

MAY 2022 RESULTS

Stock markets were moderately down again in May, falling 5% in the first half of the month and rallying back to end -1.4% down (MSCI World Index (Net) in Australian dollar (AUD) terms). For the first two weeks of May there was a continuation of this year's trend: falling stock markets on inflation concerns. In addition, strict COVID-19 lockdowns in China hit stock markets. Markets rallied later in the month on some signs that inflation may have peaked and restrictions eased in China. The big debate is where and when interest rates will peak in this period of central bank rate rises, which flows through to bond yields and mortgages. Later in the month, we saw this outlook moderate a bit, which at the moment is a positive for stock markets. But continued high inflation will dampen any market enthusiasm, and we are monitoring economic data closely.

With only moderate market movements, and our cautious positioning, the Orca Global Fund performed in-line with its benchmark, the MSCI World Index for the month of May, but over the last 6 months the Fund has outperformed by 6.1%¹. The Orca Asia Fund was 0.9%¹ ahead of its benchmark the MSCI Asia ex-Japan Index for May, and 2.1%¹ ahead over 6 months. Finally, the Orca Global Disruption Fund was 4.0% behind its benchmark the MSCI AC World Index for the month and 27.5% behind over 6 months – it has been a rough period for high-growth disruptive and tech-related stocks.

Companies finished reporting their first quarter results in May. High inflation raises prices, which comes through generally as stronger sale revenue for companies, and this was true for the quarter, with revenues up 16% vs 2021. The problem is that inflation also raises costs, which makes it harder to make a profit. As a result, company profits only rose by 1.1%. We view this as in-line with our expectations for the quarter.

Our team covers around 200 stocks and the main threads from the most recent quarterly results, which we believe are important to highlight, are as follows. Firstly, there were widespread issues with cost pressures from inflation hitting inputs, transport, and labour. Company management across the board were uncertain what the rest of the year would deliver, and how well consumers would digest higher prices.

Although there's been less coverage of supply chain issues, many companies are still struggling to get their products manufactured, and commonly are holding aging inventories that are harder to sell. Finally, many companies who had strong profits previously driven by China have struggled this year with lockdowns and political obstacles.

June is a quiet month generally for stock markets, with little in the way of company reporting, and this year has been a bit slow in terms of IPOs and M&A. Although the market's attention is on inflation and central bank policy rates, that's a slow game that will take a few years to play out. In our view, this favours a balanced position of active stock selection and risk control to benefit from market upside and protect investor capital against volatility.

The Orca Global Fund and Orca Asia Fund have outperformed their benchmarks since inception, and have done so taking lower risk than the market, measured by beta. This efficient investment outcome of return relative to risk taken is referred to as alpha generation, and we have been proud to deliver positive alpha for our clients over the last 4 years. Our goal is to continue to generate positive alpha for our clients into the future, and we'll work hard to try and achieve this goal.

A stylized, 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 down 1.0% in Australian dollar (AUD) terms in May. Asian markets were calmer this month as the uncertainties impacting global markets subsided. In addition, the reopening of Shanghai, China improved market sentiment as most manufacturing and other economic activities gradually resumed following the strict two-month lockdown.

Taiwan (+2.1%) and Hong Kong (+1.3%) were the best performing markets while India (-7.0%) retreated followed by Malaysia (-4.1%) and Indonesia (-4.0%). Information Technology (+1.8%) and Industrials (+0.9%) were the best sectors while Health Care (-4.5%) and Materials (-3.6%) underperformed.

The Orca Asia Fund (Fund) returned -0.1%¹ in AUD terms, outperforming the Index by +0.9%. ENN Energy (ENN, +14.1%) was the top performer in the Fund and the strongest contributor to performance. ENN rebounded in May, with March quarter 2022 operating results (operating margin and volumes) exceeding market expectation, despite lockdowns in various cities. WH Group (+8.9%) continued to perform strongly, with a consensus view that the US business will continue to recover. LG Chem (+13.1%) was also a strong contributor to performance with the company reporting solid performance from its energy solution subsidiary - a leading electric vehicle battery producer. ASM Pacific Technology (-8.9%) detracted from the performance, mainly due to removal of the company from the Hang Seng Technology Index, effective in June, which resulted passive selling. Singapore Telecommunication (-7.0%) also detracted from the Fund's performance. The company reported soft fourth quarter results, slightly behind market expectations with their recovery story still playing out.

The Orca Asia Fund turned four during the month of May. The Fund has outperformed its benchmark since inception (3.7% p.a.¹ versus 2.0% p.a.) despite a difficult macro environment, which has included the US and China trade war and the COVID-19 pandemic. We continue to believe in the long-term growth story in Asia and the potential for higher returns for investors as we explore deeper to unveil companies with strong and sustainable growth outlooks in dynamic Asian markets.

