Tribeca Partners Fund: Nuclear Energy Opportunities Strategy October 2021 Update

Tribeca Investment Partners

Portfolio Manager

Guy Keller

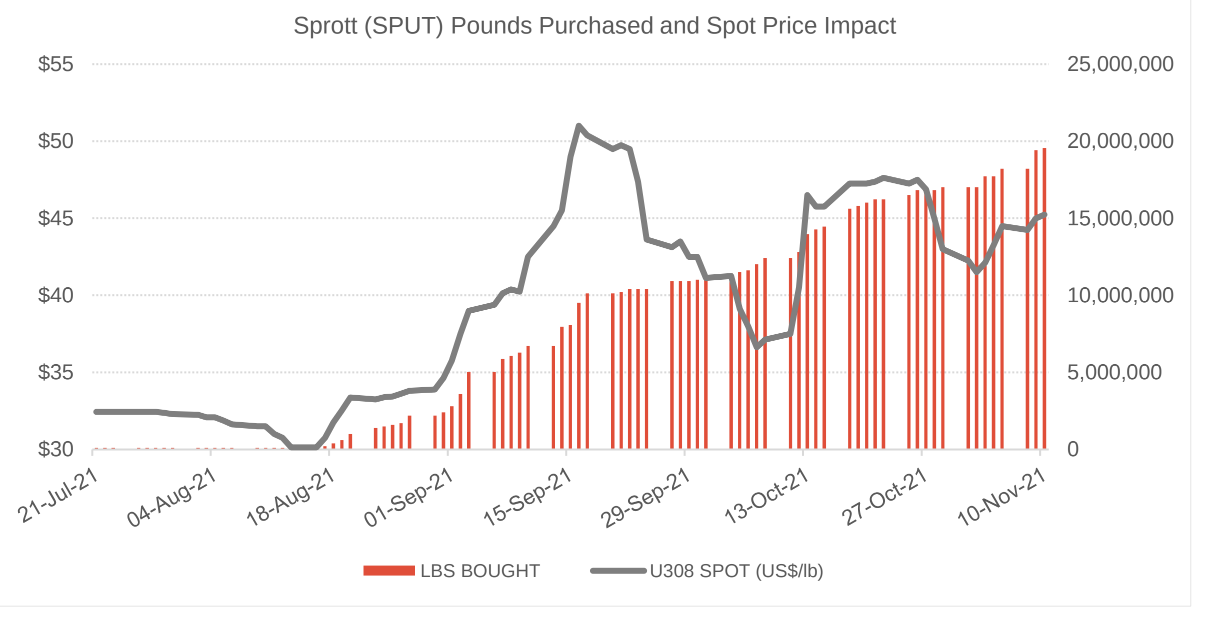
Fund Information

The Fund seeks to provide investors with capital growth over the medium to long term by investing in the equity and debt of companies involved in the nuclear energy industry with a key focus on the uranium sector. The Fund's investible universe includes companies involved in the exploration, development and production of uranium assets in addition to infrastructure and service providers. The Fund will primarily invest in equities, and can have exposure via ETFs, swaps and debt.

Inception Date:	31 July 2018
Minimum Investment:	AUD $500,000
Subscriptions:	Quarterly
Redemptions:	Calendar quarterly with 30 days' notice, subject to 25% fund level gate.
Management Fee:	1.0%
Performance Fee:	25.0% (ex-GST) subject to high water mark
Prime Brokers:	UBS AG
Administrator:	Citco Fund Services Australia Pty Ltd
Auditor:	Ernst & Young
Trustee:	Equity Trustees Ltd

Performance Commentary

The strategy recorded a net return of 345% for the 2020/21 fiscal year, and after a 43% net return for the September quarter gained 13% on a gross basis in October.



Source: Tribeca Investment Partners, Sprott, Uranium Markets

It would be prudent to spend some time asking where all this uranium is coming from as SPUT purchased another eye watering 6 million pounds, pushing the spot price up 4.5% during October. Yellow Cake plc came to market to raise US$150m to purchase another 3 million pounds. When delving into the detail here, it is worth noting that the million pounds purchased from KazAtomProm will not be delivered until June next year!

The spot uranium price is up 55% since SPUT became active and an incredible 69% to the mid-September $51 USD/lb high. With prices this high not observed since 2013, it is hardly surprising that some long-forgotten inventory might find its way back into the market. There is also speculation that some carry trades have been unwound making material available into the spot market. While it can be frustrating that the physical uranium market is extremely opaque, remember that every pound sold into one of these vehicles is another pound not available to utilities. Adding to this is projected demand from previously announced launch of ANU Energy OEIC, backed by KazAtomProm on the Kazakh stock exchange. The fund intends to raise up to $500m USD to be used for additional uranium purchases.

