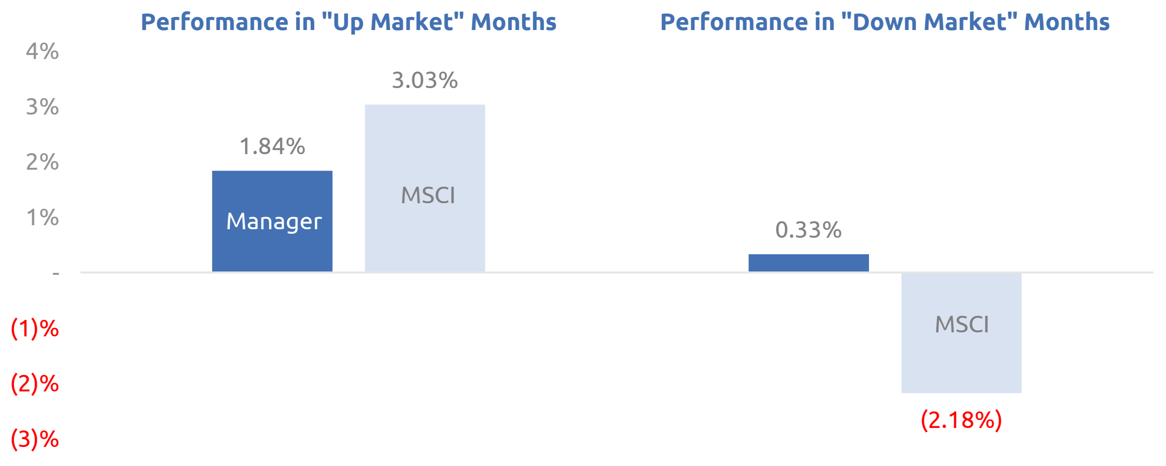
STRATEGY PERFORMANCE (%, NET)[1]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund	Index
2015	+0.1	-0.3	+0.0	+0.7	+2.1	-1.4	+2.0	-0.2	+1.5	+1.7	-0.2	-0.9	+5.1	+9.8
2016	+0.0	+0.0	+2.9	+2.3	+11.8	-3.6	+5.3	-6.8	+0.6	+2.3	-3.5	-2.5	+7.7	+8.4
2017	+1.9	-2.6	-1.0	+3.5	+2.2	+3.5	+1.7	+3.0	+2.4	+9.5	+4.1	-1.1	+30.3	+14.8
2018	+6.5	-2.1	-0.7	+0.6	+9.1	+3.2	+5.6	+2.9	--	--	--	--	+27.4	+11.8
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	+4.4	+5.8	+0.7	-0.4	-1.3	+0.8	-12.5
2023	+1.7	-1.5											+0.2	+4.7

	Fund	Index
Since Inception	+168.1	+98.8
Strategy p.a.	+14.8	+10.1
Geometrica p.a.	+10.7	+7.8

2015 – 2018: CVF (same portfolio managers and strategy)
2019 onwards: Geometrica.

STRATEGY 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

The Fund returned -1.5% after costs in the month of February 2023[1]. This compares to the MSCI All Countries World Index (AUD) which returned +1.4%.

It is unusual to see the MSCI All Country World Index in AUD be +1.4% and the USD equivalent be -3.0% in the same month, but it can happen when the AUD depreciates rapidly, as it did in February.

[1] *Performance is after all fees, Founder Lead Series units.*

PORTFOLIO

As we write, SVB Financial Group (ticker SIVB.US), a US regional bank with US$212bn of assets has collapsed.

The question of contagion risk – several other US regional banks are witnessing their share prices plummet – is a logical extrapolation.

So, we expand the focus of this letter beyond February 2023 to 14th March 2023.

Firstly, and most importantly, your Fund's portfolio is performing extremely well despite turbulent market conditions.

Month to date in March, the Fund is up, when markets are decidedly in the red. Calendar year to date the Fund is also in positive territory.

