

OCTOBER 2021 RESULTS

October was a good month for stock markets, with the MSCI World Index rising 5.5% in local currency (USD) terms to set new high levels, but only 1.5% in Australian dollar (AUD) terms due to the appreciating AUD. Stock markets have really chalked up a remarkable run of strong returns, with the two-year (non-compounded) return of 45% (USD terms) despite a global pandemic and associated recession. Momentum continued into October as decent company profit reports helped to reassure investors and drive up stock prices. Our Orca Global Disruption Fund had a stellar month, rising 4.3%¹, helped by their Tesla holding, which rose 43% in USD terms. Global markets have been in a sweet spot of rising company profits with falling concerns about central bank action curtailing the party.

The majority of companies have now reported profits for the third quarter of 2021. In the US, profits are up 40% compared to this time in 2020, and 31% better than in 2019, pre-pandemic. Consumers globally are returning to pre-pandemic behaviour, although there's retention of some lock-down habits in how goods are bought and consumed. International tourism is set to return as vaccination rates improve, which is a big factor for companies dealing with credit cards, phone bills, travel bookings, and of course airlines and plane manufacturers. In general, this return of normal movement has been slower than hoped, with the Delta strain causing further breakouts and restrictions, but where economies have fully reopened, consumers are spending well.

The biggest story over the past few months has been supply chain disruption. Across all sectors and companies globally we've heard about issues with the supply chain. By the supply chain, we mean the ability to obtain goods and services necessary to operate. This might be the ability to get a truck or a ship to deliver goods or parts, or the ability to obtain coal, copper, oil, or chemicals at a reasonable price.

Labour is a big issue, as there are generally less workers available, and workers are asking for higher wages and conditions. The labour supply is hit by sickness, lack of child care, and a reduction in cheaper international workers. We're seeing this around Australia with shortages of service and manufacturing staff, and it's no different elsewhere, with shortages of truck drivers, restaurant workers, warehouse operators, and nurses. And when inflation is resulting in a higher cost of living, it's fair that wages will rise to match.

All of this means more costs to companies, which means they pass on higher prices to us, which is why we're seeing inflation everywhere. In company profit announcements, CEO's are detailing the issues with supply chains. Even if the supply to them isn't impacted, often their customers are. In key areas such as semiconductor chips for phones and computers, companies are predicting issues until the middle of 2022 at least. The impact on stock markets is a bit mixed – if costs are up then that's a bad thing. But if companies can raise prices enough to protect profits then the share market will shrug off higher costs.

The issue is how consumers will afford ever-increasing costs. Wage increases help, but with less total workers the size of the economic earnings pie could still be smaller than in 2019. 2020 spending was boosted by government assistance, but this will be curtailed by 2022. Unless we see total wages earned accelerating, at some point consumer spending will come under pressure, which would undermine stock market values. This is what we're watching out for in economic releases and company profit statements, but so far we don't see enough to worry us about stock markets. The third quarter has shown that consumer spending is strong, companies are making better profits than ever, which is why we're happy with stock markets where they are. Fourth quarter is the Christmas quarter, so we'll look out for strong signs of festive cheer, and beware of any supply chain disruption humbugging the market.

As previously mentioned, the Orca Global Disruption Fund had a strong month, rising 4.3%¹. The Orca Global Fund posted a positive return, up 0.6%¹. Although the Orca Asia Fund fell 1.7%¹ over the month, this was much better than the MSCI Asia ex Japan Index, which fell -2.7%. The Orca Asia Fund was more defensively positioned through our diversification away from China.

A handwritten signature in dark ink, appearing to read "Ted Alexander".

Ted Alexander
Head of Investments

Note: 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) declined 2.7% in Australia dollar (AUD) terms in October, but it was up 1.4% in US dollar (USD) terms as the AUD was lifted by booming commodity prices. Most Asian markets traded in positive territories in local currency terms. Indonesia (+3.6%) was the strongest market in the region, benefiting from high energy prices, in particular coal prices amid power shortages across China. Singapore (+0.1%) and Philippines (+0.8%) also outperformed, benefitting from positive reopening sentiment. Korea (-6.6%) and India (-4.8%) were the worst performing markets, with the latter suffering from profit taking after strong year to date performance. On a sector basis, Consumer Discretionary (+3.9%) and Communication Services (+0.3%) outperformed, whilst Health Care (-10.4%) and Materials (-5.9%) were the worst sectors.

