

Orca Global Disruption Fund July 2024 Monthly



FUND PERFORMANCE¹

Fund performance	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	-1.7%	8.8%	18.8%	36.3%	3.6%	13.2%	15.5%	15.4%
MSCI AC World Index (Net, AUD)	3.9%	7.5%	13.9%	20.8%	10.1%	12.3%	13.1%	13.0%
Excess Return	-5.7%	1.3%	5.0%	15.5%	-6.5%	0.9%	2.4%	2.5%

Notes: Data as at 31 July 2024 unless stated. Loftus Peak Pty Limited replaced Orca Funds Management as the Investment Manager of the Orca Global Disruption Fund on 1 March 2024. Unit price (exit) at 31 July 2024: \$2.9808. Fund size: \$159.6 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. The data source for the Fund's benchmark was changed from Bloomberg to MSCI effective 29 February 2024. All data prior to this date remains unchanged.

FUND UPDATE

The Orca Global Disruption Fund (Fund) declined -1.7% in July, underperforming the MSCI All Countries World Index (in AUD) by -5.7%.

July saw a reversal in many of the names that have performed strongly over the last six months. Investors looked to take profits on strongly performing semiconductor names. Simultaneously, the sector was mired by U.S. government suggestions of further trade restrictions as well as bombastic commentary from Republican candidate Donald Trump as to the U.S. defence policy regarding Taiwan.

Large technology companies also sold off, especially Nvidia and its hyperscale cloud customers. The market is bringing increased scrutiny to companies willing to spend heavily on artificial intelligence (AI) infrastructure and the associated ROI on the investment. Despite this, commentary from management of large technology companies suggests demand signals are extremely strong, they will increase capex spend to expand capacity (currently there is not enough), and they have a preference to overspend on AI capex rather than to underspend given the significant opportunities ahead.

ON Semiconductor (+16.8%) was the largest contributor, adding +0.4% to the Fund's value. Despite other analog companies expressing broad uncertainty in end markets, like automotive and industrials, ON is pointing to comparative stability and improving trends in markets including China. It is also executing well on margins and inventory management and is well placed to grow strongly as the auto and industrial markets recover. Meanwhile, on its earning call, the company reiterated its prior commentary that it is growing its Silicon Carbide (used in Electric Vehicles) market share and quantified the growing addressable market for power management chips in AI datacentre racks.

Spotify (+12.1%) was the second largest contributor, adding +0.3% to the Fund's value after posting a significant beat on earnings as a result of better-than-expected improvement in gross margins and operating margins. Top line revenue grew strongly at +21%, driven by premium subscriber growth and an increase in the average revenue per user. Gross margins also rose ahead of expectations as the company experienced greater music profitability (i.e. lower royalties due to bundling) and a reduction in spending towards the burgeoning podcast segment.

Halozyme (+8.0%) was the fourth largest contributor to the Fund, adding +0.2%. Halozyme partners with intravenous medications, reformulating them for subcutaneous delivery. This process results in cheaper treatment to patients and potentially extends the patents of the partner ingredient. Halozyme's key ingredient will fall out of patent in the next couple years and the market has historically discounted the company as being unable to secure enough reformulation patents to protect its revenue. A recent patent approval for the underlying delivery platform has sparked optimism in the company's ability to secure patents more broadly. This was reflected in the share price.

Qualcomm (-7.0%) was the weakest performer, detracting -1.1% from Fund value. The company was sold down alongside other AI infrastructure and large technology companies, despite operating in different end markets. The company remains primarily a smartphone chip designer, with growing revenue from PCs, automobiles and IOT segments. An end to or pause in the expenditure of large technology companies on AI infrastructure would impact Qualcomm far less than Nvidia. In our view the valuations for this company remain compelling.

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

CrowdStrike (-29.1%), the second weakest performer, detracted -0.5%. The company's share price collapsed after a faulty software update caused a global Windows outage. While not indicative of a structural flaw in the business, the company has been priced for flawless execution. The unravelling of this was a driver of the sell off. Further, while CrowdStrike's products remain best in class, customers will likely place greater scrutiny on expanding spending with CrowdStrike, in the near term, which could impact top line growth in coming quarters.

