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	+2.4	-2.7	+1.2	+0.8	+1.2	-2.0	-3.1	-0.8	+0.2	+3.3	+0.5	+21.5

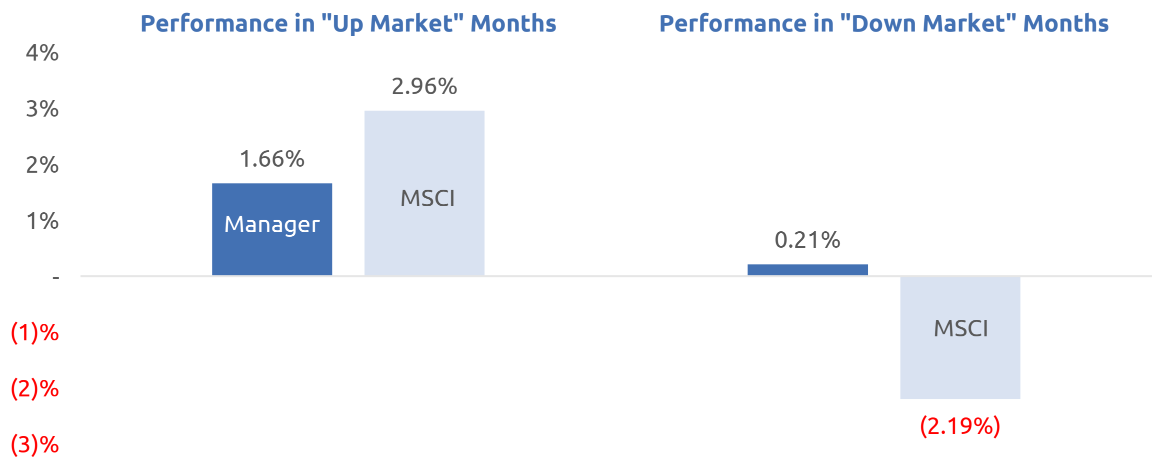
	Fund	Index
Since Inception	+168.4	+130.6
Geometrica p.a.	+8.6	+10.0
Strategy p.a.	+13.1	+11.0

2015 – 2018: CVF (same portfolio managers and strategy)

2019 onwards: Geometrica.

Index = MSCI All Country World Index (AUD)

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 Geometrica Fund returned +3.3% in December. Longs drove the gains. Currency was a headwind.

There were no changes to the top five equity holdings from last month; aggregate sizing of the top five increased by 2% due to performance.

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

Top 5 stocks (alphabetical order)			
Name	**Ticker**	**Mkt cap (US$m)**	**Listing**
Ambu	AMBUB DC	4,561	Denmark
Insulet	PODD US	14,000	USA
Resmed	RMD AU	25,106	Australia / USA
Royal Caribbean	RCL US	31,466	USA
Uranium ETF	U-U CN	6,005	Canada

Four of the above five stocks are what we call "*injured athletes.*"

Sometimes athletes have a brush with career threatening injury. The greatest pair indominable spirit with exceptional ability; they dust themselves off and come back stronger[2].

When markets excessively discount short term issues for great companies, we get opportunity.

Markets are awash with opportunities right now.

Three years of discombobulation (covid, inflation, war, energy crisis, disinflation, magnificent 7 crowding and the GLP-1 craze) tends to do that.

All of the stocks discussed below, with the exception of our holdings in the uranium complex, conform to this pattern of "*injured athletes*".

There are a number of others we are actively researching currently. A few are likely to make it into the portfolio and we look forward to discussing these in future.

PORTFOLIO

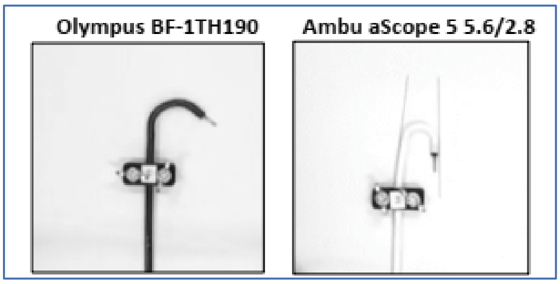
In December **Ambu** (AMBUB.DC, mkt cap US$4.6bn), the maker of single use endoscopes, rose +13% following the US Centers for Medicare and Medicaid Services ("CMS") approving additional reimbursement for Ambu's new aScope 5 bronchoscope, on the basis that it "*demonstrated a **substantial clinical improvement** over existing single use **and reusable bronchoscopy technology**[3].*" [emphasis added].

