

JULY 2021 RESULTS

July was another calm month for stock markets generally, which rose approximately 4% in Australian dollar terms. Two of the Orca Funds outperformed markets through the month, generally through lower risk positioning and exposure to opportunistic themes, with the Orca Asia fund 3.0%¹ ahead and the Orca Global fund 1.6%¹ ahead of respective benchmarks. The Orca Disruption Fund faced some headwinds in technology stocks after very strong returns in June. The Orca Global Fund has now passed three years since launch, returning 52%¹ to investors (total return basis). The Fund has only exposed investors to 88% of market risk over that time, resulting in positive alpha (risk adjusted outperformance). We will continue to position the fund to limit potential downside to our investors, while participating in strong markets, as we've seen recently.

There were contrasting outcomes globally for health and the economy. The Delta variant led to fast COVID-19 outbreaks in most geographies, although with lower mortality rates due to growing vaccination rates. Where economies re-opened, consumer spending was strong, whether on domestic travel, shopping, or entertainment. Most companies have now reported their financial results for the May to June period, with many measures remarkably looking better than comparable periods in 2019. The resilient consumer is a result of government measures to support workers impacted by lockdown. Companies have consistently talked about elevated costs, particularly wages, petrol, raw inputs, and transport, and the problem is larger in the US. Every company has noted their concern over the spread of the Delta variant. Once again, you have contrasts in stock markets, very good profits being made, but also uncertainty. With strong profits coming through, there's no reason for stock markets to fall away, but I think everyone understands the global economic recovery is likely to be uneven.

Asian stock markets have been eventful, with one of the Orca Asia Fund's holdings in the eye of the storm. The lives of Chinese students are dominated by preparation for their University entrance exam. This has spawned an industry of private tutoring companies that augment school education with training for their exams. The Government has looked unfavourably at the increasing cost and time burden on Chinese families, and the proliferation of new entrants marketing the industry.

Effectively, the industry has been banned. This caused one of our holdings, market leader New Oriental Education, to fall 90%. Although this caused us a lot of worry, it actually drove strong outperformance for our Fund. The crackdown caused international investors to pull out of Chinese stocks, including many risky stocks which we have avoided. The market was concerned the Chinese government would expand their interventions into other sectors and major stocks could be impacted. Our more defensive positioning and lower Chinese exposure resulted in outperformance, despite the terrible performance of one holding. This is the benefit of diversification and risk control. Nonetheless, we have been analysing the decision and implications for future investing, and are chastened by the experience.

Our Orca Global Fund also strongly outperformed the market, driven by the strong performance of Healthcare stocks and the underperformance of Japan. Pharmaceutical stocks have been lagging behind the broader market due to hospital shutdowns and US political concerns, but the sector has recovered with strong profits and falling political risk. Japan suffered from a slower economic recovery and further COVID-19 outbreaks last month. We have no Japanese investments, which make up 10% of the global market.

Sadly, we are in lockdown in Sydney. We are fortunate to be able to do our jobs together through the lockdown and appreciate that many others cannot. We hold our team meetings via video-link daily and find access to our investment companies very easy as the world has adapted to the circumstances. Companies have added more staff to deal with investor questions, and we are finding no impediment to running our strategy through lockdown.



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) was down 5.6% in Australian dollar (AUD) terms in July. Asian markets were rattled by the regulatory fear from the Chinese authorities and the resurgence of the Delta variant in most countries. China (-12.0%) was the worst performing market due to a deepening sell-off of internet stocks triggered by Beijing's unexpected regulation of the school tutoring sector, which followed the removal of Didi's rideshare app from app stores. The Philippines (-9.7%) and Thailand (-5.1%) also underperformed on concerns that the spread of Delta will delay economic recovery. Singapore (+3.6%) and India (+3.2%) were the strongest markets. On a sector basis, Consumer Discretionary (-13.2%) and Communication Services (-12.0%) underperformed following the regulatory onslaught to Chinese internet stocks within both sectors. Materials (+5.2%) was the best sector amid rising commodity prices followed by defensive Utilities (+2.3%).

The Orca Asia Fund (Fund) returned -2.5%¹, outperforming the Index by 3.0% for the month, benefiting from the Fund's lower risk positioning and strong stock selection. **Zhejiang Chint Electric** (+31.5%) contributed strongly to the Fund's performance as the stock rallied along with other Chinese renewable energy related stocks following implementation of a favourable power pricing model, which would increase the prior peak hour charge by 20% or more. Similarly, **Nari Technology** (+37.7%) performed strongly and was the second-best contributor to the Fund's performance. Nari is a technology provider to the Chinese electricity grid and is expected to benefit over coming years from the rollout of "smart grid" and from favourable policy support.