At current uranium prices, this is would take roughly 12 million more pounds from the physical market. On what we have seen, YCA and SPUT now control the equivalent of 45% of 2020 primary supply. When we add the ~12m pounds from ANU Energy and the additional ~11m pounds available under the current SPUT ATM, we have locked up 61% of 2020 primary mine supply or 54% of 2019 supply!

Total Holdings (m/lbs)	% of Annual Mine Supply	
	2019	2020
Total Holdings SPUT		
37.0	23%	26%
Total Holdings YCA		
18.9%	11%	13%
Total Physical Sequestered		
55.9	34%	38%

October was a month of consolidation compared to the price moves observed in September. There were two market catalysts over the month which saw the portfolio rally. The first was French President Macron's references to "Reinventing Nuclear Power" which included a plan to invest EUR1 billion for SMR (Small Modular Reactor) development programs. Macron's France 2030 speech was delivered right when the world was sweating over an energy crisis, the severity of which has not been observed since 1970s. While the extraordinary rally in oil, gas and thermal coal prices has retraced, we believe that early indications of a cold Northern Hemisphere winter will again reveal the deep structural issues in supply of energy hydrocarbons. The second driver higher during October was the launch of the Kazakh physical vehicle.

As the global market shifted attention to the COP-26 summit in Glasgow, there was a marked increase in mainstream media attention on the low carbon base load electricity benefits of nuclear energy.

Just a scrape of the Australian Financial Review (AFR) alone provided the following headlines:

Nothing can be off the table in the climate challenge
Aug 10, 2021

Gas crisis could put a rocket under UK push for nuclear, hydrogen
Boris Johnson is caught in a perfect energy storm, putting his climate credentials to the test as he tries to keep power bills under control.
Oct 1, 2021 - Hans van Leeuwen

Nuclear power can help fill the gaps in a tricky energy transition
An attempt to make nuclear reactors part of an ESG pitch is a striking sign of the climate times – and one that should be welcomed.
Oct 10, 2021 - Gillian Tett

Uranium gets a boost from Japan's nuclear sea change
New PM Fumio Kishida wants to restart the mothballed reactors, as the gas price crisis gives fresh impetus to the bullish case for betting on uranium.
Oct 11, 2021 - Hans van Leeuwen

Australia must leverage nuclear subs for civilian energy too
The country cannot let dogmatism and pessimism about our abilities get in the way of maximising the expensive naval technology we are planning to adopt.
Oct 11, 2021 - Alex Coram and Stephen Anthony

Australia can't ignore nuclear in race to net zero: BHP
Oct 11, 2021 – Peter Ker

Hedge funds snap up uranium in bet on green energy shift
A global energy crunch has highlighted the role of nuclear power in a transition away from fossil fuels.
Oct 12, 2021 - Laurence Fletcher and Henry Sanderson

Only nuclear lets Australia have it all in clean energy policy
Oct 18, 2021 - Elmer Funke Kupper

Australia needs to talk about nuclear: Finkel
Oct 27, 2021 - Jacob Greber
Dr Finkel said nuclear generation had the benefit of being constantly available, and it had a better safety record than coal, oil, gas and even hydro-energy, which has led to more fatalities because of dam collapses. Even solar had produced more fatalities than nuclear, because of amateur installers falling from rooftops, he said.

The road to net zero passes through nuclear power
Nov 1, 2021 – Nyunggai Warren Mundine. Contributor.

These sorts of headlines were replicated in British, European and North America news agencies over the month. And then early November, Bloomberg printed a story with the below headline that got the market moving again, after a soggy month end.

China's Climate Goals Hinge on a $440 Billion Nuclear Buildout
China is planning at least 150 new reactors in the next 15 years, more than the rest of the world has built in the past 35.
November 3, 2021, By Dan Murtaugh and Krystal Chia

This is not new. In fact, we used to include China's planned 150 reactors in our early slide decks as part of our China's Nuclear Expansion slide. This slide had details of China's 5 year plans with number of reactors under construction, planned reactors and proposed reactors. Eventually we took this slide out, because there was still an extraordinary supply deficit without having to second guess Chinese policy. To put this in perspective however, assuming 150 reactors equates to approximately 150 GWe installed capacity, this would need 75 million additional pounds of uranium per year.