Your Fund's portfolio, as ever, is idiosyncratic and tilted towards asymmetric situations where there is significantly greater upside than downside risk on offer.

These situations are almost always contrarian. To state the obvious: we are not index huggers.

Our process remains laser focused on two simple objectives:

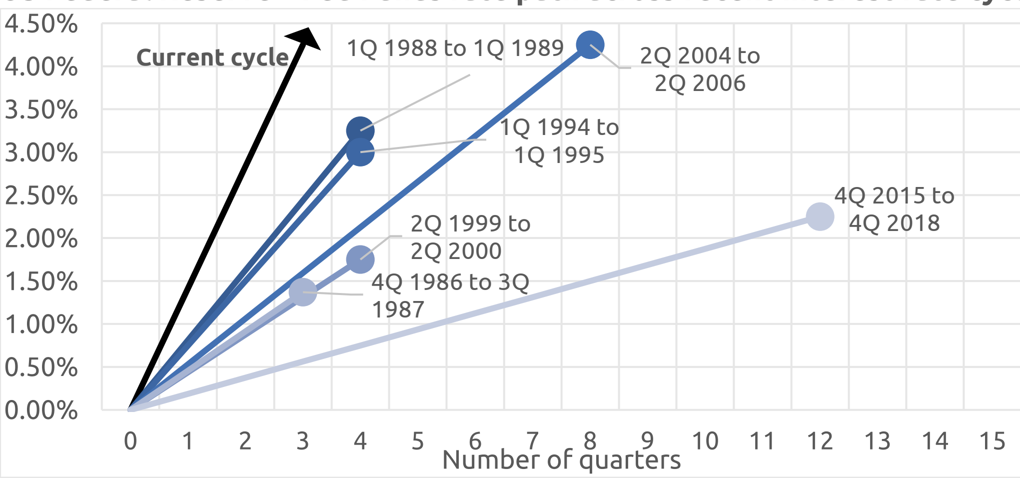
1. Finding and owning cheap stocks which are unloved, misunderstood or neglected where earnings are about to rapidly improve, forcing the market to re-rate valuation upwards.
2. Finding and shorting expensive, loved stocks, where in the words of Andy Grove[2] "*Success breeds complacency, complacency breeds failure*" and where we can see evidence of earnings unravelling or better still the business model itself unravelling.

(More on our portfolio later in the letter).

SVB Financial Group (aka Silicon Valley Bank)

The chart below shows the Fed tightening cycle in historical context.

US Federal Reserve – Fed Funds rate path across recent interest rate cycles



Source: Bloomberg, Geometrica, First Republic Bank.

[2] Andrew Grove, former Intel CEO. Full quote: "Success breeds complacency, complacency breeds failure: only the paranoid survive."

A lot of people expected something to break in this Fed tightening cycle but few predicted where it would occur. Financial contagion – panic – is difficult to predict.

On paper SVB was solvent.

However, SVB was a slightly unusual bank in that over 50% of total assets were in the form of securities, not loans. SVB had 56.7% of assets in securities as at 31December 2022, representing 7.6x tangible common equity (TCE) on our calculation.

Big asset concentrations in a leveraged business like a bank can represent vulnerability.

Within the securities book, SVB had a "Held to Maturity" fixed interest securities portfolio of US$91.3 billion, or roughly 5.8x TCE.

Meaning a 17% hit to the carrying value of that portfolio would wipe out SVB's equity.

SVB's 10K showing the HTM portfolio and its tenor (but not credit quality)

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SVB FINANCIAL GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table summarizes the remaining contractual principal maturities on fixed income investment securities classified as HTM as of December 31, 2022. For U.S. agency debentures, the expected maturity is the actual contractual maturity of the notes. Expected remaining maturities for certain U.S. agency debentures may occur earlier than their contractual maturities because the note issuers have the right to call outstanding amounts ahead of their contractual maturity. Expected maturities for MBS may differ significantly from their contractual maturities because mortgage borrowers have the right to prepay outstanding loan obligations with or without penalties. MBS classified as HTM typically have original contractual maturities from 10 to 30 , years whereas expected average lives of these securities tend to be significantly shorter and vary based upon structure and prepayments in lower interest rate environments; however, we expect to collect substantially all of the recorded investment on these securities.

