ALIUM CAPITAL MANAGEMENT

ALIUM ALPHA FUND

SEPT 2024

Performance	Q1	Q2	Q3	Q4	Calendar Year
2017 **(%)**	7.1	4.9	26.7	3.6	**48%**
2018	5.1	-0.6	4.0	0.2	**9%**
2019	5.7	2.5	8.1	0.4	**18%**
2020	-1.7	2.2	8.2	7.5	**17%**
2021	3.7	0.6	7.0	6.4	**19%**
2022	-1.8	-2.7	-1.2	-2.9	**-8%**
2023	1.5	-1.8	3.9	-1.5	**2%**
2024	3.4	-1.6	-1.7		**0.2%***
Inception					**152%^**

Notes: (^) Performance is Net of Fees; (*) Estimated performance

In what was another quarter of inactivity in capital markets here in Australia, the team remained very actively engaged across the whole portfolio to prepare for outcomes in 2025, where we strongly believe the commencement of interest rate reductions will lead to a re-opening of IPO activity after this unforeseen 3 year hiatus. Furthermore, we believe several of our key holdings can achieve trade sale outcomes from both strategics and private equity groups.

The Alium Alpha Fund was down 1.7% during the quarter with one of our smaller private companies raising capital at a lower valuation than the previous round 2 years ago. As has been well documented in recent press articles, private markets remain challenging and it is still difficult, particularly for smaller companies, to raise money given liquidity has been so challenging for many investors in recent years in this part of the market. As such, these businesses have tended to offer more attractive valuations and deal structures in order to obtain the capital they need to continue to grow successfully.

While we remain hopeful of an asset sale prior to year end, at this stage it seems more of our companies would prefer to wait for better pricing outcomes next year when they too expect markets to start improving for both trade sale and IPO outcomes. During the quarter we once again canvassed feedback from the ASX and they concurred that the first half of 2025 should see a more meaningful line up of listings provided equity markets remain stable. They also highlighted that there are several new IPO's preparing to launch before year end, however these are likely to be small to mid-sized both in terms of market cap and the amount of capital being raised. But this is certainly a positive indicator for the year ahead in our view.

In terms of the current portfolio and outlook, we continue to work with each and every company with the goal of achieving the maximum financial outcome possible. At this stage we are engaged with 4 of our top 10 holdings to find exits by the first half of next year and we are very actively working with them and their advisors through this process. These processes involve both IPO and trade sale/majority transactions as potential exits and our key focus is on ensuring the businesses can secure the best possible price under each scenario.

As we navigate this very difficult period for our unit holders, where private markets remain largely devoid of liquidity across VC, PE and the later stage growth sector more generally, we want to remind you that we do believe the market is slowly starting to recover. As such, we do expect things to improve as we harvest more of our assets over 2025 and 2026. Once again this year, Australia's IPO market has limped along at its weakest pace in over 22 years (since the GFC) as companies reject going public in favor of remaining private until conditions improve. We have had just 15 floats this year and the majority have been in the mining space. The fact that credit markets have seen such explosive growth in Australia has meant that private debt has become more readily available and has enabled these businesses to delay listings and equity capital raisings. This has been detrimental for capital markets however we feel the demand for this type of debt is starting to recede as pricing of equity begins to slowly recover.

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In recent months we have seen a significant uptick in private companies looking to raise equity ahead of potential liquidity events in 2025 and 2026. This is a material change from the prior 3 years where the pipeline of such deals largely evaporated. The second vintage innovation fund has been deploying into this pipeline of deal flow. This gives us some confidence that there is light at the end of the tunnel for capital markets and that we can start returning capital to our investors in the new year. We continue to believe that there is strong demand potential for technology-based companies on the ASX in the years ahead. We thank you for your patience and understanding as we do our utmost to drive outcomes in what is a very complexed market for private companies, and indeed investors, seeking liquidity. We will also keep you posted if there are any exits prior to year end.

During the quarter we had our portfolio asset updates, and the Alium team continues to work towards selling and exiting assets, thoughtfully so as to optimize value.

Key portfolio metrics:

- 20 assets (75% of the portfolio is in the top 12 positions)
- Several of these assets are in a "process" for sale via M&A or IPO
- Average revenue of the companies is $35mn
- Average revenue growth across the portfolio is ~50%
- Importantly, our investment portfolio comprises high quality and sizeable companies. We haven't invested in a portfolio of VC style early-stage companies
- Approx. 60% of the assets are profitable
- We hold the portfolio at an EV/Sales of 3.5X which is much lower than public markets and held at values perceived to be "attractive" in private markets

As the above metrics reiterate, Alium holds a portfolio of high quality assets and the focus remains thoughtful and optimizing exit values.