

JANUARY 2022 RESULTS

2022 has started with a bit of volatility in global stock markets. Higher inflation has led to expectations of sustained interest rate hikes. This will slow economic activity and take some of the liquidity out of the market, which is bad for stock prices. This has impacted technology stocks the most, as they attracted this excess liquidity through COVID. Given the defensive positioning of our Orca Global Fund and Orca Asia Fund, these Funds have outperformed the declining market by 1.7%¹ and 1.4%¹ respectively, protecting our investors' gains. With technology related stocks under pressure, it was a more difficult month for the Orca Disruption Fund, which was -6.5%¹ behind its benchmark index.

Few relationships are as complex as interest rates and stock prices. On the one hand, when the economy is super strong, interest rates rise, and stock markets generally rise too. On the other hand, when interest rates rise, investors require higher returns, which pushes down stock markets. There's generally a bit of both going on, and the outcome depends on which effect is stronger.

Currently, the economy has been strong, which has driven markets up. Interest rates have been very low, which has also driven markets up. One of those conditions is changing, which had brought some volatility into the markets in December and January. If interest rates continue to rise, stock markets should come down further, but probably, in our view around the 10% range, rather than a disastrous crash. It would be far worse for stock markets if we saw an impending second COVID induced recession, which we don't. With the MSCI World Index around 3000 at the end of January, we expect more upside than down.

We're comfortable with the magnitude of market moves in January. Importantly, at this time of year companies report their 2021 profits, and the results have generally been strong so far. Sales for the December quarter are up 17% vs 2020 and profits are up 29%. We've seen some stocks that disappointed get hit hard, but these have generally been stocks with strong recent performance and high expectations. A large part of our work is to analyse the financials of our investments as they report them, and we don't see areas of concern currently. It's a higher cost environment, but economic activity is still robust, and the prospects for 2022 are good.

Investor portfolios should have done well in the last year. The MSCI World Index is up +26.1%, a historically high return, and our Orca Global Fund has been broadly in line with these moves over the last 12 months. This is impressive, considering our lower risk position and cautious holdings. We think that investors should look to protect the strong gains in their portfolio at this time of the market. Stock markets are still attractive though, as the current profit reports are showing, but investors don't need to chase risk at this stage. The Orca Global Fund declined 0.7%¹, outperforming by 1.7% in January.

Asian markets were flat in January (MSCI Asia ex Japan: -0.2%), and our Orca Asia Fund outperformed by 1.4%. We view Asian markets as highly attractive for the long run, and out of synch with strong US stock markets. Over the last year the Asian market fell -4.0%, particularly due to a perceived increase in China political risk, but the Orca Asia Fund rose +2.1%¹, 6.1% ahead of the benchmark.

There's been a lot of activity in Australian funds management recently, and we anticipate more to come. At Orca, we're finalising our ESG report for the Orca Asia Fund, and hoping to meet with clients in coming months. We are proud of the products we're delivering to our clients, and hope to continue to assist you for many years to come.



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 3.1% in US dollar (USD) terms in January, but only down 0.2% in Australian dollar (AUD) terms, with the depreciating AUD helping Australian investor returns.

Asia markets were initially strong as investors repositioned following a lacklustre calendar year. However, later in the month markets in the region were dragged down with the broader global sell off, as expectations firmed that there would be further rate hikes from the US Federal Reserve (Fed) than initially anticipated. Korea (-7.1%) was the worst performing market followed by Malaysia (-0.8%) and Taiwan (-0.6%) while Philippines (+7.0%) and Hong Kong (+4.1%) outperformed with the latter largely driven by the strong rebound of property stocks. At a sector level, Financials (+6.5%) was the strongest performer amid the global rate hike expectations, while Real Estate (+6.2%) also outperformed as concerns eased after Chinese authorities increased their level of support in trying to avoid a hard landing for the property sector.

The Orca Asia Fund (Fund) returned 1.2% in AUD terms, outperforming the Index by 1.4%. **United Overseas Bank** (+14.4%) was the strongest performance contributor this month as Asian banks followed the outperformance of US banks on expectations of rate hikes. **Ping An Insurance Group** (Ping An, +11.8%) also outperformed as the company rebounded from a difficult year where life insurance reform as well as COVID-19 disruption resulted in weaker than anticipated new business growth. Whilst the recovery for Ping An will be gradual, our view is that the worst is over, and the company remains in a market leading position. **CP All** (+9.5%) also performed strongly due to positive reopening sentiment in Thailand.

