

FEBRUARY 2022 RESULTS

Global stock markets fell in February in response to conflict in Ukraine. Although tension in the region has been high, stock markets had not priced in a conflict of this magnitude. We certainly didn't predict it, but our Orca Global Fund and Orca Asian Fund are positioned to defend capital gains in volatile markets and have outperformed markets over the last quarter and year.

We fear that this conflict is likely to drag on for a long time, and that the most likely outcome is widespread suffering and a long-term decline in the Russian and Eastern European economies, which could impact Western Europe. Russia and Ukraine are a relatively low proportion of global trade, at less than 5% of global stock market revenues, as measured using the MSCI World Index. However, certain companies and industries will be hard hit. Ukraine has a big role in the supply chain for cars, wheat, and raw materials. Russia is a major exporter of oil and natural gas, metals and chemicals. The biggest outcome is confusion, uncertainty, and fear. It's hard to quantify the impact of the conflict on most global stocks, which makes investors more cautious and is driving the fall in stock markets. German stocks were down 10.5% in the 10 days following the launch of the 24 February offensive, and the euro was down another 4% against the US dollar (both have since partially recovered). In contrast, US stocks are effectively flat since the offensive. With time, companies will calculate, disclose, and reconsider their Russian and Eastern European exposure, which could help boost stock prices again.

The Orca Global Fund has a 21% exposure to Europe, by company revenues. This compares to 40% for the US. The remainder is broadly diversified globally. On the one hand, the Orca Global Fund is more defensive and therefore aims to outperform broadly falling markets, on the other, the European exposure is high, which could cause underperformance as the conflict continues. The exposure is much lower for the Orca Asia Fund and Orca Global Disruption Fund.

The Orca Global Fund outperformed its benchmark, the MSCI World Index, for the month, and has outperformed falling markets by 5.1%¹ over the last three months. Over the last 12 months, the Orca Global Fund is 4.3%¹ ahead of the benchmark. This shows the benefit of risk aware investing in unpredictable markets.

Asian markets have also been volatile, falling 6.1% over the past three months, and 8.9% over the last year. Our Orca Asia Fund has outperformed its benchmark, the MSCI Asia ex-Japan Index, by 2.7%¹ over the past three months and 6.0%¹ over the year.

The Orca Disruption Fund is for investors with higher risk appetite and has underperformed the benchmark by 5.1%¹ for the month, 16.6%¹ over the past three months, and 22.1%¹ for the year. The main cause of the recent underperformance is that disruptive stocks were strongly bought through the COVID crisis, and this premium has eroded as economies normalise and interest rates rise. Since inception, the Disruption Fund has returned +16.6% since inception compared with the broader market +12.8%. While the market could remain volatile in the short-term, we remain confident of strong returns over the longer term. Valuations have become more attractive, fundamentals remain generally strong (as demonstrated by the recent reporting season) and underlying disruptive trends (e.g. accelerating demand for cloud computing, digital transformation, artificial intelligence, electric vehicles, etc.) are supportive of growth over the long term.

Global stock markets are down 10% so far in 2022, driven by rising interest rates and war. We remain of the opinion that global stocks offer attractive long-term returns, accounting for risk. We also feel that investors made strong returns in recent years and will be well suited by ensuring their money is invested with an eye to capital preservation. This is precisely how the Orca Global Fund is positioned – taking advantage of bull markets to offer strong return to investors, but looking to preserve capital in downturns. We have delivered this as we approach our fourth year since launch.

A handwritten signature in dark ink, appearing to read "Ted Alexander".

Ted Alexander
Head of Investments

Notes:

1. Fund performance is quoted net of fees and inclusive of reinvested distributions. Past performance is not a reliable indicator of future performance.



INVESTMENT OBJECTIVE

To provide investors with attractive risk-adjusted returns over the long-term by investing in high quality companies in the Asia ex Japan region.

PORTFOLIO UPDATE

The MSCI Asia ex Japan Index (Index) was down 2.4% in US dollar (USD) terms in February but was down 4.9% in Australian dollar (AUD) terms as the AUD appreciated against the USD in the month. Asian markets sold off, along-side the rest of the global market, as the geopolitical conflict in Ukraine escalated.

