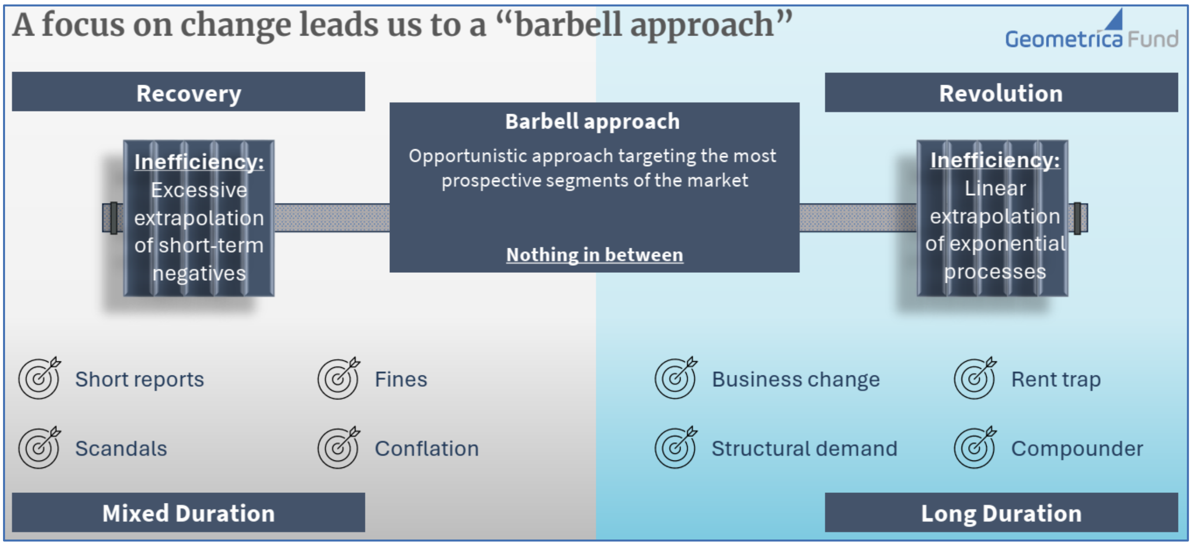
OVERVIEW

The Geometrica Fund returned +5.0% in October, net of all costs bringing our calendar year to date return to +18.2%. The rolling 12 month return stands at +22.4%.

Change brings opportunity. With a US election, roiling long bond markets, and revolutionary change in the technology and healthcare sectors we are spoiled for choice.

We remain focused on directing our fundamental research efforts to areas of the market offering the largest potential inefficiencies.

Invariably the areas of greatest inefficiency and therefore opportunity continue to be situations where the market has either excessively discounted a transitory impact or insufficiently discounted rapid and / or enduring change.



In the last year or so we have improved the way we find these potential opportunities. Whilst we have always systematically searched using screening (as opposed to random idea generation) we think the efficiency of our search process has increased dramatically. Testing supports the contention. We aren't just investing in ML via the Fund's investment portfolio.

Because screening takes you beyond your realm of awareness, and our search process is geared around identifying change, our investment candidates often tend to be outside the bracket of what is popular and well known. If valuation is akin to a popularity contest, then that is possibly a positive.

With the filter of fundamental research, we end up typically with a portfolio with high active share, lower correlation and a collection of misunderstood, neglected or unpopular companies about which we believe the market is fundamentally wrong. Which is to say the portfolio is inherently contrarian and thus potentially also offers asymmetric upside.

Treading in new terrain, especially where it is contrarian, demands a heightened degree of diligence. As a corollary, we tend to shun illiquid, small cap and emerging market stocks because from bitter experience we know that these areas of the market tend to come with types of risk that we simply cannot diligence away.

We are extremely bullish on what we currently hold. **We think our portfolio contains some exceptional businesses with material upside that the market in time will come to appreciate.** Case in point most recently has been AppLovin.

We thank you sincerely for your continued investment alongside our capital.