On the negative side, **Techtronic** (-15.0%) continued to detract from the Fund's performance however this is mostly likely due to profit taking after a strong year in 2021 (+49.2%) as well as broader market softness, with no company specific news during the month. **HCL Technologies** (-13.5%) was also soft, reporting quarterly results with revenue in line but margins slightly below expectations. The stock also saw profit taking in January after a stellar year in 2021 (+49.8%). **Naver** (-16.4%) reported results during the month with sales in line but operating income and earnings below expectations largely due to higher operating expenses, however, the long-term growth outlook for the company remains intact.

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
\$1.4357	\$72.8 million	4.6%	7.7%

FUND PERFORMANCE¹

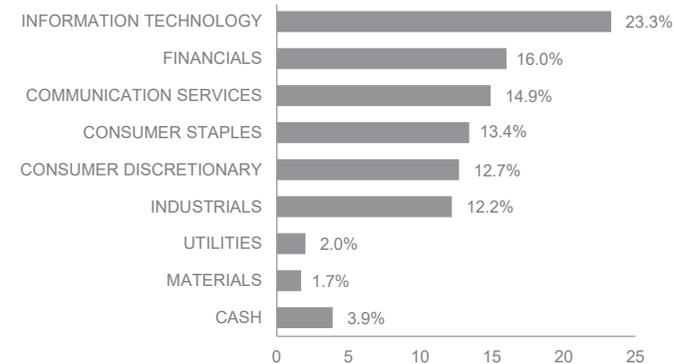
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Asia Fund	1.2%	4.4%	3.3%	2.1%	6.6%	12.3%	7.7%
MSCI Asia ex Japan Index (Net, AUD)	-0.2%	0.4%	-2.5%	-4.0%	7.0%	9.4%	5.4%
Excess Return	1.4%	4.0%	5.7%	6.1%	-0.4%	2.9%	2.2%

Note: Numbers may not sum due to rounding.

TOP 10 PORTFOLIO HOLDINGS

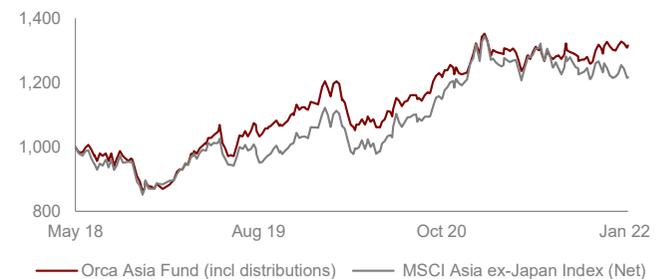
Alibaba Group	Techtronic Industries
CP ALL	Tencent Holdings
HCL Technologies	TSMC
HDFC Bank	Uni-President Enterprises
Ping An Insurance Group	United Overseas Bank Ltd

SECTOR EXPOSURE

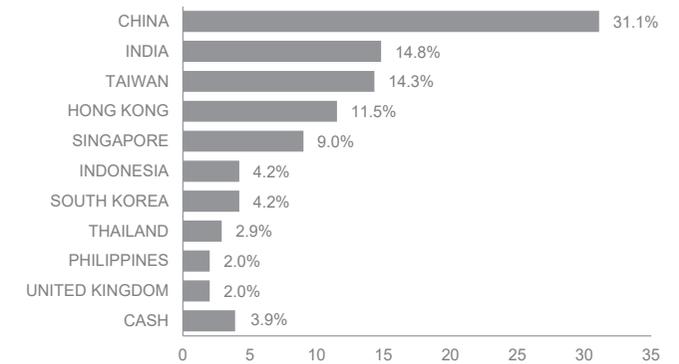


Source: Investment Manager, Bloomberg

PERFORMANCE CHART¹



COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

Notes: Data as at 31 January 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 January 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 -8.5%¹ in Australian dollar (AUD) terms compared to the broader MSCI AC World Index (-2.0%). Since inception the Fund has returned +19.6% p.a. compared to the market +14.3% p.a.

Markets were sold off aggressively in January with the MSCI World Index and S&P 500 Index falling -5.3% and Nasdaq -9.0% (in USD terms). The market priced in a faster US rate tightening schedule which continued to drive the rotation away from growth towards cyclical and value orientated sectors.

In our view, the current volatility provides good opportunities for investors over the longer term. We believe disruption trends remain very firmly in place, company fundamentals remain generally strong, and valuations have come back to more attractive levels (in some cases lower than pre COVID levels).