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
\$1.2666	\$57.4 million	5.2%	3.7%

FUND PERFORMANCE¹

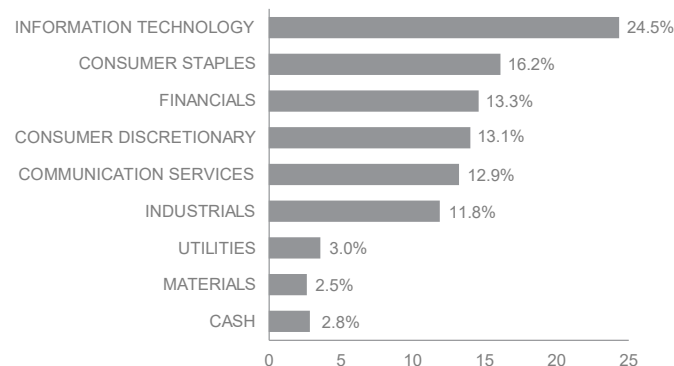
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Asia Fund	-0.1%	-7.0%	-10.1%	-9.6%	4.6%	6.0%	3.7%
MSCI Asia ex Japan Index (Net, AUD)	-1.0%	-6.5%	-12.2%	-15.6%	4.8%	4.6%	2.0%
Excess Return	0.9%	-0.4%	2.1%	5.9%	-0.2%	1.4%	1.8%

Note: Numbers may not sum due to rounding.

TOP 10 PORTFOLIO HOLDINGS

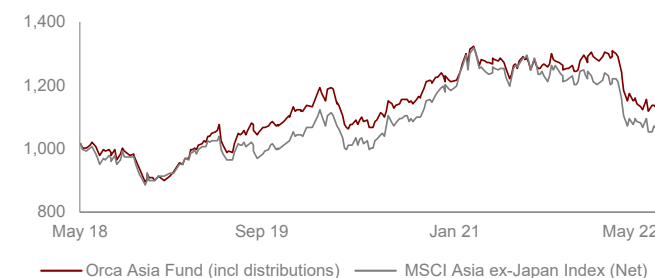
Alibaba	Techtronic
CP ALL	Tencent
HCL Technologies	TSMC
HDFC Bank	Uni-President Enterprises
Ping An Insurance	United Overseas Bank

SECTOR EXPOSURE

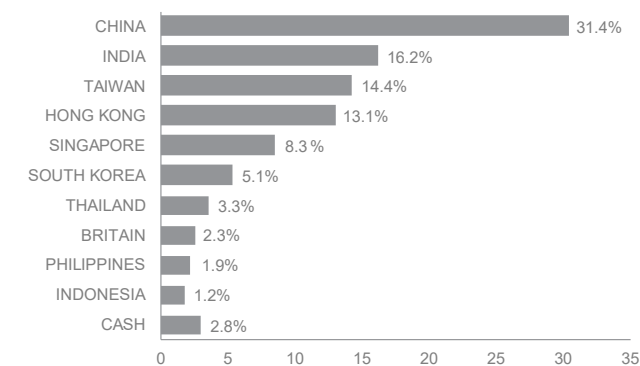


Source: Investment Manager, Bloomberg

PERFORMANCE CHART¹



COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 31 May 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 May 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 1,000. 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 -5.3%¹ in Australian dollar (AUD) terms (-3.7% in USD), compared to the broader MSCI AC World Index -1.3%. Since inception the Fund has returned +10.5%¹ p.a. compared to the market of +10.9% p.a.

May remained challenging for growth equities with the Nasdaq Composite Index declining a further 3.3% and notching the longest stretch of weekly declines since 2001 (the dot-com bubble era), while the broader US market finished down 1.3%. Growth stocks (MSCI World Growth -3.6%) remained out of favour compared to value (MSCI World Value +0.7%) as markets continued to focus on the rising risks of a recession and likely rate hike trajectory.

The Fund's best contributors for the month were Spotify (+9.3%), TSMC (+1.1%) and ASML (+1.2%). Weaker contributors were Unity (-40.7%), CrowdStrike (-20.7%) and Tesla (-14.2%).

TSMC's operating momentum remained strong, reporting April monthly revenue growth of +55%, while reports emerged of further potential mid-single digit price rises for customers across mature and leading-edge chip production, following circa 20% increases announced in August 2021.

Tesla was impacted by uncertainty around: (1) ramp up of production at its Shanghai Gigafactory following COVID-19 related closures earlier in the month; and (2) Elon Musk's proposed acquisition of Twitter and how he would fund the proposed deal.

