Orca Global Disruption Fund August 2023 Monthly

ORCA GLOBAL DISRUPTION FUND

FUND PERFORMANCE[1]

Fund performance	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	-0.9%	3.5%	28.0%	23.1%	-1.1%	6.6%	12.0%
MSCI AC World Index (Net, AUD)	1.0%	6.5%	15.1%	20.7%	12.1%	9.7%	11.8%
Excess Return	-1.9%	-3.0%	12.9%	2.4%	-13.2%	-3.2%	0.2%

Notes: Data as at 31 August 2023 unless stated. Unit price (exit) at 31 August 2023: $2.5596. Fund size: $154.4 million. Numbers may not sum due to rounding. Past performance is not indicative of future performance. Benchmark is for comparison purposes only, see Disclaimer for further information.

FUND UPDATE

The Orca Global Disruption Fund (**Fund**) returned -0.9% in Australian dollar (**AUD**) terms (-4.6% in US dollar (**USD**)), compared to the broader MSCI AC World Index +1.0% (-2.8% in USD). Since inception the Fund has returned +12.0% p.a. compared to the market +11.8% p.a.

US indices pulled back in August with the S&P500 Index returning -1.6% and Nasdaq -2.1% (in USD terms), marking their first decline since February. Early in the month, markets softened as Fitch downgraded the US government's credit rating from AAA to AA+ citing rising debt at federal, state and local levels and deterioration in governance standards over prior two decades. Positively, headline CPI rose +3.2%, coming in below market expectations with core inflation +4.7% as price pressures continue to ease. Jerome Powell's annual speech at Jackson Hole was generally well received reiterating that the US Federal Reserve will remain data dependent and "proceed carefully" as to whether further tightening is required.

The Fund's best contributors for the month were **Nvidia (+9.9%)**, **Amazon (+7.4%)** and **Alphabet (+6.8%)**. The largest detractors from the Fund's return in August were **Techtronic (-8.1%)**, **Block (-25.5%)** and **Adyen (-53.2%)**.

Nvidia (+9.9%) reported another blowout quarterly result with 2Q revenues growing +101% and EPS +429%, both well ahead of market expectations (revenues +22%, EPS +30% higher vs expectations). Datacentre revenues grew +171%, continuing to benefit from demand for Nvidia's accelerated computing platform and software (GPUs, networking infrastructure and software/managed services) which is being used to develop large language models and run generative AI applications. Nvidia's guidance for the September quarter was also well ahead of market expectations with revenues expected to grow +170% to $16bn compared with market expectations of $12.5bn. Nvidia has strong demand visibility that extends into next year and indicated its supply will continue to ramp higher over the next several quarters as supply partners (e.g. TSMC) add capacity. Nvidia is also set to benefit from a number of new products and a range of new partnerships (e.g. VMWare, Google, tec.) to drive deployment into enterprises. While Nvidia's share price has appreciated +238% YTD, we note that its PE multiple has actually contracted this year to 32x (12m forward, based on Bloomberg consensus estimates) which is in-line with its 10-year historical average.

Amazon (+7.4%) reported a strong June quarter result, ahead of market expectations, driven by rising profitability in the North American retail business and stabilisation in AWS growth. Revenues grew +11% (US retail +11%, International retail +10%, AWS +12%, advertising +22%) with operating income of $7.7bn (+60% ahead of market expectations). Amazon also provided September quarter guidance ahead of market expectations with revenues expected to grow +9 to 13% and operating income expected to continue to improve to $5.5 to $8.5bn. Amazon is benefitting from improving operating leverage in the retail business with the transition to a regional fulfillment network leading to faster delivery speed and lower per unit costs. The deceleration in AWS growth has also stabilised – while customers continue to optimize, this has moderated, and more customers are looking to shift spending towards new workloads and innovation. AWS is making solid progress in Generative AI, offering applications such as developer assistant Amazon CodeWhisperer, first- and third-party large language models and supporting compute infrastructure.

