

JUNE 2022 RESULTS

The Orca Global Fund launched 4 years ago, in July 2018, and following strong outperformance over the past 12 months has also generated positive returns and outperformance since inception (+8.9% p.a.¹ since inception, outperforming benchmark by 0.4% p.a.). This follows on from the Orca Asia Fund, which launched in May 2018, and has also outperformed since launch, despite tougher Asian stock markets, with a return of +2.7% p.a.¹ (since inception). This month the Orca Global Fund and Orca Global Disruption Funds also received “Investment Grade” ratings from Lonsec². The Orca Asia Fund will aim to go through the same rating process in the coming rating cycle.

The past month was negative for stocks globally, with a return of -5.0% in Australian dollar (AUD) terms. We continue to see concerns around the possibility of a global recession. Inflation is at record levels, and central banks are rapidly raising policy rates, resulting in much higher mortgage rates. The current economic climate is interesting, because in some senses it is nothing more than the decline and fall of an excessive consumption binge. Perhaps consumers returning to a more spartan existence is wise. Consider that Moody’s estimates US households are sitting on an extra \$2.7 trillion of cash compared to before the COVID pandemic. GDP is ahead of the likely path pre-COVID. Employment is high, wages are strong, consumers are spending well.

High and persistent inflation was caused by a deliberate inflation of the economy: central banks took rates to zero and governments stimulated the economy with cash. The result of inflating the economy was inflation. Now the policy is to reverse the stimulus and we may see a recession – it depends how hard policymakers want to go. In truth, we could see a recession and consumers could still be better off than before COVID. In that sense, the recession isn’t that concerning. If we see asset price falls in luxury goods like NFTs, crypto, SPACs, meme stocks, but strong wages and employment, the economic shift should reverse some economic inequality, which would be an economic and social positive.

Notes:

1. Fund performance is quoted net of fees and inclusive of reinvested distributions. Past performance is not a reliable indicator of future performance.
2. The rating issued 05/2022 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.

Companies will start issuing profit reports from the middle of July and we’ll see some hard evidence of the economic environment. We would expect to see persistent strong consumer spending, but also strong costs eroding profits, and company management teams worried about the rest of the year. We’d expect consumers to reallocate spend away from pandemic activities and luxuries to food, healthcare, and petrol. But we have to wait and listen to our companies for feedback about their customers and business, and then make any decisions about reallocating capital.

We do remain cautious about the risks of a recession, even though at this point we don’t see the risk of a massive economic reversal. This caution helped the Orca Global Fund to outperform markets again this month, and we think current trends are likely to continue. On the other hand, we’re always looking for opportunities to buy good stocks at a discount, and we’re getting closer to taking new positions and increasing marginally the risk profile of the Fund. One thing remains constant: we view global equity markets as a strong long-term investment option to access returns from economic growth. We hope clients have been happy with the returns from our funds and we hope to continue to outperform for unitholders in a complex and complicated market.



Ted Alexander
Head of Investments



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 0.7% in Australian dollar (AUD) in June. Asia markets continued to be dragged down by the broader selloff in the global markets but was partially offset by the strong performance of Chinese markets from easing lockdown restrictions in major cities. Chinese equities (+10.9%) rebounded strongly during the month, supported by large cap internet stocks as well as domestic A shares as investors believed economic activities had bottomed in April and were recovering strongly in June despite the country's persistent COVID zero policy. The Chinese Central Government has initiated a variety of supportive policies for the economy and securities market which are expected to cascade into local government initiatives to help achieve economic growth targets.

During the month, Hong Kong (+5.3%) also outperformed, while tech-heavy South Korea (-13.2%) and Taiwan (-10.8%) were the weakest performing markets. On a sector basis, Consumer Discretionary (+12.8%), Healthcare (+9.2%) and Consumer Staples (+4.6%) were relatively defensive. Information Technology (-10.7%) and Materials (-5.6%) underperformed.

The Orca Asia Fund (Fund) returned -3.7%¹, underperforming the Index by 3.0%. **Alibaba Group** (+23.1%) was the best contributor to performance for the month as the sentiment towards large cap Chinese internet stocks rebounded and investors believed the regulatory crackdown on internet platforms might be easing. In addition, the company saw solid sales performance following the "618" shopping festival during the month despite concerns of softer consumer confidence resulting from lockdowns. **Ping An Insurance Group** (+14.3%) also performed strongly as the Chinese financial sector outperformed during the month.

