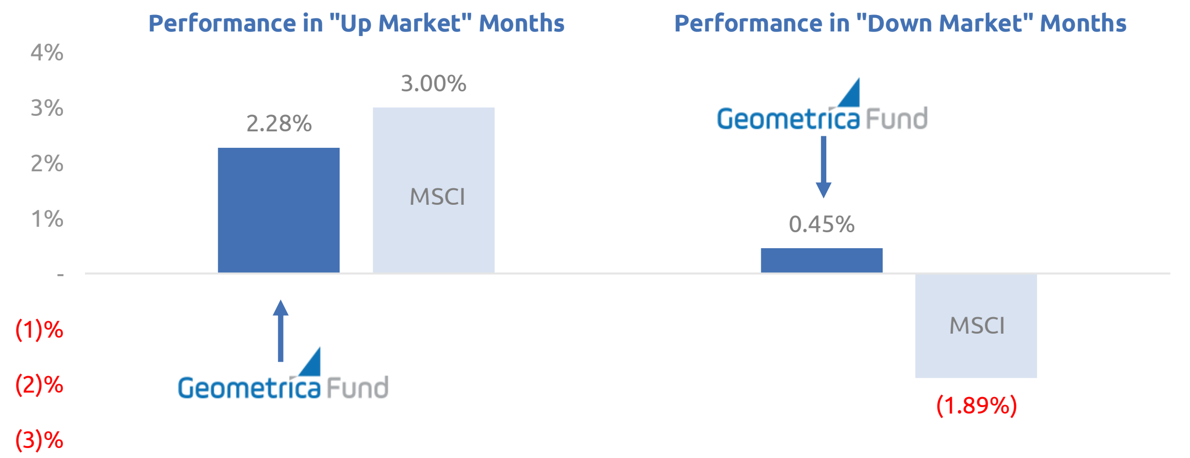
We seek asymmetric investment opportunities informed by the coalescence of rigorous fundamental analysis and alternative data discovery.

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

INVESTMENT PERFORMANCE (NET)

30 Sep 2021	Inception pa	CYTD	FYTD	12 months	6 months	1 month
Founder[1]	+21.36%	+18.93%	+4.41%	+25.44%	+5.19%	+3.14%

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 +3.14%[1] for the month of September 2021. Inception to date performance stands at +21.36%[1] per annum, and calendar year to date at +18.93%[1].

Positive contributors to performance during the month included a Japanese stock we outlined in the last letter which has been our #1 contributor for two months running, IDP Education, Caesars Entertainment and a collection of short positions in iron ore miners.

Mid-month, a confirmed potential takeover bid for Entain Plc by DraftKings didn't hurt; Entain remains in our top 5 holdings.

[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.*

Detractors included AutoDesk which we've discussed previously, and a stock where margins are normalising in the wake of Covid-19 and we're using this margin downdraft to build a position.

The positive monthly print contrasted to generally negative moves for major equity indices in September. However, as nice as it may feel, over emphasising a single monthly print is a mistake:

1. We don't invest on a monthly time horizon.
2. Our portfolio typically contains only 20-40 stocks with a sizing skew to those situations where we have a mathematically differentiated view, therefore our portfolio is a non-representative sample of most equity markets. All else being equal, our monthly returns *should* have low market correlation.

The good news is if our process works, we should outperform *and* do so with low market correlation.

PORTFOLIO

Entain Plc (ENT.LN, mkt cap £12.1bn), one our top 5 holdings, rose 10% during September. When rumours of a £28/share possible takeover offer from **DraftKings** (DKNG.US, mkt cap US$20.0bn) were confirmed the stock popped to ~£24/share. The stock price has since sunk back to ~£20/share.

Entain offers many things to DraftKings however it is difficult to take the bid seriously.

Entain, unlike DraftKings, has cashflow and thus is not dependent upon the credulity of capital markets.

Entain also has an exceptional technology platform, which is used to power **BetMGM**[2], the joint venture between **MGM Resorts International** (MGM.US, mkt cap $23.1bn) and Entain Plc.

It is worth noting that BetMGM has just taken the #1 position in the combined US sports betting and iGaming market.

