GCQ FLAGSHIP FUND | H Class Units

GCQ
GLOBAL CONCENTRATED QUALITY

MONTHLY PERFORMANCE & PORTFOLIO UPDATE

February 2026

Returns	1 Month	3 Months	1 Year	2 Year (p.a.)	3 Year (p.a.)	Since Inception (p.a.) (1 May 2022)
GCQ H Class (AUD)[1]	**(6.0%)**	**(10.0%)**	**(12.0%)**	**3.6%**	**16.6%**	**13.0%**
MSCI World Index (USD)[2]	0.7%	3.8%	21.3%	18.4%	20.6%	15.3%
Excess performance	**(6.7%)**	**(13.8%)**	**(33.3%)**	**(14.8%)**	**(4.0%)**	**(2.3%)**

"Buy on the sound of cannons, sell on the sound of trumpets."

- Nathan Rothschild

The net return for investors in H Class Units for the month of February was **-6.0%**. This compares with the MSCI World Index (USD), which was **+0.7%**.

The Fund's short-term underperformance for the current financial year follows strong outperformance in the prior three years as shown in the table below:

Returns	FY23	FY24	FY25	FY26 YTD
GCQ H Class (AUD)[1]	**30.9%**	**25.6%**	**19.7%**	**(12.4%)**
MSCI World Index (USD)[2]	18.5%	20.2%	16.3%	13.9%
Excess performance	**12.4%**	**5.4%**	**3.4%**	**(26.3%)**

February was the second month of a rapid sell-off in software, internet and information services businesses. This was driven by negative market narratives around the potential for disruption by Artificial Intelligence (AI) chatbots such as ChatGPT, Gemini and Claude. Market hysteria around these themes peaked on Monday 23 February, when the portfolio bottomed. The portfolio bounced sharply in subsequent days, with the GCQ Flagship Fund significantly outperforming the market in the final days of February as this group of businesses performed strongly.

Portfolio as of 28 February 2026	Weight
Uber	9%
airbnb	6%
Sharing economy	**15%**
Hemnet	8%
rightmove	5%
Scout24	1%
Real estate advertising monopolies	**14%**
Money Forward	7%
INTUIT	6%
freee	1%
Cloud accounting software	**14%**
amazon.com	11%
Global cloud computing	**11%**
S&P Global	5%
MSCI	5%
Credit rating agencies & index providers	**10%**
FICO	7%
Verisk	3%
Industry standard businesses	**10%**
VISA	6%
Mastercard	1%
Global consumer payments	**7%**
LVMH	3%
RICHEMONT	1%
HERMÈS	1%
Super-luxury goods	**5%**
smg swiss marketplace group	5%
Online marketplaces	**5%**
Microsoft	2%
SAP	1%
Enterprise software	**3%**
Other high-quality businesses	**3%**
Total long	**97%**
Shorts	**(3%)**
Net exposure	**94%**
Cash	**6%**
TOTAL	**100%**

[1] Net performance figures are shown after all fees and expenses and assumes reinvestment of distributions. Past performance is not a reliable indicator of future results. Figures longer than one year have been annualised. [2] See MSCI Disclaimer on the last page.

During February, we took advantage of the sell-off in high-quality companies to add **Intuit**, **Microsoft**, **S&P Global**, **Verisk** and **SAP** to the portfolio at highly attractive prices, close to their lows of the month. These businesses had sold off by up to 40% over the prior six months based on AI fears. Adding them to the portfolio introduces several new “coiled springs” primed to rebound as investor sentiment becomes less negative, which we discuss on the following pages.

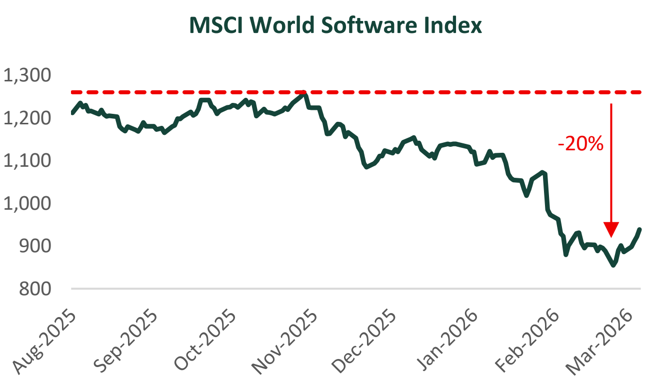
Pleasingly, we are already seeing the positive impact of these changes, with the fund up +5.5% in the first week of March, and up +9.1% from the lows, driven by a rebound in Intuit and Verisk which are up +30% and +25%, respectively, from their February lows.

“The time of maximum pessimism is the best time to buy.”

- John Templeton

The first two months of 2026 were dramatic.

