

## ► Fund update

### Update of Fund activities during the quarter

The December 2021 quarter was interesting to say the least, with ongoing share market volatility and a huge spike in Covid case across New South Wales, Victoria and Queensland as we headed into the holiday break. Inflation across the globe has become a significant talking point and we have continued to see market volatility as a result of significant inflation increases. This has been accompanied by ongoing supply chain shortages and Covid-affected workforces causing significant problems for many companies as they face input shortages and a reduced workforce.

Fund 1 portfolio has performed well in the face of rising costs and supply constraints, with a number of our portfolio companies having limited, if any, impacts and we hope that this can continue in CY22.

A few of the highlights from the recent quarter include an outstanding finish to the year from Bellroy with record revenue and strong earnings delivered in the December quarter. The investment in Bellroy is now approximately 2.5 years old and we have made the decision to increase the value of the investment to reflect the growth in the business since we first invested. This is reflected in the unit price calculations as at 31 December 2021.

Separately, Moneytech continued to set new revenue records in both its Finance and the Payments businesses for the December quarter and calendar year 2021. Moneytech also completed a capital raise prior to Christmas, which Fund 2 participated in. The Moneytech capital raise was done at a higher valuation than Fund 1 paid for its original investment, and we have increased the holding value of the Fund's position accordingly. We expect to achieve partial liquidity for our Moneytech shareholding in CY22 and look forward to providing you with more updates on this. As part of the capital raising we now have an observer role on the Board which provides us greater access to information.

The Fund's NTA appreciated 9.09% during the quarter, with the increase driven by gains from Bellroy and Moneytech partially offset by small declines in the listed holdings portfolio.

There were no new investments made in the December quarter, with participation in a secondary raising by existing portfolio company Swoop meaning that the Fund is now fully invested. We remain focussed on helping the management teams of our investee companies optimise performance and/or actively seek liquidity events. We hope to be able to provide meaningful capital returns in CY22, as a number of our portfolio companies proceed to material liquidity events.

This quarter we are showcasing another of the Fund's investments, namely Studiosity – an enterprise software business linking tutors to university students in its simplest form - and we have included a spotlight on the company overleaf.

### The market for emerging companies

The market for private company M&A and IPOs remained in a strong position at the end of 2021 but has re-opened in 2022 with significant volatility. The December quarter experienced very strong deal flow in the private space and new listings on the ASX were also very strong. A number of portfolio companies have continued to receive strong inbound M&A enquiries and we hope to be able to provide an update on this in the coming quarter.

### Further realisations and distributions

Total distributions have been \$0.889 per unit (or 49.4%) on the initial \$1.80 investment you made in the Fund. The Fund total returns now stand at 76.84% on a gross basis or 23.81% per annum as at 31 December 2021.

Performance among the balance of the portfolio has been strong, and we continue to maintain a conservative approach to valuation, with five investments still held at cost.

## Portfolio Spotlight - Studiosity



### What is Studiosity?

Studiosity ("Studiosity" or "the Company") is the leading enterprise provider of online, on demand, academic literacy and student retention solutions for tertiary institutions and their students in Australia and New Zealand, and increasingly in other international markets such as the UK and Ireland. The Company has a high-quality Board and Management team with strong ownership. Jack Goodman and his wife Lisa McIntyre are the founders of Studiosity and collectively own almost 50% of the Company whilst other key employees including the CEO Mike Larsen also hold close to 15%. There is a very clear and demonstrable alignment by Board and Management which is a key reason we were attracted to the Company.

The Company's website also provides a helpful overview of the products offered and a selection of the education partners:

<https://www.studiosity.com/>

### Solving a critical problem

At its core, Studiosity solves a problem for its customers – it provides a study support platform for users and helps universities deliver content digitally. Studiosity's unique solution combines proprietary technology with human experts to improved learning outcomes for students and increase the likelihood of course continuation and completion for students.

A compelling customer ROI has led to strong recurring revenues. Student enrolments and retention are at the core of each educational institution's financial viability and Studiosity is able to demonstrate an ROI to its customers of ~5-10x making it a very valuable product. The strength of the product offering has enabled Studiosity to ensure revenues are ~100% recurring with high levels of customer retention typically contracted for 12 months or more. Customer concentration is relatively low with the top 10 customers accounting for 34% of annualised revenue and the largest customer accounting for only 6%.

