

# Tribeca Alpha Plus Class A Units

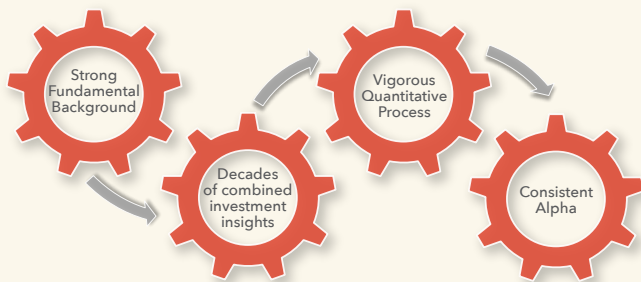
APRIL 2022

## Fund Overview

### INVESTMENT PHILOSOPHY

Tribeca's investment approach uniquely blends fundamental and quantitative processes that aim to identify investment opportunities and generate returns above the benchmark. Fundamental investing gives depth of insight and conviction by identifying high quality businesses with strong fundamentals. Quantitative investing brings breadth and objectivity to the process by exploiting behavioural biases in the market.

### INVESTMENT APPROACH



- A long/short equity strategy that enables investors to benefit in rising and falling markets by taking long or short positions to profit from positive or negative share price movements
- A diversified portfolio, generally consisting of 60-70 long positions and 30-40 short positions
- Style agnostic and broad-based industry exposure
- The active extension structure enables short selling a range of stocks with weak investment characteristics and reinvesting the proceeds in long positions in preferred stocks
- Target allocation of 150% long, 50% short (maximum 50% short exposure)
- Long history of outperforming the S&P/ASX 200 Accumulation Index

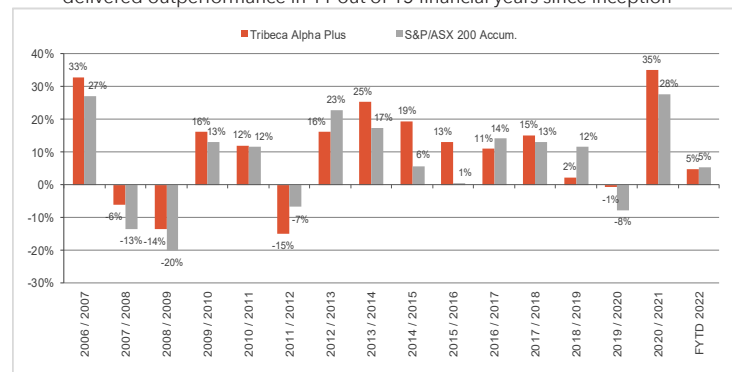
## Fund Characteristics

### TOP 10 ACTIVE WEIGHTS

	Active Position%
Santos Limited	2.8
Treasury Wine Estates Limited	2.6
Seek Limited	2.4
Commonwealth Bank of Australia	-2.2
Transurban Group Ltd.	-2.2
Scentre Group	2.2
Cleanaway Waste Management Ltd.	2.1
Computershare Limited	2.1
Metcash Limited	2.0
Ansell Limited	-1.9

### LONG TERM PERFORMANCE VS BENCHMARK

Tribeca Alpha Plus Fund vs S&P/ASX 200 Accumulation Index:  
delivered outperformance in 11 out of 15 financial years since inception



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

## Performance as at 30 April 2022

	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>	(2.32)	5.11	8.97	14.27	10.41	10.07	12.21	9.68
Benchmark <sup>3</sup>	(0.85)	8.24	10.16	9.42	8.81	7.94	9.90	6.91
Value Added	(1.47)	(3.13)	(1.19)	4.85	1.60	2.13	2.31	2.77

1. Inception date: 18 September 2006

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

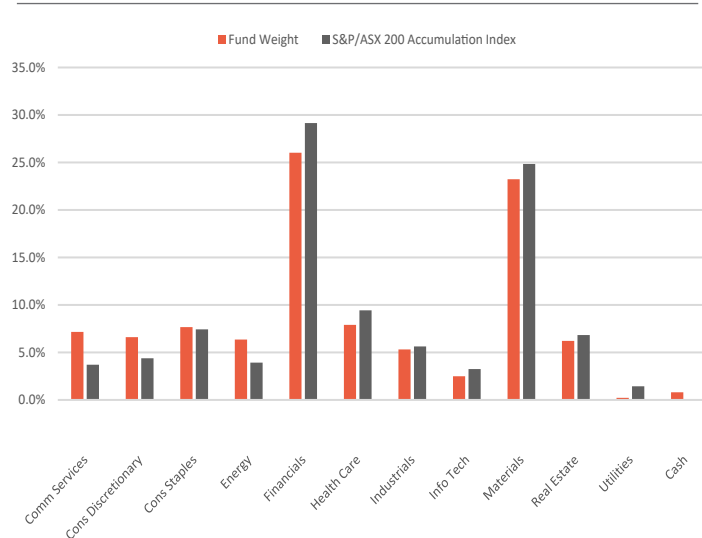
3. S&P/ASX 200 Accumulation Index

Past performance is not a guide to future performance

TOP 10 HOLDINGS

	Fund%	Index% <sup>1</sup>
BHP Group Ltd	11.6	11.1
CSL Limited	7.8	6.0
Commonwealth Bank of Australia	5.9	8.1
National Australia Bank Limited	5.8	4.8
Macquarie Group Limited	5.0	3.4
Westpac Banking Corporation	4.6	3.8
Santos Limited	3.9	1.1
ANZ Banking Group Limited	3.5	3.5
Treasury Wine Estates Limited	3.0	0.4
Scentre Group	2.9	0.7