The Orca Asia Fund (Fund) returned -1.7%¹ in AUD terms, outperforming the Index by 0.9%. The Fund's overweight position in Alibaba (+7.0%) contributed most to the performance this month, rebounding following prior months decline, but remained volatile. **Alibaba** released its own in-house server chips and maintained its position as the leading cloud business in China. **Nari Technology** (+4.8%) also contributed strongly to the Fund's performance. Nari reported third quarter results largely in line with expectations although it saw slowing down in both revenues and earnings. Nari still has strong growth potential, as China transforms to use more renewable energy, which requires smarter grid systems. **Zhejiang Chint Electrics** (Chint, +2.8%) continued to add to the Fund's performance. Chint reported strong revenue growth in their third quarter results, however margin pressure is building due to higher raw material cost. We remain positive on its solar energy business in the longer term. On the other hand, **HCL Technologies** (-14.3%) reversed the outperformance from prior month amid profit taking in the domestic Indian market. **Uni-President Enterprise** (-6.3% in AUD or -2.5% in local currency terms) also declined as the slowdown in China consumption may impact its mainland business.

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
\$1.4029	\$76.4 million	4.5%	6.9%

FUND PERFORMANCE¹

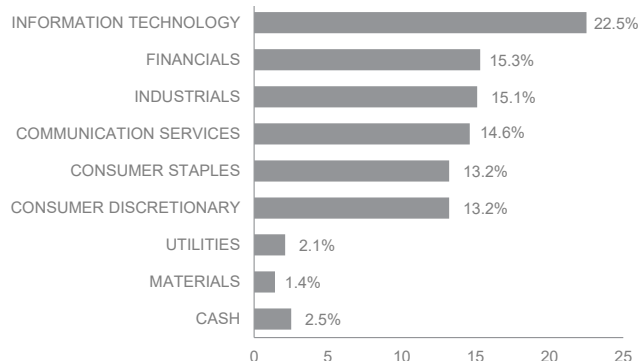
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Asia Fund	-1.7%	-1.1%	-2.7%	3.5%	6.8%	13.0%	6.9%
MSCI Asia ex Japan Index (Net, AUD (%))	-2.7%	-2.9%	-4.6%	5.4%	9.5%	11.7%	5.7%
Excess Return	0.9%	1.8%	1.9%	-1.9%	-2.7%	1.3%	1.2%

Note: Numbers may not sum due to rounding.

TOP 10 PORTFOLIO HOLDINGS

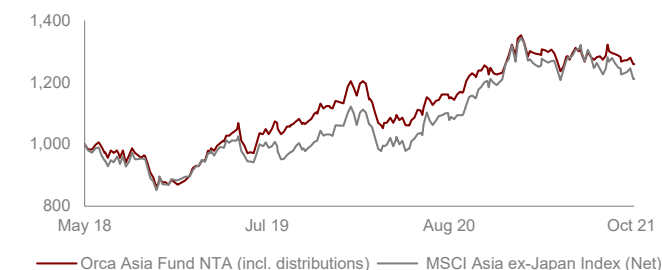
Alibaba Group	Tencent Holdings
HCL Technologies	TSMC
HDFC Bank	Uni-President Enterprises
NAVER Corp	United Overseas Bank Ltd
Techtronic Industries	Zhejiang Chint Electrics

SECTOR EXPOSURE

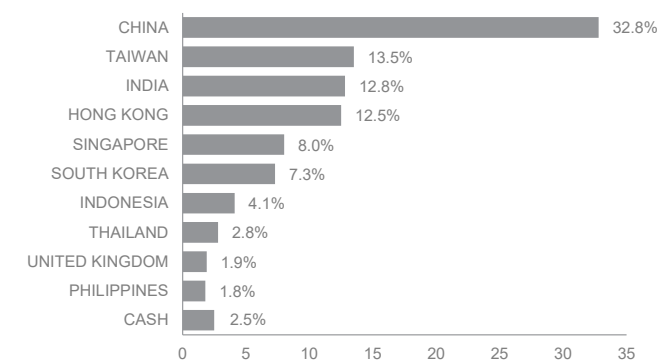


Source: Investment Manager, Bloomberg

PERFORMANCE CHART¹



COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 31 October 2021 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 October 2021. 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 +4.3%¹ in Australian dollar (AUD) terms, compared to the broader MSCI AC World Index (+0.9%). Since inception, the Fund is up 24.8%¹ p.a. compared with the broader market which is up 14.5% p.a.

