

# Tribeca Australian Smaller Companies - Class A

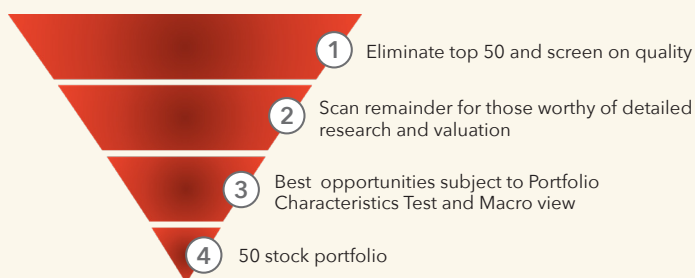
AUGUST 2021

## 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

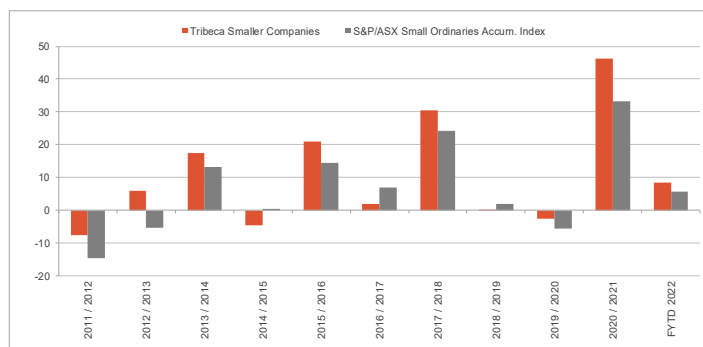
## Fund Characteristics

### TOP 10 ACTIVE WEIGHTS

	Active Position%
Life360, Inc.	3.3
PWR Holdings Ltd.	2.5
Eclipx Group Ltd.	2.4
Lynas Rare Earths Limited	2.3
IOOF Holdings Ltd	2.2
Evolution Mining Limited	2.2
oOh media Ltd	2.2
IGO Limited	2.2
Healius Limited	2.0
Graincorp Limited Class A	2.0

### 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 August 2021

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	10 years % pa	Since inception <sup>1</sup> % pa
Class A Units <sup>2</sup>	6.07	12.21	44.32	15.46	14.46	12.90	10.55	10.64
Benchmark <sup>3</sup>	4.98	8.95	29.51	10.09	10.99	9.82	6.72	6.71
Value Added	1.09	3.26	14.81	5.37	3.47	3.08	3.83	3.93

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

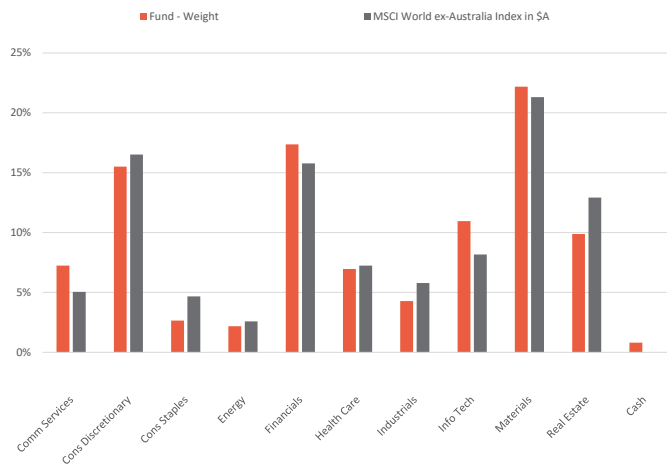
3. S&P/ASX Small Ordinaries Accumulation Index

Past performance is not a guide to future performance

TOP 10 HOLDINGS

	Fund%	Index% <sup>1</sup>
Life360, Inc.	3.8	0.4
Steadfast Group Limited	3.5	1.7
IOOF Holdings Ltd	3.3	1.1
Healius Limited	3.0	0.9
Charter Hall Long WALE REIT	2.7	1.1
Eclixp Group Ltd.	2.7	0.3
Virgin Money UK PLC	2.7	1.3
Uniti Group Ltd.	2.7	1.1
Fletcher Building Limited	2.7	1.0
oOh media Ltd	2.6	0.4

SECTOR ALLOCATION



<sup>1</sup> 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

<b>APIR CODE</b> ETL0052AU	<b>RESPONSIBLE ENTITY</b> Equity Trustees Limited
<b>INCEPTION DATE</b> 5 August 2010	<b>MANAGEMENT FEE</b> 0.92% P.A.
<b>DISTRIBUTIONS</b> Half-Yearly	<b>PERFORMANCE FEE</b> 15.38% of the Fund's return above the Fund Benchmark
<b>INVESTMENT MANAGER</b> Tribeca Investment Partners Pty Ltd.	<b>BUY/SELL SPREAD</b> Buy +0.30% / Sell -0.30%

