

Orca Global Disruption Fund May 2023 Monthly



FUND PERFORMANCE¹

Fund performance	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception(p.a.)
Orca Global Disruption Fund	13.2%	23.7%	23.8%	18.7%	2.6%	7.9%	11.9%
MSCI ACWI Index (Net, AUD)	1.3%	8.0%	7.4%	12.1%	11.1%	10.2%	11.1%
Excess Return	11.9%	15.6%	16.4%	6.6%	-8.5%	-2.3%	0.8%

Notes: Data as at 31 May 2023 unless stated. Unit price (exit) at 31 May 2023: \$2.4733. Fund size: \$158.3 million. Numbers may not sum due to rounding. Past performance is not indicative of future performance. Benchmark is for comparison purposes only, see Disclaimer for further information.

FUND UPDATE

The Orca Global Disruption Fund (Fund) returned 13.2%¹ in AUD terms (10.6% in USD), compared to the broader MSCI AC World Index +1.3% (-1.0% in USD). Since inception the Fund has returned +11.9%¹ p.a. compared to the market +11.1% p.a.

While broader global equity markets rose modestly in May (they declined in USD), growth and technology stocks outperformed strongly with the MSCI World Growth index +4.8% (vs MSCI World Value -2.2%) and the Nasdaq +8.4%. In our view, this was driven by a better-than-expected reporting season, continued rapid development in Generative AI applications and use cases (Google I/O conference, Microsoft Build developer conference, etc.) and the first signs of tangible evidence of Generative AI demand impacting earnings, highlighted by the blowout Nvidia result.

The Fund's Portfolio's top positive contributors for the month were **Nvidia (+39.2%)**, **Amazon (+16.7%)** and **ServiceNow (+21.0%)**. Positions that held detracted from Fund returns included **Illumina (-2.4%)**, **Mastercard (-2.0%)** and **Techtronic (-10.9%)**.

Nvidia (+39.2%) reported a strong first quarter result with revenues declining 13% (datacentre +14%, gaming -38% and automotive +114%) – both revenues and earnings were well ahead of market expectations. However, what surprised the market was the guidance for the 2nd quarter with management guiding revenue growth of +65% to \$11 billion, well ahead of market expectations of \$7bn. Nvidia expects accelerating growth in the data centre business as a result of strong demand for its Graphic Processing Units (GPUs) driven by Generative AI use cases from cloud providers, consumer internet companies and enterprises. Nvidia also indicated that the demand has extended its order visibility and it has procured significantly more supply (from TSMC) in anticipation of a stronger

second half of the year, compared to the first half.

ServiceNow (+21.0%) held their financial analyst day where the company updated its medium-term guidance and outlined their strategy for Generative AI. As broadly expected by the market, subscription revenue guidance was lowered modestly for FY24 to \$10.4bn (was \$11bn, implies FY22-24 CAGR +22.9%) and FY26 to \$15.0bn (was \$16bn, implies FY22-26 CAGR 21.5%) to account for macro and FX headwinds, while guidance for operating margins were raised. ServiceNow also announced its maiden share buy-back authorisation of \$1.5bn. Regarding Generative AI, ServiceNow announced Copilot features (Now Assist) to empower users to build apps, automate tasks and increase customer service productivity through use of chatbot style interactions. In addition, ServiceNow and Nvidia announced a partnership to develop enterprise grade Generative AI capabilities that can transform business processes with faster, more intelligent workflow automation.

The portfolio also had strong first quarter results from cybersecurity companies **Palo Alto Networks (+19.3%)** and **CrowdStrike (+36.2%)** – both of whom continue to see strong demand for their cybersecurity products.

Palo Alto Networks grew revenues +24% in-line with expectations while operating margins expanded to 23.6% (vs market expectations of 20%) benefitting from product mix, strong cost control and operating efficiencies. Next generation security products continue to grow strongly with annual recurring revenue (ARR) growth of +60%. Management raised FY23 billings guidance to +23% to +24%, operating margin expectations to 23% to 23.25% (previously 21.5% to 22%) and FCF margins to 37.5% to 38.5% (previously 36.5% to 37.5%).

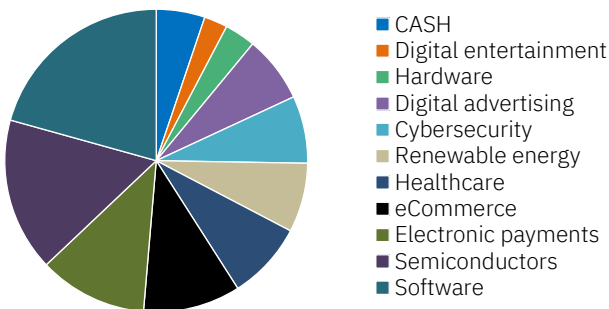
1. All returns are total returns, inclusive of reinvested distributions and net of fees and costs using net asset value per unit from inception to, and including, 31 January 2021 and exit unit price from this date. Past performance is not a reliable indicator of future performance. Inception 25 July 2017.

