

Orca Global Disruption Fund February 2024 Monthly



FUND PERFORMANCE¹

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	10.8%	22.9%	28.2%	64.1%	5.3%	14.0%	15.3%
MSCI AC World Index (Net, AUD)	5.9%	11.8%	11.2%	28.0%	13.1%	12.5%	12.6%
Excess Return	4.9%	11.1%	17.0%	36.1%	-7.8%	1.5%	2.7%

Notes: Data as at 29 February 2024 unless stated. Unit price (exit) at 29 February 2024: \$3.2819. Fund size: \$181.3 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 +10.8% in Australian dollar (AUD) terms in February, compared to the broader MSCI AC World Index, which was up +5.9%. Since inception, the Portfolio has returned +15.3% p.a. compared to the market +12.6% p.a.

Overall, company results, for the Fund's holdings, were strong and confirm that the growth outlook and underlying fundamentals remain robust. Semiconductor stocks outperformed (SOX index +12.7%) with signs of a cyclical upturn in semiconductor demand and secular tailwinds from the significant and rising investment to build out AI infrastructure.

The Fund's top contributors for the month were **Nvidia (+30.6%)**, **Amazon (+15.7%)** and **Taiwan Semiconductor (+15.7%)**. Positions that detracted from returns included **Shopify (-3.1%)**, **Palo Alto Networks (-6.8%)** and **Adobe (-7.9%)**.

Nvidia (+30.6%) delivered another stunning result with 4Q24 revenues growing +265% and EPS +487%, both ahead of market expectations. Guidance for 1Q25 was also ahead of expectations with Nvidia expecting further revenue growth of +234%. The company continues to be driven by its datacentre business which is benefiting from the explosion in spending on Generative AI infrastructure (e.g. H100 GPU chips, networking solutions). While supply is improving, demand continues to outstrip supply and this will likely continue into 2025 as Nvidia launches a string of new and more powerful products (H200, B100 GPU chips, Spectrum X which is a new AI networking solution). Demand is also broadening out with broad based adoption across cloud service providers, enterprises and new demand from sovereign states.

Taiwan Semiconductor (TSM, +15.7%) rose following better than expected results (TSM reported in January) from key customers including Nvidia and AMD (both on demand for AI chips) and Qualcomm (smartphone volumes improving). Sentiment was also helped by commentary from Open AI CEO Sam Altman and TSM founder Morris Chang that there needs to be more semiconductor fabs built given the rising demand for AI chips.

Amazon (+15.7%) delivered strong 4Q23 result with revenue growth of +14% and operating income of \$13.2bn (prior year was \$2.7bn), both ahead of market expectations. The company expects strong growth to continue with +8-13% revenue growth in 1Q24 and operating income of \$8-12bn (market expectations were \$9bn). Highlights of the result were: (1) a reacceleration in AWS revenues (+13%) as customers have largely slowed optimizations and resumed new workload migrations and increasingly spend on AI activity; and (2) continued improvement in retail margins due to logistics efficiencies and strong growth in advertising revenue.

Shopify (-3.1%) reported a good December quarter result with revenue growth of +24% (ahead of market expectations) and operating margin of 18% (in-line with market expectations). GMV trends (+23%) were strong with solid same store sales at existing merchants, good new merchant growth and strong trends in EMEA. Going forward, while the company expects margins to improve, this will likely occur at a more moderate pace (compared with the prior 12 months) given a pick-up in operating expense growth due to greater investment.

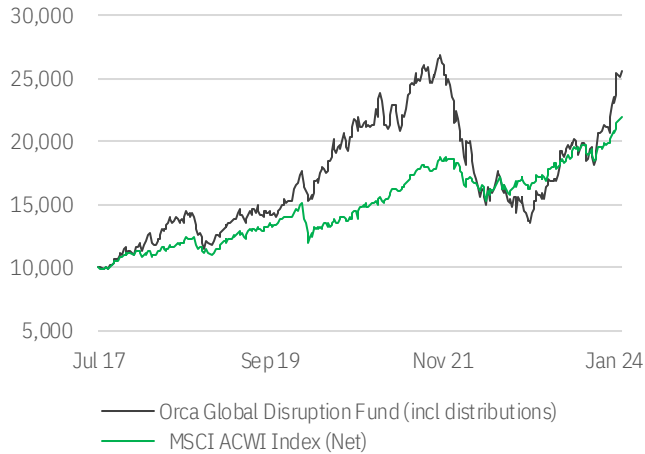
Palo Alto Networks (-6.7%) fell following its 2Q result. While the results itself was above expectations (revenue growth +19% in-line, EBIT margins 29% vs expectations of 26%), guidance for FY24

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.

revenue growth was cut to +15-16% (from +18-19%). Although the strong demand for cybersecurity remains unchanged, Palo Alto is accelerating its bundling strategy which the company believes will impact short term billings and revenues but will result in greater number of services coming onto its platform, eventuating into higher revenue growth in the medium term.

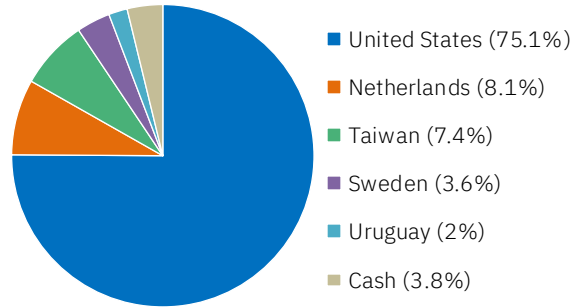
Adobe (-7.9%) fell following Open AI's announcement of its text to video tool Sora.