The use case for single use endoscopes over reusable has historically been what you give up in performance you get back in lower infection risk and associated costs and avoided cleaning costs.

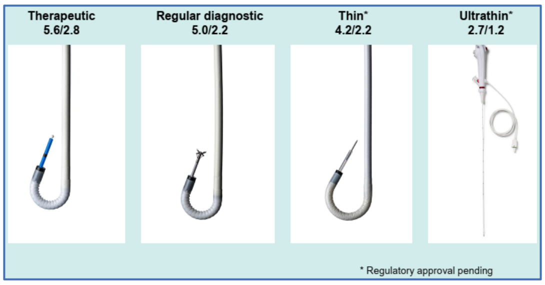
They've worked best in low volume / occasional use settings, largely due to functional inferiority to reusable endoscopes.

The superior performance of Ambu's single use aScope 5 bronchoscope over the incumbent reusable bronchoscope is worth noting. Whilst the pulmonary / bronchoscopy segment is probably only 3% of total endoscope procedural volumes, for Ambu it represents *their single largest market* with Ambu's sales growing faster than the segment, implying Ambu are once again taking market share.

Ambu aScope 5 bronchoscope: manoeuvrable



Ambu aScope5 – more size variant models coming



Source: Company

[2] E.g. Greg Lemond...shot in the back in a hunting accident...recovers for 2 years and comes back to win the Tour de France 2 more times, sans the drugs. Dennis Lillee...career ending back injury, changes his style, comes back to take over 350 wickets.

[3] https://www.businesswire.com/news/home/20231206904736/en/

Other markets have shifted from reusable instruments to single-use instruments over time. In the surgical sphere needles and some operating instruments are now single use. Shavers are another notable area where wet shaving systems (disposable blades) and disposable razors dominate single blade (reusable) and electric (reusable). Years gone by the single blade cutthroat razor used to get marketed as "*the last shaver you'll ever buy*" because it lasted forever.

Also in December, European regulatory approval was secured for a new single use endoscope in another niche area, ureteroscopy. Ambu's product in this segment commands a price around 3 times higher than their major pulmonary focused product, but with similar percentage margins. Urological procedures have been highlighted by the US FDA in the past for infection risk associated with reusable endoscopes.

Single-use scopes have small market share overall but are growing – on Olympus' numbers (the dominant reusable endoscope system manufacturer) – 3x faster than the market at large.

Royal Caribbean (RCL.US, mkt cap US$31.5bn) rose +20.5% in December after rising over 25% in November. Oil prices and easing interest rates have been tailwinds over the last two months but in the background, there are strong idiosyncratic drivers.

RCL's new capacity skews to megaships[4] (>5,000 passengers) which are more profitable yet result in a cheaper and better product for the customer. RCL's new "*Icon of the Seas*" has an internal volume roughly 5x greater than that of the Titanic and capacity for 7,600 passengers. RCL's overall capacity has a heavy Caribbean deployment skew (>55% of capacity vs ~30% for the next closest competitor).

Source: Company

This matters because RCL has multiple embarkation points within a 3-hour drive of large population centres in the USA serving the Caribbean. RCL's cruise duration also skews shorter in this geography which in turn has driven very high share of new to cruise customers and very high utilisation of some of RCL's most profitable assets (two islands in particular). In turn, this is driving better profitability per unit of capacity than peers (EBITDA / average passenger cruise day) which is leading to faster debt amortisation.

RCL is what we term "*good company / bad balance sheet*" and its capacity to rapidly deleverage using excess cashflow drives equity value upside beyond the earnings growth. We like these sorts of stories after the rate cycle has peaked and at the point where debt amortisation can accelerate because the debt in these situations works as a slingshot on the equity value, especially when the stock has previously de-rated due to leverage concerns.

RCL trades cheap relative to its history. Leverage is falling in absolute and relative terms. Investment grade credit status is possible within two years. RCL are miles ahead of their competitors in operations and deleveraging but it doesn't show (yet) in the multiple.

Insulet (PODD.US, mkt cap US$14.0bn) rose +14.7% in December. We invested after the stock fell from over $300/share to below $150/share in late 2023. The market feared GLP-1 weight loss drugs (e.g.