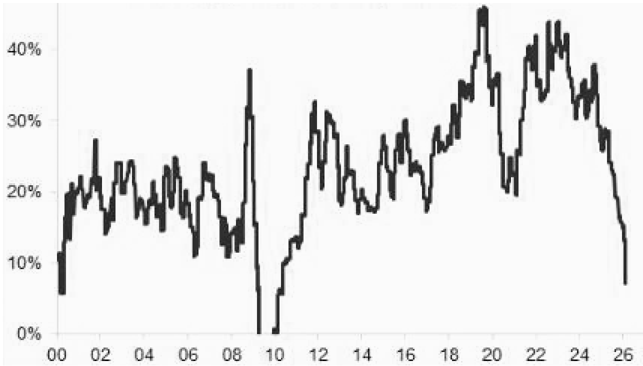
A broad group of software stocks globally fell by more than 20% over just two months, as investors dumped stocks perceived to be vulnerable to disruption by AI.



Source: GCQ Funds’ analysis

These sharp moves were echoed by higher-quality capital-light companies more broadly – including from some of the highest quality businesses in the world, like **S&P Global, MSCI, FICO** and **Verisk**. Capital-light businesses trade at a premium to capital-intensive businesses (i.e., businesses that require a lot of money to be tied up in physical assets) because they do not need to reinvest shareholders’ money to grow. Instead, capital can be returned to shareholders in the form of share buybacks and dividends, which means their growth is more valuable. Today, these wonderful businesses are trading at the lowest premium to capital-intensive companies since the GFC.

1-year Forward P/E for Non-Capital Intensive vs. Capital Intensive Companies



Source: Datastream & Goldman Sachs Global Investment Research

The sell-off reached its peak in late-February, triggered in part by a widely-circulated blog post from little-known Citrini Research. Citrini painted a dystopian scenario for 2028 in which the obsolescence of white-collar workers, driven by Artificial Intelligence, results in mass unemployment, crashing consumer spending, a mortgage market collapse, and a cascade of defaults across private equity-backed software companies that will spill out into the broader financial system.

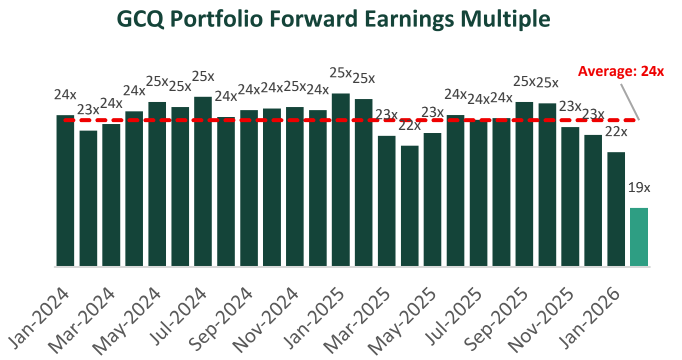
We have never in our collective investing careers witnessed such broad-based investor panic caused by a work of fiction. The report garnered enough global attention that even the White House weighed in, dismissing the report as “science fiction.” We tend to agree.

Meanwhile, companies deemed immune to AI disruption saw their share prices bid up. Colgate’s share price rose +25%, with its stock seen as a relative ‘safe haven’ for capital (the demand for toothpaste remained unchanged).

At first, the market’s panic towards AI disruption was indiscriminate, adopting a “shoot first and ask questions later” mindset. Companies with extraordinary competitive moats built on network effects (like Visa and Uber), or industry standards (like MSCI and FICO) were swept up alongside businesses with genuine terminal value risks (like freelance jobs marketplaces for coding and writing). Fear increased when Anthropic – which was actively raising capital at the time – claimed its Claude model would take over tasks such as legal work.

Down by the elevator

Markets reacted swiftly, compressing valuations across software and information services companies. The GCQ portfolio fell from 25x P/E in October 2025 (near its average) to 19x by the end of February 2026. This sudden de-rating pushed our collection of monopolies, duopolies and irreplaceable brands to a valuation below that of the MSCI World Index – on average a group of inferior companies with lower growth, lower margins and higher debt levels.



Source: GCQ Funds' analysis

Up by the escalator

As February progressed, investors *started* to think more clearly. Rather than assuming AI would destroy all software value, they focused on which companies were more likely to last – especially those with strong network effects or those which own industry standards. They also began to think about how businesses could adapt and exploit AI to charge higher prices or reduce costs.

As the market seemed to hit bottom, Anthropic – now well-funded from a capital raising – started publicly discussing partnerships with the same software companies that (just days earlier) investors feared they might replace. Slowly, conditions settled in the final days of the month.

Never waste a good sell-off

At GCQ, we have always maintained that periods of indiscriminate selling in high-quality business are amongst the most valuable opportunities available to long-term investors. It is in moments like these that the use of our **GCQ Industry Quality Checklist™** comes to the fore. Markets are driven by fear and greed, and when people get scared, they often do silly things out of fear.