Materials (+0.6%) was the best performing sector due to expectations of sustained higher commodity prices (Russia is a meaningful commodity exporter). Industrials (-0.3%) and Consumer Staples (-1.1%) also outperformed. On the other side, Consumer Discretionary (-8.7%) and Communication Services (-8.3%) were the worst sectors, largely dragged lower by large cap internet-based companies due to ongoing concerns regarding the regulatory crackdown and slowing demand from the soft macro environment. Southeast Asian markets outperformed, including Indonesia (+3.2%), Malaysia (+2.8%) and Thailand (+2.5%) as the region prepared to reopen the borders. Markets in India (-6.8%), China (-6.4%) and Hong Kong (-5.4%) underperformed.

The Orca Asia Fund (Fund) returned -5.2%¹ in AUD terms, underperforming the Index by 0.3%. **CP All** (+7.4%) was the strongest contributor for the month, continuing the strong performance from the previous month, lifted by the reopening as well as defensive nature in a volatile market. CP All reported fourth quarter results during the month with earnings declining on year-on-year basis due to COVID impacts, but it will benefit from Thailand's economic recovery and the resumption of international travel. **ASM Pacific** (+7.2%) also performed strongly during the month. It reported strong results with record earnings as the semiconductor capital equipment sector enjoyed a strong year of increasing investment from semiconductor companies. **Techtronic Industries** (-0.9%) remained the Fund's largest overweight stock and its outperformance against the market helped overall performance too.

The Fund's largest detractor from performance was **Alibaba** (-18.6%), which remained under pressure due to regulatory crackdown concerns and a slowing consumption trend in China. Alibaba reported December quarter results largely in line with expectation and investment losses, in our view, are expected to narrow in the coming quarters.

PORTFOLIO MANAGERS



Ted Alexander
Portfolio Manager



Ying Luo
Assistant
Portfolio Manager

Unit price (Exit)	Fund size	12-month distribution yield (target: 4%) ²	Performance since inception (14 May 2018) ¹
\$1.3613	\$67.3 million	4.9%	6.0%

FUND PERFORMANCE¹

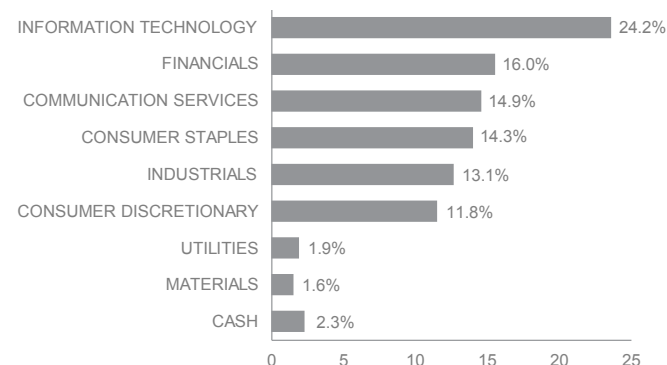
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Asia Fund	-5.2%	-3.3%	-5.7%	-2.9%	4.2%	8.4%	6.0%
MSCI Asia ex Japan Index (Net, AUD)	-4.9%	-6.1%	-9.7%	-8.9%	4.3%	6.0%	3.9%
Excess Return	-0.3%	2.7%	4.1%	6.0%	-0.1%	2.5%	2.1%

Note: Numbers may not sum due to rounding.

TOP 10 PORTFOLIO HOLDINGS

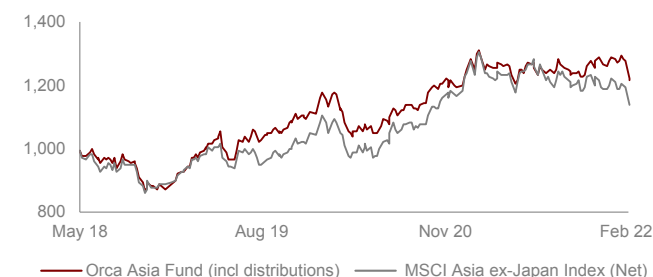
Alibaba Group Holding Ltd	Techtronic Industries Co Ltd
CP ALL PCL	Tencent Holdings Ltd
HCL Technologies Ltd	TSMC
HDFC Bank Ltd	Uni-President Enterprises Corp
Ping An Insurance Group	United Overseas Bank Ltd

SECTOR EXPOSURE

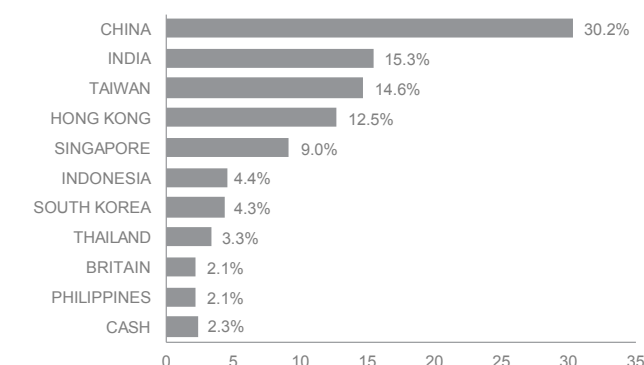


Source: Investment Manager, Bloomberg

PERFORMANCE CHART¹



COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 28 February 2022 unless stated. Numbers may not sum due to rounding.