During the month, the strongest contributors were Tencent (+9.6%), TSMC (+5.2%) and Illumina (-5.4%). Weaker contributors were Shopify (-27.8%), Sea (-30.7%) and Netflix (-26.8%).

TSMC (+5.2%) reported a strong December quarter result with revenues +21%, EPS +16% and guidance for FY22 revenue growth in mid to high 20% range. TSMC also raised its long-term revenue guidance to +15-20% and expects gross margins of at least 53%.

Microsoft (-4.6%) reported a strong quarterly result with revenue +20% and EPS +22% both ahead of market expectations. Strength remained broad-based and guidance for the next quarter was above consensus.

Tesla (-8.5%) reported strong results with deliveries +71%, revenue +65% and EPS +218% all ahead of market expectations.

ServiceNow (-6.9%) also reported strong results ahead of market expectations with subscription revenues +29% and operating margins of +23%. Strong momentum has continued into FY22 with guidance for +28% subscription revenue growth.

Netflix (-26.8%) reported an inline result adding 8.3m subscribers (guided 8.5m) and revenues growing +16%. However, March quarter subscriber growth guidance of +2.5m net adds was below market expectations of +6.5m. Management cited a combination of factors including COVID pull forward, competition and a back ended content slate. While the market reacted negatively, we believe the longer-term opportunity remains significant given the ongoing structural shift from linear TV to streaming.

PORTFOLIO MANAGER



Raymond Tong
Portfolio Manager

Unit price (Exit)	Fund size	12-month distribution yield ²	Performance since inception (25 July 2017) ¹
\$3.0324	\$261.9 million	7.3%	19.6%

FUND PERFORMANCE¹

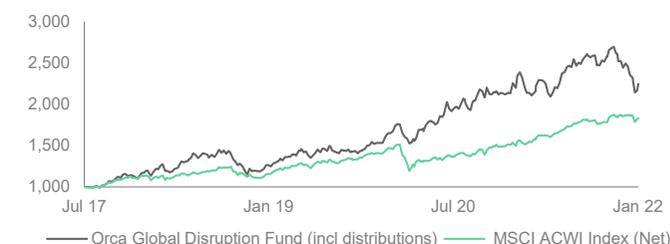
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	-8.5%	-12.8%	-8.9%	2.2%	15.9%	21.5%	19.6%
MSCI AC World Index (Net, AUD)	-2.0%	2.6%	3.7%	22.5%	12.1%	16.5%	14.3%
Excess Return	-6.5%	-15.5%	-12.5%	-20.4%	3.8%	5.0%	5.3%

Note: Numbers may not sum due to rounding.

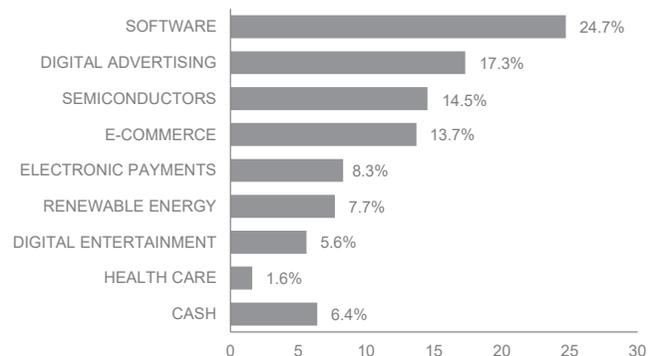
TOP 10 PORTFOLIO HOLDINGS

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

PERFORMANCE CHART¹

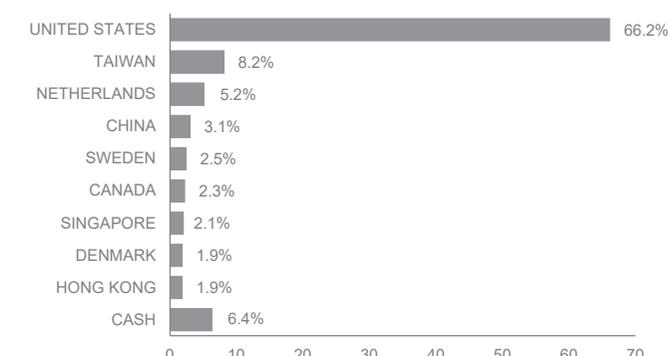


SECTOR EXPOSURE



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 25 July 2017.

