

Global Small Caps Systematic Alpha Fund

Monthly Performance Report as at 31 May 2022



Highlights

- In May the Blue Orbit Global Small Caps Systematic Alpha Fund returned -0.37%, outperforming the Benchmark return of -0.97%.
- Market volatility remains elevated, with the muted overall return for the month not reflecting the large movements we saw intra month.
- US first quarter reporting season is now almost complete. Within our universe, around 65% of companies beat their Q1 earnings estimates.

As at 31st May 2022	1 Month	3 Month	6 Months	1 Year	Since Inception
Blue Orbit Global Small Cap Systematic Alpha Fund ¹	-0.37%	-4.34%	-11.70%		-6.41%
Benchmark ²	-0.97%	-6.26%	-12.06%		-11.26%
Excess Return	0.60%	1.91%	0.36%		4.85%

1. Fund inception Date is 5th October 2021. Performance for periods less than 1 year periods has not been annualised.

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

3. Fund returns shown are Total returns, calculated from unit prices. Returns are presented net of fees. Past performance is no indication of future performance

Performance Commentary

In May, global supply chains were further impacted by Covid lockdowns across parts of China. With no end in sight to the war in Ukraine, uncertainty remains high for investors. Equity markets had a wild ride in May, with several markets down 8% early in the month, before slowly paring back the losses. In May, the S&P500 +0.01%, NASDAQ -2.1%, FTSE100 +0.84%, DAX +2.1%, and Nikkei +1.6%. Brent Crude Oil increased again to close at US\$116/bbl, with gold dropping a little to US\$1835/oz. After dropping below US\$0.70 early in the month, the Australian dollar also rallied, closing flat for the month against the US Dollar, Euro and Yen.

The Energy sector (+11.0%) continued its rally in May, with Financials (+2.3%) also strong. Real Estate (-4.2%), Health Care (-3.3%) and Consumer Discretionary (-3.3%) were weak. Energy has now returned +51.8% this calendar year, with Utilities the only other positive sector at +0.9%, while the Benchmark has fallen 13.0%. Portugal (+11.8%) was the standout country in May, followed by Ireland (+4.0%). Israel (-12.0%) was very weak, as was New Zealand (-7.0%), with the US flat (-0.8%). The MSCI World ex AU Small Cap Value index (+0.64%) again outperformed the Growth index (-2.8%).

For the Fund, sector allocation was very strong, mainly from Energy, Real Estate and Financials. Good stock selection within Industrials and IT was lost from poor selection within Real Estate. Country allocation was a small detractor, mainly from the overweight position to Israel. The Fund's biggest stock contributor in May was Marathon Oil (+25.2%), which is now up 95% year to date, and has now been elevated to MSCI World Large caps. Other contributors were Marine transporter Kawasaki Kisen Kaisha (+53.6%), after reporting strong cash flow growth, and electrical manufacturer Atkore (+12.3%). Avis Budget (-29.6%), Aritzia (-19.2%), and Pacira Biosciences (-16.0%) were the largest detractors.

Portfolio Facts

Fund Details	
NAV unit price (Mid)	\$0.9359
Inception date	5th October 2021
Performance benchmark	MSCI World ex Australia Small Cap Index (Net Dividends Reinvested) in AUD
Buy/sell spread	0.30%/ -0.30%
APIR	ETL2441AU

