ELVEST

The Elvest Fund

Monthly Report - October 2026

Commentary

The Elvest Fund returned -2.5% for October, versus the Benchmark return of -6.4%. Since inception, the Fund has returned a total of 40.2%, versus the Benchmark return of 16.4%.

Macroeconomic pressures continued to weigh on markets in October, with AI capex concerns adding to the cautious tone. Domestically, the September inflation release was too high, too broad and too sticky. Headline inflation accelerated to 4.3%, ahead of expectations, while trimmed mean rose 1.0% QoQ to be 3.7% higher YoY. A November rate hike was swiftly priced in, and after month end the RBA delivered a 25bp hike, taking the cash rate to 4.85%.

The environment remains dynamic, but RBA commentary suggests we may be nearing a peak in policy settings, with rates currently assessed to be sufficiently restrictive. All else equal, should this prove to be the case, it would provide a more productive environment for Australian small caps in the coming 12 to 24 months.

Key contributors for the month were Pinnacle Investment Management (PNI), and Koala (KOA). Key detractors were Megaport (MP1), and Navigator Global Investments (NGI).

PNI bounced from recent lows, and extended its rally post the release of a positive Q1 FUM and flows update at the AGM. Total affiliate FUM grew by $8.7bn to $238.1bn in the September quarter, principally driven by total quarterly net inflows of $5.9bn. PNI's diversified platform again delivered, with 6 different affiliates contributing over $500m in total net flows during the quarter.

KOA rose during the month, aided by continued strength in web traffic in all of its geographies. The clear highlight is accelerating web traffic in the US. Although coming off a relatively low base, it was up 135% in the September quarter, which bodes well for US revenue growth.

MP1 fell 15% in October, caught in an AI sell-off led by US neoclouds CoreWeave, Nebius and IREN, each down more than 30%.

The trigger was a sharp rise in corporate bond yields, as investors baulked at the debt being raised to fund AI capex. MP1 does not carry this risk. Its $2.3bn of (take-or-pay) contracts signed since April are fully funded, and on the ~$1bn signed in September, customers are funding two-thirds of the GPU capex themselves, a sign of how tight supply has become. We like MP1 for its speed to deployment, shorter payback periods, and the link between its compute and global private network, which delivers faster inference and lower transfer costs. At 17x FY28 earnings, the market is not pricing these advantages.

NGI fell despite delivering a sound September quarter AUM update, whereby ownership-adjusted AUM increased by 9% to US$36.6bn. Growth in NGI's Strategic division was the key driver, with AUM up 22.6% to US$16.3bn. Returns in NGI's Lighthouse division moderated during the quarter, leading to a slight tempering of FY27 earnings forecasts. That said, with 35% FY27 EPS growth still forecast and the company trading on just 8.5x forecast earnings, NGI remains inexpensive relative to our assessment of value.

Despite the economic headwinds being felt most acutely by the consumer and housing sectors, we are encouraged by the growth and execution of portfolio companies. Like much of the Australian small and mid cap market, on a P/E and EV/EBITDA basis, the aggregated portfolio is priced well below longer term averages and offers compelling value, providing a constructive set up for future returns.

Top Holdings (alphabetical order)

360	Life360
KOA	Koala
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	**-2.5%**	**-22.6%**	**8.9%**	**7.9%**	**40.2%**
S&P/ASX Small Industrials TR	**-2.8%**	**-17.9%**	**7.6%**	**2.6%**	**11.9%**
S&P/ASX Small Ordinaries TR	**-6.4%**	**-14.4%**	**10.0%**	**3.5%**	**16.4%**

* Inception date 1 June 2022. Performance after all fees & expenses. Unit price (1/11/2026): MID ($) 1.2449, ENTRY ($) 1.2480, EXIT ($) 1.2418.

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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