

Emerging Companies Fund

Monthly Update: March 2026



Dear Fellow Investors,

Our Emerging Companies Fund was down -10.7%* in March vs -11.1% for the Emerging Companies Accumulation Index (XECAI) and -8.4% for the Small Industrials Accumulation Index (XSIAl). Since inception, the Fund has generated +7.7%* p.a. and a total return of +97.7%* (or +144.6%* if distributions have not been reinvested) vs +151.6% for the XECAI and +49.6% for the XSIAl.

With an escalating war in Iran, and a second consecutive rate rise from the RBA, it should come as no surprise that local (and global) equity markets spent most of March in decline. While micro-caps were hit harder than most due to their sensitivity to investor risk appetite and interest rates, even the S&P ASX200 was down over -7% for the month. The consequent oil price shock and growing risk of impaired fuel availability across Australia is creating a unique challenge for both fiscal and monetary policy settings, particularly given we entered this period with already elevated inflation.

While markets have been quick to price in further rate rises to combat the inevitable input cost inflation that will be driven by a much higher oil price, attention is now turning to the demand destruction that will occur within the economy as a consequence of higher prices across a range of goods and services and, indeed, lower fuel availability (particularly diesel). This has the potential to cause the RBA to pivot on its current strategy and rates setting, moving from a focus on trying to constrain inflation to ensuring it maintains financial stability. If this pivot were to occur, then it is likely that risk assets which have limited or no exposure to the economic cycle would benefit, much like they did in 2020 during the response to the challenges of COVID. Thus far, it appears the market has been solely focused on the risk of higher rates and has (remarkably) largely ignored the industry and stock-specific exposure to prolonged higher input costs (particularly fuel/diesel) and potentially significantly weaker discretionary demand.

Regardless, it can easily be argued that we now have a significant number of heavily oversold stocks in our portfolio. Relative to their 12-month highs, the average decline across our portfolio of stocks currently sits at exactly -50%. This is an extraordinary move in the context of just two rate rises to date and underscores our view that a lot of pessimism is already priced into the portfolio, just as the outlook for interest rates has the potential to pivot again due to a rapidly deteriorating economic outlook.

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%		
2026	+2.0%	-6.5%	-10.7%										-14.9%	-14.9%	-10.9%

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 only positive contributor during March was Terragen (TGH, +5%). The key negative contributors were Wrkr (WRK, -22%), Biome Australia (BIO, -21%) and Imricor (IMR, -12%).