Unity reported a mixed result with revenues +36% in-line with expectations and the business now expected to reach breakeven in the fourth quarter, earlier than previous guidance. However, revenue guidance for FY23 was lowered to +22-28% (from +34-36%) as a result of monetisation headwinds in its advertising business.

Other Fund holdings to report solid results during the month included Nvidia, Salesforce and Sea.

Nvidia reported a good result with revenues +46% (Gaming +31%, Datacentre +83%) and EPS +49%, both ahead of market expectations. Guidance for next quarter assumes revenue growth of +22% to +27% which was below market expectations largely due to headwinds from the Russia/Ukraine war and COVID related lockdowns in China.

Salesforce reported a strong result at month end with revenues +24% (+26% in constant currency) ahead of guidance and market expectations and operating margins of 17.6%. The company raised FY23 operating margin and free cash flow guidance. Importantly Salesforce is seeing no material impact on demand from weaker economic conditions.

Sea reported a March quarter result ahead of market expectations with revenue growth of +64% while re-affirming its progress towards positive earnings for its ASEAN and Taiwan ecommerce businesses.

PORTFOLIO MANAGER



Raymond Tong
Portfolio Manager

Unit price (Exit)	Fund size	Historical (12-month) distribution yield ²	Performance since inception (25 July 2017) ¹
\$2.1891	\$178.9 million	10.00%	10.5%

FUND PERFORMANCE¹

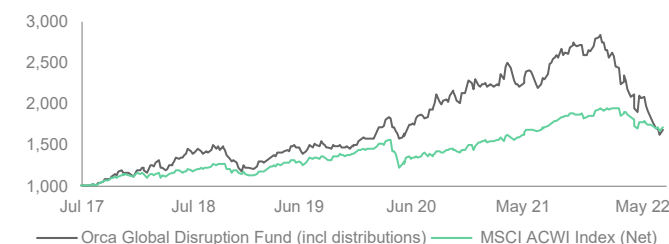
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	-5.3%	-20.0%	-37.9%	-26.3%	-4.7%	6.2%	10.5%
MSCI AC World Index (Net, AUD)	-1.3%	-5.1%	-10.4%	0.4%	10.5%	10.4%	10.9%
Excess Return	-4.0%	-15.0%	-27.5%	-26.6%	-15.2%	-4.1%	-0.4%

Note: Numbers may not sum due to rounding.

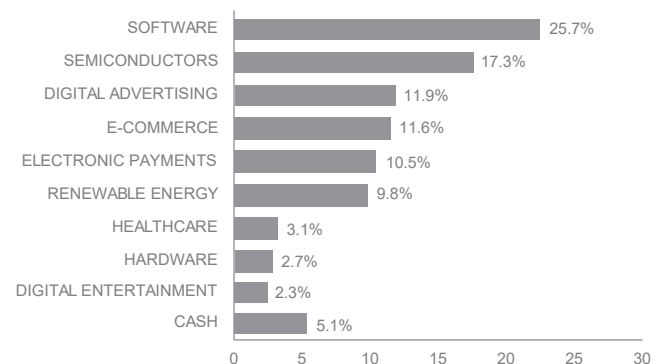
TOP 10 PORTFOLIO HOLDINGS

Alphabet Inc	Salesforce.com Inc
Amazon.com Inc	ServiceNow
ASML Holding	Tencent Holdings Ltd
Microsoft Corp	Tesla
NVIDIA Corp	TSMC

PERFORMANCE CHART¹

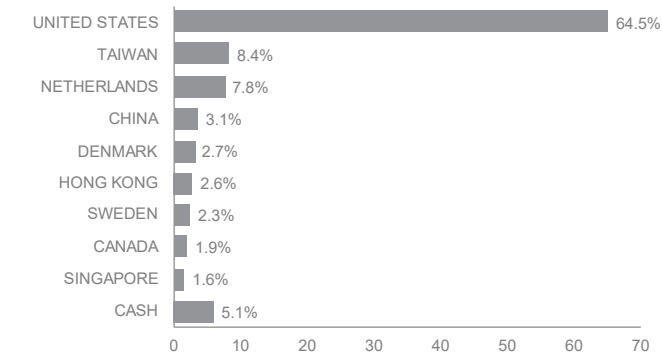


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 31 May 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. There is no guarantee the Fund will meet its investment objective. Inception 25 July 2017. Chart data range: 25 July 2017 to 31 May 2022. 2. Distribution yield is a historical measure. Neither the Manager or the Responsible Entity provide any representations or warranty in relation to the payment of any annual cash income. The Fund reserves the discretion to amend its distribution policy. Initial index value 1,000. 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 May with the ongoing war in Ukraine, rising inflation and US central bank's monetary policy weighing on sentiment. Stocks fell sharply in the first half of the month before recovering in the last week to close almost flat for the month. The US consumer spending remains strong, but market participants continue to show concerns around input cost pressures and impact on corporate earnings. This was evidenced in the results of US retailers, Walmart and Target, who reported weaker than expected earnings results mainly due to inflationary pressures.

