

# CV Capital Pty Ltd

▸ 31 January 2025

## **Shareholder report as at 31 December 2025**

### **To my fellow shareholders & partners,**

I'm glad to report at the 7th anniversary of the fund that all of our original shareholders are still with us, and we have yet to receive a redemption. I attribute this to the small size of our fund and that we have fortunately outperformed our benchmark over the life of the fund. We do not outperform our benchmark every year (although I would love to), nor do I expect us to do so given the limitations of my ability. Our goal is to outperform our benchmark over the long run.

Our returns on an annual compounded basis (net of cost and fees) from the start of the fund to 31 Dec 2024 is 13.8%. Over the same period, our benchmark STW return was 8.1% (inclusive of cash distributions and franking and other tax credits) resulting in an outperformance of 5.7%. The ASX 200 accumulation index (AXJOA) returned 8.5% over the same period. This marginal difference in return between STW and AXJOA shows STW to be a reasonable proxy for the index. A shareholder investing \$100,000 with us at inception of the fund would have \$245,553 as at 31 Dec 2024 on a pre-tax basis compared to \$171,831 if they had invested in STW. The post tax amount would depend on the marginal tax bracket of the individual shareholder.

The latest Australian GDP figures indicate a continued weak economic trend with year-on-year Sept 24 GDP growing 0.8% and GDP on a per capita basis falling by 1.5%. Adjusting for 2.8% inflation in Sept 24 suggest that real GDP growth was negative despite high migration levels. The stock market was buoyed by the Trump win and the ASX 200 ended the year up 7%. An interesting phenomenon is that both the US stock market and gold are at record levels despite these asset classes being assumed to be negatively correlated.

### **Top Holdings**

We started our investing journey primarily focused on ASX small caps and later we found some opportunities in overseas markets including in some underdeveloped markets and over the past 2 years we found some opportunities for arbitrage trades. Our portfolio construction has been driven by our curiosity in looking for opportunities unrestricted by size, industry or geographical jurisdiction and the principle of opportunity cost. We load up on opportunities when they arise and the opportunities in the arbitrage trading sphere provide compelling risk reward opportunities to us at this present time and our current portfolio is reflective of this.

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As at 31 Dec 2024, our top 4 holdings accounted for 54.0% of the overall portfolio value.

No	Investments	Portfolio Weighting
1	Bank of South Pacific (BFL)	25.3%
2	Boustead Singapore (F9D)	12.3%
3	Baby Bunting (BBN)	10.6%
4	United Overseas Australia (UOS)	5.8%
	<b>Total</b>	<b>54.0%</b>

Cash and other short-term investments which I consider to be cash equivalents (arbitrage positions) as they are not intended to be held for the long term accounted for 42.6% of the portfolio.

### **Fund Performance**

CV Capital's return for FY2025 (1 July 24 to 31 Dec 24) is 15.5%. Over the same period, our benchmark (STW) return was 7.1% resulting in an outperformance of 8.4%. Since inception our returns are 14.5% (before performance fees) and 13.8% (after performance fees) on an annual compounded basis.

YOURS SINCERELY,  
DARRELL CHEAH