

Investment Report & NTA Update

12 DECEMBER 2022

Net Tangible Asset Value per share as at 30 November 2022

Pre Tax NTA*	Post Tax & Pre Unrealised Gains Tax NTA*	Post Tax NTA*	Share Price	Number of Holdings
\$1.052	\$1.085	\$1.054	\$0.71	30

* 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.

Investment Portfolio Performance[†]

	1 Month	6 Months	1 Year	2 Years p.a.	3 Years p.a.	Inception p.a. [^]	Inception (Total Return) [^]
SB2	0.59%	11.30%	-6.47%	-	-	-	11.33%

[†] 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 30 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 30 November 2022.

General Commentary

In the month of November 2022, the Fund posted a positive return of 0.59%. The ASX Small Ordinaries Accumulation Index posted a strong return of 4.92% 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 Ardent Leisure Group (ALG) to exit the legacy position. The Manager also added some new positions to the portfolio including Felix Group (FLX) and DGL Group (DGL).

Market Insight

The past month saw the RBA increase the cash rate by a further 25 basis points to 2.85%. The RBA stated that YTD CPI inflation to September was 7.3%, "the highest in three decades", with further inflationary pressures expected to impact both the Australian economy as well as RBA decision making over the months ahead. However, the central bank noted that as global supply chain problems and recent strengthening in demand and commodity prices settled next year, inflation was "expected to decline" in 2023.

Despite the volatile macro environment, the Manager holds a high degree of confidence in the individual holdings 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	\$207m
Cash Weighting	2.9%
Portfolio >300m mkt cap	33.1%
Portfolio 100-300m mkt cap	27.8%
Portfolio <100m mkt cap	30.0%
Unlisted Investments	6.2%
Shares on Issue	92,587,046

Portfolio Review

During the month of November, the key positive contributors to the portfolio included DDH1 Limited (**DDH**), Pureprofile Limited (**PPL**), Top Shelf Holdings Limited (**TSI**) and Medadvisor Limited (**MDR**).

DDH released their 2022 Annual General Meeting and a strong 1Q23 update in November, noting revenue growth of +16.7% YoY (and +4.4% on a QoQ basis) and EBITDA growth of +9.5% YoY. Rig utilization also increased marginally to 80.9% with average rig count of 185 (up from 169 in 1Q22). The business noted a positive outlook with growing industry drivers including strong exploration budgets and battery minerals exploration activity in Australia. The company maintains strong relationships with clients and visibility for demand in FY23 with current contracted revenue reflecting 80% of FY23 budget.

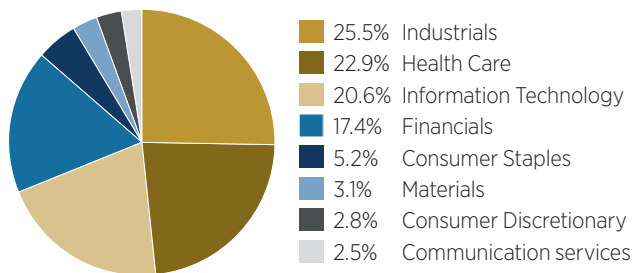
PPL saw the highest positive performance out of the portfolio in the month of November with the share price growing +25% MoM. The company released its 2022 AGM presentation where it reiterated FY23 guidance with revenue guidance in line with analyst forecasts of \$28-52m and FY23 EBITDA margins of 9-10%. The company noted that while it was focused on the topline sales growth, it maintained a key focus on improving group profitability and margin expansion.

In the final week of the month MDR also released an announcement notifying the market of an increase in its US digital platform network. The company noted it is expecting larger than usual seasonal increase in usage of its US-based digital platform with the onset of the flu-season and expansion of the COVID-19 awareness program through to the end of 2022.

Key detractors in the month included SomnoMed Limited (**SOM**), Pacific Current Group (**PAC**), OFX Group (**OFX**) and RPM Global Limited (**RUL**). The Manager took advantage of the share price volatility during the month of November 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)

Acrow Formwork and Construction Limited (ASX Code: ACF)

Probiotec Limited (ASX code: PBP)

VEEM Limited (ASX Code: VEE)

Core Investments – Spotlight

Pureprofile Limited (ASX code: PPL)

Pureprofile Limited (**PPL**) is a global data and insights organisation providing online research and digital advertising services for agencies, marketers, researchers and publishers. The company operates in North America, Europe and APAC and has delivered solutions to over 700 clients.

PPL has three key divisions: Data & Insights, online market research solutions that connect clients to groups of deeply profiled consumers; Pure Amplify Media, which delivers advertising campaigns to specific, preselected groups of people and are powered by first-party data; and Audience Builder – a SaaS platform that creates a unique member hub for clients' customer bases, enables clients to identify additional revenue streams and provides on-demand customer insights to increase customer loyalty.

PPL reported \$41.7m of revenue in FY22 (up +39% YoY) and \$4.0m of EBITDA (+28% YoY). The Manager remains confident in its holding and thesis in PPL 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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