

Tectonic Opportunities Fund

Investing into future champions

The Tectonic Opportunities Fund

The Tectonic Opportunities Fund (the Fund) is an actively managed, diversified portfolio of 20 to 40 equity and equity-related securities with a global remit.

The portfolio is predominantly publicly-traded securities (50-100%) complemented by an allocation (0-50%) to less-liquid pre-IPO or growth stage unlisted investments.

The Fund takes a high-conviction / low-turnover approach to investing into fast-growing high-quality businesses that will be the future champions of their sector.

The Fund seeks to generate double-digit returns over a long-term horizon while preserving capital via long/short portfolio construction.

Investment approach

Small cap focus: We focus on the small-cap space where the potential for mispricing is the greatest. Small-cap companies typically have greater growth potential, more opportunities for valuation-arbitrage as they grow, less analyst-coverage and better access to management.

Swim with the current, not against it: We invest around long-term themes that provide structural tailwinds/headwinds to particular sectors. In these sectors we then target fast-growing companies that have significant future growth potential ahead of them. We invest in opportunities that are already heading the right direction rather than trying to pick turning-points.

Invest for the long-term: We believe compounding the winners over the long-term will drive the Fund's outperformance. We take a 'business-owner mindset' that allows us to position for the long-term rather than managing to short-term performance outcomes.

Incentives equals outcomes: We believe an appreciation of incentive structures is critical for successful investing. We look for proven, high-quality management (preferably founders) who we can engage with and who have significant 'skin-in-the-game'. This alignment of interests is replicated at the Fund-level with Tectonic's unique fee structure and significant team investment.

'All-seasons' strategy: We strive to build a portfolio that can navigate both strong and weak market conditions. Our portfolio construction parameters limit concentration and liquidity risk. Our focus on non-cyclical/lowly-g geared companies and shorting strategies equip the Fund to ride out down-markets.

About Tectonic Investment Management

Tectonic Investment Management (Tectonic) is an active boutique investment manager based in Kingscliff, Australia. Tectonic is 100% independent and owned by the investment team.

Tectonic was founded in 2020 by Ben Haan, who has more than 20 years of relevant experience in private equity investment, public equities investment and management consulting across Australia, Europe and the United States.

The team have a long and successful track record having worked together for 14+ years. We are the largest investors in the Fund and our unique fee structure means that we are aligned with the Fund's investors in maximising returns while limiting downside risk.

Investment team



Ben Haan

Founder and Chief Investment Officer

Ben Haan is a former Partner at Partners Group, the Swiss-headquartered global alternative asset manager. At his 12+ years at Partners Group, Ben was responsible for the origination and execution of more than USD 1.5bn of direct private equity investment, generating > 2.0x realised return and an average internal rate of return (IRR) of > 25% across all investments. Prior to joining Partners Group, Ben completed his MBA at Monash Business School and worked 7+ years in management consulting in the UK and Australia.



Michael Barben

Special Advisor

Michael Barben has over 25 years of experience in private equity and financial services. Previously, he served as Co-Head of the Private Infrastructure business department and Chairman of the Private Infrastructure Investment Committee. He has been with Partners Group since 2000. Michael holds a master's degree in economics from the University of St. Gallen (HSG), Switzerland. He is also a CFA charterholder, a certified Swiss stock trader, and holds the Financial Risk Manager designation.



Nandan Balachandran

Partner

Nandan is a former Senior Vice President in the Private Infrastructure investment team at Partners Group, the Swiss-headquartered global alternative asset manager. During his 12 years at Partners Group, Nandan worked closely with Ben and Michael and was responsible for originating, executing and realising direct private equity investments in the energy and infrastructure sector. Nandan holds a bachelor's degree in business management from Singapore Management University.

Our partner

BOUTIQUE
CAPITAL

Boutique Capital is the trustee and licensee of the Fund and has appointed Tectonic Investment Management as the Fund's investment manager. Boutique Capital provides all back office, administration and distribution services.

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What we look for

Tectonic Compounders

10-20 positions
(40-100% allocation)

High-quality small or mid-cap businesses with:

- Proven track record of strong revenue growth; enough 'white-space' ahead of it to become a 3x over a 3-5 year period
- Sustainable competitive advantages; operating in a growing sector with structural tailwinds
- High returns on incremental invested capital; and a strong balance sheet with typically low or no debt
- Competent, aligned management (hopefully founders) who we respect and can engage with!