Techtronic Industries (-17.2%) was the worst performer for the month, mostly due to concerns around the impact of a potential US recession, while the unlisted legacy assets in the portfolio were also revalued down approximately 25%. **JOYY Inc.** (-25.5%) was also a detractor, reporting first quarter results which beat market expectations but included softer guidance, citing a weaker macroeconomic environment which may impact online activity, time spent and paying capability. We continue to view the stock as undervalued based on the long-term potential for the company.

PORTFOLIO MANAGERS



Ted Alexander
Portfolio Manager



Ying Luo
Assistant
Portfolio Manager

Exit price (Cumulative Distribution)	Distribution – 30 June 2022 ²	Fund size	12-month distribution yield (target: 4%) ²	Performance since inception (14 May 2018) ¹
\$1.2196	2.84 cents	\$54 million	4.7%	2.7%

FUND PERFORMANCE¹

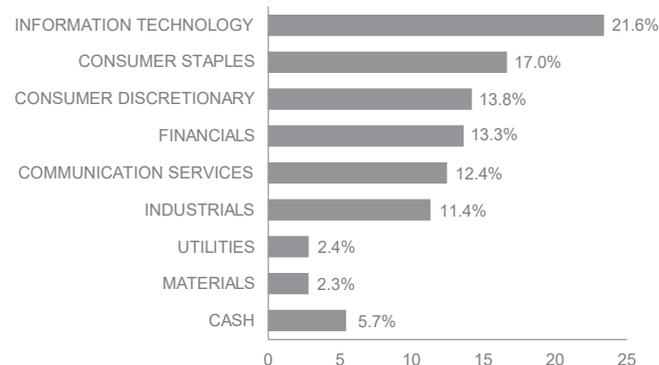
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Asia Fund	-3.7%	-3.6%	-14.0%	-14.5%	1.0%	2.6%	2.7%
MSCI Asia ex Japan Index (Net, AUD)	-0.7%	-1.3%	-11.9%	-18.7%	2.2%	2.6%	1.7%
Excess Return	-3.0%	-2.2%	-2.1%	4.2%	-1.1%	0.0%	1.0%

Note: Numbers may not sum due to rounding.

TOP 10 PORTFOLIO HOLDINGS

Alibaba Group	Techtronic Industries
CP ALL	Tencent
HCL Technologies	TSMC
HDFC Bank	Uni-President Enterprises
Ping An Insurance	United Overseas Bank

SECTOR EXPOSURE

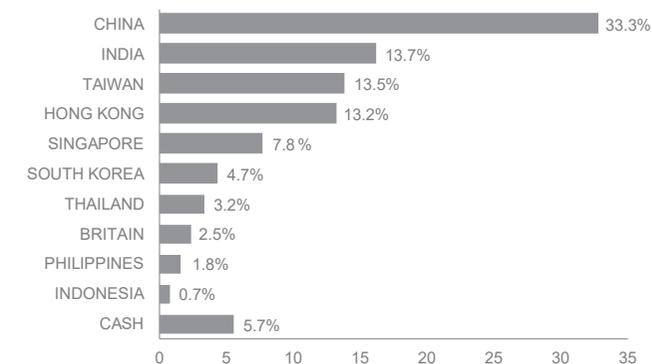


Source: Investment Manager, Bloomberg

PERFORMANCE CHART¹



COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 30 June 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 30 June 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 10,000. 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 -5.7%¹ in Australian dollar (AUD) terms, compared to the broader MSCI AC World Index return of -4.8%. Since inception the Fund has returned +9.0% p.a. compared to the market +9.6%.

Markets continued to sell-off in June with the S&P 500 Index logging its worst quarterly performance since the onset of the COVID pandemic (1Q20), while the NASDAQ Composite Index capped off its worst quarter since March 2008, in USD terms. Markets continued to favour more defensive sectors as expectations for a potential recession continued to rise, with the US Federal Reserve increasing rates by 75 basis points to combat ongoing high inflation.

The Fund's best contributors for the month were **CrowdStrike** (+9.5%), **Salesforce** (+7.1%) and **ServiceNow** (+5.8%). Weaker contributors were **Block** (-27.0%), **ASML** (-13.9%) and **TSMC** (-10.1%).

Software was the standout subsector with enterprise software as a service (SaaS) outperforming as demand is generally expected to remain resilient if economic conditions weaken, particularly as companies prioritise digital transformation initiatives.

CrowdStrike reported a strong 1Q result ahead of market expectations with revenue growth of +61% and continued strong FCF margins of 32%. With the company continuing to see strong demand for its cybersecurity products, management raised full year guidance for revenue (to +51-52% from +47-49%), operating income and EPS.

