

# Orca Global Disruption Fund March 2024 Monthly



## FUND PERFORMANCE<sup>1</sup>

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	2.9%	23.9%	41.2%	53.8%	6.8%	14.0%	15.6%
MSCI AC World Index (Net, AUD)	2.9%	13.6%	18.9%	26.8%	12.7%	12.8%	12.9%
Excess Return	0.0%	10.3%	22.3%	27.0%	-5.9%	1.2%	2.6%

**Notes:** Data as at 31 March 2024 unless stated. Loftus Peak Pty Limited replaced Orca Funds Management as the Investment Manager of the Orca Global Disruption Fund on 1 March 2024. Unit price (exit) at 31 March 2024: \$3.3770. Fund size: \$184.4 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. The data source for the Fund's benchmark was changed from Bloomberg to MSCI effective 29 February 2024. All data prior to this date remains unchanged.

## FUND UPDATE

The tail end of December quarter company reporting was generally positive for Fund holdings, which returned +2.9% net-of-fees for the month. This return was in-line with the MSCI AC World Index (Net, AUD).

March saw the year's second U.S. Federal Reserve meeting, which yielded a much anticipated result of no change to the Fed Fund rate. Despite some economic data pointing to a relatively robust U.S. economy (a stronger economy gives the Fed less leeway to cut rates), Fed Chair Jerome Powell struck a rather dovish tone. The dot plots (which indicates Fed member predictions of future rates) indicates three rate cuts across 2024.

Investment returns for the quarter were also strong.. The so-called "Magnificent Seven" has slimmed down to the "Fab Four" and continue to rise higher.

**Micron Technology**, the largest contributor for the month, added +0.8% to the Fund. The share price soared following its earnings report. Micron designs memory chips, the necessary component needed to complement the logic chips of **Nvidia** and **Advanced Micro Devices** (AMD). Memory is historically a cyclical industry, however the additional demand of AI as well as incremental internet of things (IoT) use cases have pulled forward the demand for memory. This has allowed the company to significantly increase earnings as it heads back into the cyclical tailwind of its traditional end markets in consumer electronics.

Of course, Nvidia remains the key company underpinning this AI deployment. The company added +0.7% to the Fund after hosting the GPU Technology Conference. At this conference, the company showcased its next generation of data centre chip, the GB200. This chip will use 4nm wafers made by **Taiwan Semiconductor Manufacturing** (TSMC).

CEO Jensen Huang has touted the chip as being capable of processing trillion-parameter AI models up to 30 times faster and at one-fourth use of power.

The company is expected to ramp chip shipments in 2025 and will be dilutive to gross margins. This has negative read through for AMD as the lesser margins suggest higher volumes which could crowd out Nvidia alternatives. This paved the way for AMD to be one of the largest detractors for the month.

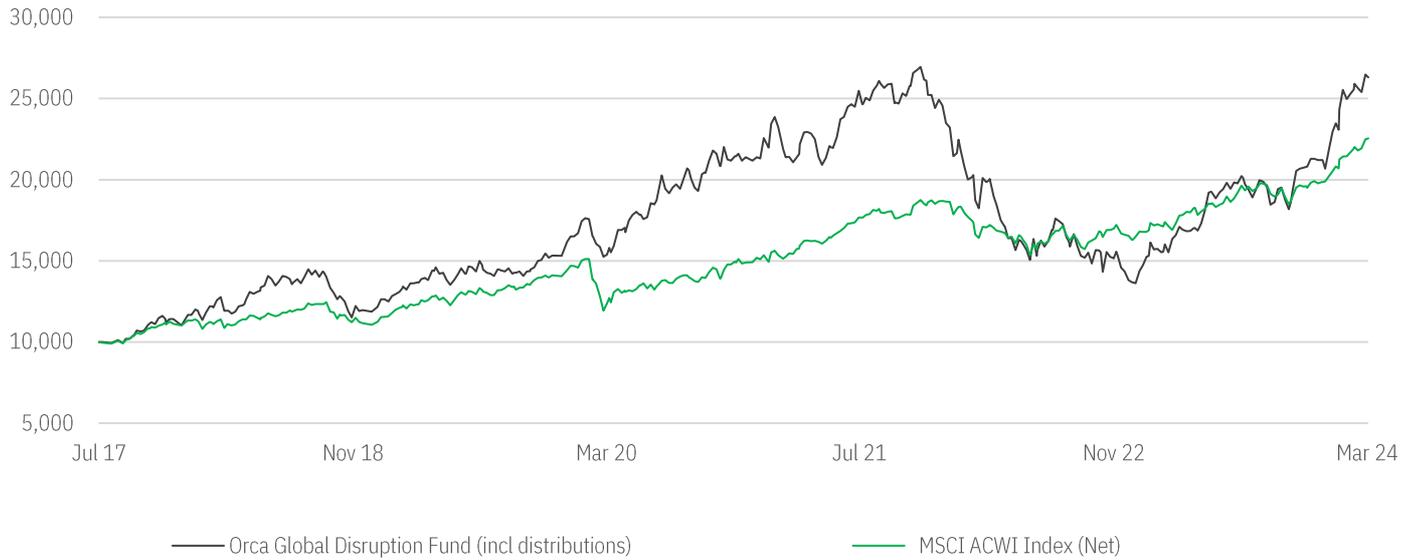
**Alphabet** was the third largest contributor, adding +0.5% to the Fund. The company rallied off the back of a weak February. Of particular note, there was media speculation that Apple and Alphabet are exploring a potential partnership to bring Google's AI model Gemini to Apple devices. This would put Google's AI model across billions of devices – Apple's user base alone is enormous, as well as its own Pixel phones and other Android devices.

