

Australian Small Caps Systematic Alpha Fund (Wholesale)

Quarterly Performance Report as at 30 June 2022



Highlights

- In the June Quarter, the **Blue Orbit** Australian Small Caps Systematic Alpha Fund returned -18.8%, outperforming the Benchmark return of -20.4%.
- The Materials sector fell by 32% over the quarter, as lithium and gold stocks were sold down heavily.
- All Alpha Signals outperformed the Benchmark over the quarter, with Defensive the strongest performing Signal.

As at 30 June 2022	1 Month	3 Month	6 Months	1 Year	2 Years (Annualised)	Since Inception (Annualised) ²
Blue Orbit Australian Small Cap Systematic Alpha Fund ¹	-12.39%	-18.83%	-23.39%	-22.19%	1.86%	-4.68%
Benchmark ³	-13.09%	-20.39%	-23.74%	-19.52%	3.55%	-0.28%
Excess Return	0.70%	1.56%	0.35%	-2.67%	-1.69%	-4.40%

1. Returns shown are Total Returns, Net of Fees. Returns shown for the Lead Unit Series (October 2019). Past performance is no indication of future Performance.

2. Inception Date is 11 October 2019. Performance for periods less than 1 year has not been annualised.

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

Performance Commentary

Markets continued their falls in the June Quarter, as major central banks lifted interest rates to combat rising inflation. Cost of living and high energy prices continued to dominate market thematics, keeping volatility high and driving major global indices lower. The S&P 500 fell 16.1% over the quarter, while the NASDAQ fell 22.3%. European stocks fared slightly better, with the STOXX 600 down only 9.2%, and Emerging Markets fell 11.3%.

Within Australia, Small caps underperformed, returning -20.4% over the quarter compared to their large caps counterparts (-11.1%). Within small caps, Materials (-32%) was the weakest performing sector, and as it comprises over 25% of the Benchmark was the major contributor towards its poor return. Information Technology (-27.9%) and Consumer Discretionary (-22.5%) were also weak. Energy, despite a very poor June month return, was the quarter's best performer, returning +2.4% - the only sector with a positive return.

The Fund outperformed its Benchmark over the June Quarter by over 1.5%, benefiting from both good stock selection and sector positioning. An overweight to Energy and underweight to Information Technology added value, as did good stock selection within these sectors. Stock selection within Materials also added significant value. Key contributors over the quarter were overweights to New Hope Corporation (+3.2%), Graincorp (+2.8%) and Viva Energy (1.8%). The largest detractors were the Fund not holding Uniti Group (+4%), being underweight NIB Holdings (+16%) and overweight Champion Iron Ltd (-30%).

Portfolio Facts

Fund Details	
Fund Valuation (AUD)	\$1,484,590
NAV unit price (Mid)	\$0.8512
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	104	197
Market Capitalization	2,472	2,102
Active Share	50.3	0.0
Dividend Yield	4.3	3.4
Price/Earnings	9.0	9.5
P/E using FY1 Est	8.9	12.4
Price/Cash Flow	6.7	8.7
Price/Book	1.4	1.5
ROE	16.0	10.8
LT Debt to Capital	25.0	23.1

Top Ten Holdings	Portfolio	Benchmark
Graincorp Limited Class A	3.06%	1.03%
TPG Telecom Limited	2.92%	1.05%
Healius Limited	2.87%	1.01%
New Hope Corporation	2.70%	0.82%
Viva Energy Group Ltd	2.51%	0.98%
Perseus Mining Limited	2.50%	0.98%
Deterra Royalties Ltd	2.27%	0.85%
Spark New Zealand Limited	2.25%	0.46%
Coronado Global Resources Inc.	2.17%	0.63%
Cromwell Property Group	2.07%	0.51%

Australian Small Caps Systematic Alpha Fund (Wholesale)

Quarterly Performance Report as at 30 June 2022

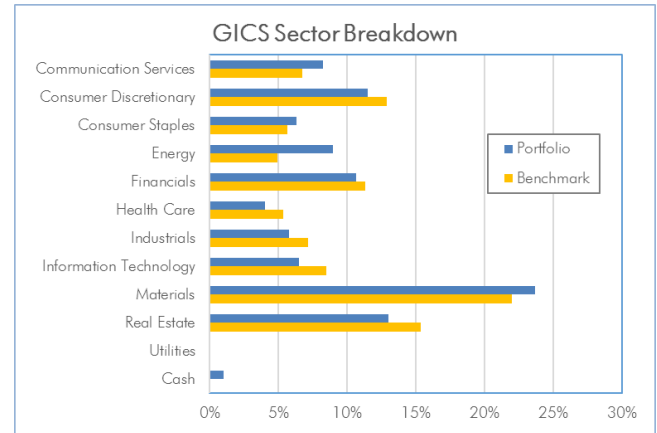


Five Largest Overweight Positions

Security	Portfolio	Benchmark	Active
Graincorp Limited Class A	3.06%	1.03%	2.03%
New Hope Corporation	2.70%	0.82%	1.88%
TPG Telecom Limited	2.92%	1.05%	1.87%
Healius Limited	2.87%	1.01%	1.86%
Spark New Zealand Limited	2.25%	0.46%	1.79%

