GCQ FLAGSHIP FUND | NZ PIE Units

MONTHLY PORTFOLIO & PERFORMANCE UPDATE

August 2025

GCQ GLOBAL CONCENTRATED QUALITY

Returns	1 Month	3 Month	6 Months				Since Inception (13 Dec 2024)
GCQ NZ PIE (NZD)[1]	**2.2%**	**6.1%**	**2.5%**				**9.5%**
MSCI World Index (NZD)[2]	2.5%	9.5%	**5.0%**				8.1%
Outperformance	**(0.3%)**	**(3.4%)**	**(2.5%)**				**1.4%**

Returns	1 Month	3 Months	6 Months	1 Year	2 Year (p.a.)	3 Year (p.a.)	Since Inception (p.a.) (1 July 2022)
GCQ P Class (AUD)[1]	**0.5%**	**3.2%**	**2.5%**	**23.2%**	**24.2%**	**29.2%**	**29.2%**
MSCI World Index (AUD)[2]	0.8%	6.4%	4.9%	19.4%	19.3%	20.3%	20.8%
Outperformance	**(0.3%)**	**(3.2%)**	**(2.4%)**	**3.8%**	**4.9%**	**8.9%**	**8.4%**

"If you wait for problems to disappear before investing in stocks, you'll never commit – or earn – a penny."

- Ralph Wanger

The portfolio's net return for the month of August 2025 was **+2.2%**, which compares with the MSCI World Index (NZD) return of **+2.5%**.

This brings the net return since inception on 13 Dec 2024 to **+9.5%**, while the MSCI World Index (NZD) has returned **+8.1%** over the same period.

On the following pages, we provide an update on recent fund performance followed by a discussion of Hemnet, Sweden's dominant real estate advertising portal.

Since inception, Hemnet has been one of the larger contributors to the GCQ Flagship Fund's performance. However, over recent months, Hemnet's share price has sold off due to a range of short-term market concerns, described below. We have used this weakness to add to our position, and we remain optimistic about Hemnet's growth outlook and competitive position over the coming years, which should translate into meaningful returns for shareholders.

Portfolio as of 31 August 2025	Weight
LVMH	8%
RICHEMONT	6%
HERMÈS	3%
Super-luxury goods	**17%**
Hemnet	10%
rightmove	3%
Real estate advertising monopolies	**13%**
Uber	10%
airbnb	2%
Sharing economy	**12%**
amazon.com	11%
Global cloud computing	**11%**
Money Forward	9%
freee	1%
Cloud accounting software	**10%**
VISA	6%
	4%
Global consumer payments	**10%**
Alphabet	5%
Meta	2%
Global online advertising	**7%**
WD-40 COMPANY	2%
Branded consumer goods	**2%**
Other high-quality businesses	**18%**
Total long	**100%**
Shorts	**(2%)**
Net exposure	**98%**
Cash	**2%**
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 over one year have been annualised. 2. See MSCI Disclaimer on the last page.

Update on Recent Fund Performance

At GCQ, our stated objective is to achieve a return of +10% to +15% per annum, after all fees, through the market cycle. We are confident that achieving our objective will also deliver returns for investors that are materially better than the broader market.

Pleasingly, since inception of our strategy, the P Class's returns (shown on page 1) have comfortably exceeded both our return objective and the performance of the MSCI World Index (AUD).

These strong returns are testament to our investment process, with outperformance attributable to factors including:

1) ***Strict adherence to our GCQ Industry Quality Checklist™***, ensuring we invest only in high-quality businesses with secular growth, pricing power, substantial and durable cash flow generation, and low levels of debt. We seek to sift out companies that will underperform index benchmarks over our investment time horizon, whether due to a weak industry structure, flawed business model, extreme cyclicality or over-valuation;

2) ***Active management of the portfolio***, particularly application of our sell discipline process, which forces us to trim or exit portfolio positions as their share prices reach 90% of our assessment of fair value, while recycling capital into more favourably priced opportunities; and

3) ***Our preparedness to hold companies of all sizes***, including some relatively small companies that do not have a significant weight in any index.

