



## 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 -5.3%<sup>1</sup> in Australian dollar (AUD) terms (-3.7% in USD), compared to the broader MSCI AC World Index -1.3%. Since inception the Fund has returned +10.5%<sup>1</sup> p.a. compared to the market of +10.9% p.a.

May remained challenging for growth equities with the Nasdaq Composite Index declining a further 3.3% and notching the longest stretch of weekly declines since 2001 (the dot-com bubble era), while the broader US market finished down 1.3%. Growth stocks (MSCI World Growth -3.6%) remained out of favour compared to value (MSCI World Value +0.7%) as markets continued to focus on the rising risks of a recession and likely rate hike trajectory.

The Fund's best contributors for the month were Spotify (+9.3%), TSMC (+1.1%) and ASML (+1.2%). Weaker contributors were Unity (-4.0%), CrowdStrike (-20.7%) and Tesla (-14.2%).

TSMC's operating momentum remained strong, reporting April monthly revenue growth of +55%, while reports emerged of further potential mid-single digit price rises for customers across mature and leading-edge chip production, following circa 20% increases announced in August 2021.

Tesla was impacted by uncertainty around: (1) ramp up of production at its Shanghai Gigafactory following COVID-19 related closures earlier in the month; and (2) Elon Musk's proposed acquisition of Twitter and how he would fund the proposed deal.

Unity reported a mixed result with revenues +36% in-line with expectations and the business now expected to reach breakeven in the fourth quarter, earlier than previous guidance. However, revenue guidance for FY23 was lowered to +22-28% (from +34-36%) as a result of monetisation headwinds in its advertising business.

Other Fund holdings to report solid results during the month included Nvidia, Salesforce and Sea.

Nvidia reported a good result with revenues +46% (Gaming +31%, Datacentre +83%) and EPS +49%, both ahead of market expectations. Guidance for next quarter assumes revenue growth of +22% to +27% which was below market expectations largely due to headwinds from the Russia/Ukraine war and COVID related lockdowns in China.

Salesforce reported a strong result at month end with revenues +24% (+26% in constant currency) ahead of guidance and market expectations and operating margins of 17.6%. The company raised FY23 operating margin and free cash flow guidance. Importantly Salesforce is seeing no material impact on demand from weaker economic conditions.

Sea reported a March quarter result ahead of market expectations with revenue growth of +64% while re-affirming its progress towards positive earnings for its ASEAN and Taiwan ecommerce businesses.

## PORTFOLIO MANAGER



**Raymond Tong**  
Portfolio Manager

Unit price (Exit)	Fund size	Historical (12-month) distribution yield <sup>2</sup>	Performance since inception (25 July 2017) <sup>1</sup>
\$2.1891	\$178.9 million	10.00%	10.5%

## FUND PERFORMANCE<sup>1</sup>

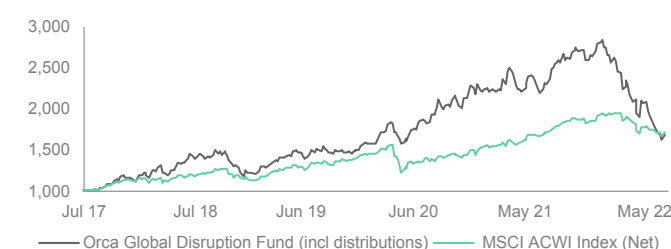
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	-5.3%	-20.0%	-37.9%	-26.3%	-4.7%	6.2%	10.5%
MSCI AC World Index (Net, AUD)	-1.3%	-5.1%	-10.4%	0.4%	10.5%	10.4%	10.9%
Excess Return	-4.0%	-15.0%	-27.5%	-26.6%	-15.2%	-4.1%	-0.4%

Note: Numbers may not sum due to rounding.

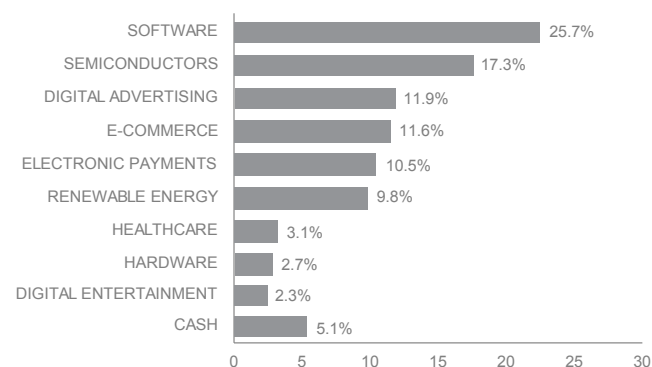
## TOP 10 PORTFOLIO HOLDINGS

Alphabet Inc	Salesforce.com Inc
Amazon.com Inc	ServiceNow
ASML Holding	Tencent Holdings Ltd
Microsoft Corp	Tesla
NVIDIA Corp	TSMC

## PERFORMANCE CHART<sup>1</sup>

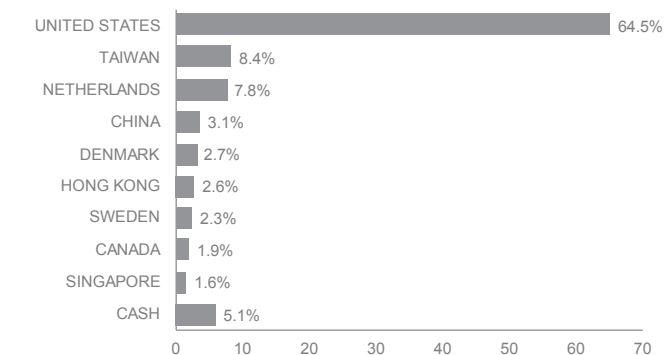


## SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

## COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 31 May 2022 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. There is no guarantee the Fund will meet its investment objective. Inception 25 July 2017. Chart data range: 25 July 2017 to 31 May 2022. 2. Distribution yield is a historical measure. Neither the Manager or the Responsible Entity provide any representations or warranty in relation to the payment of any 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 31 December 2021, collectively manage over \$733 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](http://orcafunds.com.au).

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