

Investment Report & NTA Update

11 NOVEMBER 2022

Net Tangible Asset Value per share as at 31 October 2022

Pre Tax NTA*	Post Tax & Pre Unrealised Gains Tax NTA*	Post Tax NTA*	Share Price	Number of Holdings
\$1.029	\$1.059	\$1.033	\$0.71	34

* NTA per share is calculated in accordance with listing rules, reflecting actual number of shares on issue after cancellation of certain shares during the month. It is noted that at 31 October 2022 an additional 1,565,359 shares have been subject to buy back, but the shares have not formally been cancelled. If the shares had been formally cancelled as 31 October 2022, Pre Tax NTA would be **\$1.046**, Post Tax & Pre Unrealised Gains Tax NTA would be **\$1.077**, and Post Tax NTA would be **\$1.050**.

Investment Portfolio Performance†

	1 Month	6 Months	1 Year	2 Years p.a.	3 Years p.a.	Inception p.a.^	Inception (Total Return)^
SB2	5.81%	4.93%	-9.03%	-	-	-	10.72%

† 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 Points

- The portfolio is diversified across 34 stocks and maintains significant upside compared to our valuation.
- Strategy remains focused on a bottom-up driven blend of growth at a reasonable price; with a particular focus on companies with intellectual property (IP) and strong management.
- The investment strategy was compliant with the emerging companies investment requirements of the Australian Significant Investor Visa regime for the period ending 31 October 2022.

General Commentary

The month of October 2022 saw a partial recovery in the market with the ASX Small Ordinaries Accumulation Index growing +6.5% (vs September 2022 where it posted a decline of -11.2%). The Fund posted positive returns of +5.8% in the month. The Manager continued to closely monitor and manage each of the portfolio companies through the market volatility.

During the month, the Manager took advantage of the strong share price rally in Praemium Limited to exit the position. The Manager also took advantage of share price volatility to add to some of its existing positions including Ansarada Limited (AND), Future First Technologies (FFT) and Cogstate Limited (CGS).

Market Insight

In the month of October 2022, the RBA increased the cash rate by a further 25 basis points to 2.60%, lower than market expectations of a 50 basis point increase. This triggered a rally on the ASX with investors expecting the terminal rate to end up lower than expected. While the Board of the central bank admitted that the cash rate has been increased substantially in a short period of time, the RBA also reiterated that "further increases are likely to be required over the period ahead".

Despite the tough macro environment, the Manager holds a high degree of confidence in the individual names within the portfolio. We continue to diligently monitor the existing investments in the portfolio and any new investment opportunities that meet our investment criteria.

Key Metrics – Summary Data

Portfolio Metrics	
Weighted Average Market Capitalisation of the Investments	\$226m
Cash Weighting	2.9%
Portfolio >300m mkt cap	36.3%
Portfolio 100-300m mkt cap	28.6%
Portfolio <100m mkt cap	26.0%
Unlisted Investments	6.2%
Shares on Issue	94,299,046

Portfolio Review

During the month of October, the key positive contributors to the portfolio included Bigtincan Limited (**BTH**), Pacific Current Group (**PAC**), RPM Global Holdings (**RUL**), Adrad Holdings Limited (**AHL**), Veem Limited (**VEE**) and Medadvisor Limited (**MDR**).

BTH posted a strong 1Q23 update in the month noting positive operating cashflow for the quarter, a cash balance as at 30 September of \$35.3m and progress to achieving positive adjusted EBITDA in FY23 (materially exceeding FY22). BTH also made a confidential, non-binding, indicative proposal to acquire 100% of the share capital of Livetiles Limited (**LVT**) for a full-cash consideration of \$0.07 per share. The offer was subject to a number of conditions including satisfactory due diligence by BTH. LVT owns and operates employee collaboration and communications software and recently attempted (unsuccessfully) to undertake a voluntary delisting from the ASX.

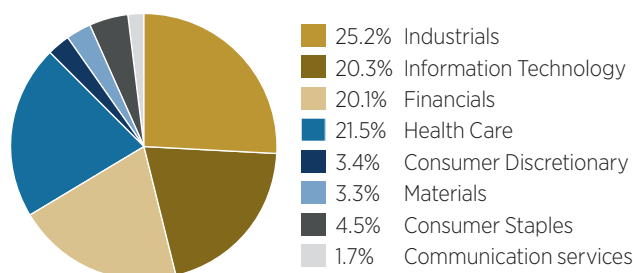
PAC also saw positive performance in October after announcing it successfully secured a US\$50m senior debt facility provided by Washington H. Soul Pattison, with net proceeds to be used for pursuing its strong and growing pipeline of accretive investment opportunities.

In October, RUL also saw a share price rally on the back of the company's Chairman's address in its AGM, in which the business updated the market on its FY23 performance, noting ARR was now sitting at \$51.0m (a \$2.5m increase from June 30), total contracted value of software sold YTD being \$5.5m and a pre-contracted non-cancellable software subscription revenue balance of \$96m. RUL also reconfirmed FY23 guidance of \$101m of revenue and \$14.2m of EBITDA.

Key detractors in the month included Ansarada Limited (**AND**), EVZ Limited (**EVZ**), BikeExchange Limited (**BEX**) and Cogstate Limited (**CGS**). The Manager took advantage of the share price volatility during the month of September to add to existing holdings where there was material upside potential and no change to the Manager's conviction and investment thesis.

The Manager continues to actively monitor the existing investments in the portfolio as well as consistently look for new opportunities to drive enhanced returns for investors. We remain consistent in our approach to investment selection and look forward to updating the market on the continued progress of the portfolio in coming months.

Portfolio Sector Weights



Top Holdings

Pacific Current Group Limited (ASX code: PAC)

RPMGlobal Holdings (ASX Code: RUL)

Probiotec Limited (ASX code: PBP)

OzForex Group Limited (ASX Code: OFX)

Core Investments – Spotlight

Top Shelf International Limited (ASX code: TSI)

Top Shelf International Limited (**TSI**) is a Melbourne-based distiller and marketer of premium Australian spirits, with distinctive brands in NED Australian whisky and Grainshaker handmade Australian vodka. The company has a track record of success creating high-quality, premium Australian products and brands. TSI operates modern fermentation, distillation and packaging facilities in Campbellfield, Victoria. The company is also creating Australia's first agave spirit range from its agave farm in The Whitsundays region in Queensland. TSI also provides canning, bottling and packaging services.

TSI reported \$26.6m of revenue in FY22 representing a YoY growth rate of +39%. In FY22 TSI also saw the recognition of its NED Whisky and Grainshaker Vodka brands as the number one and fastest growing brands in their respective spirit categories in Australia. The business reported the ranging of NED Whisky and Grainshaker Vodka in Coles Liquor stores nationally (Liquorland, First Choice and Vintage Cellars) from March 2022. Up to 3.5m people are expected to attend events where NED Whisky and Grainshaker Vodka were to be sold in calendar year 2022. The Manager remains confident in its holding and thesis in TSI and continues to engage with management and monitor the investment closely.

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Authorised for release by the Board of SB2.

Important information

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