Renaissance Emerging Companies Fund
Quarterly Report – September 2024

Renaissance Asset Management

Fund Performance

	3 Months	1 Year	3 Years p.a.	5 Years p.a.	10 years p.a.	Since Incept. p.a.^
Renaissance Emerging Companies Fund*	2.46%	14.37%	0.97%	11.04%	16.56%	13.92%
SandP/ASX Small Ords Acc. Index	6.53%	18.79%	-0.57%	4.38%	6.36%	5.73%
Value added	-4.07%	-4.42%	1.55%	6.66%	10.20%	8.19%

*Fund returns are calculated net of all fees and expenses and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. The fund name was changed from Renaissance Smaller Companies Fund to Renaissance Emerging Companies Fund as of 1 July 2015. The Information Memorandum was changed to reflect name and change of strategy for this fund from a small cap strategy to an emerging company's strategy. Please refer to the Information Memorandum for further details. ^ Inception date 1 July 2004.

Portfolio Commentary

For the September quarter, your portfolio returned 2.5% whilst the Small Ordinaries benchmark returned 6.5%, resulting in underperformance of 4.1%. For the year to September, the Portfolio returned 14.4% while the benchmark returned 18.8%, underperforming by 4.4%.

Index Returns

Index	Qtr %	1 Year %
Small Ords	6.5	18.8
Small Industrials	7.5	23.3
Small Resources	3.9	6.6
ASX 100	7.9	22.0
ASX 100 Ind.	8.1	29.2
ASX 100 Res.	7.5	3.1

Australian equity markets were strong over the quarter with resource names rising sharply on the Chinese stimulus news. The SandP ASX 300 was up 7.8%, the SandP ASX 100 7.9% and the Small Ordinaries 6.5%. The RBA held rates as expected, despite mounting political pressure. Compared to other central banks the RBA is viewed as hawkish and pushing back against any rate cuts in 2024. The August CPI headline rate fell from 3.5% y/y to 2.7% y/y, a meaningful decline, however there are distorting effects to the slow-moving inflation trend which is why the RBA is keeping its powder dry.

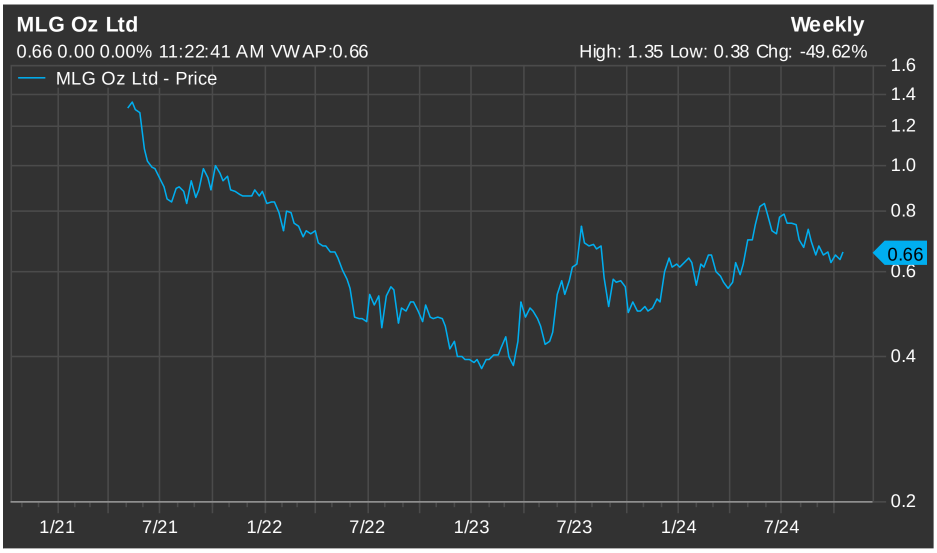
Your Portfolio

The Small Ordinaries Index had a strong quarter with the larger stocks like ZIP (+88%), HUB (+23%), Super Retail Group (+37%) and ARB (+26%) driving Index returns. Your portfolio lagged the Index due to two key factors (1) the performance of larger Index stocks that the fund cannot invest in and (2) the underperformance of some investments that we should have sold earlier. We sold the following positions during the September Quarter Prophecy International; Pacific Current Group, National Tyres, Droneshield, Close the Loop and Capitol Health. Some of these investments were good investments (Droneshield, Capitol Health and Pacific Current Group) whilst the other positions detracted. Stocks that detracted from portfolio performance included Close the Loop, Calidus Resources, Veem Ltd, MLG Oz and Retail Food Group. On the other side Antipa Minerals was a star performer up 140% and Intelligent Monitoring Group, Cedar Woods Property, MoneyMe, Trajan Group and Austco Health added value to your portfolio.

