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

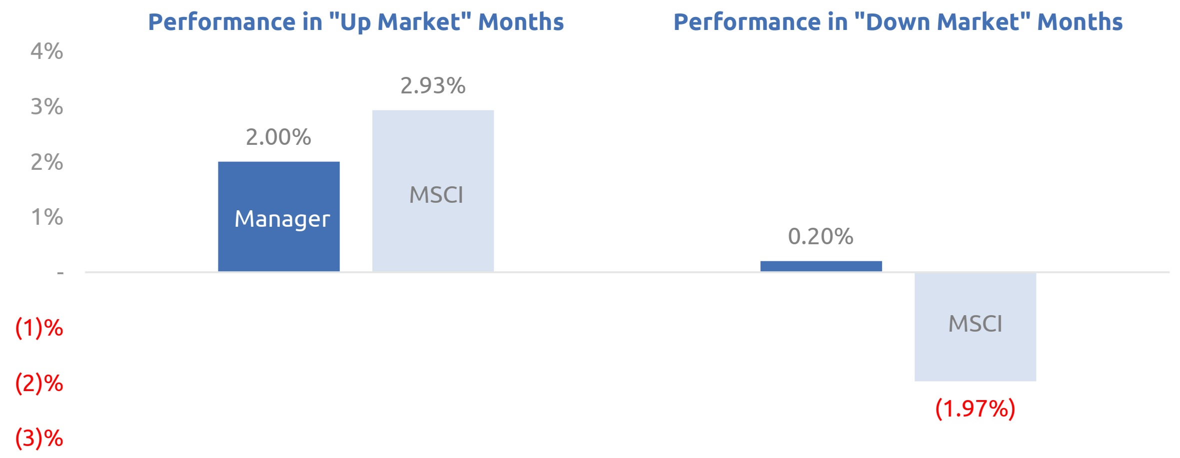
The Geometrica Fund aims to deliver outstanding returns to unitholders via highly targeted investments in the global mid-cap equity universe.

INVESTMENT PERFORMANCE (NET)[1]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund	Index
2019	--	--	--	--	--	--	--	--	+1.1	+0.8	+0.1	-1.6	+0.5	+6.6
2020	-1.3	-0.3	-5.2	+2.4	+7.9	+3.0	+9.5	+3.5	-1.4	-1.4	+4.8	+2.0	+25.2	+5.9
2021	+4.5	+6.9	+1.2	+3.0	-1.5	-0.7	-1.4	+2.6	+3.1	-0.6	-4.6	-0.4	+12.2	+25.8
2022	-4.1	-1.7	+1.5	+0.5	-2.0								-5.8	-11.7
										Since Inception			+32.9	+25.5

31 May 2022	Inception pa	2 year pa	CYTD	1 year	6 months	3 months	1 month
Founder[1]	+10.95%	+13.33%	-5.77%	-7.78%	-6.19%	-0.07%	-2.01%

PERFORMANCE ASYMMETRY



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 -2.0%[1] for the month of May 2022.

The MSCI All Countries World Index (AUD) closed down -0.8%.

[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.*

Calendar year to date, the Fund is -5.8%. Almost all major global indices have had double-digit declines with Nasdaq -22.8%, S&P500 -13.3% and MSCI (AUD) -11.7%.

MARKET SUMMARY

Markets continue to grapple with the possibility of a US led recession. Asset prices remain umbilically tethered to the US Federal Reserve's inflation-fighting policies. Currently, the Fed is hawkish on interest rates to prevent a 1970's style wage-price spiral.

There are signs however that CPI may abate within the next few months. Traded goods inflation indicators such as container shipping rates are now clearly declining.

Oil prices remain elevated causing aggregate inflation to be stubborn. Changes in oil inventories should be an indicator of supply rebalancing, but to date we have not seen clear evidence of this.

If the Fed is to be successful in combating inflation, all commodity prices, including oil, will need to deflate.

As stock pickers, this market view does not change our process, but it steers us away from certain sectors on the long side and expands our opportunity set on the short side.