	December 31, 2022									
	Total		One Year or Less		After One Year to Five Years		After Five Years to Ten Years		After Ten Years	
(Dollars in millions)	Net Carry Value	Fair Value	Net Carry Value	Fair Value	Net Carry Value	Fair Value	Net Carry Value	Fair Value	Net Carry Value	Fair Value
U.S. agency debentures	$ 486	$ 434	$ 1	$ 1	$ 118	$ 111	$ 367	$ 322	$ —	$ —
Residential MBS:										
Agency-issued MBS	57,705	48,356	—	—	25	24	1,066	994	56,614	47,338
Agency-issued CMO—fixed rate	10,461	8,576	—	—	90	86	129	120	10,242	8,370
Agency-issued CMO—variable rate	79	77	—	—	—	—	—	—	79	77
Agency-issued CMBS	14,471	11,977	39	38	153	141	966	810	13,313	10,988
Municipal bonds and notes	7,416	6,150	29	29	235	224	1,362	1,244	5,790	4,653
Corporate bonds	703	599	—	—	115	103	588	496	—	—
Total	$91,321	$76,169	$ 69	$ 68	$ 736	$ 689	$ 4,478	$ 3,986	$ 86,038	$ 71,426

Source: SVB Form 10K at 31 December 2022

HTM designation means a bank need not mark to market for accounting purposes, only for disclosure…because any unrealised loss, say on a change in interest rates, would unwind by maturity. Hence why SVB's HTM portfolio was carried at $91.3bn, not $76.2bn (see above).

Held to Maturity ("**HTM**") portfolios in banks are typically very high credit quality, because a bank has to have <u>both</u> the "*intent and ability*" to hold those securities to maturity to justify the accounting treatment. Maturity for most of the book in this case was a decade away.

The trouble with long dated bonds (94% of SVB's HTM bonds were 10 years or greater) is convexity, which is the relationship between a change in the bond price vs a change in interest rate …long dated bonds, especially in low interest rate environments, can be *very sensitive* to interest rate changes.

SVB's HTM bonds if marked to market as at 31 Dec 2022 would have resulted in a loss of US$15.2bn, versus $15.8bn of TCE (again, our calculation), implying a wipe out.

But this was little changed from September 30, 2022 when SVB's Form 10Q showed a similar situation.

What saw SVB fail was a good old fashioned bank run, starting last week.

This is purely circular. The offending depositors worried if other depositors withdrew all their money, it might force SVB into liquidating its HTM bonds to fund loan assets, in the process rendering the bank insolvent and placing their deposits at risk. So, the parties acting pre-emptively withdrew their deposits, but in the process, precipitated the event they feared.

The weakness in this situation then was liquidity, and the extreme positioning of the HTM portfolio. The HTM book was the vulnerability and liquidity risk morphed to solvency risk.

As we write, First Republic Bank (FRC.US, mkt cap US$5.8bn) is down 62% overnight. FRC is a bank we know quite well and a similar sized bank to SVB.

To be clear, your Fund has never owned or shorted stock in either bank; but FRC strikes us as baby with the bathwater material.

Ironically, with the flight to safety and tighter bond yields markets are witnessing, the offending HTM long duration fixed interest securities that took down SVB and threatens FRC are trading the other way, meaning the risk they pose to depositors is reducing.

Portfolio (continued)

Our position in **First Solar** (FSLR.US, mkt cap US$17.9bn), which we pitched a few months back, is starting to play out. Whilst a detractor from performance for the month of February, on 1 March 2023 (Sydney time) FSLR reported 4Q-2022 earnings and particularly strong 2023 earnings guidance. The stock closed up +15.7% on the night. Our valuation on the stock is well north of the current stock price.