### Student Connect

One of the more recent initiatives from Studiosity is Student Connect which is a peer-to-peer product joining students, anytime, anywhere across all subject disciplines. The below video provides a short, informative overview on this exciting new product - [https://www.youtube.com/watch?v=uaQjDvFPwPY&list=PLRBaM3iagd6enV7c\\_eUA9Ufsh2kCnCNFm](https://www.youtube.com/watch?v=uaQjDvFPwPY&list=PLRBaM3iagd6enV7c_eUA9Ufsh2kCnCNFm).

### Growth Drivers

CVC ECF invested in Studiosity with a thesis that the primary growth drivers over the 2-3 years post-investment would be international expansion, organic growth of additional software unit sales to existing customers and a strategic relationship with Seek Limited's education business (OES). This has been vindicated with substantial growth in the UK far exceeding our expectations and the potential for this to be replicated in Canada in the near-term as the Company ramps up exposure to the Canadian university market.

### Customer Feedback and Overviews

The below links provide helpful overviews from a customer perspective on the Studiosity software:

<https://www.youtube.com/watch?v=-tyFYk3KZg>

<https://www.youtube.com/watch?v=f28Kl9ELln4>

## ► Fund activity, performance and outlook

The Fund has called the full unit value of \$1.80 or the total of \$44.8m committed by unitholders. The Fund's NTA at 31 December 2021 was \$2.0038. Of the original \$44.8 million committed, \$22.5m, or \$0.889 per unit has been distributed as capital and profit to date.

Period	NTA per unit	Return (%)
3-month performance (net of fees)^	\$2.0038	9.09%
Since inception (net of fees)^*	-	76.84%
Since inception (net of fees)^* per annum	-	23.81%

^ Adjusted and inclusive of all capital calls for a total of \$1.80/unit and distributions paid or declared of \$0.889. Calculated as the monthly return inclusive of distributions, compounded for the relevant period.

\* Fund inception date 1 May 2019.

### Fund summary and looking ahead

As mentioned, the Fund is now completely deployed and we are now focussed on assisting companies grow, optimise value for the Fund and prepare for liquidity events. As a summary, the Fund made 16 separate investments across 13 companies since launch in May 2019. Two investments have been realised completely (Lendi and Airtasker) and two more (CSX and Ai-Media Technologies Ltd (AIM.ASX)) have had partial realisations. There are 11 investments remaining in the portfolio, three have listed and eight remain unlisted. Of those unlisted companies, five remain held at cost. We expect to have a number of realisations and distributions in the coming calendar year.

## ► Investments

Investment	About the company
	<p><b>CleanSpace</b> designs, manufactures and markets a range of compact powered airflow personal respirators for protection from hazardous particulates and gases in mines and industrial workplaces as well against infectious diseases in healthcare.</p> <p><b>Update:</b> AGM commentary in late November provided an update on the outlook for the company with green shoots coming through. Continuing innovation and a growing global salesforce are likely to drive growth in CY22 in both the healthcare and industrial sectors of the company's business. While pipeline visibility still remains low, we are confident sales growth will rebound in the medium term and the company maintains a very strong balance sheet.</p>
 <p>Deep Blue Company</p>	<p><b>Deep Blue</b> is the #1 player in the fragmented Australian property conveyancing market with a scalable, low-cost digital business model. Deep Blue has also begun to realise adjacent market opportunities in building inspections, insurance and utilities.</p> <p><b>Update:</b> Deep Blue is close to finalising 2 meaningful acquisitions alongside meaningful organic initiatives that will increase the functionality of the company's offering. We expect that a small capital raising may be required to help fund acquisitions and growth in advance of a meaningful liquidity event expected later in CY22.</p>
	<p><b>Bellroy</b> is a purpose driven Australian accessories brand that sells distinctively designed wallets, bags and other "carry" products to more than 100 countries, with the majority of sales conducted online through its website and digital marketplaces such as Amazon and Tmall.</p> <p><b>Update:</b> Bellroy had a record December quarter for both revenue and profitability, with strong performance across all channels. This was an exceptional result, with the Bellroy team working hard to overcome the supply chain pressures that were impacting all ecommerce businesses during the quarter.</p>



**Moneytech** provides a multi-faceted treasury platform for SMEs offering working capital solutions, FX hedging and an enterprise-level payments platform to solve SME's cash flow requirements – a whole of wallet alternative to the banks.

**Update:** Moneytech's Finance business ended the year on a high, with a record loan book at the end of December. The Payments business continued its strong momentum as well. A material capital raising was completed to continue to fund growth and we would expect partial or full liquidity of our position in CY22 as an IPO or a private sale of part or all of the business is contemplated.



