

AUGUST 2022 RESULTS

Stock markets fell late in August, after a positive start to the month. While companies continued to report decent profits through the first half of the month, in the last two weeks the focus shifted to the economy and monetary policy. As discussed in the last monthly update, the market was conflicted on future rate policy coming into the month, with debt and equity markets pricing in rate cuts in 2023 reversing current rate rises.

US Federal Reserve (Fed) Chairman Powell gave a brief speech at Jackson Hole directly addressing guidance for US monetary policy rates. He guided for a longer period of higher rates, resulting in a sustained period of weaker economic growth. The US 10-year Treasury yield rose from 2.6% to 3.2% over the month, with consensus now more in-line with the guidance from the Fed. Higher rates to control inflation, with slower economic growth, is an incremental negative for stock markets. The incremental news this month was not stronger growth driving a response, which could be positive, but a stronger response to the same growth outlook. As a result, stock markets retreated, with the MSCI World Index down 2.5% for the month.

Asian markets were better, with the MSCI Asia ex-Japan Index up 1.8% in contrast to the broader global market. Asian markets were led up by Indonesia, India, and Thailand, but with China representing around half of the index, the Chinese economy dominates the region. Investors were a little more comfortable with China this month as COVID-19 rates seemed to improve, with the Chinese market (MSCI China Index) increasing 2.0%. The simple truth is that many Asian companies are trading at deep discounts relative to western peers, which makes the region attractive for long-term investors. On the other hand, we've seen high political risk relating to Chinese government policy, that will largely determine whether these companies recover and deliver the high potential returns. It's most likely a matter of patience with Asian markets, but in our view they offer a good balance of high potential returns, known risk, and diversification.

Over the past month and year, energy stocks have been the best performing investment sector, both in global markets and in Asia. This is a result of strong oil prices, which has been driven by two factors. Firstly, there was an oil shortage when the economy bounced back strongly from the COVID-19 recession, when oil companies had cut back production. This shortage of supply saw oil prices rising strongly

from US\$40 per barrel in November 2020 to over US\$80 at the start of 2022. Secondly, the Russian invasion of Ukraine caused another spike due to disrupting Russian oil exports, with oil prices above US\$100 for most of 2022. This has led to strong outperformance of energy stocks, which includes oil producers, refiners, and oilfield services.

Since 2020, no Orca Funds have held any investments in carbon based energy producers, under our Environmental, Social, & Governance (ESG) Advocacy policy, which has caused some underperformance. In fact, over 2021 and 2022 YTD, the MSCI Energy sector, which makes up 5.2% of the total market, has outperformed markets by 100%. The result has been that our decision to integrate ESG considerations into our investment process has cost the Orca Global Fund on performance against a benchmark without an ESG restriction. Whether that is a good or bad thing depends on your view of the ethics of energy and the value placed on ESG, but this was a decision strongly supported through the investment team, parent company, and stakeholders at the time.

Over the month, the Orca Asia Fund returned 1.6%¹, behind the index by 0.1%. The Orca Global Fund and Orca Global Disruption Fund returned -4.3%¹ and -4.2%¹ respectively. Both were behind their benchmarks, by -1.8% and -2.2%. The leading cause of underperformance was our energy underweight in terms of sectors, and the impact of individual stocks such as leading offshore wind company Orsted, which traded lower.

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 up 1.8% in August as the depreciating Australian dollar benefitted Australian investors' return. Indonesia (+7.3%) was the best performing market in the region for the month, as well as year-to-date, supported by the energy sector. Thailand (+6.6%) also outperformed as international tourists gradually return, whilst India (+6.0%) outperformed as the domestic economy recovered amid a better-than-expected monsoon season. Hong Kong (-1.5%) lagging other financial hubs as pandemic related lockdowns continued to plague reopening. South Korea (-1.4%) retraced.

On a sector basis, Energy (+8.5%) and Utilities (+5.2%) outperformed as energy and commodity prices remained elevated amid supply chain shortages and geopolitical conflict. Health Care (-2.9%) and Information Technology (-2.7%) underperformed.

The Orca Asia Fund (Fund) returned +1.6%¹ in AUD terms, marginally behind the Index. **Techtronic Industries** (+10.0%) was the top performance contributor in August, reporting strong first half results with margin and net profit growth as professional brand sales remained solid. Positive results from one of its major customers, Home Depot, also contributed to the positive sentiment. **Alibaba** (+8.6%) gained following a preliminary agreement between US and Chinese regulators that will allow US regulators to audit US-listed Chinese companies. The agreement relieves significant pressure on a delisting scenario for Chinese stocks listed on US exchanges. **Ayala Corp** (+14.1%) outperformed during the month as the Philippines conglomerate reported strong results within core business units. **Zhenjiang CHINT Electrics** (CHINT, -14.1%) was the largest performance detractor. CHINT reported strong first half revenue growth, but net profit was impacted by margin erosion in its solar panel business from higher upstream raw material costs. **ENN Energy** (-9.0%) reported results with stable margins in-line with expectations however underperformed due to downgraded gas volume guidance as a global economic downturn stifled demand.