Medibank Private (MPL.AU, mkt cap A$2.8bn) was a positive contributor to performance during the month. We have studied a number of data breaches and Medibank suffered a particularly heinous form, with the attackers threatening to release potentially embarrassing patient data. Definitely not fair or honourable conduct.

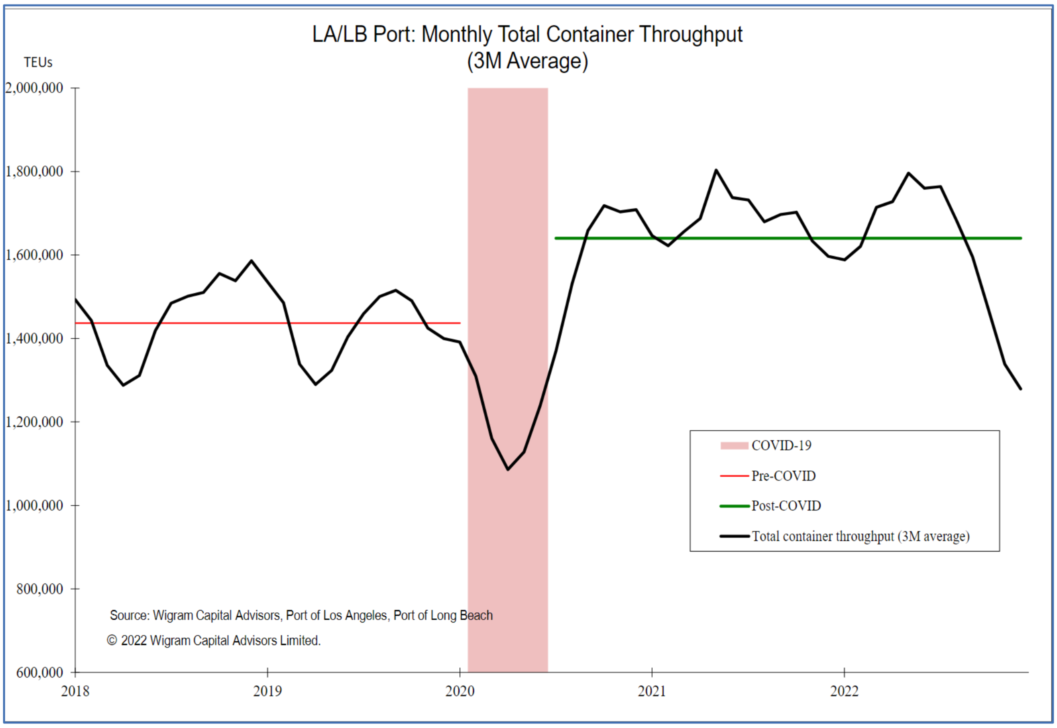
Medibank is now facing class action litigation. Medibank carries directors' and officers' insurance.

More relevantly for the continuing business, significant customer inertia exists in medical insurance. MPL became fairly (but not screamingly) cheap relative to its earnings prospects back in late 2022 when we acquired a modest stake. Despite a positive share price run Medibank remains cheap relative to its historical valuation.

Shorts contributed positively during the month of February.

During Covid, one thing we witnessed was heightened demand for goods leading to very high port volumes and throughput of goods. The chart below shows this from the perspective of port volumes in large LA/LB port complex.

Port of Los Angeles / Long Beach Port: Monthly container throughput



Source: Wigram Capital Advisors

At the retail store level during covid, this often manifested in lower levels of stock as demand outran supply, and consequently very low levels of discounting and very high levels of price realisation by retailers resulted.

In recent months this trend appears to be mean reverting. Container throughput volumes have now normalised back to pre-covid levels…we think as a result of excess inventory in some industry verticals building as demand at the store front cools.

We saw this recently with Dr. Marten's, the eponymous footwear brand, that had to rent additional warehouse space to cope with the combination of rapidly cooling consumer demand and inventory arriving faster than expected from orders placed many months ago at a time when delivery delays were expected.

