



Investor Update

Q1.2021

Wunala Capital Pre-IPO Investments

The Wunala Capital Emerging Opportunities Fund ("Fund") invests in Pre-IPO, IPO and select listed opportunities in technology, finance, healthcare and sustainable energy companies.

Key Updates

Welcome to the Wunala Fund quarterly investor update. Key results:

- For the quarter ended 31 March 2021, the Fund returned -0.5%, with returns net of fees and expenses since inception of +0.5%; and
- In the last quarter the Fund made 4 new investments.

The Fund delivered flat returns for the quarter, with an uptick in NAV through February offset by a reduction in the value of our (small) listed portfolio in March. The majority of our portfolio is in pre-IPO holdings which have not been revalued since we invested.

While we focus on delivering absolute return through our hold period, our listed portfolio is primarily comprised of high growth technology companies - it is instructive to compare the fund's flat quarterly result to that of the ASX Tech Index which was down -8.3% over the same period.

There will inevitably be small dips and curves along the way and we remain highly confident that the quality of investments in our portfolio will deliver attractive returns over the next 6-12 months. The Fund's managers have almost their entire investable net worth in the Fund so we are completely aligned on delivering quality and sustainable returns.

We have also been hard at work on our first lead investment transaction which also comes with co-investment opportunities - see overleaf for more information.

Notable Transactions

A relatively quiet month for the Fund in terms of liquidity events, with only 1 listing in March - 3D Metalforge, an additive manufacturing (also known as 3D printing) company serving the marine sector. Early returns are positive and although the Fund only has a small position we expect the company to perform well in the near to medium term as their revenue is impressive compared to their listed peers.

On the investment side, we continue to see 5-10 new opportunities each week, giving us both the luxury of being selective in participation but also some level of regret that we cannot invest in more.

The Fund did make two investments during March that we are very pleased with:

- OpenMarkets Group ("OMG") is a fintech that connects retail investors with investments and advice. It offers B2B and B2C products for retail and wholesale brokers, as well as market clearing and technology solutions. The Fund invested into a Pre-IPO convertible note round for OMG who are targeting an IPO within the next 2-3 months

- Iris Energy was previously discussed in the December 2020 investor update, however since then the business has performed materially in excess of its forecasts. It is now attracting global attention from M&A / SPAC investors as well as considering an ASX listing later in 2020. The Fund added to its existing position in Iris via an investment into their second round Pre-IPO convertible note.

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Co-Investment Opportunity

When launching the Fund in 2020, one of the key 'value-add' opportunities that we wanted to provide to our investors was the option to participate alongside us in exceptional transactions. While the Fund is very focused on portfolio diversification and risk management, thereby limiting the maximum exposure we can take in any one company, some opportunities are worth sharing more broadly in case individuals would like direct access.

These opportunities are by design quite limited, as if a deal is so good then there can often be broader investor demand that is multiple times the amount being raised.

Wunala Capital is leading the Pre-IPO round for a company called Demyst that we are very excited about. As the lead investor we have secured preferential allocation terms for Wunala investors who wish to participate directly.

Demyst is a leading enterprise software-as-a-service (SaaS) platform that solves external data issues for some of the world's largest banks, insurers and fintechs.

Its clients are voracious consumers of data used for fraud, credit and ID verification purposes amongst others. However external data is often messy and inflexible with the shocking statistic that 87% of data science projects fail.

Demyst implements external data solutions 5x faster than legacy approach, resulting in up to 10x more data being consumed. It has a high quality global client base, strong recurring revenue growth and attractive unit economic metrics.

Demyst is raising up to A\$25m ahead of a planned IPO in early 2022. Please contact us if you would like to learn more.

Commentary

As a fund that is predominantly (75%+ of our portfolio) aimed at Pre-IPO investments, two of the questions I get asked a lot in some shape or form are:

- 1) What will you do if (when) the "IPO window" shuts?
- 2) What will happen to your portfolio companies? Will they survive?

We don't often talk a lot about our investment process, but I feel that it is one of the key differences that help us select high quality companies that will thrive in all sorts of conditions. We have a strict process of thorough company due diligence, comprehensive market analysis, management quality and so on.

However one of the most important factors is cash. We will only back companies that can demonstrate a minimum of 12+ months of runway left, even if the market were to turn negative for an extended period. This ensures that our portfolio companies can not only survive, but thrive as being well-funded in tough times mean they can take market share while competitors are under-investing and nervously watching their bank balances dwindle. Cash is king for a reason and it is only a matter of time before many investors (re)learn this painful lesson all over again.

Finally we have moved into our new offices (address below) - please let us know if you'd like to come by for a coffee and a chat about our portfolio, investment process or if you just feel like a coffee.

Thank you again for your interest and support of Wunala Capital.

Regards,



Scott Wilson
Managing Partner

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