

Fund Overview

The Tribeca Alpha Plus Fund targets outperformance over the S&P/ASX 200 Accumulation Index over the long term by investing in listed Australian equities (long and short). The fund leverages off the strengths of both quantitative and fundamental styles of investing. Quantitative investing brings breadth and objectivity to the process by exploiting behavioural biases in the market. Fundamental investing gives depth of insight and conviction by identifying high quality businesses with strong fundamentals.

Long-standing Track Record



Core Exposure

Offers investors core exposure to the ASX

A diversified portfolio, generally consisting of 60-70 long positions and 30-40 short positions

Style Neutral

Style agnostic and broad-based industry exposure

Long-standing Track Record

One of the longest running equity long short funds in Australia (inception 2006).

Unique Long Short Approach

Utilises a long short approach that is rarely seen in Australian equities. Active management allows enhanced return potential and better risk control.

Target allocation of 150% long, 50% short

Consistent Outperformance

The fund has consistently outperformed its benchmark since its inception in 2006.

Fund Characteristics

TOP 10 ACTIVE WEIGHTS

	Active Position %
Treasury Wine Estates Limited	2.7
Commonwealth Bank of Australia	-2.7
Telstra Group Limited	-2.1
Wesfarmers Limited	-2.0
Transurban Group Ltd.	-2.0
IDP Education Ltd.	2.0
a2 Milk Company Ltd.	2.0
Medibank Private Ltd.	1.9
Tabcorp Holdings Limited	1.7
REA Group Ltd	1.7

TOP 10 HOLDINGS

	Fund %	Index % ¹
BHP Group Ltd	11.1	10.7
CSL Limited	6.7	6.7
Commonwealth Bank of Australia	5.8	8.5
National Australia Bank Limited	5.3	4.6
Woodside Energy Group Ltd	4.7	3.3
Westpac Banking Corporation	4.1	3.9
ANZ	3.4	3.4
Macquarie Group, Ltd.	3.3	3.0
Treasury Wine Estates Limited	3.2	0.5
Goodman Group	3.0	1.5

1. S&P/ASX 200 Accumulation Index

Performance as at 30 November 2022

	1 month %	3 months %	1 year %	3 years %	5 years % pa	7 years % pa	10 years % pa	Since Inception ¹ % pa
Class A Units ²	7.70	8.71	6.26	11.32	10.61	10.36	12.88	9.63
Benchmark ³	6.58	6.04	5.00	5.93	8.20	9.35	9.37	6.71
Value Added	1.12	2.67	1.26	5.39	2.41	1.01	3.51	2.92

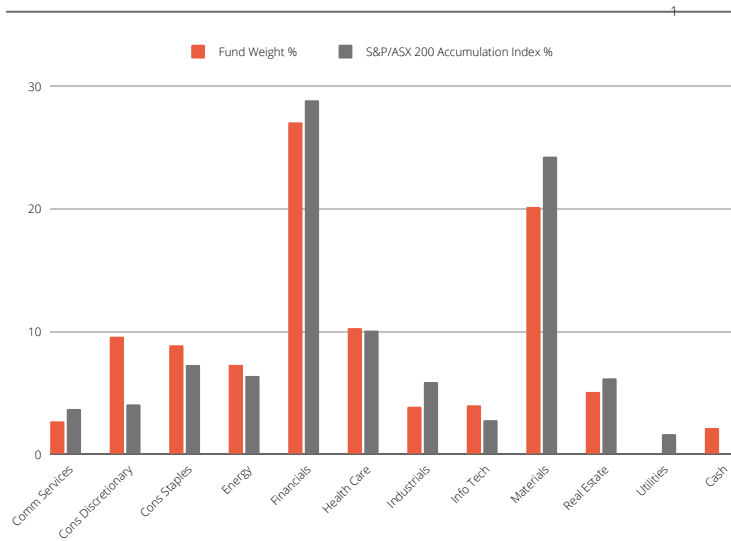
1. Inception date: 18 September 2006

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

SECTOR ALLOCATION



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.

Manager Commentary

Equities had another strong month in November with the S&P/ASX 200 Accumulation Index gaining 6.6% during the month and moving back into positive territory calendar year-to-date for the first time since June. Market strength was replicated globally with the MSCI World Index up 6.8% and the S&P 500 Index up 5.6%. Investors sentiment was buoyed by some dovish signals from central bankers, including Federal Reserve Chair Powell’s comment on potentially slowing rate hikes “as soon as December” and a more dovish-than-expected 25bps hike from the RBA to 2.85%. This was reflected in bond markets with the Australian 2-year yield retracing 12bps to 3.11% while the 10-year yield fell 23bps to 3.53%. Meanwhile, commodity markets exhibited mixed trends. Brent oil fell US\$9 to US\$85/bbl on concerns about demand destruction, while iron ore prices gained US\$21 to US\$102/Mt on news of government support for the China property market and reopening expectations.

