Fund Update

Tribeca Alpha Plus Class A Units

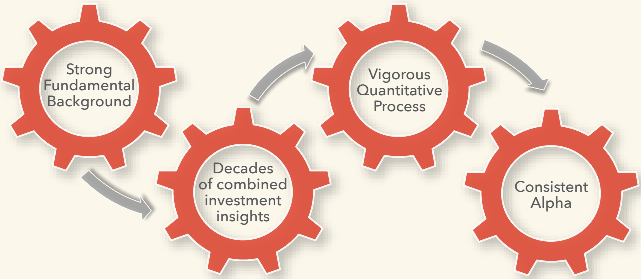
MARCH 2021

Fund Overview

INVESTMENT PHILOSOPHY

Tribeca's investment approach uniquely blends fundamental and quantitative processes that aim to identify investment opportunities and generate returns above the benchmark. Fundamental investing gives depth of insight and conviction by identifying high quality businesses with strong fundamentals. Quantitative investing brings breadth and objectivity to the process by exploiting behavioural biases in the market.

INVESTMENT APPROACH



- A long/short equity strategy that enables investors to benefit in rising and falling markets by taking long or short positions to profit from positive or negative share price movements
- A diversified portfolio, generally consisting of 60-70 long positions and 30-40 short positions
- Style agnostic and broad-based industry exposure
- The active extension structure enables short selling a range of stocks with weak investment characteristics and reinvesting the proceeds in long positions in preferred stocks
- Target allocation of 150% long, 50% short (maximum 50% short exposure)
- Long history of outperforming the S&P/ASX 200 Accumulation Index

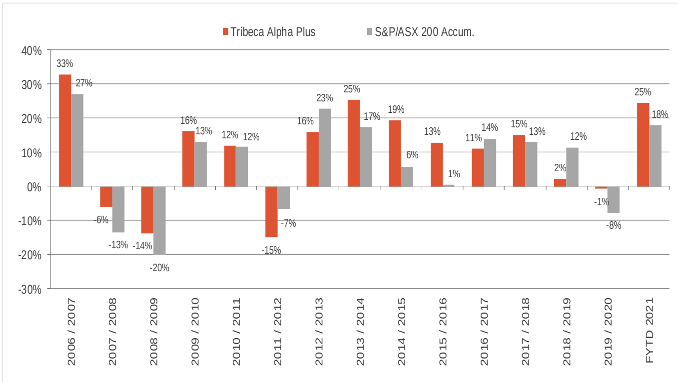
Fund Characteristics

TOP 10 ACTIVE WEIGHTS

	Active Position%
Treasury Wine Estates Limited	2.3
Wesfarmers Limited	-2.0
Ramsay Health Care Limited	2.0
Woodside Petroleum Ltd	-1.9
Macquarie Group Limited	1.7
Qantas Airways Limited	1.7
Metcash Limited	1.6
ASX Limited	-1.5
AGL Energy Limited	-1.5
Scentre Group	1.5

LONG TERM PERFORMANCE VS BENCHMARK

Tribeca Alpha Plus Fund vs S&P/ASX 200 Accumulation Index:
delivered outperformance in 10 out of 14 financial years since inception



Past performance is not a guide to future performance

Performance as at 31 March 2021

	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]	2.30	6.43	51.10	10.80	11.04	12.05	10.11	9.47
Benchmark[3]	2.44	4.26	37.47	9.65	10.25	7.70	7.95	6.48
Value Added	(0.14)	2.17	13.63	1.15	0.79	4.35	2.16	2.99