During the month, **Alphabet (+6.8%)** held their Google Cloud Next conference which focused heavily on Generative AI innovation

1. All returns are total returns, inclusive of reinvested distributions and net of fees and costs using net asset value per unit from inception to, and including, 31 January 2021 and exit unit price from this date. Past performance is not a reliable indicator of future performance. Inception 25 July 2017.

FUND UPDATE (continued)

including pricing for Duet AI, Google's workspace productivity assistant which will be available for $30 per month, similar to pricing set by Microsoft for its upcoming Office Copilot. Additionally, Google's unified machine learning platform Vertex AI has expanded scope to over 100 models spanning open source, first party and third parties (e.g. Meta's Llama 2, Anthropic Claude and Falcon LLM). Google's partnership with Nvidia was also expanded with Google Cloud enabling access to critical GPUs (e.g. H100) and other AI tools and services which developers can leverage in addition to Google's own hardware.

Block's (-25.5%) share price fell despite delivering solid June quarter results (revenues +26%, gross profit +27%, EBITDA +105%) which were ahead of market expectations as result of Cash App's outperformance and good cost discipline. Management expects 2H gross profit to grow at +21% and raised FY23 EBITDA guidance for the second consecutive quarter to $1.5bn (vs $1.36 previously). Cash App continues to perform well with transacting users to +15% to 54m, revenues +36% and gross profit +37%. Monetisation rates continue to rise on increased product adoption and higher share of wallet with features such as Cash App taxes (allows lodging of tax filings). Square seller GPV +12% with gross profit growing +18% - while Square is seeing a moderation in GPV per seller as a result of a challenging macro environment, it continues to gain share up-market with larger sellers and drive increased adoption of software and Square banking products.

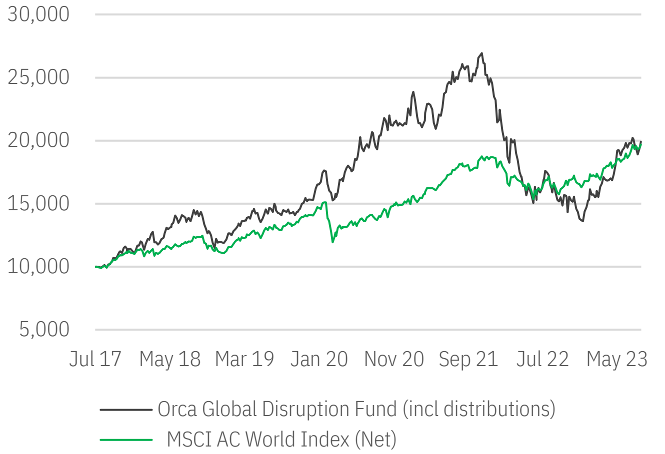
European based financial technology platform, Adyen (-53.2%) reported a weaker than expected 1H23 result with revenue growth moderating to +21% (from +31% in 2H22). EBITDA margins compressed to 44% on moderating revenue growth and Adyen's previously articulated strategy to invest heavily to increase headcount and expand its business.

The main driver of Adyen's slowing revenue growth was a deceleration in the US market which grew at +23% down from +45% (in 2H22). While Adyen continues to win market share in the US and customer churn remains low, payment volume growth slowed from more aggressive competitor pricing and some digital customers focusing on increased near term profitability in an uncertain macro environment. While the US market is less complex than Europe (where there are more countries, currencies, regulation, etc.) Adyen does not want to compete purely on price as it believes its platform offers greater functionality and capability. This includes higher authorization rates, greater cross border capability, greater data insights which can help customers lower their total cost of ownership over time (e.g. lower interchange fees, etc.).

In our view, Adyen's approach to investing makes a lot of sense given its competitors have been cutting headcount recently. It is currently a lot easier to attract talent and if Adyen executes well, it should set themselves up for the next phase in growth while also benefitting from strong operating leverage.