The largest detractor from performance was **New Oriental Education** (-73.0%), which collapsed alongside the entire after school tutoring sector in China as a set of new policies came into force that requires after school tutoring providers (of school subjects) to be non-profit and prohibits access to capital markets, including a ban on participation of foreign capital. These companies are seeking a transformation strategy. **Alibaba** (-12.1%) pulled back this month after strong performance in June. The stock was impacted by the overall sell-off in large-cap internet companies due to investors' concerns of further regulatory restrictions on internet and technology companies.

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
\$1.4185	\$86.8 million	4.4%	7.8%

FUND PERFORMANCE¹

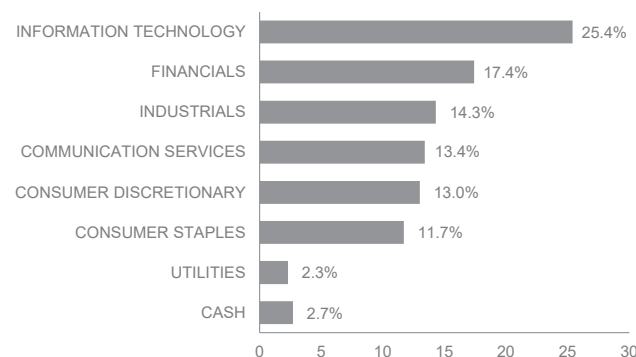
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Asia Fund	-2.5%	-1.6%	-1.1%	11.6%	9.1%	9.5%	7.8%
MSCI Asia ex Japan Index (Net, AUD (%))	-5.6%	-1.8%	-1.6%	15.9%	11.9%	9.5%	7.1%
Excess Return	3.0%	0.2%	0.5%	-4.2%	-2.8%	0.1%	0.7%

Note: Numbers may not sum due to rounding.

TOP 10 PORTFOLIO HOLDINGS

Alibaba Group	Tencent Holdings
HCL Technologies	TSMC
Ping An Insurance Group	Uni-President Enterprises
Samsung Electronics	United Overseas Bank Ltd
Techtronic Industries	Zhejiang Chint Electrics

SECTOR EXPOSURE



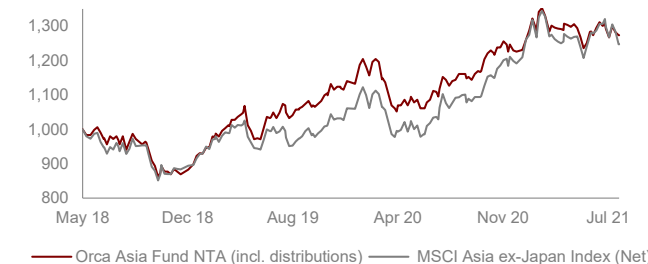
Source: Investment Manager, Bloomberg

Notes: Data as at 31 July 2021 unless stated. Numbers may not sum due to rounding.

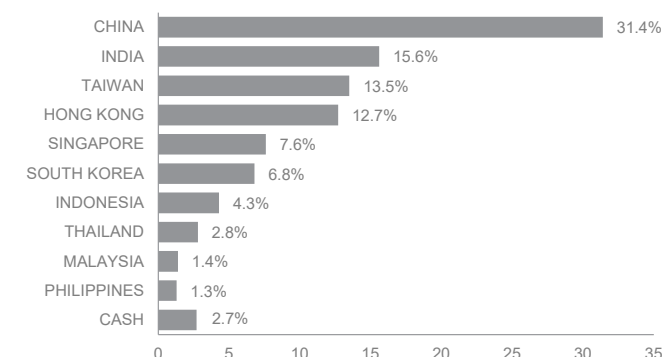
1. All returns are total returns, inclusive of reinvested distributions and net of fees and costs using net asset value per unit from inception to, and including, 31 January 2021 and exit unit price from this date. Past performance is not a reliable indicator of future performance. Inception 14 May 2018.

Chart data range: 14 May 2018 to 31 July 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.

PERFORMANCE CHART¹



COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile



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 +1.5%¹, underperforming the broader MSCI AC World Index (+2.8%).

The US market was strong, up 4.5% (S&P500 Index) underpinned by a generally positive start to the June reporting season. However, Asian markets fell (Shanghai Index: -5.4%, Hang Seng Index: -7.8%) driven by a selloff in Chinese technology stocks (Hang Seng Internet Index: -14.9%).

The Portfolio's largest positive contributors were Alphabet (+12.7%), Microsoft (+7.4%) and ASML (+13.4%). Weaker performers included Spotify (-15.3%), Alibaba (-12.1%), and Tencent (-16.3%).