However, as the GCQ Flagship Fund typically holds approximately 20 companies, while the MSCI World Index has over 1,300 constituents, there is plenty of opportunity for our returns to deviate substantially from the index. This, coupled with the fact we do not manage the portfolio with reference to any index, means you should expect periods where the Fund underperforms the broader market. We have experienced one of these periods in the last six months.

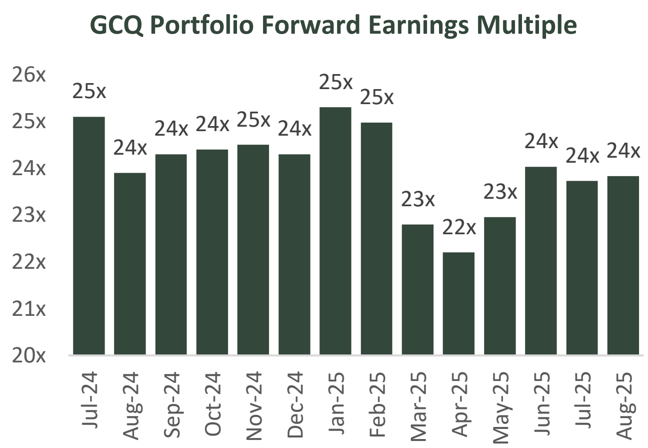
There are two key factors that have contributed to our modest underperformance. The first is the approximately 40% decline in the Hemnet share price that has occurred since mid-February. As discussed in the next section of this update, we believe the factors weighing on the Hemnet share price are short-term in nature and the longer-term outlook remains bright, but there is no avoiding the fact that Hemnet has detracted from recent returns.

The second factor in the Fund's underperformance is that a handful of major companies, not held in our portfolio, have made an outsized contribution to index returns. For example, NVIDIA is now a US$4 trillion company and has delivered shareholders 40% returns over the last six months. Microsoft, which is only fractionally smaller in terms of market capitalisation, is up approximately 30%.

We don't own NVIDIA as the competitive dynamic in the semiconductor industry – where leadership tends to change every one or two decades – means it doesn't pass through the ***GCQ Industry Quality Checklist™***. We have owned Microsoft in the past, but at current prices, we find the valuation uncompelling, and we believe we have found opportunities with significantly more upside.

While not holding NVIDIA and Microsoft have contributed to our underperformance of the index in the last few months, we believe that the portfolio is well-positioned to deliver on our objectives and to outperform the broader market over the long-term.

Importantly, our valuation discipline means that when a downturn does come, we will not go into it holding overpriced equities. The portfolio is currently trading at a forward earnings multiple of ~24x. We believe this compares favourably to the S&P 500 Index's forward earnings multiple of ~23x.



We are pleased to be holding a portfolio of high-quality companies trading on relatively modest earnings multiples, where we expect earnings to double over the next five years. We believe the portfolio is well-positioned for future performance.

Hemnet: Sweden's Dominant Real Estate Advertising Portal

We believe Hemnet is one of the highest-quality businesses in the world – though this hasn't always been reflected in its share price.

Hemnet is the dominant residential real estate advertising portal in Sweden and the only portal with a commercial listings model. In other words, Hemnet is the Swedish equivalent of realestate.com.au – if domain.com.au didn't exist!

Hemnet's revenue model is simple – it charges home sellers a fee to list their property for sale on Hemnet's website and mobile app. Hemnet is one of the most visited websites in Sweden, with over 40 million visits per month, and just under 3 million weekly unique visitors. These are impressive statistics for a country of just over 10 million people.

Hemnet's service is extremely valuable to home sellers, providing them with the opportunity to reach the largest number of potential home buyers.

While many markets have a #2 or #3 real estate advertising portal, Hemnet is unusually dominant in its home market of Sweden. This dominance is incredibly important in an industry that benefits from network effects. The basic principle of network effects is that the more people who use a network, the more valuable it becomes. We believe the concept, before it was coined network effects, is best illustrated by the below quote from AT&T's President, Theodore Newton Vail, in its Annual Report in 1908[3].