[4] See video at foot of this page https://www.rclinvestor.com/press-releases/release/?id=1682

Wegovy, Mounjaro, etcetera) would shrink the type 2 diabetes market for insulin pumps and continuous glucose monitors, because as GLP1 driven weight loss occurs, progression to type 2 diabetes can slow.

There is great irony in this.

Type 2 diabetes – sustained growth in prevalence, in part driven by aging populations.

Source: The Lancet (https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(23)01301-6/fulltext)

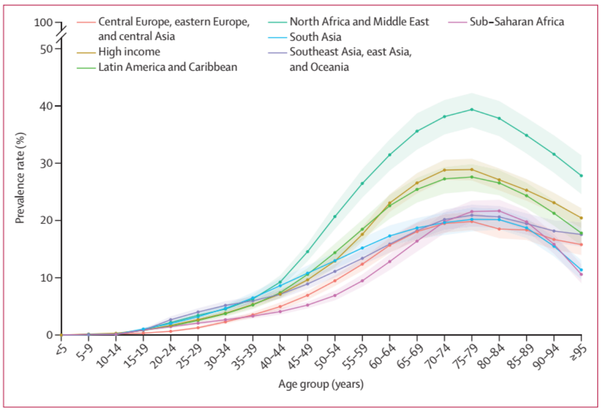


***Figure 2:* Prevalence of total diabetes by age and GBD super-region in 2021**
The shaded areas represent 95% uncertainty intervals. GBD=Global Burden of Diseases, Injuries, and Risk Factors Study.

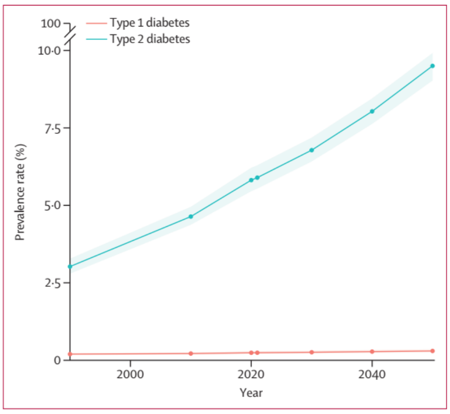


***Figure 4:* Global age-standardised prevalence of type 1 and type 2 diabetes from 1990 through 2050 forecasts**
The shaded area represents 95% uncertainty intervals. Total diabetes is the sum of type 1 and type 2 diabetes.

Before GLP1s were weight loss drugs they were type 2 diabetes drugs. All GLP variants to date have shown usage results in an initial boost in insulin production and associated reduction in HbA1c blood sugar levels…but thereafter disease progression continues. GLP-1 drugs help, but they don't cure T2D. For T1D GLP-1s have never been indicated.

The unmet T2D market for Insulet's insulin pod pumps is much larger than the unmet T1D market. Insulet dominate new starts for insulin pumps as insulin using diabetics slowly shift from multiple daily injections to automated pumps, which tends to result in more time in range for optimal blood sugar and therefore reduced organ damage over time. The data generally suggests usage of GLP-1s with continuous glucose monitors (CGMs) and insulin pumps results in better time in range.

Insulet are in the process of securing a T2D indication for their Omnipod 5 insulin pump, which pairs with a smartphone and CGM and uses an algorithm to maximise time in range. We think this will see a notable step up in sales, given ~20% of sales currently are off label to T2D patients, who are proactively seeking the product out (for now, Insulet are unable to market to this user group).

The fears around GLP-1s knocked this T2D upside out of the price and then some, but the T2D prevalence rate unfortunately continues to grow rapidly. This is a massive and fast growing opportunity for Insulet.

Omnipod 5 is also due to integrate to the Abbott Labs (ABT.US, mkt cap US$198bn) Libre Freestyle continuous glucose monitor (CGM) this year. The installed user base of the Libre Freedom CGM skews to T2D diabetics.

Insulet appears to be in pole position, with the largest share of new insulin pump users, 1/5th of which are already buying the product off label as T2D sufferers.