PORTFOLIO

The long book drove almost all our gains in what was generally a soft month for equities. We discuss key stocks below.

AppLovin (APP.US, mkt cap US$59.6bn) rose +29.8% in October and is in the sweet spot of what we would describe as its active price discovery phase. We've written about the stock previously. It remains one of our largest positions.

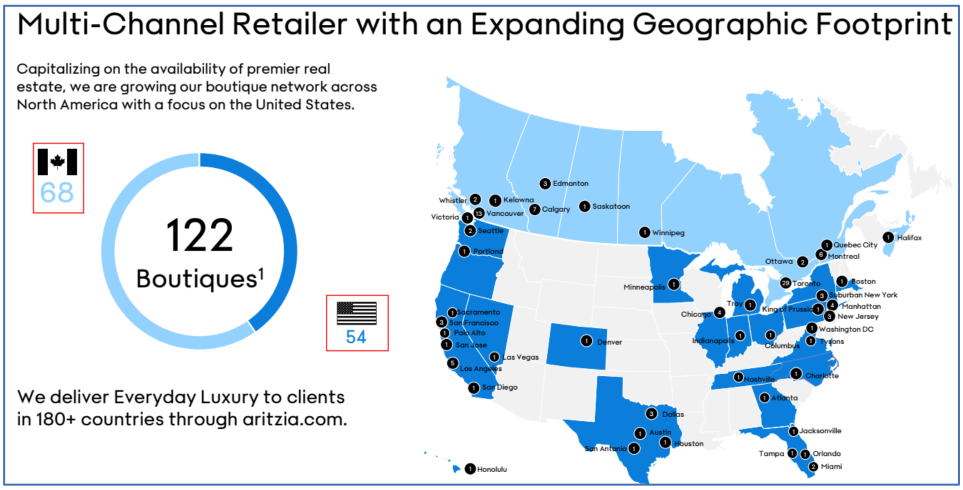
Aritzia (ATZ.CN, mkt cap C$5.1bn) fell -11.8% in October. We wrote about the stock in last month's letter.

Aritzia is 1P/3P affordable luxury apparel business historically operating in Canada but rapidly expanding into the United States.

In early October the company released its quarterly earnings which showed stronger than forecast growth in the US but softer trends in Canada.

"In Canada, we have seen a slower start to the quarter as we navigate a softer consumer backdrop."

Aritzia CEO (Jennifer Wong) 10 October 2024.

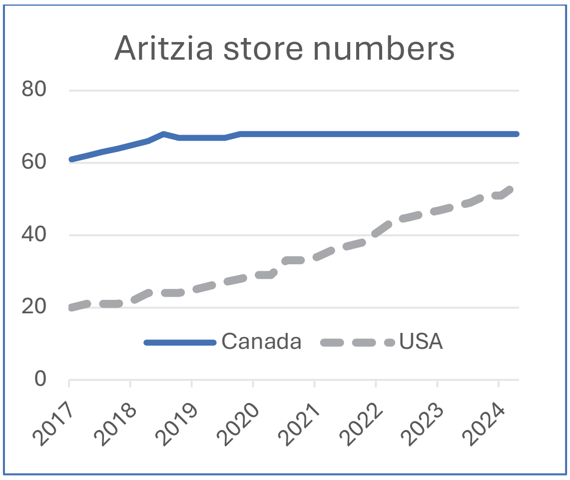


Source: Aritzia

Aritzia is a Canadian business by origin and has been running for over 40 years. In a historical context, the market's extreme sensitivity to Aritizia's Canadian operations is understandable, but we think looking forwards will prove more profitable. We bought the stock for its US growth story, which continues to surpass expectations. Part of the Canadian issue might just be maturity.

When we look at the USA which now represents 44% of Aritzia's store count doing 56% of its sales, it simplistically implies the average US store punches 1.6x stronger than the average Canadian store[1]. Aritzia's strong comparable store trends are also increasingly attributable to the US business.

[1] Store size has increased over time.



