Fund Update

# Tribeca Alpha Plus Class A Units

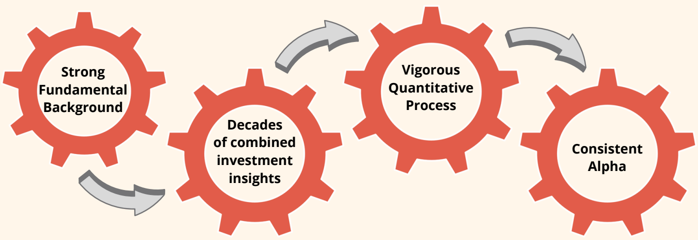
March 2024

## Fund Overview

### INVESTMENT PHILOSOPHY

Tribeca's investment approach uniquely blends fundamental and quantitative processes that aim to identify investment opportunities and generate returns above the benchmark. Fundamental investing gives depth of insight and conviction by identifying high quality businesses with strong fundamentals. Quantitative investing brings breadth and objectivity to the process by exploiting behavioural biases in the market.

### INVESTMENT APPROACH




- A long/short equity strategy that enables investors to benefit in rising and falling markets by taking long or short positions to profit from positive or negative share price movements
- A diversified portfolio, generally consisting of 60-70 long positions and 30-40 short positions
- Style agnostic and broad-based industry exposure
- The active extension structure enables short selling a range of stocks with weak investment characteristics and reinvesting the proceeds in long positions in preferred stocks
- Target allocation of 150% long, 50% short (maximum 50% short exposure)
- Long history of outperforming the S&P/ASX 200 Accumulation Index

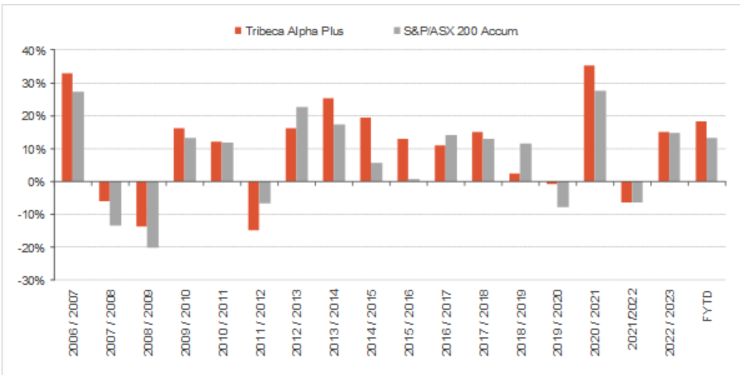
## Fund Characteristics

### TOP 10 ACTIVE WEIGHTS

| | Active Position % |
|---|---|
| Westpac Banking Corporation | -2.80 |
| Goodman Group | 2.38 |
| Pilbara Minerals Limited | 2.32 |
| Pro Medicus, Ltd. | 2.17 |
| JB Hi-Fi Limited | 2.11 |
| QBE Insurance Group Limited | 2.01 |
| Lottery Corporation Limited | 2.01 |
| Northern Star Resources Ltd | 1.98 |
| Flight Centre Travel Group Limited | 1.97 |
| Woodside Energy Group Ltd | -1.90 |

### LONG TERM PERFORMANCE VS BENCHMARK

**Tribeca Alpha Plus Fund vs S&P/ASX 200 Accumulation Index:**
delivered outperformance in 13 out of 17 financial years since inception




Source: Tribeca Investment Partners
Past performance is not a guide to future performance

## Performance as at 31 March 2024

| | 1 month % | 3 months % | 1 year % | 3 years % | 5 years % pa | 7 years % pa | 10 years % pa | Since Inception [1] % pa |
|---|---|---|---|---|---|---|---|---|
| **Class A Units** [2] | 3.14 | 9.77 | 18.47 | 11.37 | 13.25 | 10.37 | 11.85 | 9.80 |
| **Benchmark** [3] | 3.27 | 5.33 | 14.45 | 9.62 | 9.15 | 8.59 | 8.27 | 7.01 |
| **Value Added** | (0.13) | 4.44 | 4.02 | 1.75 | 4.10 | 1.78 | 3.58 | 2.79 |

1. Inception date: 18 September 2006
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 200 Accumulation Index

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Tribeca Investment Partners

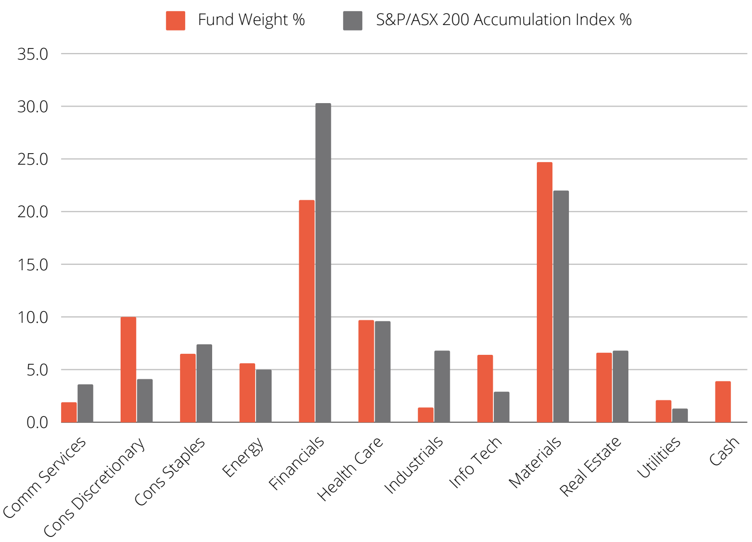
Fund Update

## TOP 10 HOLDINGS

| | Fund % | Index %[1] |
|---|---|---|
| Commonwealth Bank of Australia | 10.0 | 8.6 |
| BHP Group Ltd | 9.5 | 9.6 |
| CSL Limited | 5.9 | 5.9 |
| Goodman Group | 4.9 | 2.5 |
| National Australia Bank Limited | 4.3 | 4.6 |
| QBE Insurance Group Limited | 3.2 | 1.2 |
| James Hardie Industries PLC | 3.0 | 1.1 |
| Fortescue Ltd | 2.9 | 1.9 |
| Pilbara Minerals Limited | 2.8 | 0.5 |
| Northern Star Resources Ltd | 2.7 | 0.7 |