Alphabet (+12.7%) delivered a strong June quarter result with revenue (+62% growth) and EPS (+169%), well ahead of market expectations. The core advertising business grew (+69%) led by strong advertiser demand, high levels of commercial search activity and a weak comparable period in the prior year, due to the impact of COVID-19.

Microsoft's (+7.4%) June quarter result was strong with revenue (+21% growth) and EPS (+49%) all ahead of consensus expectations. Strength continued to be broad-based led by Azure (+50%) and Office 365 (+20%).

ASML (+13.4%) reported outstanding quarterly results with revenue growth of +21% and EPS +41%. Management upgraded FY21 revenue guidance to +35% (was +30%) on broad-based strength across the business as customers increasingly rely on ASML's technology to support demand across the semiconductor industry.

Spotify (-15.3%) reported a mixed June quarter result with strong revenue growth (+23%) and paid subscriber growth, but lower than expected growth in total monthly active users.

The Chinese internet sector sold off following the Chinese Government's crackdown on rideshare operator Didi on national and data security concerns, imposition of strict rules on the after school tutoring sector, and greater regulation of the food delivery sector. With increasing regulatory risk, we have reduced the position sizes of our holdings in **Alibaba** and **Tencent** over the past year. However over the longer term, we continue to see strong investment cases for both companies given their exposure to growth in Chinese consumption and the digitisation of businesses in China.

PORTFOLIO MANAGER



Raymond Tong
Portfolio Manager

Unit price (Exit)	Fund size	12-month distribution yield ²	Performance since inception (25 July 2017) ¹
\$3.3277	\$295.8 million	6.6%	25.2%

FUND PERFORMANCE¹

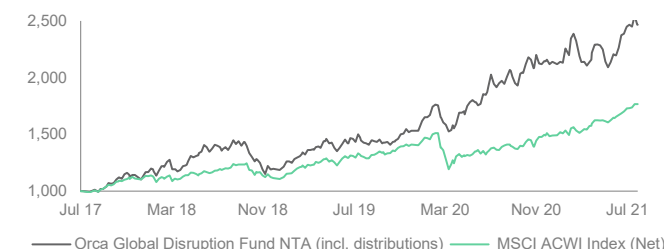
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	1.5%	9.6%	12.1%	26.3%	29.3%	22.0%	25.2%
MSCI ACWI Index (Net, AUD (%))	2.8%	8.8%	18.2%	29.6%	15.6%	14.2%	15.2%
Excess Return	-1.3%	0.9%	-6.1%	-3.3%	13.7%	7.9%	10.0%

Note: Numbers may not sum due to rounding.

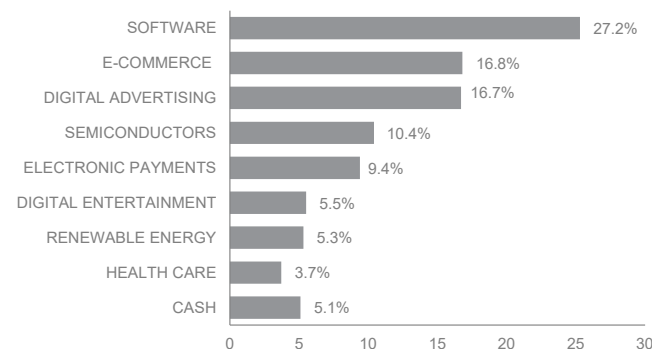
TOP 10 PORTFOLIO HOLDINGS

Adobe	Microsoft Corp
Alphabet Inc	PayPal Holdings Inc
Amazon.com Inc	Salesforce.com Inc
ASML Holding	ServiceNow
Facebook Inc	TSMC

PERFORMANCE CHART¹

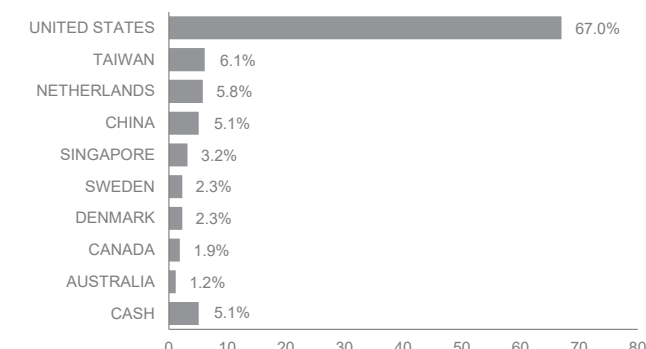


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 31 July 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 July 2021. 2. Distribution yield is a historical measure. 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 and attractive risk-adjusted returns over the long-term through exposure to a portfolio of global listed equities.