Source: Aritzia, Geometrica

Store growth is 6:1 USA vs Canada over the last 12 months. So, with the trend on underlying sales productivity, store count and we think margin leverage skewing in favour of the USA vs Canada, the current share price air pocket caused by concerns over Canada when the USA business is booming might be seen in time as an opportunity.

We buy a stock not for what it is today, but for what it will become in the future.

The USA offers Aritzia a massive store roll-out opportunity which is not in the price. We have been buyers of late.

Fujikura (8503.JT, mkt cap US$10.5bn) rose +19.0% in October, after rising +15.3% in September. We acquired our stake in August. Fujikura appeared on one of our search screens right around the time its share price was falling in step with Japan's August Yen carry trade correction.

The apparent contradiction of falling share price, appearance on a screen with non-trivial predictive capacity and strong reported earnings on August 8th resulted in an all-hands team research effort.

Fujikura is a Japanese company making optical cables, communication components and associated tools. Fujikura is a relatively staid Japanese industrial company that has found itself smack in the middle of the AI industrial revolution.

In one particularly in-demand component for AI data center builds, Fujikura has an estimated global market share of ~60%. Fujikura is doubling production capacity in this area in an attempt to meet demand. We think they are going to need to do more.

The company updated full year guidance at its last quarterly results but in doing so only reforecast the quarter ahead, not the next three quarters left to run in the Japanese financial year. It is rare to see such an excessive level of conservatism in company guidance.

Nvidia (NVDA.US, mkt cap US$3.3trillion) rose +9.3% in October. Nvidia sits at the centre of the AI/GPU chessboard, with estimated market share of around 90% in data center GPUs.

Evidence indicates that the transformer model architecture in AI models continues to deliver improved results in step with increased input complexity, which in turn is driving exponential demand for computational capacity. Exponential situations are unusual.

Recent earnings announcements from Amazon, Microsoft, Google and others have led sell side brokers to upgrade their AI capex numbers with 2025 AI directed capex from major technology companies **likely to exceed US$200 billion**.

This is the largest private sector capital expenditure wave in history.

Remember that Nvidia's sales in this context remain capacity constrained...they are selling everything they can make.

The refrain from sceptics is "*where is the payback*?". Logically, the spend will only continue to grow if the benefits from it are sufficiently large. And whilst we have been able to directly observe pockets of this, it is difficult to capture exhaustively.

The big cloud companies selling computational capacity are intermediaries serving these end customers. They are reacting to unprecedented demand, within some return on capital framework which we are able to roughly observe. In their own words:

*****

*"**AWS's AI business is a multibillion-dollar revenue run rate business** that **continues to grow at a triple digit year-over-year percentage**, and is **growing more than 3x faster at this stage of its evolution as AWS itself grew**, and we felt like AWS grew pretty quickly"*

Andy Jassy, Amazon CEO. 31 October 2024

*****

*"**Our AI business is on track to surpass an annual revenue run rate of $10 billion next quarter, which will make it the fastest business in our history to reach this milestone**"*

Satya Nadella, Microsoft CEO. 30 October 2024

*****

*"Our API volume, I commented on the Gemini [AI LLM] APIs **having gone up 14x in the past six months**"*

Sundar Pichai, Alphabet CEO. 29 October 2024

*****

*"Our AI investments continue to require serious infrastructure and **I expect to continue investing significantly there too**"*

Mark Zuckerberg, Meta CEO. 30 October 2024.

*****

In the context of exposure to AI more broadly, whilst we own Nvidia, and see clear and compelling evidence for quite attractive upside from here, there are other potentially more lucrative ways to gain exposure.

CrowdStrike (CRWD.US, mkt cap US$78.5bn) rose +5.8% in October. The share price continues its gradual recovery from the July 2024 incident where CrowdStrike pushed a faulty Falcon end point update via Microsoft to customers. News of Delta filing a statement of claim on 25 October 2024 came and went with no discernible impact on CrowdStrike's share price.

