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

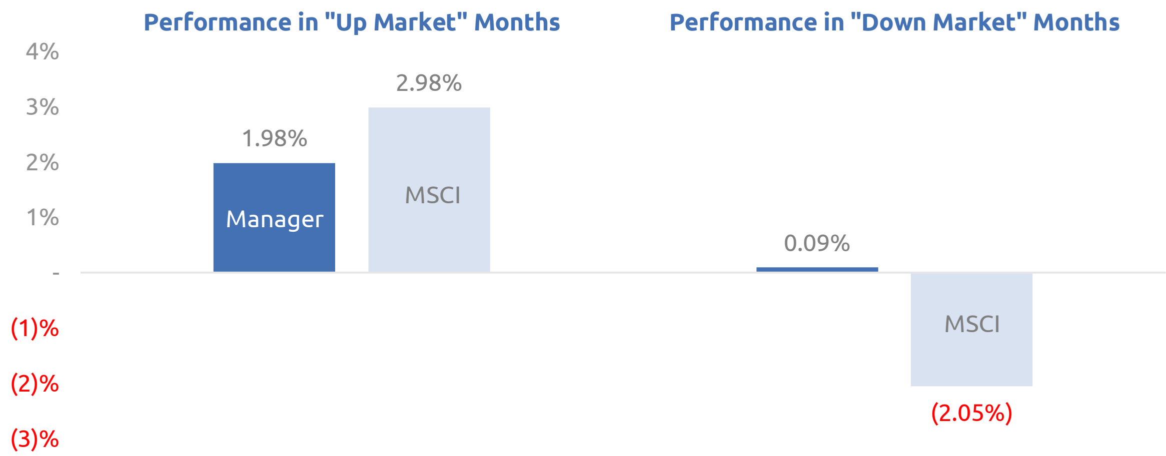
The Geometrica Fund aims to deliver outstanding returns to unitholders via highly targeted investments in the global mid-cap equity universe.

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	-3.5	+1.4						-7.8	-11.0
										Since Inception			+30.2	+26.4

31 Jul 2022	Inception pa	2 year pa	CYTD	1 year	6 months	3 months	1 month
Founder[1]	+9.48.%	+5.57%	-7.78%	-7.89%	-3.87%	-4.10%	+1.41%

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

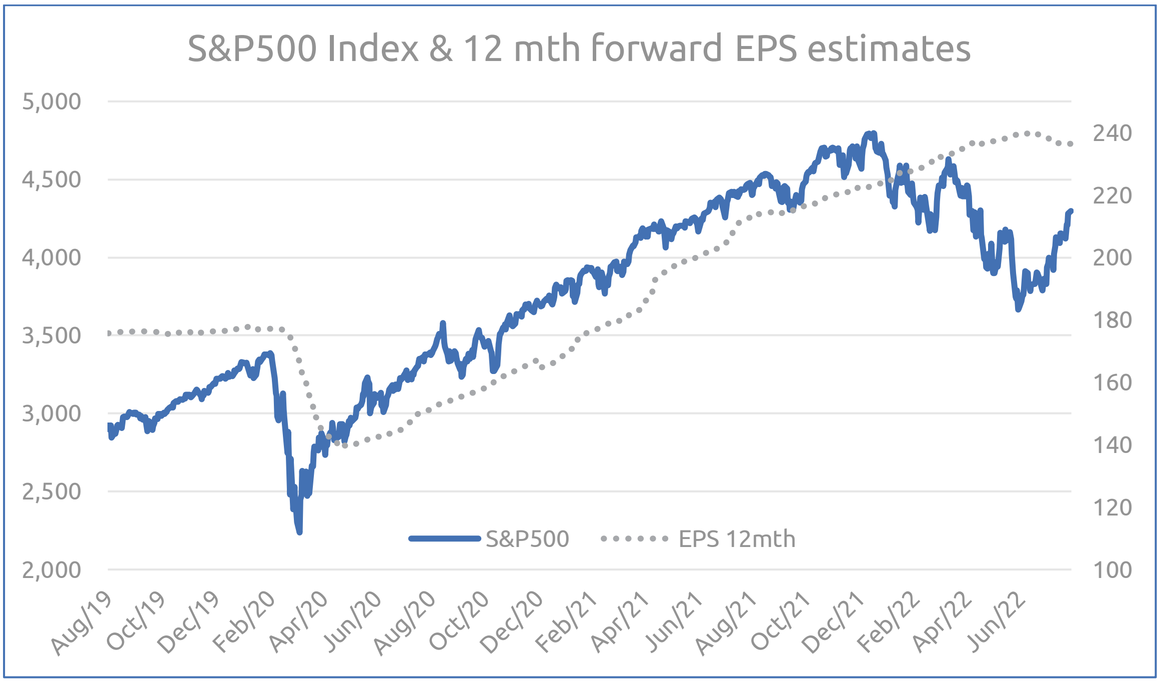
July saw a bounce back in most markets from June's mass sell-off. The Fund advanced +1.4% with longs contributing +2.2% and shorts detracting. The MSCI measured in AUD was +4.3% for the month. We have increased portfolio exposures during August in a targeted fashion.

