

Tribeca Australian Smaller Companies - Class A

JANUARY 2022

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

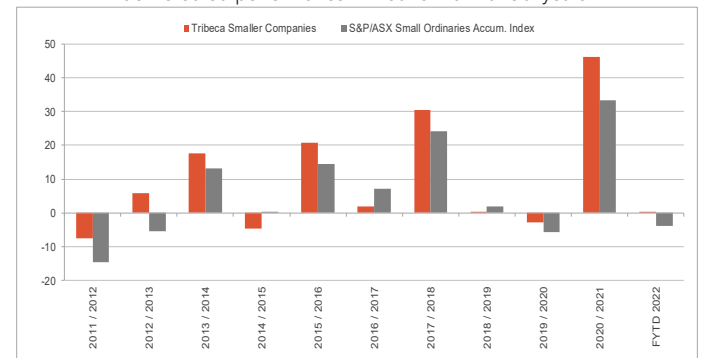
Fund Characteristics

TOP 10 ACTIVE WEIGHTS

	Active Position%
Life360, Inc.	3.4
Mineral Resources Limited	3.2
Nickel Mines Ltd.	3.1
Senex Energy Limited	2.8
Eclixp Group Ltd.	2.5
IGO Limited	2.4
PWR Holdings Ltd.	2.4
Imdex Ltd	2.3
Charter Hall Retail REIT	2.2
G.U.D. Holdings 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 January 2022

	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	(8.06)	(7.63)	17.33	17.60	13.67	13.07	9.73	9.49
Benchmark ³	(9.00)	(7.99)	6.65	10.13	9.64	9.68	6.17	5.57
Value Added	0.94	0.36	10.68	7.47	4.03	3.39	3.56	3.92

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

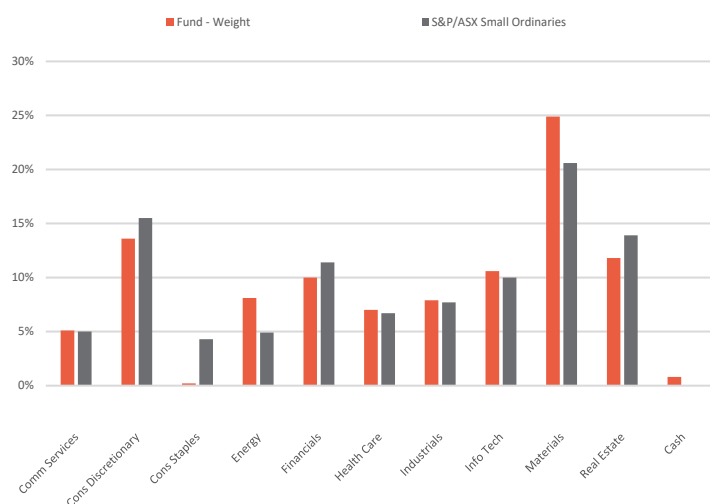
3. S&P/ASX Small Ordinaries Accumulation Index

Past performance is not a guide to future performance

TOP 10 HOLDINGS

	Fund%	Index% ¹
Nickel Mines Ltd.	4.1	1.0
Life360, Inc.	3.9	0.5
Mineral Resources Limited	3.2	--
Senex Energy Limited	3.1	0.3
Charter Hall Retail REIT	3.0	0.8
Corporate Travel Management Limited	2.8	1.0
Eclixp Group Ltd.	2.8	0.2
Imdex Ltd	2.7	0.5
G.U.D. Holdings Limited	2.7	0.6
Insignia Financial Ltd	2.6	0.9

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.