First Solar (FSLR.US, mkt cap US$20.8bn) fell -22.0% in October, on the back of pricing pressure in their Indian operations and a consequent guidance cut. Polls swinging back in favour of President Trump didn't help.

Our position size is <0.25% of capital at this juncture. In simple terms, if a stock is not behaving as we expect, we reassess our capital allocation. We follow this framework because the inescapable truth here is we make mistakes.

"To others, being wrong is a source of shame; to me, recognizing my mistakes is a source of pride. Once we realize that imperfect understanding is the human condition, there is no shame in being wrong, only in failing to correct our mistakes."

George Soros.

Royal Caribbean (RCL.US, mkt cap US$56.5bn) added +16.3% in October and **Carnival Cruises** (CCL.US, mkt cap) added +19.0%. We hold both with a skew in capital allocation to Carnival.

Our thesis on our cruise stock holdings is in its most elemental form "mean reversion". The worse it gets, the more upside there is, contingent upon survival (solvency) and a business model capable of extracting economic rent, allowing accelerated debt reduction and balance sheet repair.

In the wake of covid the cruise stocks have rationed capital expenditure and slowed fleet growth below the rate of demand growth in favour of cash allocation to debt reduction. A corollary is increased pricing power. Carnival on our numbers continues to have material upside.

Uber (UBER.US, mkt cap US$151.7bn) fell -4.1% in October as guidance for gross bookings was a tad softer than market expectations. We continue to hold the stock, as margins continue to climb.

T-Mobile (TMUS.US, mkt cap US$259bn) rose +28.5% in October. We have owned this stock on and off for a few years now, but alas in modest size.

Less is more when it comes to telecoms industry returns. In big picture terms, T-Mobile's merger with Sprint a few years back, and a shift from 4 to 3 US mobile carriers has been massively beneficial.

T-Mobile was also very early and prescient in its 5G roll out. Now as capital expenditure moderates and cashflow surges, debt is being repaid and shareholder returns via buybacks and dividends are rising.

Paladin (PDN.AU, mkt cap A$3.0bn) fell -11.7% in October and was our biggest negative contributor for the month. We had bought back into the stock after spot prices appeared to be bottoming and several announcements from US hyperscalers looking to secure green baseload capacity in the form of nuclear had provided what the uranium story had sorely lacked ex China: a demand pulse.

Paladin surprised us with a production downgrade attributed to the ramp of Langher Heinrich's processing plant. In a situation like this we normally buy more because hiccups in ramping a new asset are not unknown and typically don't impact the end game. In this case we sold - the recent resignations of two relatively young and highly qualified female directors, one a lawyer and one an auditor, caught our eye.

PERFORMANCE (%, NET)[2]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund
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**
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**
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**
2018	+6.5	-2.1	-0.7	+0.6	+9.1	+3.2	+5.6	+2.9	--	--	--	--	**+27.4**
2019	--	--	--	--	--	--	--	--	+1.1	+0.8	+0.1	-1.6	**+0.5**
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**
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**
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**
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**
2024	+4.0	+1.0	+3.4	-1.1	+4.3	-0.2	-1.0	-1.1	+2.9	+5.0			**+18.2**

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

2019 onwards: Geometrica.

