

Emerging Companies Fund

Monthly Update: December 2025



Dear Fellow Investors,

Our Emerging Companies Fund was up +1.1%* in December vs +10.2% for the Emerging Companies Accumulation Index (XECAL) and -2.0% for the Small Industrials Accumulation Index (XSIAL). Since inception, the Fund has generated +10.0%* p.a. and a total return of +132.3%* (or +162.6%* if distributions have not been reinvested) vs +169.2% for the XECAL and +74.6% for the XSIAL.

December was almost a carbon copy of September, where the Emerging Companies Index had an incredibly strong month, largely driven by another significant jump in the price of metals such as silver +27%, lithium +26%, platinum +23% and copper +9%, all manifesting in a surge in the relevant micro and small cap resources stocks. Unsurprisingly, the Small Resources Index was up another +8.8% for the month (+73.0% in CY25), in stark contrast to the Small Industrials Index, which was down -2.0% for the month (while ASX200 was -0.2%). As such, we were reasonably pleased with the Fund's performance, especially given that the Australian 3yr and 10yr bond yields surged to 4.134% (up from 3.873% at 30 November) and 4.754% (up from 4.519%) respectively.

While it can feel a bit disconcerting to be pushing against a challenging macro headwind, we are encouraged by the resilience shown in our very recent performance and remain buoyed by the asymmetric risk/reward on offer in the current environment. Not only do we still have significant valuation dispersion in place across the portfolio versus larger (and offshore) peers, but we now have a market that appears positioned for what we would deem to be a worst case (and somewhat unrealistic) macro scenario (i.e. several rate hikes from the RBA in CY26). We would only need a minor shift in the macroeconomic outlook (i.e. rates don't follow the yield curve higher) to deliver a very strong tailwind for our portfolio's performance. The last time we faced a similar scenario was in April/May 2024 when the 10yr bond yield hit ~4.5%, before declining to <4% in the subsequent four months and our portfolio gained ~35%.

As far as the portfolio is concerned, we continue to receive incremental positive news flow on several of our stocks which hasn't yet been reflected in their share prices, creating further pent-up performance for when the environment becomes more supportive for micro-cap industrials. Interestingly, and pleasingly, the portfolio is already enjoying a strong start to CY26.

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%	+6.3%	-0.4%	+0.4%	-3.8%	+1.1%	-8.1%	-2.4%	-8.1%

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

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Performance commentary

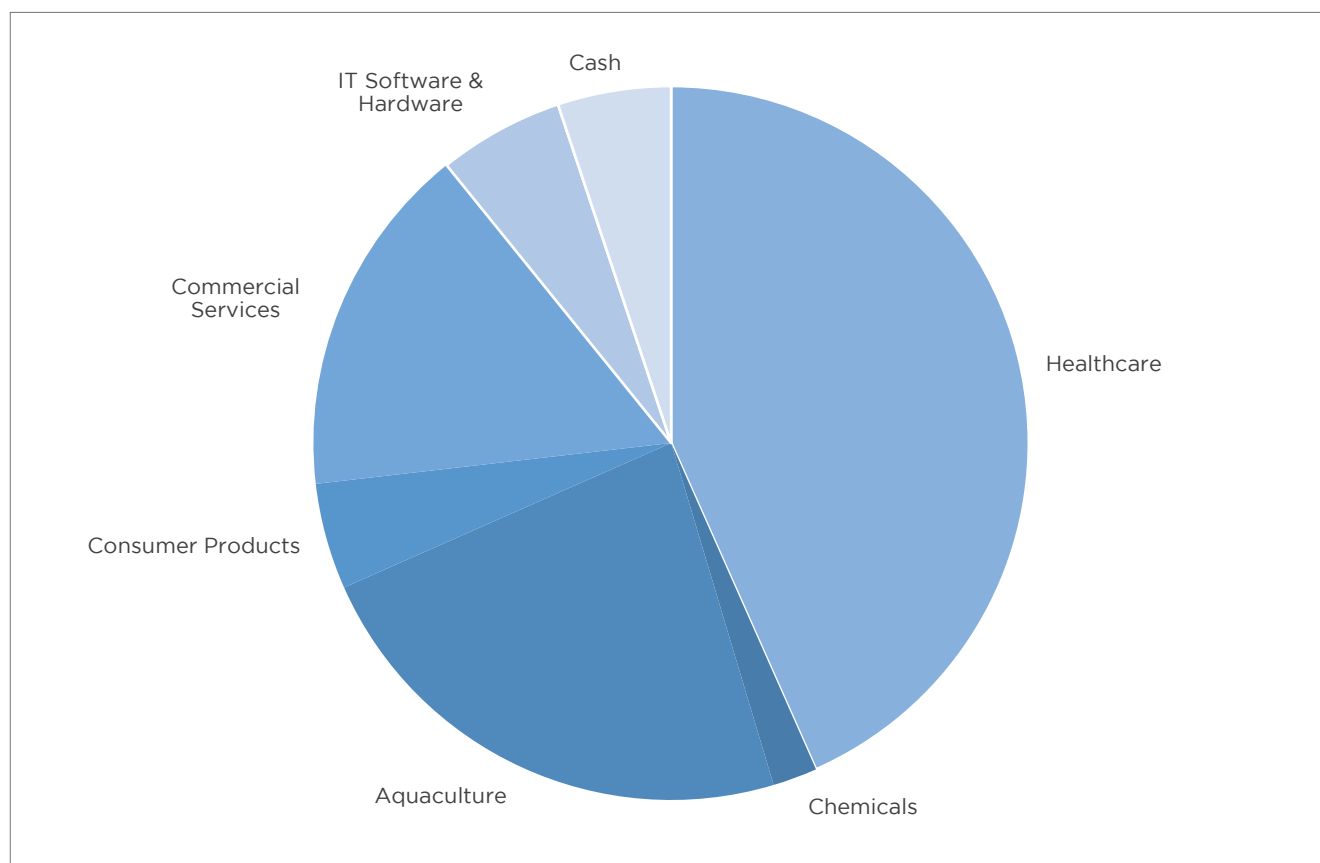
The key positive contributors during December were Murray Cod Australia (MCA, +4%), Medical Developments (MVP, +6%) and Wrkr (WRK, +4%). The key negative contributors were Biome Australia (BIO, -5%), Pentanet (5GG, -13%) and IDT Australia (IDT, -4%).

