

Orca Global Disruption Fund April 2024 Monthly



FUND PERFORMANCE¹

Fund performance	1 Month	3 Months	6 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.)
Orca Global Disruption Fund	-4.2%	9.2%	35.5%	48.1%	3.9%	11.9%	14.6%
MSCI AC World Index (Net, AUD)	-2.8%	5.9%	17.2%	20.0%	10.5%	11.3%	12.3%
Excess Return	-1.4%	3.3%	18.2%	28.1%	-6.7%	0.5%	2.3%

Notes: Data as at 30 April 2024 unless stated. Loftus Peak Pty Limited replaced Orca Funds Management as the Investment Manager of the Orca Global Disruption Fund on 1 March 2024. Unit price (exit) at 30 April 2024: \$3.2367. Fund size: \$174.3 million. Numbers may not sum due to rounding. Past performance is not indicative of future performance. Benchmark is for comparison purposes only, see Disclaimer for further information. The data source for the Fund's benchmark was changed from Bloomberg to MSCI effective 29 February 2024. All data prior to this date remains unchanged.

FUND UPDATE

March quarter earnings were reported in the first weeks of April. Five of the so-called “Magnificent Seven” reported with four of those beating expectations - **Alphabet, Meta, Amazon and Microsoft** with broadly positive guidance. These companies represent the key customers for Artificial intelligence (AI) hardware and their earnings show significant growth in capital expenditure (capex) - a strong read-through for the likes of Nvidia, Broadcom and Advanced Micro Devices (AMD) all three of which are vendors.

April was also a turning point in macro sentiment. The market abandoned its aggressive outlook for rate cuts in 2024. For example, UBS went from a forecast of 275 bps of interest rate reductions (this forecast was given in November 2023) to just 50 bps for 2024. At least Fed Chair Jerome Powell did not indicate that rate hikes were on the table.

Alphabet was the largest contributor for the month, adding +0.5% to the Fund after a strong earnings report. The company beat revenue expectations across most of the major segments. Advertising re-accelerated after lapping weak year numbers with cloud revenue up +28% to USD 9.6 billion. The company referenced meaningful AI uptake across the board, from start-ups, unicorns and large enterprise, demonstrating the importance of existing distribution when monetising AI functionalities. The company expects YouTube and cloud combined to exit 2024 at an annual run rate of over USD 100 billion - roughly equivalent to the entire search business in 2018.

Spotify was the second largest contributor, adding +0.2% to the Fund. Spotify, which is already the world’s leading audio streaming platform, has an ambition to reach 1 billion users. It delivered accelerating revenue growth to 20%+ with a step change in gross margins.

CEO Daniel Ek stated that 2024 will be a year of monetisation as the company seeks to bring the margins of audiobooks and podcasting in line with the mainstay music-streaming business. The margin expansion of these other products is accretive to the bottom line.

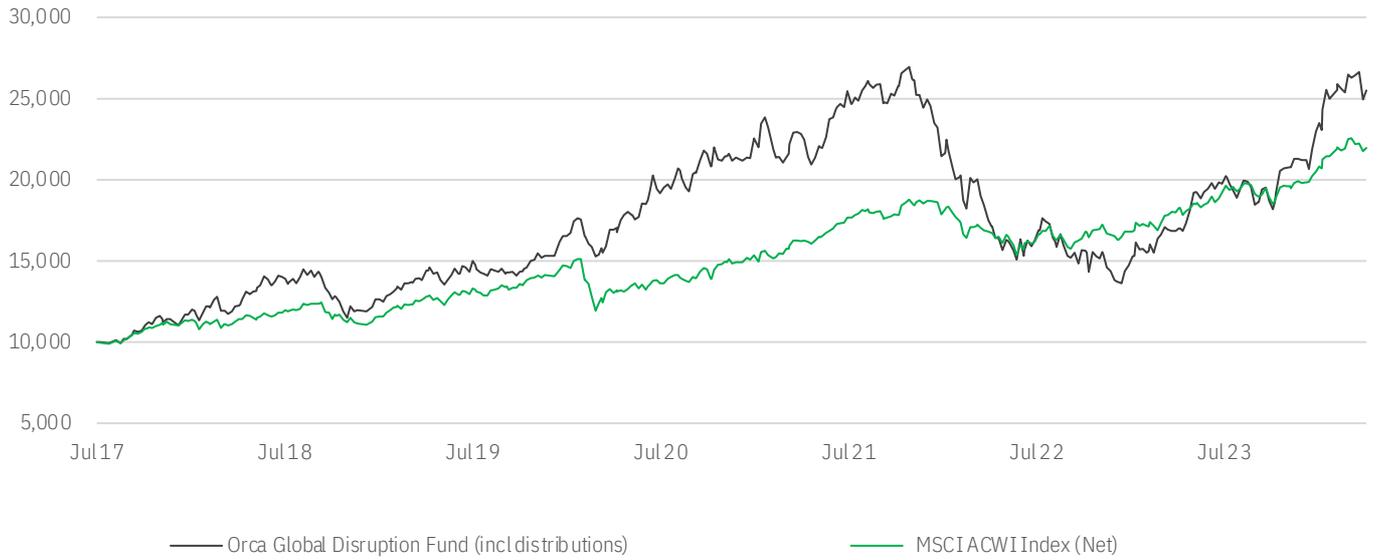
Teradyne also reported strongly, adding +0.2% to the Fund. Teradyne runs a semiconductor testing business. Demand for data-centre hardware has increased meaningfully due to AI. This demand has persisted leading to a greater-than-usual number of chip designers seeking to design hardware. This includes Nvidia (which is doubling the speed of its product roll out), AMD, Broadcom and more. Teradyne is the direct beneficiary of an increased volume of hardware design. This was reflected in the stronger than expected quarter and the stronger than expected guidance.

