

Fund performance

Global markets rebounded in April, as discussions around reopening of economies and easing of lockdowns gained momentum. The improvement in sentiment saw strong gains in most markets from their March sell down, even as economic data continued to outline the severe impact that containment measures are wreaking on activity.

The S&P 500 rose 12.8% in April, despite record US initial jobless claims numbers reaching 30 million since the start of the COVID outbreak, and US GDP growth down 4.8% in Q1. MSCI World Index (in USD) closed the month up 11%, with many European countries beginning to loosen lockdowns and focus on reopening. Economic data from the Eurozone was similarly grim, with PMI data hitting record lows.

In Australia, local markets followed global markets higher, with the S&P/ASX 100 up 8.4% for the month. Smaller capitalisation stocks outperformed their larger counterparts, with the S&P/ASX Small Ordinaries Index up 14.3%. The risk-on rally also flowed into risk currencies, with the AUD climbing 7% against the USD over the month.

Within the Small Ordinaries, Consumer Discretionary (+19.3%) and Materials (+18.9%) were the strongest performing sectors, as investors piled back into stocks that had been heavily punished in March. Consumer Staples (+1.4%) and Real Estate (+7.1%) were the weakest performing sectors, as defensive stocks were left behind in the rally.

The Blue Orbit Australian Small Caps Systematic Alpha Fund returned 11.5% in April, underperforming its benchmark (S&P/ASX Small Ordinaries Accumulation index) which returned 14.3%.

As at 30 April 2020	1 Month	3 Month	FYTD	1 Year	Since Inception ²
Blue Orbit Australian Small Cap Systematic Alpha Fund ¹	11.54%	-24.96%			-23.36%
Benchmark ³	14.27%	-19.00%			-14.64%
Excess Return	-2.74%	-5.96%			-8.72%

1. Returns shown are Net of Fees. Returns shown for the Lead Series (October 2019).

2. Inception Date is 11 October 2019.

3. Benchmark is the S&P/ASX Small Ordinaries Accumulation Index.

Portfolio Facts

Fund Details	
Fund Valuation (AUD)	\$1,530,409
NAV unit price (Mid)	\$0.7664
Inception date	11 October 2019
Performance benchmark	S&P/ASX Small Ordinaries Accumulation Index
Buy/sell spread	0.20% / -0.20%
Distributions	Annually

Portfolio Characteristics

Characteristics	Portfolio	Benchmark
Number of securities	105	197
Market Capitalization	2,703	2,044
Active Share	43.6	0.0
Dividend Yield	4.1	3.5
Price/Earnings	14.4	14.6
P/E using FY1 Est	17.0	16.3
Price/Cash Flow	10.9	10.0
Price/Book	1.7	1.5
ROE	18.9	11.3
LT Debt to Capital	16.8	20.8

Top Ten Holdings	Portfolio	Benchmark
Technology One Limited	4.52%	1.46%
Saracen Mineral Holdings Limited	3.96%	2.73%
Metcash Limited	3.70%	1.51%
Fisher & Paykel Healthcare	3.63%	2.14%
Platinum Asset Management Ltd	3.15%	0.62%
Silver Lake Resources Limited	3.10%	1.02%
Pro Medicus Limited	3.07%	0.63%
Spark New Zealand Limited	2.90%	0.58%
Inghams Group Ltd.	2.88%	0.72%
IGO Limited	2.77%	1.31%

Australian Small Caps Systematic Alpha Fund (Wholesale)

Monthly Performance Report as at 30 April 2020

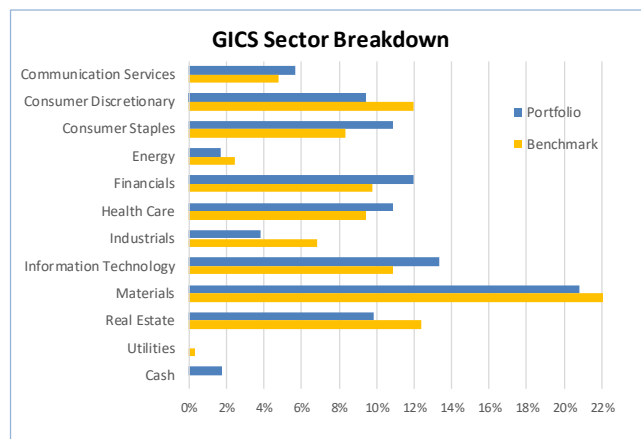


Five Largest Overweight Positions

Security	Portfolio	Benchmark	Active
Technology One Limited	4.52%	1.46%	3.06%
Platinum Asset Management Ltd	3.15%	0.62%	2.53%
Pro Medicus Limited	3.07%	0.63%	2.45%
Spark New Zealand Limited	2.90%	0.58%	2.32%
Metcash Limited	3.70%	1.51%	2.18%

