Emerging Companies Fund

Monthly Update: November 2024

Dear Fellow Investors,

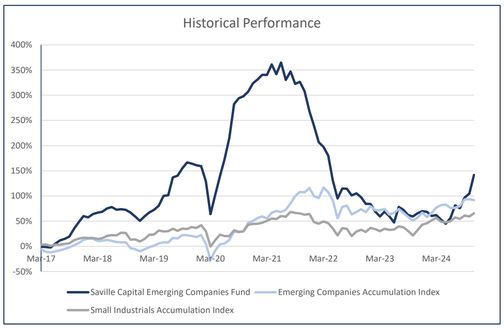
Our Emerging Companies Fund was up +18.2%* in November vs -0.9% for the Emerging Companies Accumulation Index (XECAI) and +3.9% for the Small Industrials Accumulation Index (XSIAI). Since inception, the Fund has generated +12.0%* p.a. and a total return of +141.8%* (or +162.3%* if distributions have not been reinvested) vs +91.7% for the XECAI and +65.5% for the XSIAI.

November was a great month for the Fund, substantially building on the positive momentum that started back in June. While the micro-cap market continues to generate staggeringly poor relative (and even absolute) performance, we managed to buck the trend through some strong performance from our concentrated strategy, most notably Imricor (IMR, +86%) this month. IMR is a great example of the long-term rewards that can come from ignoring persistent negative share price noise and supporting a unique company (with significant and unchanged potential) through periods of capital calls, while patiently waiting for sentiment to turn. Just putting IMR's current share price ($1.16) into context, our average entry price is ~$1.05, the stock's all-time high is ~$2.60 (October 2020) and its all-time low is $0.105 (June 2022), the same day on which we bought another 1m shares at $0.113 via a crossing with a forced seller (Fund was being closed). Finally, just a further observation on the persistent weak sentiment towards micro-caps. Put simply, while share prices in the ASX mid to large caps are benefitting from the commencement of the global rate cutting cycle, it increasingly appears that micro-caps desperately need some rate relief from the RBA to reinvigorate local investor appetite. However, the silver lining is that the significant (and widening) gap between micros and the broader market creates the perfect backdrop for some potentially stellar returns when the commencement of the domestic rate cutting cycle (presumably) arrives in 1H CY25.

Performance summary*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	3M	12M
2017		-3.2%	+2.6%	-0.6%	-1.0%	+7.6%	+6.4%	+2.7%	+4.0%	+13.2%	+9.5%	+8.1%	+60.1%		
2018	-1.6%	+4.2%	+1.6%	+1.1%	+4.1%	+1.6%	-3.1%	+0.7%	-0.8%	-3.2%	-4.8%	-5.2%	-5.9%		
2019	+6.0%	+4.8%	+3.1%	+4.7%	+10.8%	+0.6%	+17.6%	+1.4%	+6.1%	+4.6%	-0.8%	-1.3%	+73.2%		
2020	-0.6%	-11.7%	-28.4%	+23.3%	+18.4%	+14.1%	+16.0%	+20.7%	+3.1%	+1.0%	+2.3%	+4.0%	+62.3%		
2021	+1.9%	+2.1%	-0.1%	+5.0%	-4.4%	+5.5%	-8.0%	+4.3%	-5.5%	+1.0%	-4.5%	-9.6%	-13.0%		
2022	-7.9%	-9.6%	-3.0%	-5.8%	-17.6%	-15.5%	+10.1%	-0.3%	-6.1%	+2.0%	-3.8%	-6.7%	-49.9%		
2023	-0.2%	-8.1%	-6.1%	+6.1%	-5.4%	-7.8%	+21.2%	-3.7%	-5.6%	-1.8%	+3.9%	+2.6%	-8.1%		
2024	-0.9%	-4.8%	+1.1%	-5.6%	-5.4%	+8.1%	+15.9%	-3.1%	+12.0%	+4.0%	+18.2%		+42.3%	+37.6%	+46.1%

Returns are based on the Main Series only, net of all base fees, performance fees and expenses of the Fund



*Past performance is no guarantee of future performance

Performance commentary

The key positive contributors during November were Imricor (IMR, +86%), Airtasker (ART, +7%) and Hydration Pharmaceuticals (HPC, +13%). The key negative contributors were IDT Australia (IDT, -16%), FBR Limited (FBR, -12%) and Terragen (TGH, -8%).

IMR announced that the Lausanne University Hospital (CHUV) performed its first iCMR ablation procedure during November. This adds a third active site to the Company's VISABL-AFL clinical trial, supporting US FDA approval of IMR's products. CHUV joins Johns Hopkins Hospital (US) and the Cardiovascular Institute of South Paris (France) in enrolling patients for the VISABL-AFL trial. CHUV recently completed the construction of a cardiology-owned dedicated iCMR lab, specifically built for IMR's procedures. CHUV will be one of IMR's European Centres of Excellence, where physicians from other hospitals can visit and be trained on real-time iCMR cardiac ablations and other future interventions. During the month IMR also signed a license agreement with ADIS SA (ADIS) of Lausanne, Switzerland, which defines the commercial terms for selling the NorthStar AI modules to customers. NorthStar and the AI modules are not yet approved for commercial sale, but regulatory processes are well progressed, and preparations for planned commercial launches across Europe, the US and the Middle East in 2025 are underway. Under the terms of the Licensing Agreement, IMR will offer NorthStar AI modules as software license options to users and share the upfront and ongoing software license revenue with ADIS.