[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.*

MARKET SUMMARY

Most of the downside in equity indices in the first 6 months of 2022 came from multiple compression, not forecast earnings declines - forecast earnings actually rose as the table and chart below demonstrate.

Decomposition of returns			
	S&P500	Fwd EPS	Fwd P/E
31-Dec-21	4,766	223	21.4 x
30-Jun-22	3,785	239	15.8 x
Change	(20.6)%	7.5 %	(26.1)%



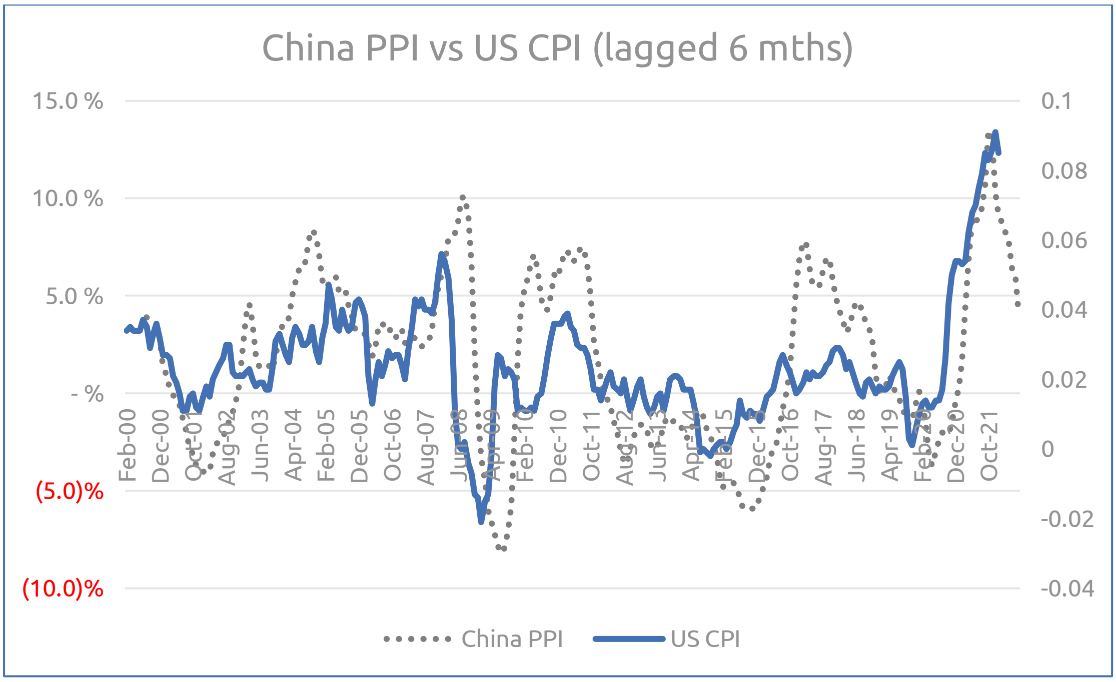
The environment became hostile for longs as expectations for future earnings growth would need to be at least as high as the multiple de-rate (26% in the case of the S&P500 Index) for the stock just to stand still.

We wrote at length in prior newsletters about our process during this period which was to add single stock shorts while collecting what we termed "coiled springs" on the long side. Our shorts allowed us to outperform the market over this period in relative terms.

Earnings expectations since June have started to moderate but multiples have for now stopped derating on expectations that inflation has peaked. There is evidence that this is true as far as traded goods are concerned.