Global Small Caps Systematic Alpha Fund

Monthly Performance Report as at 31 May 2022

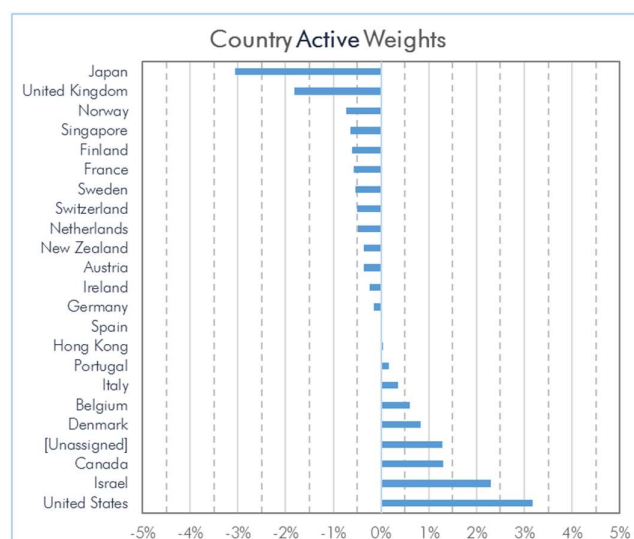
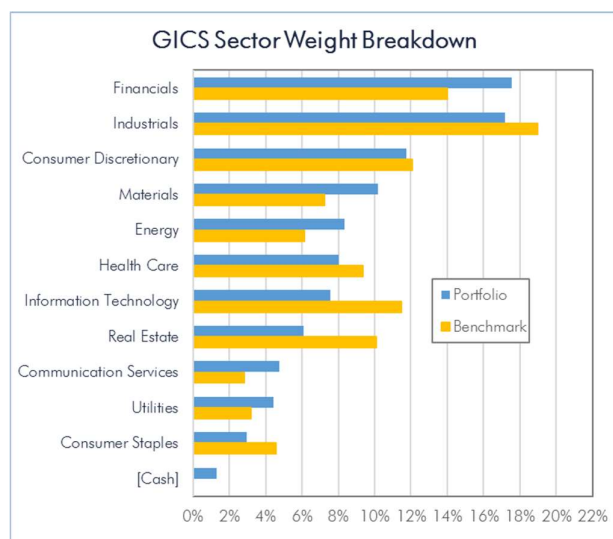


Strategy Characteristics

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	289	4295
Market Capitalization	8,010	6,018
Active Share	84.2	0.0
Dividend Yield	2.2	1.8
Price/Earnings	7.6	12.4
P/E using FY1 Est	8.6	12.6
Price/Cash Flow	6.0	8.5
Price/Book	1.9	1.7
ROA	13.1	5.3
ROE	28.0	12.2
LT Debt to Capital	36.5	36.7

Top 10 Holdings	Portfolio	Benchmark	Active
Louisiana-Pacific Corporation	1.62%	0.09%	1.53%
Reliance Steel & Aluminum Co.	1.42%	0.17%	1.24%
Builders FirstSource, Inc.	1.42%	0.18%	1.24%
Atkore Inc	1.39%	0.07%	1.32%
Huntsman Corporation	1.33%	0.11%	1.22%
Credit Acceptance Corporation	0.98%	0.07%	0.92%
LPL Financial Holdings Inc.	0.92%	0.23%	0.69%
OneMain Holdings, Inc.	0.82%	0.05%	0.77%
Williams-Sonoma, Inc.	0.80%	0.14%	0.66%
Tetra Tech, Inc.	0.77%	0.10%	0.67%



Sector Attribution

Sector Attribution	Global Small Systematic			Benchmark			Attribution			
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation	Selection + Interaction	Currency	Total
Industrials	17.42%	0.65%	0.11%	18.95%	-0.73%	-0.14%	0.00%	0.25%	-0.02%	0.23%
Financials	18.21%	2.21%	0.40%	13.88%	2.26%	0.31%	0.15%	0.00%	-0.02%	0.13%
Consumer Discretionary	11.41%	-2.93%	-0.33%	12.18%	-3.32%	-0.42%	0.02%	0.05%	0.00%	0.07%
Information Technology	7.57%	-0.40%	-0.03%	11.56%	-2.65%	-0.32%	0.07%	0.16%	0.01%	0.24%
Real Estate	5.49%	-9.59%	-0.56%	10.24%	-4.22%	-0.44%	0.16%	-0.32%	0.00%	-0.17%
Health Care	7.47%	-4.27%	-0.32%	9.48%	-3.37%	-0.32%	0.06%	-0.09%	0.01%	-0.02%
Materials	11.64%	-2.67%	-0.34%	7.31%	-1.87%	-0.15%	-0.04%	-0.08%	-0.01%	-0.13%
Energy	9.10%	11.64%	1.02%	5.75%	10.99%	0.61%	0.39%	0.07%	-0.02%	0.44%
Consumer Staples	2.71%	-3.17%	-0.08%	4.62%	-2.74%	-0.12%	0.04%	-0.02%	0.00%	0.02%
Utilities	3.43%	-1.08%	-0.04%	3.20%	1.73%	0.06%	0.00%	-0.11%	0.00%	-0.10%
Communication Services	3.92%	-0.53%	0.00%	2.83%	-1.75%	-0.05%	-0.02%	0.06%	-0.01%	0.04%
Cash	1.63%	0.37%	0.01%	0.00%	0.00%	0.00%	0.02%	0.00%	0.01%	0.04%
Total	100%	-0.18%	-0.18%	100%	-0.98%	-0.98%	0.84%	-0.03%	-0.02%	0.80%