FUND PERFORMANCE¹



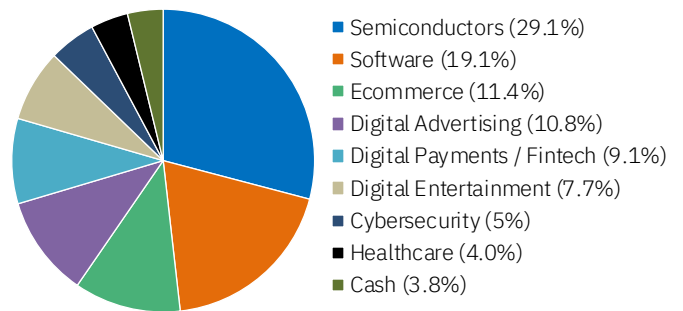
Past performance is not a reliable indicator of future performance. Inception 25 July 2017. Benchmark is for comparison purposes only, see Disclaimer for further information.

GEOGRAPHIC EXPOSURE



Source: Bloomberg, Country of Domicile

THEMATIC EXPOSURE



Source: Investment Manager, Bloomberg

TOP 10 FUND HOLDINGS AS AT 29 FEBRUARY 2024

NAME	SECTOR
Adyen	Digital payments / Fintech
Alphabet Inc	Digital advertising
Amazon.com Inc	eCommerce
ASML Holding	Semiconductors
Meta	Digital advertising
Microsoft Corp	Software
NVIDIA Corp	Semiconductors
ServiceNow	Software
Spotify	Digital entertainment
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 [IMD](#) for further information.

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.

Orca Global Disruption Fund

TOP 10 HOLDINGS AS AT 29 FEBRUARY 2024



Adyen – is a payments platform business. Adyen’s products include online payments, point of sale, marketplaces, and unified commerce. The company was founded by Pieter van der Does and Arnout Schuijff in 2006 and is headquartered in Amsterdam, Netherlands.



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.



Meta Platforms – engages in the development of social media applications. It builds technology that helps people connect and share, find communities, and grow businesses. It operates through the Family of Apps (FoA) and Reality Labs (RL) segments. The FoA segment consists of Facebook, Instagram, Messenger, WhatsApp, and other services. The RL segment includes augmented, mixed and virtual reality related consumer hardware, software, and content. The company was founded by Mark Elliot Zuckerberg, Dustin Moskovitz, Chris R. Hughes, Andrew McCollum, and Eduardo P. Saverin on February 4, 2004, and is headquartered in Menlo Park, CA.



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.



Spotify - Spotify’s mission is to unlock the potential of human creativity by giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by it. Spotify’s platform revolutionised music listening forever when it launched in 2008. Spotify’s move into podcasting brought innovation and a new generation of listeners to the medium, and in 2022 it entered the next audio market with the addition of audiobooks. Today, Spotify has 100 million tracks, 5 million podcasts titles, and 350,000 audiobooks. It is the world’s most popular audio streaming subscription service with more than 574 million users, including 226 million subscribers in 184 markets. The company was founded by Daniel Ek and Martin Lorentzon in April 2006 and is headquartered in Luxembourg.



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:



Disclaimer

This report has been prepared and issued by E&P Funds Management Pty Ltd (ACN 159 902 708, AFSL 450257) as the Licensee of Orca Funds Management Pty Limited (ACN 619 080 045, CAR No. 1255264), the Investment Manager during the report period. From 1 March 2024 the Orca Global Disruption Fund is now managed by Loftus Peak Pty Ltd (ACN 167 859 332, AFSL 503571). The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) is the Responsible Entity of the Fund. It is general information only and is not intended to provide you with financial advice, and has been prepared without taking into account your objectives, financial situation or needs. You should consider the product disclosure statement (PDS), prior to making any investment decisions

The PDS and target market determination (TMD) can be obtained by calling 1300 732 541 or visiting our website orcafunds.com.au. If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licensed or authorised financial adviser. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Total returns shown for the Orca Global Disruption Fund have been calculated using exit prices, and prior to 31 January 2021 Net Asset Value per Unit, after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance.

This report may contain statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. The Responsible Entity, Investment Manager and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information. The Parties give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this report. The Parties do not accept, except to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this report. Any recipient of this report should independently satisfy themselves as to the accuracy of all information contained in this report.

This document is not a product of E&P Research (“E&P Research” is a registered business name of E&P Financial Group Limited) and is not intended to be a research report (as defined in ASIC Regulatory Guides 79 and 264). Unless otherwise indicated, all views expressed herein are the views of the author and may differ from or conflict with those of others within the group. The views expressed herein should be considered as part of a wider portfolio investment strategy applicable to the relevant fund and should not be considered in isolation or relied on to make an investment decision without seeking further information and/or advice from a financial adviser.

MSCI All Countries World Index (AUD) source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

Orca Funds Management Ptd Ltd is a wholly owned subsidiary of E&P Financial Group Limited (ABN 54 609 913 457), a signatory to the United Nations Principles for Responsible Investment (UNPRI) and a member of the Responsible Investment Association Australasia (RIAA).

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.