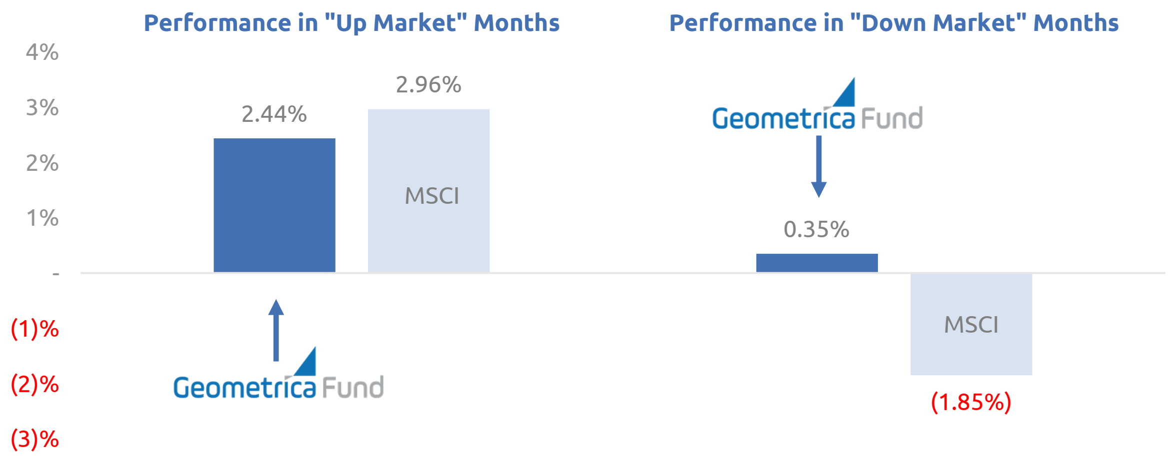
We seek asymmetric investment opportunities informed by the coalescence of rigorous fundamental analysis and alternative data discovery.

The Geometrica Fund aims to deliver outstanding returns to unitholders via highly targeted investments in the global mid-cap equity universe.

INVESTMENT PERFORMANCE (NET)

31 May 2021	Inception pa	CYTD	FYTD	12 months	6 months	1 month
Founder[1]	+23.31%	+14.66%	+35.23%	+39.26%	+16.97%	-1.51%

Performance Asymmetry: Uncorrelated Outperformance



Source: Mainstream, ASX Announcements, Geometrica and Bloomberg. Performance is after all fees, from Jan 2015 (excluding the period of Sep 2018 – Aug 2019; Manager left CVF in Aug 2018 and began Geometrica in Sept 2019). MSCI = MSCI ACWI (AUD).

OVERVIEW

Net of all costs and fees the Geometrica Fund returned -1.51%* for May 2021. Inception to date performance stands at 23.31% per annum.

Net exposure at the end of May 2021 was 70.7%. Around 18.8% of fund capital is cash (long positions are 81.2% of capital; we don't include cash generated by short sales in the cash math as that cash collateralises the short position liabilities). Our cash war chest equates to optionality…and there is no better environment for a stock picker than a topsy turvy world.

The largest positive contributor to performance during the month was Adient Plc (ADNT.US, mkt cap US$4.0bn) and the largest single detractor was VIPshop Holdings Ltd (VIPS.US, mkt cap US$14.2bn). We touch on both below.

[1] *Founders Class units – Lead Series. Small variations will occur between unit classes and series based on differences in timing and terms. Source: Mainstream Fund Services, the Fund's external administrator and calculation agent.*

May 2021 saw almost all major global equity indices advance, with the notable exception of the Nasdaq Composite Index which closed down -1.5%.

However, the seemingly benign picture of equity indices advancing in lockstep obscures significant sub-surface volatility. By way of example, in Australia the worst performing sector in May was Technology which closed down -9.9% and in the US the best performing sector was Steel which ripped up +24.65%.

These wild swings are the reverberations of Covid's onset a little over a year ago, when investors fled to the safety of tech and biotech, dumping anything cyclical on the way. Now, resurgent demand meets still crimped supply chains and price becomes the mechanism of matching demand and supply, leading to a surge in prices and inflation. Meagre margin increases in beaten down cyclical sectors with typically low margins and low through the cycle returns are seismically positive. In retrospect, this is why steel stocks have run so hard. We live and hope to learn.

The savage rotation we are witnessing in retrospect is both because things are getting really good for cyclicals given price increases…and because that is leading to rising inflation which is bad for long duration assets (think high multiple tech and yield stocks).

It would seem you'd have to be a hermit to be ignorant of the debate on inflation and whether it becomes entrenched. In a normal recovery, a splash of inflation is normal and transitory. In context last year felt like the end of the world and as Covid crushed aggregate demand it was decidedly deflationary. May's +5% US CPI print needs to be seen in that context given it is after all a year over year measure.

