APIR GCM0001AU | ARSN 117 119 712

SEPTEMBER 2025 QUARTER REPORT

Quarter Commentary

The fund recorded a positive quarter with the unit price up 16.2% while the market also rose 5.0% for the same period. For the past year the fund has delivered a return of 6.3%, underperforming the broader market return of 10.8% by 4.5%.

Over the longer term the fund has provided a return of 9.9% per annum for the past 20 years and 11.5% per annum since inception in 2002. The fund has outperformed the market by 2.2% per annum after all fees and expenses since inception. A $10,000 investment made at inception is now worth $120,702 against $77,679 for the ASX300 benchmark.

The positive sentiment that began to appear towards the end of last quarter continued into this quarter with AP Eagers (up 68%), Fiducian (up 36%) and Redox (up 32%), the most noticeable recipients within the portfolio.

There were higher levels of volatility than usual during the period providing the opportunity to add a new holding to the portfolio.

It’s still a relatively small position, but I expect it will be a top 10 holding before the next update. The company operates in the information technology sector with international operations which adds further diversity to the portfolio.

Our holding in Reece was reduced when they delivered a disappointing result along with negative commentary surrounding the competitive landscape. This was disappointing as we have owned this business for more than 20 years and it has rarely put a foot wrong in that time.

The fund had a cash weighting of 2.0% at the end of September.

Performance as at 30 September 2025:

	Fund (net of fees)	ASX 300 Accum. Index
3 months	16.2%	5.0%
1 year	6.3%	10.8%
3 years p.a.	12.6%	15.0%
5 years p.a.	12.8%	12.9%
10 years p.a.	11.2%	10.1%
20 years p.a.	9.9%	7.6%
Since Inception (p.a.)*	11.5%	9.3%
Value $10,000 invested since inception	$120,702	$77,679

*Inception date of Fund is 14/10/2002

Unit Prices as at 30 September 2025:

Entry Price	$5.0031
Unit Price	$4.9906
Exit Price	$4.9781

Top 10 Holdings:

Company	Code	Weight (%)
Lovisa	LOV	15.2
PWR Holdings	PWH	11.9
Eagers Automotive	APE	11.2
AUB Group	AUB	10.2
MFF Capital Investments	MFF	9.8
ARB Corporation	ARB	8.2
Fiducian Group	FID	6.6
Dicker Data	DDR	5.7
Redox	RDX	5.1
New Hope Corporation	NHC	3.2

Top 5 Sector Exposures:

Sector	Weight (%)
Consumer Discretionary	47.8
Financials	29.6
Information Technology	7.9
Industrials	6.8
Energy	3.2
Other (including Cash)	4.7

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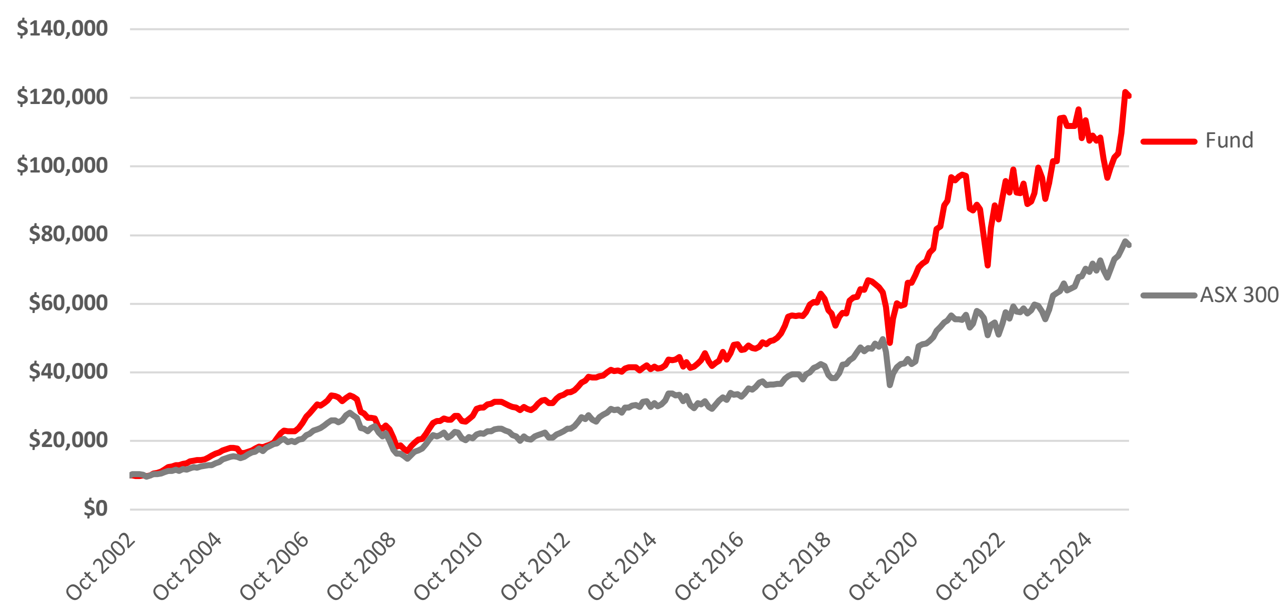
Fund Performance



