

# Tribeca Australian Smaller Companies - Class A

NOVEMBER 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

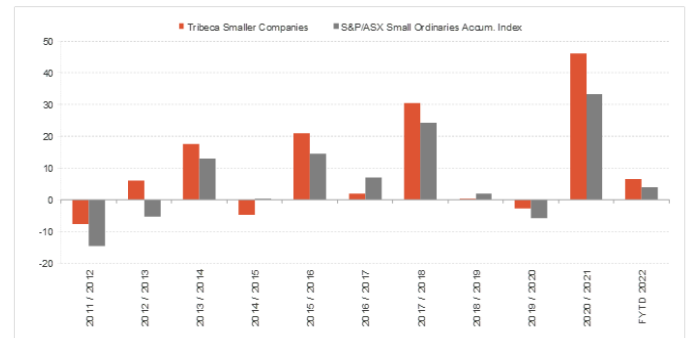
## Fund Characteristics

### TOP 10 ACTIVE WEIGHTS

	Active Position%
Life360, Inc.	4.2
Nickel Mines Ltd.	3.0
PWR Holdings Ltd.	2.6
Mineral Resources Limited	2.5
Eclixp Group Ltd.	2.5
Senex Energy Limited	2.5
Charter Hall Retail REIT	2.2
Ramelius Resources Limited	2.2
Allkem Limited	-2.2
Imdex Ltd	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 30 November 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>	(1.96)	(1.72)	29.11	19.49	15.70	13.77	10.75	10.22
Benchmark <sup>3</sup>	(0.31)	(1.54)	18.44	13.54	11.65	11.16	7.35	6.41
Value Added	(1.65)	(0.18)	10.67	5.95	4.05	2.61	3.40	3.81

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

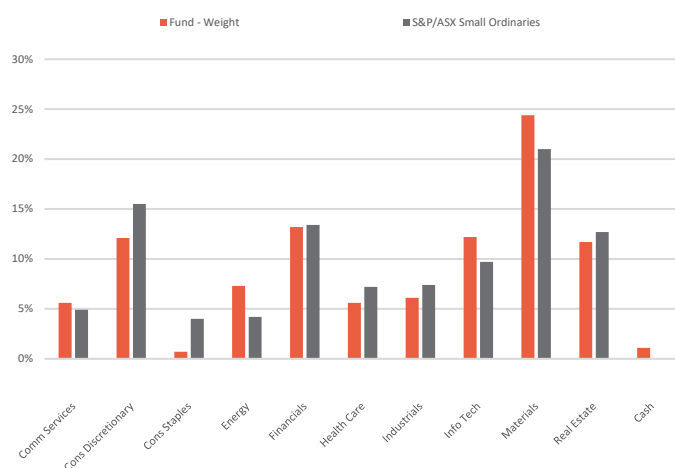
3. S&P/ASX Small Ordinaries Accumulation Index

Past performance is not a guide to future performance

## TOP 10 HOLDINGS

	Fund%	Index% <sup>1</sup>
Life360, Inc.	4.8	0.7
Nickel Mines Ltd.	3.9	0.9
Charter Hall Retail REIT	3.0	0.8
Senex Energy Limited	2.8	0.3
Eclixp Group Ltd.	2.7	0.2
Steadfast Group Limited	2.7	1.6
Corporate Travel Management Limited	2.7	0.9
Ramelius Resources Limited	2.7	0.5
IOOF Holdings Ltd	2.6	0.9
PWR Holdings Ltd.	2.5	--