Sitting just outside the top three contributors were **Qualcomm** and **TSMC**. As mentioned above, TSMC is the linchpin for the global high end semiconductor industry. The company is the beneficiary of the uptick in demand for leading edge AI chips as well as the cyclical recovery of traditional end markets in electronic devices. Qualcomm is positioned to benefit from the same tailwinds. The chip designer is already a leader in mobile phone semiconductors. Furthermore, Qualcomm is moving to release a PC chip, the Snapdragon X Elite, which will excel at neural processing. This chip could be one of the first capable of running large language models on personal electronic devices.

The three largest detractors for the month were; AMD, **Adobe** and **GitLab**. While results from Adobe and GitLab eclipsed market expectations, they offered weaker than expected near term guidance. Nevertheless, both these companies are well placed to benefit as they roll out and monetize generative AI offerings.

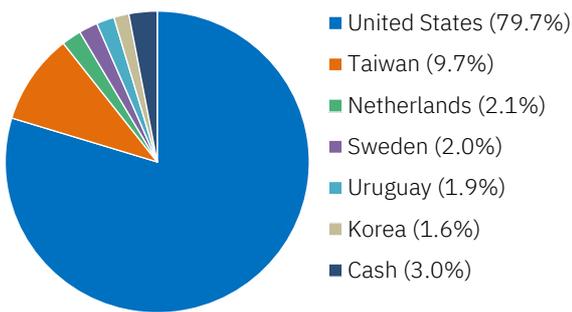
<sup>1</sup>. All returns are total returns, inclusive of reinvested distributions and net of fees and costs using net asset value per unit from inception to, and including, 31 January 2021 and exit unit price from this date. Past performance is not a reliable indicator of future performance. Inception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

## FUND PERFORMANCE<sup>1</sup>



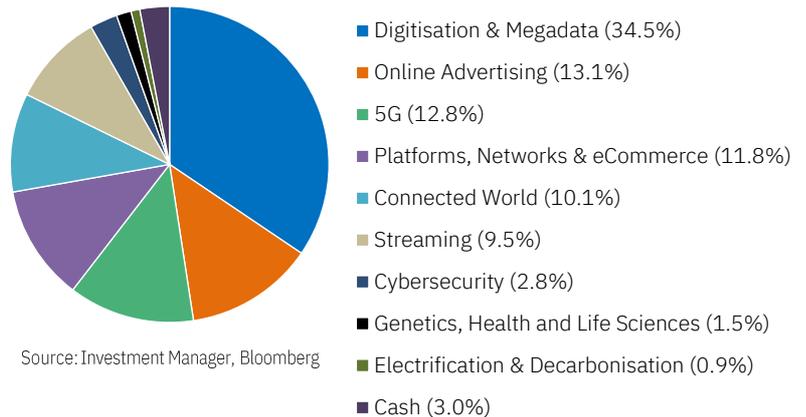
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## GEOGRAPHIC EXPOSURE



Source: Bloomberg, Country of Domicile

## THEMATIC EXPOSURE



Source: Investment Manager, Bloomberg

## TOP 10 FUND HOLDINGS AS AT 31 MARCH 2024

NAME	GICS SECTOR
Alphabet	Communication Services
Amazon.com	Consumer Discretionary
Broadcom	Information Technology
Meta Platforms	Communication Services
Micron Technology	Information Technology
Microsoft	Information Technology
Netflix	Communication Services
NVIDIA	Information Technology
Qualcomm	Information Technology
TSMC	Information Technology

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 [IMD](#) for further information.

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# Orca Global Disruption Fund

TOP 10 HOLDINGS AS AT 31 MARCH 2024



**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.



**Broadcom** – is a leader in wireless, datacentre networking, AI chips, storage, and infrastructure silicon/hardware/software with broad-based exposure to positive trends in these end markets. Broadcom is a technology infrastructure powerhouse with semiconductor leadership positions in AI (#2 global AI semiconductor supplier), custom chip ASIC supplier, cloud datacentre/telco networking, wireless and enterprise storage.



**Meta Platforms** – is one of the world's premier advertiser platforms with a user base of over 3bn Daily Active Users and over 10m advertisers. META has invested significantly into AI infrastructure, and this enables the company to drive user engagement and provides advertisers with a range of ad automation and targeting tools. META's two major goals are to: (1) to build the most popular and advanced AI Products and services; and (2) invest into building the next generation of augmented, virtual and mixed reality computing platforms.



**Micron Technology** – based in the US, is one of the world's leading manufacturers of memory technologies specializing in DRAM, NAND flash and NOR flash memory products. It also provides packaging solutions and semiconductor systems. Demand for memory will benefit from the secular increase in semiconductors for data centres, automobiles, IoT and industrials. Micron has recently started mass production of its high-bandwidth memory (HBM) semiconductor products for use in the latest artificial intelligence chips.



**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.



**Netflix** – is the leading video streaming provider in the world with over 260m subscribers as of the December 2023 quarter. As the global leader, Netflix will continue to benefit from the shift of linear TV to streaming with still a significant opportunity to grow subscribers (1bn broadband households globally), pricing power and further monetization opportunities through advertising.



**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.



**Qualcomm** – is a fabless semiconductor designer and the world's leading supplier of mobile device chipsets (mobile phones, smartphones and tablets). Qualcomm is expanding the number and diversity of revenue lines including supplying chips to the PC market, automobiles, IoT and augmented/virtual reality segments. Qualcomm is also set to benefit as a key enabler of the proliferation of AI capabilities onto devices. (e.g. Samsung Galaxy S24)



**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.

## Disclaimer

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### 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.