

# Investment Report & NTA Update

13 MAY 2024

## Net Tangible Asset Value per share as at 30 April 2024

Pre Tax NTA	Post Tax & Pre Unrealised Gains Tax NTA	Post Tax NTA	Share Price	% Discount to NTA*
\$0.917	\$0.933	\$0.964	\$0.62	35.68%

\* Percentage discount to NTA is calculated from the post tax NTA.

## Investment Portfolio Performance<sup>†</sup>

	1 Month	3 Months	1 Year	2 Years p.a.	3 Years p.a.	Inception p.a. <sup>^</sup>	Inception (Total Return) <sup>^</sup>
<b>SB2<sup>#</sup></b>	-1.23%	-1.38%	2.72%	-3.60%	-	-0.52%	-1.50%

<sup>#</sup> Salter Brothers Emerging Companies Limited (ASX:SB2)

<sup>†</sup> Investment portfolio performance is calculated net of Management fees but before taxes, other fees, and expenses. Performance has not been grossed up for franking credits received by shareholders.

<sup>^</sup> Inception date is 27 May 2021.

## Key Listed Contributors & Detractors

Key Contributors for April 2024				Key Detractors for April 2024			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)	#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	PYC Therapeutics Limited (PYC)	+18.3%	+0.6%	1	Asset Vision (ASV)	-35.0%	-0.5%
2	RPMGlobal Holdings (RUL)	+11.8%	+0.6%	2	EVZ Limited (EVZ)	-12.5%	-0.5%
3	Medadvisor Ltd (MDR)	+9.1%	+0.5%	3	Ai-Media Technologies Ltd (AIM)	-5.5%	-0.4%

## Key Features of the SB2 Portfolio

- Taking a two year view, the weighted average valuation upside of the listed holdings in the portfolio based on SB2 forecasts is greater than 80%.
- The SB2 equity portfolio quantitatively reflects the investment philosophy of the Investment Team – that is focused on capital preservation and long-term capital.
- Growth and income from its investments and generating attractive risk adjusted returns over the long term.
- As such, the weighted average investment profile of our portfolio (as at 30/04/2024) features:
  - Weighted average FY24-25F Revenue growth of +17%
  - Weighted average FY24-25F EBITDA margin of c.18%
  - Weighted average FY24-25F NPAT margin of 8%
  - Weighted average FY24-25F P/E multiple of 8.9x

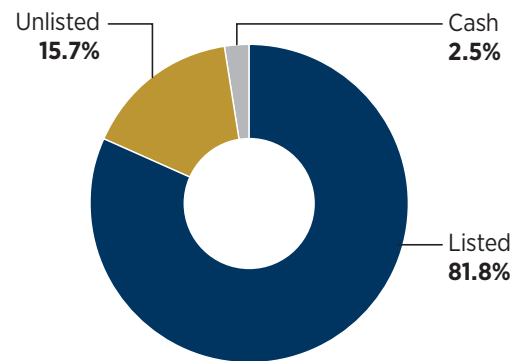
## Metrics of the Listed Portfolio\*\*

	FY23A	FY24F	FY25F
<b>Key Ratios</b>			
EV / Revenue (x)	2.5x	2.0x	1.6x
EV / EBITDA (x)	9.5x	7.6x	6.5x
EV / EBIT (x)	8.4x	7.8x	6.9x
P / E (x)	13.7x	9.3x	8.4x
<b>Portfolio Financials</b>			
Revenue Growth (%)	31%	18%	16%
EBITDA Margin (%)	12%	16%	19%
EBIT Margin (%)	5%	9%	12%
NPAT Margin (%)	0%	6%	10%

\*\*All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 30/04/2024, adjusted for abnormalities.

## Portfolio Composition

- The SB2 Portfolio has 23 Listed holdings (81.8% of the total value), 5 Unlisted holdings (15.7% of the total value) and 2.5% Cash.
- The weighted average market capitalisation of the stocks in the listed portfolio is ~\$186m.
- The investment strategy was compliant with the emerging companies' investment requirements of the Australian Significant Investor Visa regime for the period ending 30 April 2024.
- A key requirement of the Australian Significant Investor Visa regime is that the Fund invests in companies with a market capitalisation of less than \$500m. As such the Fund has a microcap bias and the Fund performance is driven by the performance of this sector of the market.



## April 2024 Monthly Update

The portfolio was slightly down in the month of April versus a broader equity market sell off. The SB2 portfolio returned a monthly performance of -1.23%, outperforming the ASX Small Ords by 1.91%. The market's decline was primarily attributed to the unexpectedly high March quarter inflation figures, which escalated from 0.6% in the final quarter of the previous year to 1.0% in the initial quarter of the current year, surpassing the forecast of 0.8%. Amidst these conditions, April saw the disclosure of third-quarter performances for most of the companies within the portfolio. The Manager continues to closely monitor public data points and opportunities to meet with Management to test our investment thesis in each portfolio position. This ongoing commitment to the process and philosophy reinforces the Manager's conviction in the current portfolio.

