MONTHLY PERFORMANCE & PORTFOLIO UPDATE

October 2025

Returns	1 Month	3 Months	1 Year	2 Year (p.a.)	3 Year (p.a.)	Since Inception (p.a.) (1 July 2022)
GCQ P Class (AUD)[1]	**0.1%**	**(0.8%)**	**20.2%**	**26.5%**	**29.5%**	**27.1%**
MSCI World Index (AUD)[2]	3.3%	6.3%	22.6%	25.8%	20.8%	21.5%
Excess performance	**(3.2%)**	**(7.1%)**	**(2.4%)**	**0.7%**	**8.7%**	**5.6%**

"These are not even strong results. These aren't extraordinary results. These are arguably the best results that any software company has ever delivered."

- Palantir CEO Alex Karp, capturing the mood of the market in October 2025

The portfolio's net return for the month of October 2025 was **+0.1%**, which compares with the MSCI World Index (AUD) return of **+3.3%**. This brings the net return for this calendar year (since 1 January 2025) to **+7.8%**, while the MSCI World Index (AUD) has returned **+13.3%** over the same period.

The market's attention this year has largely been captured by companies exposed to the Artificial Intelligence thematic. We have used this period to tilt the portfolio towards some of the world's highest quality companies at a time when they are out of favour, with LVMH and FICO being two businesses that we have repurchased recently.

The portfolio now contains several "coiled springs" – fast growing businesses in highly attractive industries trading at a substantial discount to our assessment of fair value – that we expect to contribute very meaningfully to returns in the future.

On the following pages, we provide a brief snapshot of the AI capital expenditure frenzy that is dominating headlines and market sentiment, followed by an overview of key learnings from GCQ Flagship Fund portfolio companies in the current quarterly reporting period.

Portfolio as of 31 October 2025	Weight
LVMH	10%
RICHEMONT	4%
HERMÈS	3%
Super-luxury goods	**17%**
Hemnet	11%
rightmove	3%
Real estate advertising monopolies	**14%**
Uber	9%
airbnb	5%
Sharing economy	**14%**
amazon.com	11%
Global cloud computing	**11%**
VISA	6%
	4%
Global consumer payments	**10%**
MSCI	8%
Index providers	**8%**
Money Forward	7%
freee	1%
Cloud accounting software	**8%**
FICO	7%
Local monopolies	**7%**
WD-40 COMPANY	3%
Branded consumer goods	**3%**
Other high-quality businesses	**6%**
Total long	**99%**
Shorts	**(3%)**
Net exposure	**96%**
Cash	**4%**
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.

3Q25 Earnings Season

Companies have once again delivered results that are above expectations this quarter. So far, approximately 85% of S&P 500 companies have reported third quarter results and 83% of these companies have exceeded estimates. For the S&P 500, the frequency of positive earnings surprises has been surpassed only during the period between 2020 to 2021, as the world was coming out of COVID-19 lockdowns. With respect to the GCQ Flagship Fund, 16 portfolio companies have reported to-date, with 14 of these delivering earnings above estimates.

Despite strong results across the board, the market's response to many of these results has been relatively muted. Instead, what has been moving markets is updates on the number and size of Artificial Intelligence (AI) deals struck by a small number of major companies.

The enormity of these deals was most clearly articulated by OpenAI (the company behind ChatGPT) CEO Sam Altman in a recent post on X (formerly Twitter):

"We expect to end this year above <u>$20 billion</u> in annualized revenue run rate and grow to hundreds of billions by 2030. We are looking at [infrastructure spending] commitments of about <u>$1.4 trillion</u> over the next 8 years. Obviously this requires continued revenue growth, and each doubling is a lot of work!"

To put OpenAI's $1.4 trillion of investment in context, Amazon, Microsoft and Alphabet (Google's parent company) *combined* have spent less than $1 trillion in capital expenditures *over the past decade*. Further, this $1.4 trillion doesn't include the intended spend of other AI companies, like Anthropic and Perplexity.

Put another way, OpenAI has committed to spend ~70x its current annual revenues! This would seem like a lot if OpenAI were a profitable business. However, OpenAI is forecast to lose -$9 billion of free cash flow in 2025, with these free cash flow losses expected to blow out to -$47bn by 2028.

OpenAI's business partners include many of the largest companies in the world such as Microsoft, Nvidia, AMD and Oracle. Also benefiting from the AI thematic are the software companies that are on the cutting edge of AI adoption such as Palantir, which captured the excitement of the market when trumpeting its +63% year-on-year revenue growth in the third quarter (see the comment at the top of this portfolio update!).

The OpenAI deals and exposure to the AI thematic have resulted in these companies being some of the best performing stocks in the share market index, driving overall index performance.

