Tribeca Investment Partners

Fund Update

Tribeca Australian Smaller Companies - Class A

JULY 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

1. Eliminate top 50 and screen on quality
2. Scan remainder for those worthy of detailed research and valuation
3. Best opportunities subject to Portfolio Characteristics Test and Macro view
4. 50 stock portfolio

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

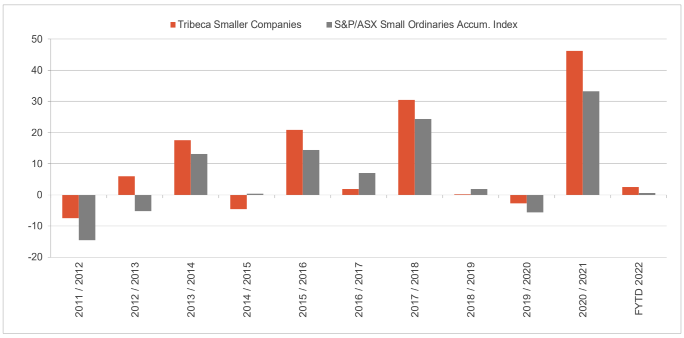
Fund Characteristics

TOP 10 ACTIVE WEIGHTS

	Active Position%
Life360, Inc.	3.1
IGO Limited	2.9
Lynas Rare Earths Limited	2.6
Evolution Mining Limited	2.5
PWR Holdings Ltd.	2.5
Eclipx Group Ltd.	2.4
Healius Limited	2.2
Mineral Resources Limited	2.1
Ramelius Resources Limited	2.1
Senex Energy Limited	2.1

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 31 July 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]	2.53	5.50	45.43	13.93	12.13	11.90	9.68	10.13
Benchmark[3]	0.68	4.06	32.30	9.22	9.57	9.42	5.92	6.29
Value Added	1.85	1.44	13.13	4.71	2.56	2.48	3.76	3.84

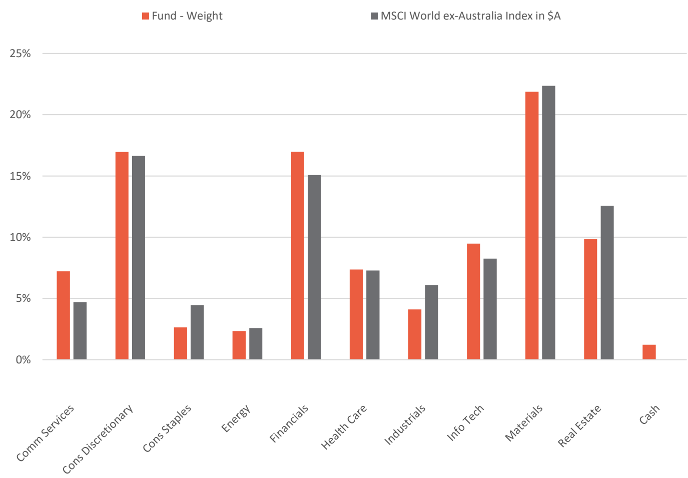
1. Inception date: 5 August 2010
2. Returns are based on end of month redemption prices and calculated after the deduction of ongoing fees and expenses but before tax and assume distributions are reinvested
3. S&P/ASX Small Ordinaries Accumulation Index

Past performance is not a guide to future performance

TOP 10 HOLDINGS

	Fund%	Index% [1]
Steadfast Group Limited	3.5	1.5
Life360, Inc.	3.5	0.4
Healius Limited	3.2	1.0
IGO Limited	2.9	--
Fletcher Building Limited	2.8	1.0
IOOF Holdings Ltd	2.8	1.0
Charter Hall Long WALE REIT	2.7	1.0
Eclipx Group Ltd.	2.7	0.3
Virgin Money UK PLC	2.7	1.3
Ramelius Resources Limited	2.7	0.5

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 markets were mixed result in July, as the delta strain of the Covid virus spread globally. The Australian market rallied towards month end to finish with a modest gain as market EPS upgrades continued, despite lockdowns in Sydney and Melbourne. Large caps (+1.1%) outperformed small caps (+0.7%). US markets led the way higher on the back of a very strong quarterly reporting season. Meanwhile, emerging markets fared poorly, logging large declines largely as a result of China's regulatory crackdown across the health, fintech and education sectors, with the effects felt in Japanese and emerging Asia. It was therefore interesting that resources led local market performance, with a lower USD and strong global demand pushing commodity prices higher ex iron ore. The energy and industrial sectors were also strong performers, while healthcare, financials and discretionary lagged. The Tribeca portfolio delivered positive alpha for the month with a spread of positive stock performance across sectors. Materials names were the most volatile and thus dominating our top/bottom contributors.