We remain focused on Adyen's: (1) vast long term growth opportunity in digital payments and expansion into a broad range financial services including banking services; (2) strong competitive position which should continue to drive continued share gains (e.g. as demonstrated by it recent partnership with Shopify); and (3) strong margins and profitability. Management maintained its medium to longer-term revenue growth target of mid 20s to low 30s growth also reiterated its longer-term EBITDA margin guidance of mid-60%. We expect Adyen to provide further detail at its Investor Day in November.

FUND PERFORMANCE[1]



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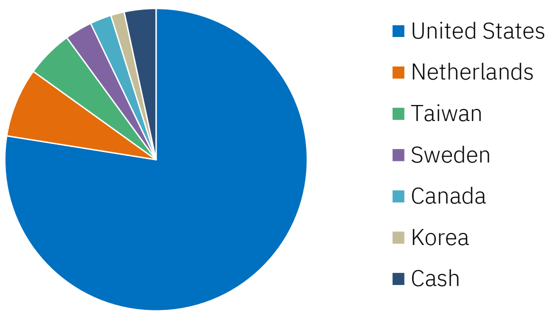
TOP 10 FUND HOLDINGS AS AT 31 AUGUST 2023

NAME	SECTOR
Alphabet Inc	Digital advertising
Amazon.com Inc	eCommerce
ASML Holding	Semiconductors
Crowdstrike	Cybersecurity
Intuitive Surgical	Healthcare
Mastercard Inc	Electronic payments
Microsoft Corp	Software
NVIDIA Corp	Semiconductors
ServiceNow	Software
TSMC	Semiconductors

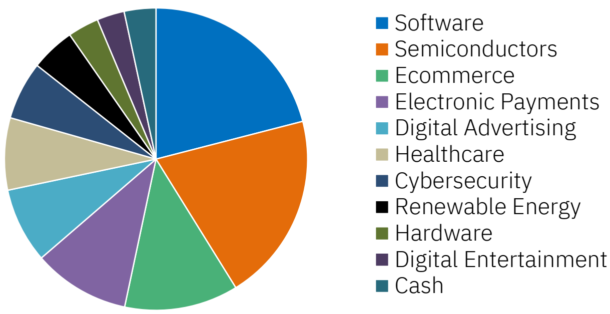
This fund is appropriate for investors with a "High" risk and return profile. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a long investment timeframe. Investors should refer to the TMD for further information.

GEOGRAPHIC EXPOSURE



Source: Bloomberg, Country of Domicile

THEMATIC EXPOSURE



Source: Investment Manager, Bloomberg

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Orca Global Disruption Fund

TOP 10 HOLDINGS AS AT 31 AUGUST 2023

Alphabet – key products include Google, Android, Maps, Chrome, YouTube and Google Play which all have over 1 billion active users. The core product is Search where the company is the clear market leader with an estimated desktop search market share of 80% – more than 10x its closest peer. The company is owner-managed and controlled through its founders Larry Page and Sergey Brin and currently operates in more than 40 countries worldwide.

Amazon – is the global leader in internet retail and cloud based computing. From its listing in 1997 as primarily an online book retailer, Amazon has now expanded its offering to most areas of consumer merchandise, whilst also developing market leading cloud computing services. It has a relentless focus on low cost operations, constant reinvestment and customer service. The company is owner-managed and controlled by its founder Jeff Bezos.

ASML – is a leading global specialist semiconductor company focused on the development and production of advanced semiconductor manufacturing equipment and lithography related systems. The equipment produced by ASML is used by global foundries and semiconductor companies that produce memory and logic chips. Major customers include: Taiwan Semiconductor (TSMC), Samsung and Intel. ASML is dominant in market share and is the sole provider of next generation semiconductor manufacturing equipment known as EUV. The company was founded in 1984 and is based in the Netherlands.