These companies are dependent on OpenAI to maintain the support of the capital markets and ultimately, work out a sustainable business model for the AI capital expenditure boom to continue.

The GCQ Flagship Fund has not participated in the short-term stock market returns of AI beneficiaries (the calendar year-to-date share prices of Nvidia, AMD and Palantir are up +36%, +97%, and +137%, respectively), as these companies operate in industries that do not tick enough boxes on the **GCQ Industry Quality Checklist™** – an unbreakable requirement if a company is to be considered for inclusion in our portfolio.

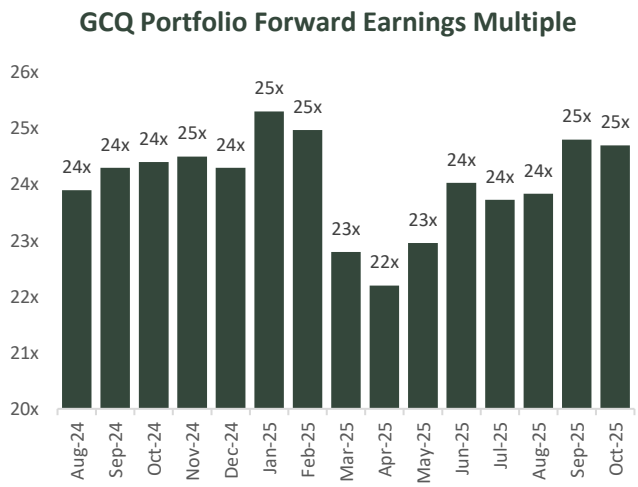
To give one key example, the semiconductor industry is the greatest beneficiary of the AI capital expenditure boom, but companies in the semiconductor industry do not pass our checklist. The key crosses Nvidia receives on our checklist relate to:

- **Customer concentration:** Its three largest customers account for ~34% of group revenues – and all three customers are working to reduce their reliance on Nvidia by designing and developing their own chips.
- **Cyclicality:** GPU chip sales volumes are linked to the capital expenditure cycles of Nvidia's customers, which are inherently cyclical.
- **Competitive advantage durability:** We have low conviction in what the semiconductor chip landscape will look like in 10 years, with Intel's rise and fall a cautionary tale. Industries exposed to rapid technological change can sometimes deliver fantastic returns to investors but are far more difficult to predict than the industries that satisfy the **GCQ Industry Quality Checklist™**.
- **Geopolitical risk:** Nvidia has been banned from selling its most sophisticated products in China, while China has made it a strategic priority to compete with Nvidia.

As always, we remain focused on investing in companies with secular growth, pricing power, and very high barriers to entry, as prescribed by our checklist process.

The portfolio is currently trading at a forward earnings multiple of ~25x. We believe this compares favourably to the S&P 500's forward earnings multiple of ~22x, as the companies in our portfolio are of substantially

higher quality than the average index constituent, with higher growth, higher margins, higher returns on capital, and little to no net debt.



Source: GCQ Funds' analysis

Below, we highlight key takeaways from our portfolio companies from the third-quarter earnings season.

Consumer spending remains robust

Within our portfolio, Visa and Mastercard provide the best gauge of overall consumer health. Their card networks sit at the centre of the consumer payments ecosystem, which provides an unmatched real-time data feed on consumer spending globally.

Both payment networks delivered solid results, with Visa and Mastercard delivering constant currency revenue growth of +11% year-on-year and +15% year-on-year, respectively.

Of note, both Visa and Mastercard continue to see resilient consumer spending, particularly among affluent consumers. Cross-border trends (including travel and e-commerce) remain strong, with Visa seeing sequential acceleration in Asia Pacific payments volume reflecting a *"modest improvement in Mainland China."*

On its earnings call, Visa CEO Ryan McInerney said:

"When we look at quarterly spend category data in the US, we saw broad-based strength, including improvements in retail services and goods, travel and fuel. Both discretionary and nondiscretionary spend were up from Q3. And growth across consumer spend bands remained relatively consistent with Q3 with the highest spend band continuing to grow the fastest."

Mastercard CEO Michael Miebach echoed this sentiment:

"The headline is that our business remains strong, and consumer and business spending remains healthy."

Spending by Chinese clientele on super-luxury goods is turning the corner

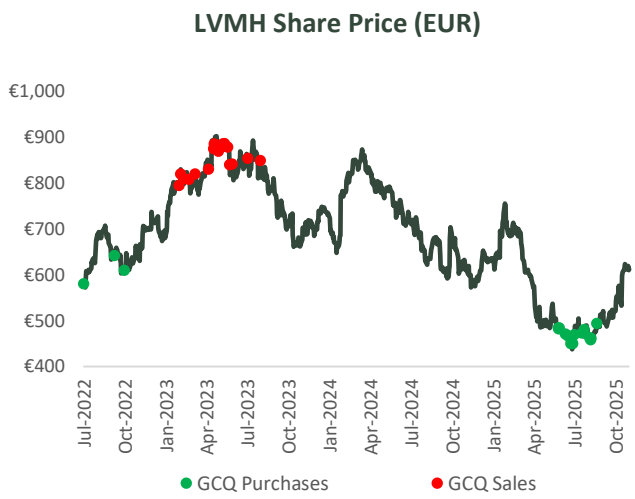
Despite being the owner of 75 distinct businesses, LVMH derives most of its profits from the super-luxury goods brands, Louis Vuitton and Christian Dior.

