Emerging Companies Fund

Monthly Update: July 2025

Dear Fellow Investors,

Our Emerging Companies Fund was down -1.4%* in July vs +4.0% for the Emerging Companies Accumulation Index (XECAI) and +5.3% for the Small Industrials Accumulation Index (XSIAI). Since inception, the Fund has generated +10.0%* p.a. and a total return of +124.7%* (or +158.7%* if distributions have not been reinvested) vs +99.3% for the XECAI and +72.2% for the XSIAI.

July was a frustrating month for the Fund, where our concentrated approach unfortunately hurt us, rather than helped us. While we had a number of stocks that performed well, a couple of our largest positions, most notably Imricor (IMR, -19%) and Murray Cod Australia (MCA, +2%), either declined or underperformed. In the short term, this is a disappointing outcome, but we have to bear in mind that it is our concentrated approach (and indeed, significant exposure to IMR) that helped to deliver strong Fund performance for CY24 (+55%) and FY25 (+52%). We also think it is what will again help drive superior performance in FY26, and to that end August has started very well. But as part of this concentrated approach, we have to accept that occasionally there will be setbacks that have an outsized negative impact on our monthly performance, just as there are advances which have a significant positive impact. For both of these stocks, as well as several other key holdings within the portfolio, we think there are plenty of catalysts in the next 6 to 12 months which will propel their share prices much higher than current levels, helping to underpin our expectations of strong overall performance within the Fund.

On the macroeconomic front, the data (slowing inflation and employment growth) continues to build the case for more rate cuts in FY26. As such, it was very surprising that the RBA elected to hold rates steady in July, which also negatively impacted our Fund's performance given our preference for long duration exposures that are typically more sensitive to movements in interest rates/bond yields. Nonetheless, the data releases subsequent to the RBA's decision have only strengthened the case for a rate cut in August, and indeed with several more likely to follow. Therefore, with what we continue to expect will be a very supportive macroeconomic backdrop, we remain of the view that FY26 will be a very positive year for micro/small caps. Furthermore, we will continue to use this period as an opportunity to rotate capital into some new positions (which we are already doing) and gradually broaden the exposure of the Fund to reduce concentration risk and optimise performance of the portfolio.

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%	+9.0%	+55.1%		
2025	+2.2%	-3.7%	-10.8%	+8.7%	-1.3%	-4.2%	-1.4%						-11.1%	-6.8%	+29.2%

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

Performance commentary

The key positive contributors during July were Airtasker (ART, +36%), Wrkr (WRK, +14%) and Vysarn (VYS, +9%). The key negative contributors were Imricor (IMR, -19%) and Terragen (TGH, -5%),

Following on from the successful completion of its pilot program with Rest last month, WRK announced that MUFG Retirement Solutions has, in partnership with WRK, been selected to deliver a comprehensive digital platform to enhance AustralianSuper's Clearing House, Gateway and Digital Employer Services. This initiative aligns with upcoming Payday Super reforms and efforts to improve efficiency and compliance in superannuation administration. As a reminder, AustralianSuper is Australia's largest profit-to-member superannuation fund, serving more than 3.5m members and managing over $365 billion in funds. As such, not only does it provide WRK with a foundation client for other Funds to follow, but it also pushes the business a long way towards its initial target of 7 million users on its platform (up from ~500k currently). We now look forward to final commercial terms being agreed with Rest, which has more than 2 million members.