Manager Commentary

Global equity markets broadly gained during August, climbing a wall of worry as various economies experienced a delta-induced spike in virus cases, sparking concerns around the global recovery. Economic data was mixed, however largely remained at levels consistent with healthy underlying growth, apart from China. Here, expectations were that cooling measures had been effective and some level of easing would be forthcoming. Domestically, yet another results season was wracked by the uncertainty given protracted lockdowns. Much like August 2020, earnings projections for the market were pared back by -1.2% (versus the global market peer group which recorded positive EPS revisions in August. This saw the broader Australian market underperform as a result. By contrast small caps had a strong month (+5.0%) outperforming the broader market as large cap resources names succumbing to falling iron ore prices (iron ore USD/MT -20.6%). Further, a theme consistent throughout reporting season was investors rotating into re-opening trades during results as domestic vaccination rates accelerated and the political narrative shifted towards living with the virus. We think this ultimately favoured smaller, domestically focused names. The Tribeca portfolio outperformed its benchmark for the month.

Reporting season dominated the narrative for the month. Results moved back towards the average skews of beats to misses and revisions to forward EPS (outside of some outliers). Outside of physical retail names, where post 30 June updates were generally soft, outlook statements were non-committal but not overly bearish. Names that delivered positive alpha during the period included DGL Group (DGL +55.6%), a recent IPO in which we participated. Almost entirely founder-owned and based in New Zealand, DGL raised primary money only to pursue investment and M&A opportunities in the highly fragmented chemical and waste processing space. We viewed the IPO as reasonably priced for the opportunity, and subsequently the company has wasted no time in putting the money to work via recent acquisitions and capex announcements. We think the possibility of some larger deals coming to fruition are good, albeit the market is starting to partly factor this into the price. Graincorp (GNC +21.0%), unexpectedly updated the market in August, upgrading their September FY21 guidance on the back of the exceptionally large 2020/21 crop. We believe that better-than-expected operating leverage and favourable international trading spreads were drivers of higher profitability, however conditions for the upcoming winter crop are as favourable as the previous reporting period with more acreage planted. We acknowledge the seasonal nature of the GNC investment, however exceptional free cash flows will provide optionality for acquisitions/investments to lift future sustainable earnings levels above guided levels. Life360 (+14.8%) maintained its positive momentum as management followed up their July quarterly guidance upgrade with another upgrade, albeit in-line with consensus expectations. The operating momentum within the business is strong, driving earnings upgrades and maintaining an attractive trading multiple. Combined with the strategic optionality recently highlighted by management, it remains one of our key overweights. It was another strong month for Uniti Wireless (UWL +24.4%) after yet another earnings beat. Market adjacencies and share gains in their core market are driving strong earnings growth in a defensive, infrastructure-like business, thus the multiple the market is willing to pay has increased materially in recent times. We think management is strong and growth likely will continue for some time yet, however it has challenged our valuation at recent levels and as such we have reduced our exposure. Lastly, Champion Iron (CIA -22.5% Not held) was caught up in the iron ore unwind as an emerging producer of the commodity and the share price suffered.

Detractors from performance fell into two buckets. Firstly, 'new-energy' stocks were disproportionately represented, being Mineral Resources (MIN -12.7%), Pilbara Minerals (PLS +26.0% NOT HELD) and Lynas Rare Earths (LYC -6.3%). The underlying market for the commodities driving these names continues to be strong, with forward projections of supply and demand for rare earths and lithium very favourable with expectations for prices to maintain their current high levels or move even higher. We are cognisant that the cure for high prices is high prices (i.e., incentivise new production), however the lead time for any material supply response is quite lengthy. In terms of individual stocks, there was likely an element of mean reversion after strong performances from LYC and MIN in the previous months while iron ore exposure at MIN saw an additional reason for investors to take profit. PLS has been executing well post their acquisition of the Altura mine next door out of administration and offers small cap investors more direct lithium exposure. That said, valuations across the lithium space do look extended and require high prices and solid execution of ramping up volumes. These valuations do make our existing lithium exposures (MIN and IGO) look great value, in our view, and we anticipate some catch up in performance. Secondly, gold names had a challenging month and included our two exposures, Ramelius Resources (RMS -9.7%) and Evolution (EVN -6.5%). Physical gold prices were steady so not a catalyst for the weakness, with this period traditionally a good time for gold performance. In terms of exposures, we still carry an underweight in gold and cumulatively we have benefitted from sector underperformance in August. From a valuation perspective, free cashflow yields in the sector are looking attractive and we recently added some additional exposure via emerging producer Capricorn Resources (CMM).

**See [gsfm.com.au](http://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 14 September 2021.