The Orca Global Fund (Fund) returned -1.4%¹ in May, broadly in-line with the MSCI World Index (Index). US Bancorp (+7.7%), Vodafone (+6.3%) and Siemens (+4.2%) were the best performing stocks. Banking stocks including US Bancorp outperformed the broader markets in May due to prospect of expanding net interest margins from rising rates. Vodafone rose as Emirates Telecommunications Group announced it had acquired a 9.8% stake for US\$4.4 billion. Siemens' quarterly results beat expectations and the company raised FY22 revenue guidance, however has experienced significant headwinds within its Russian operations as sanctions continue to weigh on the business.

Detractors from performance included Dollar General (-8.6%), Mowi (-9.0%) and Illumina (-20.4%). Dollar General saw some profit taking even though its results beat expectations and the company raised annual sales guidance. Mowi reported good earnings for the quarter due to strong demand for salmon and pricing tailwinds, however, market participants were worried about demand destruction from high prices. Illumina declined as a US jury ruled that it infringed on two DNA sequencing patents owned by a competitor, Complete Genomics. Illumina will appeal but there is a risk to earnings if a judge upholds the jury verdict.

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
\$1.7766	\$78.9 million	3.8%	10.4%

FUND PERFORMANCE¹

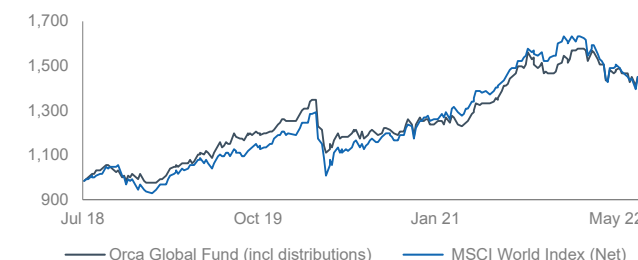
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Fund	-1.4%	-3.6%	-4.2%	7.4%	9.5%	9.9%	10.4%
MSCI World Index (Net, AUD)	-1.4%	-4.9%	-10.3%	2.5%	11.2%	11.3%	10.1%
Excess Return	0.0%	1.3%	6.1%	4.9%	-1.7%	-1.4%	0.3%

Note: Numbers may not sum due to rounding.

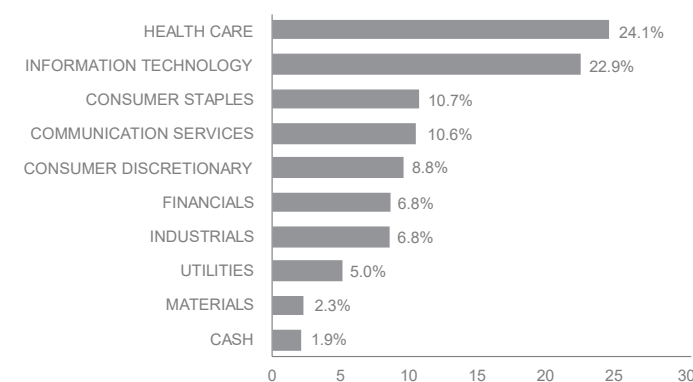
TOP 10 PORTFOLIO HOLDINGS

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

PERFORMANCE CHART¹

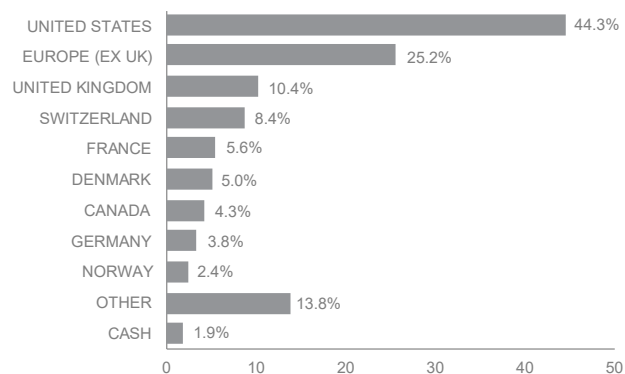


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

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Chart data range: 6 July 2018 to 31 May 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 1,000. Index Source: Bloomberg.

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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