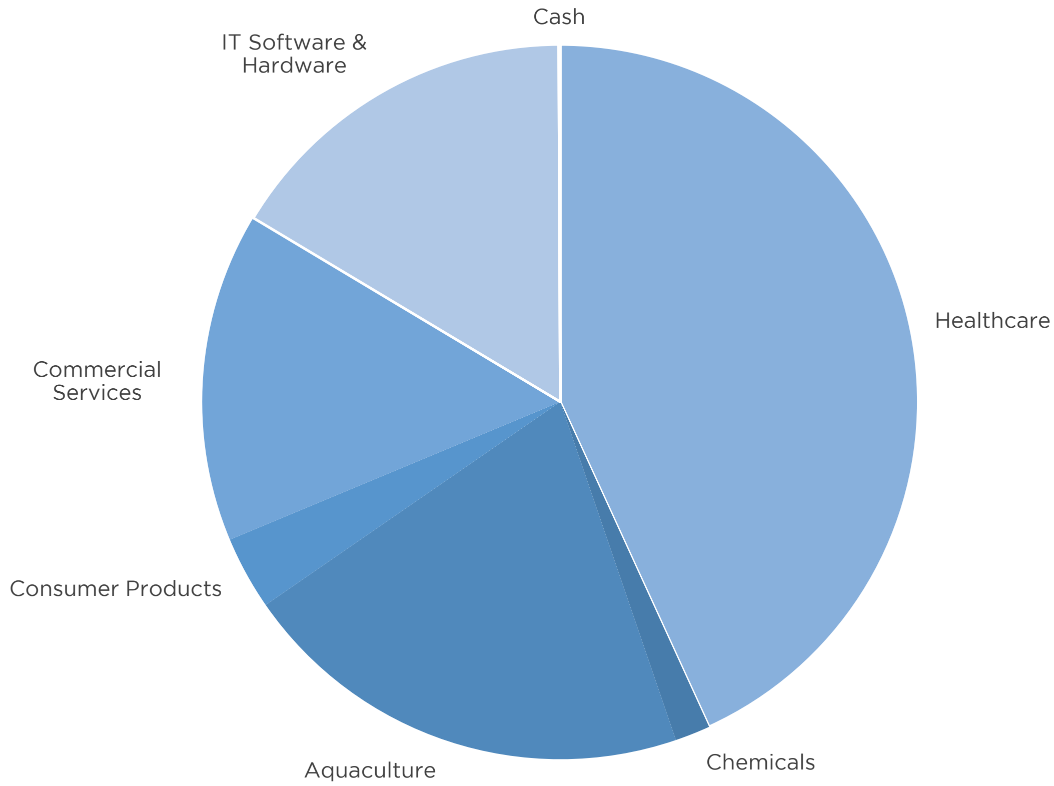
ART delivered a stellar quarter of growth, with marketplace revenue accelerating to +28.9% on pcp (3Q was +15.8%), driven by strength across all geographies. Australian revenue growth of +20.7% (up from 10.6% in 3Q) was very encouraging given this remains the dominant source of revenue for ART, however the UK (+104.8% on pcp) and the US (+754.5% on pcp) are rapidly growing off a low base. With in excess of $20m annualised GMV, the UK has now reached a key inflection point, where scale has been established, while the US is significantly outperforming our initial expectations. ART continues to generate modest positive free cash flow, deliberately re-investing profits from Australia (which generated ~$15m of Cash EBITDA in FY25) back into the international business while maintaining a strong balance sheet ($18.5m of cash on hand). We continue to believe that the Australian business alone is worth more than ART's current market capitalisation, giving investors a fully-funded free option on the international expansion.

As previously foreshadowed, MCA finally reached a key inflection point during 4Q FY25, where it had significant biomass available for sale from the end of May. As a consequence, cash receipts for 4Q were +33.5% on pcp, including +46.6% during June. We understand that this positive sales trend has continued into 1Q FY26 and should accelerate as we move further into FY26, as evidenced by the fact that MCA needs to harvest ~1,000 tonnes of biomass between now and January 2026. To put this into context, that should equate to ~$25m of cash receipts during that period (or >$10m per quarter) vs ~$3m in 4Q FY25. Not only will the business exhibit incredible growth, but the net cash burn will rapidly reduce, highlighting the leverage potential in this business as it starts to scale.

IMR provided an update during the month, noting that NorthStar has now been submitted to the FDA, with approval still expected in CY25. Importantly, approval of NorthStar will mark the commercial entry point for IMR in the US market and enable its sales team to initiate site engagement and pipeline development. While multiple pieces of capital equipment and consumable devices remain on track for submission and approval by the end of CY25, disappointingly the reviewer of the Company's 2nd Premarket Approval (PMA) module is no longer with the FDA and a new reviewer has been appointed. The PMA submission relates only to the ablation catheter and the RF generator, meaning most products are unaffected. However, when combined with slower than anticipated enrolment in the VISABL-AFL Clinical trial thus far, this has pushed final approval of these items back by at least six months. Nonetheless, the PMA approval process delays are not expected to have a material impact on the Company's commercial trajectory given that discussions with hospitals can start well ahead of that, once NorthStar and the capital equipment items are approved. Incredibly, this announcement was met with some aggressive selling (which we understand was largely just one institution exiting) that sent the share price into a temporary spiral, impacting our monthly performance. Pleasingly, the stock bounced off those lows and has continued to recover strongly in August.

Portfolio characteristics

We currently have ~99% 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 September on our performance during August.

Kind regards,

Jonathan Collett

Principal

Saville Capital

+61 3 9769 1789

jcollett@savillecapital.com

Important Information