

Emerging Companies Fund

Monthly Update: June 2025



Dear Fellow Investors,

Our Emerging Companies Fund was down -4.2%* in June vs -0.4% for the Emerging Companies Accumulation Index (XECAL) and +2.3% for the Small Industrials Accumulation Index (XSIAL). Since inception, the Fund has generated +10.3%* p.a. and a total return of +127.9%* (or +160.4%* if distributions have not been reinvested) vs +91.6% for the XECAL and +63.6% for the XSIAL.

Similar to May, we observed a swathe of tax loss selling which was exacerbated by yet more transition flow. As such, we spent most of the month firmly in negative territory and half of the stocks in our portfolio declined by more than -10%. Unfortunately, it seems that the large Super funds often make allocation decisions to be implemented by 30 June, meaning that the transition flow they create is then competing with retail investors chasing a tax loss at just about any price, delivering a sub-optimal outcome for all concerned. The net effect is that we often see a surge back in those stocks in the month or two that follow this period as that, somewhat artificial, selling pressure abates.

On the macroeconomic front, the data (slowing inflation and GDP growth) continues to build the case for more rate cuts in FY26. In addition, we have seen some recent IPOs come to market and perform well in the aftermath. These improving market dynamics, when coupled with the extreme valuation dispersion between micro/small caps and the mid/large caps, reinforce our view that the stage is being set for a strong FY26 for the Fund. Our intention is to use this as an opportunity to rotate capital into some new positions and gradually broaden the exposure of the Fund to reduce concentration risk and fully capture the benefit of what we expect will eventually evolve into a rising tide.

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%							-9.8%	+2.8%	+52.0%

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 June were Wrkr (WRK, +48%), Vysarn (VYS, +12%) and Murray Cod Australia (MCA, +3%). The key negative contributors were IDT Australia (IDT, -15%), Imricor (IMR, -13%) and Airtasker (ART, -13%).

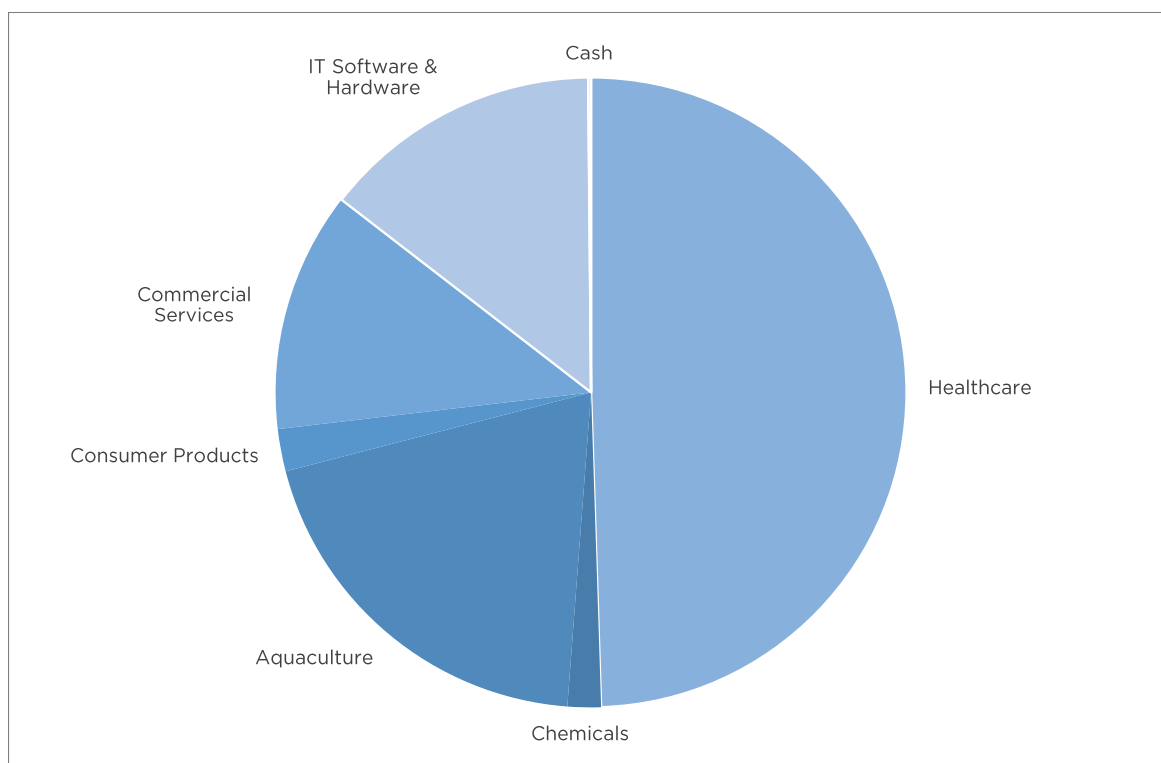
WRK announced that it has completed a successful pilot of its employer services platform with Rest, one of Australia's largest profit-to-member superannuation funds, in partnership with MUFG. The pilot included deploying a production version of WRK's platform for testing and feedback by Rest, MUFG users, Rest employers and their users. Over the pilot period, production data was used, including the onboarding of new businesses and users, and the processing of numerous super contributions. The period was used to co-design improvements and features to ensure a significant uplift in user experience from current experiences and test alignment to Payday Super changes. Following the successful pilot, Rest has moved into the next phase of implementation of the platform including negotiating the final commercial terms with MUFG Retirement Services, under which WRK will be the digital compliance provider. Rest, with more than two million members and around \$93 billion in funds under management, is now well positioned to accelerate preparations for the introduction of Payday Super, expected in July 2026. Furthermore, we think the successful completion of this pilot paves the way for other large super funds to accelerate their negotiations with MUFG (and WRK) to ensure they keep pace with their competition as the industry transitions towards Payday Super. As a reminder, WRK currently targets (earns) ~\$7 ARPU, which we expect to significantly increase over time as the industry transitions to Payday Super.

IMR announced that it has received CE Mark certification under the European Union's Medical Device Regulation (EU MDR) for its NorthStar Mapping System (NorthStar). The system comprises a computer workstation and a software application, making it IMR's first commercial software-centric product globally. This milestone significantly strengthens IMR's position as the market leader in interventional cardiac MRI (iCMR) and broadens the Company's offering across Europe and the Middle East. NorthStar's purpose is to transform MR imaging from something analogous to taking a picture with a still camera into something analogous to shooting a live video. This approval marks the launch of IMR's software era, and as it grows and expands interventional MRI applications beyond even cardiac ablations, NorthStar has the potential to become the central hub of every interventional MRI practice, significantly expanding IMR's revenue base.

While it is now a very small position for the Fund, Hydration Pharmaceuticals (HPC, +10%) provided a positive trading update, noting that sales during May were up +34% on April and +18% on pcp. It also noted that its gross margin remains strong at 66.5% and its EBITDA loss continues to narrow, with a +29% improvement on April and the fifth consecutive month of growth. This is particularly encouraging given we are yet to commence the peak summer period in the US and the Company is about to launch two new SKUs during this quarter. If it can maintain, or indeed accelerate, this momentum then it should be able to reach its target of positive EBITDA in the not-too-distant future.

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 August on our performance during July.

Kind regards,

Jonathan Collett

Principal

Saville Capital

+61 3 9769 1789

jcollett@savillecapital.com

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*Past performance is no guarantee of future performance