"A telephone without a connection at the other end of the line is not even a toy or a scientific instrument. It is one of the most useless things in the world. Its value depends on the connection with the other telephone and increases with the number of connections."

- Theodore Newton Vail, 1908

In Hemnet's case, it provides the central venue for home buyers and sellers to meet for what is typically the largest transaction of their lives.

Naturally, home sellers want to advertise where the largest number of potential home buyers are looking, while home buyers will go where they perceive the best collection of listings to be found.

While Hemnet's share price is up approximately +100% since our first purchase in June 2022, we believe the company is still early in its monetisation journey, and its long-term potential remains underappreciated. A listing on Hemnet currently costs just 0.2% of the average home price. This compares to the 0.4% average fee sellers pay to list a property on realestate.com.au (REA Group) and domain.com.au (Domain), Australia's #1 and #2 property portals, respectively. Importantly, REA Group and Domain continue to increase prices by 10% to 15% every year, so we believe 0.4% of the average home price is a moving target.

Our journey with Hemnet began in 2022. Having followed the business since its initial public offering in 2021, we were quick to accelerate research after the share price declined meaningfully and presented what we believed was a compelling investment opportunity. The macroeconomic environment at the time of our investment was particularly negative, with listing volumes down more than 20% year-over-year. However, we knew that Hemnet's portal was heavily under-monetised and we expected that revenue per listing – not the volume of listings – would be by far the most important driver of revenue growth over the coming years.

From our history of studying the real estate advertising portal industry, we quickly identified:

1) Hemnet had a materially stronger competitive position than REA Group (Hemnet is the only property portal to charge for listings in Sweden, unlike in Australia where REA Group and Domain compete in a duopoly for a share of the home marketing budget);
2) There was a significant gap between the price charged by Hemnet and the value it delivered to sellers (Hemnet charged a lot less than global peers such as REA Group, and a very low percentage of the average home price);

[3] *While the exact term "network effects" was formalized much later, Theodore Vail, AT&T's President, articulated the core concept in 1908, noting that the value of a telephone network increased with more subscribers, which laid the groundwork for future network effect discussions. You will not find the modern term "network effects" in an AT&T annual report from the 1900s, as the concept was not formally developed or recognized until the 1970s and 1980s.*

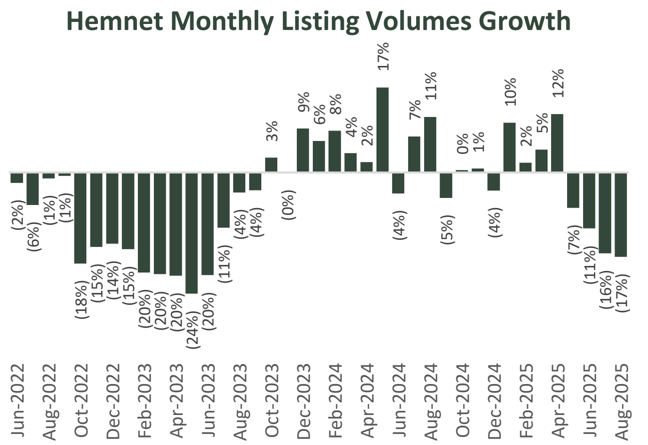
3) Hemnet's profit margins (profit generated per dollar of revenue) should be meaningfully higher and closer to global peers; and
4) Hemnet was trading at a valuation discount to peers such as REA Group, despite having a far longer growth runway and stronger industry position.

At the time, Hemnet's average listing fee represented only 0.07% of the average home price in Sweden – less than one-quarter of the equivalent amount to list a home on realestate.com.au and domain.com.au in Australia. The opportunity we saw for Hemnet was to offer a broader suite of premium advertising products while improving adoption of premium advertising products and increasing the price of its listings. Our early discussions with Hemnet's management at their head office in Stockholm gave us confidence the company was laser-focused on delivering on this opportunity.