Global Small Caps Systematic Alpha Fund

Monthly Performance Report as at 31 May 2022



Stock Attribution

Stock Attribution	Global 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							
Marathon Oil Corporation	1.43%	25.2%	0.33%	0.31%	25.2%	0.07%	0.26%
Kawasaki Kisen Kaisha, Ltd.	0.43%	53.6%	0.18%	0.05%	53.6%	0.02%	0.16%
APA Corp.	1.15%	13.8%	0.16%	0.23%	13.8%	0.03%	0.13%
Atkore Inc	1.38%	12.3%	0.14%	0.07%	12.3%	0.01%	0.16%
Credit Acceptance Corporation	0.98%	15.1%	0.12%	0.07%	15.1%	0.01%	0.13%
Bottom 5							
VGP NV	0.36%	-24.5%	-0.11%	0.02%	-24.5%	-0.01%	-0.10%
Aurubis AG	0.51%	-19.2%	-0.12%	0.04%	-19.2%	-0.01%	-0.10%
Pacira Biosciences, Inc.	0.71%	-16.0%	-0.13%	0.04%	-16.0%	-0.01%	-0.12%
Aritzia, Inc.	0.59%	-19.2%	-0.13%	0.04%	-19.2%	-0.01%	-0.12%
Avis Budget Group, Inc.	0.63%	-29.6%	-0.23%	0.13%	-29.6%	-0.05%	-0.17%

Alpha Signal Attribution

The Blue Orbit Systematic Alpha process is built from four individual underlying Alpha Signals, developed using proprietary internal quantitative research processes. The 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 the main alpha input to construct the Strategy portfolio.

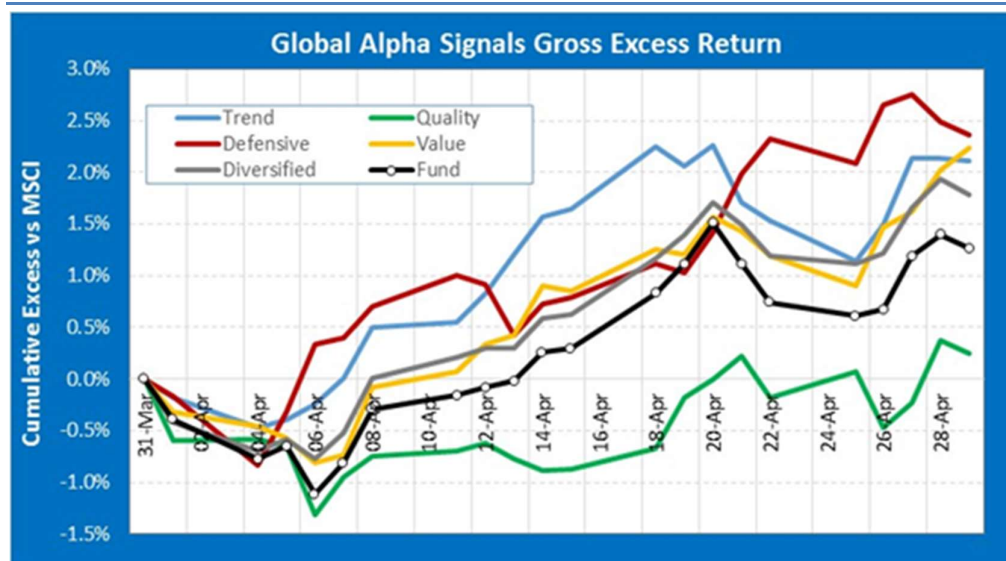
The returns shown here for the Alpha Signals are paper returns as calculated by Blue Orbit. These returns do not represent live or actual performance, and do not include fees or transaction costs.

