

# Orca Global Disruption Fund September 2024 Monthly



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

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	-0.1%	-1.4%	4.6%	47.7%	3.6%	14.0%	14.9%	15.1%
MSCI AC World Index (Net, AUD)	0.1%	2.6%	3.2%	22.7%	9.6%	11.6%	12.2%	12.5%
Excess Return	-0.2%	-4.0%	1.4%	25.0%	-6.0%	2.4%	2.7%	2.6%

**Notes:** Data as at 30 September 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 30 September 2024: \$2.9906. Fund size: \$158.4 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. 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) fell -0.1% in September, underperforming the MSCI All Countries World Index (in AUD) by -0.2%.

Global equities were stronger, but this was obscured by the weakness in the US dollar, which reduced the value of many of the Fund's international holdings. The U.S. Federal Reserve made good its intention for a -50 bps rate cut. This was largely priced ahead of time. Subsequent commentary from Fed Chair Jerome Powell cautiously suggested the next interest rate cut would be a smaller -25 bps.

The two largest contributors to the Fund were **Meta** and **Roku**, (+0.3% each). Meta CEO Mark Zuckerberg debuted the new Orion augmented reality (AR) glasses. These are not priced for consumers (USD \$10,000 each) but are being treated somewhat as a proof of concept for virtual reality. Meta has spent billions on its virtual reality endeavours. Markets reacted positively to this show of tangible results.

Roku is enjoying some momentum since earnings were released the month prior. The company beat lowered street expectations for the quarter, but offered an in-line guide. Since then, the connected-TV advertising end-market has strengthened, which appears to support management's view that there will be some revenue re-acceleration in the second half of the year and beyond. The market now appears to have accepted that the threat to Roku from **Walmart's** Vizio operating system and **Amazon's** foray into ad supported streaming are less severe than first expected.

Various AI exposed semiconductor players including **Advanced Micro Devices** (AMD, the fourth largest contributor adding +0.2%) and **Broadcom** performed either in line or ahead of Nvidia for the month. Like Nvidia, these companies sell semiconductors necessary for the deployment of AI on datacentres. AMD provides CPUs and GPUs while Broadcom offers TPUs (a custom chip for **Alphabet**) and networking switches. Though exposed to many AI trends, the valuations of these companies are less demanding relative to Nvidia, making them more attractive investments.

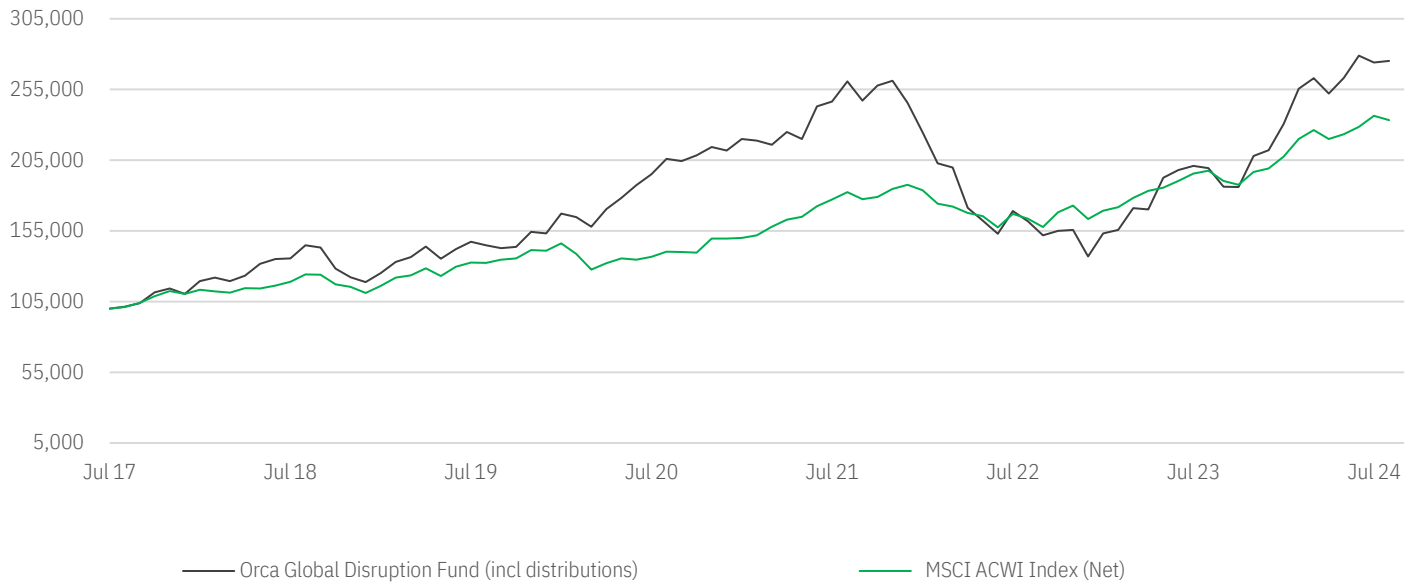
**Qualcomm's** AI edge opportunity remains a sleeper in a valuation sense - the company was the weakest performer, detracting -0.6% from the Fund. Rumours that Qualcomm had approached Intel on a possible acquisition weighed on the share price. Nevertheless, the company is well positioned for a cyclical recovery in smartphones and a secular expansion of demand for chips in the automotive end market. The company's recent foray into the ARM PCs is a new avenue for revenue expansion. With this particular configuration being an improvement in terms of battery life. Meanwhile, Qualcomm trades at a discount to the semiconductor and the S&P 500 index.

