ELVEST

The Elvest Fund

Monthly Report - September 2026

Commentary

The Elvest Fund returned -3.3% for September, versus the Benchmark return of -2.3%. Since inception, the Fund has returned a total of 43.8%, versus the Benchmark return of 24.4%.

Macro was firmly in focus as rising global bond yields weighed on Australian equities, particularly small and mid cap industrials. Higher energy prices feeding into already stubborn inflation led both the Federal Reserve and the RBA to raise rates by 25bps during the month. Australian and US 10-year yields rose 26bps and 53bps respectively, closing September at 5.35% and 5.28%.

Key contributors for the month were COG Financial Services (COG), and Megaport (MP1). Key detractors were Pinnacle Investment Management (PNI), and Zip Co (ZIP).

COG extended gains post its FY26 result released in August, which saw group NPATA up 33% to $32.7m. COG's salary packaging division was the standout, growing its earnings by 88% during the period.

With the government policy and energy tailwinds supporting salary packaging and novated leasing showing no signs of abating, we think the 10x forecast earnings multiple remains undemanding.

MP1 rallied following the signing of three contracts in late September 2026 worth $978.6m. Those agreements lifted annual recurring revenue to about $1.1bn. In response, management upgraded FY27 revenue guidance to between $720m and $810m (more than double FY26), with guided EBITDA margins rising to between 42% and 44%.

PNI fell following news that auditors delayed signing off on three ASX-listed funds run by Metrics, one of PNI's private credit affiliates.

The news is disappointing, but Metrics is one of 19 affiliates and a modest share of PNI's group profit. In our view, Metrics is obscuring the dynamic growth of Pacific Asset Management (PAM), PNI's 100%-owned UK business.

PAM has grown FUM from £2.6bn in 2022 to £18.2bn, or A$34bn (inclusive of PNI affiliates), at June 2026, with strong growth continuing in the September quarter. At the FY26 exit run rate, PAM alone will contribute more than a fifth of last year's group profit.

At $13, PNI trades on 15x earnings, near an all-time low and well below its long term average of 26.8x, despite forecast earnings growth of more than 20% a year over the next three years. It also offers a dividend yield of 5.4%. We continue to see PNI compounding as it converts a domestic distribution machine into a global one.

ZIP fell on macro concerns, following the beat and upgrade delivered at the FY26 result. At about 10x Elvest's earnings estimates and despite guidance that implies 26%+ earnings growth in FY27, ZIP is priced roughly where a business with no growth would be.

Despite the noise, management continues to sensibly balance growth and risk management, and we see compelling value at prevailing prices.

The higher discount rates of today have substantially compressed small cap stock prices, providing the opportunity for long term investors. We continue to focus the portfolio on high-quality industrial companies that can reinvest and compound earnings for long periods.

Top Holdings (alphabetical order)

360	Life360
KOA	The Koala Company
MP1	Megaport
PNI	Pinnacle Investment Management
ZIP	Zip Co

Performance	1 Month	1 Year	3 Years p.a.	Since Inception p.a.*	Since Inception*
The Elvest Fund	**-3.3%**	**-21.5%**	**7.8%**	**8.7%**	**43.8%**
S&P/ASX Small Industrials TR	**-1.3%**	**-14.4%**	**6.0%**	**3.3%**	**15.1%**
S&P/ASX Small Ordinaries TR	**-2.3%**	**-6.7%**	**10.4%**	**5.2%**	**24.4%**

* Inception date 1 June 2022. Performance after all fees & expenses. Unit price (1/10/2026): MID ($) 1.2766, ENTRY ($) 1.2798, EXIT ($) 1.2735.

This information refers to investments in The Elvest Fund (The Fund). Any person wishing to invest in the Fund should review the Information Memorandum and seek legal, financial and taxation advice. The trustee of the Fund is Fundhost Limited (ABN 69 092 517 087, AFSL No. 233 045). Elvest Co Pty Limited (ABN 65 657 018 614, AFSL 547262) is manager of The Fund. 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.

The Manager

Elvest Co is a boutique investment manager specialising in small and mid cap Australian equities. Independently owned and operated by managers with a strong track record, Elvest Co is the investment manager of The Elvest Fund.



Adrian Ezquerro

Principal & Portfolio Manager

Adrian is a Portfolio Manager of the Elvest Fund, and a co-founder of investment management company Elvest Co Pty Limited. Adrian has over 15 years' experience in financial markets, with prior roles including Analyst, Senior Analyst, Portfolio Manager and Head of Investments.



Jonathan Wilson CFA

Principal & Portfolio Manager

Jonathan is a Portfolio Manager of the Elvest Fund, and a co-founder of investment management company Elvest Co Pty Limited. Jonathan has over 10 years' experience in financial markets, with prior roles including Analyst, Senior Analyst and Portfolio Manager.

Investment Approach

Our bottom-up research and company visitation program results in an actively managed portfolio of high-quality Australian businesses offering dynamic growth. We seek to own a part share of established emerging leaders that are still relatively early in their life cycle. We therefore expect to benefit from the earnings and dividend growth that often follows. We target companies that have emerging industry leadership, a strong balance sheet, healthy cash generation, aligned management teams and large opportunity sets.

About The Fund

The Elvest Fund is a long-only Australian equities fund. The Fund invests in 20-40 companies that are typically outside of the S&P/ASX 100 at the time of initial inclusion. The objective is to provide strong absolute returns to investors, while also outperforming its Benchmark over the long term.

Fund Information

Name	The Elvest Fund	**Investment Eligibility**	Wholesale only
Structure	Wholesale Unit Trust	**Minimum Investment**	$250,000 (unless otherwise agreed)
Investment Universe	ASX-Listed small and mid caps	**Liquidity**	Monthly
Benchmark	S&P/ASX Small Ords Accum. Index	**Distributions**	Annually
Number of Holdings	20 to 40 securities	**Fees**	1.28% (incl. GST, net of RITC) 20.5% (incl. GST, net of RITC) of outperformance of the Benchmark, subject to a high water mark.
Stock Limit	10% at cost		
Investment Timeframe	5 years+		
APIR Code	FHT0540AU	**Administration**	Fundhost
Platform Availability	HUB24, Netwealth, Mason Stevens	**Custodian**	HSBC

Contact

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