Manager ITD	+217.2
Manager p.a.	+14.0
Geometrica p.a.	+10.7

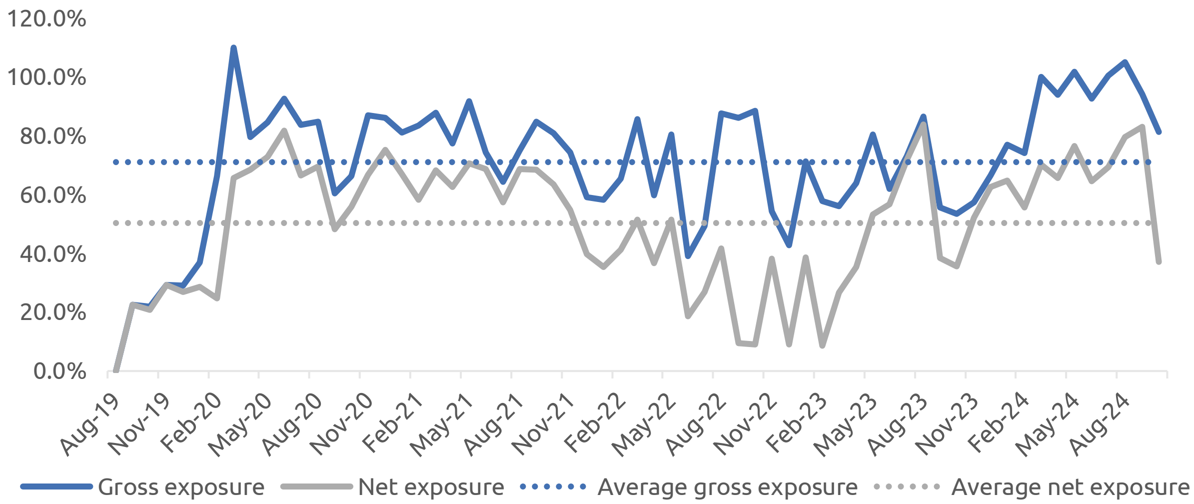
PERFORMANCE CHART (NET OF ALL FEES & EXPENSES)[4]

[2] Performance is after all fees, Founder Lead Series unit.
[4] 2015-2018: CVF (same portfolio managers and strategy); 2019 onward: Geometrica. Index = MSCI All Country World Index (AUD)

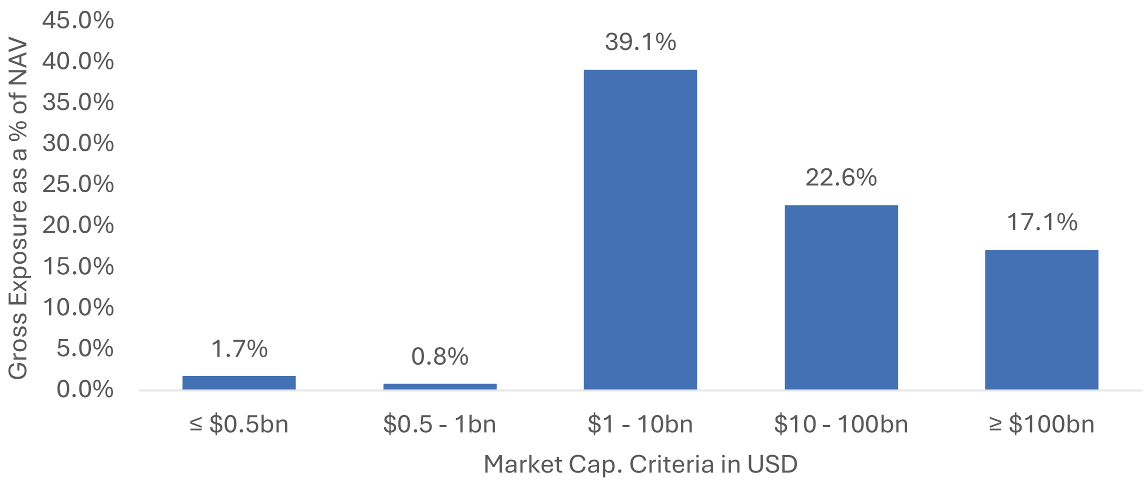
ASSET ALLOCATION

Country	Long	Short	Gross	Net
Australia	2.0%	(1.4)%	4.4%	1.6%
Americas	48.2%	(15.5)%	63.7%	32.7%
Asia	5.5%	(1.2)%	6.7%	4.3%
Europe	2.5%	(4.1)%	6.6%	(1.5)%
Total	59.2%	(22.2)%	81.3%	37.0%

GROSS & NET EXPOSURE



GROSS EXPOSURE BY MARKET CAPITALISATION



FUND OVERVIEW

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
More information	www.GeometricaFund.com