Orca Global Disruption Fund February 2023 Monthly

FUND PERFORMANCE[1]

Fund performance	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	5 Years (p.a.)	Since Inception(p.a.)
Orca Global Disruption Fund	1.7%	0.1%	-3.8%	-23.2%	-15.7%	-1.9%	5.0%	8.2%
MSCI ACWI Index (Net, AUD)	1.4%	-0.6%	4.9%	-1.5%	6.4%	7.4%	8.9%	10.1%
Excess Return	0.3%	0.7%	-8.7%	-21.8%	-22.0%	-9.3%	-3.9%	-1.8%

Notes: Data as at 28 February 2023 unless stated. Unit price (exit) at 28 February 2023: $2.0001. Fund size: $139.4 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.

PORTFOLIO UPDATE

The Orca Global Disruption Fund (Fund) returned +1.7%[1] in AUD terms (-2.6% in USD terms), compared to the broader MSCI AC World Index +1.4% (-2.9% in USD). Since inception the Fund has returned +8.2%[1] p.a. compared to the market return of +10.1% p.a.

After a strong start to the month, global equity markets sold off as bond yields rose following signs that inflation was tracking ahead of market expectations with January Core CPI rising +5.6%. The US Federal Reserve's preferred measure of core inflation, the personal consumption expenditures (PCE) price index rose +4.7%, also ahead of expectations. In response, the market raised peak interest rate expectations to 5.25-5.50%, with expectations for potential rate cuts in 2023 moderating.

The Fund's best contributors for the month were Tesla (+24.1%), Nvidia (+24.2%) and Palo Alto Networks (+24.1%). Weaker contributors were Amazon (-4.5%), Alphabet (-4.8%) and Techtronic (-19.0%).

Tesla (+24.1%) had another strong month following release of its December quarter result, reported in January, and ahead of its March Investor Day. At its Investor Day the company is expected to reveal greater detail on its next generation vehicle platform with which the company anticipates a 50% reduction in unit costs.

Nvidia (+24.2%) rose strongly following a better-than-expected 4Q23 result as well as signs that the company will be a key beneficiary from the surge in compute requirements driven by the adoption of Generative AI applications (e.g. Chat GPT). Nvidia's quarterly result was better than the market feared with revenues falling -21% year-on-year (datacentre +11%, gaming -46%, automotive +135%). For the past 3 quarters, Nvidia has navigated an inventory correction in its gaming business following COVID demand pull forward and collapse in crypto markets leading to lower short term GPU demand. Management guided to 1Q24 revenues of $6.5bn (+15% higher than 4Q23) and gross margins of 66.5%, both ahead of market expectations. Importantly, Nvidia expects: (1) that the inventory correction in the gaming business is now in the past, with a new product cycle (Lovelace launched in Sept 2022) to drive growth; (2) data centre growth to accelerate during the year on a new product cycle (H100 launched in October 2022) and increasing demand for generative AI applications; and (3) disciplined cost management to drive operating leverage.

Palo Alto Networks (+24.1%) delivered a strong December quarter result with revenues growing +26%, and operating margins expanding 440 basis points to 22.8%, both ahead of market expectations. Strong momentum continued in next generation Cybersecurity products with software revenues +32% while their core firewall business remained solid (product revenues +15%). FY23 revenue guidance was reiterated (revenues +25% to +26%) while operating margin and FCF margin targets were both raised as management continues to execute well on driving profitability. Management believe they are tracking three years ahead of profitability targets outlined at the 2021 analyst day.

Amazon (-4.5%) reported a mixed December quarter result with good progress on margin improvement in the US Retail business offset by continued deceleration in AWS revenue growth. Total revenue growth (in constant currency (CC)) was +12% (North America +13%, International +5%, AWS +20% - all in CC) and operating profit was $5.4bn (excluding one-off charges), both above company guidance. Overall, Amazon is making good progress on costs and driving retail margins back to pre-pandemic levels remains CEO Andy Jassy's number one priority. AWS growth continues to slow as customers

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.

PORTFOLIO UPDATE (continued)

continue to optimise spend (consistent with peers). The company sees this as more short-term in nature – the overall AWS pipeline remains healthy and many customers are continuing with cloud migration plans and long-term commitments to AWS.

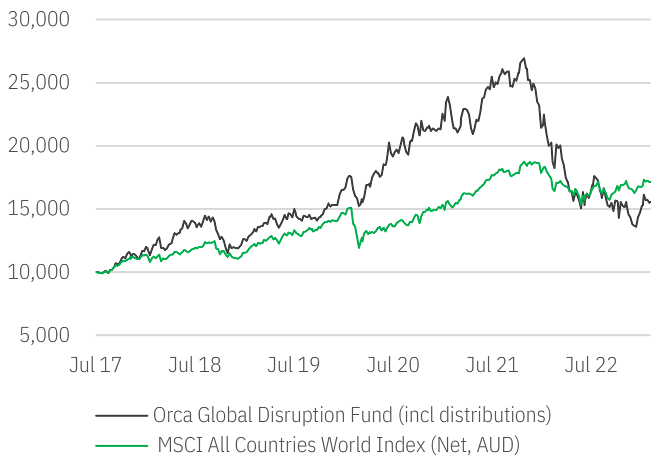
Alphabet (-4.8%) delivered a mixed December quarter result with revenue growth of +7% (in CC) in-line with market expectations while operating income fell 17% which was modestly below expectations. Search revenues grew low single digits revenues (in CC) while YouTube and Network revenues both declined, impacted by macro weakness, tougher comparable periods benefitting from iOS privacy tailwinds and competition. While growth decelerated (in line with peers), the cloud business remained robust with revenues growth of +32%. Importantly management stressed a commitment to durably reengineer its cost base starting with the 12k headcount reduction (announced in January) and a slowdown in the pace of hiring. The stock price was also impacted by Microsoft's launch of its new AI-powered Bing search engine that promises to deliver better search including a new chat experience with the ability to generate content. In response, Google announced it would shortly be launching Bard, a conversational AI service that it will integrating into Google Search.

