



Investment Philosophy

We identify potential sources of **alpha** by employing a **growth investing strategy** through **bottom-up fundamental analysis**. We believe that the identification of such qualitative factors that can generate **above-average growth** is more important than the quantification of the growth. As a result, we do not struggle to forecast future earnings and we neither try to calculate companies' intrinsic value. Instead, our proprietary investment framework is grounded in the rigorous analysis of the industry dynamics, strategic position and competitive advantage. We believe that those companies that can excel in these aspects are more likely to **deliver above-market returns** in any economic environment, because they are not only better positioned to exploit future opportunities, but they are also more resistant to future threats and downturns. Should a company meet our qualitative criteria, we look at companies from a more quantitative perspective as well.

In particular, we analyse five key areas in the following order:

1. **Industry:** we look for companies in structurally favourable industries that benefit from industry-wide trends. Higher growth rate, technological advances, oligopolistic competition, high entry barriers are just a few factors that can facilitate higher returns
2. **Strategic position:** we seek companies that offer excellent value proposition for their customers and hence enjoy stable demand over time. We analyse the business model, the core capabilities and competencies
3. **Fundamentals:** profitability, efficiency, liquidity are the primarily areas we look at. We invest in companies only that generate ample returns on their investment
4. **Valuation:** we purchase companies only if they are not overvalued. Depending on the industry, we select the most important multiples that are benchmarked against industry averages
5. **Investor sentiment / past trends:** we prefer stocks that have showed a continuous appreciation in the past. Instead of timing trend changes, we rather exploit positive investor sentiment

Only those companies qualify for our investments that are outstanding in all of the five areas above. Given the scarcity of such companies, **we keep all of our investments for several years**, and we keep only a dozen of them in our portfolio. In other words, we are a **long-only equity fund** that follows a **high-conviction buy-and-hold** approach. A position is sold only in one of the following cases: 1. our original analysis proves to be incorrect, 2. the prospect of the company deteriorates, 3. we identify a better investment opportunity and we need to free up capital. We evaluate our portfolio every six month to systematically reconsider each position. Our portfolio covers global equities, but it is highly concentrated in the US.

Highconviction
Longterm
Fundamental
Longonly Equities
Growthinvesting
Bottomup Alpha Active
Rigorous
Qualitative