Five Largest Underweight Positions

Security	Portfolio	Benchmark	Active
Bapcor Ltd	0.00%	0.83%	-0.83%
Perpetual Limited	0.00%	0.85%	-0.85%
Viva Energy Group Ltd.	0.00%	0.93%	-0.93%
IRESS Limited	0.18%	1.15%	-0.97%
Vocus Group Limited	0.11%	1.13%	-1.03%



Alpha Signal Attribution

Alpha Signal	1 Month Return	1 Month Excess	2 Year Annualised Excess Return	2 Year Annualized Tracking Error	2 Year Information Ratio
Small Ordinaries	14.27%				
Defensive Alpha Signal	12.42%	-1.86%	1.15%	4.10%	0.28
Quality Alpha Signal	21.67%	7.40%	3.97%	6.76%	0.57
Trend Alpha Signal	8.82%	-5.46%	-1.19%	5.68%	-0.20
Diversified Alpha Signal	12.19%	-2.08%	-0.06%	3.15%	-0.02
Systematic Alpha Portfolio (Model)	11.92%	-2.35%	-3.87%	4.49%	-0.84
Blue Orbit Australian Small Caps Systematic Alpha Fund*	11.60%	-2.67%	N/A	N/A	N/A

*Fund Returns in this table is shown Gross of Fees.

The Blue Orbit Systematic Alpha process is built from three individual underlying Alpha Signals, developed using proprietary internal quantitative research processes. The three individual Signals are well diversified with low to negative correlations, and designed to outperform in differing market environments.

The Diversified Alpha Signal is the combination of the individual underlying Alpha Signals, and is used as the main alpha input to construct the portfolio.

The Systematic Alpha Model is the target model portfolio that the strategy is traded towards. This model is a theoretical target, and its returns do not include fees or transaction costs.

The returns shown here for the Blue Orbit Systematic Alpha Fund are the gross returns of the live Fund for the relevant period, shown after transaction costs but before management or performance fees.

Australian Small Caps Systematic Alpha Fund (Wholesale)

Monthly Performance Report as at 30 April 2020



Sector Attribution

Sector Attribution	ASX Small Systematic			S&P/ ASX Small Ordinaries			Attribution		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation	Selection + Interaction	Total
Information Technology	12.78%	16.43%	2.02%	10.53%	15.12%	1.55%	0.01%	0.14%	0.14%
Materials	20.30%	19.98%	3.91%	22.73%	18.86%	4.29%	-0.12%	0.18%	0.06%
Industrials	5.17%	16.32%	1.03%	6.84%	16.27%	1.11%	-0.02%	0.08%	0.06%
Real Estate	10.52%	5.24%	0.59%	12.88%	7.14%	0.95%	0.17%	-0.21%	-0.04%
Utilities	0.00%	0.00%	0.00%	0.31%	38.82%	0.11%	-0.07%	0.00%	-0.07%
Energy	1.78%	15.38%	0.31%	2.46%	18.72%	0.46%	-0.02%	-0.05%	-0.07%
Consumer Discretionary	9.27%	18.44%	1.71%	11.66%	19.31%	2.20%	-0.10%	-0.10%	-0.20%
Communication Services	5.70%	11.59%	0.66%	4.70%	15.90%	0.74%	0.01%	-0.27%	-0.26%
Health Care	9.90%	9.28%	0.84%	9.47%	14.68%	1.37%	-0.03%	-0.51%	-0.54%
Financials	12.11%	8.80%	1.08%	9.52%	14.53%	1.37%	-0.01%	-0.67%	-0.68%
Consumer Staples	10.61%	-3.56%	-0.53%	8.91%	1.40%	0.12%	-0.26%	-0.58%	-0.84%
Cash	1.86%	0.01%	0.00%	0.00%	0.00%	0.00%	-0.21%	0.00%	-0.21%
Total	100%	11.63%	11.63%	100%	14.27%	14.27%	-0.65%	-1.98%	-2.64%

Size Attribution

Size Attribution	ASX Small Systematic			S&P/ASX Small Ordinaries			Attribution		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation	Selection	Total
Total	100.00	11.63	11.63	100.00	14.27	14.27	-1.76	-0.89	-2.64
Market Cap Quintile 1 (Large)	59.98	6.92	4.24	42.88	9.47	4.14	-0.81	-1.51	-2.32
Market Cap Quintile 2	20.10	16.24	3.22	25.13	15.27	3.80	-0.06	0.17	0.11
Market Cap Quintile 3	9.78	17.86	1.70	16.29	18.30	2.96	-0.25	-0.04	-0.29
Market Cap Quintile 4	5.01	28.90	1.38	10.22	20.16	2.01	-0.29	0.38	0.09
Market Cap Quintile 5 (Small)	3.26	36.02	1.09	5.02	29.31	1.37	-0.20	0.12	-0.07
Cash	1.86	0.01	0.00	--	--	--	-0.22	--	-0.22