Lamb Weston (LW.US, mkt cap US$15.5bn) rose 8% during the month. A spin off from Conagra, Lamb is a rarity in the food industry in that it has pricing power. Lamb is one of three scale makers of frozen French fries supplying quick service restaurants with their most profitable food item. Lamb has been masterful in managing its margins through periods of rapid cost inflation. Lamb should cycle the negative volume effects of cutting loss making contracts in the next one to two quarters which would remove a key investor concern dogging the stock's valuation. Lamb continues to recover from its recent share price lows and remains compellingly cheap relative to its past valuation.

Last month **Tidewater** (TDW.US, mkt cap US$3.5bn) fell 12% after margin guidance undershot expectations. In December the stock bounced 20% and recovered its lost ground. We think management have built in an excessive level of cushion post unscheduled and unexpected maintenance issues arose on a few offshore support vessels (OSVs) the company acquired. The attraction here is Tidewater have a large chunk of their fleet locked into below market rates, but as these vessels reset contractual pricing higher, earnings will benefit materially given the incremental margin is just price with no extra cost, meaning its 100%. We see material upside in this stock.

This dynamic of below market contracts resetting materially higher has been playing out recently in ASX listed **MMA Offshore** (MRM.AU, mkt cap A$733m) which is by far our smallest cap holding (sub US$1bn mkt cap stocks represent <2% of capital at the time of writing) yet one of the better performing, up 18% in December and January to date +23%. There is still a way to run here, and it is all happening as the oil price has been *falling*.

In prior cycles the harbinger of doom for OSV operators like Tidewater and MMA was always rapid growth in new build OSV backlogs, resulting in looming excess supply. This cycle is different in that EVs / electric vehicles are in our view (and the consensus view) set to dominate the future of the light auto industry. Because this is well known and peak oil a real risk, the OSV build backlogs are tiny. Most of the specialist OSV builders went bankrupt last cycle.

The time required for the auto parc to shift to EVs means Tidewater should be able to earn very high rates of return for longer than its valuation currently implies.

Uranium has been a profitable sector for the month. A price squeeze is ongoing given the volume of mined material every year is demonstrably lower than the volume of material consumed by civilian nuclear electricity production.

The plug historically has always been inventory consumption and down blending from weapons disarmament programs such as megatons to megawatts.

Relying on inventory reductions is not sustainable and the end of that road is approaching fast. We can track it in financial statements for a few entities which appear representative.

The spot market for U308 is dominated by financial investors and relatively thin. The real market is contractual, bilateral and opaque but reported pricing correlates with spot market, albeit incorporating a significant delay. Prices in both markets are rising.

Price will act as a balancing agent when it comes to demand and supply. As the saying goes the cure for high prices is high prices. Supply is going to come because returns are going to be too good, but with a lag which in similar markets has led to very profitable periods for investors.

Like any commodity sector, there is a range of quality on offer when it comes to the listed companies.

At the very speculative end, Mark Twain wasn't that far off when he defined a mine as "*a hole in the ground with a liar standing next to it*" but we own 3 stocks at the higher quality end of the sector.

Unlike the uranium bull market (or bubble) of 2007 this iteration is far more substantive. The economics of getting to "net zero" are daunting because the available technologies are either flawed or not currently scalable. Nuclear is in the same wheelhouse (ex-China) but there is hope in the form of small modular reactors (SMRs) which promise to have lower capital intensity and operating issues due in part to modular design and cores with significantly higher enrichment levels.

The idea has been around for decades but is moving closer to reality…but there are still a lot of hurdles ahead. We don't have to rely on SMRs for our stocks to print money. Serious supply issues should start to emerge in the next two years and the uranium demand price elasticity function for a nuclear reactor is in many markets very low.

MANAGER PERFORMANCE HISTORY[5]

31 Dec 2023	Strategy Inception	Strategy inception pa	Geometrica inception pa	CYTD	1 year	1 month
Founder[6]	168.4%	13.1%	8.6%	0.5%	0.5%	+3.30%

* 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.

