

Global Small Caps Systematic Alpha Fund

Monthly Performance Report as at 31 January 2022



Highlights

- In a volatile month for global markets, the *Blue Orbit* Global Small Caps Systematic Alpha Fund underperformed the Benchmark in January by 1.3%, returning -5.76%.
- The Value Signal saw a second month of very strong outperformance. Trend underperformed again as investors sold down winners, locking in the large profits generated over the last 18 months.
- Diversification across the four Signals helped protect the Fund through this period of volatility, with the Value and Defensive exposures largely offsetting the Trend underperformance.

As at 31 January 2022	1 Month	3 Month	6 Months	1 Year	Since Inception
Blue Orbit Global Small Cap Systematic Alpha Fund ¹	-5.76%	-2.64%			-0.32%
Benchmark ²	-4.46%	-2.69%			-2.60%
Excess Return	-1.30%	0.06%			2.28%

1. Fund inception Date is 5th October 2021.

2. Benchmark is the MSCI World Ex Australia Small Caps index (with Net Dividends reinvested) in AUD.

Performance Commentary

After a late December reprieve, the VIX volatility index spiked early in January and remained elevated throughout the month. Markets sold down sharply on expectations that global interest rate rises will be sooner than expected. Strong inflation prints across the US and Europe, as well as domestically in Australia, have put pressure on central banks to accelerate planned rate rises in response.

Hardest hit was the tech heavy NASDAQ index (-9.0%), with high valuations on growth stocks proving the most sensitive to potential interest rate increases. The S&P 500 fared better, down only 5.2%. US small caps underperformed their large cap counterparts, with the Russell 2000 Index down -9.6%. The Australian dollar also fell with the sell-off in risk assets, closing down 3.1% for the month against the US dollar.

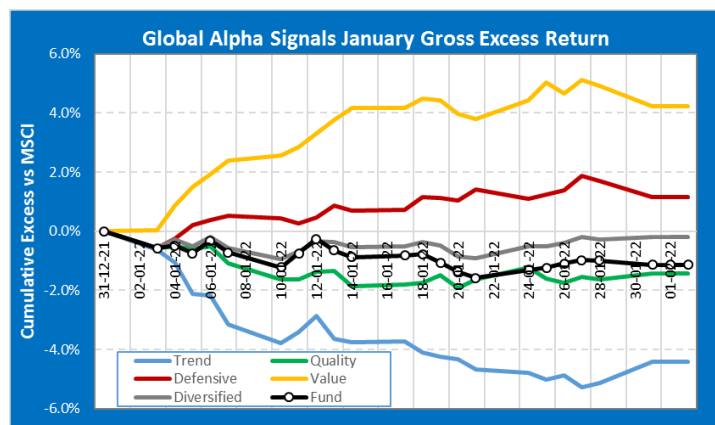
Small caps saw a similarly violent rotation from growth into value in January. The MSCI World ex AU Small Cap Growth index fell by 8.5% over the month, while the Value variant fell only 0.5% - a huge 8% performance differential over a single month.

Much of the Fund's underperformance against Benchmark came from its stock selection within Industrials, particularly within the US and Sweden. Overweights to Builders FirstSource (-18.1%), SiteOne Landscape (-23.3%), Tetra Tech Inc (-15.4%) and Lifco AB (-20.3%) were among the key detractors. Overweights to US Info Tech names Lattice Semiconductor (-26.1%) and Synaptics Inc (-25.0%) also detracted.

Signal Performance

Alpha Signal Returns (AUD)	1 Month Return	1 Month Excess	1 Year Return	1 Year Excess
Benchmark	-4.46%		14.18%	
Defensive Alpha Signal	-3.21%	1.25%	20.26%	6.08%
Quality Alpha Signal	-6.07%	-1.61%	24.52%	10.35%
Trend Alpha Signal	-8.74%	-4.29%	12.94%	-1.24%
Value Alpha Signal	-0.08%	4.37%	35.46%	21.28%
Diversified Alpha Signal	-4.66%	-0.21%	23.46%	9.28%

The Alpha Signals are theoretical, paper strategies only. Performance numbers are gross returns and calculated in FactSet. Alpha Signal inception date was 31 December 2020.



Trend underperformed in January, in line with the global selloff in growth assets. Quality had a small underperformance, driven by its underweight to the strongly performing Energy sector and stock selection within Financials.

Value had a very strong month, outperforming the Benchmark by over 4%. Value's overweight to Energy and underweight to poorly performing Healthcare added significant value, as did stock selection across almost all sectors. Defensive outperformed, as we expect to see in a weak market. Together with Value, the Signal outperformance offset much of the underperformance of the Trend Signal.