While the table on the first page shows the performance of the fund over various time frames the graph above provides a visual representation of the fund against the ASX300 Accumulation Index benchmark since inception highlighting the benefits that accrue to compounding over the long term.

Portfolio Performance

The main contributors to fund performance during the quarter were Eagers Automotive, Lovisa, Fiducian Group, PWR Holdings and Redox, while the main detractors were AUB Group and Reece.

Eagers Automotive rose 68% during the quarter contributing to about 30% of our gain during the period. The shares are up 168% over the past year, as well as paying 74c per share in fully-franked dividends.

Lovisa also enjoyed a strong quarter when it announced a solid result, and management stated they are looking at the potential acquisition of some store sites in the USA from a competitor that has filed for bankruptcy.

Surprisingly, AUB Group fell during the quarter after also reporting a good result but was our largest negative contributor to performance. The only other negative result of significance was Reece which fell by 21% during the quarter, but the position had been reduced limiting its impact on portfolio performance.

Company Results

Resulting season provided an update on the results for many of our holdings. I would assess the overall results as good without being great. Some of the positive momentum in share prices during the quarter were most likely because the results were better than expected, or perhaps more accurately, less worse than expected.

Lovisa

Lovisa reported revenues increased by 14% to just shy of $800 million for the year as they added a further 131 stores to their store network. Profits were up only 4% because of a higher cost of doing business, and dividends were also reduced from the previous year.

The company doesn't break out profitability by country, but the Australia Pacific area now constitutes only 20% of the store count and slightly more than 25% of the revenue for the business, highlighting the global nature of the business. In the table below I have shown the expansion in the number of international stores over the past decade to highlight this growth.

During the quarter it was also announced that a major competitor, Claire's, had filed for bankruptcy and the company was looking at the possibility of taking over some of their sites, mostly in the USA. This is a strategy that Lovisa has deployed very successfully in the past in Europe and one that would see the company expand its footprint very quickly.

Lovisa has grown their international store footprint ten-fold over the past decade but there are still plenty of markets where it can continue to grow. We have owned Lovisa since 2019 and it remains a core holding.

	2015 (IPO)	2020 (Covid)	2025
June 30 Share Price	**$3.66**	**$5.95**	**$31.68**
Revenue	$134m	$242m	$798m
Net profit	$17.6m	$16.7m	$86.3m
Earnings per share	**17.1c**	**15.7c**	**78.1c**
Dividends per share	4.1c	15.0c	77.0c
Total Stores	239	435	1,031
International Stores	**79**	**260**	**817**

PWR Holdings

As expected PWR delivered a poor result for the year as the company undergoes the transition to larger premises. Revenues were down 7% to $130m while profits fell 50% to $12.4m. Because of the lower profits and ongoing capital expenditure required for the new premises the dividend was slashed by 70%.

The company also recently announced it has now moved into its new premises and after many months of delay have finally been connected to the electricity grid which will at least eliminate the costs of running generators.