Fast forward to today – roughly three years into our journey – and Hemnet's earnings per share will have increased by approximately +140% to the end of this calendar year, and its share price has followed suit (up approximately +100% since our first purchase in June 2022).

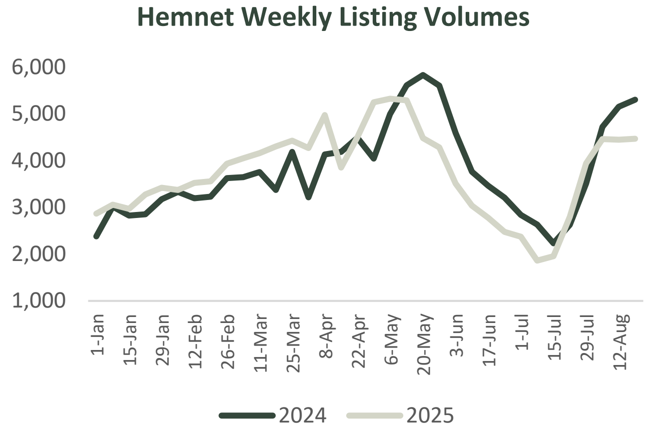
We continue to be confident that Hemnet will materially increase its earnings over the medium- to long-term, though we never expected it would be a smooth ride. Business and investing rarely are.

In recent times, Sweden's weak housing market has started to negatively impact Hemnet's operational results, with listing volumes declining -17% year-over-year in July 2025, an acceleration from the -7% and -11% year-over-year declines posted during May and June, respectively.



Source: Hemnet & GCQ Funds' analysis

Hemnet publishes the volume of listings on a weekly basis, which we follow closely. As highlighted in the below chart, listing volumes in recent weeks are tracking below the corresponding period in the prior year.



Source: Hemnet & GCQ Funds' analysis

Importantly, volumes tend to bounce back strongly following periods of negative growth. When we were first building a position three years ago, listing volumes were similarly down over 20% year-over-year on the back of a weak housing market, which provided a compelling entry point.

While listing volumes are impacted by the housing market, and changes in volumes can impact near-term earnings, volumes have been relatively stable over a multi-year time horizon, with the key driver of revenue being growth in average revenue *per* listing – i.e., premiumisation and price increases.

Hemnet has also fallen victim to negative media attention, primarily from the Dagens Industri publication (Sweden's equivalent of the Australian Financial Review). There are two broad themes to these articles: 1) Booli, a smaller competitor, is taking market share from Hemnet; and 2) Hemnet is price gouging – and faces a risk of backlash from regulators, real estate agents, and home sellers.

The share price has followed suit, down approximately 40% since mid-February this year. Below, we provide some additional colour on the above concerns, and detail why we remain optimistic about Hemnet's growth outlook and competitive position.

Booli

To set the scene, Booli has been around since 2007, and its product has not changed over the years. Unlike Hemnet, Booli does not charge home sellers a fee to list their property on its website. Instead, it scrapes home listings from real estate agent websites and republishes this content on its platform. Booli is owned by SBAB, a Swedish state-owned bank, and makes money by acquiring mortgage leads.

The key focus of media attention has been Booli's recent growth in web visits, which has been driven in part by growth in the "pre-market". Owing to weak macroeconomic conditions, Sweden is seeing a slowdown in its property market, with the average time from listing to sale currently extended to 47 days from approximately 30 days in early 2023. In this sluggish environment, real estate agents are encouraging potential home sellers – who are sceptical about committing to the expense of a full sales campaign – to quietly test interest in their property via a "pre-market" listing on the real estate agent's website (which is subsequently scraped by Booli), before putting their home "on the market" – i.e., commencing a full marketing campaign, including listing their home on Hemnet.