The importance of signal diversification within the strategy can be clearly seen in January. The Fund was able to weather the style rotation from growth to value, and saw only a minimal relative drawdown, particularly compared to a single style strategy.

Global Small Caps Systematic Alpha Fund

Monthly Performance Report as at 31 January 2022



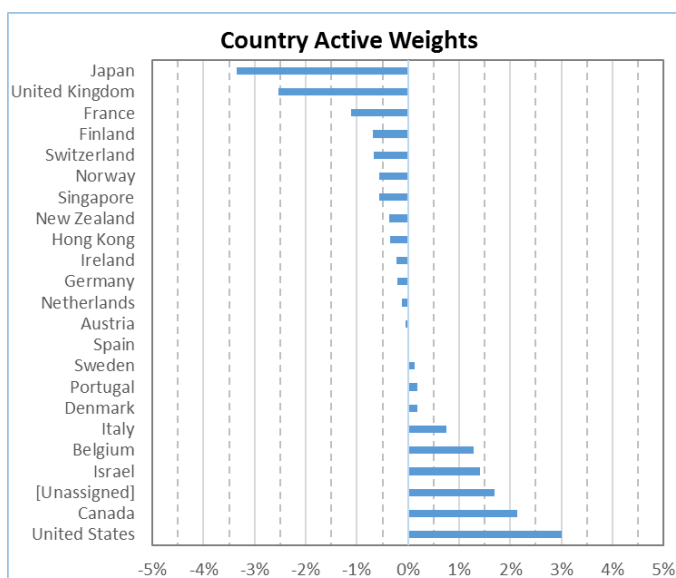
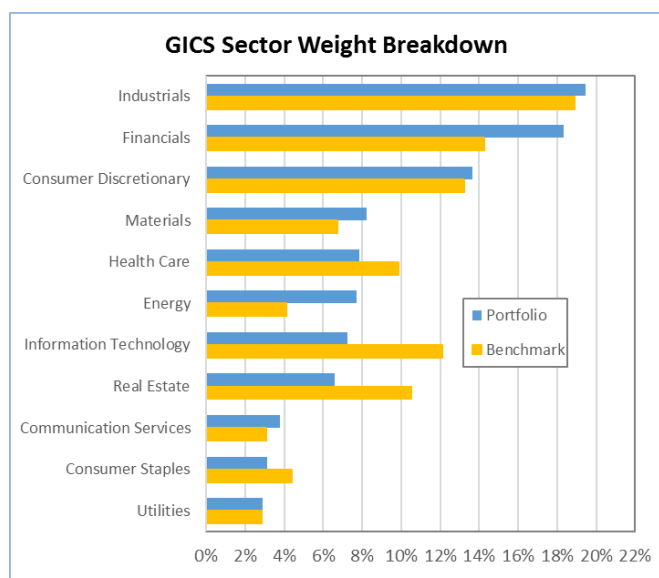
The Fund underperformed the Diversified Signal in January, with construction of the final portfolio a net detractor during the month. The Fund saw negative contributions from the sector risk constraints (which led to a larger sector weight to the poorly performing Healthcare sector than Diversified). Stocks that were elevated to the Large Cap index but which the Fund continued to hold also detracted from performance, many of these names were hurt in the growth led sell off.

Strategy Characteristics

The strategy aims to hold 250-350 names, is Benchmark aware with a tracking error range of 4-6%, with active weight controls applied to stocks, sectors and countries.

Characteristics	Portfolio	Benchmark
Number of securities	285	4343
Market Capitalization	8,883	6,270
Active Share	88.5	0.0
Dividend Yield	1.6	1.6
Price/Earnings	9.8	14.2
P/E using FY1 Est	10.1	14.6
Price/Cash Flow	8.6	10.6
Price/Book	2.2	1.9
ROA	6.0	2.5
ROE	15.3	6.0
LT Debt to Capital	40.5	38.6

Top 10 Holdings	Portfolio	Benchmark	Active
Targa Resources Corp.	1.70%	0.16%	1.54%
Builders FirstSource, Inc.	1.58%	0.17%	1.41%
Dick's Sporting Goods, Inc.	1.37%	0.10%	1.28%
APA Corp.	1.31%	0.16%	1.14%
Williams-Sonoma, Inc.	1.07%	0.16%	0.91%
Louisiana-Pacific Corporation	1.05%	0.08%	0.96%
OneMain Holdings, Inc.	1.02%	0.05%	0.97%
Atkore Inc	1.01%	0.06%	0.95%
Huntsman Corporation	1.00%	0.10%	0.90%
First American Financial Corporation	0.98%	0.11%	0.87%



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 report 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. Alpha Signal returns 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 report 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 report. For more information please visit www.blueorbitam.com

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)