Chart data range: 25 July 2017 to 31 January 2022. 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

The MSCI World Index (Index) was down 2.4% in January 2022 with the technology sector down significantly as increasing prospects of rate hikes negatively impact the valuations ascribed to high growth stocks. A weakening Australian dollar (-2.7% against the US dollar) helped to support returns for Australian based investors – in US dollar terms the MSCI World Index was down 5.3% for the month.

The Orca Global Fund (Fund) returned -0.7%¹ in January, outperforming the Index by 1.7%, with unitholders benefiting from the Fund's more defensive positioning. Two of the strongest performers in the Fund this month were **Vodafone** (+18.5%) and **Mastercard** (+11.0%). Both stocks benefited from re-opening themes and, in the case of Vodafone, European economic recovery. **Royal Bank of Canada** (+11.8%) was also strong on the back of anticipated net interest margin benefits from potential rate hikes by the Bank of Canada.

In contrast, **Orsted** (-14.8%) was weak as preliminary earnings numbers announced by peer Siemens Gamesa resulted in a broad softening of renewable energy related stocks. **Sig Combibloc** (-15.3%) suffered from general sell-off growth stocks and investors questioned the rationale for its announcement of a small acquisition of Pactiv Evergreen's Asia Pacific Fresh business. **Dollar General** (-8.7%) underperformed, in part impacted by a broker downgrade as well as broader US equity softness.

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
\$1.9236	\$96.5 million	3.5%	13.9%

FUND PERFORMANCE¹

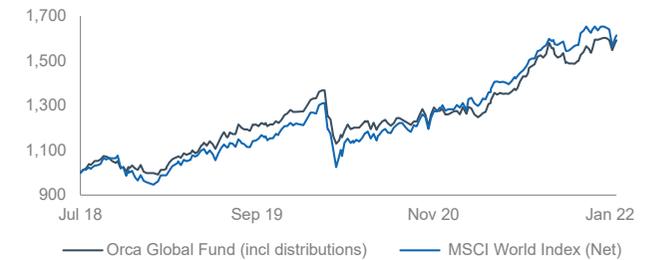
	1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)
Orca Global Fund	-0.7%	6.2%	4.5%	26.0%	9.3%	16.1%	13.9%
MSCI World Index (Net, AUD)	-2.4%	2.7%	4.3%	26.1%	12.9%	17.7%	14.3%
Excess Return	1.7%	3.5%	0.2%	-0.1%	-3.7%	-1.6%	-0.4%

Note: Numbers may not sum due to rounding.

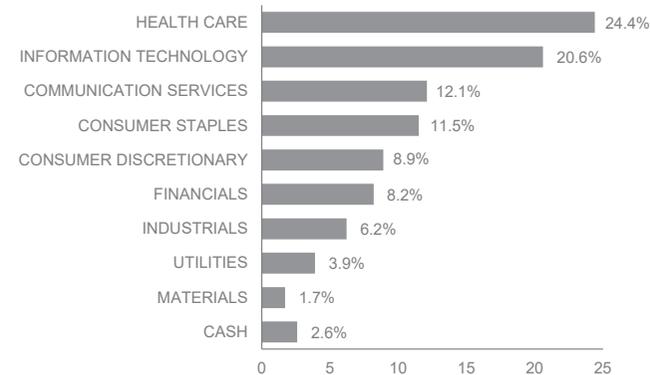
TOP 10 PORTFOLIO HOLDINGS

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

PERFORMANCE CHART¹

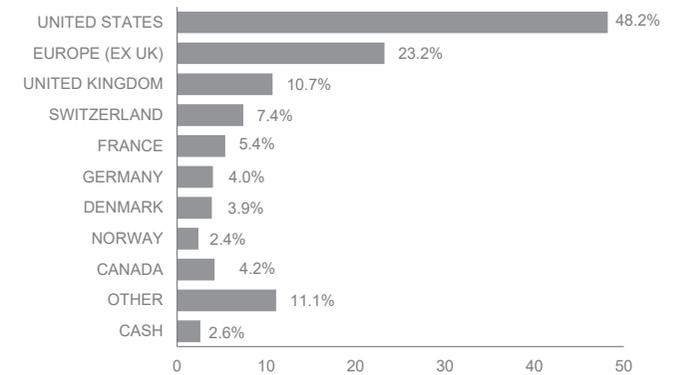


SECTOR EXPOSURE



Source: Investment Manager, Bloomberg

COUNTRY EXPOSURE



Source: Bloomberg, Country of Domicile

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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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