During the month cloud data warehouse vendor **Snowflake** (+13.3%) held its Investor Day and annual Summit conference. Management reiterated recently updated FY29 targets guiding to US\$10 billion product revenues (implies 7yr CAGR of +38%), operating margins of 20% (previously 10%) and free cash flow margins of 25% (previously 15%).

The semiconductor sector came under pressure as the market anticipates increasing inventories while end market demand weakens across segments such as consumer electronics (smartphones, PCs, gaming etc.). While TSMC and ASML were also sold off, we believe they are relatively insulated compared to other semiconductor companies given their technological leadership, increasing market share, pricing power and exposure to segments with secular growth drivers including cloud, AI and automotive. During the month TSMC held its AGM where it indicated it expects revenue growth of approximately 30% in 2022.

PORTFOLIO MANAGER



Raymond Tong
Portfolio Manager

Exit price (Cumulative Distribution)	Distribution – 30 June 2022 ²	Fund size	Historical (12-month) distribution yield ²	Performance since inception (25 July 2017) ¹
\$2.0653	10 cents	\$166 million	5.10%	9.0%

FUND PERFORMANCE¹

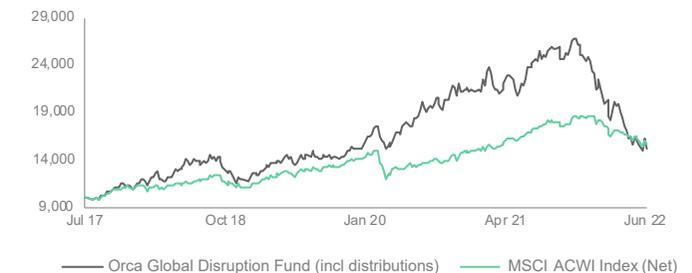
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	-5.7%	-23.4%	-37.7%	-37.0%	-9.6%	2.5%	9.0%
MSCI AC World Index (Net, AUD)	-4.8%	-8.5%	-16.0%	-8.6%	8.2%	6.7%	9.6%
Excess Return	-0.9%	-14.9%	-21.7%	-28.4%	-17.8%	-4.2%	-0.6%

Note: Numbers may not sum due to rounding.

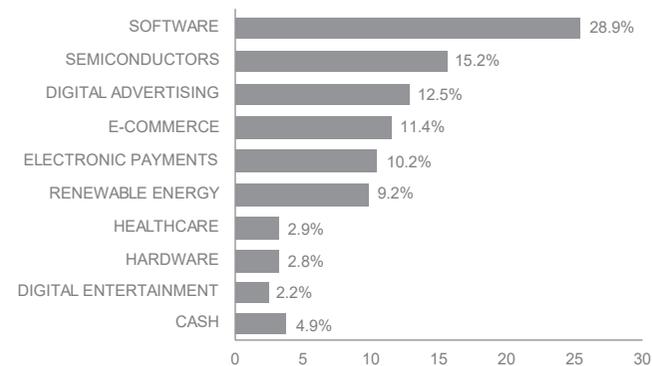
TOP 10 PORTFOLIO HOLDINGS

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

PERFORMANCE CHART¹

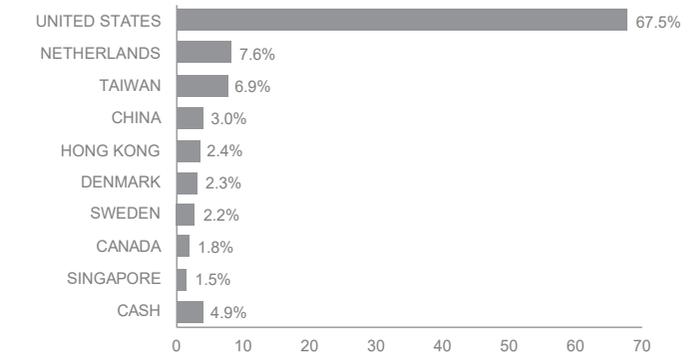


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 30 June 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 25 July 2017. Chart data range: 25 July 2017 to 30 June 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 10,000. 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

Stock markets fell -5.0% in June as a result of growing recession fears. Due to our cautious approach and positioning, the Orca Global Fund partially preserved clients' capital in the downturn and was down -4.4%¹. The Fund is now ahead of its benchmark over the following measurement periods¹: 1 month, 3 months, 6 months, 1 year and since inception. In July the Fund will reach 4 years since inception, with a strong track record of outperformance from a more cautious risk position.