Strong buyer demand for a pre-market listing will eventually trigger a full sales process, with a listing on Hemnet being a core part of this. Importantly, we believe growth of the pre-market is cyclical, and does not represent a structural threat to Hemnet. Notably, 9 out of 10 homes sold in 2024 were advertised on Hemnet, in-line with prior years. Further, with Booli representing a free option for agents and home sellers to test pre-market demand for a property, many of the listings are stale, with an average time-on-site close to 200 days – over 4x as long as the average Hemnet listing. In one instance, we saw a property that had been up on Booli's website for seven years! This does not make for an excellent home buyer experience. In a more buoyant market, home sellers would simply skip the pre-market and list their property directly on Hemnet as it satisfies their two key objectives in their sale process – to maximise price and minimise time on market.

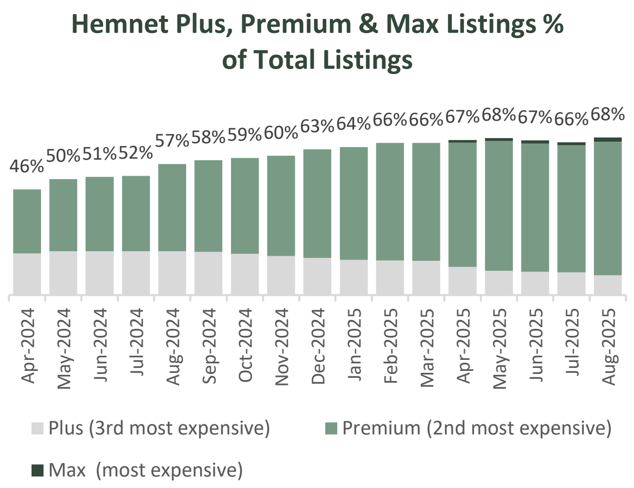
Further, the extent of Booli's eyeball market share gains has likely been overstated, with recent research from Nordea – a Swedish financial services group that issues equity research on Hemnet – noting *"Hemnet's traffic advantage over Booli has narrowed significantly – from a ratio of 10-12x higher five years ago to just 4x today."* Often, we see Booli's share of web visits cited as a proxy for home buyer eyeballs. However, this has been inflated by people using Booli's home valuation tools. For example, Booli recently commenced sending free home valuation emails twice monthly, instead of once a month, resulting in more clicks and web traffic. Regardless, the vast majority of home buyer search activity happens on mobile apps. When looking through the lens of app usage, Booli's app has just 3% of the number of daily app users as Hemnet's app.

In the real estate advertising portal industry, the dominant player tends to take the lion's share of industry profits. For context, despite REA having less than two-thirds share of home buyer eyeballs in Australia (with Domain a much stronger competitor than Booli), it has close to 90% share of the profit pool. Hemnet's dominant share of engagement is the reason that 9 out of 10 properties that are sold are listed on its platform.

Price Gouging or Premiumisation?

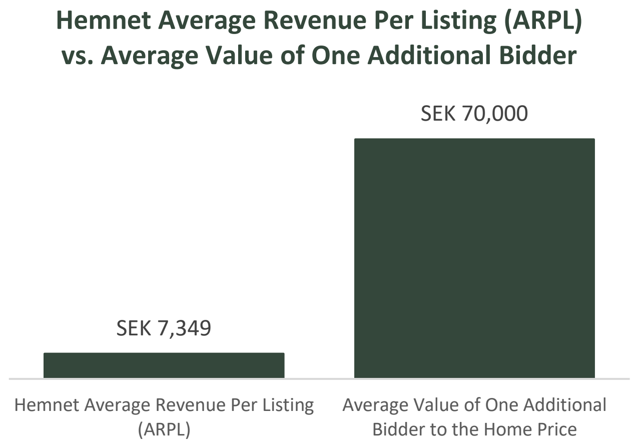
Hemnet has more than doubled the revenue it generates per listing over the last three years. At first glance, this looks to be a very aggressive pace of price increases! An important nuance, however, is that most of this growth has come from premiumisation (i.e., home sellers *choosing* to purchase more expensive listing packages). Sellers choose premium packages because of the significant incremental buyer demand it generates for their home, which typically results in a higher price and faster sale.