During the month, the top three positive contributors to the portfolio were PYC Therapeutics Ltd (**PYC**), RPMGlobal Holdings Ltd (**RUL**) and Medadvisor Ltd (**MDR**). The top three key detractors were Asset Vision Co Ltd (**ASV**), EVZ Ltd (**EVZ**) and Ai-Media Technologies Ltd (**AIM**).

PYC Therapeutics Ltd (**PYC**) is a new position in the portfolio following a deep dive into the biotech sector by the team. In April, PYC emerged as a key contributor to positive performance with its focus on developing precision medicines for severe diseases lacking treatment options. The company's advancement with three drug candidates poised for human safety and efficacy read-outs within the next 18 months has captured investor attention. These candidates address critical needs in areas such as Retinitis Pigmentosa, Polycystic Kidney Disease, and Autosomal Dominant Optic Atrophy. The past month saw PYC raise cash through an entitlement issue, of which the portfolio participated in, which secured A\$74.6 million. PYC now has a strong cash reserve of more than A\$100 million, this solidifies the company's financial stability and will support the continuation and initiation of upcoming ventures.

RPMGlobal Holdings Ltd (**RUL**) maintained its strong performance through April, with its share price increasing 38% since the start of the calendar year, driven by delivering a good start to the year and guiding to a positive outlook. The Manager has sold down part of their holding into this recent share price strength, though RUL continues to be a core position of the portfolio.

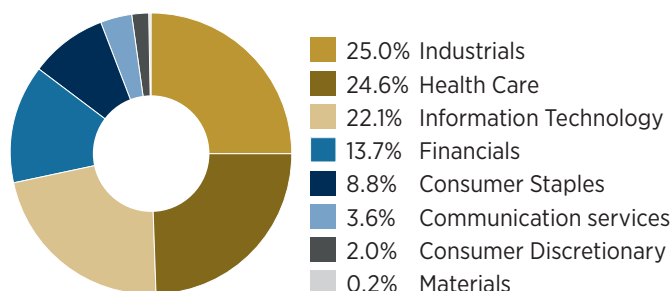
Another positive contributor to performance was Medadvisor Ltd (**MDR**). MDR reported a notable 42% increase in 3Q FY24 operating revenue, with significant growth in both the US and ANZ markets. The company's cash position and contracted revenue instill confidence, with a robust pipeline set to secure a strong end to FY24. The partnership with Brand Engagement Network and the upcoming telehealth solution launch signal progressive steps toward expanding Medadvisor's service offerings and transaction revenue. After consecutive down months, the Manager is not surprised MDR share price has reversed.

The largest performance detractor for the month of April was Asset Vision Co Ltd (**ASV**). As mentioned in previous reports, ASV has been subject to low liquidity, and as a result, the company continues to face significant price volatility from month to month. Operationally, ASV reported solid quarterly results, achieving a 7% increase in Annual Recurring License Revenue and a 13% increase in Licensing Revenue. The ongoing deployment of the Asset Vision platform, coupled with the advent of AutoPilot AI for automated road defect detection, stands as potential growth drivers. The anticipation of forging strategic channel partnerships adds to the positive outlook. The Manager's retains our conviction in ASV.

EVZ Ltd (**EVZ**) logged a net operating cash outflow of \$3.2 million due to seasonal variations and the timing of milestone payments, which are projected to be realised in the first quarter of FY2025. Despite this, EVZ has secured new contracts, maintained a solid backlog and continued to progress on significant projects. The company's financial health remains strong with a cash balance of \$6.5 million and no drawn debt. Another victim of short-term price volatility on low share trading volumes, with a more optimistic outlook for FY25.

Ai-Media Technologies Ltd (**AIM**) saw its share price retract after a substantial increase in the March quarter. AIM does not report quarterly results. Despite the retraction, the Manager views the reduction in share price post-rally as a potential buying opportunity, affirming a strong belief in AIM's capacity for continued growth and development

## Listed Portfolio Sector Weights



## Top 5 Holdings

1. OFX Group Ltd (ASX:**OFX**)
2. Ai-Media Technologies Ltd (ASX:**AIM**)
3. Top Shelf International Holdings Ltd (ASX:**TSI**)
4. Probiotec Ltd (ASX:**PBP**)
5. Smart Parking Ltd (ASX:**SPZ**)

## Investment Team



### Gregg Taylor

Investment Director  
25+ years' experience  
Previous:  
Schroders Investment Management and  
Bombora Investment Management



### Tineyi Matanda

Investment Director – Funds Management  
17+ years' experience  
Previous: PwC



### Advait Joshi

Senior Analyst  
6+ years' experience  
Previous:  
Bombora Investment Management,  
UBS Investment Bank



### Francis Crossle

Analyst  
2+ years' experience



### Keegan Cuolahan

Analyst  
1+ years' experience

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Authorised for release by the Board of SB2.

### Important information

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