

The Annapurna Microcap fund is a high conviction Nanocap, Microcap and Smallcap fund managed by leading Microcap professionals. The fund aims to deliver superior risk-adjusted returns through the investment cycle while protecting client's invested capital.

	1 Month	3 Months	6 Months	1 Year	Inception (%pa)
Performance (Net of Fees)	-0.71%	0.06%	11.65%	19.58%	22.67%

Inception Date: 1-Oct-20

Growth of \$10,000



Annapurna Microcap Fund

Figure 1: Annapurna - We are looking forward to increased company field trips and company visits post the reporting season. We are ready to go.

Month End Exposures	Current	Monthly Move
Communication Services	10.8%	+1.4%
Consumer	8.4%	+0.9%
Energy	2.0%	-0.9%
Financials	15.2%	-0.5%
Health Care	9.2%	-3.5%
Industrials/Real Estate	13.4%	+4.8%
Information Technology	20.7%	+1.6%
Materials	15.6%	-1.1%
Number of Positions	38	+1
Gross Equity Exposure	95.4%	+2.7%
Cash Weighting	1.4%	-3.7%
Net Equity Exposure	95.4%	+2.7%

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Commentary

The Annapurna Microcap fund declined by 0.71% for the month of November and has returned +22.67% p.a. since inception (net, after all fees).

Contributors to the fund included Firefinch (FFX) due to the market expecting further positive enhancements to their definitive feasibility study on their goulamina lithium deposit in Mali. Other stocks included the industrial distribution business Stealth (SGI) that reported robust trading at the AGM. This is a new position, and we like the profile and exposure to industrial distribution in strong markets such as WA. Universal Biosensors (UBI) continued to report news flow about entering new markets and finding further applications for its technology. Ambertech (AMO) performed well but has since given back some of the gains. Ambertech is a profitable business market and distributes audio-visual and sound technology.

Detracted included AI Media (AIM). AI suffered from a broker downgrade during the period. The AI Media had previously reported a solid quarterly cashflow result and has a share buyback. We continue to view the caption and related market(s) as large, and the business well placed to perform. Atomo Diagnostics (AT1) performed poorly. Rapid antigen tests were approved for release in Australia, and this has created strong competition for the business as others entered the rapid testing market. The September quarterly cashflow result did not bring the strong sales growth that we had expected for Atomo. We have sold position. PayGroup (PYG) detracted from performance due to a lack of major new client news flow and cash flow was held back by some need to invest for growth.

Key investment sector themes for the Annapurna into 2022 include practical financial technology (used in saving/not spending), digitalisation (including cyber), low value, high volume industrial distribution in growth markets, enabling the internet (logistics), industrial metals that help decarbonise/linked to improving economic growth, computer gaming (online/phone) and related entertainment, medicine distribution and manufacturing, industrial testing measurement and practical (outdoor) communication. We continue to see great prospects into 2022 for these sectors and the stocks that we hold within these growth sectors.

Fund Characteristics

FUM	AUD \$2.1m
Portfolio Managers	Bill Laister and Stephen Scott
Strategy	Nanocap/microcap and Small cap stocks. The fund is focused on Australian opportunities but can invest in international microcap and small cap stocks
Objectives	The fund aims to deliver superior risk adjusted returns through the investment cycle while protecting client's invested capital. The fund will aim to limit capacity to \$50m or below.
Return Target	To return 10% p.a net of fees over a 3-5 year investment cycle
Number of Stocks	Concentrated NanoCap/Microcap portfolio of 20- 50 stocks
Cash	The Fund may hold up to 20% cash.
Distributions	Annually
Management Fee	1.025%
Buy/Sell	Daily Application, Monthly Redemption (Minimum of 90 days' notice prior to a Redemption Day)
Performance Fee	20.5% pa of the amount by which the NAV per unit exceeds the High Water Mark once the fund achieves its 6% hurdle



Stephen Scott Annapurna Microcap Fund - Portfolio Manager

- ▶ Responsible for the management of the microcap fund
- ▶ Long track record in the nanocap and microcap investing
- ▶ Over 25 years funds management experience domestically and globally

Over 25 years experience and a leading emerging companies / microcap portfolio manager. His roles have included Head of Research, Senior Portfolio Manager, Microcap Industrial Analyst and Senior Analyst. Stephen has been involved in portfolio management and construction, economic analysis and securities research throughout his career and was part of the largest microcap investment team and mandate in Australia.

Stephen has both domestic and global experience having worked in London, New York and Sydney in Senior funds management, investment research and management roles. Stephen has worked for Westpac, Deutsche Asset Management, Ord Minnett, Contango Asset Management, MAP Capital and Taylor Collison.



Bill Laister Annapurna Microcap Fund - Portfolio Manager

- ▶ Responsible for the management of the microcap fund
- ▶ Long track record in the nanocap and microcap investing
- ▶ Over 30 years funds management experience

Over 30 years experience in the financial services industry as Senior Portfolio Manager, Head of Australian Equities, Head of Trading and Resources Analyst. He has worked at several organisations as Senior Portfolio Manager at Contango Asset Management (initial shareholder, 1999), Head of Australasian Equities HSBC AM, Director Contango MicroCap Ltd (ASX listed) and various roles at Wilsons & Co and Morgans Stockbroking in the 1980s.

Bill has been involved in resources analysis, portfolio construction and management through out his career. He launched the first Australian MicroCap mandate in 2004 and grew FUM to be the largest in the local market. He travels regularly reviewing greenfield sites, mining operations and growth opportunities for companies.

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