

# LONG EQUITY

## FACTSHEET - NOVEMBER 2022

### LONG EQUITY INVESTMENT STRATEGY

Long Equity runs a concentrated portfolio of value-creators and price-setters. We only hold companies that can (i) invest capital at significantly higher returns than their cost of capital (*value creation*), and (ii) raise prices without impacting demand (*price setting*). Returns on capital must be high, consistent and unleveraged, with competitive advantages, ideally switching costs and network effects, preventing returns and margins from being competed away. We pursue a long-term strategy to minimise transaction costs and defer capital gains by investing in companies capable of compounding indefinitely.

#### Key Facts

No. Holdings: 23  
Held <1yr: 10/23

#### Geography

US: 81%  
France: 6%  
Canada: 5%  
Australia: 3%  
Netherlands: 3%  
Italy: 2%

#### Sectors

Software: 26%  
Semiconductors: 14%  
Payments: 13%  
Retail: 12%  
Credit rating: 11%  
Healthcare: 9%  
Financial data: 9%  
Consumer staples: 6%

#### Top 5 Holdings

Microsoft: 8%  
Visa: 7%  
S&P Global: 7%  
MSCI: 6%  
Mastercard: 6%  
Total: 34%

#### Weighted Financials<sup>1</sup>

FCF ROC: 27%  
FCF Growth (5yr): 17%  
FCF Margin: 25%  
FCF Yield: 2.53%  
Equity: 36%  
Linearity (5yr): 0.90

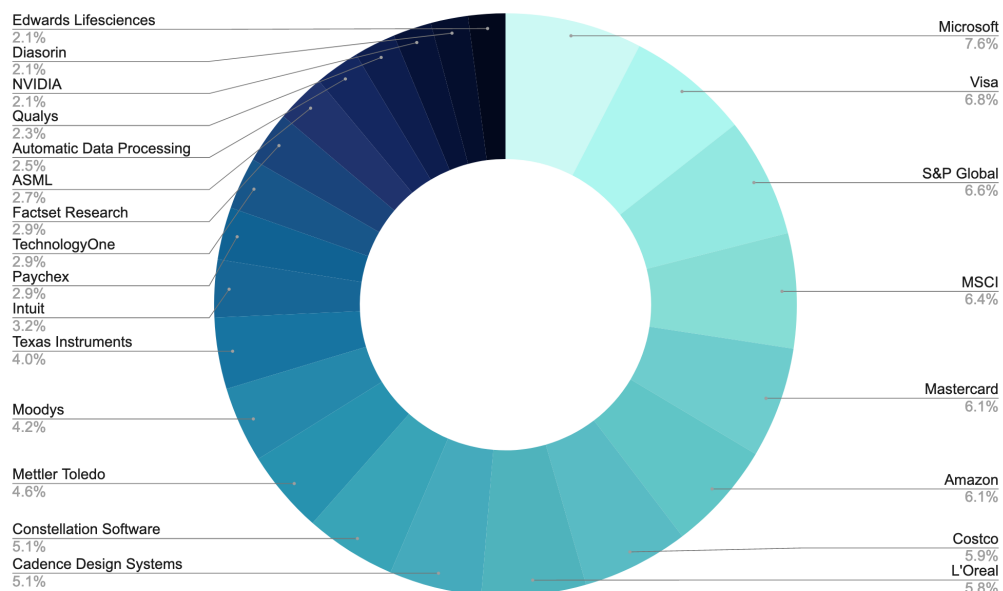
#### Portfolio comment

We exited our positions in Adobe, Nemetschek and Sartorius Stedim Biotech. We began new positions in Diasorin, Paychex and TechnologyOne. The top contributors to performance were NVIDIA and ASML. The top detractors from performance were Qualys and Amazon.

#### Performance (Gross returns in GBP)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2021</b>										6.2%	2.4%	0.0%	<b>8.6%</b>
<b>2022</b>	-11.6%	-4.6%	4.9%	-7.5%	-2.3%	-3.6%	13.6%	-2.4%	-7.4%	2.0%	2.3%		<b>-17.4%</b>

#### Portfolio



<sup>1</sup> FCF ROC is free cash flow (FCF) divided by invested capital (non-current liabilities plus equity) and expressed as a percentage. 5yr FCF Growth is the compound annual growth rate of FCF per share over the last 5-years. FCF Margin is FCF divided by total revenue and expressed as a percentage. FCF Yield is FCF divided by market capitalisation and expressed as a percentage. Equity is the percentage of equity over total assets. 5yr Linearity is the R-squared value of the share price over the last 5 years. All values presented are weighted to the position size of each company within the portfolio.