

# Investment Report & NTA Update

11 FEBRUARY 2022

## Net Tangible Asset Value per share as at 31 January 2022

Pre Tax NTA	Post Tax & Pre Unrealised Gains Tax NTA	Post Tax NTA	Share Price	Number of Holdings
\$1.080	\$1.086	\$1.062	\$0.73	36

## Investment Portfolio Performance\*

	1 Month	6 Months	1 Year	2 Years p.a.	3 Years p.a.	Inception p.a. <sup>^</sup>	Inception (Total Return) <sup>^</sup>
<b>SB2</b>	-5.62%	3.11%	-	-	-	-	13.16%

\* 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 27th May 2021.

## Key Points

- Valuation upside of portfolio remains compelling with significant upside to our valuation, diversified across 36 stocks.
- Strategy remains focused on a bottom-up driven blend of growth and cyclical exposures with upside and away from lower returning defensives.
- The investment strategy was compliant with the emerging companies investment requirements of the Australian Significant Investor Visa regime for the period ending 31 January 2022.

## Market Insight

The portfolio generated a negative return in January 2022 of -5.62%.

The Small Ordinaries Accumulation Index generated a -8.99% return versus the broader market which fell -6.57%.

January saw volatility return with a vengeance as central banks recognized that monetary policy would need to tighten more quickly to combat inflationary expectations.

Accordingly, equity markets fell heavily as selling built momentum throughout the month. High growth stocks, principally technology, were again the major targets, however, valuation compression was felt by most equities.

The small and micro sectors experienced significant price swings given their higher beta, with movements of c 20pc not uncommon. The pace of selling slowed markedly towards

month end with markets rebounding somewhat, which has continued into (early) February 2022.

## What are we looking at?

- Changes to the assumed pace of monetary policy tightening will drive markets in the short term. Any unexpected “shock” should deliver similar volatility and investor panic as experienced this month.
- Valuation metrics, particularly for high growth companies, will continue to adjust now that interest rates are normalising, implying the ingrained investor response of buying any market pullback or “dip buying” may no longer be a successful strategy.
- Reporting season will be crucial to ensuring portfolio companies are match fit for what will be a more challenging macro environment.

## Key Metrics – Summary Data

Portfolio Metrics	
Weighted Average Market Capitalisation of the Investments	\$273m
Cash Weighting	3.9%
Portfolio >300m mkt cap	43.6%
Portfolio 100-300m mkt cap	32.9%
Portfolio <100m mkt cap	14.6%
Unlisted Investments	5.0%
Shares on Issue	94,392,046

## Portfolio Review

As discussed above, the sell-off in January 2022 affected all corners of the market with intra-month volatility particularly elevated in the small end of the market.

Pleasingly, the portfolio performed better than the various market indices, highlighting our absolute return focus and bottom up, valuation driven portfolio composition.

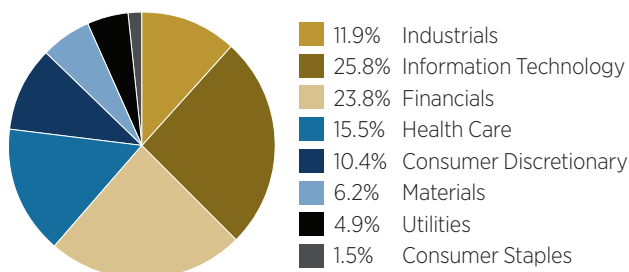
The largest drags on portfolio performance were Praemium (PPS), RPMGlobal Holdings (RUL), Alcidon (ALC), Bigtincan (BTH) and Raiz (RZI). However, a number of our companies provided business updates or guidance throughout the month which were positively received.

The standout was Ansarada (AND) which delivered record results in their FY22 Q2 update, with across the board growth

in customers, subscribers, revenues and cashflow. Positive updates were also provided by **ALC** – largest ever contract signing, Ozforex (**OFX**) – with continued positive momentum across all segments, Next Science (**NXS**) – signed the long awaited distribution agreement with Zimmer and the cessation of the associated litigation, Pacific Current (**PAC**) – provided solid FUM growth at some of their boutiques and upgraded FUM guidance and PayGroup (**PYG**) – with record new contracts signed in Q3 FY22 with affirmed ARR guidance which saw a positive 25% share price move in the month.

Another solid contributor was PTB Group (**PTB**), up 9% for the month, which continues to experience strong trading conditions in the USA and Asia Pacific regions resulting in increased full year guidance.

## Fund Sector Weights



## Top Holdings

Pacific Current Group Limited (ASX code: PAC)

Praemium Limited (ASX code: PPS)

Probiotec Limited (ASX code: PBP)

OzForex Group Limited (ASX Code: OFX)

## Core Investments – Spotlight

### Ansarada Limited (ASX code: AND)

**Ansarada** is a SaaS platform used by the world's top companies, advisors and governments to govern their most critical information and processes in deals and transaction management, board management, compliance and tenders.

It has globally diverse revenue streams (44% international) derived from a diverse and consistently growing customer base of companies, governments, investment banks, legal and accounting firms. **AND** has delivered growth and positive cash flows every quarter since listing on the ASX in December 2020, which we think will continue given their Deals product is used prolifically across economic cycles in M&A, capital raising, infrastructure development, IPOs, debt financing, insolvency and restructuring.

**AND** is the go-to platform used by business professionals with the platform utilised by all of the top 10 investment banks, big four accounting firms, the top 10 legal firms and 87 of the companies in the ASX 100.

**AND** has a strong balance sheet with no debt and a cash balance of \$20.9m as at December 2021, allowing flexibility for bolt on acquisitions to improve their product and technology stack, an example being the acquisition of TriLine GRC, a market leading governance, risk and compliance (GRC) SaaS company with customers in Australia, New Zealand, UK and Ireland, providing **AND** a GRC solution for a global US\$ 35bn+ market.

## Contact

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Authorised for release by the Board of SB2.

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