Well, that's the formal part of the review out of the way so now let's look at some investment ideas. Last Quarter we reviewed Cedar Woods Property and Finbar Ltd. Both companies added value to your portfolio during the quarter, but Cedar Woods was the star with a 22.6% return during the period. This quarter we are going to look at a stock that hasn't performed well recently but upon review we added to this position rather than sell.

Mining Services – down but not out (MLG Oz Ltd)

MLG Oz (MLG) listed on the ASX in mid-2021 at $1.00 per share raising $70m of new capital, it was a difficult time for micro caps in the mining services market and it didn't help that MLG suffered some early setbacks including contract delays. The share price fell to about 40c during 2022 and languished there for some time. We started to look more closely at this emerging mining services stock.



MLG is a vertically integrated mining services company, it operates quarries to supply sand and aggregates to mining and civil contracts, bulk haulage, Site Services and civil works as well as crushing and screening. The company provides a one stop shop to miners by providing a range of services and this strategy has led to longer client tenure and better margins over time. Early in it's listed life MLG expanded the crushing business, and the early delays have now been worked through and crushing is now a material part of their earnings. MLG is largely supplying services to the gold sector but can and does serve other sectors including iron ore and copper. The Aussie dollar gold price is now particularly strong and most mines are very profitable. The company includes some of the best gold miners in Australia as key clients including Gold Fields, Northern Star, Ramelius Resources, Newmont and Red5. Whilst gold is a key commodity exposure the company also works for Fortescue Metals (iron ore) and Sandfire (copper) and MLG has a significant tender pipeline that could deliver some significant contracts. Some of the contracts could be transformational if they were successful and earnings would change materially upon ramp up.

So, what created the opportunity? MLG had been performing relatively well since our initial acquisition in the September quarter of 2022, recently they had some contract mobilisation/demobilisation issues as well as weather events which caused delays in 2024. The market reacted negatively to this news. The company is optimistic regarding its growth prospects (opportunity to deploy capital into substantive growth contracts) and the board decided to cut the dividend to fund new contracts. Hence, the stock has underperformed during the quarter. We view MLG as a well-managed mining services contractor with significant immediate growth prospects, the stock trades at a significant discount to NTA (circa $1) and is also on a very cheap multiple (Yr 2 PER 5.6X and EV 2.4X). Hence, we have added to our investment in MLG during the quarter.

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Outlook and Strategy

The soft-landing narrative remains still largely intact for most major central banks, while here in Australia inflationary pressures persist, coupled with a slowing economy and weak consumer demand. Investors will anxiously be waiting for the June CPI print, due to be released at the end of July, which will determine what direction the RBA takes in their August meeting. We do believe however that current conditions should set a platform for Australian small caps. We have already seen them gain lost ground over their large cap counterparts and believe this will continue over the medium term, on the proviso there are no left field surprises around the corner. Regardless, we continue to see opportunities like Trajen, Paragon Care, Veem and Acrow where we can add value to your portfolio, and we are expecting better returns into the future.

Top 10 Holdings

Company Name	Portfolio %	Index %
IPD Group Ltd	4.2	0.0
Trajan Group Holdings Ltd	3.6	0.0
Acrow Limited	3.6	0.0
Viva Leisure Ltd.	3.6	0.0
Mayur Resources Ltd.	3.6	0.0
Veem Ltd	3.3	0.0
Paragon Care Limited	3.1	0.0
Fleetwood Limited	3.1	0.0
Intelligent Monitoring Group	3.0	0.0
IVE Group Ltd.	2.8	0.0
Total Top 10	**33.9**	**0.0**

Sector Exposure

Sector Exposure	Portfolio %	Index %
Communication	6.2	5.4
Consumer Discretionary	11.2	16.6
Consumer Staples	--	2.6
Energy	1.5	5.1
Financials	8.9	11.4
Health Care	15.6	6.5
Industrials	24.8	7.9
Information Technology	4.7	7.6
Materials	17.0	24.1
Property Trusts	5.0	12.7
Utilities	--	--

Growth of Emerging Companies Fund