

# LONG EQUITY

## FACTSHEET - JANUARY 2024

### LONG EQUITY INVESTMENT STRATEGY

Long Equity runs a concentrated portfolio of 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.

#### Holdings

No. Holdings: 13  
Held <1yr: 4/13

#### Geography

US: 75%  
Netherlands: 9%  
Denmark: 8%  
Canada: 8%

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

FMI: 32%  
Semiconductors: 30%  
Software: 30%  
Healthcare: 8%

#### Market capitalisation

>\$1tn: 25%  
\$100bn-\$1tn: 40%  
<\$100bn: 35%

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

FCF Growth (5yr): 20%  
FCF ROC: 32%  
FCF Margin: 34%  
FCF Yield: 3.21%  
Linearity (5yr): 0.91

Interest expense: 5%  
SBC / OCF: 10%  
5yr  $\Delta$  share count: -8%

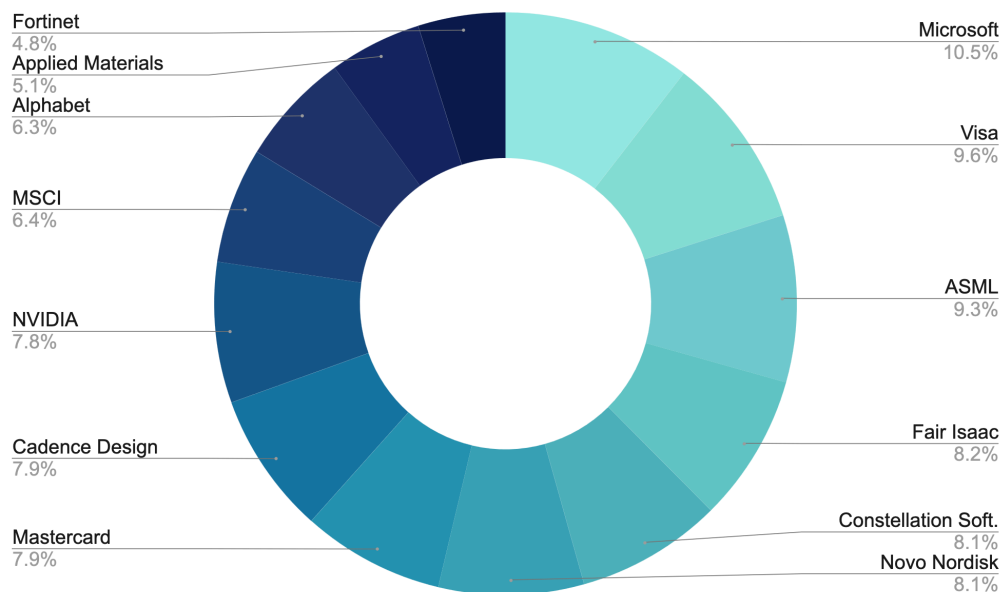
#### Portfolio comment

We began a new position in Fortinet. The top contributors to performance were NVIDIA and ASML. There were no detractors from performance.

#### 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%	2.9%	-2.1%	-0.4%	8.5%	3.4%	<b>31.1%</b>
<b>2024</b>	7.8%												<b>7.8%</b>

#### Portfolio



<sup>1</sup> Financial market infrastructure (FMI) captures Fair Isaac, Mastercard, MSCI and Visa. Semiconductors captures Applied Materials, ASML, Cadence Design Systems and NVIDIA. Software captures Alphabet, Constellation Software, Fortinet and Microsoft. Healthcare captures 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), expressed as a percentage. FCF Margin is FCF divided by total revenue, expressed as a percentage. FCF Yield is FCF divided by market capitalisation, expressed as a percentage. 5yr Linearity is the R-squared value of the share price growth over the last 5 years. Interest expense is divided by operating profit, expressed as a percentage. SBC / OCF is stock-based compensation divided by operating cash flow, expressed as a percentage. 5yr  $\Delta$  share count is the percentage difference between the present share count and the share count 5 years ago. All values presented are weighted to the position size of each company within the portfolio.