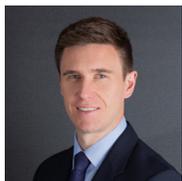
Defensive sectors outperformed higher risk industries, with Healthcare and Consumer Staples the best performers in June. The Fund currently, and has a history of being, overweight both sectors. The worst performers were Energy and Materials, where the Fund has no direct investment exposure. This was the main driver of the Fund's outperformance this month.

The Fund's pharmaceutical stocks, including **Merck** (+4.2%), **AstraZeneca** (+3.9%) and **AbbVie** (+8.4%) were the strongest performers in June. The best individual performer was recession-proof retailer **Dollar General** (+16.2%). Dollar General operates in rural and low socioeconomic areas across the US and tends to benefit from a trade down to cheaper groceries in a recessionary or inflationary environment.

The worst performers included **Illumina** (-19.7%), and **Siemens** (-19.3%) while the unlisted legacy assets in the portfolio were also revalued down approximately 25%. Illumina declined following increasing concerns that rival technologies could take market share. This is a regular occurrence for Illumina, which has repeatedly maintained a near monopoly over scale human genetic sequencing in the face of theoretical competition. Competitor Ultima has won some contracts, and it will be interesting to see how real-world adoption compares. Illumina is launching a breakthrough product in September (Chemistry X), and investors are hoping it can push the company's technology beyond competitors again. Siemens has suffered from industrial concerns around a recession, and economic concerns for Germany and Eastern Europe.

July will be an active month, as companies report profits for the second quarter of 2022. We are currently cautiously positioned but will sift the evidence from companies and consider the best position for the Fund through the second half of CY2022.

PORTFOLIO MANAGERS



Ted Alexander
Portfolio Manager



Kunal Valia
Assistant
Portfolio Manager



Jumana Nahhas
Assistant
Portfolio Manager

Exit price (Cumulative Distribution)	Distribution – 30 June 2022 ²	Fund size	12-month distribution yield (target: 4%) ²	Performance since inception (6 July 2018) ¹
\$1.6986	3.88 cents	\$73 million	4.4%	8.9%

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	-4.4%	-6.2%	-12.3%	-2.7%	8.0%	6.6%	8.9%
MSCI World Index (Net, AUD)	-5.0%	-9.1%	-16.3%	-7.1%	9.0%	7.5%	8.5%
Excess Return	0.6%	2.9%	4.0%	4.4%	-1.0%	-0.9%	0.4%

Note: Numbers may not sum due to rounding.

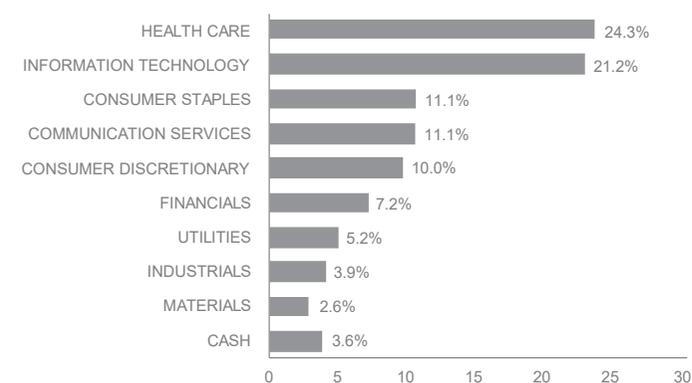
TOP 10 PORTFOLIO HOLDINGS

Alphabet	Microsoft
AstraZeneca	Novartis AG
Dollar General	Orsted AS
Mastercard	Royal Bank of Canada
Merck & Co	Unilever

PERFORMANCE CHART¹

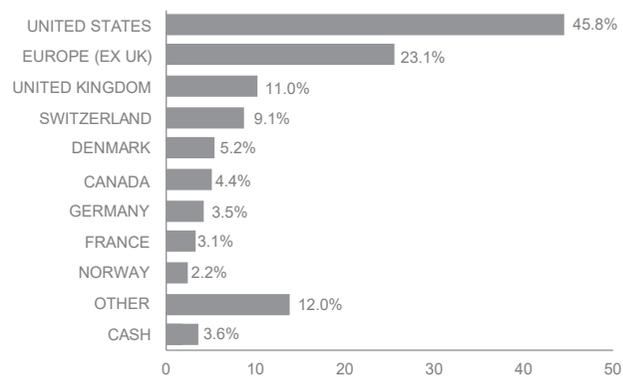


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

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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