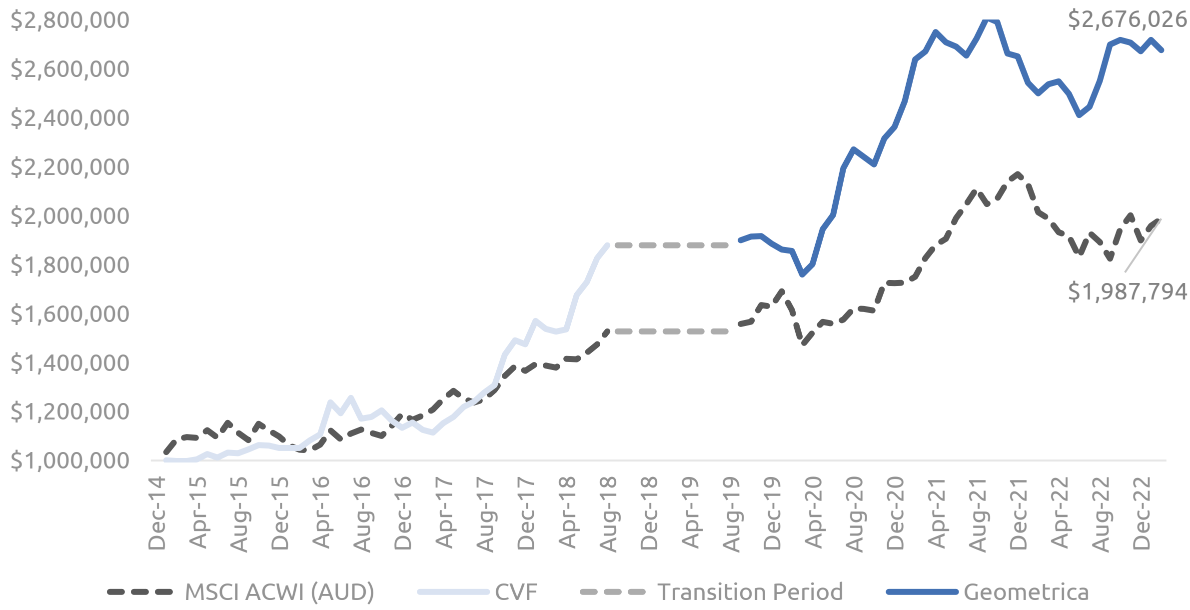
We think we are witnessing this phenomenon through several supply chains. A common dimension is that the most powerful end player (think say Home Depot) are rightsizing or contracting *their* inventory position but in the process they are forcing that risk back to their suppliers, who are caught between a rock and a hard place. Several of our shorts are positioned accordingly.

WEBSITE (WWW.GEOMETRICAFUND.COM)

We've had our website (modestly) updated to include a smattering of historical research content. We'll post more over time.

As always reach out if you have any questions about your Fund's current positioning and holdings at Team@GeometricaFund.com

MANAGER PERFORMANCE HISTORY[3]



28 Feb 2023	Strategy inception pa	Geometrica inception pa	CYTD	1 year	6 months	3 months	1 month
Founder[4]	+14.8%	+10.7%	+0.2%	+7.1%	+4.9%	-1.1%	-1.5%

* 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.

