

LONG EQUITY

FACTSHEET - SEPTEMBER 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: 12
Held <1yr: 4/12

Geography

US: 75.4%
Denmark: 8.4%
Netherlands: 8.3%
Canada: 7.9%

Sectors¹

FMI: 34%
Semiconductors: 31%
Software: 27%
Healthcare: 8%

Market capitalisation

>\$1tn: 26%
\$100bn-\$1tn: 43%
<\$100bn: 31%

Weighted Financials²

FCF Growth (5yr): 20%
FCF ROC: 33%
FCF Margin: 34%
FCF Yield: 2.98%
Linearity (5yr): 0.88

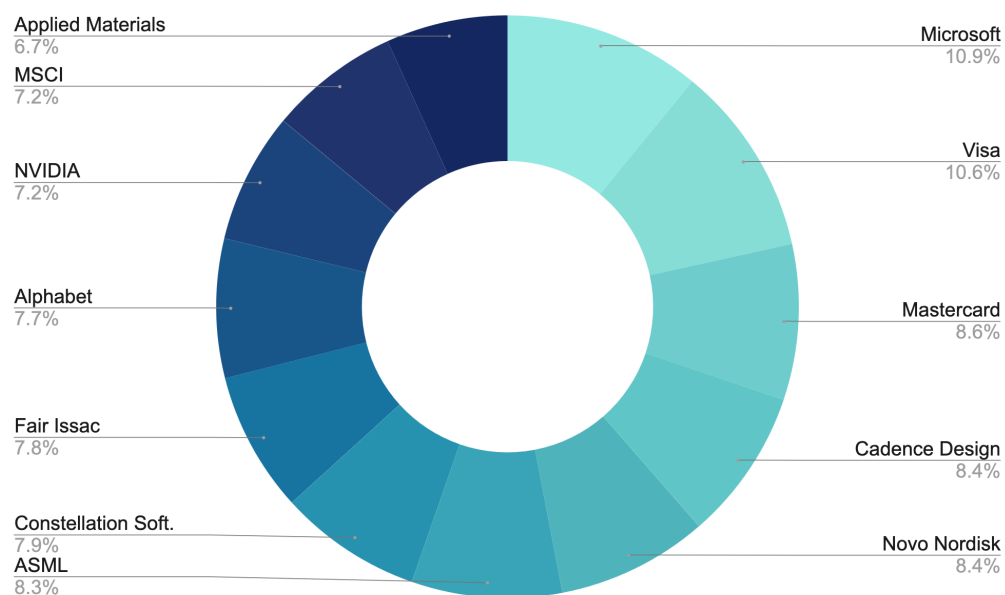
Portfolio comment

We began a new position in Applied Materials. We exited our positions in Cerillion, TechnologyOne and S&P Global. The top contributors to performance were Alphabet and Constellation Software. The top detractors from performance were NVIDIA and ASML.

Performance (Gross returns in GBP)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2021										6.2%	2.4%	0.0%	8.6%
2022	-11.6%	-4.6%	4.9%	-7.5%	-2.3%	-3.6%	13.6%	-2.4%	-7.4%	2.0%	2.3%	-6.7%	-22.9%
2023	8.4%	-0.7%	4.2%	-1.4%	3.3%	0.9%	1.0%	2.9%	-2.1%				17.3%

Portfolio



¹ Financial market infrastructure (FMI) captures Fair Issac, Mastercard, MSCI and Visa. Software captures Alphabet, Constellation Software and Microsoft. Semiconductors captures Applied Materials, ASML, Cadence Design Systems and NVIDIA. Healthcare is Novo Nordisk.

² 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.