Stock Attribution

Stock Attribution	ASX Small Systematic			S&P/ ASX Small Ordinaries			Attribution
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Total Effect
Top 5							
Silver Lake Resources Limited	3.35%	41.59%	1.26%	0.95%	41.30%	0.35%	0.57%
Accent Group Ltd	1.07%	51.43%	0.51%	0.26%	50.32%	0.11%	0.27%
oOh media Ltd	0.21%	219.92%	0.29%	0.22%	61.72%	0.12%	0.17%
NRW Holdings Limited	0.36%	54.55%	0.30%	0.44%	35.86%	0.14%	0.14%
Pro Medicus Limited	1.91%	32.89%	0.44%	0.61%	34.64%	0.19%	0.14%
Bottom 5							
Harvey Norman Holdings Ltd	2.38%	-5.13%	-0.14%	1.20%	-5.76%	-0.08%	-0.26%
Janus Henderson Group	2.11%	-1.49%	-0.04%	0.58%	-1.64%	-0.01%	-0.27%
Australian Dollar	1.44%	0.01%	0.00%	0.00%	0.00%	0.00%	-0.28%
Fisher & Paykel Healthcare Corporation Ltd	4.10%	-12.24%	-0.59%	2.50%	-12.27%	-0.37%	-0.45%
Metcash Limited	3.16%	-21.88%	-1.02%	1.67%	-20.95%	-0.44%	-0.71%

Performance Commentary

Defensive Alpha Signal

The Defensive Alpha Signal underperformed the Benchmark in April, returning 12.4%. The signal's key underperformance was with overweights to poorly performing Financials and Communication Services stocks, while being underweight in outperforming Healthcare and Materials stocks. The signal's key stock detractors were its underweights to Mesoblast Limited (+142.6%), Saracen Minerals (+18.3%) and an overweight position in Janus Henderson Group (-1.6%). Defensive Alpha's overweight to very large stocks was also a detraction during April.

Quality Alpha Signal

The Quality Alpha signal rebounded from its previous underperformance, finishing the month up 21.7%. The signal's overweight to growth sectors added value as the market rebounded strongly, with good stock selection in the Consumer Discretionary, Information Technology, Materials and Healthcare sectors the key contributors. The Signal's key stock contributors were overweights to Silver Lake Resources (+41.3%), Pro Medicus Limited (+34.6%), and IDP Education (+28.6%). Quality Alpha's significant allocation away from large stocks and toward small was also a significant contributor to outperformance.

Trend Alpha Signal

The Trend Alpha Signal underperformed in April, up only 8.8%. The signal's sector positioning detracted value in April, being overweight the Consumer Staples sector, and underweight to Consumer Discretionary. Overweight positions to Metcash Limited (-21%), Fisher & Paykel Healthcare (-12.3%), together with underweights to Seven Group Holdings (+36.2%), IDP Education (+28.6%) and PolyNovo Limited (+35.2%) were the key stock detractors. The signal's overweight position to gold stocks was a contributor, as these names continued their strong performance in April. Trend Alpha also lost performance through its overweight position to larger cap stocks.

Diversified Alpha Signal

The Diversified Alpha Signal underperformed the Benchmark by 2.1% in April, with a total return of 12.2%. Overweights to Consumer Staples and poor stock selection within Financials and Healthcare were the key detractors for the signal in April. Within Healthcare, the signal was overweight Fisher & Paykel Healthcare (-12.3%) and underweight Polynovo Limited (+35.2%) and Mesoblast Limited (+142.6%). Within Staples, the overweight position in Metcash Limited (-21%) was a key stock detractor. The signal did have a small positive contribution due to its underweight position in Real Estate, one of the poorer performing sectors for the month.

Value Alpha Signal

The Value Alpha Signal is not currently in the model, but is managed as a paper portfolio in FactSet.

The Value Alpha Signal outperformed the Small Ordinaries in April by 4.50%. The signal naturally underweighted the defensive sectors that performed well during March, with sector allocation contributing 1.2%. Most of the good performance came from good stock selection within Consumer Discretionary and Materials, with stock selection in Financials the biggest detractor. Best stock contributors were not holding Fisher and Paykel Healthcare (-12.3%), and large overweight positions in AMA (+51.8%), Alacer Gold (+52.3%) and Myer (+42.9%). A large overweight to Navigator Global (-43.5%) was the worst detractor.