A typical cycle would see supply chains normalise, no incentives for precautionary inventory build and the normal recovery CPI pulse would be transitory. Inflationary expectations don't become entrenched meaning monetary velocity doesn't increase and central bankers breathe a sigh of relief and so on.

I'm *just* over 50. Last week I wasn't eligible for the Pfizer vaccine; now I am. Looking wider it is becoming apparent that the mRNA vaccines (Pfizer and Moderna) are effective against new variants including the hyper contagious delta variant that has emerged from India. However, the Chinese Sinovac / Sinopharm vaccine clearly is not and it may be heresy but the Astra Zeneca vaccine also appears less so. Which is to say that the factory of the world (China) has some challenges ahead. And the inflationary bogey man might not die quietly but instead pick up a chain saw one more time. It is for now too early to tell.

PORTFOLIO

We have drastically reduced our position in **Adient Plc** (ADNT.US, mkt cap US$4.0bn) to nothing more than a sliver. The stock has been a large contributor to performance. We thought it would contribute even more in the months ahead. But it is becoming apparent via a shifting narrative that Adient lacks the ability to immediately pass on input cost pressure…meaning margins are likely to be under pressure in the short term. Because we think the stock can decline rapidly on said narrative shift, we cut the position quickly, locking in the vast majority of our gains. No one likes to change their mind. But stoic obstinance can be very unprofitable. Keynes, one of the greatest and most underappreciated investors solely due to his overarching genius as an economist and gadfly once quipped "*when the facts change I change my mind…what do you do sir?*".

VIPshop Holdings Ltd (VIPS.US, mkt cap US$14.2bn) was a negative contributor. It is critically important that we examine our failures. We all have our unconscious biases. Within our team the hope is introspection can improve outcomes by empowering intellectual honesty. Which is to say, that analysts smarter than I can tell me I'm wrong, and that I have the capacity to listen. It is a work in progress, with our exceptional analysts doing far better than me.

We bought the stock after Archegos, or more correctly its prime brokers, liquidated Archegos' gargantuan position in VIPS. Volumes surged and the stock plummeted. We rubbed our hands together in gleeful anticipation. We had studied the stock previously. VIPshop is a Chinese based online discount retailer.

Whenever we look at anything in China I am deeply sceptical. I was once a specialist short seller (a painfully unlucrative profession where to the best of my knowledge no short fund has ever closed to new capital) in an Asian based hedge fund. The prevalence of fraud in the Chinese equity market is somewhat significant. Think Luckin Coffee, Sinoforest, RealGold, Chaoda Modern Agriculture…the list goes on. This is a segue to the debt pressures building in China around Suning, Evergrande and Huarong, but we digress.

VIPshop is we think the real deal, a legitimate and exceptionally well run company. Attractive business model, competent management and a large, growing market.

The problem is we don't have an ability to monitor margins in real time. And as a hyper efficient operator focused on growth the margins are very low. Small changes in margins in the near-term swamp changes in revenue growth, which the markets tends to not look through for quite elongated periods of time.

On top of this, we had a regulatory crack down on all things tech related in China. Alibaba was censured, Jack Ma (Alibaba's founder) disappeared but then resurfaced as a more obsequious shadow of his former self. China's online education companies then came under the spotlight. **TAL Education** (TAL.US, mkt cap US$13.3bn) once a $54bn darling of the online education sector has been poleaxed, falling almost 80% from its peak at the time of writing. Because one person holds the answer to the outcome and he won't take our calls, we moved to the sidelines on VIPS. We have no competitive advantage in this situation.

Which is to say buying VIPS seemed like a good idea at the time but it became subsumed within the broader purge of the Chinese tech elite. Power truly is more valuable than wealth. And so we cut, licked our wounds (VIPS detracted 0.82% in performance for May) and moved on.

New positions

When a stock we hold falls, provided there is no new information that invalidates our thesis, we tend to buy more. If you like something and someone offers it to you at a discount, logically you should buy more. Provided of course you've managed sizing and single stock exposure is sensible.

Similarly, when stocks fall or fail to track their earnings trajectories higher for reasons unrelated to core fundamentals or established patterns of behaviour we tend to look with keen interest.

We've added two new positions recently. Both are we think likely to be swimmingly profitable. Both are non-consensus and listed on offshore exchanges. Both are worthy of a detailed exposé.

But we are going to defer that. Because you, as our co-investors deserve to be the sole beneficiaries of the fruits of our labour.

Organisational

At inception, we eschewed marketing or investing in marketing.

Success in our business possibly requires marketing. Some funds have pedestrian performance and yet receive and retain great wads of capital.

