

LONG EQUITY

Why We Own Them

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2026



## Why We Own Them

### Semiconductors



Cash ROC: 20%<sup>1</sup>  
FCF Growth: 14%  
FCF Linearity: 0.78

**Applied Materials (AMAT)** is the leading supplier of wafer fabrication equipment to the semiconductor industry. 65% of sales is from systems, 30% from services and 5% from displays. AMAT's growth has been driven by the increasing complexity of semiconductor manufacturing and the rise of advanced technologies like AI, IoT and 5G. Future growth will likely come from continued innovation in semiconductor manufacturing processes.



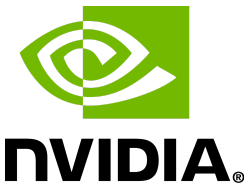
Cash ROC: 37%  
FCF Growth: 27%  
FCF Linearity: 0.93

**Lam Research (LRCX)** is a leading supplier of wafer fabrication equipment, with a focus on deposition and etch tools used in advanced semiconductor manufacturing. The majority of revenue is derived from sales of their equipment and is further supplemented by their high-margin services business tied to its installed base. Lam's growth has been driven by the increasing intensity of etch and deposition steps at advanced nodes, as well as rising demand from memory (NAND and DRAM) and logic foundries.



Cash ROC: 31%  
FCF Growth: 22%  
FCF Linearity: 0.96

**KLA Corp. (KLAC)** is a leading provider of wafer fabrication equipment to the semiconductor industry, specialising in process control and yield management. 27% of their revenue is from China, 24% from Taiwan, 18% from Korea and 12% from North America. The company's growth has been driven by the increasing demand for advanced semiconductor and the complexity of manufacturing processes. KLA is expected to enter the EUV market imminently.



Cash ROC: 65%  
FCF Growth: 71%  
FCF Linearity: 0.81

**NVIDIA (NVDA)** is a leading designer of GPUs for AI, gaming, professional visualisation, data centres and automotive markets. 44% of revenue is from the US, 22% is from Taiwan. NVIDIA's growth has been fueled by the increasing use of GPUs in AI and data centres. NVIDIA's competitive edge comes from its cutting-edge technology and software ecosystem, i.e. CUDA. Future growth opportunities include AI, machine learning and autonomous vehicles.

Cash ROC is free cash flow (FCF) divided by invested capital (non-current liabilities plus equity), expressed as a percentage.

FCF Growth is the annualised growth rate of FCF per share over the last 5 years.

FCF Linearity is the R-squared value of FCF per share price growth over the last 5 years.

## Financials



Cash ROC: 33%  
FCF Growth: 22%  
FCF Linearity: 0.97

**Visa (V)** is a leader in digital payments, providing electronic transfers through their extensive network to consumers, businesses and governments. Visa processes close to \$10tn transactions per year. Visa derives 43% of its revenue from the US and the rest internationally. Growth is driven by the shift from cash to digital payments and expanding global commerce. Visa and Mastercard have networks consisting of thousands of financial institutions, millions of merchants and billions of credit/debit cards issued to customers around the world, creating a formidable barrier to entry.



Cash ROC: 47%  
FCF Growth: 14%  
FCF Linearity: 0.94

**Mastercard (MA)**, a major player in global payments processing, offers credit, debit and prepaid cards, along with digital payment solutions to consumers and businesses worldwide. Mastercard processes close to \$6tn transactions per year. Mastercard generates 35% of its revenue from the Americas and the rest internationally. Like Visa, growth has been driven by the shift from cash to digital payments and expanding global commerce. Mastercard's extensive network, strong brand and advanced security measures offer a significant competitive edge.



Cash ROC: 73%  
FCF Growth: 21%  
FCF Linearity: 0.97

**Fair Isaac (FICO)** sells software analytics and their widely used FICO credit scores, to businesses and consumers. Around 51% of their revenue is from their FICO scores business and 49% from their software business. Growth has been driven by the increasing reliance on data-driven decision-making in credit and fraud detection. FICO's competitive advantages include its proprietary algorithms, extensive data partnerships and brand recognition. Future growth prospects are strong, with expanding applications of AI in financial services and other industries.



Cash ROC: 36%  
FCF Growth: 18%  
FCF Linearity: 0.99

**MSCI (MSCI)** sells investment decision support tools, including indices, portfolio risk and performance analytics, to institutional investors globally. Over \$1 trillion in ETF assets are linked to MSCI indexes. Growth has been driven by the increasing adoption of its indices for benchmarking and passive investment products like ETFs. MSCI's strong brand reputation, comprehensive data and analytics capabilities give it its competitive advantage.

## Software



Cash ROC: 15%  
FCF Growth: 12%  
FCF Linearity: 0.90

**Cadence Design Systems (CDNS)** sells electronic design automation (EDA) software predominantly to the semiconductor industry. 44% of revenue is from the US. Cadence has benefited from the increasing complexity of chip designs and the demand for advanced electronic devices. Its competitive advantages include a comprehensive suite of design tools and long-standing industry relationships. Cadence is well-positioned to capitalise on its critical role in the design process.



Cash ROC: 33%  
FCF Growth: 24%  
FCF Linearity: 0.97

**Fortinet (FTNT)** provides cybersecurity, including firewalls, antivirus software, intrusion prevention systems and endpoint security, to enterprises and service providers. They have over 730,000 customers across most industries, including healthcare, finance, tech and government. Future growth drivers include the expanding cybersecurity market, adoption of cloud security and growing demand for secure network solutions.



Cash ROC: 58%  
FCF Growth: 22%  
FCF Linearity: 0.96

**Technology One (TNE)** has a strong track record of consistent earnings growth, high customer retention, recurring revenues and margin expansion. This Australian company focuses on enterprise software-as-a-service (SaaS) serving over 1,000 clients, including governments. With continued expansion into the UK and other international markets, it is well-positioned for sustained growth.

## Industrials



Cash ROC: 35%  
FCF Growth: 47%  
FCF Linearity: 0.89

**Comfort Systems USA (FIX)** is a leading provider of contracting services for HVAC, plumbing, electrical, and building automation systems for commercial, industrial, and institutional customers. Revenue is predominantly generated from installation projects, with a growing contribution from higher-margin service and maintenance work. Growth has been driven by strong non-residential construction demand, increased retrofit and energy-efficiency upgrades, and disciplined acquisition of regional operators. Future growth is expected to benefit from data centre construction.