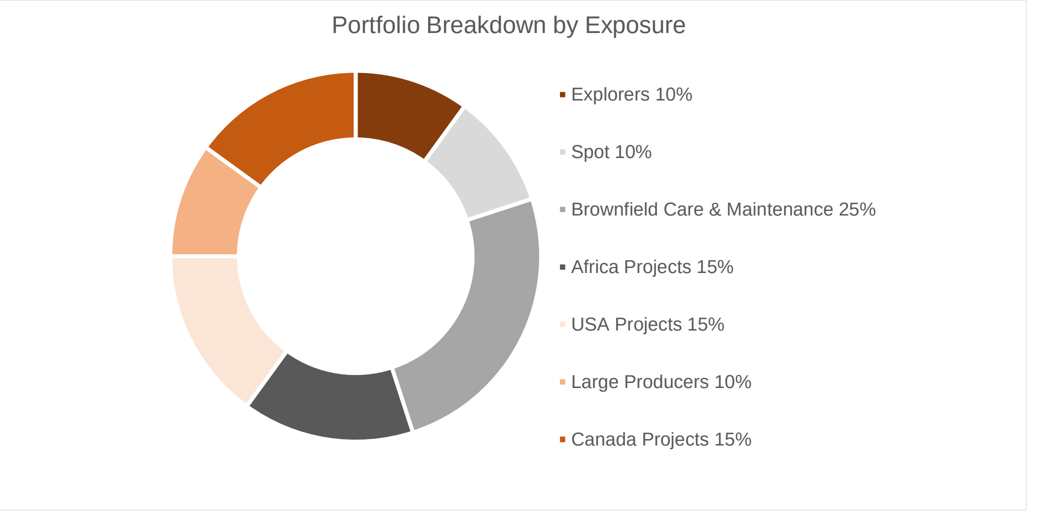
We say this every month, but electrification of transport and industry does not solve the decarbonisation equation. The world needs to also pursue a parallel task of decarbonising the electricity supply. Nuclear power is the only source of low carbon base load electricity where 1 Mw of nuclear can replace 1 MW of coal or gas generation without massive and expensive infrastructure upgrades to grid capacity required by weather dependant generation. Not to mention the vague promise that grid scale battery technology will magically catch up.

The fundamental equation does not lie. The sector consumes 185m pounds per year (increasing to over 200 million pounds by 2025) and only mines around 120 million pounds per year. The consensus incentive price to fill the deficit is roughly $60-65 USD/lb, however with inflation being noted in mining of other commodities, we are starting to believe it could be upwards of $70-75 USD/lb. Remember, this is not a spot price but a starting price for a multi-year contract.

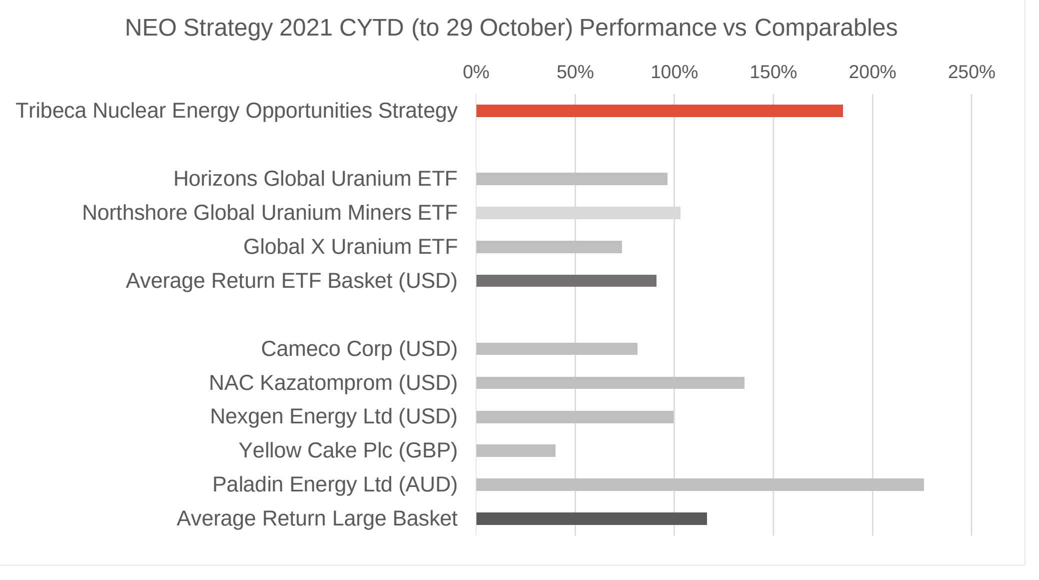
The strategy continues to outperform the sector ETFs and the larger single stock names in the sector underscoring our diversified approach which includes exposures to the uranium spot price, large cap producers and a geographically diverse range of brownfield and exploration projects. Over the course of the month, we reduced exposure in some of the less liquid names by exercising and monetising some deep in the money warrants. The warrant book still represents a roughly 10% exposure. We rolled some spot exposure into large producers to take advantage of flows in those names. Our explorers and warrant exposure will increase again in November as we have participated in another round of equity raises.

Please contact Tribeca Investor Relations should you have interest in investing in the Fund. The Tribeca Nuclear Energy Opportunities Strategy continues to record strong performance and we attach the Investment Memorandum for your reference.

Portfolio Exposures



Source: Tribeca Investment Partners Internal Classification at 29 October 2021



Source: Tribeca Investment Partners, Bloomberg. The Tribeca Nuclear Energy Opportunities Strategy return is based on official performance net of fees and expense from 1 January 2021 to 30 September 2021 plus a gross performance estimate for the month of October. Performance for comparable securities are based on gross returns for same period.

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