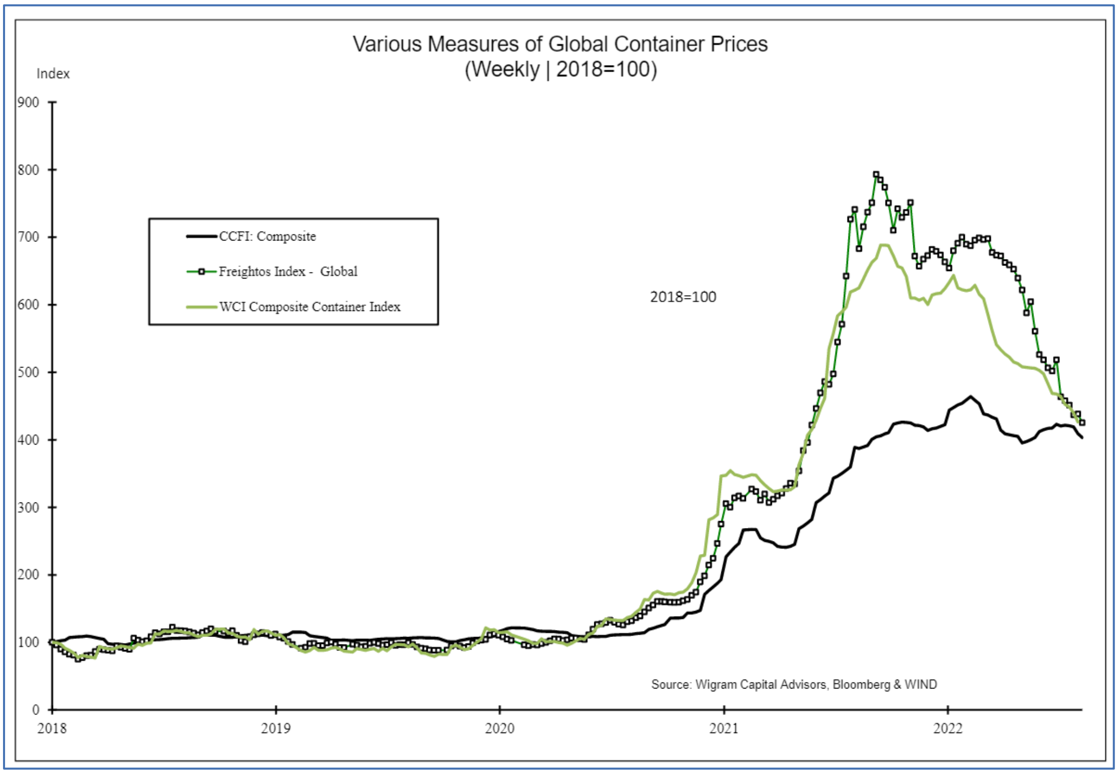
There is a historical relationship with Chinese PPI (producer price inflation) we track and US CPI, likely given China is the largest source of US imported goods.

The chart below shows the relationship between Chinese PPI and US CPI, with US CPI lagged by 6 months; it's not a perfect fit but we see widespread evidence of price moderation in Chinese industrial commodities, in part due to their onerous covid lockdown policies.



Source: Wigram Capital, Bloomberg.

We can also see that the US import price index has peaked. And that perhaps the most ubiquitous form of import price inflation currently – the price of container freight – is also rolling over.



Source: Wigram Capital

We noted above that we have increased our net exposure through August. This has been driven mostly by increasing position sizing in stocks we already own in a targeted manner.

We have also reduced sizing of high beta shorts. We retain selective exposures to shorts in credit-vulnerable and unsustainable business models.

PORTFOLIO

IDP Education (IDP.AU, mkt cap A$7.8bn) was one of our top contributors during July. We took advantage of June's weakness to buy back into an old friend, having sold the entire position back in late 2021 as the stock became increasingly expensive.

From its November 2021 share price peak of $39.55/share the stock declined -53% to a nadir of $21.08. At that point, IDP was back to its valuation lows of the last 5 years apart from a few weeks during the initial onset of Covid lock downs in 2020.

IDP is not a cheap stock on near term earnings forecasts but there are significant margin expansion drivers at work in the background which we do not think are fully priced in.

Last month we noted **Mineral Resources** (MIN.AU, mkt cap A$11.4bn) as our largest performance detractor. MIN snapped back in July and continues to advance as we write. Despite experiencing significant share price upside MIN looks exceedingly cheap.

MIN's key earnings driver is lithium and then after that iron ore and mining services as a distant second and third. Lithium earnings are set to boom in fiscal year 2023 from virtually nothing to around A$3bn on consensus estimates, at which point MIN would be trading at around 6x P/E. We think there is further upside to consensus earnings estimates, meaning MIN is cheaper still, and growing earnings rapidly.

