Tribeca Investment Partners

Fund Update

Tribeca Australian Smaller Companies - Class A

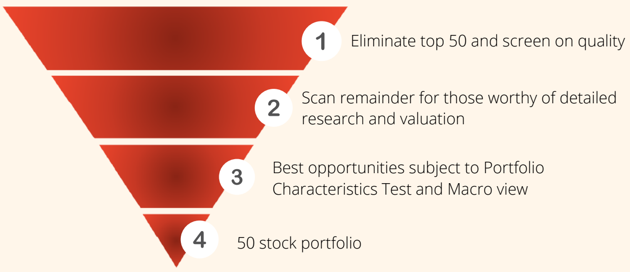
SEPTEMBER 2022

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

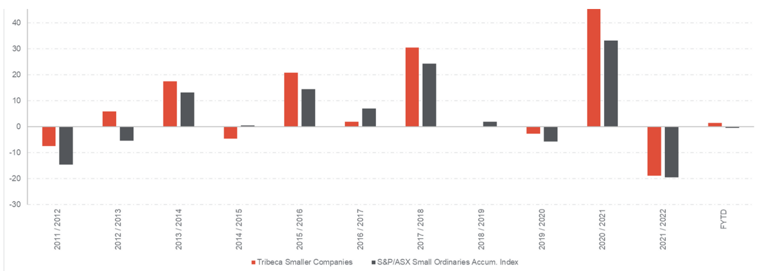
Fund Characteristics

TOP 10 ACTIVE WEIGHTS

	Active Position %
Allkem Limited	3.1
PWR Holdings Ltd.	2.8
OZ Minerals Limited	2.7
Eclipx Group Ltd.	2.6
Karoon Energy Ltd	2.6
Charter Hall Retail REIT	2.4
Capricorn Metals Ltd	2.4
Mineral Resources Limited	2.2
AUB Group Limited	2.2
Life360, Inc	2.1

LONG TERM PERFORMANCE VS BENCHMARK

Tribeca Smaller Companies Fund vs S&P/ASX Small Ordinaries Index (%): delivered outperformance in 8 out of 11 financial years since inception



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

Performance as at 30 September 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]	(9.14)	1.06	(23.89)	4.06	7.49	8.98	7.34	7.15
Benchmark[3]	(11.20)	(0.47)	(22.56)	(0.80)	4.07	7.17	4.58	3.70
Value Added	2.06	1.53	(1.33)	4.86	3.42	1.81	2.76	3.45

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

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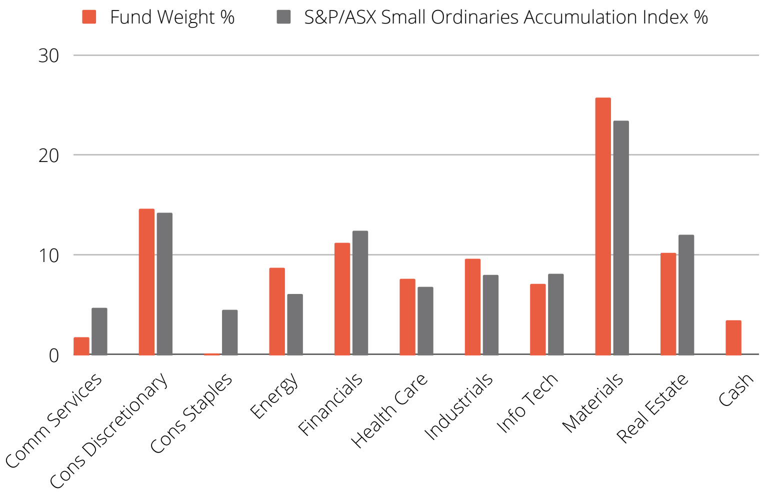
Fund Update

TOP 10 HOLDINGS

	Fund %	Index %[1]
Charter Hall Retail REIT	3.3	0.9
PWR Holdings Ltd.	3.1	0.3
Allkem Limited	3.1	0.0
Karoon Energy Ltd	3.1	0.5
AUB Group Limited	3.0	0.8
Champion Iron Ltd.	3.0	0.9
Eclipx Group Ltd.	3.0	0.3
Capricorn Metals Ltd	2.9	0.5
OZ Minerals Limited	2.7	0.0
Viva Energy Group Ltd.	2.7	0.8

1. S&P/ASX Small Ordinaries 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. Source: Tribeca Investment Partners

Fund Facts

APIR CODE
ETL0052AU

RESPONSIBLE ENTITY
Equity Trustees Limited

INCEPTION DATE
5 August 2010

PERFORMANCE FEE
0.92% P.A.

