



10 October 2019

Dear Partners and Friends

The first quarter of the new financial year (ending 30 September 2019) can best be explained by one word, and that is “volatility”.

July started positively with the S&P500 and the MSCI World Indices rallying nearly 3% and 2%, respectively, by late July, only for both indices to fall more than 6% by mid-August, and then rally almost 6% by mid-September. In the end, the S&P500 finished the quarter up 1.2% and the MSCI World up 0.1%. The Orsaro Global Fund finished the quarter up 2.9%.

There was so much “noise” in the quarter related to a variety of “fears” including Trump’s daily tweets about the trade war; the fear of recession due to the inverted yield curve, Brexit fears, the unrest in Hong Kong, the oil attack in Saudi Arabia, and the list goes on and on...

As we have said in previous letters, our role in investing is to look through the “noise” created by the market and media and stick with buying great companies. Volatility is normal and for us not a risk.

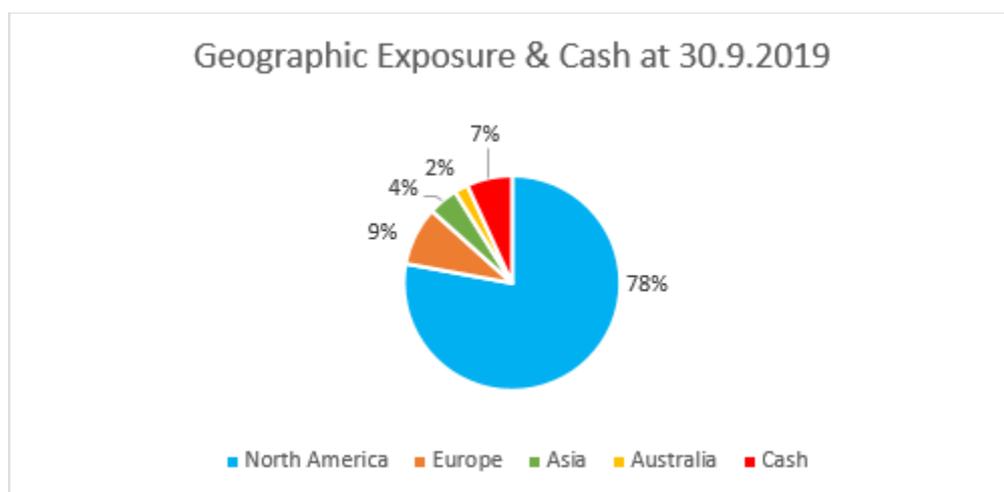
During the quarter, most of the companies in the Fund reported their financial results for the period ending 30 June 2019. Therefore, our efforts were focussed on analysing these results, listening to the earnings calls and internally discussing each business. We were pleased to see that the results for most of these companies were solid.

However, despite some stellar business results, there was extreme volatility in the underlying share prices. For example, Roku reported fantastic results with 86% growth in Platform revenue (the key driver of their long-term profitability). The share price rallied from \$101 on the day of the results to a high of \$170 in early September, only to fall back to \$102 by the end of September. Whilst we were very happy with the results, we remained disciplined and did not buy any shares as the share price skyrocketed, nor did we sell any shares as it fell back down. We have now started using this opportunity where the risk/reward is once again in our favour to buy shares in Roku and others.

During the quarter, we did take the tough decision to exit two positions in the Fund. With both of these companies, we ultimately decided after extensive analysis and internal discussions over multiple quarters that we no longer believed in the ability of both these companies to outperform over the long term.

For example, one of these companies, which we have held since inception of the Fund was Interactive Brokers (IB). IB is one of the most innovative companies in the electronic share trading space founded by a visionary leader. Their share trading functionality is superior to most of its competitors and to date was able to offer its services at a much lower cost versus its competitors. However, over time, it became clear to us that commissions on share trading would head to \$0 in the US, so the majority of their revenue would come from net interest income margins on their lending business and their deposit base (as well as selling order flow in a no commission world) . This industry shift did not fit with our original thesis, and we felt that we could generate a better return elsewhere.

As at 30 September 2019, the Fund was 93% invested (with 7% cash exposure). The geographic split is shown in the chart below:



The table below illustrates the performance of the Fund at 30 September 2019 (net of fees) over various time periods versus the benchmark:

	September Quarter	Since Inception *
Orsaro Global Fund	2.9%	17.8%
MSCI World Index	0.1%	2.7%

**Inception date is 11 May 2018*

Unit Price @ 30 September 2019	\$1.178
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The top 5 contributors to Fund performance this quarter were Alphabet, XPO Logistics, Twitter, DocuSign and Apple. The 5 biggest detractors from Fund performance this quarter were: The Trade Desk, AMA Group, Under Armour, HCA Healthcare and Facebook.

For any potential investors, please note that we have recently agreed with the Trustee of the Fund, that we can now accept, at our discretion, a minimum investment of \$100,000 instead of the previously required \$250,000 minimum investment. If you would like to meet to discuss investing in the Fund, please contact us.

To all our Investors, thank you for your support and as always, we would be more than happy to sit down and have a coffee with you to discuss how we are managing the Fund. Alternatively, please feel free to contact us if you have any queries.

Kind Regards

Gavin, Marc and Richard
Fund Managers of the Orsaro Global Fund

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Some numerical figures in this publication have been subject to rounding adjustments.