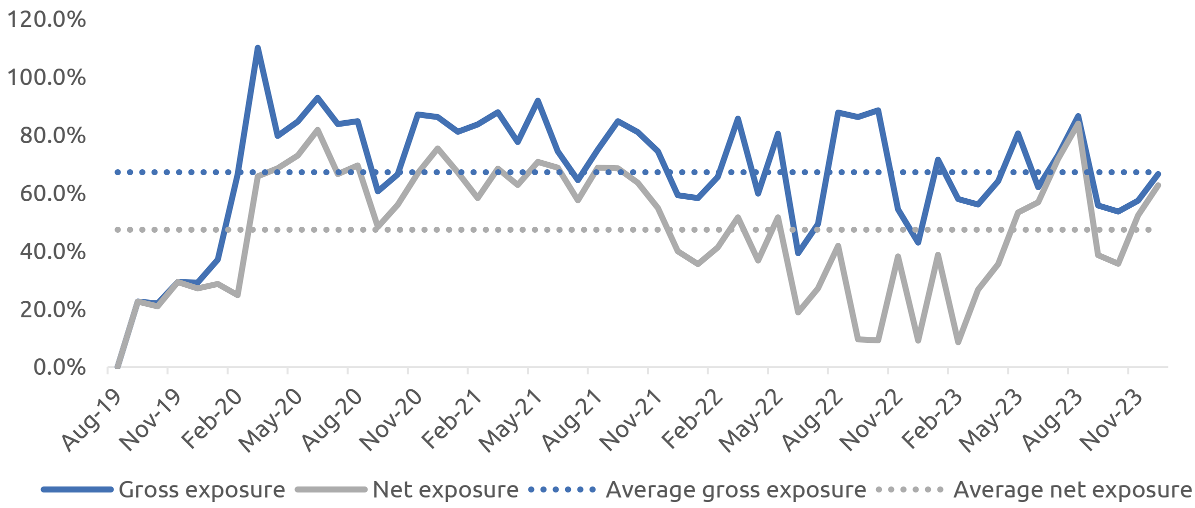
ASSET ALLOCATION

Country	Long	Short	Gross	Net
Australia	10.8%	0.0%	10.8%	10.8%
Americas	30.8%	(0.6)%	31.4%	30.3%
Asia	0.8%	(0.7)%	1.5%	0.2%
Europe	22.0%	(0.6)%	22.7%	21.4%
Total	64.5%	(1.9)%	66.4%	62.7%

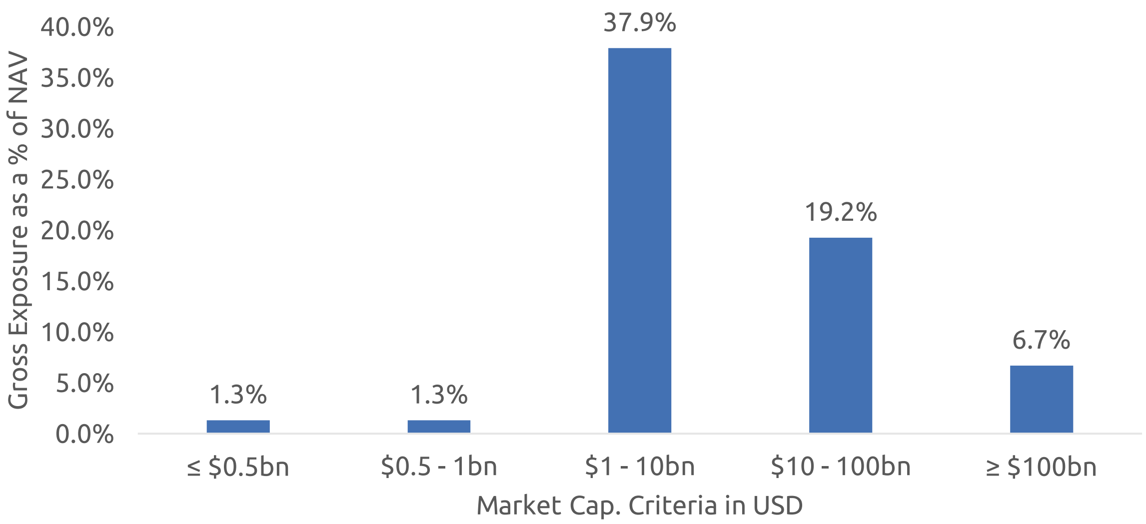
[5] *Manager left CVF in September 2018 and began Geometrica in September 2019. Performance period is from 5 January 2015. Performance is net of all fees.*

[6] *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 & NET 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 (Founders Class)	1% management (+GST) 15% performance (+GST)
Benchmark	RBA Cash Rate
High water mark	Yes
Liquidity	Monthly
Administration & custody	Apex