

September performance was -5% versus the Small Ords -2.3%. Since inception returns are +10.4% p.a.

Wind the clock back to this time last year, and we had just come off a 12-month return of +40.5% taking 3 year returns to 22.7% p.a. and the 5-year number to +15.5%. In September 2025, all was right with the world – the Aussie 10-year yield was under 4% and CGT changes were just a twinkle in Jim Chalmers' eye. Fast forward a year and things look very different. We have had a bad year. It's fair to say our portfolio is ill-suited to higher rates and our large weights such as **Life360**, **Generation Development**, **MA Financial** and **ZIP Co** have all seen significant share price falls.

This time last year we held the same top 5 as we do today. This makes the exercise of looking at the FY27 revenue and earnings revisions for our most important holdings an easy exercise. With the help of data-provider Factset, the FY27 consensus revenue and NPAT revisions are presented here:

**Consensus FY27 Revenue & NPAT Sep'25 v Sep'26**

| Consensus                           | Sep'25 | Sep'26 | %      |
|-------------------------------------|--------|--------|--------|
| <b>Generation Development Group</b> |        |        |        |
| Revenue                             | 211.8  | 212.4  | 0.3%   |
| NPAT                                | 57.6   | 48.6   | -15.6% |
| <b>ZIP Co*</b>                      |        |        |        |
| Revenue                             | 1560.1 | 1606.5 | 3.0%   |
| NPAT                                | 174.9  | 184.2  | 5.3%   |
| <b>Aussie Broadband*</b>            |        |        |        |
| Revenue                             | 1469.7 | 1594.0 | 8.5%   |
| NPAT                                | 85.0   | 98.7   | 16.1%  |
| <b>MA Financial (CY26)</b>          |        |        |        |
| Revenue                             | 448.6  | 468.0  | 4.3%   |
| NPAT                                | 87.0   | 82.3   | -5.4%  |
| <b>Life360*</b>                     |        |        |        |
| Revenue                             | 890.5  | 963.6  | 8.2%   |
| NPAT                                | 166.2  | 187.0  | 12.5%  |

\*active buyback

As you can see above, FY27 revenue expectations for our companies are better than forecast with positive revisions of +4.8% on average. The average FY27 NPAT revision is only +2.6% as Generation Development has seen significant, and MA Financial modest, cost increases to support future growth.

The numbers above show that the operating trends within our largest companies – despite macro headwinds – are improving. This operating performance has not been reflected in their share prices.

The disconnect between the earnings and share prices in our portfolio was a theme of our most recent webinar. A replay is available here: [QVG September 2026 Webinar](#) or via our [website](#).

Our message is this:

- Higher interest rates have had a negative impact on the valuations of long duration growth companies of the sort we like.
- The near and long-term fundamentals of the portfolio are, in aggregate, robust and ahead of expectations.
- We acknowledge we can't just blame rates for our poor performance, but the good news here is that the current valuations of the portfolio have rarely been more attractive.
- The portfolio is well set in companies with above market organic growth, durable competitive advantages, run by shareholder-friendly management teams.
- We are heavily personally invested in the funds and are on the journey with you.

There are economic pressures on many listed companies, but 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           | -5.02%      | -2.34%           | -2.68%                  |
| 1 year            | -26.92%     | -6.74%           | -20.18%                 |
| 3 year p.a.       | +6.55%      | +10.40%          | -3.85%                  |
| 5 year p.a.       | +0.57%      | +2.18%           | -1.61%                  |
| Since Inception   | +146.28%    | +77.89%          | +68.39%                 |
| Since Incept p.a. | +10.43%     | +6.55%           | +3.89%                  |

**TOP 5 HOLDINGS**

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

## 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.

## 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.



### 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.

| 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      | 30                           | Admin & Custodian     | MUFG Corporate Markets                          |
| Stock Limit         | 10% at cost                  | APIR Code             | QVG9204AU                                       |
| Trust FUM           | \$560m                       | Platform Availability | Netwealth, HUB24, AUSMAQ, POWERWRAP             |

### CONTACT INFORMATION

Email [contactus@qvgcapital.com.au](mailto:contactus@qvgcapital.com.au) Phone +61 2 8039 9060

Email [qvg@cm.mpms.mufg.com](mailto:qvg@cm.mpms.mufg.com)

Phone +61 2 8767 1114