SECTOR ALLOCATION



<sup>1</sup> S&P/ASX 200 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**  
ETL0069AU

**INCEPTION DATE**  
18 September 2006

**DISTRIBUTIONS**  
Half-Yearly

**INVESTMENT MANAGER**  
Tribeca Investment Partners  
Pty Ltd.

**RESPONSIBLE ENTITY**  
Equity Trustees Limited

**PERFORMANCE FEE**  
20.5% of the Fund's return  
above the Fund Benchmark

**MANAGEMENT FEE**  
0.97% P.A.

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

Manager Commentary

April was a tough month for equity markets globally, however the Australian market stood-out for its resilience amid the sell-off. The S&P/ASX200 Accumulation Index fell by -0.85% in April which compared favourably to the S&P 500 Index which collapsed by -8.8%, while the Nasdaq -13.3% and MSCI World index -8.4% also sold off heavily. April marked the second straight month of material outperformance for the ASX placing our local bourse at the top of the global leader board for year-to-date returns. The soft start to the year for equities globally is driven by a confluence of factors, most notably higher inflation and interest rates which are creating margin pressure, coupled with lower liquidity that is driving multiple compression. The Tribeca Alpha Plus Fund returned -2.32% during the month, representing an underperformance of 1.47% relative to its benchmark.

Beneath the surface of the relatively benign index move, sector dispersion pointed to a general de-risking of portfolios. The market was led by the utilities sector (+9.3%), consumer staples (+3.3%) and healthcare (+2.4%). While at the other end of the spectrum we saw softness in IT (-10.4%), materials (-4.3%) and consumer discretionary (-3.2%).

From a macro perspective the market continued to deliver outsized moves in many other asset classes, most of which could broadly be defined as reflationary or part of a flight to safety. On the reflationary front we saw the interest rate market continue to price in further tightening, for example the Australian 2-year government bond yield rose from 1.81% to 2.45% during the month, while the US equivalent rallied from 2.33% to 2.71%. Meanwhile the US dollar saw broad-based strength during the month, particularly against the AUD which fell 5.6% to \$0.706.

On the stock front, the portfolio's short book again provided positive attribution overall, however it was not enough to offset the negative attribution from the long book. Overweight positions that contributed positively included: Viva Energy Group which has seen very strong commercial sales as mining and agriculture continue to see very strong operating conditions and aviation bounces back; Amcor Plc which provides investors defensive exposure and has done a good job managing supply constraints; and Santos Limited which continues to benefit from very robust energy markets. Underweight positions that contributed positively to performance included: Block Inc. which has come under pressure as revenue growth slips and investors focus on underlying losses, Fisher & Paykel Healthcare which continues to de-rate following a negative 1H result and the unwind of Covid tailwinds, and Wisetech which has been caught up in the unwind of tech valuations and concerns from investors around supply chain congestion impacting freight forwarders.

On the flipside, key detractors included overweight positions in Megaport which fell following a weak quarterly update which provided no evidence of success from the recently adopted indirect sales channel model; a2 Milk Company which has come under continued pressure from lockdowns in China; and IDP Education which has also suffered from concerns around China's ongoing zero Covid policy. Underweight positions that detracted from performance included: Lend Lease which won some major construction contracts during the period and Ramsay Health Care Limited which received an indicative approach from KKR at a material premium to its trading price.

OUTLOOK

Looking ahead, while the global economic cycle remains intact and equity markets now just a few percent below their highs just prior to the outbreak of the Ukraine Russia conflict, there remains a lot of uncertainty and we will need to see greater transparency before markets can sustainably take out prior highs. In particular, this would include the outlook for the Ukraine conflict, commodity prices, inflation and ultimately how quickly the Fed (and other central banks including the RBA) raise interest rates. These uncertainties are likely to keep volatility high with the equity market prone to shifting sentiment and economic data releases. For Australia, the outlook hinges on many of the same factors that are impacting global markets. However, the domestic economy is well placed to outperform developed market peers with the equity market now reasonably well-priced at only 16x forward earnings and supported by a solid earnings outlook with the commodity sector underpinning both the terms of trade and a large portion of market earnings.

Finally, the RBA has now been dragged into an earlier-than-expected rate hike cycle. We don't think equity investors should be scared off by the prospect of higher interest rates just yet. The one-way trade where the market only went up is gone and in its place is a more normalised backdrop. But if recession is not imminent then the equity market should comfortably absorb the first 100-150 basis points rise in rates, which would still put the cash rate below neutral i.e. still at accommodative levels.

Stocks trading on high multiples or which have low or no earnings will face prolonged headwinds from a rising discount rate, and from investors who are no longer as patient or willing to pay for aspirational growth. High quality companies are high quality regardless of where interest rates are, and there are many on offer at reduced prices. In particular, CSL, Seek and Treasury Wine Estates are some examples.

Once rate expectations reset, the capacity for negative surprises is greatly reduced. It is quite possible that over the next few quarters we will start to see some positive surprises relative to expectations around inflation, the resilience of the broader economy and some steps toward resolution of the Russia Ukraine conflict. Investment returns are generated by picking high quality companies, not by betting on macroeconomic conditions. Interest rates are what they are for now, but good quality companies are forever.

See [gsfm.com.au](http://gsfm.com.au) for more information about the Tribeca Alpha Plus 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 dated 18 April 2019 ('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 Alpha Plus Fund Class A's Target Market Determination is 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 16 May 2022.