

# Emerging Companies Fund

Monthly Update: August 2025



Dear Fellow Investors,

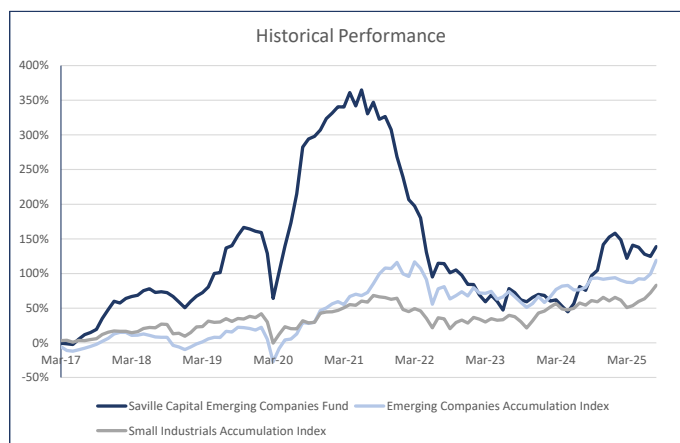
Our Emerging Companies Fund was up +6.3%\* in August vs +9.9% for the Emerging Companies Accumulation Index (XECAL) and +6.4% for the Small Industrials Accumulation Index (XSIAL). Since inception, the Fund has generated +10.7%\* p.a. and a total return of +138.9%\* (or +166.0%\* if distributions have not been reinvested) vs +119.1% for the XECAL and +83.2% for the XSIAL.

While it wasn't all smooth sailing, with many blow-ups across the market during reporting season, the overall market trend was certainly positive during August. This was particularly the case in small and micro-caps, but most notably small resources with that index up +12.6% for the month. This also fed into very strong performance for the emerging companies index and small ordinaries (both include resources stocks), which materially outperformed the small industrials. Nonetheless, we were happy to deliver a solid month which we hope will form the foundation of another period of positive performance for the Fund, as we have previously foreshadowed for FY26. If there is one lingering challenge for micro-caps, it is the ongoing and persistent imbalance in flows. We continue to hear about mandate losses, redemptions and Fund closures which feed into placing downward pressure on share prices, despite the macro tailwinds. Conversely, we are not yet hearing of any new money flowing into the sector at this stage. This trend will inevitably reverse and turn into a significant tailwind, which may not be far away if the current positive momentum (and strong relative performance to large caps) is maintained.

## Performance summary\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	3M	12M
<b>2017</b>		-3.2%	+2.6%	-0.6%	-1.0%	+7.6%	+6.4%	+2.7%	+4.0%	+13.2%	+9.5%	+8.1%	+60.1%		
<b>2018</b>	-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%		
<b>2019</b>	+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%		
<b>2020</b>	-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%		
<b>2021</b>	+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%		
<b>2022</b>	-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%		
<b>2023</b>	-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%		
<b>2024</b>	-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%		
<b>2025</b>	+2.2%	-3.7%	-10.8%	+8.7%	-1.3%	-4.2%	-1.4%	+6.3%					-5.4%	+0.4%	+41.8%

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



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\*Past performance is no guarantee of future performance

## Performance commentary

The key positive contributors during August were Airtasker (ART, +17%), Imricor (IMR, +15%), and Wrkr (WRK, +12%). The key negative contributors were IDT Australia (IDT, -27%), Hydration Pharmaceuticals (HPC, -31%), and Terragen (TGH, -6%).

WRK undertook a \$15m capital raising to help accelerate its preparations for the introduction of Payday Super from 1 July 2026 and capitalise on the significant revenue opportunity that now sits in front of it. We understand that the demand for the raising from new institutional investors was significant, as evidenced by the fact that the stock finished the month at \$0.11 on very strong turnover, despite raising at \$0.09/share. Having first invested in WRK via capital raising at \$0.025/share in August 2024, it goes without saying that it has been a very strong performer for the Fund and we still believe it has much further to run from here as it onboards more large industry super fund clients.