This fund is appropriate for investors with a "Medium to High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium investment timeframe. Investors should refer to the **TMD** for further information.

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
\$1.1718	\$49.9 million	4.9%	2.2%

FUND PERFORMANCE¹

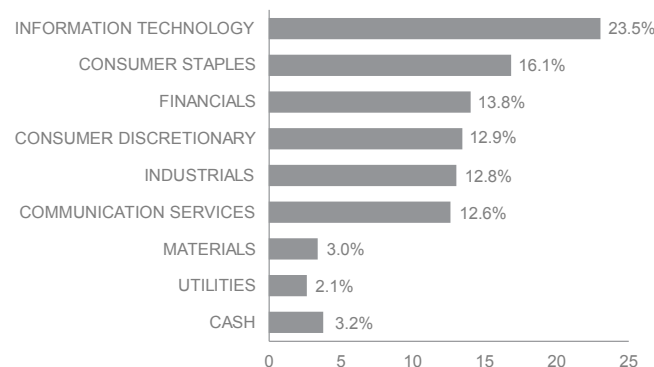
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Asia Fund	1.6%	-5.3%	-11.9%	-16.9%	-2.2%	1.2%	2.2%
MSCI Asia ex Japan Index (Net, AUD)	1.8%	-1.1%	-7.6%	-16.5%	-0.4%	3.2%	1.6%
Excess Return	-0.1%	-4.2%	-4.3%	-0.3%	-1.8%	-2.0%	0.6%

Note: Numbers may not sum due to rounding. Past performance is not a reliable indicator of future performance.

TOP 10 PORTFOLIO HOLDINGS

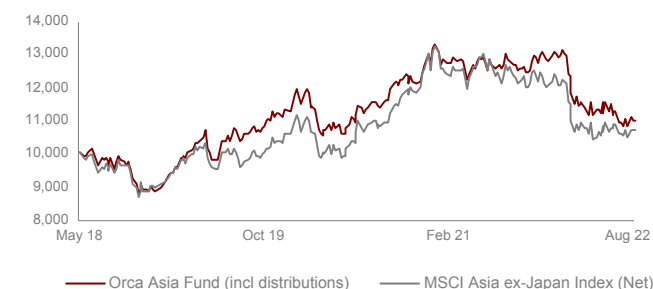
Alibaba	Techtronic
CP ALL	Tencent
HCL Technologies	TSMC
HDFC Bank	Uni-President Enterprises
Ping An Insurance	United Overseas Bank

SECTOR EXPOSURE

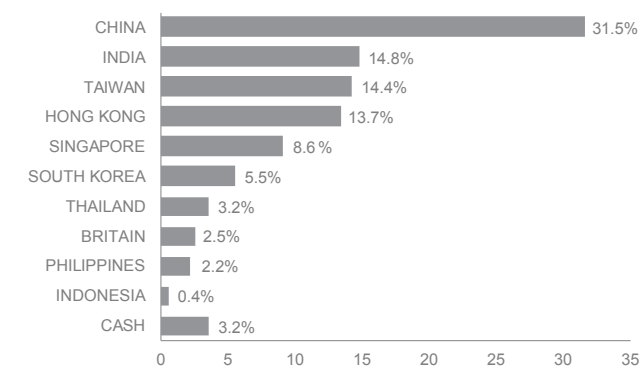


Source: Investment Manager, Bloomberg

PERFORMANCE CHART¹



COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 31 August 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 31 August 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 -4.2%¹ in Australian dollar (AUD) terms (-6.2% in US dollar (USD)), compared to the broader MSCI AC World Index -2.0%. Since inception the Fund has returned +9.9%¹ p.a. compared to the market +10.1% p.a.

Markets initially rose in August, before selling off after US Federal Reserve (Fed) Chair Jerome Powell emphasised the Fed's commitment to fighting inflation as its main priority and highlighted the need to continue raising rates despite rising pressures on households and businesses. Growth assets were sold off with the MSCI World Growth Index -3.6% underperforming the MSCI World Value Index -1.3%.

The Fund's best contributors for the month were **Snowflake** (+22.8%), **PayPal** (+9.8%) and **Palo Alto Networks** (+13.5%). Weaker contributors were **Microsoft** (-5.1%), **ASML** (-13.1%) and **Salesforce** (-13.7%).