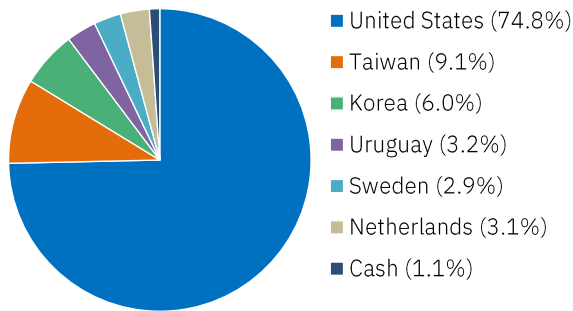
Netflix (-4.7%) was the third largest detractor, detracting -0.4%. Despite strong earnings, the market was unhappy with revenue generation from the new advertising tier. The company suggested that advertising revenue will be "meaningful" but not a "primary" driver of revenue in 2024 or 2025, getting to "critical scale with advertisers in advertisement countries in 2025". Nevertheless, the company continues to execute on growing revenue without increasing costs.

TOP 10 FUND HOLDINGS AS AT 31 JULY 2024

NAME	GICS SECTOR
Alphabet	Communication Services
Amazon.com	Consumer Discretionary
MercadoLibre	Consumer Discretionary
Meta Platforms	Communication Services
Microsoft	Information Technology
Netflix	Communication Services
Qualcomm	Information Technology
Roku	Communication Services
Samsung	Information Technology
TSMC	Information Technology

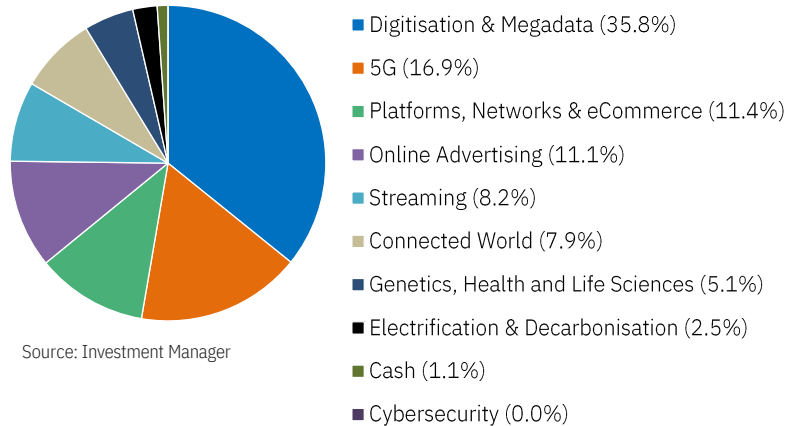
This fund is appropriate for investors with a "High" risk and return profile. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a long investment timeframe. Investors should refer to the [TMD](#) for further information.

