Tribeca Investment Partners

Fund Update

Tribeca Alpha Plus Class A Units

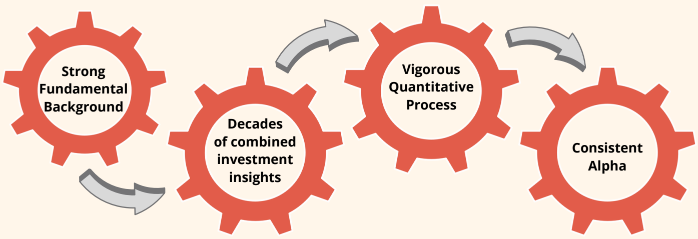
JUNE 2023

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

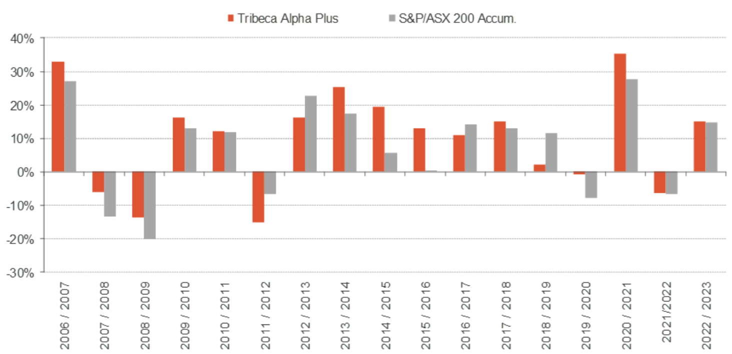
Fund Characteristics

TOP 10 ACTIVE WEIGHTS

	Active Position %
Xero Limited	3.9
a2 Milk Company Ltd.	2.8
CSL Limited	2.6
Nextdc Limited	2.5
Treasury Wine Estates Limited	2.5
Wesfarmers Limited	-2.4
Fortescue Metals Group Ltd	2.1
Macquarie Group, Ltd.	2.1
REA Group Ltd	2.1
Pro Medicus Limited	2.0

LONG TERM PERFORMANCE VS BENCHMARK

Tribeca Alpha Plus Fund vs S&P/ASX 200 Accumulation Index:
delivered outperformance in 13 out of 17 financial years since inception



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

Performance as at 30 June 2023

	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]	1.29	0.10	15.01	13.30	8.10	9.50	12.30	9.16
Benchmark [3]	1.76	1.01	14.78	11.12	7.16	8.95	8.56	6.54
Value Added	(0.47)	(0.91)	0.23	2.18	0.94	0.55	3.74	2.62

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

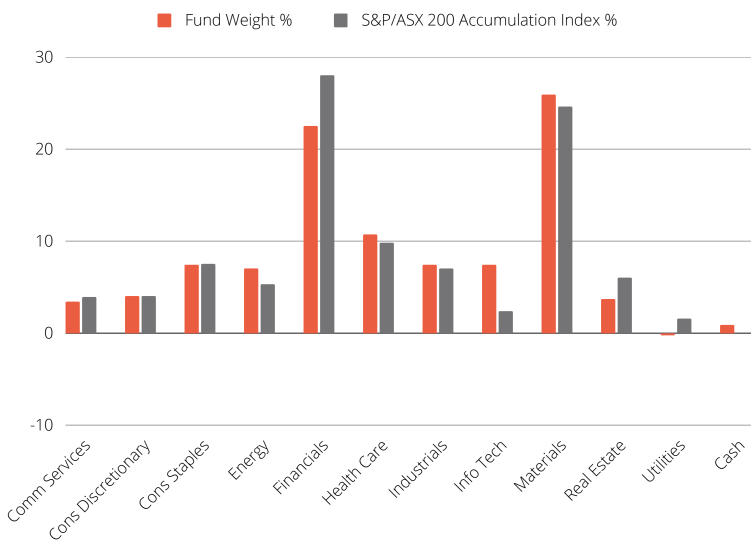
Past performance is not a guide to future performance

TOP 10 HOLDINGS

	Fund %	Index %[1]
BHP Group Ltd	12.5	10.7
CSL Limited	8.9	6.3
Commonwealth Bank of Australia	8.8	7.9
Macquarie Group, Ltd.	5.1	3.0
Xero Limited	4.7	0.8
FortescueMetals Group Ltd	3.9	1.8
Woodside Energy Group Ltd	3.5	3.1
ANZ Group Holdings Limited	3.4	3.3
Goodman Group	3.0	1.6
National Australia Bank Limited	3.0	3.9

1. S&P/ASX 200 Accumulation Index

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.

Fund Facts

INVESTMENT MANAGER
Tribeca Investment Partners Pty Ltd

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.

APIR CODE
ETL0069AU

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

Manager Commentary

The S&P/ASX200 Accumulation Index gained 1.01% in the June quarter, lagging global benchmarks such as the MSCI World (+6.3%) and the S&P500 (+8.3%). Globally, growth and tech were particularly strong for a second consecutive quarter, with the Nasdaq 100 posting a 15.2% return for the quarter.

