

# LONG EQUITY

## FACTSHEET - JULY 2023

### 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.

#### Holdings

No. Holdings: 14  
Held <1yr: 5/14

#### Geography

US: 68%  
Netherlands: 10%  
Canada: 8%  
Denmark: 7%  
UK: 4%  
Australia: 3%

#### Sectors<sup>1</sup>

FMI: 38%  
Software: 30%  
Semiconductors: 25%  
Healthcare: 7%

#### Market capitalisation

>\$100bn: 65%  
\$10bn-\$100bn: 28%  
<\$10bn: 7%

#### Weighted Financials<sup>2</sup>

FCF Growth (5yr): 20%  
FCF ROC: 30%  
FCF Margin: 34%  
FCF Yield: 2.64%  
Linearity (5yr): 0.92

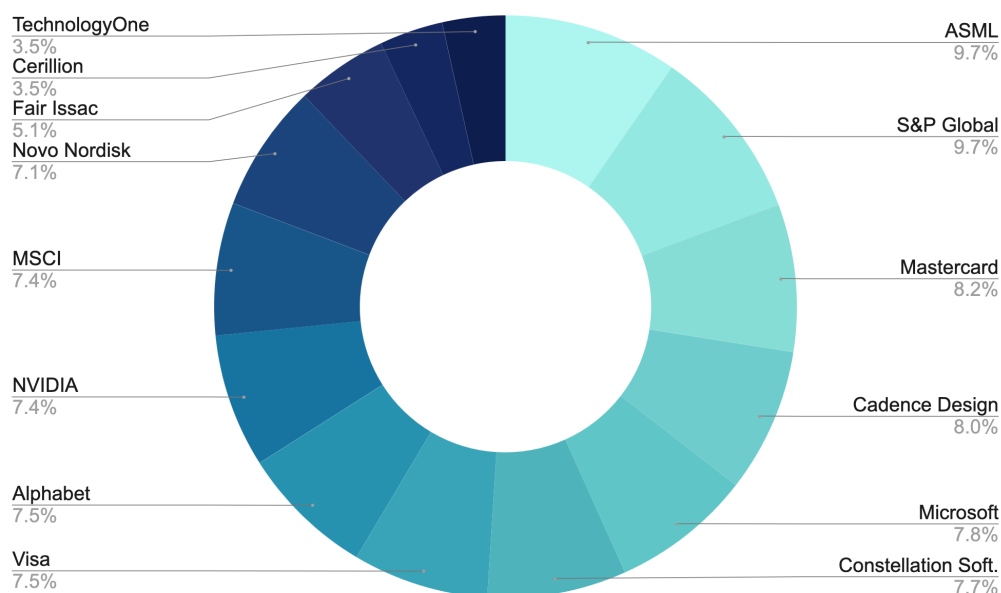
#### Portfolio comment

We exited our position in Intuit and began a new position in Fair Isaac. The top contributors to performance were Alphabet and MSCI. The top detractors from performance were Microsoft and S&P Global.

#### 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%	-6.7%	<b>-22.9%</b>
<b>2023</b>	8.4%	-0.7%	4.2%	-1.4%	3.3%	0.9%	1.0%						<b>16.5%</b>

#### Portfolio



<sup>1</sup> Financial market infrastructure (FMI) captures Fair Issac, Mastercard, MSCI, S&P Global and Visa. Software captures Alphabet, Cerillion, Constellation Software, Microsoft and TechnologyOne. Semiconductors captures ASML, Cadence Design Systems and NVIDIA. Healthcare is Novo Nordisk.

<sup>2</sup> FCF Growth (5yr) is the compound annual growth rate of free cash flow (FCF) per share over the last 5-years. FCF ROC is FCF divided by invested capital (non-current liabilities plus equity) and expressed as a percentage. 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. 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.