

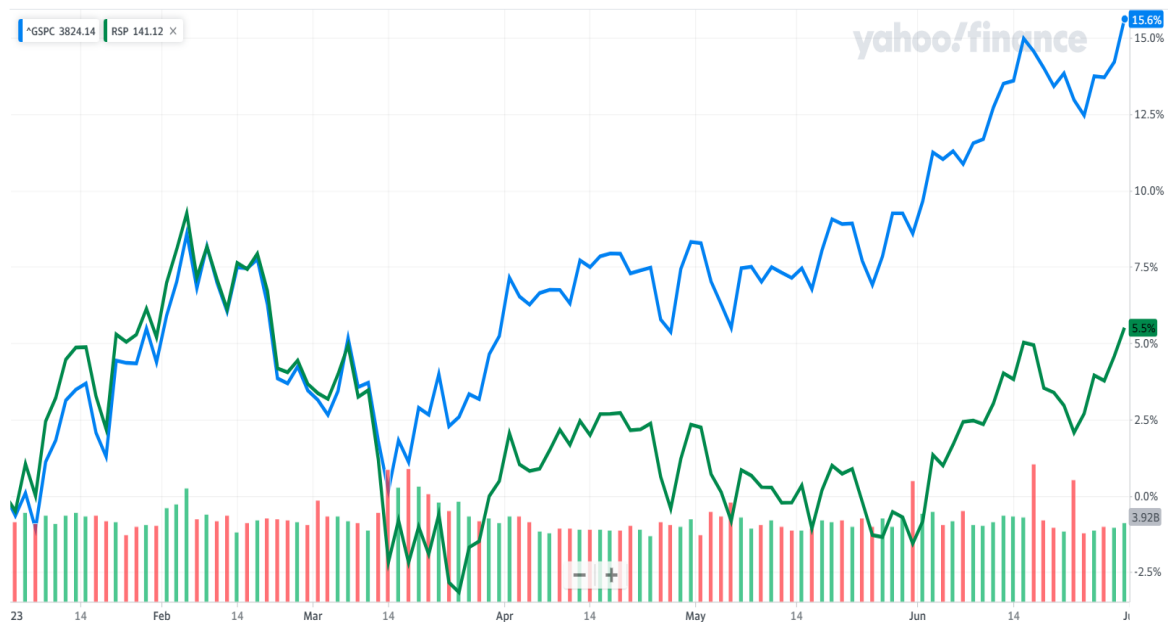


11 July 2023

Dear Partners and Friends

While the June quarter saw a quietening down of the macro noise that has worried markets for the last 18 months, the news of four regional bank failures in the USA that started late in the first quarter and spilt over into April meant continued volatility at the beginning of the quarter. Volatility settled down into June, as the fears of a banking crisis and its impact on lending standards across the broader economy started to dissipate, with the S&P500 gaining 8.3% for the quarter and 15.6% for the calendar year-to-date. However, these gains in the S&P500 over the last six months were confined to a narrow group of 7 companies out of the 500 in the index - particularly those companies with exposure to the Artificial Intelligence thematic (namely: Amazon, Apple, Meta, Microsoft, Netflix, Nvidia and Tesla), with the remaining companies in the index showing relatively small gains.

The chart below represents the return for the S&P500 over the 6 months to 30 June 2023 (dark blue line) vs. the return for the S&P500 excluding the outsized impact of these seven companies listed above, i.e. equal weighting of all 500 companies (dark green "bottom" line). As you can see from the chart, this would have resulted in an increase of less than 6% for the S&P500.



Encouragingly, we started to see a broadening out of gains in June, with investors moving funds back into companies who have largely underperformed through this period (industrials/more value-oriented companies).

Uncertainty remains, and the worrying headlines about inflation and the number of interest rates hikes yet to come, continue to feature daily. The market remains obsessed with both the timing and the depth of this “well-flagged” oncoming recession. Whilst we remain macro aware and do not make light of these risks, our focus is not on the question of whether there will be one or two more interest rate rises (the short-term), but rather we continue to focus on company fundamentals, which we believe will drive returns for our portfolio, long after these concerns have passed.

The Orsaro Global Fund was up 14% (after fees)\* for the quarter ending 30 June 2023. The table below illustrates the performance of the Fund to 30 June 2023 over various time periods and versus the benchmark:

	June Quarter	One Year	Since Inception Annualised**
Orsaro Global Fund*	14.0%	27.1%	8.9% p.a.
MSCI World Index (AUD)	7.5%	22.4%	11.1% p.a.

\*Performance is after fees and with distributions re-invested

\*\*Inception date is 11 May 2018

Unit Price @ 30 June 2023#	\$1.5393
----------------------------	----------

#Interim unit price and hence performance figures may be subject to change following tax review of the financial statements for FY23.