1. Inception date: 18 September 2006
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 200 Accumulation Index

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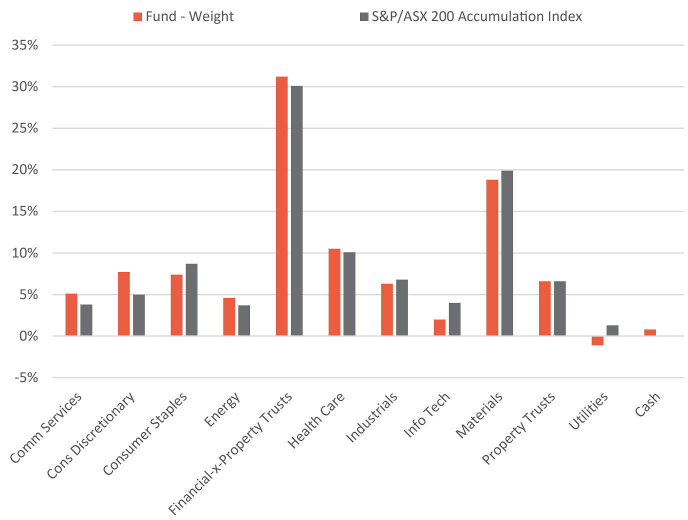
TOP 10 HOLDINGS

	Fund%	Index%[1]
BHP Group Ltd	8.4	7.0
Commonwealth Bank of Australia	6.6	8.0
Westpac Banking Corporation	6.2	4.7
Australia and New Zealand Banking Group	5.4	4.2
CSL Limited	4.9	6.3
Macquarie Group Limited	4.4	2.7
National Australia Bank Limited	3.8	4.5
Woolworths Group Ltd	3.7	2.7
Treasury Wine Estates Limited	2.7	0.4
Ramsay Health Care Limited	2.6	0.7

SECTOR ALLOCATION



[1] S&P/ASX 200 Accumulation Index

The data presented in these tables and graphs is unaudited and may change at any time. The data is shown for informational purposes only and is not indicative of any future portfolio characteristics.

Fund Facts

APIR CODE
ETL0069AU

RESPONSIBLE ENTITY
Equity Trustees Limited

INCEPTION DATE
18 September 2006

MANAGEMENT FEE
0.97% P.A.

DISTRIBUTIONS
Half-Yearly

BUY/SELL SPREAD
Buy +0.30% / Sell -0.30%

INVESTMENT MANAGER
Tribeca Investment Partners Pty Ltd.

Manager Commentary

What a difference a year makes. 1Q20 saw global equity markets suffer one of their steepest and fastest declines in history (-24%). A year later, and the majority of markets – including Australia – have not only recovered these losses but continue to perform strongly off the back of an improving economic picture and declining concerns around COVID-19. Australian equities posted a total return of 4.5% over 1Q21 – a solid return despite periods of very elevated volatility which saw the market frequently oscillate between growth and value stocks as conviction in the cyclical upswing ebbed and flowed. The good news was that Australian equities posted positive returns across all 3 months of 1Q (January +0.3%, February 1.0%, March +1.8%), and while performance might appear modest (and the overall trend for the market can be described as a "sideways consolidation"), this did come on top of a stunningly strong 4Q20 where the market rose 14%.

Over the quarter there were several key trends that drove equity market performance but, for the most part, it can be characterised by a further reversal of performance of COVID-19 winners (growth stocks) versus COVID-19 losers (value stocks) as confidence in the economic recovery continued with this trend receiving strong support from a positive reporting round where corporate earnings results came in well above expectations. This drove strong gains from value sectors such as Communication Services (+9.0%), Consumer Discretionary (+8.9%) and Financials (+12%) – the latter also benefiting from a steepening yield curve as inflation concerns began to rise. In addition, continued strength in consumer spending and reopening beneficiaries such as travel, and tourism saw strong gains.

After a year of outperformance, it was a poor quarter for high multiple growth stocks – predominantly technology (-10.3%) and to a lesser extent healthcare (-2.1%) as a sharp uptick in bond yields began to undermine lofty valuations. In addition, interest rate sensitive sectors such as real estate (-0.4%) and utilities (-1.8%) also came under pressure from higher yields. Other defensive areas of the equity market such as gold were also under pressure over 1Q as investors took a more "risk-on" tilt. Large cap stocks (ASX20 +6.3%) outperformed their smaller cap counterparts (+2.1%) over 1Q21 which was consistent with the cyclical / value stock rotation that took place, although we now think a lot of the valuation normalization that needed to occur has already taken place.