1. All returns are total returns, inclusive of reinvested distributions and net of fees and costs using net asset value per unit from inception to, and including, 31 January 2021 and exit unit price from this date. Past performance is not a reliable indicator of future performance. Inception 14 May 2018. Chart data range: 14 May 2018 to 28 February 2022. 2. Distribution yield is a historical measure. The Fund has a target distribution yield of 4%. There is no guarantee the Fund will meet its investment objective. The payment of a semi-annual distribution is a goal of the Fund only and neither the Manager or the Responsible Entity provide any representations or warranty in relation to the payment of any semi-annual cash income. The Fund reserves the discretion to amend its distribution policy. Initial index value 1,000. Index Source: Bloomberg.



INVESTMENT OBJECTIVE

To provide investors with capital growth over the long-term through exposure to companies that will benefit from disruptive innovation.

PORTFOLIO UPDATE

The Orca Global Disruption Fund (Fund) returned -9.7%¹ in Australian dollar (AUD) terms (-7.2% in US dollar terms) in February, compared to the broader MSCI AC World Index (Index, -5.1%). Since inception the Fund has returned +16.6%¹ p.a. compared to the Index (+12.8% p.a.).

The market narrative continued to be dominated by higher-than-expected inflationary pressures with the market now pricing in seven to eight 25 basis points rate hikes in 2022. Later in the month, geopolitical tensions escalated following the Russian military activity in Ukraine.

While the share prices of companies focused on disruption remain volatile, we continue to believe the current market provides considerable opportunities for investors over the long term. Valuations have become more attractive, and reporting season results reflect generally strong fundamentals and underlying disruptive trends (e.g. accelerating demand for cloud computing, software driving digital transformation, semiconductor chips and electric vehicles) are supportive of growth over the long term.

During the month, the Fund's best contributors were Orsted (+19.9%), CrowdStrike (+5.2%) and Amazon (-0.3%). Weaker contributors were Meta (-32.1%), TSMC (-15.3%) and PayPal (-36.8%).

Orsted reported FY21 results that were at the upper end of guidance DKK15.8 billion (vs DKK 15-16 billion guide) and also above consensus expectations. Orsted and the broader renewable energy universe has also recently benefitted as countries look to diversify energy supply and reduce reliance on Russia.

While **CrowdStrike** is yet to report its results, the share price benefited from reports of an increasing number of cybersecurity attacks in the lead up to the Russian invasion of Ukraine.

Amazon reported a better-than-expected result with revenues growing +9% (guidance +3.5%-11.5%), while operating income came in ahead of guidance. Retail revenues slowed as expected (Online stores -0.6%, 3P +11%) as ecommerce normalised, while growth in Amazon's high margin businesses remained strong AWS +40% and Advertising +32%.

Facebook/Meta reported quarterly revenues growth +20% (in-line) while operating margins and EPS were below expectations. Share price weakness was driven by decelerating quarterly guidance for revenue growth of +3-11% (vs expectations of +15%).

PayPal reported total payment volumes (TPV) +23%, revenues +13%, EPS +4% all largely in line with market expectations. Excluding eBay (volumes are transitioning to Adyen) – which gives a better picture of the underlying business – TPV grew +28% and revenues +22%.

PORTFOLIO MANAGER



Raymond Tong
Portfolio Manager

Unit price (Exit)	Fund size	12-month distribution yield ²	Performance since inception (25 July 2017) ¹
\$2.7379	\$234.6 million	8.00%	16.6%

FUND PERFORMANCE¹

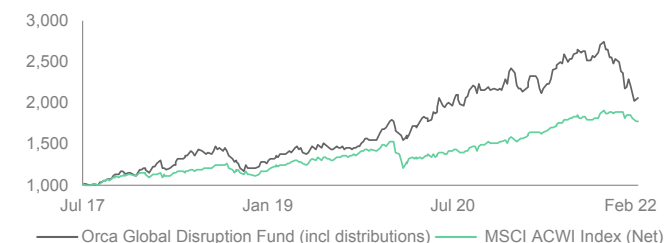
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	-9.7%	-22.3%	-22.2%	-7.3%	11.0%	15.1%	16.6%
MSCI AC World Index (Net, AUD)	-5.1%	-5.7%	-4.5%	14.8%	12.1%	12.6%	12.8%
Excess Return	-4.6%	-16.6%	-17.7%	-22.1%	-1.2%	2.5%	3.9%

Note: Numbers may not sum due to rounding.