LVMH delivered a solid set of results, with revenue growth materially exceeding market expectations, with its share price up +12% on the day of the result. While revenues in the core Fashion and Leather Goods business (~75% of group profit) declined -2% year-on-year, this was a marked improvement from the prior quarter when revenues declined -9% year-on-year.

Hermès continued to deliver strong results, with revenue growing +10% year-on-year.

Importantly, spending by Chinese clientele continues to accelerate. LVMH's Asia Pacific business grew revenues for the first time in 18 months. This was largely driven by mid-to-high single digit growth in spending by clients in Mainland China, with CFO Cécile Cabanis noting that LVMH is *"getting very close to stabilisation"* – the most optimistic statement we have heard in some time. Hermès echoed these comments, noting a *"quite strong and dynamic business"* in Mainland China in the first week of October.

After exiting our position in LVMH in mid-2023 – when expectations were far rosier – we began rebuilding a position earlier this year, with the share price being down close to 50% from its highs. We believed that market sentiment was overly negative, with expectations not anticipating any recovery in revenue growth from China. Pleasingly, LVMH's share price has rallied ~40% from its recent lows. We don't always get the bottom or the top in our buy and sell decisions, but our buy and sell decisions have enhanced our returns over time.



Source: Bloomberg & GCQ Funds' analysis

Continued strong monetisation of Hemnet's dominant property portal asset has been overshadowed by cyclical weakness in Sweden's housing market

Hemnet – the dominant property portal in Sweden – continues to close the monetisation gap to REA Group and Domain, with revenue per listing growing +21% year-on-year despite lapping +42% growth in the prior year's quarter. Premiumisation (i.e., customers ***choosing*** more expensive home listing packages) continues to be the primary driver of revenue per listing growth.

This strong underlying result was overshadowed by continued weakness in the Swedish housing market, which drove a -19% year-on-year decline in the volume of listings. The decline in listing volumes is a cyclical phenomenon that we expect to be outweighed by continued average listing price increases over the medium- to longer-term.

A highlight of the result – and something we are excited by – is Hemnet's plans to introduce a success-based pricing model, where the home seller only pays Hemnet if their property sells. Hemnet is currently piloting this product, and we expect it will roll out more broadly over the coming months. We believe the introduction of a success-based product will help Hemnet grow its supply of listings by lowering the barriers for home sellers to list their property on the portal, which eliminates the relevance of the pre-market phenomenon that has taken off in recent years. A pre-market listing involves a potential home seller initially deciding to only list their property for free on a real estate agent's website, and platforms such as Booli that "scrape" agent websites. This allows potential home sellers to test interest in their property before putting their home "on the market" – i.e., commencing a full marketing campaign, including listing their home on Hemnet. We have discussed our Hemnet investment in detail in our August 2025 update.

We believe the long-term implications of Hemnet's success-based pricing model are more exciting. By 'taking risk' on a property transacting, Hemnet can charge *even more* for a success-based listing. We believe this further strengthens Hemnet's runway for growth in revenue per listing, with Hemnet's invaluable contribution to lead generation, and ultimately, the successful sale of a property, to be paid with reference to the proceeds of the sale. Today, Hemnet charges the home seller ~0.2% of the average home price. We believe this can be substantially higher in the future.

We have our next meeting with Hemnet's CEO & CFO in Stockholm next month. While we are largely happy with how management is running the business, we believe Hemnet's CEO (who started in February this year) could do a better job communicating the strengths of Hemnet's business model to the market and Swedish financial press. As a result, we are concerned Hemnet's current depressed share price could leave it vulnerable to a takeover on terms that do not reflect its true value. We have been in active communication with Hemnet's Board and management team on this topic.

As always, we have no hesitation agitating for change if this is required to protect the interests of our investors.

FICO continues to exercise its pricing power over the US mortgage ecosystem

FICO delivered a solid set of results, with revenue in its core business of selling consumer credit scores to US lenders growing +29% year-on-year. Most impressively, mortgage origination FICO Scores grew +52% year-on-year, led by price increases.

