



Investor Update

Q3.2021

Wunala Capital Pre-IPO Investments

The Wunala Capital Emerging Opportunities Fund (the "Fund") invests in high growth Pre-IPO, IPO and select listed opportunities across technology, financial services, healthcare and sustainable energy companies.

Key Updates

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

- The Fund returned +15.3% for the month of September;
- For the quarter ended 30 September 2021, the Fund returned +24.2%, with returns net of fees and expenses since inception (assuming reinvestment of distributions) of 27.6%; and
- In the last quarter, the Fund made 5 new investments and partially exited 3 positions.

A strong quarter for the Fund has us exceeding our internal target of a 20% IRR for investors over a 12 month period. We are now above that target only 11 months after launching the Fund, which shows our strategy and investment process is working well.

What is particularly pleasing is that this represents the real start of harvesting gains from investments made early in the Fund's lifecycle. As frequently mentioned, our private positions are not revalued during the hold period, which is usually a minimum of 9-12 months. A number of our positions are now approaching that vintage and management of several of these companies are working on some very appealing corporate actions (IPO, trade sale or another private funding round), which will be a trigger for us to likely revalue our holding at a higher figure.

Notable Transactions

The primary driver of returns this month was the successful IPO of Li-S Energy (ASX:LIS). Overall this position has delivered slightly more than a 4x blended return for Wunala since our initial investment in March 2021.

Wunala built its position while the company was still private and added to our holdings through the IPO. The technology underpinning Li-S Energy is very exciting and shows immense promise if it can be scaled up and proven to be cost effective to manufacture. As the stock came on strongly, it significantly exceeded our target price and we reluctantly sold down the bulk of our holdings in order to take (fairly sizeable) profits and reduce concentration risk.

A busy quarter for new investments with 6 in total, many of which have been discussed in previous emails. One transaction that closed in September was an investment in Marketplacer, an Australian tech company that produces marketplace platform technology used by retailers globally. It is backed by Salesforce Ventures and Woolworths' venture capital arm W23, amongst a number of other great institutions.

Putting our Li-S windfall to good use we also have 3 new investments that are scheduled to close during October across the fintech, education and regulatory technology sectors. Each of these are very interesting transactions in their own right and we are excited to share more details on these with you next month.

New investors

As previously mentioned, our next subscription window to invest in our fund will run from 1 November to 31 December 2021 (unless closed earlier at our discretion).

The majority of our portfolio is in private investments, held at cost since inception. Investing in the fund during this window means you will be sharing in the potential upside of all of these as well as future investments.

In our previous subscription window in June 2021 we received investment applications far in excess of our target and had to close

our subscription window after only a few weeks, let alone keep it open for the 2 months we had initially anticipated. We apologise to those who missed out or had their allocations scaled back, and will prioritise you (and existing investors of course) in the next window.

Please contact us to arrange a briefing (Zoom or in person if Covid restrictions permit) and to receive our detailed pack with portfolio information and forecast return profiles.

Commentary

One of the core tenets that underpin the Wunala investment process is 'betting on change'. In my eyes, it makes much more sense to do that rather than take the opposite view of betting that things that will remain constant (or worse, that by default they will return to "how it's always been").

The reason is that innovation, which drives change, is effectively a compounding force. Isaac Asimov wrote (in 1988!) that "society is always changing, but the rate of change has been accelerating through history... [each] change makes it easier to make further changes". As things happen faster and faster in business, in the economy, in the world in general, it will require high quality investors seeking to outperform the pack to shift from reacting to change quickly, to anticipating change instead.

That being said, some things seem immune to change. Jeff Bezos once said he tried to bet on what's not going to change, such as consumers wanting convenience, selection, quality and so on, and that worked out pretty well for him at Amazon. Fundamentally human nature is unlikely to change greatly if at all over our investing horizon, so how should we consider this in terms of making great investments?

The approach we have taken at Wunala is to anticipate where we can arbitrage the unchanging nature of humans against the unrelenting progress of technological changes to find our spots where we can benefit. Backing founders and companies dedicated to satisfying an unmet need through harnessing the ever-increasing power and reach of technology is a particular sweet spot. If this sounds like you, give us a call - we'd love to learn more and give you the capital to build something special.

If you have any questions about our fund or investment approach, please contact us on the details below.

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



Scott Wilson
Managing Partner

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