Hemnet currently offers home sellers four listing packages. These are, in ascending order of price, Base, Plus, Premium and Max. Hemnet Max is a new package, which was launched in April 2025. We regularly scrape the Hemnet's website to monitor the level of adoption of premium listings. This is an important metric, albeit one that is not disclosed by the company. Our analysis indicates that approximately two-thirds of property sellers are choosing to upgrade to Max, Premium or Plus packages when they list on Hemnet, up from approximately 50% in mid-2024. This has been achieved over a period in which the price of each of these listing packages has also increased.



Source: Hemnet & GCQ Funds' analysis

Notably, Hemnet's Premium package has grown the fastest. A Hemnet Premium listing costs more than twice as much as a Basic listing, so adoption of Premium leads to material revenue growth for Hemnet. Hemnet Premium represents an attractive return-on-investment for home sellers, because better visibility leads to more interest in a property, and a higher sale price. On average, research suggests that one additional bidder can add an incremental SEK 70,000 to the home price, which is approximately 10x Hemnet's average revenue per listing.



Recently, Hemnet has attracted negative media attention following the launch of Max, now its most expensive package, with multiple real estate agents accusing it of being a covert price increase. Hemnet Max is priced 50% higher than Hemnet Premium and over three times the price of a Base listing. We believe Hemnet Max represents great value for home sellers, with recent figures indicating that it drives 75% more ad visits than Premium listings.

While Hemnet's listing packages drum up the vast majority of home buyer demand – the most valuable part of a sale process – a real estate agent in Sweden charges a sales commission of 1.5% in Stockholm and up to 5% in less dense municipalities, which is materially higher than the 0.2% charged by Hemnet today. We believe it is still early days for Hemnet in terms of premiumisation and price increases, and we expect adoption of Plus, Premium and Max to meaningfully contribute to growth in Hemnet's average revenue per listing over the coming years. While the adoption of Max has been slow, we note that it took Plus and Premium around 15 months from launch to reach 10% of listings. Today, their combined penetration of listings is 67%.

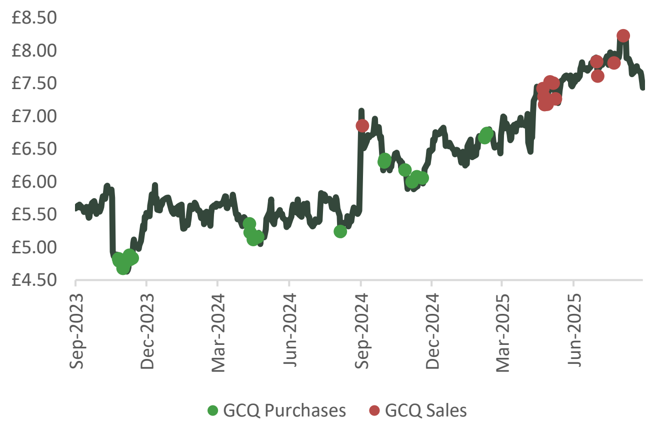
Tilting out of Rightmove and into Hemnet

In the short-term, the market appears to believe the noise surrounding Hemnet is structural, as reflected in the material fall in its share price. We have a different view, seeing these issues as transitory in nature and we have used the weakness in Hemnet's share price to add to our position.

We have funded these additions to Hemnet by cutting our position in Rightmove from a peak of 8% of the portfolio to 3% currently, as Rightmove's share price approaches 90% of our assessed intrinsic value. Rightmove's share price is now up approximately 60% since bottoming in November 2023, when we meaningfully added to our position. At the time, the market was concerned about a competitive threat from OnTheMarket, the UK's distant #3 property portal, following its acquisition by US-domiciled CoStar. These concerns have now largely dissipated and Rightmove continues to account for greater than 80% of time spent on property portals in the UK, a reflection of the strong network effects underpinning its business model.