PORTFOLIO

On the long side, we have been initiating positions in businesses that we would term *"coiled springs"*; businesses with increasing returns on invested capital and profit valuation multiples that have declined to trough levels.

On the short side, we are shorting companies with unsustainable business models, leveraged balance sheets and companies which have over-earnt.

The output of this work is a much lower net market exposure since the end of May given the abundance of opportunities that have arisen on the short side.

Our process to identify investment opportunities is unchanged:

- **Search** for dislocation between price and value using systematic screens that emphasise how company valuation and earnings fundamentals have changed over time.
- **Evidence based analysis** using data to guide decision making
- **Team approach** to all ideas to hedge personal bias and to go deep fast

PORTFOLIO

One current long investment is **Entain** PLC (ENT.LN, mkt cap GB£7.9bn). Entain is a leading global gaming company listed in the UK. Entain has been a core investment for the fund since July 2020 given its strong competitive position, unit economics and growth prospects which we do not see reflected in the share price.

We hedged our exposure to Entain by shorting a weaker competitor late last year as we thought the sector would come under short-term pressure driven by:

1. Online **growth rates turning negative** in 2022 as increased demand from COVID lockdowns subsided.
2. The **emerging US industry was still in investment phase** which meant it would be loss making through 2022.

3. **Tail risk from UK regulation**. A white paper from the government detailing regulatory initiatives (such as staking limits) is imminent, the contents of which we think is *largely* priced into the shares – but tail risk remains.

   The last time UK gambling regulations were reviewed, there was also a significant tax increase[2] for online revenues. Companies in the sector experienced price falls of ~50% in the following six months as their earnings growth slowed even as organic revenue growth remained robust.

On the above three issues, we note that online is likely to return to organic growth in the second half of this year. The losses and competitive intensity of the US gaming industry have likely peaked, with profitability likely occurring in 2023.

So, the company's earnings prospects over the next year look much better, whilst the shares look much cheaper. To illustrate, the proposed acquisition price received from a competitor in September 2021 is 110% greater than what the price is now.

Whilst we have tactically hedged our long position for the upcoming UK regulatory announcement, we see very large upside for our investment over the next 1-2 years…upside that is a multiple of the current share price.

A recent short position we have initiated is **Petco Health & Wellness** Co Inc (WOOF.US, mkt cap US$4.4bn). Petco is an omnichannel pet supply and veterinary business. Petco was founded in 1966 originally as a mail-order veterinary supply company with no physical presence. It has since been de-listed and listed four times by multiple private equity firms.

The most recent IPO was in January 2021 near the height of COVID beneficiary mania. During the earlier listings, Petco was a store rollout story. This time around, Petco has closed a net ~30 stores per annum since IPO. The long thesis rests on the company's recurring sales which makes up ~2/3 of the revenue mix and has been buoyed by COVID pet buying.

These recurring sales include food, grooming, veterinary services and more. Logically, these pets don't just disappear now that COVID has passed so this base of recurring sales should stick with them.

However, looking at the remaining ~1/3 of sales is where things become questionable for Petco.

These non-recurring sales are within a segment called "supplies and companion animals". Supplies refers to collars, toys, leashes, etc. and companion animals refers to gerbils, mice,

[2] UK announced in October 2018 an increase in the Remote Gaming Duty from 15% to 21% of sales, which was implemented in April 2019

fish, birds, etc. This segment is reliant on new animals being sold and is Petco's highest margin segment.

A slowdown in new animal sales will have an outsized effect on Petco's profitability.

This is illustrated by observing Petco's profitability through time. Petco's sales growth in FY19 (pre-COVID) was non-existent and the company had an operating margin loss of -5%. During COVID, the company grew sales at 27% and generated a positive +3.4% operating margin. This suggests Petco needs new pet sales to turn a profit.