## 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

**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

Australian stocks outperformed, as volatility in global markets ramped up in the final days of the month after the discovery of a more transmissible COVID variant named Omicron and questions arose around existing vaccine efficacy. This added to fears of more lockdowns that had already started to re-emerge as COVID cases began to rise in the Northern Hemisphere. To top it off, on the last day of the month, Fed chair Powell signalled tapering may be accelerated as inflation is less transitory than first thought. This double whammy was a headwind for risk assets and flattened yield curves. Within the domestic market, small caps marginally outperformed the broader market, closing down -0.3% against the ASX200 Accumulation Index which fell -0.5%. Materials, tech and telcos led performance while energy, consumer discretionary and industrials all fell by over 3%. From a factor perspective, quality was the standout performer, while value lagged despite the strong contribution from resources. The Tribeca Fund underperformed for the month, with some particularly harsh reactions in our overweights after slightly softer updates, and elements of rotation away from reopening on COVID concerns. Additionally, some large index weights that we don't hold, and are at very early stages in their development, appreciated materially.

Detractors for the month were led by Novonix Ltd (NVX +61.5% NOT HELD), an emerging battery development and material technology company. NVX is aspiring to be the one of the first scale suppliers of high-capacity, long-life, synthetic graphite anode material to battery producers. Procuring meaningful supplies of natural graphite has been challenging for the world's battery manufacturers, particularly given forecast demand growth, while synthetic graphite is possible solution if the natural materials qualities can be replicated. NVX has attracted significant end market interest and secured investment from an energy major onto its register in a recent placement. However, it is still 2 years away from any genuine production and we think it is already imputing a large amount of success at \$4.4bn market cap. Tyro Payments (TYR -28.7%), fell sharply after providing a trading update at their AGM which highlighted a deterioration in its gross profit margin compared to FY21 levels. Whilst a drop in margins was expected (given a new distribution agreement with Bendigo Bank), the extent of the change and the way in which it was communicated to the market created increased uncertainty that saw investors move to the sidelines. In our view the market reaction was overdone, a view supported by the relatively modest change to consensus earnings. We remain constructive on the name. Betmakers (BET -26.3%) saw, after some delay, the bill signed into law authorising fixed odds betting in New Jersey, the first U.S. state to do so. BET has an exclusive 10-year agreement to deliver and manage fixed odds racing in the state. It would seem to have been better to travel than arrive as the share price proceeded to taper off for the rest of the month. We remain very confident in the U.S. fixed odds market opportunity with BET as the conduit for investors to gain exposure to what we believe to be a long runway of growth. The mining exploration company Chalice Mining (CHN +49.5% NOT HELD), delivered an update on their recent drilling program at the highly prospective Julimar deposit. Investors gave it the thumbs up, with excellent minerality open at depth and along strike. Unfortunately, the company is many of years away from delivering any meaningful revenues and cashflows. Lastly, Eclixp Group (ECX -12.4%), lost ground after delivering a strong beat to market expectations at their FY21 result. We still see excellent value despite the anomalous price move over the month.

Turning to positive contributors, and it was pleasing to see Nickel Mines (NIC +35.9%) rebound after a period consolidating gains, having delivered a couple of soft quarterly production reports. They reported that first production from their Angel Nickel project is expected 6 months ahead of schedule, while also signing an MoU for participation in future HPAL projects to supply battery grade nickel. Life360 (360 +10.8%) ran strongly into an announcement to purchase global location tracking & hardware company Tile. We see the acquisition as highly complementary to 360's strategy. Lynas Rare Earths (LYC +21.0%) was buoyed by rising rare earth prices, as China was forced to throttle production due to power shortages. Mineral Resources (MIN +17.3%) rebounded after a few tough months as iron ore prices stabilised and management elaborated on future expansion projects in the WA's Pilbara at their AGM. These expansions would materially reduce average cost of production. Further, lithium prices remained very strong providing an attractive look-thru to MIN's operations which management noted may be spun out in the future. Lastly, Praemium (PPS +18.4%) received a proposal to merge with rival Netwealth (NWL). Our view is the proposal is low, but we are constructive on being part of the merged entity with a more appropriate premium implied.

**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. Tribeca Australian Smaller Companies Fund Class A's Target Market Determination available at [www.gsfm.com.au](http://www.gsfm.com.au). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed. This document is issued on 14 December 2021.