

Orca Global Disruption Fund April 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	-0.5%	11.1%	9.7%	-0.7%	0.0%	6.7%	9.7%
MSCI ACWI Index (Net, AUD)	2.7%	8.2%	8.9%	9.3%	11.5%	9.9%	11.0%
Excess Return	-3.2%	2.9%	0.8%	-9.9%	-11.6%	-3.2%	-1.4%

Notes: Data as at 30 April 2023 unless stated. Unit price (exit) at 30 April 2023: \$2.1849. Fund size: \$143.1 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 -0.5%¹ in AUD terms (-1.6% in USD), compared to the broader MSCI AC World Index +2.7% (+1.4% in USD). Since inception the Fund has returned +9.7%¹ p.a. compared to the market +11.0% p.a.

Global equity markets rose modestly in April, driven by a rebound in financial stocks and strong performances from the Healthcare, Consumer Staples and Energy sectors. While there was some profit taking in technology stocks following a strong March quarter, they were supported late in the month by strong results reported by large cap technology companies including Microsoft and Alphabet.

The Fund's top contributors for the month were Microsoft (+8.0%), Intuitive Surgical (+19.5%) and Alphabet (+4.9%). Detractors from returns in April were CrowdStrike (-11.4%), TSMC (-8.2%) and Tesla (-19.8%).

Microsoft (+8.0%) delivered a standout March quarter result with revenue growth of +7% (+10% in constant currency (cc)) and EPS +10% (+14% in cc) both well ahead of market expectations. Guidance for the June quarter was also ahead of market expectations with management guiding to +8-10% constant currency growth. Microsoft continues to see resilient revenue growth from Office commercial (+17%), Azure (+31%), Dynamics (+21%) and LinkedIn (+10%). Azure revenue growth decelerated in line with management's expectations (+31% vs +38% in 2Q) as customers remain cautious on cloud spending in the near term, while management called out strong demand for its next generation AI products. From next quarter management expects AI to contribute 1% to cloud revenue growth, with strong customer momentum: (1) there are now 2,500 Azure OpenAI customers (up 10x qoq); and (2) 10,000 organisations signed up to generative AI based coding assistant Github Co-Pilot.

Intuitive Surgical (+19.5%) reported strong results, ahead of expectations, with revenues growing +14% and EPS +9% as strong procedure growth (+26%) and robot placements offset supply chain pressures and a challenging hospital capex environment. Procedure growth benefitted from significant pent-up demand, improvement in hospital staffing constraints and rebound in the Chinese market. Instrument revenue grew +22% due to strong procedure growth, while system placements came in ahead of expectations. Management raised FY23 procedure growth guidance to +18-21% (prior FY23 guidance +12-16%).

Alphabet (+4.8%) reported solid March quarter results ahead of market expectations with revenues growing +3% (+6% in cc) driven by resilience from core Search business (revenue +2%) which benefitted from retail and travel verticals. YouTube revenues (-3%) came in better than expected, showing signs of stabilisation, while Cloud (revenues +28%) were in line. Operating income came in ahead of market expectations with the Cloud business reaching profitability for the first time (operating margin 3%) also benefiting from some accounting changes. Alphabet is investing into AI to drive internal efficiencies, incorporate into its products (e.g. Bard chatbot) and open up large language models to developers to build generative AI applications.

CrowdStrike (-11.4%) traded lower as some cybersecurity peers reported mixed results, partly due to ongoing macro headwinds, with some contract delays from customers in banking and financial services following sector instability in the US. While CrowdStrike is due to report results in early June, it held an investor update in April where it discussed the substantial opportunity ahead, reiterated longer term financial targets and spoke in detail about its strong competitive position.