Five Largest Underweight Positions

Security	Portfolio	Benchmark	Active
IRESS Limited	0.00%	1.03%	-1.03%
National Storage REIT	0.00%	1.10%	-1.10%
Seven Group Holdings Limited	0.00%	1.23%	-1.23%
Charter Hall Long WALE REIT	0.00%	1.24%	-1.24%
Uniti Group Ltd.	0.00%	1.58%	-1.58%



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
Communication Services	7.68%	-13.13%	-0.87%	6.19%	-10.37%	-0.56%	0.14%	-0.19%	-0.05%
Consumer Discretionary	10.63%	-23.83%	-2.32%	12.69%	-22.45%	-2.82%	0.06%	-0.19%	-0.13%
Consumer Staples	5.88%	-0.24%	-0.12%	5.19%	-4.66%	-0.32%	0.11%	0.21%	0.33%
Energy	9.48%	8.83%	0.14%	6.01%	2.43%	-0.06%	0.54%	0.45%	0.99%
Financials	8.87%	-22.48%	-1.97%	10.28%	-20.72%	-2.03%	0.03%	-0.19%	-0.16%
Health Care	4.83%	-15.47%	-0.70%	4.99%	-12.70%	-0.52%	-0.07%	-0.09%	-0.16%
Industrials	6.78%	-22.78%	-1.51%	7.05%	-18.18%	-1.29%	-0.02%	-0.31%	-0.33%
Information Technology	5.23%	-20.80%	-0.96%	8.40%	-27.86%	-2.30%	0.22%	0.43%	0.64%
Materials	26.68%	-28.90%	-8.53%	24.53%	-31.70%	-8.43%	-0.37%	0.89%	0.52%
Real Estate	12.52%	-16.77%	-1.85%	14.68%	-15.54%	-2.06%	-0.11%	-0.13%	-0.24%
Utilities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	1.42%	-0.43%	0.00%	0.00%	0.00%	0.00%	0.27%	0.00%	0.27%
Total	100%	-18.70%	-18.70%	100%	-20.39%	-20.39%	0.80%	0.89%	1.69%

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							
New Hope Corporation Limited	3.19%	10.58%	0.12%	0.74%	10.47%	0.03%	0.62%
Graincorp Limited Class A	2.75%	11.87%	0.13%	0.91%	11.88%	0.04%	0.48%
Viva Energy Group Ltd.	1.84%	22.95%	0.20%	0.80%	22.98%	0.12%	0.32%
Spark New Zealand Limit	1.93%	2.11%	0.03%	0.40%	2.12%	0.01%	0.31%
Megaport Ltd.	0.00%	0.00%	0.00%	0.49%	-60.82%	-0.40%	0.31%
Bottom 5							
Johns Lyng Group Ltd	1.59%	-34.72%	-0.57%	0.48%	-33.95%	-0.17%	-0.18%
Aurelia Metals Limited	0.68%	-48.00%	-0.45%	0.19%	-47.96%	-0.11%	-0.20%
Champion Iron Ltd.	3.00%	-29.90%	-1.03%	1.08%	-29.99%	-0.38%	-0.20%
NIB Holdings Ltd	0.48%	16.16%	0.07%	1.31%	16.04%	0.15%	-0.28%
Uniti Group Ltd.	0.00%	0.00%	0.00%	1.37%	4.02%	0.04%	-0.30%

Australian Small Caps Systematic Alpha Fund (Wholesale)

Quarterly Performance Report as at 30 June 2022



Alpha Signal Attribution

The Blue Orbit Systematic Alpha Fund's construction process combines four individual underlying Alpha Signals – Defensive, Quality, Trend, and Value, developed using our proprietary internal quantitative research process. The design intention of the four signals is to ensure they will outperform in a variety of market environments through their diversified nature and low to negative correlations between each other. The Diversified Alpha Signal is the combination of the individual underlying Alpha Signals, and is the primary alpha input in the construction of the final portfolio. The Signals are internally calculated paper portfolios, and do not include fees or transaction costs.