From a sector perspective we observed a performance reversal relative to the prior month. Materials (+14.9%) contributed over half of the total market return in November after lagging the market materially in October. BHP, Rio and Fortescue all posted returns in excess of 20% for November (having all posted negative returns in the prior month). Other strongly performing sectors were utilities (+21.8%) which was boosted by a non-binding bid for Origin Energy and Healthcare (+6.3%) which was another sector which lagged materially in October. On the flipside Energy (+0.9%) and Financials (+2.7%) lagged after leading the market in October. Technology (+1.8%) also lagged the market during November, despite the tailwind of falling bond yields. The sector was dragged lower by Xero (-9.5%) which reported an underwhelming result as international growth missed expectations despite continued investment.

November saw modest aggregate forward earnings revisions at the index level. Consensus was revised down by 1.8% for FY23 with Energy, Healthcare and Materials the key drivers of downgrades. This move brings total consensus earnings revisions to -5.2% since estimates for the year ahead peaked in September.

The Fund returned 7.70% in November, outperforming its benchmark by 1.12%. Performance attribution was relatively equally weighted between the long and short side of the portfolio. Overweight positions that contributed positively included: Sandfire Resources (SFR), which undertook a \$200m entitlement offer during the month to ease balance sheet uncertainty and benefitted from the read through from BHP’s revised bid for Oz Minerals; a2 Milk (A2M) which saw a sharp improvement in sentiment following FDA approval early in the month to sell baby formula in the US market; and, NextDC (NXT) which rallied on the back of upbeat AGM commentary around the current tender pipeline for new contracts.

Underweight stocks that contributed positively included: Lendlease (LLC), which slumped following a fund day that saw near term guidance revised lower and longer-term returns targets trimmed; PEXA Group (PXA) which came under pressure on the back of declining housing market turnover and Telstra (TLS) which failed to keep pace with the strongly rising market given its defensive nature.

On the flipside, key detractors included overweight positions in: Aristocrat Leisure (ALL) which reported FY22 earnings during the month that marginally missed consensus expectations and James Hardie Industries (JHX) which downgraded its FY23 profit outlook on the back of softer volumes in the US, challenging macro-economic conditions and housing market uncertainty. Underweight positions which negatively impacted performance included: Fisher & Paykel Healthcare (FPH) which reported 1H23 earnings that came in above consensus at the headline level driven by strong sales in both hospital and homecare. This in turn helped alleviate some concerns around inventory and; Seven Group Holdings (SVW) which reacted to strong Q3 results from Caterpillar (CAT.US) as a read through for SVW’s WesTrac business.

Outlook

Despite an extremely poor lead from offshore equity markets, Australian equities have for the most part bucked global trends to significantly outperform peers year-to-date. We think several factors have helped contribute to better performance including Australia’s emergence from lockdowns later than most other developed economies and having the tailwind of pent-up demand in place for the majority of the year. In addition, because of the lagged reopening, Australia’s inflation problem emerged much later, giving the RBA (and consumers) a little more breathing space before policy tightening began.

If 2022 was characterised by poor equity markets but strong economies, we think that 2023 will see the reverse with markets stronger but economies weaker as they face headwinds from a drastic reduction in policy support at both a monetary and fiscal level. We think equities can perform better over a 12-month basis but there is more to play out before we see a stronger uptrend. At this stage it’s not possible to say whether the RBA has inflation under control or has finished its rate hike cycle or consumers are feeling the full effects of prior rate hikes. This means that the economy is set to slow meaningfully into 2023 but we think recession can be avoided outside of a major policy mistake by the RBA or a much deeper global downturn.

For the equity market, many areas have seen a significant correction in valuations that should set a base for recovery once growth risks begin to fall. Provided interest rates do not rise far from this point forward, we don't see much need for further valuation correction across the broader equity market. There is no need for valuations to hit trough levels seen during other growth shock periods given the slowdown should be modest in size and duration. However, there is uncertainty around how resilient corporate earnings will be as global and domestic economic growth begins to slow and as corporates face a squeeze from higher input costs (raw materials and wages) as well as a rising cost of finance. We think there is some downside to analyst forecasts but equally, Australia has the benefit of solid defensive sectors (consumer staples, healthcare, telecoms and utilities) and structural support from the mining sector.

Overall, we think investors will be pleasantly surprised by how the Australian equity market can perform as we move into 2023. However, before the market is ready to begin its next bull run, it must get through a global downturn and history shows that equities always fall during recession (without exception). Thankfully, some of this has been front loaded into 2022 which should reduce downside risks for many areas that were trading on elevated multiples in early 2022. There will be many risks to navigate throughout the coming year, but the market is now significantly cheaper and the prospect of rate cuts by year end 2023 should provide a nice tailwind for equity investors as we emerge from a mid-year economic slowdown.

Fund Facts

APIR CODE

ETL0069AU

RESPONSIBLE ENTITY

Equity Trustees Limited

INCEPTION DATE

18 September 2006

PERFORMANCE FEE

20.5% of the Fund's return above the Fund Benchmark

DISTRIBUTIONS

Half-Yearly

MANAGEMENT FEE

0.97% P.A.

INVESTMENT MANAGER

Tribeca Investment Partners Pty Ltd

BUY / SELL SPREAD

Buy +0.30% / Sell -0.30%

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 30 September 2022 (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. 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 19 December 2022.