smaller fleet financing. Regarding capital management, FPR never grew that fast so was never highly rated and this allowed management to buy-back 40% of shares on issue at an average PE of under 10x. Huge value accretion from the buy-back turned a modest organic growth company it to a strong returner for the fund.

Hotel software provider **Siteminder** (SDR) updated long-term guidance to mid-20s annual recurring revenue growth and guided to further margin expansion. Very few ASX-listed companies have a multi-year 20%+ organic revenue growth outlook. Historically SDR has struggled to turn this revenue growth into free cash flow and is only just moving through this milestone now. Should SDR go anywhere near achieving its growth and margin ambitions there is material upside in the stock.

ZIP Co was a detractor after their September quarter update revealed they'd been subject to a fraud event in the US. This caused us to reappraise the long-term multiple for the stock but with ZIP trading on just 11x forward PE it appears as if the market is way ahead of us. ZIP will still grow its US Total Transaction Value by over 30% this year and we anticipate operating margin expansion. Like **Aussie Broadband**, **Guzman y Gomez** and **Mader**, ZIP is taking advantage of its undervaluation to buy-back stock.

The case study on FleetPartners above is illustrative. It is not a sexy stock but it delivered suburb shareholder returns for those who had the patience to stick with it and the ability to focus on the business fundamentals not the share price.

The disconnect between the earnings and share prices witnessed in FleetPartners was a theme of our most recent webinar. A replay is available here: **QVG September 2026 Webinar** or via our **website**.

There are economic pressures on many listed companies with the consumer and residential construction at ground zero. Despite this we believe the competitive positions of the companies we own and the fundamental characteristics of the portfolio remain sound. The fund is set up for much improved returns when the interest rate pressure on valuations eases.

NET PERFORMANCE

PERIOD	FUND RETURN	BENCHMARK RETURN	OUT / UNDER-PERFORMANCE
1 month	+2.92%	-6.43%	+9.35%
1 year	-25.56%	-14.36%	-11.20%
3 year p.a.	+9.97%	+10.04%	-0.07%
5 year p.a.	+0.20%	+0.64%	-0.44%
Since Inception	+153.48%	+66.45%	+87.03%
Since Incept p.a.	+10.68%	+5.72%	+4.96%

TOP 5 HOLDINGS

1. Generation Development (GDG)
2. Aussie Broadband (ABB)
3. Life360 (360)
4. ZIP Co. (ZIP)
5. Lovisa (LOV)

This information refers to investments in the QVG Opportunities 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.

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	29	**Admin & Custodian**	MUFG Corporate Markets
Stock Limit	10% at cost	**APIR Code**	QVG9204AU
Trust FUM	$576m	**Platform Availability**	Netwealth, HUB24, AUSMAQ, POWERWRAP

CONTACT INFORMATION

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