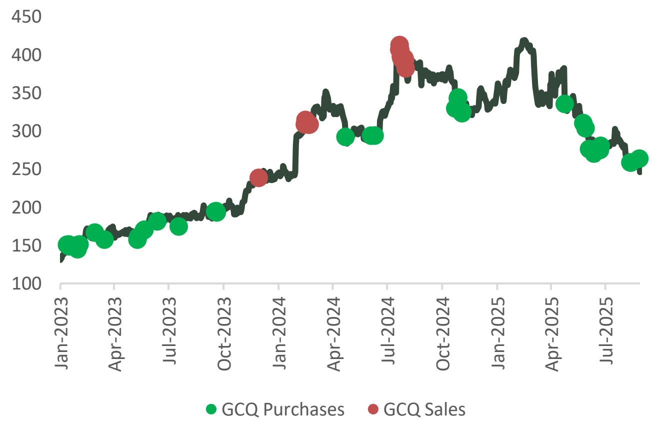
For transparency, we have set out in the charts below a record of our share purchase and sale activity in Rightmove and Hemnet. While we don't always get the top or the bottom, we have adjusted our positions to take advantage of swings in market sentiment over time. We most recently meaningfully trimmed our position in Hemnet at a price above SEK 400 per share, in-line with our strict selling rules. We have subsequently added to our position at what we believe to be very attractive prices in the low-300s and more recently, in the mid-200s.

Rightmove Share Price (GBP)



Source: Bloomberg & GCQ Funds' analysis

Hemnet Share Price (SEK)



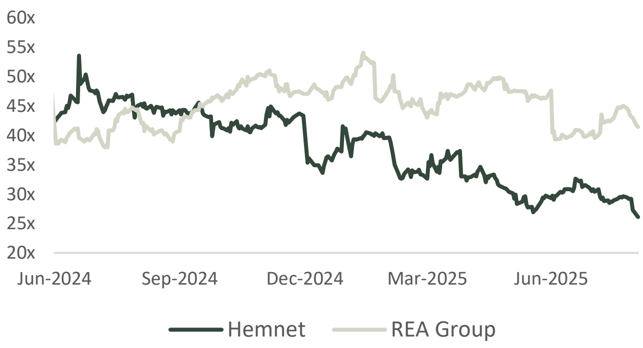
Source: Bloomberg & GCQ Funds' analysis

We believe Hemnet represents compelling value at current prices

We believe Hemnet represents highly attractive value today, with the stock trading at its lowest multiple of forward earnings since listing in 2021. Despite growing revenues and earnings (in percentage terms) in the mid-20s and high-30s, respectively, Hemnet trades at just 26x forward earnings.

For context, REA Group trades at 41x forward earnings, a 50% premium to Hemnet, despite its more mature growth profile and relatively weaker market position.

Forward Earnings Multiple - Hemnet vs. REA Group



Source: Bloomberg & GCQ Funds' analysis

We have strong conviction in Hemnet's future earnings growth potential, driven by continued growth in the average revenue per listing, and believe the stock could approximately triple over the next five years on our base case assumptions. Given the large valuation discrepancy we see today, we have had positive engagement with Hemnet's Board to encourage an acceleration in share repurchase activity during this period of market weakness. For transparency, you can find our letter to Hemnet's Chairman here. Notably, in recent weeks, Hemnet has meaningfully increased the pace of share repurchases. At these prices, we are concerned that Hemnet could be an attractive takeover target. Despite the allure of an acquisition premium, we would much rather compound our capital as shareholders of this business over the next decade.

Large declines in share prices can be painful to stomach when you are in the thick of it – no matter how high-quality the business is. With the benefit of hindsight, however, they often turn out to be incredible buying opportunities. Using an example closer to home, REA Group has experienced five share price declines of 25% or more and two share price declines of 40% or more over the past 15 years! Zooming out, these have been minor blips along a very prosperous journey for REA Group shareholders, with REA Group's share price up over 460x from its listing price in 1999. We believe Hemnet's current episode will similarly look like just a blip in time.

"A monopoly is a terrible thing – unless of course you own one."

- Rupert Murdoch

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