PORTFOLIO UPDATE

The MSCI World Index (Index) rose 3.9% in Australian dollar (AUD) terms during July 2021. Companies reported strong quarterly earnings that were largely better than expected and equity market sentiment remained positive as unemployment rates declined, the US Federal Reserve took a dovish tack and the US yield curve flattened. The Delta variant of COVID-19 continued to spread globally, with cases rising in almost every country. Although the current vaccine is effective against the strain, large parts of the US, as well as many other countries, remain unvaccinated due to hesitancy, which may impede the economic recovery.

The Orca Global Fund (Fund) returned 5.5%¹ in July, outperforming the Index by 1.6%. Fund outperformance was driven by a rebound in a number of holdings and better than expected earnings results. Alphabet (+12.7%), HCA (+22.6%) and Relx (+13.2%) were the best performers as they reported strong quarterly earnings and benefited from reopening of the economy.

Detractors from performance included AstraZeneca (-2.1%), which reported strong quarterly results, but continues to be weighed down by the ongoing controversy around its COVID-19 vaccine. The company is supplying the vaccine at cost and has indicated that it may spin out the business. Vodafone (-1.5%) traded down marginally, despite reporting strong quarterly results. Finally, Intel (-2.2%) declined after releasing results and quarterly guidance that disappointed the market, including indications that its data centre chip business continues to suffer market share losses in the face of stiffer competition.

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
\$1.8758	\$113.5 million	3.3%	14.7%

FUND PERFORMANCE¹

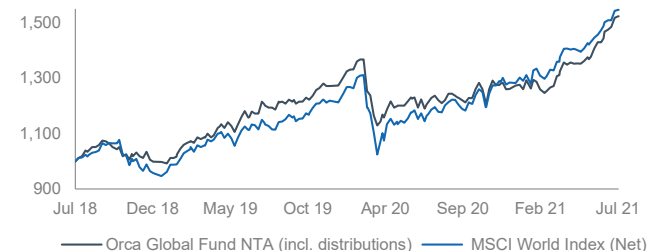
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Fund	5.5%	12.7%	20.6%	25.9%	12.4%	13.8%	14.7%
MSCI World Index (Net, AUD (%))	3.9%	10.0%	21.0%	31.4%	16.5%	15.0%	15.3%
Excess Return	1.6%	2.6%	-0.4%	-5.6%	-4.1%	-1.2%	-0.6%

Note: Numbers may not sum due to rounding.

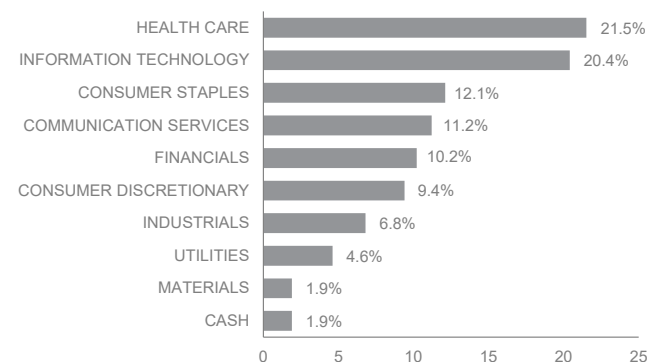
TOP 10 PORTFOLIO HOLDINGS

Alphabet Inc	Novartis AG
Aon PLC	Orsted AS
Dollar General Corp	RELX PLC
Merck & Co Inc	Royal Bank of Canada
Microsoft Corp	Unilever PLC

PERFORMANCE CHART¹

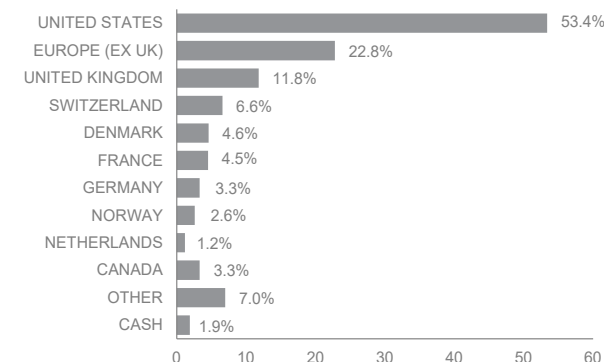


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

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Chart data range: 6 July 2018 to 31 July 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 31 December 2020, collectively manage over \$790 million of funds.

TELEPHONE

1300 732 541

EMAIL

info@orcafunds.com

ADDRESS

Level 15, 100 Pacific Highway
North Sydney
NSW 2060

Signatory of:



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 which is available at orcafunds.com.au.

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