Tectonic Inflectors

10-20 positions
(20-100% allocation)

Underappreciated high quality small or mid-cap businesses with:

- A significant transition underway (e.g. business turnaround, significant capex projects) where the value-creation will be delivered over a longer time period, typically 12-24 months
- Early signs that the transition and value-creation is progressing as planned, i.e. it is at an inflection-point
- Competent, aligned management who we respect and can engage with!

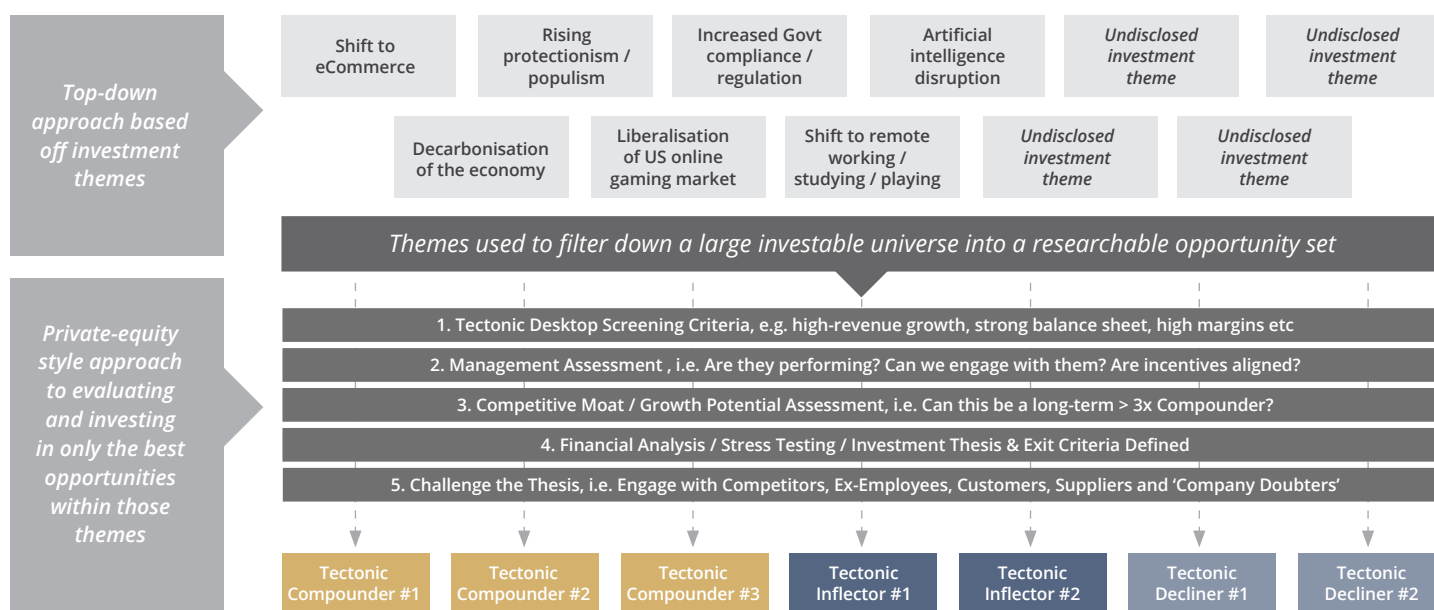
Tectonic Decliners

0-15 positions
(0-50% allocation)

Short-selling challenged businesses with some or all of the following characteristics:

- Business model in long-term structural decline
- Poor market position facing competitive threats / oversupplied market
- Poor quality, underperforming management
- Declining revenue and earnings as well as a weak balance sheet position

Our investment approach



Fund characteristics

Name	Tectonic Opportunities Fund, an Australian unit trust	Min. investment amount	\$100,000
Inception Date	6th July 2020	Distribution frequency	Annually (unless reinvested)
APIR Code	BQC0787AU	Liquidity	Annually
Objective	Double-digit net returns over the medium to long-term	Management Fee	0% (Tectonic does not charge management fees)
Investment Limitations	<ul style="list-style-type: none"> • No more than 10% of the Fund invested into a single security • Max 50% of the Fund invested into unlisted investments • Maximum net exposure 100%, maximum gross exposure 150% 	Performance Fee	25% of the Unit Return in a quarter subject to High-Water-Mark
Holdings	20-40 equity and equity-related securities	Admin & Trustee	Boutique Capital Pty Ltd
		Investor Eligibility	Wholesale investors only

Tectonic Investment Management Pty Ltd is a Corporate Authorised Representative (CAR Number 001282097) of Boutique Capital Pty Ltd (AFSL 50801).