Netflix was the largest detractor of the month, cutting -0.7% from Fund value. The company implied a slower exit rate for revenue heading into FY25 and signalled that subscriber numbers would no longer be regularly disclosed in the future. The market reacted negatively. Our thesis remains unchanged; in our view, cracking down on password sharing and the advertising tier, for example, offer longer term opportunities for more subscriber growth than the market assumes. The company is also slowing the rate of content spend growth relative to revenue growth, directly improving earnings.

Dutch FinTech company **Adyen** provided a quarterly business update. Although payment volumes accelerated as Adyen gains market share, the take rate compressed. This led to less than expected net revenue growth of 21% year-over-year. Adyen cut -0.6% from the Fund and was the second largest detractor. Microsoft was the third largest detractor for the month, cutting -0.5% from the Fund. Momentum in the stock waned across the month until earnings where the company showed the success (so far) of the AI ramp.

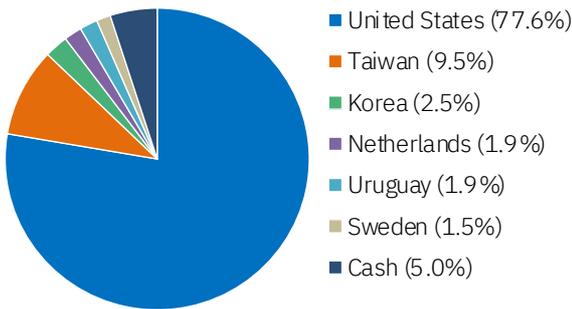
1. All returns are total returns, inclusive of reinvested distributions and net of fees and costs using net asset value per unit from inception to, and including, 31 January 2021 and exit unit price from this date. Past performance is not a reliable indicator of future performance. Inception 25 July 2017.

FUND PERFORMANCE¹



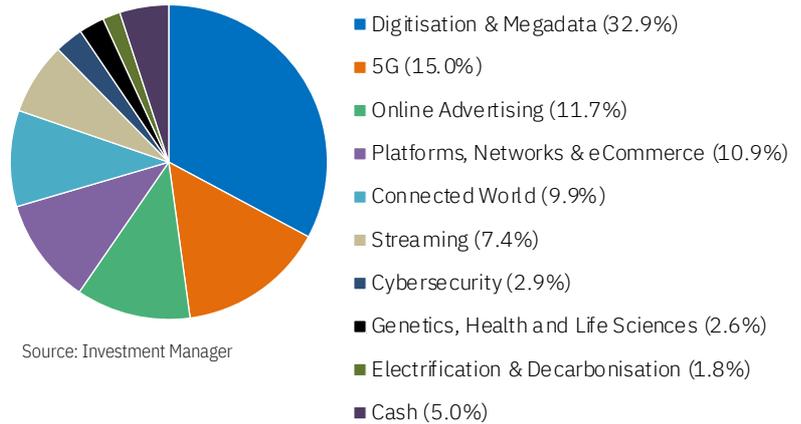
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GEOGRAPHIC EXPOSURE



Source: Bloomberg, Country of Domicile

THEMATIC EXPOSURE



Source: Investment Manager

TOP 10 FUND HOLDINGS AS AT 30 APRIL 2024

NAME	GICS SECTOR
Alphabet	Communication Services
Amazon.com	Consumer Discretionary
Advanced Micro Devices	Information Technology
Broadcom	Information Technology
Meta Platforms	Communication Services
Micron Technology	Information Technology
Microsoft	Information Technology
Netflix	Communication Services
Qualcomm	Information Technology
TSMC	Information Technology

This fund is appropriate for investors with a "High" risk and return profile. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a long investment timeframe. Investors should refer to the [TMD](#) for further information.

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Orca Global Disruption Fund

TOP 10 HOLDINGS AS AT 30 APRIL 2024

Alphabet

Alphabet – key products include Google, Android, Maps, Chrome, YouTube and Google Play which all have over 1 billion active users. The core product is Search where the company is the clear market leader with an estimated desktop search market share of 80% – more than 10x its closest peer. The company is owner-managed and controlled through its founders Larry Page and Sergey Brin and currently operates in more than 40 countries worldwide.

amazon

Amazon – is the global leader in internet retail and cloud-based computing. From its listing in 1997 as primarily an online book retailer, Amazon has now expanded its offering to most areas of consumer merchandise, whilst also developing market leading cloud computing services. It has a relentless focus on low-cost operations, constant reinvestment and customer service. The company is owner-managed and controlled by its founder Jeff Bezos.