**Portt** provides a SaaS platform to support and enhance commercial teams in managing the procurement process, providing government and large enterprises with workflow efficiency, economic management, reporting, and probity and governance output.

**Update:** Portt continued its run of contract wins with a number of contracts signed in the December quarter. The pipeline for growth continues to look promising and the team has continued to grow particularly in sales and marketing.



**Ai Media** is a global leader in speech-to-text providing high accuracy, technology-enabled live captioning, closed captioning, transcription and speech analytics to broadcast, education, government and corporate clients.

**Update:** A mixed performance from Ai-Media in the December quarter, with a more fulsome explanation of the strategy outlined by the company resulting in share price weakness. Whilst we expect to see slightly lower revenues as lower quality business is not pursued, higher margin business continues to be targeted and the cashflows to be delivered should be meaningful if targeted growth and margin improvements are achieved. A strong balance sheet and increasing cashflows leave the company well positioned to deliver shareholder value growth in CY22.



**Swoop Holdings Limited** is a medium size fixed wireless provider operating predominantly in NSW, Victoria and Western Australia. The company listed in late May 2021 following the merger of Swoop and NodeOne and has a growing revenue base across retail, business and wholesale supported by 2 recent acquisitions that will provide further scale for the business.

**Update:** The share price pulled back from its highs after the listing and subsequent to a ~\$50m capital raising to fund growth. The Fund invested a small amount of capital in the raising and continues to believe that the outlook for growth via acquisitions coupled with the organic growth being delivered will support continued growth in the share price in CY22.



**DesignCrowd** is an online marketplace providing easy to access brand and design products for SMEs. It operates two products: DesignCrowd and BrandCrowd. The DesignCrowd product offers custom design by actual freelance designers through an online platform, targeting the "do it for me" market, while the BrandCrowd product offers design maker tools for the "do it yourself" segment of the market.

**Update:** DesignCrowd continued to grow in the December quarter with SaaS revenues gaining momentum. Continued revenue growth is expected in CY22, driven by partnerships, a broader template library, new products and an expanded engineering team.



**Orbx** is a digital content company creating specialist imagery and geo-mapping scenery for the flight simulation/ gaming industry. The company runs a digital marketplace model for their map products, which are compatible with multiple flight simulation platforms. Orbx has a leading position in the flight simulation industry and is looking to expand its offering to broader gaming audiences. Content for simulation games represents an addressable market of over US\$1 billion.

**Update:** A number of strategic initiatives including acquisitions and partnerships are currently being considered and the timeline for a listing is reliant on these initiatives. When available, we will provide an update on the strategic initiatives.

**Studiosity** is the leading enterprise provider of online, on demand, academic literacy and student retention solutions for tertiary institutions and their students in Australia and New Zealand, and increasingly in other international markets such as the UK and Ireland. At its core, Studiosity solves a critical problem for its customers – it provides a study support platform for users and helps universities deliver content digitally.

**Update:** Studiosity finished the year on a high with strong revenue growth for CY21 and the release of Student Connect gaining good initial traction. University adoption of the company's offering has accelerated in offshore markets, particularly in the UK and we anticipate this will continue in CY22. The continuing shift to online for universities is one of the key growth drivers for the company looking out to CY22 and beyond.

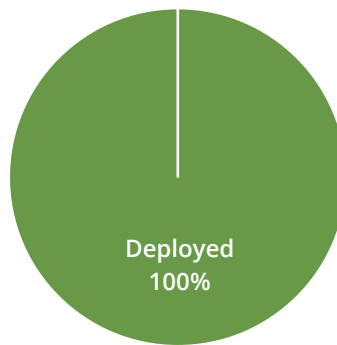
\* The Fund also has an investment in a food manufacturing business which remains subject to confidentiality restrictions.

