TRIBECA AUSTRALIAN SMALLER COMPANIES – CLASS A: MONTHLY REPORT

Tribeca Investment Partners

November 2020

Fund overview

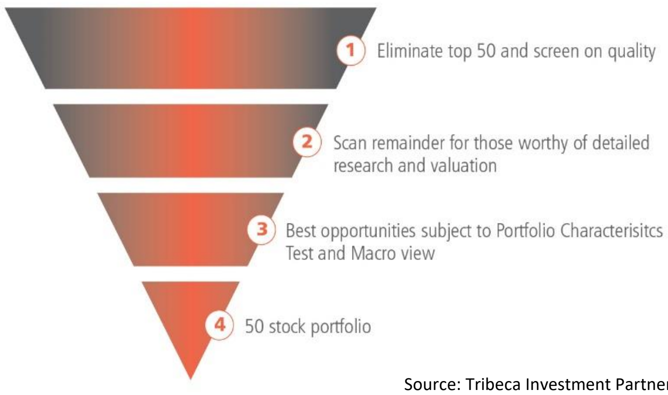
This is an actively managed, long-only strategy with flexibility to enhance alpha through its ability to invest up to 20% of the Fund in mid-cap stocks outside the ASX-50 Index.

By investing in companies outside of the top 50 and limiting exposure to top 100 ASX-listed companies, the Fund seeks to benefit from the concept of information arbitrage.

Tribeca's investment approach aims to identify the market leaders of the future and will have a bias toward companies with relatively high quality and sustainable earnings streams.

Tribeca's investment strategy has been forged over more than a decade and aims to identify the market leading companies of the future.

Figure 1: Investment Process



Source: Tribeca Investment Partners

Performance

As at 30 November 2020

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	10 years % pa	Since inception[1] % pa
Class A Units[2]	11.60	9.85	11.33	9.92	11.15	9.37	7.63	8.54
Benchmark[3]	10.27	7.66	5.98	6.73	10.70	8.22	4.20	5.31
Value added	1.33	2.19	5.35	3.19	0.45	1.15	3.43	3.23

1. Inception Date: 5 August 2010
2. Returns are based on end of month redemption prices and calculated after the deduction of ongoing fees and expenses but before tax and assume distributions are reinvested
3. S&P/ASX Small Ordinaries Accumulation Index

Past performance is not a guide to future performance

Fund facts

Top 5 Active Weights	Portfolio%
Nickel Mines Ltd.	3.9
Fletcher Building Limited	3.3
Uniti Group Ltd.	3.1
Lynas Rare Earths Ltd	4.1
PWR Holdings Ltd.	2.5

1 S&P/ASX Small Ordinaries Accumulation Index

2 May not total due to rounding

Portfolio characteristics	Portfolio%	Index%[1]
Communication Services	6.2	5.2
Consumer Discretionary	16.7	17.3
Consumer Staples	3.4	6.1
Energy	5.0	2.4
Financials (ex-Property Trusts)	11.0	12.6
Healthcare	4.9	7.5
Industrials	8.0	8.9
Information Technology	8.3	6.7
Materials	26.5	21.4
Property Trusts	8.3	11.9
Cash	1.8	--
TOTAL[2]	**100.0**	**100.0**

Manager commentary

Global markets rose through November, driven by positive vaccine news and increased certainty regarding the US election result, which was closer than expected. While global economic data was somewhat mixed as several continents grabbled with second COVID waves and restrictions, domestic lead indicators such as housing prices and permits posted strong gains while sentiment and GDP were better than expected. Local markets posted their best monthly gains in 32 years (both small and large cap indices gained +10.2%), as the cyclical rotation that had been simmering for several months ‘erupted’. Financials, energy and industrials delivered outsized gains, while unsurprisingly, strong performers such as tech, consumer staples and discretionary lagged. Materials saw strong gains in the non-gold equities, as underlying commodity prices benefited from the global restocking cycle underway and a weaker USD. Gold names, however, underperformed as investors sought funding sources for the rotation.

The market rally was reasonably broad from a sector perspective, which was largely reflected in our performance for the month. Importantly, the Tribeca portfolio delivered healthy outperformance, which was particularly pleasing given the absolute return of the index. We endeavour to maintain a neutral style bias via our risk management, along with a bottom-up valuation-based approach, which we believe stood us in good stead during the rotation that we have seen.

Stocks contributing to outperformance in November included Fletcher Building (FBU +39.5%) which provided 1H21 guidance at their AGM reflecting far more resilient trading conditions than anticipated at their FY20 result. Their cost-out program was on-track, something the market had been initially sceptical of. We had more confidence in management and were also of the view their market-related guidance was unduly conservative. We have taken some profit however still see upside to the market’s mid-cycle earnings expectations and remain overweight. Uniti Wireless (UWL +31.1%), managed to complete their acquisition of Opticomm (OPC), with Aware Super bowing out. Despite being forced to pay a higher price, the strategic merit and earnings accretion remain attractive in our view. Additional bolt-on acquisitions remain available, however UWL is already the clear No. 2 behind the NBN in broadband connections with a multi-year committed pipeline to drive growth. Lynas Rare Earths (LYC +33.6%) tracked higher alongside stronger spot rare earth prices, as the US continues to push forward with developing a critical metals supply chain ex-China. LYC is the only major non-China supplier of rare earths globally, and in discussions to supply product to US Government agencies. Nickel Mines (NIC +20.7%) confirmed it would execute the purchase of 70% of Angel Nickel nearby to their operations in Indonesia’s Weda Bay. Nickel prices also had a strong month, up 7%, which provided a further tailwind to performance. Lastly, Mineral Resources (MIN +29.5%) released plans to increase iron ore production by 60mtpa making them the 4th largest producer behind Fortescue Metals.

Detractors from performance included our gold names Northern Star Resources (NST -15.1%), Saracen Minerals (SAR -16.5%) and Ramelius Resources (RMS -12.7%), which were caught up in the profit-taking across the gold sector. Gold prices fell 5.5%, marking a fourth consecutive down month. The moves were largely macro-related, with bond yields rallying resulting in less negative real yields – which had a strong recent correlation to gold prices. We moved to an underweight position on gold some months ago, while equities are looking more attractive given recent moves. Super Retail Group (SUL -11.7%) also saw profit-taking as part of the market rotation to ‘reopening’ plays, as markets started to think ahead to cycling of strong sales comps in the COVID period. Overall, we are underweight retail, with SUL one of our exposures given the expectation of a strong year-end trading period for the stock and a more favourable inventory position versus its competitors. Finally, Webjet (WEB +65.3% NOT HELD) benefited from vaccine announcements and rallied to levels above where it was trading pre-pandemic (i.e. after taking into consideration the hugely dilutive equity raising). We feel this is premature, though acknowledge WEB does have the opportunity to emerge better positioned within their industry as and when normality resumes. We have exposure though our holding in Corporate Travel (CTD).

See **gsfm.com.au** for more information about the Tribeca Australian Smaller Companies Fund.