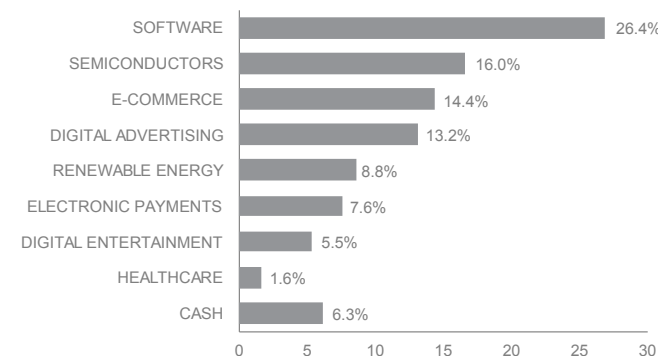
TOP 10 PORTFOLIO HOLDINGS

Alphabet Inc	PayPal Holdings Inc
Amazon.com Inc	Salesforce.com Inc
ASML Holding	ServiceNow
Microsoft Corp	Tesla
NVIDIA Corp	TSMC

PERFORMANCE CHART¹

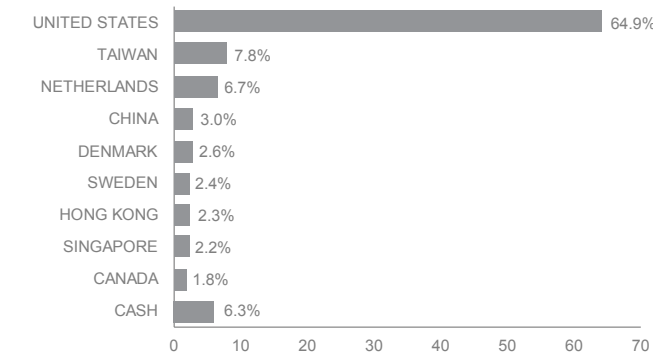


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

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Chart data range: 25 July 2017 to 28 February 2022. 2. Distribution yield is a historical measure. There is no guarantee the Fund will meet its investment objective. The payment of a distribution is a goal of the Fund only and neither the Manager or the Responsible Entity provide any representations or warranty in relation to the payment of any semi-annual cash income. The Fund reserves the discretion to amend its distribution policy. Initial index value 1,000.

Index Source: Bloomberg.



INVESTMENT OBJECTIVE

To provide investors with capital growth and attractive risk-adjusted returns over the long-term through exposure to a portfolio of global listed equities.

PORTFOLIO UPDATE

The MSCI World Index (Index) was down 5.1% in Australian dollar terms in February as inflationary pressures escalated, partially due to the Russian invasion of Ukraine late in the month. Since then, the conflict has driven energy and commodity prices to record highs. The Energy sector rallied strongly, and continues to lift, on the back of climbing oil prices as the loss of Russian oil from the global market will be hard to replace. Russia provides 38% of Europe's gas (Germany is reliant on Russia for more than 50% of its gas) and is the biggest supplier of coal and crude oil to the region. Russia is also a major wheat exporter and key supplier of Nickel. These rising costs threaten to boost the cost of production for many products, which adds to inflationary pressures already present following a build-up in demand from the COVID pandemic.

The Orca Global Fund (Fund) returned -4.2%¹ in February (net of fees), outperforming the Index by 0.9% and benefiting from the portfolio's more defensive positioning. **Orsted** (+19.9%) performed strongly with the potential acceleration of renewable energy take-up in their home market, as European leaders look to reduce reliance on Russian oil and gas exports. Consumer Staples and Healthcare positions also defended well through the month with **AstraZeneca** (+3.8%) and **Abbvie** (+5.1%) outperforming strongly.

Meta Platforms (-34.4%) was down on subdued Q1 guidance, indicating significant deceleration of revenue growth due to increasing platform competition and macroeconomic headwinds, which are expected to impact advertiser budgets. **TSMC** (-15.0%) was down on wider technology sector weakness, while **Adidas** (-16.3%) was impacted by the broader weakness in German shares.

The Fund remains cautiously positioned although portfolio cash levels remain well below 10%.