IMR announced that the Institutional Review Board (IRB) of the University of Virginia (UVA) Health Medical Center has approved UVA Health's enrolment in IMR's VISABL-AFL clinical trial, with procedures expected to commence in February 2026. UVA Health is an academic health system associated with the University of Virginia in Charlottesville, Virginia, USA. The UVA Health University Medical Center includes a 600-plus bed hospital and is consistently recognised as the top hospital in Virginia and one of the leading hospitals nationwide. IMR commented that UVA Health is just the first of several US sites which are expected to join VISABL-AFL, helping to ensure that its enrolment and FDA processes remain on schedule. In addition to this, IMR also announced that the Charité University Hospital, in Berlin, Germany, will be the second site, worldwide, to join the VISABL-VT clinical trial. Charité is consistently ranked in the top 10 hospitals globally and it houses more than half of the German Nobel Prize winners in medicine and physiology. Commencing in 1Q CY26, the electrophysiology team at Charité will also perform commercial atrial flutter ablations in the MRI lab as a part of their routine clinical work prior to, and concurrently with, the VISABL-VT trial.

BIO announced that the first human clinical trial on its proprietary probiotic strain, *Lactobacillus plantarum* BMB18 (BMB18), has been submitted for ethics approval and registered with the Australia New Zealand Clinical Trials Registry. The trial will investigate the efficacy of BMB18 in patients experiencing digestive symptoms (e.g. bloating, discomfort) and/or occasional sleep or mood disturbances, and examine its impact on digestive function, mood, sleep and quality of life. This next-generation probiotic strain has demonstrated strong positive outcomes in recently completed in vitro studies conducted by the cell culture lab of one of Biome's key research partners. The 12-month trial will recruit 240 participants across two active dosage levels and placebo to identify multiple use cases in new product development with Biome-owned IP. Ethics approval has been submitted, with the trial scheduled to commence in February 2026. The BMB18 clinical trial aligns with Biome's Vision 27 strategic plan, specifically the supply chain development pillar focused on identification, characterisation and commercialisation of proprietary probiotic strains. This can then lead to new product development across the Activated Probiotics and Activated Therapeutics ranges, provide additional protection from competition and expand addressable market opportunities in gastrointestinal health. As we will cover in more detail in an upcoming Fund Update, with a market cap that is <\$100m, BIO is flying under the radar of most institutional investors, however if it keeps delivering consistently strong results, it is only a matter of time before this changes.

Portfolio characteristics

We currently have ~96% of our capital invested in 10 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 February on our performance during January.

Kind regards,

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