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%

Manager Commentary

Equities struggled in September, with the falls driven by the same factors that have impacted markets through most of 2022; rapid tightening by central banks, the market's realisation that hikes may continue due to persistent inflation, and the increasing risk that policy tightening leads to a US recession in 2023. The US Federal Reserve continued to be hawkish, openly contemplating recessionary risk in order to bring inflation back to their 2% target. Bonds responded accordingly, driving real yields 100bps higher as markets priced in even more rate hikes, causing equities to de-rate further. The USD rallied another 3%, contributing to significantly tighter financial conditions, with second order effects being felt in foreign bond markets as financial liquidity continues to drain.

Australian equities fared slightly better versus developed market peers, though that's not saying much with the S&P/ASX 200 Accumulation Index dropping 6.2% for the month. Emerging markets fared much worse, with the USD a wrecking ball. Similarly in small caps, the index slumped 11.2% lower. The sharp rise in real yields dragged down multiples, with discretionary, IT, health care taking the biggest hits. Materials were the standout versus the broader market, with big cap resources weathering the storm far better than smaller names, while energy proved most defensive (despite the Brent crude price falling 9%). The Tribeca portfolio outperformed in September, with the materials and IT sectors the strongest contributors, while energy tempered performance. It is arguable that much of the de-rating of equities has been done, however investors remain cognisant of forward earnings estimates that appear high in the view of the speed and magnitude of the current tightening cycle. The upcoming AGM season in Australia and Q3 earnings season in the US should shed light on how well demand is holding up.

Outperforming for the portfolio in September was AVZ Minerals (AVZ -100% - not held), which was dropped from the small cap index at zero value after failing to emerging from a self-imposed trading suspension. The company is in dispute with their Chinese JV partner over its legal title to 75% interest in the Manono Project in the Democratic Republic of Congo, as well as its continued and perpetual pre-emptive rights over the balance of the project. The project comprises 2 exploration permits with high perspectivity for lithium.

The company failed to make it through our initial screening process, but its market cap had grown to $2.8bn and hence carried a material index weight up until it was removed from the index last month. Mineral Resources (MIN +2.3%) proved somewhat defensive in the sell-off, with much of the large lithium producers also holding up well including our holding in Allkem (AKE – 0.4%). MIN was also subject to speculation they would spin off their lithium division, which looks materially undervalued versus peers within their diversified structure. Management didn't deny they were considering a spinoff, and we remain confident in the look through value of the lithium assets being realised in time.

Oz Minerals (OZL +0.2%), remained steady given the corporate activity surrounding the stock, although BHP nor anyone any other party has yet come forward with an improved offer post the initial indicative offer. The assets remain highly attractive considering the outlook for copper and given the potential synergies available, it would be logical for BHP to return with a bid that will engage the OZL board. Megaport (MP1 +7.3%), had a strong relative month with no new news to speak of. The shares were subject to material selling pressure in the prior month, which was at odds with the positive FY22 result and additional disclosures and we surmise there was a rebound to more appropriately capture recent news.

Detracting from performance, New Hope Coal (NHC +28.4% - not held), reported its FY22 result which was bolstered by the high thermal coal prices. Special dividends are on the cards due to very strong cashflow and management emphasised a willingness to grow production.

Thermal coal prices have remained very high relative to history given the sanctions in Russia and huge spikes in the price of alternate energy fuels i.e. gas, which is likely to continue to benefit the likes of NHC. Capricorn Minerals (CMM -17.8%) suffered along with much of the gold sector as the USD gold price continued to slide. Investor flows via ETFs can have a material impact on listed equity names, and investors reduced exposure materially during September. Local producers have been shielded to some degree from the gold price by the lower AUD, however cost inflation has eaten into margins. We feel CMM has managed this better than most and together with upcoming drill results and production expansion should see the share price rebound in time. Premier Investments (PMV +6.0% not held) delivered a very strong FY22 result, materially beating expectations. Some retail categories held in much better than anticipated, particularly those Covid beneficiaries such as Peter Alexander.

We think there's potentially more rebasing to come for the likes of PMV but it is a name we like and continue to monitor. Nickel Industries (NIC -20.2%) had a tough month with a mark-to-market of their main costs (coal-fired power up) and nickel pig iron prices (down) pointing to a material crimping of margins in Q3. With NIC one of the lowest cost producers, this pain will be felt more acutely elsewhere. However, it may take some time to see production curtailments across the high-cost producers but we will be looking to add exposure on this dip given the very attractively priced growth profile. Lastly, DGL Group (DGL -17.9%) continued to be painful early in the month as we exited our holding.

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