

Investment Report & NTA Update

12 DECEMBER 2024

Net Tangible Asset Value per share as at 30 November 2024

Pre Tax NTA	Post Tax & Pre Unrealised Gains Tax NTA	Post Tax NTA	Share Price	% Discount to NTA*
\$1.145	\$1.147	\$1.130	\$0.745	-34.07%

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

Investment Portfolio Performance[†]

	1 Month	3 Months	1 Year	2 Years p.a.	3 Years p.a.	Inception p.a. [^]	Inception (Total Return) [^]
SB2[#]	8.07%	12.07%	43.68%	4.06%	-0.12%	5.75%	19.99%

[#] Salter Brothers Emerging Companies Limited (ASX:SB2)

[†] 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.

[^] Inception date is 27 May 2021.

Key Listed Contributors & Detractors

Key Contributors for November 2024			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	EML Payments Ltd (EML)	+50.7%	+2.54%
2	Alfabs Australia Ltd (AAL)	+21.9%	+1.95%
3	Pureprofile Ltd (PPL)	+42.9%	+1.35%

Key Detractors for November 2024			
#	Company Name	Price Chg. (%) (Absolute)	Weighted Avg. Price Chg (%)
1	Ai-Media Technologies Ltd (AIM)	-5.2%	-0.55%
2	Ozforex Group Ltd (OFX)	-9.2%	-0.34%
3	Felix Group Holdings Ltd (FLX)	-6.2%	-0.24%

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 70%.
- The SB2 equity portfolio quantitatively reflects the investment philosophy of the Investment Team – that is focused on capital preservation, long-term capital growth and income from investments and generating an attractive risk adjusted return over the long term.
- As such, the weighted average investment profile of our portfolio (as at 30/11/2024) features:
 - Weighted average FY25-26F Revenue growth of c.+17%
 - Weighted average FY25-26F EBITDA margin of c.17%
 - Weighted average FY25-26F NPAT margin of c.6%
 - Weighted average FY25-26F P/E multiple of 5.7x

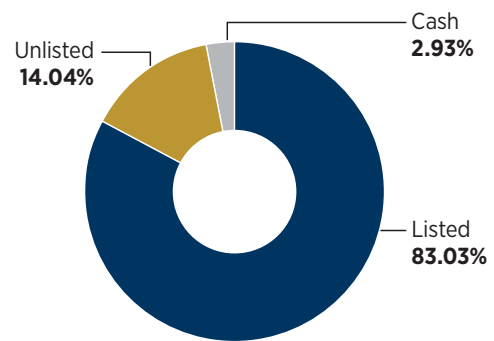
Metrics of the Listed Portfolio**

	FY24A	FY25F	FY26F
Key Ratios			
EV / Revenue (x)	2.0x	1.6x	1.3x
EV / EBITDA (x)	8.4x	8.0x	6.9x
EV / EBIT (x)	9.6x	5.6x	4.5x
P / E (x)	6.0x	5.9x	5.6x
Portfolio Financials			
Revenue Growth (%)	16%	18%	16%
EBITDA Margin (%)	12%	15%	19%
EBIT Margin (%)	0%	6%	11%
NPAT Margin (%)	-3%	4%	8%

**All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 30/11/2024, adjusted for abnormalities.

Portfolio Composition

- The SB2 Portfolio has 24 Listed holdings (83.03% of the total value), 7 Unlisted holdings (14.04% of the total value) and 2.93% Cash.
- The weighted average market capitalisation of the stocks in the listed portfolio is -\$202m.
- The investment strategy was compliant with the emerging companies' investment requirements of the Australian Significant Investor Visa regime for the period ending 30 November 2024.
- A key requirement of the Australian Significant Investor Visa regime is that the portfolio invests in companies with a market capitalisation of less than \$500m. As such the portfolio has a microcap bias and the portfolio performance is driven by the performance of this sector of the market.



November 2024 Monthly Update

In November, the portfolio delivered an excellent return of 8.1%, taking the 12 months' performance to 43.7%. The portfolio delivered these returns whilst the market experienced a downturn, with the ASX Emerging Companies Index, down -1.0% for the month. This resulted in an outperformance of 9.1% throughout November.

November proved to be a significant trading period for a substantial portion of the portfolio's holdings, as many companies held their Annual General Meetings (AGMs) and released first-half trading updates. The portfolio managed this period effectively, particularly amid several soft trading updates and downgrades across the broader market.