We made a decision to channel all our revenue back into research capability. Which is to say we have retained and empowered great analysts. We have recently added to that talent pool and will aggressively continue to do so.

In addition, we have added an experienced business manager to our ranks. Which further frees us to focus on performance, performance and performance.

We have received questions about the duration of the offer for founder series units and would like to offer some clarification.

At inception, there were a total of 50 million *Founder Class Units* available for subscription and approximately 30 million have been issued to date.

We are likely to close new issuance of Founders Units once 45 million have been issued. Closing at 45 million Founders Units will allow existing investors electing to receive their annual distributions via issuance of new units to be issued Founders Units for hopefully a few years before the hard cap of 50 million is reached. Thereafter, only Alpha Class units will be issued.

As ever, thank you for investing alongside us. We aim to repay that trust in spades.

21 June 2021

FUND OVERVIEW (ALPHA UNITS)

Fund	Geometrica Fund
Structure	Wholesale unit trust
Mandate	Global long short Mid-cap focus
Gross exposure range	0 - 200%
Net exposure range	up to 100%
Single stock long limit	15% at cost
Single stock short limit	5% at cost
Buy / Sell Spread	Nil / 0.25%
Investor Eligibility	Wholesale only
Platforms	Ausmaq, Hub24
Fees	1.5% management (+GST) 20% performance (+GST)
Benchmark	RBA Cash Rate
High water mark	Yes
Liquidity	Monthly
Administration & custody	Mainstream Fund Services

INVESTMENT PERFORMANCE (NET)[2]

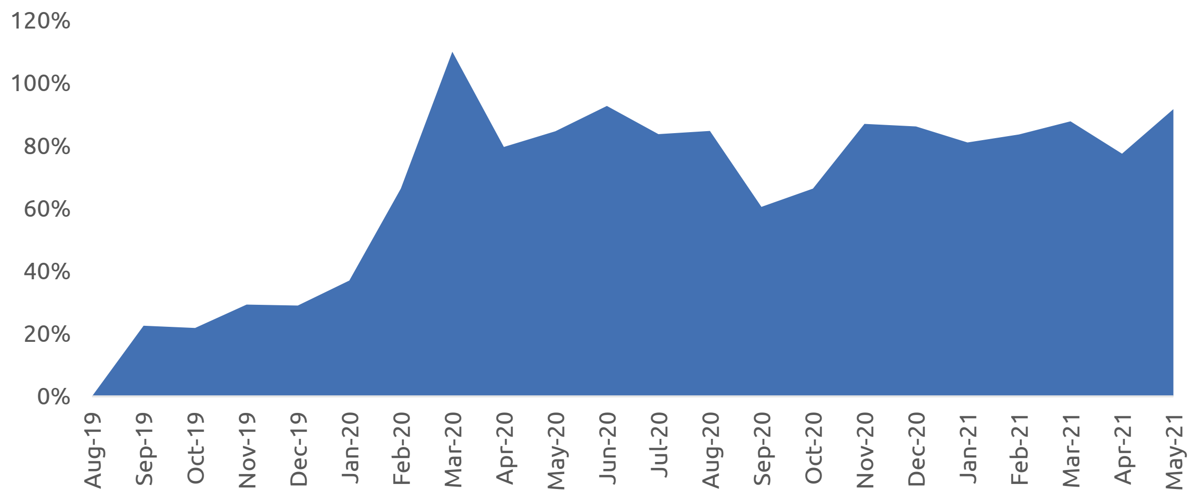
	2019	2020	2021
Jan	-	-1.3%	4.5%
Feb	-	-0.3%	6.9%
Mar	-	-5.2%	1.2%
Apr	-	2.4%	3.0%
May	-	7.9%	-1.5%
Jun	-	3.0%	-
Jul	-	9.5%	-
Aug	-	3.5%	-
Sep	1.1%	-1.4%	-
Oct	0.8%	-1.4%	-
Nov	0.1%	4.8%	-
Dec	-1.6%	2.0%	-
Total	0.5%	25.2%	14.7%