MIN trades at a material discount relative to other lithium stocks and in 12 short months will have most of its earnings derived from lithium. If you valued MIN's lithium business in line with peers, it would imply a negative value for MIN's iron ore assets.

It is a wonder an activist hasn't shown up on the MIN share register yet asking for a spin-off of MIN's lithium assets so they might be more appropriately valued by the market.

We bought back into another name we used to own in June, being **Domain Holdings** (DHG.AU, mkt cap A$2.6bn). From that point the stock is up around 50%.

Domain fell over 50% from its share price peak in November 2021 to its June lows, giving us an opportunity to buy back in. Despite the pallid outlook for housing given the backdrop of rising interest rates, at its share price lows in June the downside risks for Domain were well and truly priced in. Domain remains relatively young in its business model development and most importantly: Domain has pricing power.

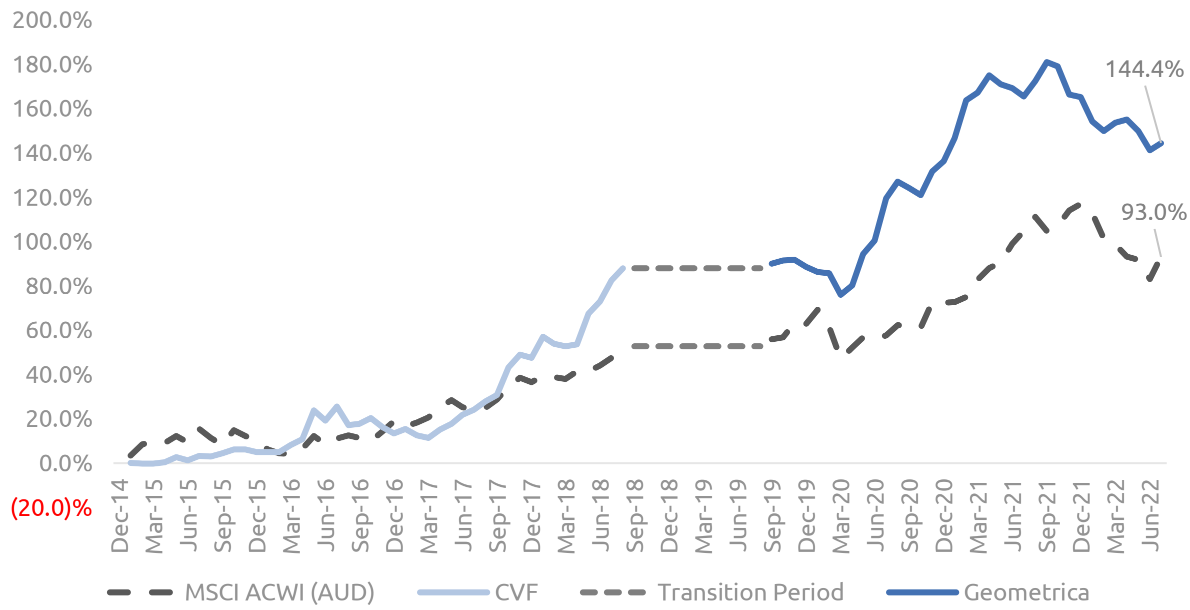
Bausch Health Co (BHC.US, mkt cap US$2.3bn) a modestly sized short position fell 44.7% during the month as a key patent ruling went against them. Bausch is a veritable debt zombie, with US$21 billion of debt versus US$ 2.3bn of market cap. We came across Bausch using a systematic method that finds stocks where bond pricing indicates no equity cushion. Should the company's debt be marked to market, equity values would have significant and, in some cases, terminal downside. Bausch was firmly in that wheelhouse.

Over the last three months, we have come across a particularly compelling opportunity on the long side. It currently makes up a large portion of our long portfolio and is moving higher as we write. We continue to do deep work on this space and look forward to discussing this in much more detail over the coming months.

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.