AMD

Advanced Micro Devices – is a high performance and adaptive computing leader, powering the products and services that help solve the world's most important challenges. Its technologies advance the future of the data center, embedded, gaming and PC markets. AMD was founded in 1969 by Jerry Sanders, a former executive at Fairchild Semiconductor Corporation, and seven other technology professionals.

BROADCOM

Broadcom – is a leader in wireless, datacentre networking, AI chips, storage, and infrastructure silicon/hardware/software with broad-based exposure to positive trends in these end markets. Broadcom is a technology infrastructure powerhouse with semiconductor leadership positions in AI (#2 global AI semiconductor supplier), custom chip ASIC supplier, cloud datacentre/telco networking, wireless and enterprise storage.

Meta

Meta Platforms – is one of the world's premier advertiser platforms with a user base of over 3bn Daily Active Users and over 10m advertisers. META has invested significantly into AI infrastructure, and this enables the company to drive user engagement and provides advertisers with a range of ad automation and targeting tools. META's two major goals are to: (1) to build the most popular and advanced AI Products and services; and (2) invest into building the next generation of augmented, virtual and mixed reality computing platforms.

Micron

Micron Technology – based in the US, is one of the world's leading manufacturers of memory technologies specializing in DRAM, NAND flash and NOR flash memory products. It also provides packaging solutions and semiconductor systems. Demand for memory will benefit from the secular increase in semiconductors for data centres, automobiles, IoT and industrials. Micron has recently started mass production of its high-bandwidth memory (HBM) semiconductor products for use in the latest artificial intelligence chips.

Microsoft

Microsoft Corporation – is a multinational technology company that manufactures, licenses, supports and sells computer software, personal computers, consumer electronics and services. The Company's main segments include Intelligent Cloud, More Personal Computing, Productivity and Business Process. Its products include cross device productivity applications, server applications, business solution applications, desktop and server management tools, software development-tools, video games, and training and certification of computer system integrators and developers. The Company also designs, manufactures and sells devices including personal computers, tablets, gaming and entertainment consoles, and other intelligent devices that integrate with its cloud-based offerings.

NETFLIX

Netflix – is the leading video streaming provider in the world with over 260m subscribers as of the December 2023 quarter. As the global leader, Netflix will continue to benefit from the shift of linear TV to streaming with still a significant opportunity to grow subscribers (1bn broadband households globally), pricing power and further monetization opportunities through advertising.

Qualcomm

Qualcomm – is a fabless semiconductor designer and the world's leading supplier of mobile device chipsets (mobile phones, smartphones and tablets). Qualcomm is expanding the number and diversity of revenue lines including supplying chips to the PC market, automobiles, IoT and augmented/virtual reality segments. Qualcomm is also set to benefit as a key enabler of the proliferation of AI capabilities onto devices. (e.g. Samsung Galaxy S24)

tsmc

Taiwan Semiconductor Manufacturing Co (TSMC) – is the largest dedicated global foundry for the manufacture of semiconductor chips. TSMC produces chips for a wide range of uses including data centres, networking equipment, smartphones, tablets, PCs and gaming consoles. TSMC has a broad customer base of major hardware and fabless semiconductor companies including Apple, Qualcomm, Nvidia, AMD, MediaTek and HiSilicon (Huawei). The company is leveraged to chip demand from emerging themes such as 5G, IoT and artificial intelligence. TSMC was founded in 1987 and is based in Hsinchu, Taiwan.

Disclaimer

This report has been prepared and issued by Loftus Peak Pty Ltd (Investment Manager) (ACN 167 859 332, AFSL 503 571) as investment manager for the Orca Global Disruption Fund (Fund) (ARSN 619 350 042). The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) is the Responsible Entity of the Fund. It is general information only and is not intended to provide you with financial advice, and has been prepared without taking into account your objectives, financial situation or needs. You should consider the product disclosure statement (PDS), prior to making any investment decisions

The PDS and target market determination (TMD) can be obtained by calling +62 9163 3333 or visiting our website orcafunds.com.au. If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licensed or authorised financial adviser. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Total returns shown for the Orca Global Disruption Fund have been calculated using exit prices, and prior to 31 January 2021 Net Asset Value per Unit, after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance.

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Benchmark selection

The Orca Global Disruption Fund is designed in a benchmark unaware manner. The Investment Manager believes the MSCI ACWI index is appropriate for comparison purposes given the Fund invests in companies across a range of industries including technology, renewable energy, consumer, communication services and healthcare. The risk/return profiles of the Fund and benchmark differ due to differences in the constituents of each. The Fund's objective is to provide investors with capital growth over the long-term through exposure to companies that benefit from disruptive innovation – in or from any industry/sector, including emerging market listed investments.