Systematic Model versus Diversified Alpha Signal

The Systematic Model underperformed the Diversified Alpha Signal by 0.26 % in April. The underperformance was primarily due to size allocation, with the smallest quintile of stocks (returning +29.3%) significantly outperforming the largest quintile of stocks (returning only 9.5%). As the Systematic model has a larger cap tilt than the Diversified signal, this overall positioning detracted value in April. However, this was partially offset by good stock selection within the Systematic model.

Blue Orbit Systematic Alpha Fund Performance

The Fund returned a gross performance of 11.6% in April, underperforming its Benchmark by 2.7%. More than half of the underperformance was due to size allocation, with the Fund being overweight larger capitalisation stocks and underweight strongly performing smaller capitalisation stocks. On a sector level basis, the Fund's overweighting to Consumer Staples and

underweighting to Consumer Discretionary were the key contributors to underperformance, with the Fund's overweighting to Metcash Limited detracting 0.68% alone. Additionally, the Fund was underweight Vocus Group Ltd (+23.8%) and A.P Eagers Limited (+69.6%).

April was a bonanza month for corporate activity, as a huge number of companies raised capital to bolster their balance sheets due to the impact of COVID-19. The Fund has been selectively participating in corporate actions that are in line with target objectives and offer attractive discounts. Since the outbreak of COVID to the end of April, 12% of the companies in our Benchmark universe have come to market for a capital raising, with only half these being stocks held in the portfolio. The average gain from deal price on the deals we chose to participate on was 30%, versus the only 19.8% average gain if we had participated in the entire opportunity set. Corporate activity has continued into May, and the Fund will continue to participate selectively in corporate deals as they arise.

Conclusion

Markets globally saw a rapid relief rally in April, reversing a large portion of their March losses. Even as global economic impacts from the lockdowns continues to worsen, the huge stimulus relief efforts and hopes of a quicker than expected recovery drove investors back into the share markets. Retail investors have flooded into the market in huge numbers, with ASIC surveillance data reporting new client accounts increasing 3.4 times in April, and average daily retail turnover up from \$15 billion per day in February, to \$28 billion per day in April.

On a factor basis, smaller capitalisation stocks and longer-term naïve momentum were the stronger performers in April, as money piled into the smallest stocks and those hardest hit by the March sell downs. Much of the buying bypassed value stocks, with both P/E and dividend yield factors also underperforming.

In April one of the three Alpha Signals underlying the Fund outperformed significantly, while the other two underperformed. Additionally, the Fund was positioned somewhat defensively, with underweight positions in smaller cap Materials, Consumer Discretionary and Industrials stocks. When combined with the risk-on market and smaller stocks outperforming, the Fund was unable to capture the full extent of the market upside in April.

To the end of April, the S&P 500 is down only 9.9% for the year. Throughout late March and all of April, the market has fluctuated almost daily between an extremely rapid V-shaped recovery, and an orderly bear market. As the impact of lockdowns is being felt globally and COVID infection numbers worsen, there appears to be a disconnect emerging between the economic reality and the returns being seen in stock markets. It remains to be seen if the current market exuberance is correctly forecasting a V-shaped recovery, or if further market shocks lie ahead. In light of this uncertainty, the strategy settings for the Fund remain unchanged from March, with a focus to target alpha in a volatile market environment.

Disclaimer

This report has been prepared for the general information of clients and professional associates of Blue Orbit Asset Management Pty. Ltd., ABN: 74 623 916 816 | AFSL: 513710 (Blue Orbit AM). This presentation has been prepared for use by wholesale clients only (within the meaning of the Corporations Act 2001 (Cth) and no other persons. Information presented in this document is general information only, and is not intended to constitute personal advice or recommendations. This information has not taken into account your investment objectives, financial situation or needs. We strongly recommend that you seek your own professional financial and legal advice prior to any investment decision. While every effort has been made to ensure accuracy at the time of compilation, Blue Orbit AM makes no warranties or representations as to the accuracy, completeness or reliability of this information, nor that it is free from error. You should read the information memorandum or other offer document for the fund and consider whether an investment is appropriate for you. Unless otherwise stated, all returns shown in this presentation are simulated returns, and do not represent actual returns that an investor received. Neither Blue Orbit AM nor any other party guarantees any income or capital return from an investment and past performance is not an indication of future returns. Any forward looking statements in this presentation are based upon Blue Orbit AM's current views and assumptions and involve known and unknown risks and uncertainties, many of which are beyond Blue Orbit AM's control and could cause actual results, performance or events to differ materially from those expressed or implied. These forward-looking statements are not guarantees or representations of future performance and should not be relied upon as such. Blue Orbit AM undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of this presentation. For more information please visit www.blueorbitam.com