The June quarter was a busy period for the Orsaro Global Fund. Aside from quarterly earnings, we hosted small group investor meetings in both Melbourne and Sydney, and completed another insightful research trip to the USA.

Our recent small group investor meetings gave us and our investors the opportunity to discuss our investing approach, portfolio companies, weightings and fund performance. It was a fantastic opportunity to highlight our conviction ideas as well as touch on the new ideas on our radar, and the starter positions we have initiated in some of these new portfolio companies. Importantly, we reiterated our long-term approach to investing and how, over the ultra-long term, the returns from holding through market cycles far outweigh the short-term drawdowns experienced along the way. Other than a few valuable lessons learnt over the last 2 years, we have stuck diligently to our investment philosophy as regards our approach to long-term investing.

The table below details the annual returns for the Orsaro Global Fund per year since inception:

Financial Year Ending	OGF Return	MSCI World Index (AUD)
30 June 2018*	4.1%	0.2%
30 June 2019	10.3%	12.0%
30 June 2020	21.5%	4.8%
30 June 2021	38.9%	27.5%
30 June 2022	-37.4%	-6.5%
30 June 2023	27.1%	22.4%

*\*period from inception of Fund on 11/5/2018*

The five companies which had the greatest absolute returns for the June quarter were Shopify, XPO Inc, Netflix, Digital Ocean and The Trade Desk.

The five companies which had the largest negative returns for the quarter were Estee Lauder, Warner Music Group, The Walt Disney Company, Pernod Ricard and Bank of America.

Our top 10 positions in the Fund as of 30 June 2023 were as follows:

Company	% of portfolio
The Trade Desk	8.8%
GXO Logistics	5.4%
Pernod Ricard	4.9%
Amazon	4.7%
Wells Fargo	4.6%
Mastercard	4.4%
Shopify	4.0%
Alphabet (Google)	4.0%
HCA Healthcare	3.8%
Ryman Hospitality Properties	3.8%

As mentioned earlier, we have just returned from a busy research trip to the USA which included attending the William Blair conference in Chicago, as well as meeting with companies in San Matteo, San Francisco, New York and Greenwich Connecticut.

The last time we were in Greenwich visiting XPO Logistics was in 2019, after the company's share price had fallen dramatically following a short-seller attack on the company. This meeting combined with our extensive due diligence gave us the confidence to stay invested through this turbulent period.

Subsequent to us visiting them in 2019, they have spun out two stand-alone companies 1) GXO Logistics (a logistics gem), and RXO (a technology enabled freight brokerage business). We are patient investors, and today we have all 3 of these companies in our portfolio, the sum of which far exceeds our original purchase price. It was pleasing for us to meet both the GXO and RXO management teams on this research trip, and to focus on each company's long-term strategy and business outlook.

Between these face-to-face visits with management teams in the USA, and the conference calls on our return to Australia with companies who were outside of the cities we visited (incl. the UK), we have caught up with a total of 10 of our portfolio companies in the last month. Following these meetings, we remain excited about the long-term prospects for the portfolio of companies in the Fund.

Once again, we would like to thank all our investors for your support. If you have any queries or would like to catch-up for a coffee, please do not hesitate to contact us.

Kind Regards

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

## **Disclaimer**

This report has been prepared by Orsaro Capital Pty Ltd (**Orsaro**), who is the trustee and investment manager of the Orsaro Global Fund (**Fund**), an unregistered managed investment scheme. Orsaro Capital is the holder of Australian Financial Services Licence number 524448.

This document contains information about the potential issue of interests in the Fund to investors that are wholesale clients as defined in s761G of the Corporations Act 2001 (Cth) (Act). It is not intended to be used by any other persons in any other jurisdiction if and to the extent that to do so would be in breach of Australian laws, or the laws of any foreign jurisdiction.

This report contains general information only and is not intended to provide any person with financial advice. It does not take into account any person's (or class of persons) investment objectives, financial situation or particular needs, and should not be used as the basis for making an investment in the Fund.

Orsaro does not make any representation as to the accuracy, completeness, relevance or suitability of the information, conclusions, recommendations or opinions contained in this report (including, but not limited to any forecasts made). No liability is accepted by Orsaro or its directors, officers, employees, agents or advisors for any such information, conclusions, recommendations or opinions to the fullest extent possible under applicable laws. You should consider obtaining financial advice before making a decision in relation to this information.

This publication may contain forward looking statements regarding our intent, belief or current expectations with respect to market conditions. Readers are cautioned not to place undue reliance on these forward-looking statements. Orsaro does not undertake any obligation to revise any forward-looking statements to reflect events and circumstances after the date of this publication.

Orsaro does not guarantee the repayment of capital, the performance of any investment or the rate of return for the Fund. Past performance is not indicative of future performance.

This document is not an Information Memorandum for the purposes of the Act. Accordingly, it does not purport to contain all information that potential investors may need to make an informed assessment as to whether or not to invest in the Fund.

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