Throughout November, global markets absorbed the outcome of Donald Trump's conclusive victory in the U.S. election. Initially, this result was perceived positively across both U.S. and Australian markets, with expectations that a Trump administration, will control both the House and Senate, with a focus on positive economic reforms.

During the month, the top three positive contributors to the portfolio were EML Payments Ltd (**EML**), Alfabs Australia Ltd (**AAL**) and Pureprofile Ltd (**PPL**). The top three detractors were, Ai-Media Technologies Ltd (**AIM**), Ozforex Group Ltd (**OFX**), Felix Group Holdings Ltd (**FLX**).

EML Payments Ltd (**EML**), which was recently added to the top 5 portfolio holdings, experienced a substantial re-rate in November, driven by the strategic vision outlined by the newly formed executive team. The team presented the market with a comprehensive roadmap, including key financial targets for "EML 2.0" to achieve. Key highlights of this update included re-affirmation of an underlying EBITDA for FY25 in the range of \$54-60m. Additionally, long-term targets for FY28 were established, including 10-12% p.a transaction revenue growth, 35% EBITDA margin and an EPS of 13c all by FY28. The market responded dynamically to this update, resulting in a very strong increase of 50.7% to the company's share price for the month.

Alfabs Australia Ltd (**AAL**) experienced sustained share price appreciation throughout November, bolstered by a positive address from Chairman Bill Wavish during the Annual General Meeting (AGM). In his remarks, Mr. Wavish highlighted that the company's on-site fabrication facility is fully booked for Q2 and Q3, with a continued promising outlook for Q4.

He further emphasized that demand was driven by the opening of new mines and the commencement of mining projects is expected to outstrip the supply of Alfabs products for the next two years.

The investment manager remains highly confident in the capabilities of the Alfabs team to effectively capitalize on these inbound opportunities.

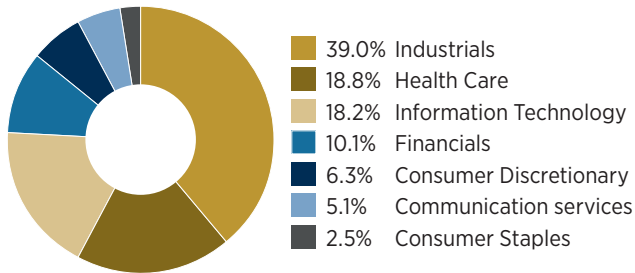
Pureprofile Ltd (**PPL**) has been a long term holding in SB2 which experienced a notable re-rating in November, with its share price increasing by 42.9% during the month and over 100% on a six-month rolling basis. At the end of October, the company released a Q1 trading update, which included guidance for FY25, projecting revenue of \$55-57 million and an EBITDA margin of 9-10%. These strong performance indicators have reinforced market confidence in the company's growth trajectory.

Ai-Media Technologies Ltd (**AIM**) experienced a modest decline in its share price during November. Notably, the company's AGM and operational strategy update contained no adverse developments, instead reaffirming their commitment and strategy to achieving the aspirational targets of \$150 million in revenue and \$60 million in EBITDA by FY29. The investment team attended a product demonstration that underscored significant advancements across the company's product portfolio as well as signs of accelerated market penetration in Europe, further bolstering confidence in the company's long-term growth.

Ozforex Group Ltd (**OFX**) continued to face challenges due to a lack of news flow and market concerns surrounding volatility in international trade markets, particularly considering the election of Donald Trump. Despite this macro noise, the investment team remains confident that the business is not facing any permanent underlying issues. The investment team also retains confidence in the experienced executive leadership, viewing the reduced valuation as an opportunity to reposition in a high-quality company.

Felix Group Holdings Ltd (**FLX**) experienced a minor decline in November, with its share price stabilizing after a significant re-rating in October, during which it emerged as the fund's top-performing position with a 50% increase. The investment team anticipates elevated levels of volatility in holdings with smaller market capitalizations and lower liquidity, viewing such fluctuations as characteristic of the segment rather than indicative of any fundamental weakness.

Listed Portfolio Sector Weights



Top 5 Holdings

1. Ai-Media Technologies Ltd (ASX:**AIM**)

2. Alfabs Australia Ltd (ASX:**AAL**)

3. Bluebet Holdings Ltd (ASX:**BBT**)

4. EML Payments Ltd (ASX:**EML**)

5. Alcidion Group Ltd (ASX:**ALC**)

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



Francis Crossle

Analyst
2+ years' experience

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Authorised for release by the Board of SB2.

Important information

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