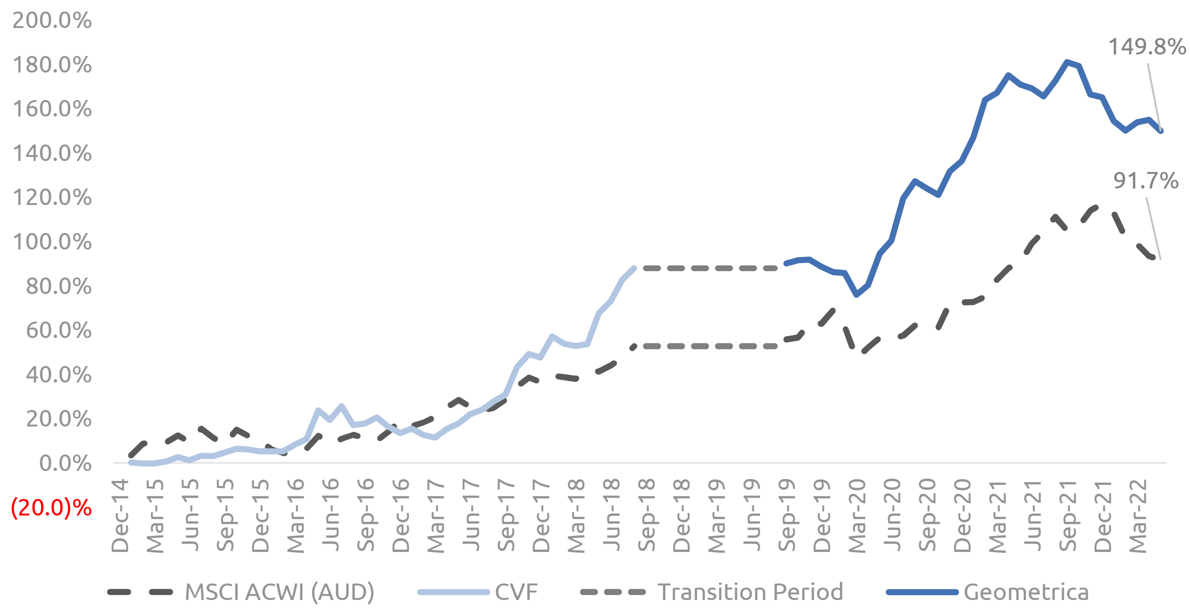
Petco also has a business model which is inferior to its major competitors (including Amazon, Walmart, Chewy) manifesting in higher prices and market share losses which should accelerate over time. This has been obfuscated through COVID and taken advantage of by the company's previous private equity owners who listed the company in 2021 and have been selling down since.

The crux is that Petco has too much debt, is an inferior business model and has been over-earning due to COVID lockdowns. As Petco's COVID driven earnings revert going forward, we think the balance sheet and business model are likely to attract more scrutiny from investors.

IN CLOSING

As ever, thank you for entrusting us with your capital. Please feel free to reach out to us on the team email (team@geometricafund.com) with any questions. Communication, especially during periods of heightened market volatility, is important.