The Portfolio's best contributors were Tesla (+38.2%), Microsoft (+13.1%), Alphabet (+6.5%). Weaker contributors were Twilio (-12.2%), Facebook/Meta (-8.3%), and PayPal (-14.0%).

Tesla (+38.2%) reported a strong September quarter result with deliveries growing +73%, revenues +57% and EPS +145%, all ahead of market expectations. Operating margins expanded to a record 14.6% despite industry wide supply constraints, higher commodity prices and build out of new factories.

Microsoft (+13.1%) delivered a strong quarterly result with revenue growth of +22% and EPS +25% both ahead of market estimates. Product strength was broad-based with the highlight an acceleration in Azure cloud revenues to +48%.

Alphabet (+6.5%) reported a strong result with revenue growth of +41%, operating margins expansion and EPS growth of 71%. The result was underpinned by strength from the core search (revenue +41%), networks business (revenue +40%), YouTube (+43%) and Google Cloud Platform (+45%).

Twilio (-12.2%) reported a mixed quarter despite a strong headline result with revenues (+65%) and operating income both ahead of market estimates. While Twilio's organic revenue growth remains very strong at +38%, this was a deceleration from recent quarterly growth rates of around 50%. The announcement that well regarded COO George Hu would depart the company after five years also weighed on the share price. Management remains very confident that the company will grow revenues 30% year-on-year over the next three years.

Facebook (-8.4%) reported a better than feared result (revenues +35%, EPS +19%) given the uncertain backdrop post Apple's iOS14 changes and the impact on social advertising peers. Mark Zuckerberg believes the ad targeting headwinds created by Apple's opt in changes will be manageable over the medium term. During the month, Facebook faced further platform health scrutiny from major news outlets and whistle blower allegations. It also announced the rebranding of the company to Meta, confirming Mark Zuckerberg's ambitions to transform Facebook into a metaverse company.

PORTFOLIO MANAGER



Raymond Tong
Portfolio Manager

Unit price (Exit)	Fund size	12-month distribution yield ²	Performance since inception (25 July 2017) ¹
\$3.4792	\$305.1 million	6.3%	24.8%

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	4.3%	4.6%	14.6%	23.6%	33.9%	26.2%	24.8%
MSCI ACWI Index (Net, AUD (%))	0.9%	1.0%	9.9%	28.3%	14.9%	15.1%	14.5%
Excess Return	3.4%	3.6%	4.8%	-4.7%	19.0%	11.0%	10.3%

Note: Numbers may not sum due to rounding.

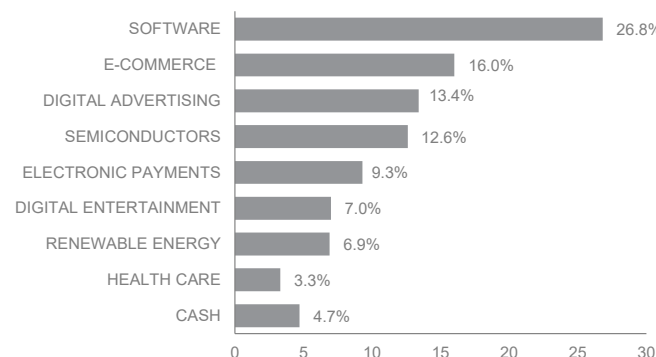
TOP 10 PORTFOLIO HOLDINGS

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

PERFORMANCE CHART¹

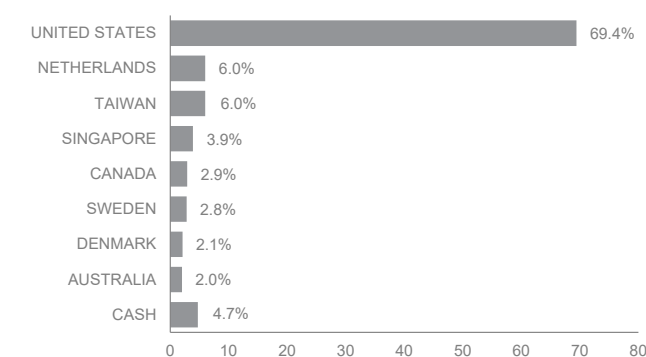


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 31 October 2021 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 October 2021. 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 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 performed strongly in October, however returns to Australian investors were dampened by a strong Australian dollar (AUD). The MSCI World Index (Index) was up 1.5% in AUD terms, with the rise skewed to the second half of the month on back of strong earnings updates from larger companies including Caterpillar, Microsoft and Alphabet. Key themes noted in the results of many businesses were rising input costs, supply chain disruption and labour shortages. US economic growth moderated during the period and consumer spending softened relative to the prior month.