*BetMGM continues to gain market share in the US…*which goes a long way to explaining why Flutter and DraftKings share prices have gone sideways in calendar 2021 and Entain's has risen 85%. Which is why we own Entain, and why we don't own Flutter or DraftKings.

The issue for DraftKings' bid for Entain is that BetMGM is subject to a joint venture agreement which contains certain "poison pill" features.

For DraftKings to succeed, it would need to meet Entain's board's valuation expectations, forfeit control of BetMGM to MGM Resorts and stomach significant dilution.

[2] Entain is 50% owner of BetMGM along with MGM Resorts International. Entain contributed its technology to the BetMGM Joint Venture.

We are hoping DraftKings' proposed bid of £28/share fails. That may entail some short-term pain, but when you step through the math this would be a short term mark worth taking.

The deeper we go the more we see longer duration upside in BetMGM with Entain being the best exposure to it.

We think the market's estimates for BetMGM's net gaming revenues in 2022 (and indeed, Entain's guidance in this regard) are *materially* too low.

Which is why our valuation of Entain's 50% share of BetMGM is 4x greater than what the market presently ascribes to it.

We wrote back in July and August of another exposure in the sector we were buying into which is **Caesars Entertainment Inc** (CZR.US, mkt cap US$24.4bn).

We took advantage of some covid induced weakness in the Caesars share price to build a decent sized position.

We're mindful of not overdoing a good thing, in terms of single industry exposure, being US sports betting and iGaming. The beauty here however is no one seems to take Caesars seriously when it comes to this still nascent industry.

Caesars was acquired by and merged with El Dorado back in 2020. Caesars was the old Harrahs Entertainment that was nearly fatally wounded by the Great Financial Crisis of 2008/09. El Dorado was a roll up of some average US gaming properties that were turned around by El Dorado's impressive management team.

Caesars – now run by the El Dorado management team – pulled around US$1bn in annual run rate costs out of Caesars when Covid-19 hit. In context, Caesars only made US$1bn in EBITDA in 2020. Management have been forced to add back some of the cost saves, but a large uplift in earnings awaits as recovery plays out.

Meanwhile, Caesars bought William Hill Ltd in April 2021, ripped out its US technology and online gaming operations and sold the rump to 888 Holdings Plc, a small player we owned some time ago. Caesars now has two vital ingredients to success in US online sports betting and iGaming: A solid technology platform and an existing customer base that will drive low cost of customer acquisition as Caesars drives its business mix from offline to online.

The attraction for us in Caesars is that online success isn't priced in by the market. Even if Caesars fail in US online, there is still good upside to the stock just on Covid recovery. So, if Caesars do succeed in US online, there is *material* upside from where we bought the stock.

Our largest Japanese stock position was the top contributor to performance during September. The same stock was also the top contributor to performance during August. We have modestly shrunk the position, in effect harvesting our gains and plan to discuss the position in a future letter.

IDP Education Limited (IDP.AU, mkt cap A$10.0bn) seems to be the gift that keeps giving. The market appears to be anticipating strong operating leverage as volumes recover, possible further consolidation in IELTS[3] and a long runway of margin accretion and earnings growth. It is admittedly hard to disagree. And mathematically the upside is attractive. But with a more challenging valuation and a perspective that isn't contrarian, the upside asymmetry on offer isn't deserving of significant capital allocation. We continue to hold the stock but have shaved the sizing.

Uber Technologies (UBER.US, mkt cap US$92bn) made a small positive contribution for the month.

We continue to think Uber will report a better than break even result in either 3Q or 4Q 2021, a first for the company.

New markets that Uber enters in its mobility business tend to take several years to break even and become profitable. By expanding rapidly in recent years Uber has effectively increased the size of its near-term losses. Given long term market returns appear to be related to the level of market concentration, this makes sense but for several years has made for a company that burns cash at a torrid rate.

Not content with accelerating a global mobility roll out, Uber then further tested the forbearance of equity markets by entering new verticals such as food delivery, car rental, alcohol, grocery and now parcel delivery. Each new vertical is additive in expanding Uber's addressable market, increasing its delivery density and deepening Uber's relationship with its customer base but has inexorably pushed out Uber's point of aggregate profitability.

