TRIBECA AUSTRALIAN SMALLER COMPANIES – CLASS A: MONTHLY REPORT

Tribeca Investment Partners

February 2020

Fund overview

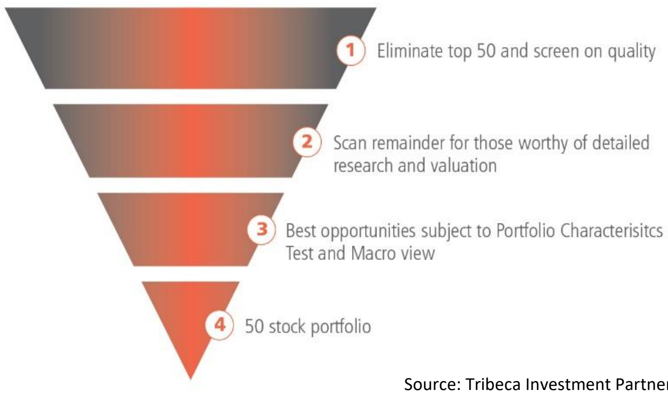
This is an actively managed, long-only strategy with flexibility to enhance alpha through its ability to invest up to 20% of the Fund in mid-cap stocks outside the ASX-50 Index.

By investing in companies outside of the top 50 and limiting exposure to top 100 ASX-listed companies, the Fund seeks to benefit from the concept of information arbitrage.

Tribeca's investment approach aims to identify the market leaders of the future and will have a bias toward companies with relatively high quality and sustainable earnings streams.

Tribeca's investment strategy has been forged over more than a decade and aims to identify the market leading companies of the future.

Figure 1: Investment Process



Source: Tribeca Investment Partners

Performance

As at 29 February 2020

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	Since inception[1] % pa
Class A Units[2]	(7.88)	(7.37)	4.44	8.99	8.64	6.22	7.17
Benchmark[3]	(8.68)	(5.87)	1.64	8.31	7.43	5.16	4.44
Value added	0.80	(1.50)	2.80	0.68	1.21	1.06	2.73

1. Inception Date: 5 August 2010
2. Returns are based on end of month redemption prices and calculated after the deduction of ongoing fees and expenses but before tax and assume distributions are reinvested
3. S&P/ASX Small Ordinaries Accumulation Index

Past performance is not a guide to future performance

Fund facts

Top 5 Active Weights	Portfolio%
PWR Holdings Ltd.	3.0
Steadfast Group Limited	4.7
Northern Star Resources Ltd	2.6
NRW Holdings Limited	3.0
Emeco Holdings Limited	2.6

Portfolio characteristics	Portfolio%	Index%[1]
Communication Services	1.4	4.4
Consumer Discretionary	13.7	14.3
Consumer Staples	10.4	6.3
Energy	7.5	2.5
Financials (ex-Property Trusts)	9.9	12.4
Healthcare	5.6	8.9
Industrials	10.1	7.5
Information Technology	8.5	8.9
Materials	22.7	21.1
Property Trusts	7.8	13.4
Utilities	--	0.3
Cash	2.5	--
TOTAL[2]	100.0	100.0

1 S&P/ASX Small Ordinaries Accumulation Index

2 May not total due to rounding

Manager commentary

Fears of a global spread of the Covid-19 virus dominated global market moves in February, resulting markets selling off sharply and bond yields collapsing. Increased pandemic risks led to countries enforcing border control measures, including bans on travel from visitors who had travelled to, or transited through, China. Surprisingly, emerging markets outperformed developed markets, as the Chinese markets remained relatively resilient (-3.2%). The S&P/ASX 200 Accumulation Index fell 7.7% in February, slightly better than the developed market average of -8.1%, with safe-havens REITs and healthcare outperforming while tech and energy lagged. Small caps underperformed (S&P/ASX Small Ordinaries Index -8.7%) with small resources outperforming, helped by a larger proportion of gold equities, while small industrials underperformed.

Another reporting season kicked off in February, and while headline reports indicated quite a weak set of results, this was complicated by the first period of AASB 16 reporting. Underlying estimates appear to have been adjusted down in-line with historical averages. Looking forward, companies were in no position to estimate the impact from the proliferation of the virus, however it is expected to weigh on any re-acceleration of corporate profits and drive at least a moderate near-term contraction, in our view. Global economic data had been showing signs of improvement in February, with data generally ahead of expectations (though China's release of economic measures was delayed). Domestically, house prices continued to respond to recent rate cuts, however other measures were more subdued, indicating benefits have yet to flow through. The Tribeca portfolio performed well during reporting season, with names held generally outperforming market expectations. The severity and liquidity driven nature of the month-end drawdown resulted in giving back some alpha though the portfolio outperformed for the month on a relative basis.

Contributing to performance during the month was Fineos Corp (FCL +19.2%), after the company forecasted stronger earnings than anticipated at their 1H20 result. Legislative changes in several US jurisdictions have resulted in FCL's large life insurance partners expediting their conversion to more sophisticated IT systems across claims management and policy administration -areas where FCL is dominant. IDP Education (IEL +19.6%) earnings growth materially surprised the market, with all divisions contributing to an accelerating top line and margin expansion. IEL continues to win share in all divisions while the ability to expand offerings to students and universities underpins a strong medium-term growth outlook. Elders Ltd (ELD +4.3%), being a September year end released no news of note in February. However, seasonal conditions continued to improve raising the prospect of a lift in agricultural activity across the Australian east coast which should drive an earnings recovery after three challenging years of drought. Northern Star Resources (NST +6.8%) delivered no surprises at their 1H20 result, however, gold equities benefited from the flight to safety as virus concerns permeated equity markets and bond markets priced in future easing of interest rates. Imdex (IMD +6.9%) rallied alongside gold names, with the gold sector responsible ~50% of global exploration spend.

Underperforming in February was EML Payments (EML -31.2%), after delivering their 1H20 result. Earnings were in-line with expectations and while there was some confusion around the outlook, later clarified, the business remains on track to deliver very strong growth, possibly ahead of expectations. The market's reaction suggested stronger earnings were expected, something we had considered in the run up to results by reducing our overweight position. We expect loose hands to exit the name providing a better entry point over the next few months. NRW Holdings (NWH -23.3%) and Emeco Holdings (-17.0%) largely reacted to macro events towards the end of the month, as risk-off sentiment hit mining services names. Their respective 1H results were strong, implying softer growth rates that appeared conservative given feedback from services markets. Iron ore prices have held-up well on supply outages and expected stimulus demand from China, supporting activity levels. However, the potential for workforce impacts from the virus remain difficult to ascertain at this point, with the market in no mood for uncertainty. Fisher & Paykel Health (FPH +10.1%) issued another small upgrade to earnings guidance, as demand for their Homecare range continues to be strong, together with tailwinds from the falling NZ/USD. Lastly, Senex Energy (SXY -20.6%) fell materially with oil prices (Brent crude -11.6%) as commodity markets reacted to virus-impacted demand concerns. Material impacts to Australian east coast gas demand are unlikely, especially moving into colder months. SXY's gas ramp up is running ahead of plan.

See **gsfm.com.au** for more information about the Tribeca Australian Smaller Companies Fund.