

Tribeca Australian Smaller Companies - Class A

JUNE 2021

Fund Overview

INVESTMENT PHILOSOPHY

The Fund provides exposure to listed Australian companies outside of the top 50 and predominantly outside of the top 100 ASX listed companies by market capitalisation. In doing this, the Fund seeks to benefit from the concept of information arbitrage. This refers to the fact that the largest companies tend to be very well covered by market participants, thereby reducing the opportunity to profit from information gained through research. On the other hand, smaller companies are often ignored and therefore research on these companies can uncover unrecognised value.

INVESTMENT APPROACH



Source: Tribeca Investment Partners

- The investment process seeks to identify the market leaders of the future and will have a bias toward companies with relatively high quality and sustainable earnings streams
- A relatively concentrated portfolio, the Fund generally holds 40-60 stocks.
- Style-neutral exposure to Australian smaller companies
- Proprietary risk management tools used to manage overall portfolio risk
- A proven investment process that has been effective through a number of market cycles spanning over 15 years
- Long history of outperforming the S&P/ASX Small Ordinaries Accumulation Index

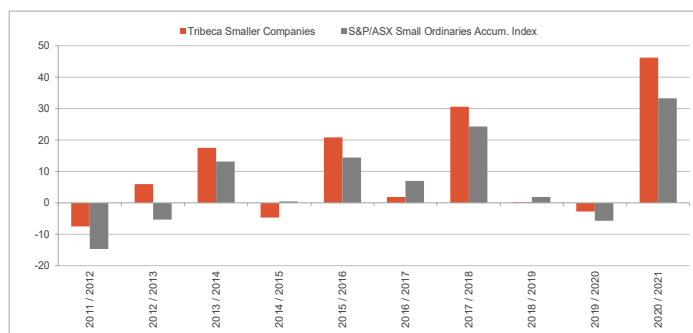
Fund Characteristics

TOP 10 ACTIVE WEIGHTS

	Active Position%
PWR Holdings Ltd.	2.9
Life360, Inc.	2.7
IGO Limited	2.4
Mineral Resources Limited	2.4
Senex Energy Limited	2.3
Pendal Group Limited	2.3
Eclipx Group Ltd.	2.2
Ramelius Resources Limited	2.2
Qube Holdings Ltd.	2.2
Healius Limited	2.2

LONG TERM PERFORMANCE VS BENCHMARK

Tribeca Smaller Companies Fund vs S&P/ASX Small Ordinaries Index (%): delivered outperformance in 7 out of 10 financial years



Source: Tribeca Investment Partners
Past performance is not a guide to future performance

Performance as at 30 June 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	3.18	9.33	46.26	12.51	13.63	11.79	9.37	9.96
Benchmark ³	3.08	8.50	33.23	8.60	11.24	10.07	5.99	6.28
Value Added	0.10	0.83	13.03	3.91	2.39	1.72	3.38	3.68

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

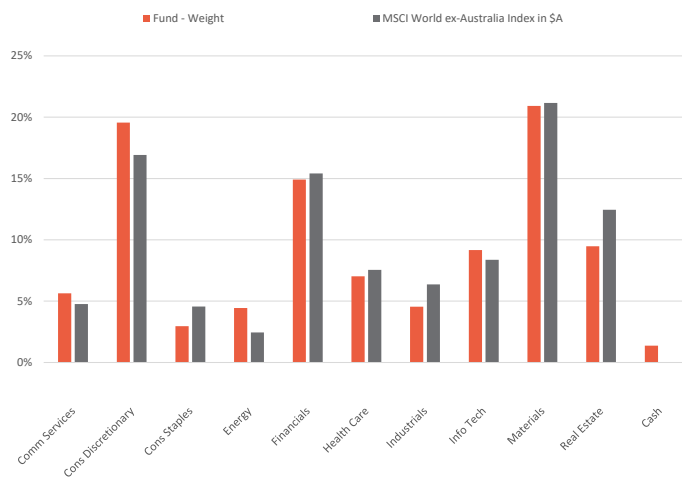
3. S&P/ASX Small Ordinaries Accumulation Index