Perhaps when Uber does print a maiden profit, likely this or next quarter, investors who once foretold of Uber's demise might be proven wrong and the stock's latent upside might come into sharper focus.

Our iron ore shorts contributed further in September, but we've now mostly closed these positions. We had thought the iron ore price would be slower to move down but were proven wrong, thankfully in a way that benefitted the P&L.

We continue to monitor the Chinese property sector, which we think has entered correction territory, with very weak demand conditions in September and now into October.

China has been for the last 15 or so years both lauded and laudable for its seemingly deft ability to manage its economy given the powerful tools at its command.

The question now is will political factors outweigh the economic situation for key decision makers over the next year or so given the momentous political transition in play.

[3] International English Language Testing System.

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)[4]

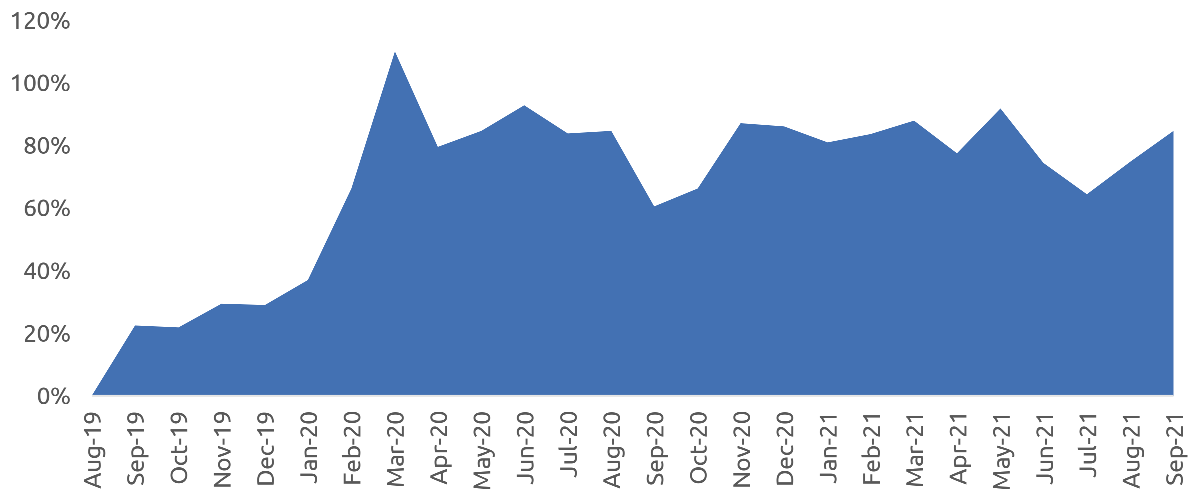
	2019	2020	2021
Jan	-	-1.3%	4.5%
Feb	-	-0.3%	6.9%
Mar	-	-5.2%	1.2%
Apr	-	2.4%	3.0%
May	-	7.9%	-1.5%
Jun	-	3.0%	-0.7%
Jul	-	9.5%	-1.4%
Aug	-	3.5%	2.6%
Sep	1.1%	-1.4%	3.1%
Oct	0.8%	-1.4%	-
Nov	0.1%	4.8%	-
Dec	-1.6%	2.0%	-
Total	0.5%	25.2%	18.9%