FUND UPDATE (continued)

CrowdStrike reported a strong result ahead of market expectations with revenues growing +42% and operating margins of 16.7%. Management raised FY24 revenue growth guidance to +34% to +35% (previously 32% to 34%) while also raising operating income expectations. The company expects a strong 2H24 underpinned by large deal momentum, new product launches and easing comps. CrowdStrike also introduced Charlotte AI, a generative AI security assistant which is currently in private preview before a wider release.

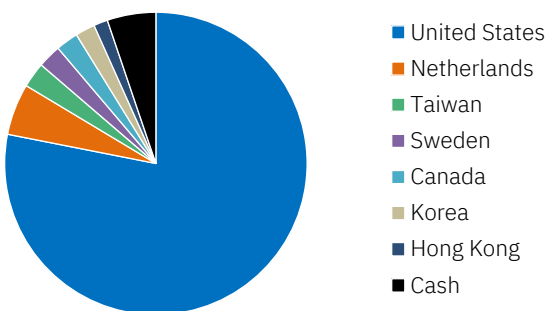
Shopify (+20.5%) rose after reporting a strong March quarter result (revenue growth +27%, FCF margins 6%) while also announcing the divestment of its logistics business to Flexport and a reduction of its workforce by 23%. While the operational performance of the business remains strong, we believe these actions: (1) positions the company to materially improve profitability; and (2) removes uncertainty around level of funding required to expand its fulfilment network and allows Shopify to focus on its core business. Shopify will retain a 13% stake in Flexport who will become its official logistics partner.

THEMATIC EXPOSURE



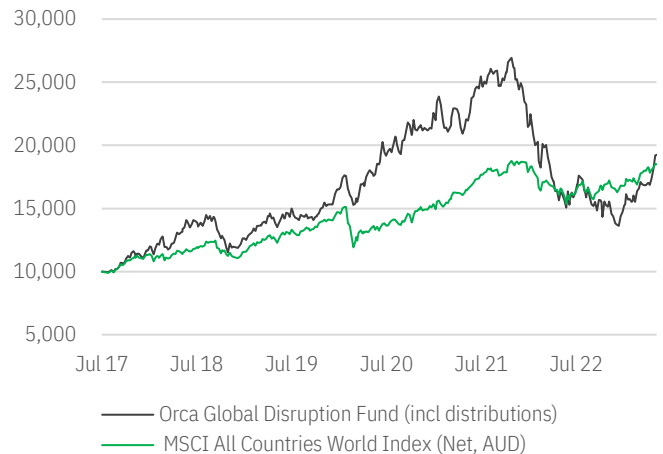
Source: Investment Manager, Bloomberg

GEOGRAPHIC EXPOSURE



Source: Bloomberg, Country of Domicile

FUND PERFORMANCE¹



Past performance is not a reliable indicator of future performance. Inception 25 July 2017. Benchmark is for comparison purposes only, see Disclaimer for further information.

TOP 10 FUND HOLDINGS AS AT 31 MAY 2023

NAME	SECTOR
Adyen	Electronic payments
Alphabet Inc	Digital advertising
Amazon.com Inc	eCommerce
ASML Holding	Semiconductors
Mastercard Inc	Electronic payments
Microsoft Corp	Software
NVIDIA Corp	Semiconductors
Palo Alto Networks	Cybersecurity
ServiceNow	Software
TSMC	Semiconductors

This fund is appropriate for investors with a “High” risk and return profile. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a long investment timeframe. Investors should refer to the [TMD](#) for further information.

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.

Orca Global Disruption Fund

TOP 10 HOLDINGS AS AT 31 MAY 2023



Adyen – is a payments platform business. Adyen’s products include online payments, point of sale, marketplaces, and unified commerce. The company was founded by Pieter van der Does and Arnout Schuijff in 2006 and is headquartered in Amsterdam, Netherlands.



Alphabet – key products include Google, Android, Maps, Chrome, YouTube and Google Play which all have over 1 billion active users. The core product is Search where the company is the clear market leader with an estimated desktop search market share of 80% – more than 10x its closest peer. The company is owner-managed and controlled through its founders Larry Page and Sergey Brin and currently operates in more than 40 countries worldwide.



Amazon – is the global leader in internet retail and cloud based computing. From its listing in 1997 as primarily an online book retailer, Amazon has now expanded its offering to most areas of consumer merchandise, whilst also developing market leading cloud computing services. It has a relentless focus on low cost operations, constant reinvestment and customer service. The company is owner-managed and controlled by its founder Jeff Bezos.



ASML – is a leading global specialist semiconductor company focused on the development and production of advanced semiconductor manufacturing equipment and lithography related systems. The equipment produced by ASML is used by global foundries and semiconductor companies that produce memory and logic chips. Major customers include: Taiwan Semiconductor (TSMC), Samsung and Intel. ASML is dominant in market share and is the sole provider of next generation semiconductor manufacturing equipment known as EUV. The company was founded in 1984 and is based in the Netherlands.