Source: Tribeca Investment Partners

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

A gnawing sense of doubt plagued markets in the first month of 2022, with most major equity indices flirting with or entering a technical 'correction'. The threat of an overly zealous Fed, the Omicron wave and ongoing supply chain concerns raised questions about the resiliency of the global recovery. With incoming 4Q21 data suggestive of a drop in momentum as we moved into the new year, commentators were quick to draw comparisons to late 2018. We don't see this as the case. Ahead of domestic interim reporting in February, the quarterly earnings season across major markets saw around three quarters of companies beat estimates, although the quantum was down compared to the previous quarter. Factor wise, trends in January were consistent with those of a market correction, with investors favouring defensive factors such as low volatility and beta while punishing securities with stretched or higher valuations. Turning to markets, the broader S&P/ASX 200 Accumulation Index fell 6.4%, the worst month since the outbreak of the COVID-19 pandemic. Tech, health and staples led declines. In Small caps, the damage was worse, with the index falling 9.0%. The culprits were similar though resources names fell far more than their larger peers. The Tribeca portfolio held up better than the market, with cyclicals and defensive names escaping much of the carnage. This was partially offset by IT and growth exposures which dragged on performance despite our relative value tilt as correlations in the space converged.

Oil prices rallied to a 7-year high during the month, rising 17% to \$91/bbl (Brent), reacting to concerns over tight supply. As life slowly returns to normal, so will mobility and forecast oil consumption, with OPEC indicating lifting its quota to satisfy the recovery in demand. However, data shows various OPEC members falling short of targeted levels of production, casting doubt whether expected levels of spare capacity are accurate. Meanwhile, geopolitical tensions involving the UAE and Russia added to concerns. Higher prices buoyed our holdings in Karoon Energy (KAR +13.7%) and Santos (STO +13.5%) but underperformed the commodity. Both names have relatively near-term targets of carbon neutrality/negative which we feel are underappreciated by the market given their implied valuations, with the added benefit of oil providing an inflation hedge in the portfolio. G.U.D Limited (GUD +8.4%) performed well post their transformative acquisition and capital raise back in December. The market was somewhat polarised over the deal, given they bought the asset at a fair price from private equity who, as a result, doubled their money in short order. However, we think it dilutes the existing business which we weren't overly attracted to while the price stacked up well against comparator ARB Corp which trades at over 2x the GUD multiple. In the worst-case scenario, we feel there is 18 months of new business integration and synergy extraction where earnings growth should be somewhat predictable, and we're paying a big discount to the market multiple. Lastly, nickel prices had a good month (Nickel +9%), as global stockpiles of the metal dwindled and forecast consumption continued to rise on the back of improving EV adoption. Names we hold and exposed to the commodity include Nickel Mines (NIC +0%) and IGO Ltd (IGO +2.4%), though both names delivered strong quarterlies in January and trade relatively cheaply, their value bent assisted in weathering the market volatility during the month.

Stocks contributing negative attribution to the portfolio in January included Brainchip Ltd (BRN +109.6% NOT HELD), which went on an eye-watering rally on the back of no perceptible news (even declaring such in an ASX query released to the market). It did subsequently announce that it was granted a US patent for its neuromorphic artificial intelligence chips, joining various other patents granted in other markets. BRN has an interesting concept that, if proven successful, could be truly game-changing in the field of AI and machine learning applications.

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

On the current basis, the market has been quick to imply a reasonable degree of success into the current share price, with any material revenue still a way off. Life360 (360 -15.6%) and Tyro Holdings (TYR -21.7%) continued to be taken to task by the market, in a similar vein to the rest of the growthier cohort of names. 360 delivered a very strong quarterly that did little to change the mind of investors, despite a valuation now very much at the low end of the range of global tech peers. TYR took a hit from reduced mobility due to Omicron, but their weekly transaction data releases showed a lesser impact than implied by the share price moves, in our view. We think both look reasonably good value and should be poised to regain some of the recent underperformance especially versus their peer group. Lastly, Iluka Resources (ILU +2.4% NOT HELD) is a large index weight but one of our lesser preferred resources names that also managed to hang in well in the soft market conditions as was Beach Energy (BPT +17.5% NOT HELD) in the oil and gas space.

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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. 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 15 February 2022.