Names delivering positive alpha to the portfolio included Lynas Rare Earths (LYC +28.6%), after reporting strong fourth quarter production to round out FY21. Volumes were inline to slightly ahead of guidance, as were costs, an impressive result while operating in the midst of locked-down Malaysia. Realised prices and cash flows were also ahead of market. Meanwhile, Rare Earth pricing rebounded from a June selloff, with fundamentals continuing to look attractive and forecast supply to remain tight as EV and renewable power adoption is being mandated at an increasing rate. IGO Limited (IGO +22.0%), completed their acquisition of 49% of Tianqi Lithium announced back in December. There had been some speculation that the deal wouldn't close, resulting in IGO underperforming peers such as Pilbara, Orocobre and Galaxy as the market waited for confirmation. We are very supportive of the acquisition, which delivers IGO around half of an integrated tier 1 lithium asset struck at a price reflective of the poor market conditions at the time. Operationally, Q4 production and costs were sound while IGO also made a small acquisition in July next door to their existing Nova nickel mine which will further extend mine-life.

Life 360 (360 +19.3%) continued to perform well, after reporting strong quarterly numbers with positive outlook commentary. The June quarter was unseasonably strong, with management cautioning against extrapolating into the September quarter (historically their strongest) as the Covid delta strain potentially clouded US back-to-school post holidays. Regardless of this, markets numbers had to come up by around 10%. Further, a US peer listed in July at a comparative valuation well north of where 360 is currently trading and with similar operating metrics. We still believe there is material upside for 360 from current levels. Mineral Resources (MIN +17.3%), weathered the selloff in iron ore prices well (iron ore -8.6%), as more details emerged surrounding the expansion of volumes at their Ashburton project – a material value driver for the company. MIN is aiming to triple production of iron ore with costs well below their existing projects and more commensurate with the iron ore majors. This will result in a more defensive iron ore business moving forward should pricing come down as anticipated by markets. Meanwhile, surging lithium prices after a challenging few years refocused investors on MIN's assets in the space, in particular their JV with lithium major Abemarle at the Wodgina deposit. Lastly, Nickel Mines (NIC +11.1%) had a better month and bounced from recent lows with prices of refined nickel (Nickel LME +7.8%) and nickel pig iron rallying strongly in July.

Detracting from the portfolio in July was Data#3 (-16.8%), which fell sharply after releasing a disappointing trading update. The company pre-reported its PBT (profit before tax) for FY21 highlighting an 8% increase year-on-year. Despite being a record profit for the company this disappointed us and the market as it was below expectations given the higher growth seen in digitalisation proxies (international peers and key suppliers such as Microsoft). The company's earnings were impacted by the global shortage in computer chips, which has caused supply constraints, however this appears to only partially explain the miss versus expectations. We decided to deploy the capital invested in DTL elsewhere and sold down the holding. As we mentioned earlier, lithium prices plumbed their lows right around the time of IGO's acquisition of Tianqi back in December 2020. Since then, it's been quite the recovery with prices doubling in 6 months, as a concerted effort by governments around the world to tackle climate change took shape. This involved a commitment to phasing out internal combustion vehicles in favour of electric, with many introducing mandated targets in the not-too-distant future. While this firmed up future demand, the supply side lost 1-2 years of supply growth as prices declined to their December lows and miners struggled to mount an investment case for expansion tonnes.

Three names in the lithium space we don't hold, Pilbara Minerals (PLS +22.1% - not held), Orocobre (ORE +27.5% - not held) and Galaxy Resources (GXY +27.0% - not held) all performed strongly (along with the names we did hold). We are bullish on the battery metals space and believe many are underestimating the significant supply-side response required to meet future intentions regarding electrification. Lastly, Senex Energy (SXY -7.0%) released their Q4 production that was largely in-line with market expectations but gave back some of the previous two quarters' strong share price performance.

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