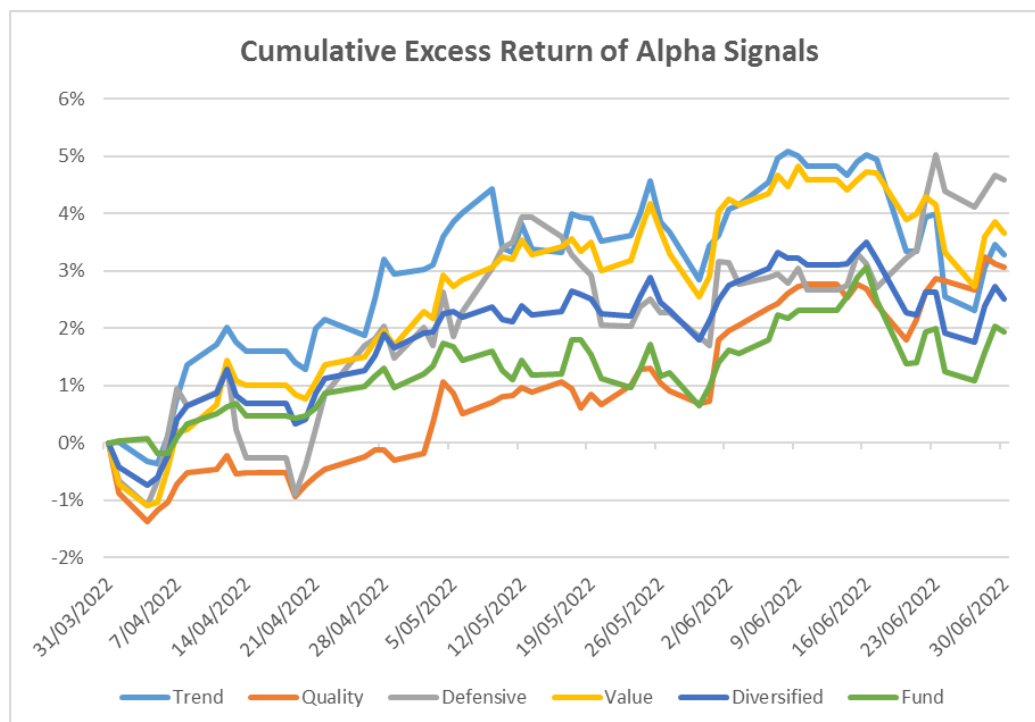


Figure 1: Cumulative Signal Performance

Figure 1 provides a summary of the relative performance of the Alpha Signals and the Fund against the Benchmark over the June Quarter.

Alpha Signal	3 Month Return	3 Month Excess	1 Year Excess Return	1 Year Tracking Error	1 Year Information Ratio
Small Ordinaries	-20.4%				
Defensive Alpha Signal	-15.8%	4.6%	4.0%	5.7%	0.7%
Quality Alpha Signal	-17.3%	3.1%	2.2%	4.3%	0.5%
Trend Alpha Signal	-17.1%	3.3%	3.7%	7.3%	0.5%
Value Alpha Signal	-16.7%	3.7%	5.3%	7.6%	0.7%
Diversified Alpha Signal	-17.9%	2.5%	1.9%	2.9%	0.6%
Blue Orbit Australian Small Caps Systematic Alpha Fund*	-18.6%	1.7%	-2.0%	4.4%	-0.4%
Naive Factor Returns	3 Month Return	3 Month Excess	1 Year Excess Return	1 Year Tracking Error	1 Year Information Ratio
Price/Earnings	-16.0%	4.4%	5.4%	8.0%	0.6%
Dividend Yield	-17.0%	3.4%	4.7%	6.2%	0.7%
Low Volatility	-18.7%	1.7%	3.4%	3.8%	0.8%
Equal Weight	-21.8%	-1.4%	-1.0%	2.8%	-0.3%
Naive Momentum	-25.1%	-4.7%	0.1%	13.1%	0.0%

Australian Small Caps Systematic Alpha Fund (Wholesale)

Quarterly Performance Report as at 30 June 2022



Alpha Signal and Factor returns are for theoretical, paper strategies only. Performance numbers are gross returns and calculated in Factset.

Alpha Signal Commentary

All Alpha Signals outperformed for the June quarter, however we saw significant signal volatility over the period. Trend and Value were the clear dominant performers in April and May, however gave up a large portion of relative gains amid high volatility in late June. Defensive performed well, in line with expectations in a weak total return environment, and finished the quarter as the strongest performing Signal.

Market conditions over the quarter remained favourable to Value, with naïve value factors (P/E and Dividend yield) outperforming the Benchmark. Low volatility also outperformed, which aligned with the outperformance we saw within our Defensive Alpha Signal.

Blue Orbit's Alpha Trend Signal outperformed the Benchmark by over 3%, compared with an over 4.5% underperformance for a naïve momentum factor. This large performance differential highlights the value of our Signal construction methodology over naively constructed factor exposures- particularly in a period of high market volatility.

Conclusion

The June quarter saw elevated volatility continue, with markets sold down into bear market correction territory. Concerns around slowing growth and potential recession, against a backdrop of persistently high inflation and interest rate rises have contributed to the market sell off. Despite varied performance in individual months, we saw all of the Alpha Signals outperform the Benchmark for the June Quarter, contributing to the overall outperformance for the Fund. As uncertainty continues to be the dominant theme in the markets, we believe that the strategy's multiple style diversification gives the best positioning for the Fund in the current 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