Mastercard, Inc – Mastercard is a global technology company in the payments industry. The company’s mission is to connect and power an inclusive, digital economy that benefits everyone, everywhere by making transactions safe, simple, smart, and accessible. The firm connects consumers, financial institutions, merchants, governments and business across more than 210 countries and territories. The company was founded in November 1966 and is headquartered in Purchase, NY.



Microsoft Corporation – is a multinational technology company that manufactures, licenses, supports and sells computer software, personal computers, consumer electronics and services. The Company’s main segments include Intelligent Cloud, More Personal Computing, Productivity and Business Process. Its products include cross device productivity applications, server applications, business solution applications, desktop and server management tools, software development-tools, video games, and training and certification of computer system integrators and developers. The Company also designs, manufactures and sells devices including personal computers, tablets, gaming and entertainment consoles, and other intelligent devices that integrate with its cloud-based offerings.



NVIDIA – is the pioneer of GPU (Graphics Processing Unit) accelerated computing. The company specialises in products and platforms for the large, growing markets of gaming, professional visualization, data centres, and automotive. The company’s pioneering work in accelerated computing and AI is reshaping trillion-dollar industries, such as transportation, healthcare and manufacturing, and fuelling the growth of many others. Nvidia was founded in 1993 by Jensen Huang (the current CEO), Chris Malachosky and Curtis Priem.



Palo Alto Networks, Inc. – is a leading cybersecurity company providing both hardware and software solutions to customers. Palo Alto has transitioned from a cyclical product focused business to a recurring revenue model with next generation cybersecurity subscription offerings spanning network security, cloud security and security operations, complementing its core firewall business. The company was founded by Nir Zuk in March 2005 and is currently led by CEO Nikesh Arora with headquarters in Santa Clara, California.



ServiceNow – provides cloud-based software solutions enabling enterprises to define, structure, manage and automate services. ServiceNow’s core products provide workflow tools for IT departments enabling the delivery of service management applications. The company also offers software solutions catering to other enterprise functions including customer service, human resources and security operations. All products are built on a single platform providing flexibility for user customisation, and are delivered over the internet, enabling simple configuration and rapid deployment. The company was founded in 2004 and has headquarters in Santa Clara, California.



Taiwan Semiconductor Manufacturing Co (TSMC) – is the largest dedicated global foundry for the manufacture of semiconductor chips. TSMC produces chips for a wide range of uses including data centres, networking equipment, smartphones, tablets, PCs and gaming consoles. TSMC has a broad customer base of major hardware and fabless semiconductor companies including Apple, Qualcomm, Nvidia, AMD, MediaTek and HiSilicon (Huawei). The company is leveraged to chip demand from emerging themes such as 5G, IoT and artificial intelligence. TSMC was founded in 1987 and is based in Hsinchu, Taiwan.

Signatory of:



Disclaimer

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 Orca Global Disruption Fund (ARSN 619 350 042). The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) is the Responsible Entity of the Funds. It is general information only and is not intended to provide you with financial advice, and has been prepared without taking into account your objectives, financial situation or needs. You should consider the product disclosure statement (PDS), prior to making any investment decisions. The PDS and target market determination (TMD) can be obtained by calling 1300 732 541 or visiting our website orcafunds.com.au. If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licensed or authorised financial adviser. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Total returns shown for the Orca Global Disruption Fund have been calculated using exit prices, and prior to 31 January 2021 Net Asset Value per Unit, after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance.

This report may contain statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. The Responsible Entity, Investment Manager and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information. The Parties give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this report. The Parties do not accept, except to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this report. Any recipient of this report should independently satisfy themselves as to the accuracy of all information contained in this report.

This document is not a product of E&P Research (“E&P Research” is a registered business name of E&P Financial Group Limited) and is not intended to be a research report (as defined in ASIC Regulatory Guides 79 and 264). Unless otherwise indicated, all views expressed herein are the views of the author and may differ from or conflict with those of others within the group. The views expressed herein should be considered as part of a wider portfolio investment strategy applicable to the relevant fund and should not be considered in isolation or relied on to make an investment decision without seeking further information and/or advice from a financial adviser.

MSCI All Countries World Index (AUD) source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

Orca Funds Management Ptd Ltd is a wholly owned subsidiary of E&P Financial Group Limited (ABN 54 609 913 457), a signatory to the United Nations Principles for Responsible Investment (UNPRI).

Benchmark selection

The Orca Global Disruption Fund is designed in a benchmark unaware manner. The Investment Manager believes the MSCI ACWI index is appropriate for comparison purposes given the Fund invests in companies across a range of industries including technology, renewable energy, consumer, communication services and healthcare. The risk/return profiles of the Fund and benchmark differ due to differences in the constituents of each. The Fund's objective is to provide investors with capital growth over the long-term through exposure to companies that benefit from disruptive innovation – in or from any industry/sector, including emerging market listed investments.