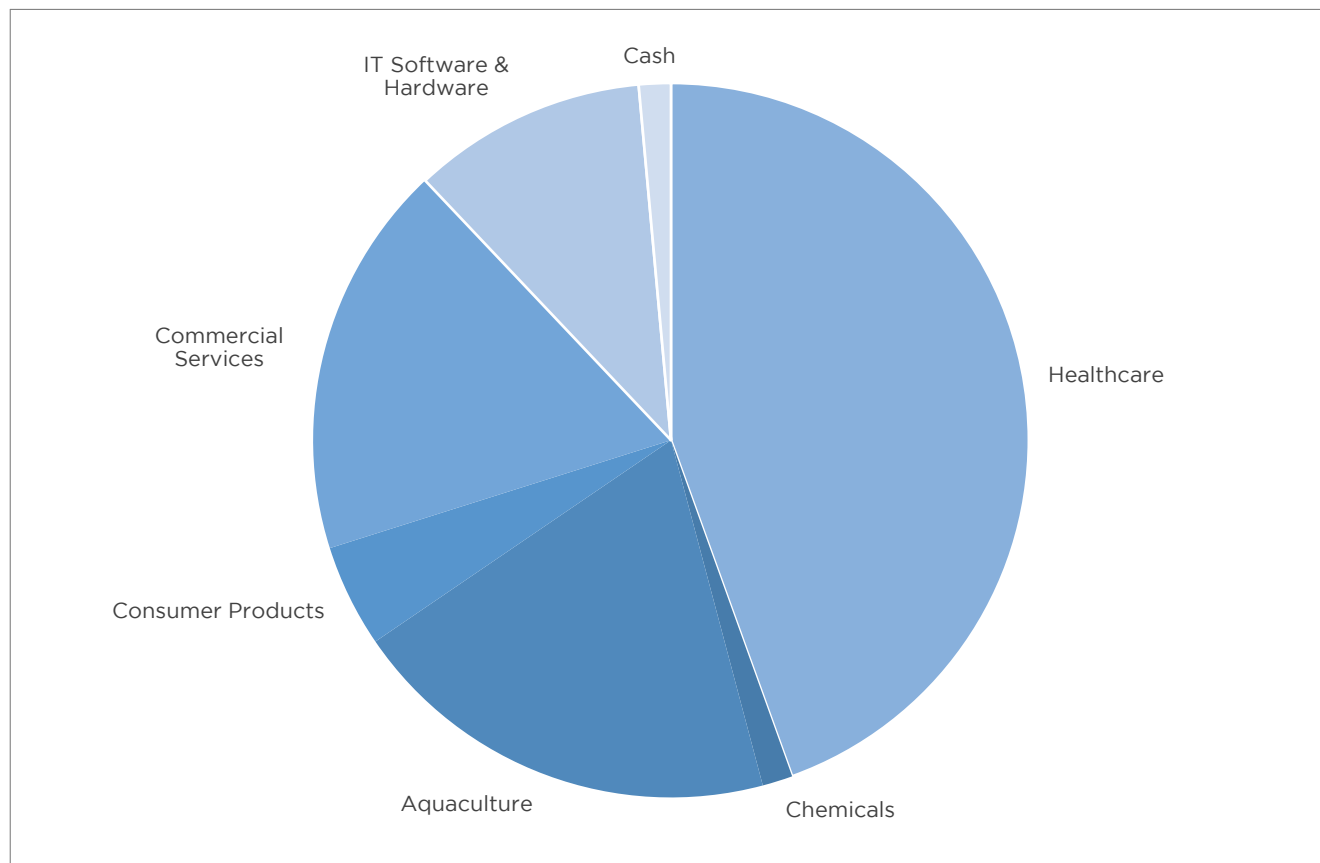
In a sign of cash earnings to come, Murray Cod Australia (MCA, +1%) reported FY26 EBITDA of +\$18.6m and NPAT of +\$8.6m. The bulk of these earnings came from a +112% increase in the value of its Biological stock (fish inventory) to \$67.8m which will be gradually converted into cash revenue over the coming months (and beyond). As at 30 June 2025, MCA had 2,481 tonnes of fish in its grow-out ponds, which is up +198% on pcp (and up +18% on March 2025 alone). This increase in biomass also underpinned a substantial improvement in its NTA to \$0.97/share (vs current share price of \$1.10), up from \$0.80 at the end of FY24. Management is still forecasting that it will harvest ~1,000 tonnes of this biomass by January 2026, which should equate to ~\$25m of cash receipts during that period (or >\$10m per quarter) vs just ~\$3m in 4Q FY25.

IDT delivered a very disappointing FY25 result, which led to the immediate resignation of its CEO. Whilst it has been successful in growing its revenue strongly over the past couple of years, this has been more than matched by the growth in its cost base, such that its FY25 EBITDA and NPAT losses were higher than in FY24, despite delivering a +40% increase in revenue. The positive news is that demand for IDT's services clearly remains strong and the Company is fully committed to the transformation program it launched three years ago to restore profitability. Under the new leadership of its Executive Chairman, IDT is conducting a comprehensive review of operational and business activities to accelerate progress toward this goal, which we anticipate will be achieved in FY26. Furthermore, with more than half of its \$20m loan facility undrawn, IDT still has plenty of funding capacity to see it through to achieving profitability.

Pentanet (5GG, flat) delivered its first full year of positive EBITDA (+\$1.4m, up from -\$1.3m in pcp) and positive operating cash flow for FY25, underpinned by revenue growth of +8% on pcp and +15% growth in gross profit due to improving ARPU/margins. While recent revenue growth has been modest, management has deliberately held back on marketing spend while it undertakes the targeted rollout of 5G coverage across its portfolio of towers. This will not only drive a more competitive market offering through the Ultrafast capability of 5G, but build critical scale that can then be supported by targeted marketing initiatives. With ~25% of its portfolio now upgraded to 5G, the Company is in a position to start ramping up its marketing efforts again, which should feed through to higher subscriber numbers and an accelerating revenue growth profile from FY26 onwards.

## 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 October on our performance during September.

Kind regards,

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### Important Information

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