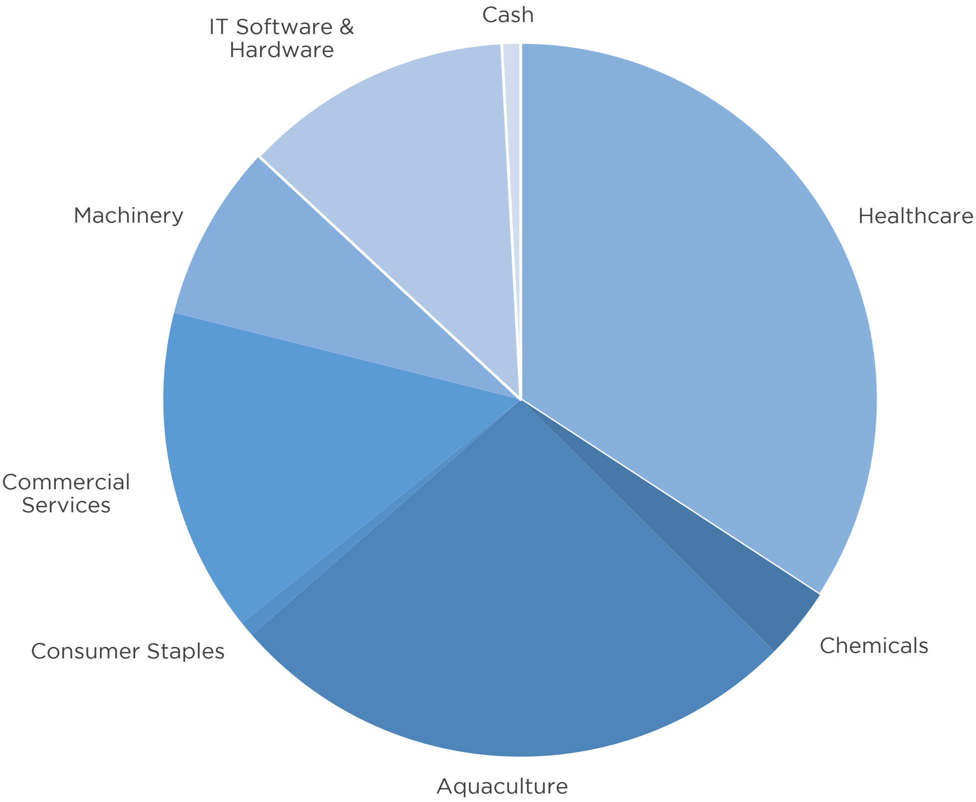
IDT gave an update regarding the non-binding indicative proposal it received from Myndbio Pty Ltd (Mynd) back in May for the potential acquisition of IDT at an indicative price of up to A$0.15 per share. Following completion of its due diligence, Mynd has not submitted an updated proposal in a timely manner that could be considered by the Board of IDT. Accordingly, the Board does not consider that continued engagement with Mynd in connection with the Proposal is in the best interests of IDT shareholders and so has terminated discussions. The Board remains open to re-opening discussions with Mynd in the event they are in a position to submit an updated proposal, and in the meantime will continue to assess opportunities and explore options to maximise value for shareholders, while pursing its growth strategy and fulfilling its ambition to reach a sustainable level of profitability from FY25 onwards. In our view, this bid (which was never going to be accepted in its current form) has distracted the market from the recent strong operational performance of the business. As such, while this announcement has inevitably seen some short-term holders sell out, it should now allow the share price to respond more efficiently and appropriately to future updates on IDT's ongoing positive operating momentum as it transitions into a position of sustainable profitability.

ART announced that its US operating company, Airtasker USA Inc, has secured a combined US$12.0 million (A$18.4 million) in media capital through partnerships with Sinclair Broadcast Group, a division of Sinclair Inc (listed on NASDAQ with market cap of >US$1B). This partnership will unlock new opportunities to potentially promote the Airtasker brand within Sinclair's 185 owned and/or operated television stations in 86 US markets and digital multicast networks including Comet, Charge! and The Nest. In addition to this deal, Airtasker UK Ltd secured a follow-on investment of £4m (A$7.8m) in media capital from Channel Four Television Corporation. This latest round of investment follows Channel Four's initial media capital investment of £3.5m in June 2023. These combined deals mean that ART now holds a further A$26.2m of media capital, in addition to the A$25.4m raised since June 2024, for a total of A$51.6m raised in 2024. We continue to believe that market doesn't fully appreciate the significant optionality (and upside) embedded in these media deals, where ART gets the benefit of observing their impact on the business before deciding on the preferred (least dilutive) mechanism to fund them.

Finally, HPC provided an update on its US operations, suggesting that the incredible growth of its Liver Detox product, alongside an ongoing focus on cost management, is leading to ongoing monthly increases in EBITDA, underpinning its confidence in reaching a sustainable level of profitability for continuing US operations over the next 12 months.

Portfolio characteristics

We currently have ~98% of our capital invested in 11 stocks.



Please get in touch should you have any queries regarding the above. Thanks again for your interest and support and I look forward to providing another update in early January on our performance during December.

Kind regards,

Jonathan Collett

Principal

Saville Capital

+61 3 9769 1789
jcollett@savillecapital.com

Important Information