With its expanded manufacturing capacity finalised, the elements are now in place for growth over the next few years. It is now a question of execution of the strategic path the company has taken into aerospace and defence.

AUB Group

We first added AUB Group to the portfolio in early 2009 and since then it has been a quiet achiever in the fund's performance. The shares are up nine-fold since our initial investment. That's roughly 15% per annum over 16 years. While insurance brokers may not attract much attention, they do play a vital role for nearly every business owner.

In the latest results the company announced profits had increased 17% on the previous year on the back of a 12.7% increase in revenues. All parts of the business are performing well, and management announced they expect profits will be up around 10% again next year. It may not be exciting but AUB is a business that consistently delivers good results, so it was surprising to see the shares fall during the quarter.

The table below provides a snapshot of the business over the past 15 years.

	2010	2015	2020	2025
Share Price	**$4.93**	**$9.00**	**$14.70**	**$35.48**
Revenue	$106.2m	$217.3m	$335.3	$1,501.3m
Underlying Net profit	$20.2m	$36.3m	$53.4m	$200.2m
Earnings per share	**35.3c**	**59.3c**	**72.5c**	**171.8c**
Dividends per share	22.5c	39.7c	50.0c	91.0c

Reece Australia

Reece delivered a disappointing result and the market reacted accordingly. Despite an additional 39 new branches and several small bolt-on acquisitions, revenue fell by 1%, and tough trading conditions saw profit margins decline. Profits were down 24% and the dividend was reduced by 29% on last year.

Reece operates in a cyclical industry so there will naturally be ups and downs in their results but as the table below shows their returns on the incremental capital in the business have been poor since their move into the USA.

Furthermore, management also stated that actions by the vendor of a business they bought more than five years ago are impacting them more than was previously believed. After serving out a non-compete clause the seller has started up in direct competition to Reece and is also luring away key staff, impacting both profits and operations.

We have owned Reece continuously for more than 20 years and management have done a wonderful job for most of that time, but the American business has problems and our exposure has been reduced accordingly.

	2010	2015	2020	2025
Share Price	**$4.84**	**$6.86**	**$9.19**	**$14.35**
Net profit	$114.2m	$165.6m	$229.0m	$316.9m
Earnings per share	**22.9c**	**33.2c**	**40.0c**	**49.0c**
Dividends per share	11.6c	15.2c	12.0c	18.4c
Return on Equity	**19.2%**	**17.9%**	**8.3%**	**7.8%**

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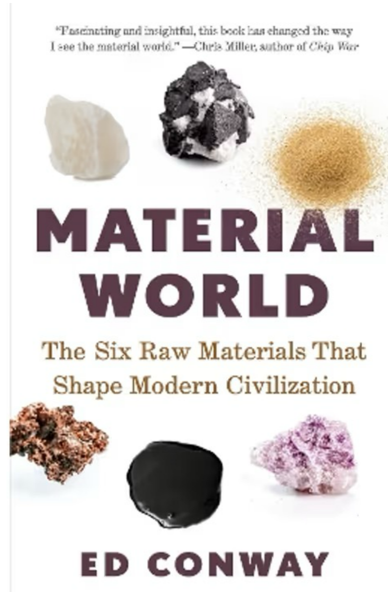
Book Recommendation: Material World by Ed Conway

Normally, I restrict these updates to the companies we own and how they are performing. However, I thought I would mention a book I read recently which I found very interesting, Material World by Ed Conway.

Ed Conway's Material World explores six raw materials that are fundamental to our modern existence. Materials that we all know, such as sand, salt and copper. Throughout the book Conway shares numerous anecdotes from his travels around the globe demonstrating how each material has influenced and transformed our lives, with a particular focus on developments since the Industrial Revolution, right up to the current day of lithium and smartphones.
It might surprise you to know that without salt we could not feed the current population of the planet.



While the book also addresses the climate challenges we currently face, these considerations are presented as secondary to the primary discussion of how our world is fundamentally dependent on these six raw materials. Indeed, our world would basically stop without them.

Material World is written in a clear and engaging style, making it accessible to readers of all backgrounds, regardless of their prior knowledge.

Material World will probably rank as one of the top three books that I read this year.

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