GEOGRAPHIC EXPOSURE



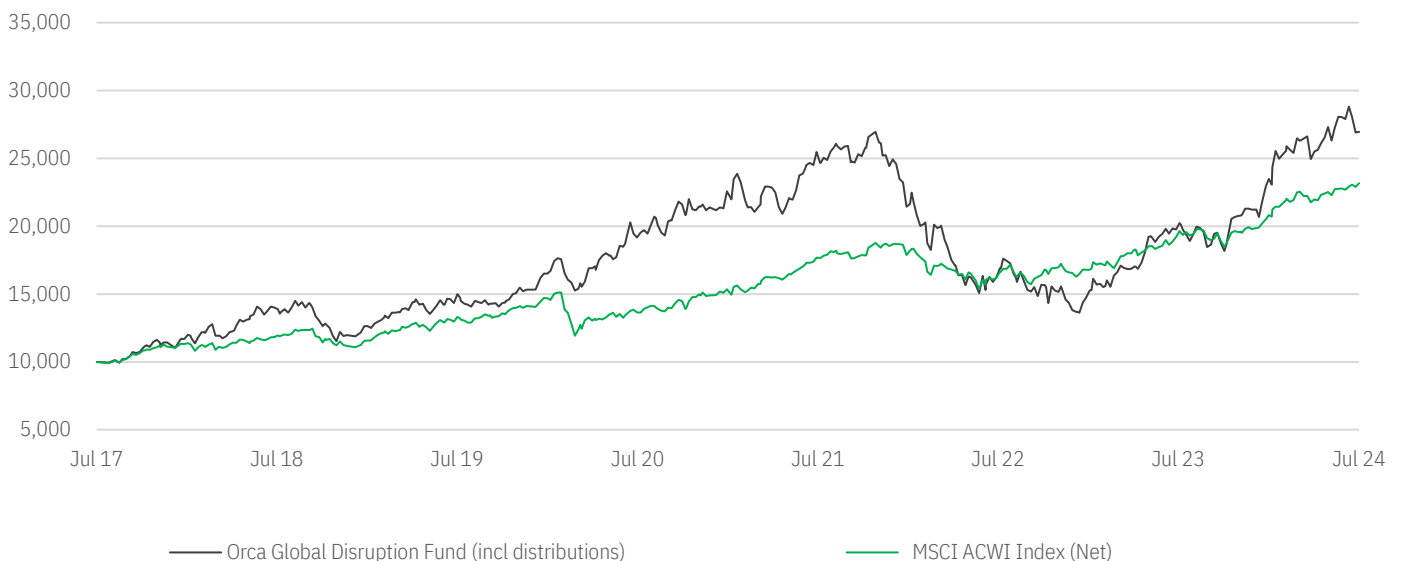
Source: Bloomberg, Country of Domicile

THEMATIC EXPOSURE



Source: Investment Manager

FUND PERFORMANCE¹



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Orca Global Disruption Fund

TOP 10 HOLDINGS AS AT 31 JULY 2024

Alphabet

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

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.

mercado libre

MercadoLibre –founded in 1999, is an e-commerce and financial technology company headquartered in Buenos Aires, Argentina. It operates the largest online marketplace in Latin America, offering a platform for individuals and businesses to buy and sell products. Additionally, Mercado Libre has a strong presence in digital payments through its subsidiary Mercado Pago, and it offers logistics, financing, and other e-commerce-related services. The company is a major player in the e-commerce and fintech sectors in Latin America.

Meta

Meta Platforms – is one of the world's premier advertiser platforms with a user base of over 3bn Daily Active Users and over 10m advertisers. META has invested significantly into AI infrastructure, and this enables the company to drive user engagement and provides advertisers with a range of ad automation and targeting tools. META's two major goals are to: (1) to build the most popular and advanced AI Products and services; and (2) invest into building the next generation of augmented, virtual and mixed reality computing platforms.

Microsoft

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.

NETFLIX

Netflix – is the leading video streaming provider in the world with over 260m subscribers as of the December 2023 quarter. As the global leader, Netflix will continue to benefit from the shift of linear TV to streaming with still a significant opportunity to grow subscribers (1bn broadband households globally), pricing power and further monetization opportunities through advertising.

Qualcomm

Qualcomm – is a fabless semiconductor designer and the world's leading supplier of mobile device chipsets (mobile phones, smartphones and tablets). Qualcomm is expanding the number and diversity of revenue lines including supplying chips to the PC market, automobiles, IoT and augmented/virtual reality segments. Qualcomm is also set to benefit as a key enabler of the proliferation of AI capabilities onto devices. (e.g. Samsung Galaxy S24)

Roku

Roku – founded in 2002, is an American company headquartered in San Jose, California, that manufactures a variety of digital media players for video streaming. Roku's devices allow users to access streaming services like Netflix, Hulu, and Disney+, among others, directly on their televisions. Roku has also expanded into the smart TV market and offers an advertising platform for content publishers. The company plays a significant role in the streaming media and connected TV industry.

SAMSUNG

Samsung – is a global leader in technology and consumer electronics, was founded in 1969 and is headquartered in Suwon, South Korea. The company is renowned for its diverse range of products, including smartphones, tablets, televisions, home appliances, and semiconductors. Samsung Electronics is one of the largest manufacturers of electronic devices in the world and plays a significant role in the development and production of innovative technology solutions, from cutting-edge mobile devices to advanced semiconductor chips, making it a pivotal player in the global tech industry.

tsmc

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.

Disclaimer

This report has been prepared and issued by Loftus Peak Pty Ltd (Investment Manager) (ACN 167 859 332, AFSL 503 571) 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. 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 +62 9163 3333 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.

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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.