Past performance is not a guide to future performance

TOP 10 HOLDINGS

	Fund%	Index% ¹
Steadfast Group Limited	3.4	1.5
Pendal Group Limited	3.3	1.0
Healius Limited	3.1	0.9
Life360, Inc.	3.0	0.3
PWR Holdings Ltd.	2.9	--
Fletcher Building Limited	2.9	1.0
Ramelius Resources Limited	2.7	0.5
Charter Hall Long WALE REIT	2.7	1.0
Virgin Money UK PLC Shs Chess Depository	2.7	1.2
Senex Energy Limited	2.6	0.2

SECTOR ALLOCATION



¹ S&P/ASX Small Ordinaries 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
ETL0052AU

INCEPTION DATE
5 August 2010

DISTRIBUTIONS
Half-Yearly

INVESTMENT MANAGER
Tribeca Investment Partners
Pty Ltd.

RESPONSIBLE ENTITY
Equity Trustees Limited

MANAGEMENT FEE
0.92% P.A.

PERFORMANCE FEE
15.38% of the Fund's return
above the Fund Benchmark

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

Manager Commentary

Global equity markets finished the financial year posting further gains, with our domestic market among the strongest performers and capping off its best financial year since the 1980s. Equity market performance has been underpinned by ongoing fiscal stimulus and persistently accommodative monetary policy from central banks. Domestically, earnings revisions remain firmly in upgrade territory, with breadth measures running at a high rate of c.70%. The gap to pre-COVID expectations continues to close with EPS levels now 7% below that high watermark and the return of company outlooks has seen revision strength broaden. The value rotation theme persisted through until June, whereupon markets lurched back to favour growth stocks and bonds ironically just as the US Fed tilted more hawkish in their commentary. It was evident to us that positioning had become somewhat stretched across the reflation trade, with a pause to refresh, a healthy sign in our view.

The small cap market delivered an +8.5% return for the quarter, largely in-line with the broader market (S&PASX Accumulation Index gained +8.3%). Financials paced gains, with lenders and market-linked earners relishing the current macroeconomic tailwinds while materials were also strong as commodity prices continued to surge on a mixture of supply demand concerns and a slightly weaker USD (DXY -0.9%). Consumer staples were a material laggard, with little explanation outside of strong markets stoking risk appetite. Industrials and consumer discretionary names also underperformed. The Fund outperformed to close out a strong year of alpha generation, with a broad mix of individual stock contributors tilting the outcome positively at quarter-end.

Among our positive contributors, Mineral Resources (MIN +41.3%) hosted a three-day site tour across their WA operations, reinforcing the strong growth outlook across its iron ore, lithium, and mining services operations. A key plank of their strategy is material expansion in iron ore volumes (off a low base), in the region of 300%, at a very low cost of production. Optionality also exists in the lithium operations, with multi-year volume growth and potential agreements for downstream processing with their partner Abermarle. Due to the strength of the cashflow outlook, MIN would appear to be able to self-fund the projects, which is a material positive. Life360 (360 +39.2%) updated the market in June, noting their guidance for December 2021 was likely to come in at the top end of the previously provided range. Download data we track for the group's app has been very strong and in the top 5 apps downloaded in the US market at times, which bodes very well for future customer monetisation, in our view. 360 remains very cheap relative to its peers. Uniti Wireless (UWL +43.9%) continued to perform well as strong housing market data bode well for future greenfield housing estate development and additional broadband development agreements for UWL. We think UWL's share of new internet connections, based on recent data, could indicate that they are taking a greater share in the broadband market while the strategy to move into adjacencies such as commercial is expected to drive additional growth. The infrastructure nature of UWL's business would also be attractive to various pension funds which are currently showing strong appetite for such assets. Praemium (PPS +71.7%), continued its rally through the quarter despite announcing the abrupt departure of its long-serving CEO. The Board elected to remove the CEO and conduct a strategic review of the loss-making international business which has long been a concern for the market. We continue to see value in PPS and believe a strategic review may help to highlight the break-up value of the group. City Chic Collective (CCX +37.9%) was the subject of no meaningful news during the quarter, however website patronage data indicates that reopening in the Northern Hemisphere is resulting in a material jump in visitation to CCX's online store. While the group pivoted during COVID to offer more stay-at-home wear, their apparel range has historically catered to 'occasion' or 'going out' wear and should see a material pickup in demand as restrictions ease in their US and Australian markets which could lead to upgrades to earnings expectations.