Alpha Signal Returns (AUD)	1 Month Return	1 Month Excess	1 Year Return	1 Year Excess
Benchmark	-0.97%		-6.58%	
Defensive Alpha Signal	-0.58%	0.39%	2.46%	9.04%
Quality Alpha Signal	-0.39%	0.58%	-3.49%	3.09%
Trend Alpha Signal	0.48%	1.45%	-3.46%	3.12%
Value Alpha Signal	1.12%	2.09%	5.36%	11.94%
Diversified Alpha Signal	0.27%	1.24%	1.38%	7.96%

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

Global Small Caps Systematic Alpha Fund

Monthly Performance Report as at 31 May 2022



Trend Alpha Signal

Trend Alpha's outperformance was primarily through good sector allocation, with overweights in Energy and Financials, and underweights to Real Estate and Health Care. The overweight to Israel was a large detractor. Key stock contributors to performance were overweights to Marathon Oil (+25.2%), Kawasaki Kisen Kaisha (+53.6%) and APA Corp (+13.8%). Overweights to Alcoa (-9.7%) and K+S (-17.9%) were the biggest detractors.

Defensive Alpha Signal

Defensive Alpha again performed as expected, outperforming as the market dropped. This came through good sector allocation across a majority of sectors, in particular an overweight to Utilities and an underweight to Information Technology and Consumer Discretionary. The low volatility positioning of the Signal also contributed, with an underweight to the highest volatility stocks (which significantly underperformed the market). H&R Block (+33.9%) was the only significant stock contributor, with many small positive contributors. B&M European Value Retail (-20.9%) and Qurate Retail (-15.0%) were modest detractors.

Value Alpha Signal

For the Benchmark, the cheapest P/E group of stocks was flat, expensive P/E stocks were down 19%, and stocks with negative earnings were down 27%. This environment helped the Value Alpha Signal continue its strong performance, as did the Signal overweight to Energy and underweight to IT. Key stock contributors were overweights to Marathon Oil, APA Corp, and Crescent Point Energy (+25.97%), while an overweight to Kohl's (-31.0%) was the main stock detractor.

Quality Alpha Signal

Quality Alpha posted a small outperformance in May, despite an underweight to the Energy sector. Good stock selection within Industrials, IT, and Health Care provided most of the performance. Volatility positioning also contributed, with the Quality Alpha Signal underweight the most volatile group of stocks. Key contributors were the Signal's overweights to Credit Acceptance Corp (+15.1%), Atkore Inc (+12.3%) and Louisiana-Pacific Corp (+6.3%). The Quality Alpha Signal's overweight to Kohl's was a detractor.

Global Small Caps Systematic Alpha Fund

Monthly Performance Report as at 31 May 2022



Diversified Alpha Signal

The Diversified Alpha outperformed against the Benchmark in May, helped by all four underlying Signals outperforming. Sector allocation was the key source of outperformance, with the Signal being overweight Energy and underweight Health care and Information Technology.

The Fund had a moderate underperformance against the Diversified Signal in May. The Diversified Signal benefited from a very large underweight position to the Health Care sector, compared with the Fund (which had a smaller underweight position). The Fund has active weight controls on sector limits as part of the risk management process within portfolio construction. Active exposures at the Signal level can be higher than in the Fund.

Conclusion

Quarterly earnings reporting season is now mostly complete in the US, with the majority of Fund holdings having reported. Earnings across the board were better than expected, with around 2/3 of companies reporting earnings above expectations. For stocks held by the Fund, the hit-rate was slightly higher at 7/10. These stocks were mainly picked up by the Quality and Value Alpha Signals. The Defensive Alpha Signal successfully avoided the higher volatility stocks, which had a much lower hit rate.

The combination of high inflation, increasing interest rates, and an uncertain geo-political scene continues to concern investors globally. As volatility in the markets remains elevated, we are retaining our higher volatility settings for our Signals to be best positioned for the uncertain environment ahead.

Disclaimer

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Blue Orbit Global Small Cap Systematic Alpha Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

This report has been prepared by Blue Orbit Asset Management Pty Ltd ("Blue Orbit"), to provide you with general information only. In preparing this report, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Blue Orbit, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.

The Fund's Target Market Determination is available here <https://www.eqt.com.au/insto> A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

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.

While every effort has been made to ensure accuracy at the time of compilation, Blue Orbit 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's current views and assumptions and involve known and unknown risks and uncertainties, many of which are beyond Blue Orbit'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 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).