Crowdstrike – is a leading cloud based cybersecurity software company. Through collection and AI driven analysis of security data from millions of global endpoints, CrowdStrike aims to detect and prevent potential breaches with its proprietary threat graph technology. CrowdStrikeâ€™s Falcon platform offers customer 22 separate modules spanning corporate endpoint security, cloud security, managed security services, security and IT operations, threat intelligence, identity protection and log management. CrowdStrike was co-founded by CEO George Kurtz, Gregg Marston and Dmitri Alperovitch in 2011 and is based in Austin, Texas.

Intuitive Surgical – is a pioneer in robotically assisted surgery, creating and commercialising the surgical robot market. Intuitive designs, manufactures, and markets da Vinci Surgical Systems and related instruments and accessories. Intuitive operates in 67 countries, with 7000+ systems currently in place and more than 11 million procedures performed worldwide since inception. Intuitive faces little or no competition in its markets with competitors lagging in development of their products. The da Vinci system is installed in almost every major surgical teaching hospital across the US with junior surgical doctors trained on the da Vinci. This increases the stickiness of Intuitive’s product offering which would be difficult to match.

Mastercard, Inc – Mastercard is a global technology company in the payments industry. The company’s mission is to connect and power an inclusive, digital economy that benefits everyone, everywhere by making transactions safe, simple, smart, and accessible. The firm connects consumers, financial institutions, merchants, governments and business across more than 210 countries and territories. The company was founded in November 1966 and is headquartered in Purchase, NY.

Microsoft Corporation – is a multinational technology company that manufactures, licenses, supports and sells computer software, personal computers, consumer electronics and services. The Company’s main segments include Intelligent Cloud, More Personal Computing, Productivity and Business Process. Its products include cross device productivity applications, server applications, business solution applications, desktop and server management tools, software development-tools, video games, and training and certification of computer system integrators and developers. The Company also designs, manufactures and sells devices including personal computers, tablets, gaming and entertainment consoles, and other intelligent devices that integrate with its cloud-based offerings.

NVIDIA – is the pioneer of GPU (Graphics Processing Unit) accelerated computing. The company specialises in products and platforms for the large, growing markets of gaming, professional visualization, data centres, and automotive. The company’s pioneering work in accelerated computing and AI is reshaping trillion-dollar industries, such as transportation, healthcare and manufacturing, and fuelling the growth of many others. Nvidia was founded in 1993 by Jensen Huang (the current CEO), Chris Malachosky and Curtis Priem.

ServiceNow – provides cloud-based software solutions enabling enterprises to define, structure, manage and automate services. ServiceNow’s core products provide workflow tools for IT departments enabling the delivery of service management applications. The company also offers software solutions catering to other enterprise functions including customer service, human resources and security operations. All products are built on a single platform providing flexibility for user customisation, and are delivered over the internet, enabling simple configuration and rapid deployment. The company was founded in 2004 and has headquarters in Santa Clara, California.

Taiwan Semiconductor Manufacturing Co (TSMC) – is the largest dedicated global foundry for the manufacture of semiconductor chips. TSMC produces chips for a wide range of uses including data centres, networking equipment, smartphones, tablets, PCs and gaming consoles. TSMC has a broad customer base of major hardware and fabless semiconductor companies including Apple, Qualcomm, Nvidia, AMD, MediaTek and HiSilicon (Huawei). The company is leveraged to chip demand from emerging themes such as 5G, IoT and artificial intelligence. TSMC was founded in 1987 and is based in Hsinchu, Taiwan.

Signatory of:

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riaa Responsible Investment Association Australasia

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Benchmark selection

The Orca Global Disruption Fund is designed in a benchmark unaware manner. The Investment Manager believes the MSCI ACWI index is appropriate for comparison purposes given the Fund invests in companies across a range of industries including technology, renewable energy, consumer, communication services and healthcare. The risk/return profiles of the Fund and benchmark differ due to differences in the constituents of each. The Fund's objective is to provide investors with capital growth over the long-term through exposure to companies that benefit from disruptive innovation – in or from any industry/sector, including emerging market listed investments.