[2] *Founder Class units – Lead Series*

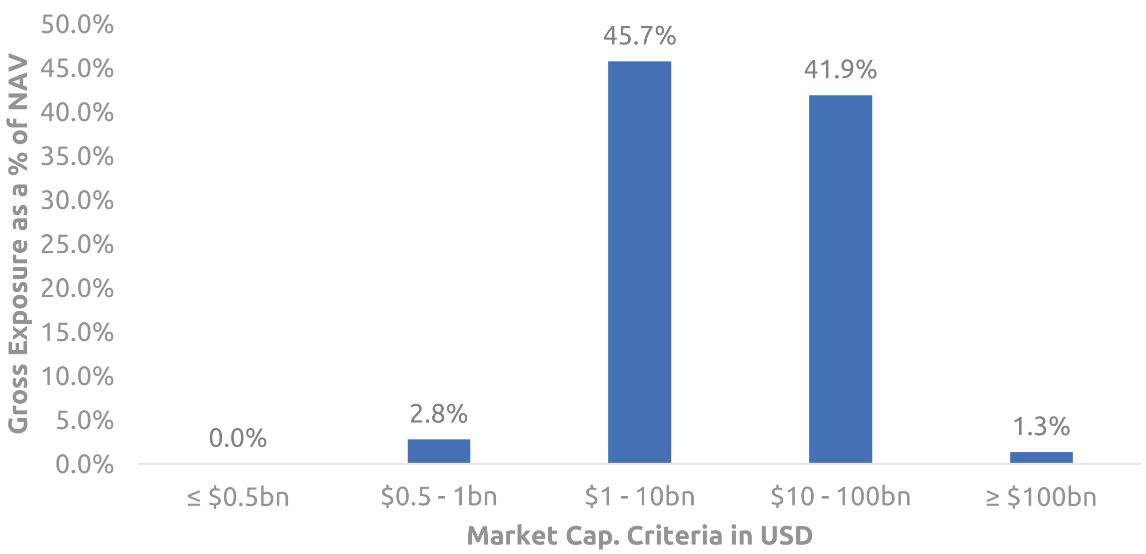
ASSET ALLOCATION

Country	Long	Short	Gross	Net
Australia	29.1%	(3.5)%	32.6%	25.7%
Americas	35.1%	(7.0)%	42.1%	28.1%
Asia	6.9%	0.0%	6.9%	6.9%
Europe	10.1%	0.0%	10.1%	10.1%
Total	81.2%	(10.6)%	91.7%	70.7%

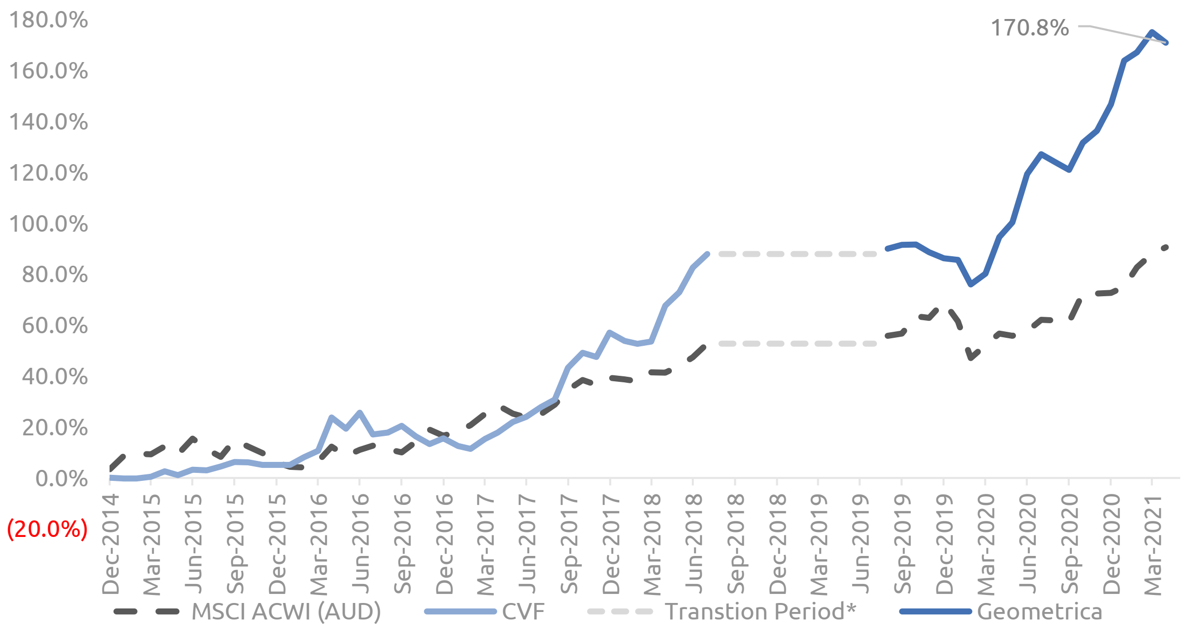
GROSS EXPOSURE



GROSS EXPOSURE BY MARKET CAPITALISATION



MANAGER PERFORMANCE HISTORY



* Manager left CVF in Sept 2018 and began Geometrica in Sept 2019 NB: Performance period is from 5 Jan 2015. Performance is net of all fees.

DISCLAIMER

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The Fund is not suitable for all investors. Investing in any security or fund involves significant risk. The price of any security or fund may decline as well as rise.

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