Detractors over the quarter included EML Payments (EML -29.0%), which fell significantly during May before recovering modestly by financial year end, after announcing the receipt of a letter from the Central Bank of Ireland (CBI) which raised "significant regulatory concerns" relating to its anti-money laundering and counter terrorism risk and control frameworks. The concern related specifically to a sub-set of EML's business (comprising around 27% of group revenue) which was transferred to an Irish regulated entity in December last year following Brexit. The range of potential outcomes from such a letter is very broad and the market rightly moved to price in a high degree of uncertainty while the situation evolves. Following a detailed review, we believe that the likely outcome for EML will be far less punitive than what the market is pricing in, however we acknowledge the uncertainty around tail risks. As such, we have maintained our existing position but have not added to it. Following June month end, EML provided a Q3 trading update which highlighted that the business is tracking ahead of consensus. Costa Group (CGC -28.9%) provided a qualitative update and some 1H guidance at their AGM which underwhelmed the market. Expectations had been for a strong 1H growth following a prior reporting period impacted by drought and bushfires. However, pricing of avocados, fruit fly costs and labour shortages hit margins more than expected. In the medium term, consumer demand remains strong for their products, and we used the opportunity to add to our position. Nickel Mines (NIC -19.2%) underperformed during the quarter, for two stock-specific reasons. Firstly, the company continued to be impacted by the soft March quarter result which came out late April (higher quarterly costs that took investors by surprise). Furthermore, the Managing Director was involved in a serious accident that may see him sidelined for several months. We remain positive on the company as we still believe it will continue to grow its assets in Indonesia and should see material capital returns in time.

Sigma Healthcare (SIG -12.5%) performed poorly after well-regarded CEO Mark Hooper announced he was stepping down after 11 years. It was disappointing timing given the business turnaround having only recently been executed, however SIG has emerged with good trading momentum in its key markets and a more favourable 7th CPA agreement with the government has removed a deflationary headwind for the first time in years. We think SIG should be able to continue to grow earnings at a double-digit clip from here - arguably something the stock is not priced for. Further, the balance sheet should de-lever reasonably quickly given major capex plans are complete, raising the prospect of acquisitions or capital management complementing growth. Lastly, Flight Centre (FLT -17.5%) endured a challenging quarter, with rolling capital city lockdowns impacting domestic travel volumes as well as sentiment. Looking abroad, the re-opening of economies has been met with a very strong rebound in travel to well above 2019 levels. FLT has strong franchises in offshore markets which will see these benefits. It also bodes well for the domestic and international outbound tourism sector once the protracted vaccination program finally inoculates the majority of our local population and borders ultimately reopen. We expect tourists to seek a more full-service travel offering, given the added complexities that are likely to accompany future travel, at least in the initial stages. This is right in FLT's wheelhouse, in our view.

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

Important Information

Investment Manager: Tribeca Investment Partners Pty Ltd ABN 64 080 430 100 AFSL 239070, Responsible Entity: Equity Trustees Limited ('EQT') ABN 46 004 031 298 AFSL 240975, Distribution partner: GSFM Pty Limited ('GSFM') ABN 14 125 715 004 AFSL 317587. This report is provided for information purposes only and is not intended to take the place of professional advice. Neither Tribeca, EQT nor GSFM give any warranty as to the accuracy, reliability or completeness of the information in this report nor do they undertake to correct any information subsequently found to be inaccurate. Opinions expressed may change without notice.

This report has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision in relation to the Fund, you should consider the appropriateness of this information having regard to your own objectives, financial situation and needs and read and consider the Fund's product disclosure statement ('PDS') dated 26 October 2018 and the Tribeca Investment Partners Reference Guide which forms part of the PDS. Retail investors may invest in the Fund through a licensed financial adviser or an investment platform using the PDS for that platform which can be obtained from the operator of the platform. This document is issued on 19 July 2021.