[4] *Founder Class units – Lead Series*

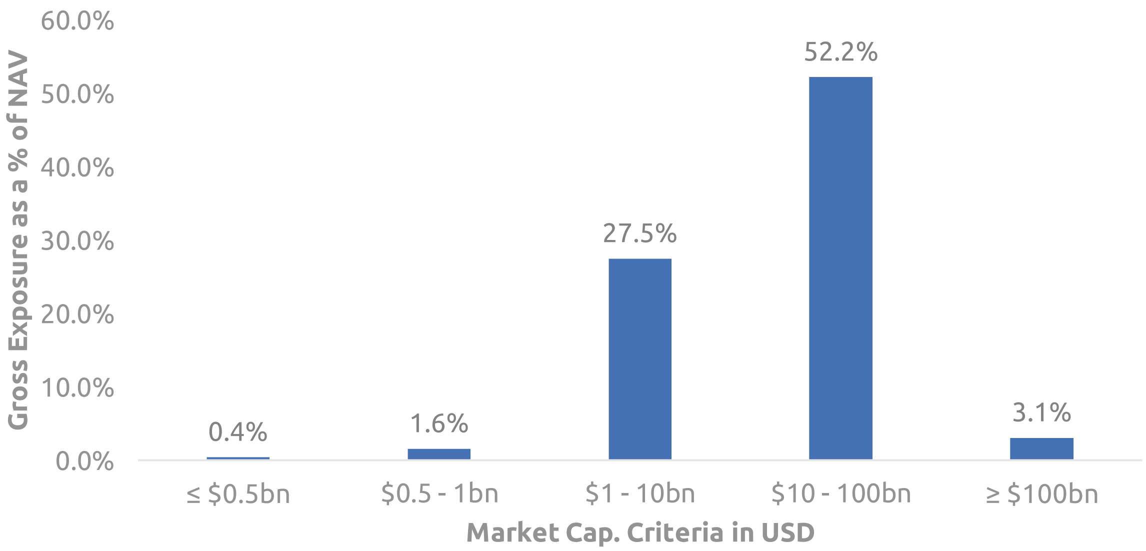
ASSET ALLOCATION

Country	Long	Short	Gross	Net
Australia	17.4%	(2.1)%	19.5%	15.3%
Americas	30.3%	(6.0)%	36.4%	24.3%
Asia	20.0%	(0.0)%	20.0%	20.0%
Europe	8.8%	0.0%	8.8%	8.8%
Total	76.6%	(8.1)%	84.7%	68.5%

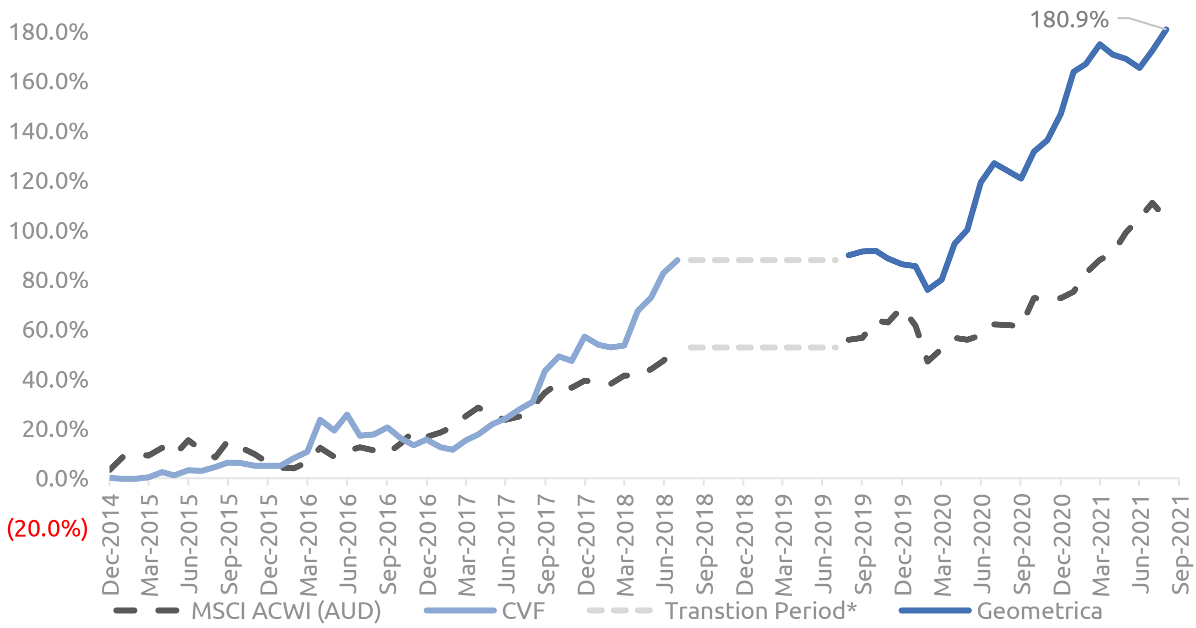
GROSS EXPOSURE



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