

# Tribeca Australian Smaller Companies - Class A

MAY 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

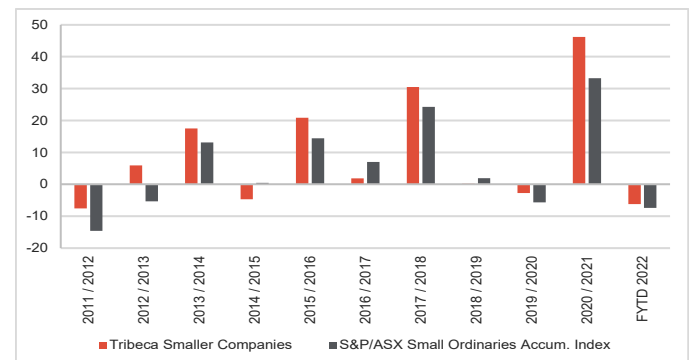
## Fund Characteristics

### TOP 10 ACTIVE WEIGHTS

	Active Position%
Viva Energy Group Ltd	2.8
Mineral Resources Limited	2.6
Charter Hall Retail REIT	2.6
Costa Group Holdings Ltd.	2.5
Capricorn Metals Ltd	2.5
Steadfast Group Limited	2.4
Eclix Group Ltd.	2.3
Karoon Energy Ltd	2.1
Corporate Travel Management	2.1
Whitehaven Coal 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 May 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>	(7.98)	(4.52)	(2.92)	11.06	11.76	10.70	9.23	8.59
Benchmark <sup>3</sup>	(7.01)	(3.58)	(4.56)	5.50	8.49	7.55	6.33	5.09
Value Added	(0.97)	(0.94)	1.64	5.56	3.27	3.15	2.90	3.50

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

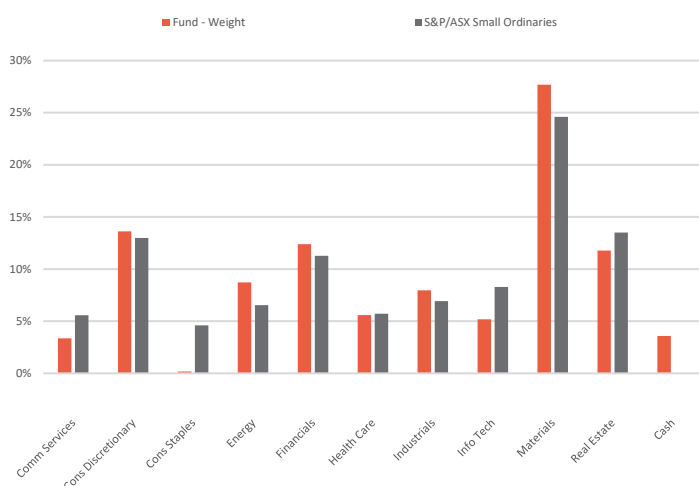
3. S&P/ASX Small Ordinaries Accumulation Index

Past performance is not a guide to future performance

## TOP 10 HOLDINGS

	Fund%	Index% <sup>1</sup>
Charter Hall Retail REIT	3.5	0.9
Corporate Travel Management Limited	3.2	1.1
Costa Group Holdings Ltd.	3.1	0.6
Capricorn Metals Ltd	2.9	0.5
Viva Energy Group Ltd	2.8	--
Nickel Industries Limited	2.7	0.9
Insignia Financial Ltd	2.6	0.9
Eclipx Group Ltd.	2.6	0.3
Mineral Resources Limited	2.6	--
Karoon Energy Ltd	2.6	0.5

## 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.

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

May started out continuing the downward trend from April with global indexes initially unable to rebound. US lead-indicators such as consumer confidence continued to deteriorate along with housing, while tightening financial conditions prompted downward revisions to GDP growth forecasts. Concerns gave way to some thought that the US Fed might respond to weaker data and raise rates more slowly, paving the way for a month end rally. Domestically, lead indicators have trended in a similar fashion to offshore, however with a noticeable lag in inflation. A change of government at the Australian election was largely taken in stride by the market. Australian indices lagged global indices to some extent a victim of their own success given recent defensiveness, with the S&P/ASX Accumulation Index falling 2.6%. Small caps had a very tough month, sliding 7% with energy the only sector to finish in positive territory, as investors sought refuge in larger cap names within banks, healthcare and resources. Style wise, large beat small while value outperformance over growth continued, the market continuing to de-rate in the face of small positive earnings revisions over the month. The Tribeca portfolio underperformed the market for the month, partly reflected through a selloff in our growth names while other more expensive parts of the market proved defensive during the volatility. Additionally, several smaller, value-orientated names in the portfolio were caught up in the market volatility and, as such, failed to catch the value bid. We view this as part and parcel of monthly moves, particularly given the volatility.

Stocks driving underperformance included DGL Group (DGL -26.8%), which gave up the upgrade-driven gains from the previous month, after some distasteful comments made by the CEO were reported in the press. The comments were unacceptable, and the CEO conveyed his apologies to all concerned while the company has conducted a full review of its culture. The comments were out of line with levels of behaviour and leadership expected from our investments, and while remaining shareholders we will work hard to ensure appropriate standards are upheld. PWR Holdings (PWH -23.8%) and Johns Lyng Group (JLG -32.9%), have been two of the higher growth names in our portfolio, and while the subject of no news during the month, sold off as the market continued rotating towards value. We had taken our position sizing down during recent strong performance as valuation upside became more limited, with the de-risking by the market bringing the stocks back to very appealing levels. Whitehaven Coal (WHC +7.3% NOT HELD), benefitted as Newcastle thermal coal futures rallied 37% as supply pressure from Russia sanctions continued to bite. WHC equity was further supported by an on-market share buyback as part of the company's capital management programme. Eclipx Group (ECX -15.4%), fell despite reporting a 1H22 result that surpassed market expectations. While end-of-lease income remained very strong on high used car pricing, the underlying leasing business pleasingly delivered double digit top line growth on new business initiatives. Cash generation remains very strong, fuelling additional capital management, while the stock remains very cheap even on normalised car pricing with corporate activity potential blue sky.

Outperforming was Mineral Resources (MIN +9.1%), who released some additional details around their oil and gas opportunities, highlighting some latent value that isn't currently considered by consensus expectations. Two stock coverage initiations on MIN went to highlight the deep value associated with lithium and oil and gas, bringing closer scrutiny as to how management would potentially unlock this value. We still see significant upside opportunity in the name. Viva Energy (VEA +1.1%) saw continued upgrades to market estimates on higher fuel refining margins. Refiner margins have been gradually improving as capacity was retrenched after a period of unsustainably low prices. Additionally, the war in Ukraine has displaced crude exports to Asia which also helped push up refining margins. While unsustainably high at current levels, we feel margins may stay higher for longer than anticipated leading to more enduring upgrades.

GQG Partners (GQG +14.8%) continued to produce strong fund performance as well as fund inflows, despite the market volatility. We feel the group could benefit from the poor performance of competitors and see continued inflows, supporting growth and the cheap valuation. Alkem (AKE 11.9%) and Lynas (LYC +7.5%) were subject to no new news during the month however underlying commodity (lithium and rare earth) pricing continued to grind higher, helping to support the equities in a softer market.

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 15 June 2022.