

# ELVEST

The Elvest Fund

Monthly Report - February 2026

## Commentary

From a returns perspective February was a difficult month for The Fund, returning -10.5%, versus the Benchmark return of -2.6%. Since inception, the Fund has returned a total of 41.1%, versus the benchmark return of 36.0%.

Monthly performance contrasted sharply with the solid fundamentals of the portfolio, which delivered respective median revenue and underlying earnings growth of 15% and 20%, during the February reporting season.

It was a familiar tale whereby the Small Resources Index rallied while the Small Industrials Index fell sharply. But that's not the key message emanating from February, which was characterised by aggressive price to earnings compression.

In aggregate, earnings forecasts for our portfolio companies are robust, and reporting season saw most companies generally meet expectations. In the few cases where expectations were missed, even modestly, the market reaction was unforgiving.

What has defined the past couple of months is the multiple applied by the market to company earnings. We track our portfolio's bucket of forecast earnings closely, and over the long term, this typically follows a general trend of steady upwards progression. What oscillates far more meaningfully over shorter time frames is the market mentality, as it ebbs and flows from periods of greed to fear, and back again. This mentality is most meaningfully expressed via the multiple applied to some or all parts of the market. When fearful, multiples compress to lower (more attractive) levels, and vice versa.

Whilst intensely focused on the tech sector, the rapid proliferation of fear related to the evolution of AI quickly rippled beyond technology to various other parts of the industrials market. Thus, we have observed a dislocation whereby indiscriminate selling across large swathes of the small and mid cap industrials market has seen capital re-allocated to the major banks and resources companies, or less risky assets such as cash.

As a result, and mirroring trends in our portfolio on an EV/EBITDA basis, the Small Industrials Index (ex banks and REITs) is now trading 2 standard deviations below longer term averages. Australian small caps have not traded at this level of discount to large caps since the GFC.

Events in the Middle East in recent days may see a continuation of this flight to safety persist for some time. But as we saw with the dust settling on last year's Liberation Day events, such flows can turn sharply to once again favour high quality growth companies.

As it stands, the portfolio has rarely if ever been cheaper, if we consider the relativity of portfolio constituent prices to forecast earnings growth and our assessment of intrinsic value. The portfolio's current forward looking P/E of 14.5x has compressed from 17.5x in late CY2025, despite the significantly above-market profit growth profile of our holdings largely being maintained at about 20%. The portfolio's multiple also compares favourably to the ASX Small Industrials P/E of 18.1x.

At a stock specific level, the key contributor for the month was Aussie Broadband (ABB). The main detractors were Zip Co (ZIP), Navigator Global (NGI), and News Corp (NWS).

Whilst we share the disappointment around short term returns alongside our co-investors, given deep discounts to value and our focus on quality, earnings growth and valuation, we maintain a positive view of medium to longer term returns from here.

## Top Holdings (alphabetical order)

<b>360</b>	Life360
<b>ABB</b>	Aussie Broadband
<b>NWS</b>	News Corporation
<b>PNI</b>	Pinnacle Investment Management
<b>ZIP</b>	Zip Co

Performance	1 Month	1 Year	3 Years p.a.	Since Inception p.a.*	Since Inception*
<b>The Elvest Fund</b>	<b>-10.5%</b>	<b>0.7%</b>	<b>9.8%</b>	<b>9.6%</b>	<b>41.1%</b>
<b>S&amp;P/ASX Small Industrials TR</b>	<b>-4.5%</b>	<b>1.1%</b>	<b>6.8%</b>	<b>5.2%</b>	<b>20.8%</b>
<b>S&amp;P/ASX Small Ordinaries TR</b>	<b>-2.6%</b>	<b>23.1%</b>	<b>12.5%</b>	<b>8.5%</b>	<b>36.0%</b>

\* Inception date 1 June 2022. Performance after all fees & expenses. Unit price (1/3/2026): MID (\$) 1.2603, ENTRY (\$) 1.2635, EXIT (\$) 1.2572.

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

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

## Contact

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