Yield curves continue to move around significantly as investors scour economic data and central bank communications for clues as to where cash rates will peak in this cycle. During the June quarter, the Australian 2 Year Bond yield added 126 basis points to close at 4.21%, the highest print since mid-2011. Meanwhile the 10-Year added 73 basis points to 4.02%, a 10 year high. Economic data continues to be more resilient than consensus expectations, particularly in respect to employment data, whilst inflation has moderated (particularly in the US) which has provided support to the soft-landing narrative. Towards the end of the quarter a slew of downgrades in the consumer space provides some evidence that the consumer is starting to feel the impact of higher cash rates.

The best performing sector by far was Information technology (+21.1%) following strong offshore leads. Xero (+33.0%) rallied sharply as the new CEO delivered a strong FY23 result which pointed to a more balanced approach in the trade-off between top-line growth and profitability. Other strong performers in the sector during the quarter were Megaport (+75%) and Life360 (+54%) which are also accelerating their own paths to profitability with cost out programs following several years of significant headcount expansion. Utilities (+5.5%) was the second-best performing sector after AGL (+34%) surged on the back of a profit upgrade driven by rising wholesale power prices. Other sectors to see reasonable outperformance were Industrials (+3.8%) and Energy (+3.8%).

The worst performing sectors were Healthcare (-3.2%) and Materials (-2.5%). Healthcare was dragged lower by negative trading updates from sector heavy weights: Ramsay Healthcare (-15.4%); Fisher & Paykel (-9.3%); and CSL (-3.8%). All 3 stocks saw earnings estimates revised lower as margins were squeezed by inflationary pressure in the cost base. Materials were softer on the back of broad-based commodity price weakness. Iron Ore (-10.6%), Copper (-7.5%) and Coking Coal (-38%) all registered material declines despite a relatively flat USD for the quarter.

Against this backdrop, the Fund posted a return of %0.10 for the quarter, underperforming its benchmark by -0.91 %.

At the stock level, notable contributors included overweight positions in:
-Xero (XRO) which reported better than expected FY23 earnings on the back of strong cost discipline from the new CEO.
-NextDC (NXT) which rallied on the announcement of a major new long-term contract in its recently constructed S3 Data Centre; and
-Pilbara Minerals (PLS), which benefitted from a rebound in Lithium Carbonate prices coupled with a strong growth in production volumes.

Underweights which helped performance included:
-South32 (S32) which issued a weak production update early in the quarter, leading to lower volume guidance across a number of operations; and
-Seek Ltd (SEK) which is under pressure due to very soft trends in the Job Ad index.

Detracting from performance were overweight positions in:
-a2 Milk Company (A2M) which provided a subdued update for sales of its infant formula in the Daigou channel early in the quarter and did not recover despite receiving a key Chinese regulatory approval for its Chinese-label infant milk formula late in the quarter; and
-Treasury Wine (TWE) which issued a trading update which pointed to a challenged outlook for lower-value commercial wines.

Whilst on the underweight side, negative attribution came from:
-Megaport (MP1) which rallied sharply as management implemented a cost-out program to accelerate its path to cashflow breakeven, plus.
-Downer EDI (DOW) which reported multiple material contract wins late in the quarter.

OUTLOOK

Equity markets have climbed a wall of worry in 1H23 as resilient economies have pushed back calls of recession both here and abroad. For the most part, equities have performed as they should have with corporate profits slowing but not dramatically so, and as an end to the RBA's rate hike cycle has come into view. Going forward, markets might take comfort from an end to rate hikes, but they will have to deal with a slowdown in economic and earnings growth as tightening liquidity conditions finally take their toll on household spending and on business activity and hiring.

It is usual for equity markets to weaken into recessionary conditions and so while the near-term risk-reward outlook suggests some caution, we do not expect to see a deep nor prolonged downturn both here and abroad. The good news is that a lot of the valuation de-rating as a response to rising rates has already taken place with many areas heavily discounted since the start of interest rate hikes back in 2Q22. Provided bond yields don't have a lot more upside and the growth slowdown is relative short and shallow, then the need for further valuation de-rating at a broad market level is not necessary.

In addition, Australian corporates are well capitalised having refinanced and/or issued debt during the pandemic period at rock bottom rates which should provide some protection should financial conditions materially change. More importantly, uncertain, and volatile markets are about seeking out the most attractive relative value opportunities and we are less focused on the direction of the market than we are on stocks that have been overly discounted because of macroeconomic uncertainty.

Further out, we think the broader market can recover from any near-term cyclical weakness as solid economic supports cushion against downside risks (such as strong population growth and elevated commodity revenue), and corporates manage costs into a weakening demand backdrop. Australia still has one of the highest dividend yields on offer and downturn or not, Australia has the potential to be a strong relative economic outperformer. We think market dislocations will be short lived and that any weakness over coming months will be an opportune time for active managers to pick over stocks and position for the start of the next upswing.

See gsfm.com.au for more information about the Tribeca Alpha Plus Fund.