1. S&P/ASX 200 Accumulation Index

## SECTOR ALLOCATION




The data presented in these tables and graphs is unaudited and may change at any time. The data is shown for informational purposes only and is not indicative of any future portfolio characteristics.

## Fund Facts

**INVESTMENT MANAGER**
Tribeca Investment Partners Pty Ltd

**INCEPTION DATE**
18 September 2006

**DISTRIBUTIONS**
Half-Yearly

**APIR CODE**
ETL0069AU

**RESPONSIBLE ENTITY**
Equity Trustees Limited

**PERFORMANCE FEE**
20.5% of the Fund's return above the Fund Benchmark

**MANAGEMENT FEE**
0.97% P.A.

**BUY / SELL SPREAD**
Buy +0.30% / Sell -0.30%

## Manager Commentary

Equity indices around the world posted strong returns during the March quarter, with the Australian market (+5.3%) lagging major offshore peers like the S&P500 (+10.2%) and the MSCI World (8.5%). The month of March represented the 5th consecutive monthly gain for the ASX and in the process saw a new all-time high set for the benchmark. Markets rallied as evidence mounted that inflationary pressures have peaked, allowing central banks to cut interest rates prior to the onset of any major global slow-down. Meanwhile reporting season both domestically and internationally have largely contributed to the narrative that the economy remains robust.

Long duration, interest-rate sensitive sectors lead performance, with Information Technology (+24%) and Property (+16%) the standouts. The IT sector was boosted by very strong offshore leads and also by the bid for Altium at a material premium. High beta tech names Life360 and Megaport were the two best performers for the quarter. Consumer Discretionary (+12%) also rallied during reporting season as expectations of a consumer slowdown continue to be defied. The Materials sector (-8%) was the key laggard, as sector heavyweights BHP and RIO were dragged down by a 20% fall in the Iron Ore price.

The Fund posted a return of 9.8% for the quarter, outperforming the benchmark by 4.4%.

At the stock level, notable contributors included overweight positions in:
-Life360 (360) which rallied sharply after beating CY23 guidance and providing strong CY24 guidance that included a newly launched advertising revenue stream.
-Altium (ALU) which received an all cash takeover bid from Renesas at a material premium.
-Temple & Webster (TPW), which reported an impressive 1H24 result and an early 2H24 trading update that showed accelerating sales growth.

Underweights which helped performance included:
-Nanosonics (NAN) which fell sharply after delivering a soft trading update in mid-January on the back of lower-than-expected unit sales.
-Woolworths (WOW) missed 1H24 earnings expectations largely due to soft trading conditions in NZ downgraded and also de-rated as the major supermarkets came under increased regulatory and political pressure
-Healius (HLS) which delivered an underwhelming 1H24 result, as the path to pre-Covid margins looks more difficult than previously expected.

Detracting from performance were overweight positions in:
-Rio Tinto (Rio) which came under pressure as iron ore fell 20% during the quarter on concerns around growth in the Chinese economy
-Pilbara Minerals (PLS) which fell with the broader lithium sector on commodity price weakness.

After a near 6-month one way trade, the Australian equity market is entering a more uncertain period as expectations for rate cuts get wound back and fears of stickier than expected inflation push long bond yields higher.

While these shifts are, in part, a reversal of interest rate cut expectations and the pace of progress on lowering inflation that had simply become unrealistic, they do represent a softening in the near term tailwinds for the equity market, post the 17% rally since the start of October.

As a result, we think the coming few months will see the market caught up in a tug-of-war between solid cyclical tailwinds as economic growth proves resilient to RBA rate hikes, and rising headwinds posed by another leg higher in long bond yields and the potential for inflation to force a more hawkish stance by the RBA.

We don't think this is a particularly bad backdrop as long as the economy, and in particular, the labour market hold firm, but it may take a few months before the stars align once again and the market can look through near term uncertainty. The coming months also correspond with "confession season" as corporates use the final months of the fiscal year to reset expectations lower. Given softness in some areas of the economy, continued cost pressures and the desire to avoid earnings disappointments, we'd expect a very cautious tone to corporate commentary over coming weeks if not months.

Nevertheless, we do think fiscal 2023 will mark the earnings low for the current cycle and growth will begin to pick up later into the year. In addition, corporates should get further input price relief when measured against peak rates through late calendar year 2023, which alongside right cost control, will be a positive force for profit margins.

Investors should recognise that a period of elevated volatility is not unusual as economic, and earnings cycles turn. While the equity market has priced in a lot of incrementally positive news, we think a period of consolidation rather than a prolonged sell-off is most likely. We believe that there remains a strong desire to buy the dips, and this will help put a floor in the market should near term concerns rise. At this stage, we maintain our view that the market will be supported by cyclical improvement and by some easing in financial conditions. Investors should remain focused on cyclical upside rather than betting on rate cuts which remain hard to determine and very data dependent. Now is the time to be laser focused on where high conviction views sit, rather than being overly tied into negative developments.

**See gsfm.com.au for more information about the Tribeca Alpha Plus Fund.**