From a stock-specific perspective the quarter saw positive attribution come from overweight positions in: ANZ Banking Group (ANZ) – which benefitted from the steepening of the yield curve and an improving domestic economic outlook; Oz Minerals (OZL) – benefitting from the strong rally in the copper price driven by a constructive macro-outlook for base metals; Bank of Queensland (BOQ) – which completed its strategically transformative acquisition of ME Bank. Underweight positions in: Nanosonics (NAN) – which had rallied unduly into the quarter and then had a disappointing half-yearly result and Coles (COL) – which reported a disappointing slowdown in sales in February due to market share loss.

Negative attribution came from overweight positions in: Afterpay (APT) – which gave back some of its very strong recent performance as high-multiple "winners" were sold off; Carsales (CAR) – which reversed previous gains due to concerns about the sustainability of used car demand post reopening; Nuix (NXL) – which reported an unexpected decline in YoY revenues in its maiden result after a very strong result post-IPO.

OUTLOOK

It has been a little over 12 months since COVID-19 shut down the world, in turn driving the deepest economic downturn since WWII and the fastest equity bear market decline in history. At the time, with no precedent in dealing with a global health crisis, fear and risk-off behaviour was magnified as governments around the world implemented social restrictions and rushed to close borders.

Expectations of the size of the economic and financial market impacts were hastily made when the fear factor and level of uncertainty was at its highest. Predictions of house price declines of 20 per cent were a commonplace as were fears that the economy, corporate earnings, dividends and the labour market would take years to recover to pre-pandemic levels.

Of course, with the benefit of hindsight, we now know expectations were almost universally too pessimistic. In fact, the Australian economy, which slumped in 2Q20 was bouncing back by 3Q20. The equity market reached its lows only 43 days after peaking and has been rising steadily ever since.

It is safe to say that Australia's economic and equity market recovery has exceeded expectations at very nearly every level since mid-2020 as a result of extraordinary levels of fiscal and monetary policy support and relative success at containing the virus. If history has taught us anything, it's that you must address the root of the problem before financial markets and economies can form a sustainable bottom. For a health crisis, it meant containment of the virus. For the resulting economic crisis, it meant enough policy support to limit the damage. Thankfully, Australia had the right response for both and built a bridge to the other side of the crisis until a vaccine emerged.

But while the economy has recovered faster than imagined, and the equity market has looked through the downturn as only a temporary blip, there have been some lasting implications for the economic and investment landscape. COVID-19 induced lockdowns and social distancing requirements have been the catalyst for several permanent changes in working and consumption habits. Remote working raised the need for home-based technology such as Zoom and access to online offerings such as Red Bubble and Temple & Webster. This was at the expense of more traditional office-based requirements including floorspace and commuting requirements.

Those technology providers that were focused on productivity tools, telco access, e-commerce and logistics were all short-term winners, but are also likely to continue to benefit in a post COVID-19 world as well. The potential for a reopening of international borders (even if through travel bubbles and vaccine passports) is likely to help underpin the upside in more cyclical areas such as travel and leisure, gaming, hotels, and real estate.

However, it is important to distinguish between cyclical and structural shifts as we look forward. While the equity market is excited about the potential for further value versus growth stock performance, it's unlikely that this is more than a cyclical upswing that will begin to fade as economic, and earnings growth normalises.

Perhaps one of the most positive developments during the past 12 months has been how COVID-19 has accelerated the importance of ESG investing as social factors finally rose to the same level of importance as good environmental and governance practices. Worker safety and wellness, workplace flexibility, diversity, inequality and governing compensation are now all at the forefront of corporate behaviour. It only took a global pandemic to get there!

While the pandemic has been tragic in terms of the loss of lives, it has been the catalyst to align corporate and investor preferences with wider social issues and commitments such as climate change - which will have lasting impacts on how and where to invest - as well as the health and wellbeing of the planet.

Once again, we are reminded of the durability of economies and the adaptability of corporates and consumers in adjusting to changing circumstances. Investors are also reminded that COVID-19 has brought on the future of work and consumption at a much faster-than-expected pace, and this will have a lasting impact on where to invest.

Quite simply, there has never been a better environment for active investors and stock pickers and the current market conditions are ripe with opportunities.

See gsfm.com.au for more information about the Tribeca Alpha Plus Fund.