After maintaining the price of its scores for decades, FICO has raised the price of its mortgage score from approximately $0.50 in 2021 to $4.95 in 2024. Even after this large percentage increase, we believe FICO's product is significantly under-monetised. For context, total mortgage closing costs in the US add up to US$6,000 on average, with FICO a tiny (but crucial) portion of this. FICO continues to exercise its pricing power, with a near-doubling of mortgage score prices to be implemented from January 2026. As FICO CEO Will Lansing noted, there *"continues to be a very large value gap between what we*

charge and the value that the score provides to those who use it."

While FICO's share price has risen approximately +30% since we repurchased the stock in August 2025, we believe FICO can deliver a 20%+ p.a. rate of return over the next five years.

Money Forward continues to benefit from strong adoption of cloud accounting software in Japan

Revenue growth in Money Forward's core cloud accounting software business accelerated to +31% year-on-year from +28% in the prior quarter, following the implementation of a price increase for its small-to-medium size business customers.

Importantly, there was no uptick in customer churn associated with the price increase (it remained at less than 1% per month). This highlights the mission-critical nature of cloud accounting software, which supports our view that cloud accounting software remains under-monetised.

In addition to the strong top-line result, the scalability of Money Forward's software business model (i.e., build it once and sell it many times) was clearly observable, with Money Forward's Adjusted EBITDA growing close to 250% year-on-year! We believe Money Forward has significant runway to expand margins, with its legacy Japanese competitors and global peers (Xero in Australia, Intuit in the United States and Fortnox in Sweden) generating EBITDA margins greater than 50%.

The strong result in Money Forward's core cloud accounting software business was overshadowed by weak revenue growth in its non-core business activities, which largely consists of personal financial management tools and a software marketing platform. This is not a concern to us as Money Forward's non-core business activities only account for ~15% of gross profit, and management is actively looking to exit several of these businesses.

Japan remains in the early innings of the secular shift from desktop to cloud accounting software. We estimate cloud accounting software penetration among small- to medium-sized businesses in Japan is just over 20%, which is materially below the 85% to 90% penetration rate in Australia and New Zealand. We expect increased cloud accounting software adoption, in addition to price increases, will allow Money Forward's share price to approximately triple over the next five years.

Amazon Web Services – the largest global provider of cloud computing services – continued to generate significant growth, despite the capacity constraints facing its business

Amazon delivered a strong result, with revenue growing +12% year-on-year (+1% ahead of consensus) and operating profit growing +25% year-on-year (+10% above consensus).

The highlight of the result was Amazon Web Services (AWS), the world's largest provider of cloud computing services (AWS is 50% larger than the next-largest competitor, Microsoft Azure). During the quarter, AWS' revenue growth accelerated sequentially to +20% year-on-year on a constant currency basis (on an annual revenue base of $132 billion!). Amazon CEO Andy Jassy believes AWS "can continue to grow at a clip like this for a while."

Meanwhile, Amazon's retail e-commerce business grew revenues +12% year-on-year, while earnings grew nearly +45% year-on-year, driven by the continued benefits of the regionalisation of its logistics network (i.e., moving warehouses closer to customers, reducing transport costs). Amazon also benefited from strength in its high-margin advertising business, which grew +24% year-on-year, and Amazon is now the world's third-largest digital advertising business, behind Google and Meta.

"We don't have to be smarter than the rest. We have to be more disciplined than the rest."

- Warren Buffett

GCQ Funds Management[1]	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY (p.a.)
2022							8.9%	-4.1%	-4.8%	2.9%	5.9%	-5.7%	**2.3%**
2023	10.0%	1.6%	8.2%	4.4%	5.1%	2.5%	2.2%	2.9%	-3.9%	-1.1%	8.7%	1.8%	**50.2%**
2024	6.7%	6.0%	0.0%	-4.3%	1.9%	2.5%	5.4%	-0.3%	0.6%	0.6%	3.7%	7.5%	**34.3%**
2025	6.4%	0.2%	-5.2%	1.5%	3.2%	0.7%	2.0%	0.5%	-1.5%	0.1%			**7.8%**
Since Inception[1]													**27.1%**

[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 over one year have been annualised.*

Fund Information - Daily Class

Class Name	GCQ Flagship Fund | P Class
Structure / Currency	Australia Unit Trust / AUD - Actively Hedged
Inception	1 July 2022
Class P FUM	A$1,212m
APIR / ISIN	SPC5039AU / AU60SPC50396
Minimum Investment	A$50,000
Subscription / Redemption Frequency	Daily
Platform Availability	Macquarie Wrap, Netwealth, HUB24, BT Panorama, Dash, PowerWrap, Praemium, Mason Stevens, CFS Edge

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GCQ Flagship Fund's Target Market Determination is available here (https://www.eqt.com.au/corporates-and-fund-managers/fund-managers/institutional-funds/institutional). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

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