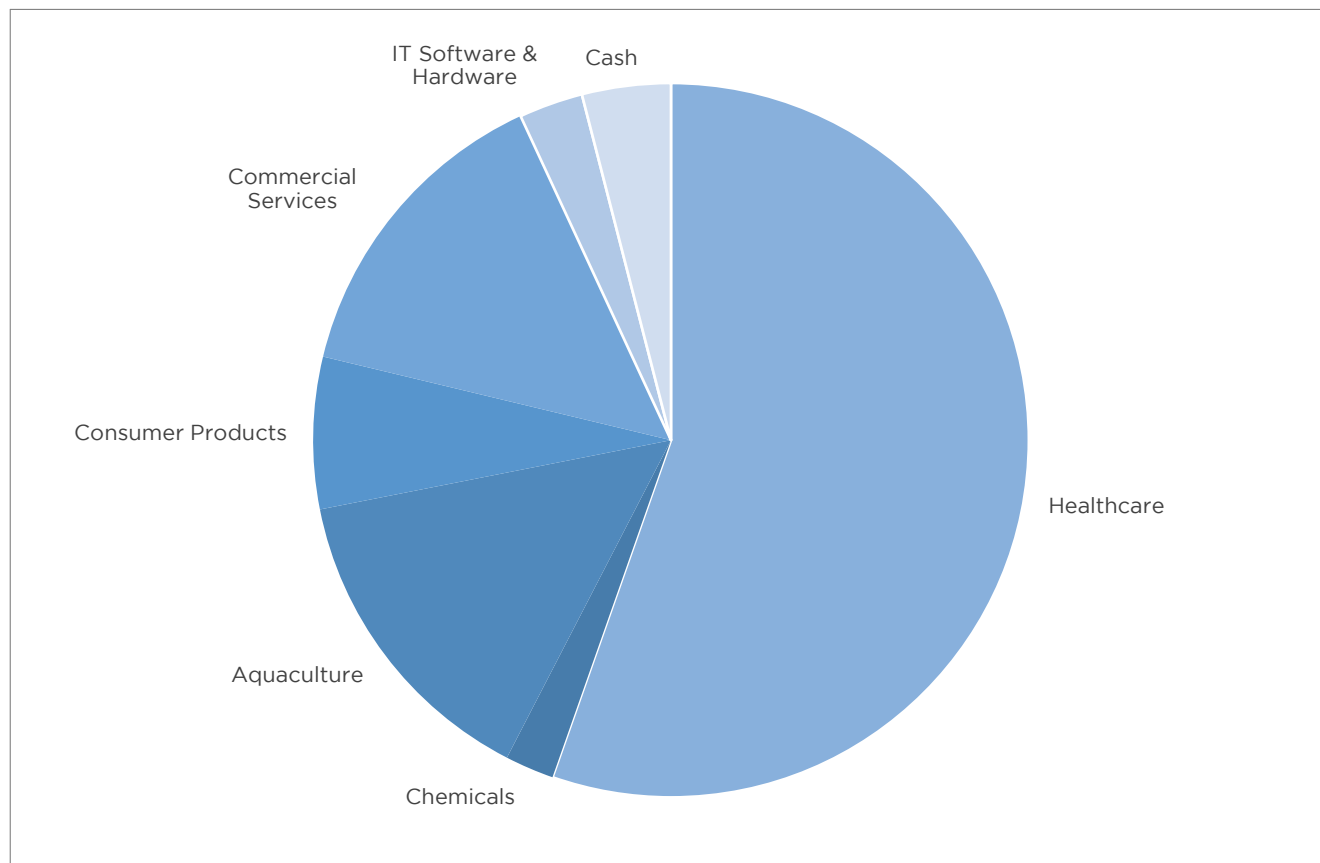
Airtasker (ART, -6%) announced a strategic partnership with Nine Entertainment to provide ART with \$5m in media capital to further accelerate its brand awareness in Australia. Through the partnership, ART gains access to Nine's powerful cross-platform media network spanning national free-to-air television channels, the 9Now streaming platform, and a portfolio of premium digital and publishing brands, reaching millions of Australians across television, streaming and digital platforms every day. ART's media partnership strategy in Australia includes successful partnerships with oOh!media and ARN and is already delivering positive results with strong growth in brand salience (unprompted brand awareness), which increased 32.1% on pcp in 1H FY26. Whilst ART's above-the-line brand marketing primarily focused on long term brand growth, this investment also delivered GMV of ~\$4.852 for every \$1.00 invested in 1H FY26, representing an incremental direct ROI of 1.08x. Similar to its other media deals, the terms of the partnership provide ART with \$5m over two years in Nine media advertising services across television, publishing, digital and streaming in exchange for a \$5m convertible note, with a 4.9% coupon payable at maturity, and a maturity date of 1 July 2028. At maturity, ART has the option (subject to shareholder approval) to convert the outstanding Note and accrued interest into ordinary shares at a 10% discount to the 30-trading day volume-weighted average share price of ART shares at maturity or repay the outstanding Note and accrued interest in cash.

TGH released the results of an independent assessment of its biostimulant, Great Land Plus (GLP), which demonstrated a 12% increase in yield of maize silage, equivalent to \$1,100 (gross revenue) wet tonnes more per hectare, above standard grower practice. This equates to a potential grower ROI of up to 20 times at an application rate of \$55/hectare, inclusive of GLP. The recommended application rate of 4 L/ha of GLP used in the assessment outperformed all other treatments in the trial. The 13 replicated data sets from the trial should provide grower confidence that GLP is a cost-effective biostimulant that assists in the uptake of nutrients available in the soil, to increase productivity and soil health, potentially driving further demand for GLP to be used to increase farmer returns.

Finally, we thought it was noteworthy that we saw director buying across a number of stocks within our portfolio during the month, including Murray Cod Australia (MCA, -2%), IDT Australia (IDT, -12%) and Biome Australia (BIO, -21%). We take some assurance from this as it generally reflects a combination of internal confidence in the outlook for the business and a view that the current share price isn't aligned with likely performance.

Portfolio characteristics

We currently have ~97% 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 May on our performance during April.

Kind regards,

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