Our checklist-focused approach had already forced us to address the issue of potential AI disruption for each of the companies in the GCQ portfolio.

Every CEO worries about their business becoming the next Kodak or Yellow Pages, and the companies we own have been preparing for AI opportunities and threats for some time.

With many stocks falling sharply, we took out our checklists and reviewed the portfolio calmly, knowing we had already scrutinised the risks the market was suddenly reacting to. This allowed us to focus on what to buy to take advantage of the panic.

We quickly reduced our exposure to positions that had held up well through the "SaaSpocalypse" sell-off – including our positions in the **super-luxury goods industry**, **WD-40**, and **Mastercard** – and redeployed that capital into high-quality businesses that had been dragged down by fear. By the end of February, we had invested about 15% of the fund into **Intuit**, **S&P Global**, **Verisk Analytics**, **Microsoft** and **SAP** at highly attractive valuations. In our view, these are businesses that will not be replaced by AI, and are likely to be AI beneficiaries over time.

Microsoft's enterprise software suite is deeply embedded in the workflows of almost every business in the world. Meanwhile, SAP is the operational backbone for larger enterprises, with its customers generating >80% of total global commerce. Verisk is the monopoly gatekeeper of mission-critical property and casualty data that the U.S. insurance industry simply cannot function without, while S&P's credit ratings are deeply embedded in the global debt issuance ecosystem. Intuit is the leader in mission-critical accounting software in the U.S., with a similar market position to Xero in Australia.

The current market environment has presented us with stronger investment opportunities than we have seen since 2022. At present, one of our analysts is in San Francisco meeting a long list of companies – some we own, and others we are watching closely. A quote said at a meeting with Jack Forestell, Chief Product & Strategy Officer of Visa captures why we are optimistic about our companies:

"Businesses with network effects and proprietary data scale are going to do really well with AI because those things are really hard to replicate."

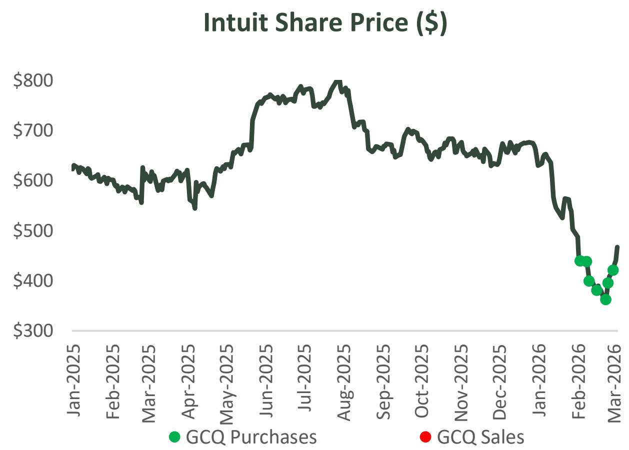
You may also be interested to listen to a [webinar] released on 24 February, in which GCQ's Chief Investment Officer, Doug Tynan, is interviewed by GCQ's Investment Director, Douglas Isles, on how the current sell-off has created opportunities for the fund to buy some of the world's strongest companies with network effects.

Looking forward with optimism

In our view, the portfolio today is exceptionally well-positioned for the period ahead.

We continue to be delighted by the revenue growth and cash flow generation of the companies we own. As a result of the disconnect between company performance and equity valuations, at the end of February the GCQ portfolio was trading on a P/E multiple of 19x, meaningfully below the historical average of 24x.

At the time of writing, our active trading decisions have added ~3.5% to the fund's Net Asset Value (NAV) in the current calendar year-to-date, primarily driven by reducing our combined position size in super-luxury from ~10% to ~4.5% of the portfolio in February, and redeploying that capital into Intuit.



Source: GCQ Funds' analysis

We have been delighted that many of our investors recognised the opportunity presented by the recent market dislocation, which has led to **near-record inflows into the GCQ Fund over the course of January and February**. We believe this is testament to the mindset of clients and advisers that trust us with their capital. They share our simple message: investing in a concentrated portfolio of high-quality global businesses – particularly when they are out-of-favour – is a strategy that makes sense. While share price declines can be painful, we love buying larger stakes in businesses when they are "on sale."

"I have been in the forecasting business for more than 50 years. Over that period, I have heard the constant refrain that the world is in the midst of "unprecedented changes"."

- Stephen Roach

CONTACT

KATHY WU
Chief Operating Officer
contact@gcqfunds.com
+61 (2) 7252 9124

GCQ Funds Management Pty Ltd
Level 14, 167 Macquarie Street
Sydney, NSW 2000 Australia
gcqfunds.com