Snowflake (+22.8%) the cloud data platform and analytics company reported a strong result with revenues (+83%), operating margins (4%) and free cash flow margins (12%) ahead of expectations. Guidance for FY23 was raised ahead of market expectations assuming revenues grow +67% to +68% with free cash flow margins of 17%.

Cybersecurity company, **Palo Alto Networks** (+13.5%) reported a standout result with billings +44% (mid-high 30's normalised), revenues +27% and free cash flow +62%. Guidance for FY23 was initiated ahead of market expectations assuming billings +21%, revenues +25% with free cash flow margins expanding to 33.5% to 34.5%. The strong demand for cybersecurity was also highlighted by CrowdStrike's results with revenue (+58%) and free cash flow (+85%) growth ahead of expectations and the company raising its FY23 outlook.

ASML (-13.1%) declined on broader semiconductor sector weakness (SOX Index -9.8%) following a strong rebound in July and increasing signs of softer demand across the sector particularly from consumer end-markets (e.g. laptop, smartphones).

Salesforce (-13.7%) reported a mixed result with revenues +22% (+26% on constant currency) and operating margins 19.9% both ahead of expectations. Guidance for FY23 was lowered with revenues expected to grow +17% (from 20%) given stronger FX headwinds and more measured customer buying behaviour since July.

PORTFOLIO MANAGER



Raymond Tong
Portfolio Manager

This fund is appropriate for investors with "High" and "Very High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the **TMD** for further information.

Unit price (Exit)	Fund size	Historical (12-month) distribution yield ²	Performance since inception (25 July 2017) ¹
\$2.0785	\$163.5 million	4.80%	9.9%

FUND PERFORMANCE¹

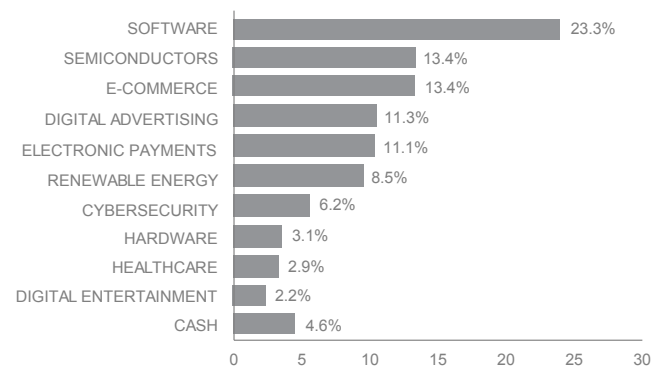
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	-4.2%	-0.2%	-20.2%	-37.9%	-11.4%	3.8%	9.8%	9.9%
MSCI AC World Index (Net, AUD)	-2.0%	-1.1%	-6.1%	-10.3%	8.0%	7.3%	10.1%	10.1%
Excess Return	-2.2%	0.9%	-14.1%	-27.6%	-19.4%	-3.6%	-0.3%	-0.2%

Note: Numbers may not sum due to rounding. Past performance is not a reliable indicator of future performance.

TOP 10 PORTFOLIO HOLDINGS

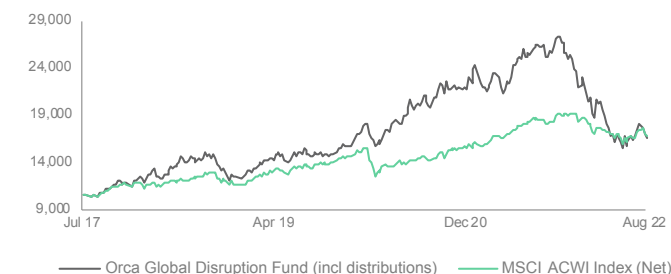
Alphabet Inc	PayPal Holdings Inc
Amazon.com Inc	Salesforce.com Inc
ASML Holding	ServiceNow
CrowdStrike	Tesla
Microsoft Corp	TSMC

SECTOR EXPOSURE

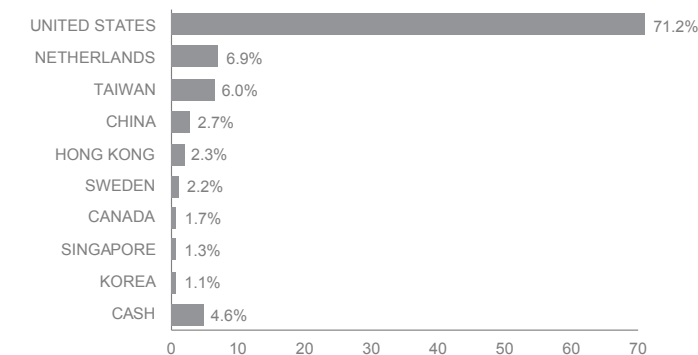


Source: Investment Manager, Bloomberg

PERFORMANCE CHART¹



COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 31 August 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 31 August 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

Global markets were volatile in August and declined sharply towards the end of the month as US Federal Reserve (Fed) chairman Powell gave a hawkish speech at the annual Jackson Hole conference of central bankers. Chairman Powell suggested that inflation is still running too high, despite the recent rate rises and the bank's commitment to controlling it. The chairman also suggested that the monetary policy will have to remain restrictive for longer than previously anticipated. Equity markets, that had been buoyed recently with prospects of the US Fed reducing the speed and quantum of rate hikes, responded negatively. European central banking officials also indicated prospects of higher rates in Europe to control inflation energy prices continue to soar.