## ► Portfolio characteristics

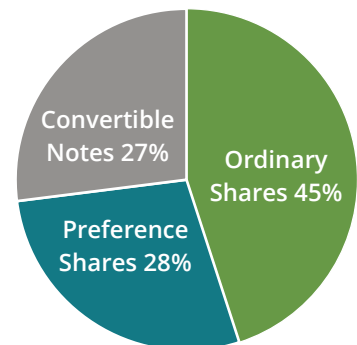
Called v Uncalled Capital



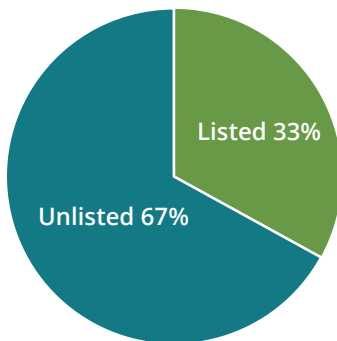
Deployed v Undeployed Capital



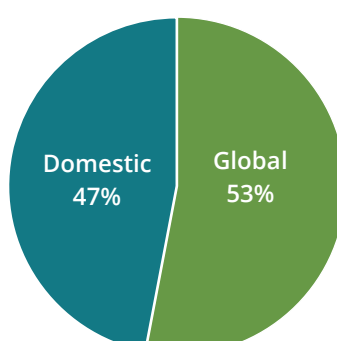
Security Structure (by Capital Deployed)



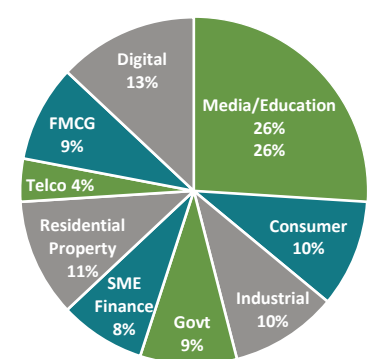
Listed v Unlisted (by Capital Deployed)



Business Footprint (by Capital Deployed)



Primary Business Sector (by Capital Deployed)





## ► About the Fund

The Fund is a wholesale unit trust which invests in unlisted and listed emerging companies and is managed by CVC Emerging Companies IM Pty Ltd (ACN 631 673 740, CAR 1274 220) a joint venture entity of CVC Limited (ACN 002 700 361), and E&P Investments Limited (ACN 152 367 649), a division of E&P Financial Group Limited (ACN 609 913 457) (**E&P**).

## ► Fund details

### Investment Vehicle

Unlisted wholesale unit trust.

### Fund Term

Intended to be five years, with the option to extend for two consecutive one-year periods.

### Fund Objective

The Fund's objective is to generate superior long term returns for Investors through investments in listed and unlisted growth and expansion stage companies:

**Unlisted** – Ordinary and preferred equity, convertible notes. Typically, 6–24 month timeframe to liquidity

**Listed** – Pre-IPO investments, (potentially) held post-IPO for a period of time, micro/small cap IPOs and placements.

### Investor Eligibility

Wholesale investors only.

### Redemptions

Fund subject to lock-up period. All redemptions are at the sole discretion of the Trustee and Investment Manager. Transfers can be facilitated by the Trustee.

### Distributions

The Trustee is expected to determine distributions semi-annually or more frequently subject to availability.

### Portfolio Composition

Targeted portfolio composition of 15-25 companies. At the time of investment, a maximum weighting of 15% to any one investment.

### Management Fee

1.75% p.a. on committed capital during Investment Period and on invested capital thereafter (plus GST and before accrued fees).

### Performance Fee

20% p.a. (plus GST) subject to an 8.0% per annum cumulative (non-compounded) pre-tax preferred return.

### Other Fees and Costs

Expense recovery for audit, legal, Trustee & custodian fees, administration, registry, tax and external investment due diligence advice.

Overall Expense Ratio capped at 2.50% (plus GST, excluding performance fees).

## ► Investment Team



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### Important information

This document has been prepared by CVC Emerging Companies IM Pty Ltd (ACN 631 673 740, CAR 1274 220) (Investment Manager) of the Fund. The information contained in this document is confidential and is provided to wholesale investors only. This document is not intended for retail investors and must not be distributed to retail investors.

This document may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs.

Past performance is not a reliable indicator of future performance. This announcement may contain statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. The Investment Manager and its advisers (including all of the Past performance is not a reliable indicator of future performance. This announcement may contain statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions.

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Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and the Parties assume no obligation to update that information.

CleanSpace refers to CleanSpace Holdings Ltd; Deep Blue refers to Deep Blue Company Pty Ltd; Bellroy refers to Bellroy Pty Ltd; Moneytech refers to Moneytech Group Ltd; Ai-Media Technologies Ltd is trading as Ai Media; Swoop Holdings Ltd is trading as Swoop; Single Cell Mobile Consulting Pty Ltd is trading as Portt; DesignCrowd refers to DesignCrowd Pty Ltd; Orbx refers to Orbx Investments Ltd and Studiosity refers to Studiosity Pty Ltd.