**Halozyme** was the second weakest performer, detracting -0.3% as investors took profits. Nothing during the month suggested a change in the company's long-term fundamentals. Incrementally, Halozyme's Tecentriq Hybreza partnership with Roche for multiple types of cancer was approved, adding an additional royalty revenue stream.

**Eli Lilly** also cut -0.3% from Fund value. Broadly, large cap pharmaceutical companies traded down across the month. Lilly, which ran much harder than to its peers, sold off more than its peers. Lilly is enjoying a tailwind due to demand for its GLP-1 obesity medication.

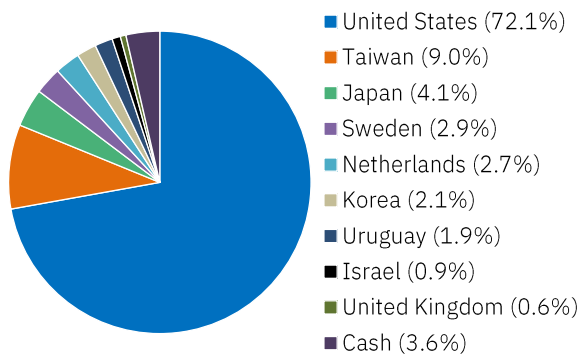
1. All returns are total returns, inclusive of reinvested distributions and net of fees and costs using net asset value per unit from inception to, and including, 31 January 2021 and exit unit price from this date. Past performance is not a reliable indicator of future performance. Inception 25 July 2017.

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



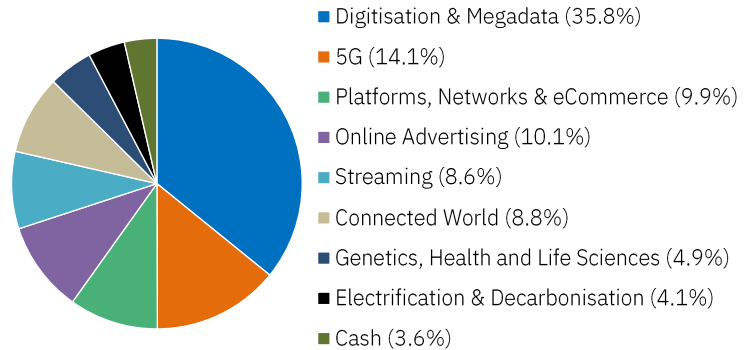
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## GEOGRAPHIC EXPOSURE



Source: Bloomberg, Country of Domicile

## THEMATIC EXPOSURE



Source: Investment Manager

## TOP 10 FUND HOLDINGS AS AT 30 SEPTEMBER 2024

NAME	GICS SECTOR
Advanced Micro Devices	Information Technology
Alphabet	Communication Services
Amazon.com	Consumer Discretionary
Meta Platforms	Communication Services
Microsoft	Information Technology
Netflix	Communication Services
On Semiconductor	Information Technology
Qualcomm	Information Technology
Roku	Communication Services
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.

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# Orca Global Disruption Fund

## TOP 10 HOLDINGS AS AT 30 SEPTEMBER 2024



**Advanced Micro Devices** – is a high performance and adaptive computing leader, powering the products and services that help solve the world’s most important challenges. Its technologies advance the future of the data center, embedded, gaming and PC markets. AMD was founded in 1969 by Jerry Sanders, a former executive at Fairchild Semiconductor Corporation, and seven other technology professionals.



**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.



**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 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** – 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.



**ON Semiconductor** – founded in 1999 and headquartered in Scottsdale, Arizona, is a leading provider of semiconductor solutions. The company specializes in intelligent power and sensing technologies, offering products such as power management chips, sensors, and automotive-grade semiconductors. ON Semiconductor's key markets include automotive, industrial, and IoT, with a strong focus on applications like electric vehicles, advanced driver-assistance systems (ADAS), and energy-efficient power solutions.



**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** – 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.



**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

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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.