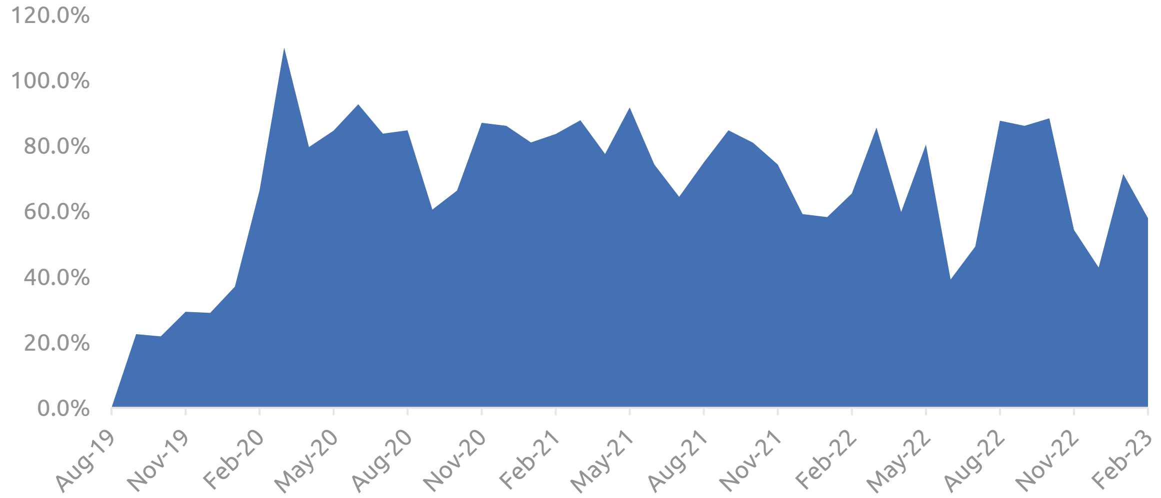
ASSET ALLOCATION

Country	Long	Short	Gross	Net
Australia	2.3%	(3.8)%	6.1%	(1.5)%
Americas	25.3%	(19.1)%	44.4%	6.2%
Asia	1.1%	(0.4)%	1.4%	0.7%
Europe	4.5%	(1.4)%	5.9%	3.1%
Total	33.2%	(24.7)%	57.9%	8.5%

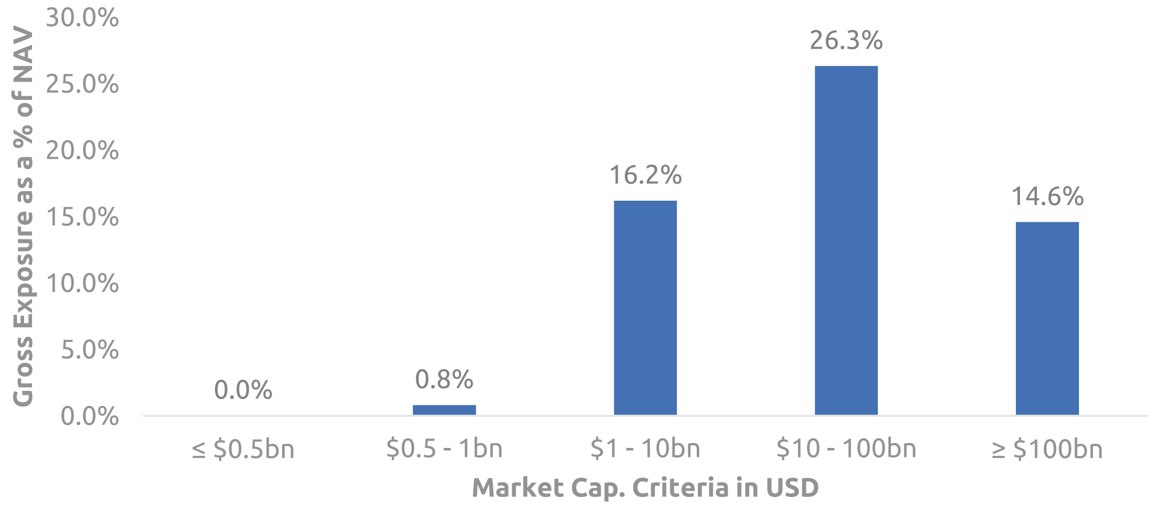
[3] *Manager left CVF in September 2018 and began Geometrica in September 2019. Performance period is from 5 January 2015. Performance is net of all fees.*

[4] *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.*

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, Powerwrap, Netwealth
Fees	1.5% management (+GST) 20% performance (+GST)
Benchmark	RBA Cash Rate
High water mark	Yes
Liquidity	Monthly
Administration & custody	Apex Group Limited