The Orca Global Fund (Fund) returned -4.3%¹ in August underperforming the MSCI World Index by 1.8% due to overweight positions in defensive sectors that underperformed and an underweight to Energy. **Techtronic** (+10.0%) and **Meta Platforms** (+4.2%) were the best performing stocks. Techtronic reported strong earnings that beat expectations whereas Meta rebounded after the correction in July on reports that it planned to add more paid features for Facebook and Instagram. Detractors from performance included **Orsted** (-13.6%), **Alphabet** (-5.4%) and **Microsoft** (-5.1%). Orsted reported good quarterly earnings that beat expectations, but the stock declined due to concerns surrounding the underperformance of the offshore wind power business. Alphabet and Microsoft declined due to a broader correction in technology stocks. News reports suggested that the US Department of Justice could sue Google (Alphabet is the parent company) for its ad dominance.

This fund is appropriate for investors with a "Medium to High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium investment timeframe. Investors should refer to the **TMD** for further information.

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
\$1.6372	\$66.9 million	4.6%	8.2%

FUND PERFORMANCE¹

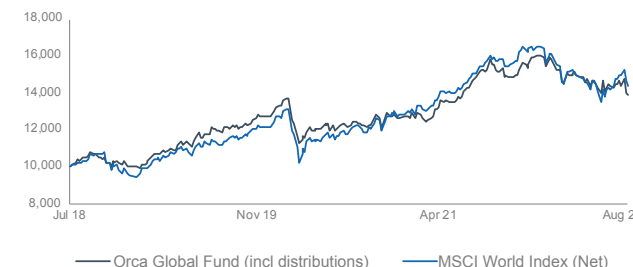
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Fund	-4.3%	-5.7%	-9.1%	-10.9%	6.0%	4.5%	8.2%
MSCI World Index (Net, AUD)	-2.5%	-1.0%	-5.8%	-9.4%	9.0%	8.1%	9.2%
Excess Return	-1.8%	-4.7%	-3.3%	-1.5%	-3.0%	-3.5%	-1.0%

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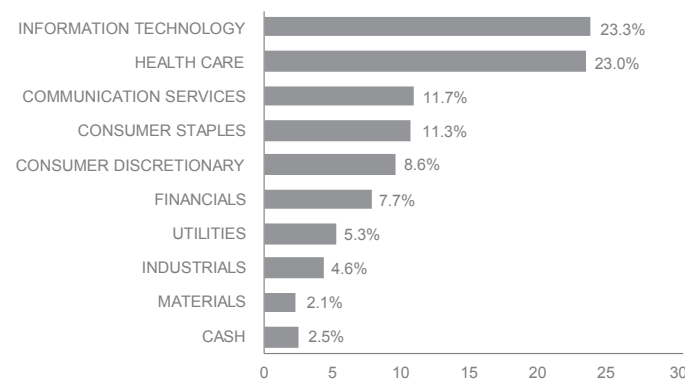
TOP 10 PORTFOLIO HOLDINGS

Alphabet	Microsoft
Danone	Novartis
Dollar General	Orsted
Mastercard	Royal Bank of Canada
Merck & Co	Unilever

PERFORMANCE CHART¹

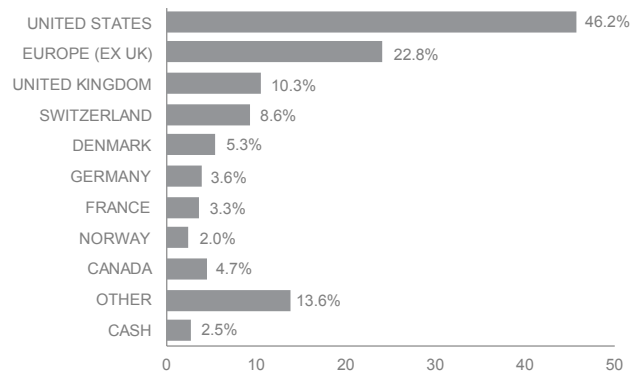


SECTOR EXPOSURE



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 30 June 2022, collectively manage over \$450 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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