The Orca Global Fund (Fund) returned 0.6%¹ in October (net of fees), underperforming the Index by 0.9%, with underperformance impacted by more defensive sector positioning and a strengthening AUD. Whilst the Healthcare sector underperformed the market, stock selection in the Fund was strong, with **United Health** (+13.2%) and **Merck** (+12.6%) up on the back of earnings results that were ahead of expectations and included raised guidance. Merck has narrowed the valuation gap to peers as the market starts to appreciate the potential of its COVID drug in development. **Microsoft** (+13.0%) outperformed on strong 1Q22 results, providing guidance above market expectations and an outlook that remains very positive driven by increasing technology spend. Stock specific issues hampered the performance of **Intel** (-11.7%) with the market negatively reacting to announced plans to increase capex by US\$10 billion. **Meta Platforms** (-8.4%, formerly Facebook) was weak due to a challenging digital advertising backdrop. In line with wider Consumer Staples weakness, **Danone** (-8.6%) highlighted that it was facing input cost inflation challenges, with guidance that these pressures will persist into 2022.

The Fund remains cautiously positioned although portfolio cash levels remain well below 10%.

PORTFOLIO MANAGERS



Ted Alexander
Portfolio Manager



Kunal Valia
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
\$1.8450	\$97.9 million	3.4%	12.9%

FUND PERFORMANCE¹

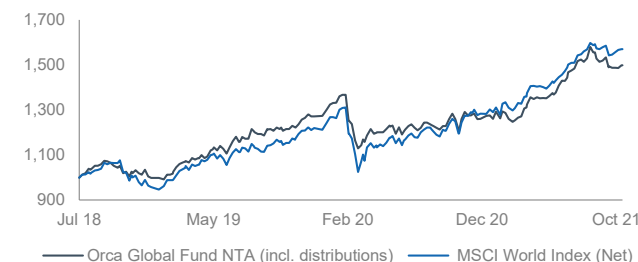
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Fund	0.6%	-1.6%	10.8%	24.2%	10.7%	13.4%	12.9%
MSCI World Index (Net, AUD (%))	1.5%	1.5%	11.7%	31.2%	15.9%	15.9%	14.5%
Excess Return	-0.9%	-3.1%	-0.9%	-7.0%	-5.2%	-2.4%	-1.6%

Note: Numbers may not sum due to rounding.

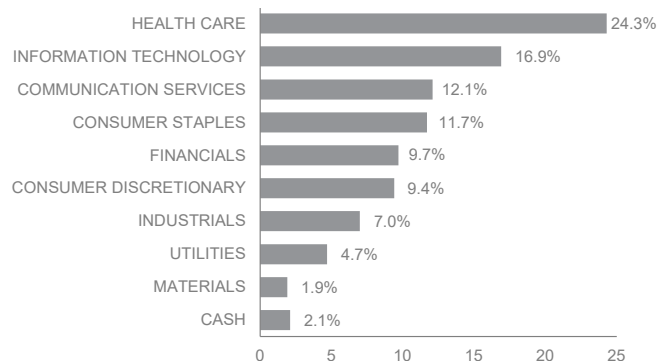
TOP 10 PORTFOLIO HOLDINGS

Alphabet Inc	Microsoft Corp
Amazon.com Inc	Novartis AG
AstraZeneca PLC	Orsted AS
Dollar General Corp	Royal Bank of Canada
Merck & Co Inc	Unilever PLC

PERFORMANCE CHART¹

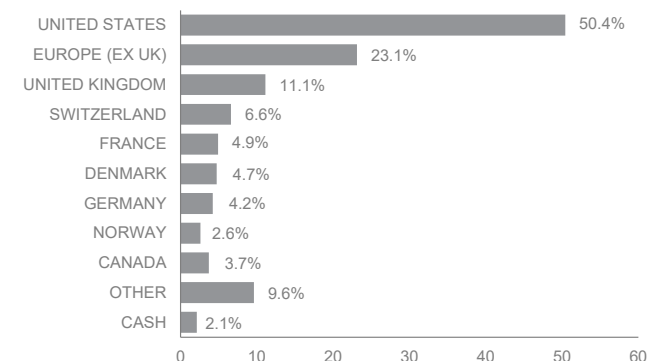


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

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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 6 July 2018.

Chart data range: 6 July 2018 to 31 October 2021. 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 30 September 2021, collectively manage over \$776 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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