Techtronic (-19.0%) fell late in the month following the release of an anonymous short seller report which questioned some of the accounting choices the company has made. In early March, Techtronic reported a solid FY22 result, including a robust 2023 outlook, as well as issuing multiple reports refuting each claim in the short seller report in detail.

A key focus of the report included questioning Techtronic's ability to raise gross margins for the last 10 consecutive years – with the main reasons cited being excessive capitalisation of research & development costs and higher inventory stocking compared with peers. Techtronic indicated the gross margin expansion has been driven by fundamental drivers including strong growth and product innovation in its premium brand Milwaukee, as well as aftermarket battery sales, both of which carry a higher gross margin and are accretive to overall group margins. Furthermore, as a Hong Kong listed company, Techtronic is aligned with the HKFRS accounting guidelines which enables it to capitalise deferred development costs and amortize these costs – this compares to some US peers (which was used as a comparison in the report) that are required to expense Research & Development Costs under US GAAP accounting standards. Finally, part of the reason for the recent increase in inventory included taking the following steps to meet strong demand during the COVID period: (1) adding to critical component inventory such as semiconductors and battery cells; and (2) running higher inventory to cover extended lead times and port delays.

We will continue to monitor progress through the year, but do not believe the underlying long term investment case for Techtronic has changed. We note the company's strong track record and believe it is well placed to benefit and win market share from the transition to cordless and clean energy power tools given its technology leadership, product innovation and strong brands.

FUND PERFORMANCE[1]



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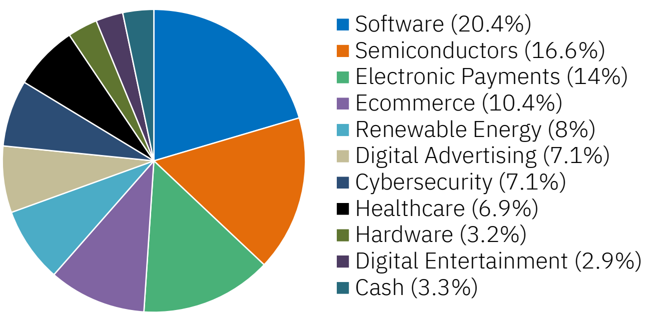
TOP 10 FUND HOLDINGS AS AT 28 FEBRUARY 2023

NAME	SECTOR
Alphabet Inc	Digital advertising
Amazon.com Inc	eCommerce
ASML Holding	Semiconductors
Mastercard Inc	Electronic payments
Microsoft Corp	Software
NVIDIA Corp	Semiconductors
Palo Alto Networks	Cybersecurity
ServiceNow	Software
Tesla	Renewable energy
TSMC	Semiconductors

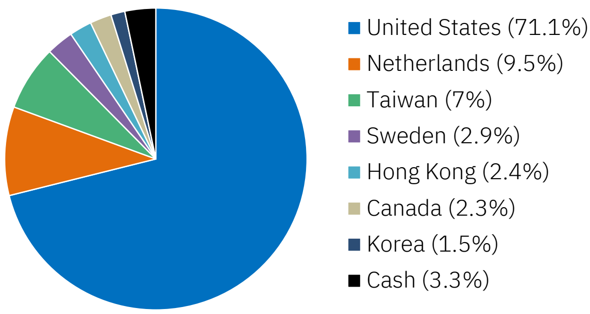
This fund is appropriate for investors with "High" and "Very High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the TMD for further information.

THEMATIC EXPOSURE



Source: Investment Manager, Bloomberg

GEOGRAPHIC EXPOSURE



Source: Bloomberg, Country of Domicile

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Orca Global Disruption Fund

TOP 10 HOLDINGS AS AT 28 FEBRUARY 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.

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.

Palo Alto Networks, Inc. – is a leading cybersecurity company providing both hardware and software solutions to customers. Palo Alto has a transitioned from a cyclical product focused business to a recurring revenue model with next generation cybersecurity subscription offerings spanning network security, cloud security and security operations, complementing its core firewall business. The company was founded by Nir Zuk in March 2005 and is currently led by CEO Nikesh Arora with headquarters in Santa Clara, California.

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.

Tesla – Tesla's mission is to accelerate the world's transition to sustainable energy. It designs, develops, manufactures and sells electric vehicles and scalable clean energy generation and storage products. Tesla launched its first-generation electric roadster in 2008, before producing the Model S sedan (2012), Model X SUV (2015) and mass market Model 3 (2017). Manufacturing operations are located in the US, Canada, Germany and China. In 2022 Tesla produced 1.37m cars with CEO Elon Musk stating ambitions to produce 20 million cars annually by 2030. Tesla was founded in 2003 in California. Co-founders include Martin Eberhard, Marc Terpenning, Ian Wright, Elon Musk and JB Straubel.

Signatory of:

PRI Principles for Responsible Investment

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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.