PORTFOLIO MANAGERS



Ted Alexander
Portfolio Manager



Kunal Valia
Assistant Portfolio Manager



Jumana Nahhas
Assistant Portfolio Manager

Unit price (Exit)	Fund size	12-month distribution yield (target: 4%) ²	Performance since inception (6 July 2018) ¹
\$1.8432	\$89.6 million	3.7%	12.2%

FUND PERFORMANCE¹

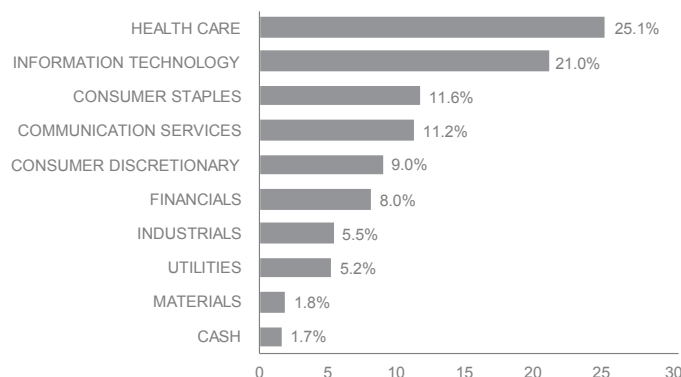
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Fund	-4.2%	-0.7%	-2.0%	22.3%	10.4%	12.5%	12.2%
MSCI World Index (Net, AUD)	-5.1%	-5.7%	-3.9%	17.9%	13.2%	13.6%	12.4%
Excess Return	0.9%	5.1%	1.9%	4.3%	-2.8%	-1.1%	-0.1%

Note: Numbers may not sum due to rounding.

TOP 10 PORTFOLIO HOLDINGS

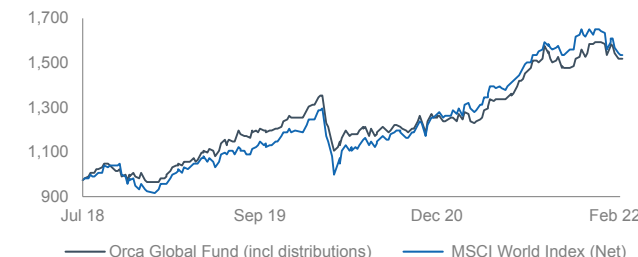
Alphabet Inc	Microsoft Corp
AstraZeneca PLC	Novartis AG
Danone SA	Orsted AS
Dollar General Corp	Royal Bank of Canada
Merck & Co Inc	Unilever PLC

SECTOR EXPOSURE

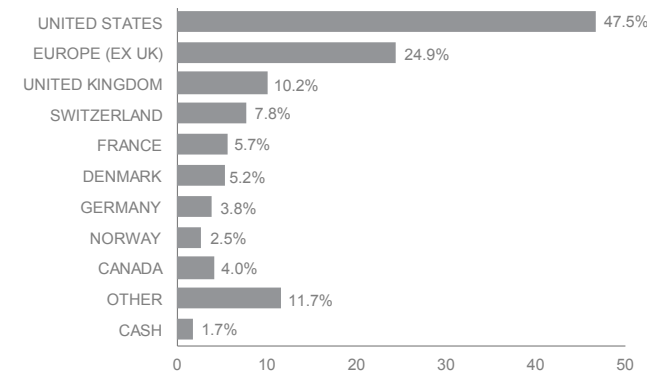


Source: Investment Manager, Bloomberg

PERFORMANCE CHART¹



COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

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ABOUT ORCA FUNDS MANAGEMENT

Orca Funds Management is the investment manager for the Orca Global Disruption Fund, Orca Asia Fund and the Orca Global Fund. The Orca Funds Management Investment Team has more than two decades of experience in managing global equities and fixed income funds. Orca Funds Management has an investment team of seven investment professionals who, as at 31 December 2021, collectively manage over \$733 million of funds.

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IMPORTANT INFORMATION

This report has been prepared and issued by Orca Funds Management Pty Limited (**Investment Manager**) (ACN 619 080 045, CAR No. 1255264), as investment manager for the Orca Asia Fund (ARSN 624 216 404), Orca Global Fund (ARSN 158 717 072) and Orca Global Disruption Fund (ARSN 619 350 042) which are together referred to as the '**Funds**'. The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) is the Responsible Entity of the Funds. For further information on the Funds please refer to each Fund's PDS and Target Market Determination which is available at orcafunds.com.au.

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