MANAGER PERFORMANCE HISTORY

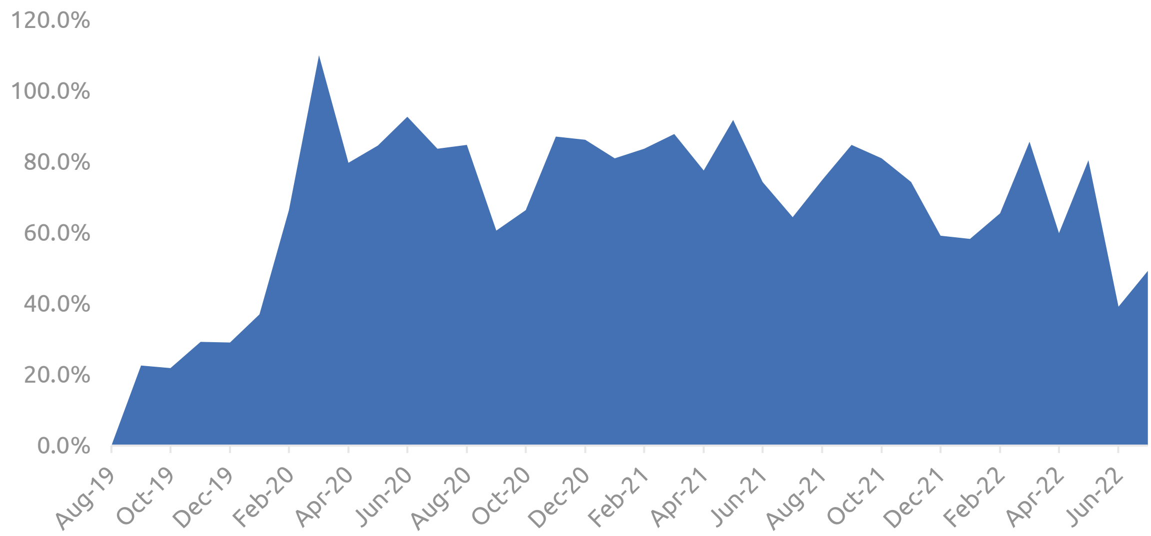


* Manager left CVF in Sept 2018 and began Geometrica in Sept 2019 NB: Performance period is from 5 Jan 2015. Performance is net of all fees.

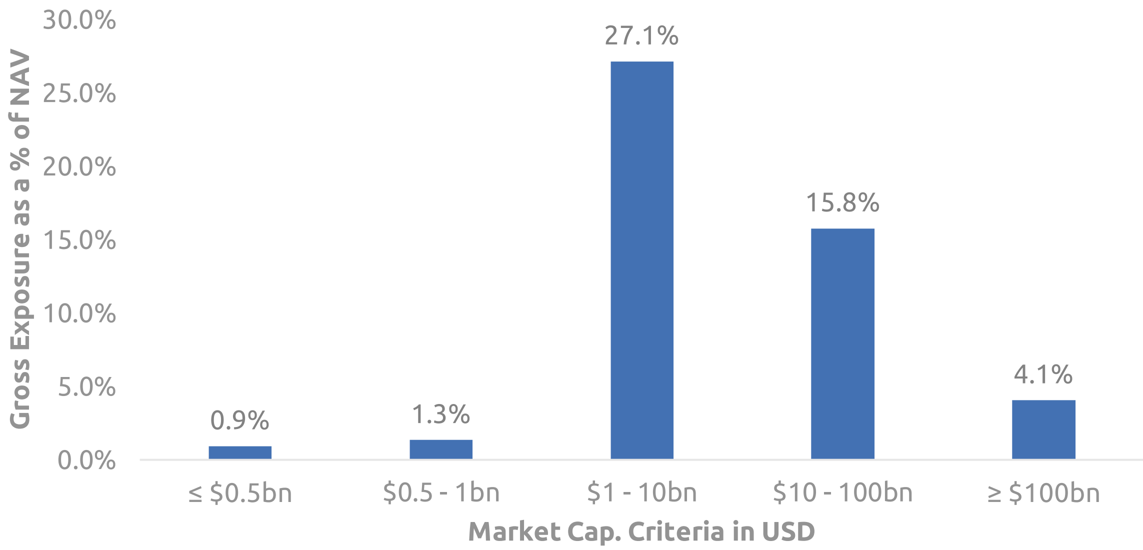
ASSET ALLOCATION

Country	Long	Short	Gross	Net
Australia	23.2%	(2.3)%	25.5%	21.0%
Americas	14.7%	(5.4)%	20.0%	9.3%
Asia	0.0%	(1.1)%	1.1%	(1.1)%
Europe	0.2%	(2.3)%	2.6%	(2.1)%
Total	38.1%	(11.1)%	49.2%	27.0%

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