MANAGER PERFORMANCE HISTORY

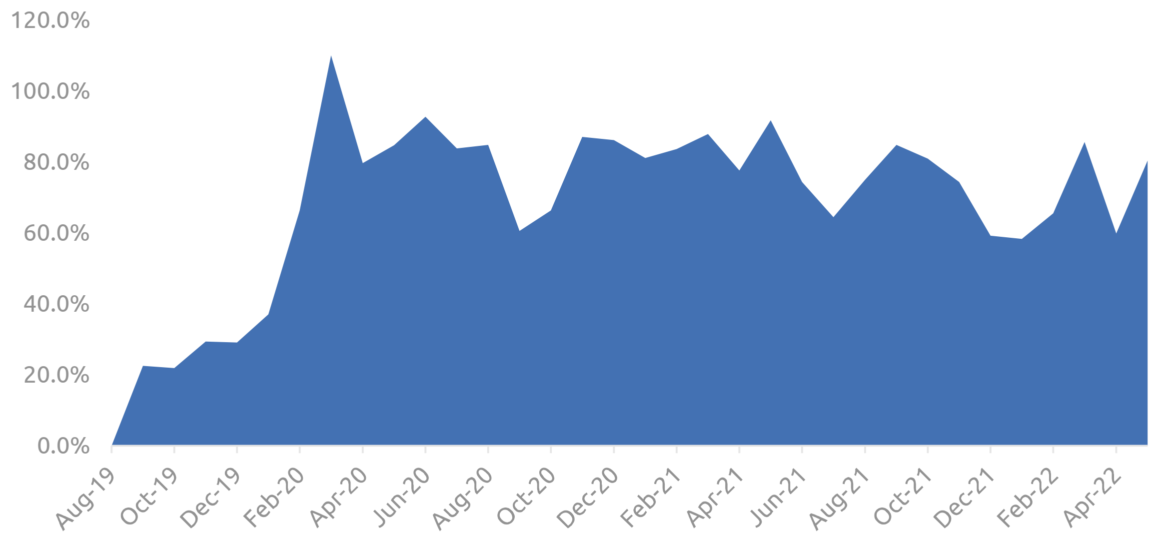


* Manager left CVF in Sept 2018 and began Geometrica in Sept 2019 NB: Performance period is from 5 Jan 2015. Performance is net of all fees.

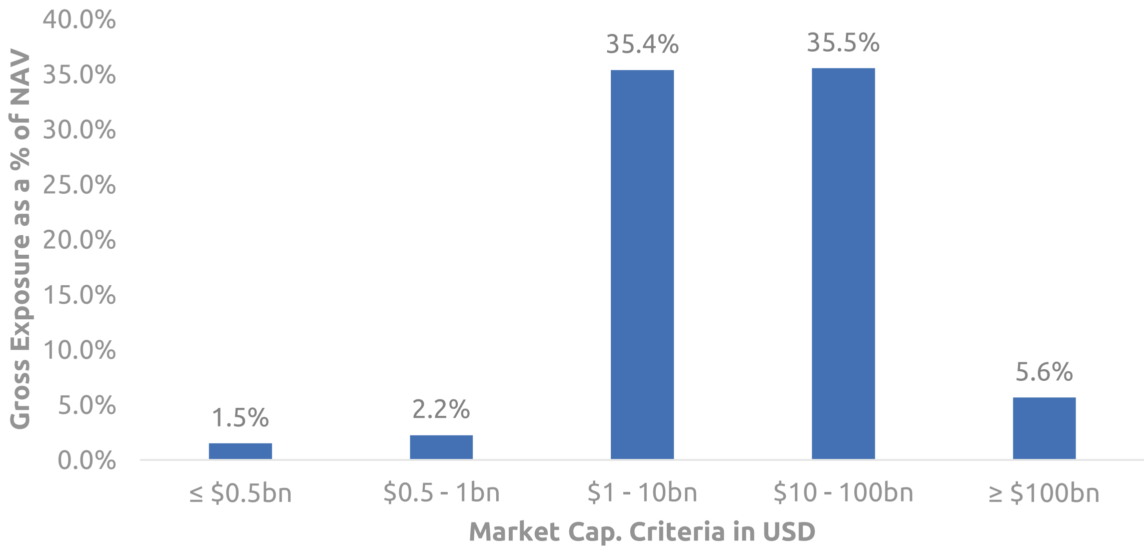
ASSET ALLOCATION

Country	Long	Short	Gross	Net
Australia	35.2%	(5.1)%	40.4%	30.1%
Americas	22.5%	(6.9)%	29.4%	15.5%
Asia	3.3%	(1.0)%	4.2%	2.3%
Europe	5.1%	(1.3)%	6.4%	3.8%
Total	66.0%	(14.4)%	80.4%	51.6%

GROSS EXPOSURE



GROSS EXPOSURE BY MARKET CAPITALISATION



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, Netwealth
Fees	1% management (+GST) 20% performance (+GST)
Benchmark	RBA Cash Rate
High water mark	Yes
Liquidity	Monthly
Administration & custody	Mainstream Fund Services