



INVESTMENT OBJECTIVE

To provide investors with capital growth over the long-term through exposure to companies that will benefit from disruptive innovation.

PORTFOLIO UPDATE

The Orca Global Disruption Fund (Fund) returned -5.9%¹ in Australian dollar (AUD) terms, underperforming the broader MSCI AC World Index (Index) (+1.5%). For the year, the Fund returned +16.0%¹ compared to the broader market which returned +25.3%.

During December, the US Federal Reserve announced an accelerated tapering schedule of its bond purchasing program, reducing monthly asset purchases by US\$30 billion (previously US\$15 billion), while projections also affirmed for multiple rate hikes to take place in 2022. Markets were supported by relative strength in large cap technology stocks (Apple +4.8%, Alphabet -0.4%, Microsoft -0.7%, Meta +1.2%) and continuing rotation from Growth (MSCI World Growth Index, -0.4%) to Value stocks (MSCI World Value Index, +4.1%). Beneath the surface, market breadth was weak with nearly 40% of the Nasdaq down at least 50% from 52-week highs with many high growth and high multiple stocks significantly sold off during November and December.

During the month, the Fund's best contributors were **Meta** (+1.2%), **TSMC** (+0.6%) and **illumina** (+1.6%). Weaker contributors were **Salesforce** (-13.0%), **Amazon** (-7.3%) and **Sea** (-24.3%).

While the fund has a strong weighting towards mega-cap technology companies, this is complemented by investments into higher growth disruptive stocks (20-30% of Fund) that we believe have the potential to be future global technology leaders. Although some of these companies experienced significant drawdowns (e.g. Sea: -24.3%, AfterPay: -23.7%, Unity: -19.1% in December) and share prices will likely remain volatile, our positive view has not changed over the longer term. We believe: (1) disruption continues to accelerate and spread across many sectors; (2) fundamentals and growth remain strong; (3) while profitability for some of these companies are limited in the near term, they are investing into growth opportunities (we note that profitability for Amazon and Netflix were low for many years!); and (4) valuations for some stocks have fallen to pre-pandemic levels.

During the month, **Crowdstrike** (-8.0%) reported a strong result with revenue growing +63%, accelerating net new annual recurring revenue (ARR) +46% and continued operating margin expansion.

Salesforce (-13.0%) reported a solid result with revenues +27% and operating margins of 20% both ahead of expectations. Management also raised FY22 revenue and free-cash-flow guidance while reiterating FY23 revenue guidance of +20%.

PORTFOLIO MANAGER



Raymond Tong
Portfolio Manager

Unit price (Exit)	Fund size	12-month distribution yield ²	Performance since inception (25 July 2017) ¹
\$3.3153	\$287.8 million	6.6%	22.5%

FUND PERFORMANCE¹

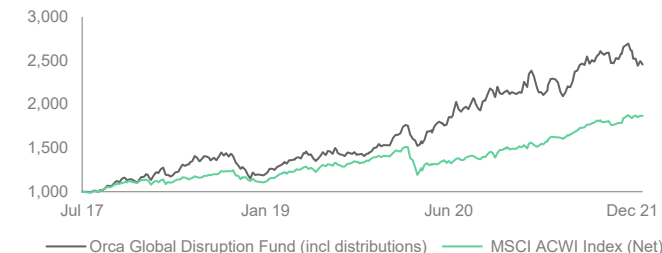
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	-5.9%	-0.6%	1.1%	16.0%	26.6%	27.4%	22.5%
MSCI AC World Index (Net, AUD)	1.5%	5.7%	8.7%	25.3%	15.3%	19.1%	15.1%
Excess Return	-7.4%	-6.3%	-7.6%	-9.3%	11.3%	8.3%	7.3%

Note: Numbers may not sum due to rounding.

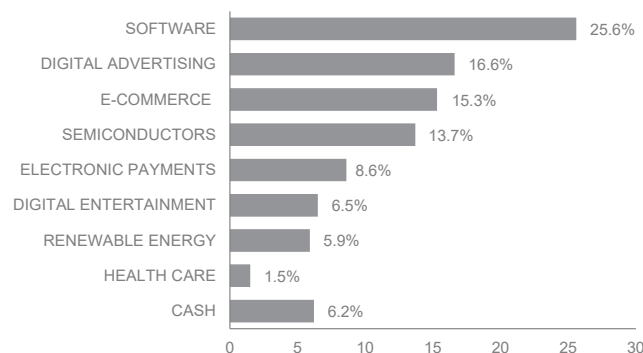
TOP 10 PORTFOLIO HOLDINGS

Alphabet Inc	PayPal Holdings Inc
Amazon.com Inc	Salesforce.com Inc
Facebook Inc	ServiceNow
Microsoft Corp	Tesla
Netflix Inc	TSMC

PERFORMANCE CHART¹

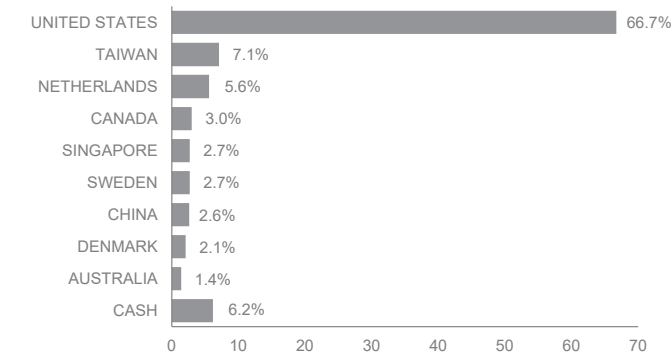


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 31 December 2021 unless stated. Numbers may not sum due to rounding.

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.

Chart data range: 25 July 2017 to 31 December 2021. 2. Distribution yield is a historical measure. There is no guarantee the Fund will meet its investment objective. The payment of a distribution is a goal of the Fund only and neither the Manager or the Responsible Entity provide any representations or warranty in relation to the payment of any semi-annual cash income. The Fund reserves the discretion to amend its distribution policy. Initial index value 1,000.

Index Source: Bloomberg.

ABOUT ORCA FUNDS MANAGEMENT

Orca Funds Management is the investment manager for the Orca Global Disruption Fund, Orca Asia Fund and the Orca Global Fund. The Orca Funds Management Investment Team has more than two decades of experience in managing global equities and fixed income funds. Orca Funds Management has an investment team of seven investment professionals who, as at 30 September 2021, collectively manage over \$776 million of funds.

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IMPORTANT INFORMATION

This report has been prepared and issued by Orca Funds Management Pty Limited (**Investment Manager**) (ACN 619 080 045, CAR No. 1255264), as investment manager for the Orca Global Disruption Fund (**Fund**) (ARSN 619 350 042). The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) is the Responsible Entity of the Fund. For further information on the Fund please refer to the PDS and Target Market Determination which is available at orcafunds.com.au.

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