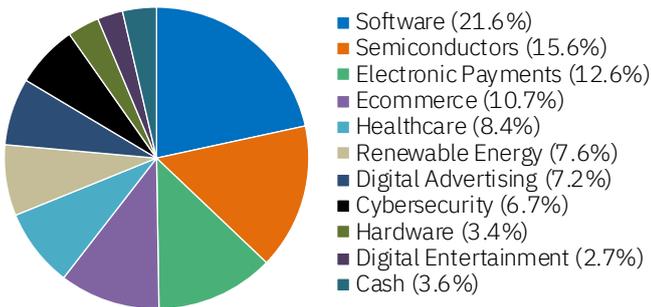
1. All returns are total returns, inclusive of reinvested distributions and net of fees and costs using net asset value per unit from inception to, and including, 31 January 2021 and exit unit price from this date. Past performance is not a reliable indicator of future performance. Inception 25 July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

FUND UPDATE (continued)

TSMC (-8.2%) delivered a mixed March quarter result with revenue growth +4% modestly below expectations while EPS +2% was ahead. Management lowered FY23 revenue growth expectations, guiding to a low single digit decline (previously slightly positive) with a strong recovery anticipated in the second half. Management lowered FY23 revenue growth, guiding a low single digit decline (previously slightly positive) with a strong recovery anticipated in the second half. Management believes the ongoing inventory correction in the PC and smartphone market will likely trough in 2Q but could potentially take a little longer than expected. However, TSMC indicated it expects a strong recovery in 2H when it will benefit from: (1) continued market share wins; (2) new growth at its most advanced node for latest generation chip production (driven by Apple); and (3) new products from customers such as AMD and Nvidia).

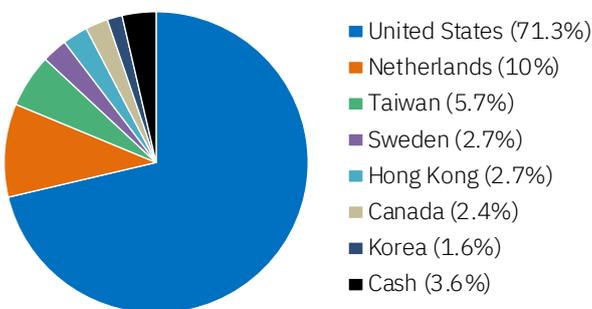
Tesla (-19.8%) reported mixed March results with revenue growth of +24% and EPS -21% both modestly below expectations. Auto revenues grew +18%, however gross margins contracted to 19% partly impacted by recent price cuts. Management reiterated the strategy of using price to drive volume: (1) Tesla has a unique opportunity given its industry leading profit margins and it will get scale benefits from its new factories; (2) lower prices (below certain thresholds) mean both US customers and Tesla will benefit from the Inflation Reduction Act; and (3) growing the installed base provides greater optionality to drive monetisation and profitability through sale of autonomous software. Tesla services revenues grew +44%, while the energy storage business continues to scale impressively (revenues +148%) with management targets to achieve 20% gross margins in the future (currently approximately 10%).

THEMATIC EXPOSURE



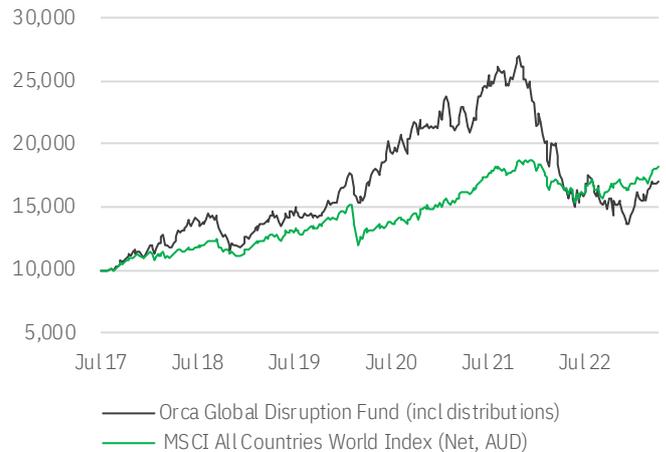
Source: Investment Manager, Bloomberg

GEOGRAPHIC EXPOSURE



Source: Bloomberg, Country of Domicile

FUND PERFORMANCE¹



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TOP 10 FUND HOLDINGS AS AT 30 APRIL 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.

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Orca Global Disruption Fund

TOP 10 HOLDINGS AS AT 30 APRIL 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:



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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.