

02/07/2024

We think that equity markets and asset prices are broadly expensive. There are numerous signs of excess in valuations and investor behaviors. Volume growth is hard to identify anywhere in the industrial economy, despite, or maybe because of, seemingly endless government spending initiatives.

We did increase the fund's invested position over the past 12 months. The fund is 75% invested, this compares to 64% at the start of the financial year (July 1st 2023). The fund bought new investments in AENA S.M.E., S.A. and Akzo Nobel N.V. We also added to the electric utility investments.

The fund previously has invested in both AENA and Akzo Nobel. AENA operates and largely owns the major airports in Spain. Akzo Nobel is based in the Netherlands. It has globally regarded performance coatings businesses and established, strongly positioned decorative paints businesses in Europe, Asia and various South American markets. We consider both AENA and Akzo Nobel as businesses that control high quality assets, assets that we would like to invest in long term. We think the fund has recently invested in these businesses at reasonable prices.

This dynamic illustrates what we are currently seeing. Despite markets being at or near their highs and our misgivings around broader valuations, there are areas that have seemingly been ignored. For whatever reason investor capital is currently flowing elsewhere. This seems to be creating some reasonable opportunities.

Fund Positioning

	Total		
	%	no/.	NDO*
Electric Utilities	21	7	1,559
Eurokai	13	1	2,578
STO SE	8	1	1,881
Ponsse OYJ	5	1	1,852
Qube Holdings Ltd	5	1	1,574
Tower Limited	4	1	1,612
Akzo Nobel N.V.	4	1	80
Rotork Plc	3	1	1,070
Nihon Kohden Corp	3	1	920
AENA S.M.E	3	1	251
Intel Corp	3	1	844
Topps Tiles	2	1	2,771
Gross long	75	18	
Gross short			
Gross invested position	75	18	
Derivatives (annual cost)	3	3	

Notes: Totals may not add due to rounding. Data as at 30th June 2024 * Number of days owned in the fund

	Long (%)	Short (%)	Currency (%)
Australia	5	0	36
United States*	18	0	16
UK/Europe*	42	0	38
Japan	3	0	3
New Zealand	6	0	6
Total	75	0	100
Derivatives (annual cost)	3		

Notes: Data as at 30th June 2024. * UK/Euro & USD approximate only.

The fund returned 6.5% for the financial year ending June 2024.

The contributors to the return were as follows:

- Long equity investments (in local currencies) contributed 8.1%;
 - Eurokai, Qube, Tower and Asics were key contributors;
- Movement in the Australian dollar detracted 1.0%;
- USD call / Yen put options contributed 0.4%; and
- Currency hedges and equity derivatives cost 0.2%.

Returns (to 30/06/2024)	Fund
Since inception* (annualised)	9.3%
Since inception* (cumulative)	254.0%
Rolling 5 year (annualised)	10.0%
Rolling 3 year (annualised)	11.3%
Rolling 1 year	6.5%
Standard deviation	10.2%

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	YTD
2010				0.0	(0.8)	(0.8)	1.1	(0.3)	0.6	2.1	0.5	(0.2)	2.2%
2011	0.3	1.8	1.1	(1.9)	1.0	(0.7)	(2.0)	(0.3)	(2.2)	0.8	(1.2)	0.3	(3.1)%
2012	0.8	0.0	5.6	1.6	(0.4)	(2.6)	(3.1)	0.5	1.9	1.3	(2.5)	6.9	10.1%
2013	9.9	2.7	(0.4)	4.5	8.6	1.7	2.0	1.4	0.5	1.4	4.0	1.1	44.0%
2014	(0.5)	(0.8)	(1.5)	0.1	1.3	0.0	2.0	(0.4)	4.2	2.5	11.1	3.0	22.4%
2015	1.0	1.6	(0.0)	0.3	0.5	(2.6)	0.5	(1.4)	(1.2)	0.3	0.6	(3.1)	(3.7)%
2016	(1.8)	1.8	(0.8)	1.7	4.1	(0.8)	(1.6)	(0.2)	1.3	(0.2)	4.5	2.5	10.8%
2017	(5.2)	(0.6)	1.2	1.3	1.8	0.4	(1.6)	1.2	3.0	0.6	2.7	0.1	4.9%
2018	1.3	(1.7)	(0.5)	1.3	(0.2)	(1.2)	5.0	1.5	(4.3)	(1.6)	(0.5)	(3.1)	(4.2)%
2019	2.2	3.9	0.5	2.1	(3.6)	1.6	(0.4)	(1.6)	1.2	0.5	1.4	(0.0)	7.8%
2020	1.9	(7.5)	(9.7)	0.4	4.1	0.1	(0.9)	3.0	(0.7)	1.7	7.6	2.0	0.8%
2021	2.8	1.7	4.4	0.4	3.9	0.7	0.1	(0.4)	0.7	(0.4)	0.9	1.5	17.4%
2022	1.7	(5.4)	1.4	16.0	(0.9)	(2.4)	0.4	0.8	(5.7)	9.2	5.4	(0.3)	19.9%
2023	0.1	1.8	1.9	4.2	(1.4)	(1.3)	(0.7)	(0.6)	(1.7)	0.7	(1.6)	2.1	3.6%
2024	(0.1)	3.2	1.7	0.9	2.6	(0.1)							8.4%

* Inception date: 15/04/2010. Past Performance is not a reliable indicator of future performance and no guarantee of future returns is implied.

The fund's daily unit price and distribution details can be downloaded via this [link](#).

Key activity in the fund included:

Buying:

October 2023 – AENA S.M.E., S.A.

- 2.5% investment at EUR 137.20.

April 2024 - Akzo Nobel N.V.

- 5% investment at EUR 66.45.

Selling:

Asics Corporation – We sold the fund’s investment in Asics Corp in March 2024 at JPY 6,844.

- The fund held this investment since May 2018. It generated an annualised IRR of 20.4% and contributed 4.4% to the fund’s returns.

Ferguson Plc – We sold the fund’s investment in Ferguson Plc in December 2023 at USD 174.53.

- The fund held this investment since September 2022. It generated an annualised IRR of 59.0% and contributed 1.0% to the fund’s returns.

During the financial year the fund also held investments in The Walt Disney Company and A.P Moller – Maersk A/S. The fund held these investments for shorter periods than we originally anticipated. We may revisit these investments in the future.

October 2023 – 3.0% investment in The Walt Disney Company at USD 84.92.

- The investment was sold in February 2024 at USD 109.92. It contributed 0.9% to the fund’s return and generated an annualised IRR of 121.3%.

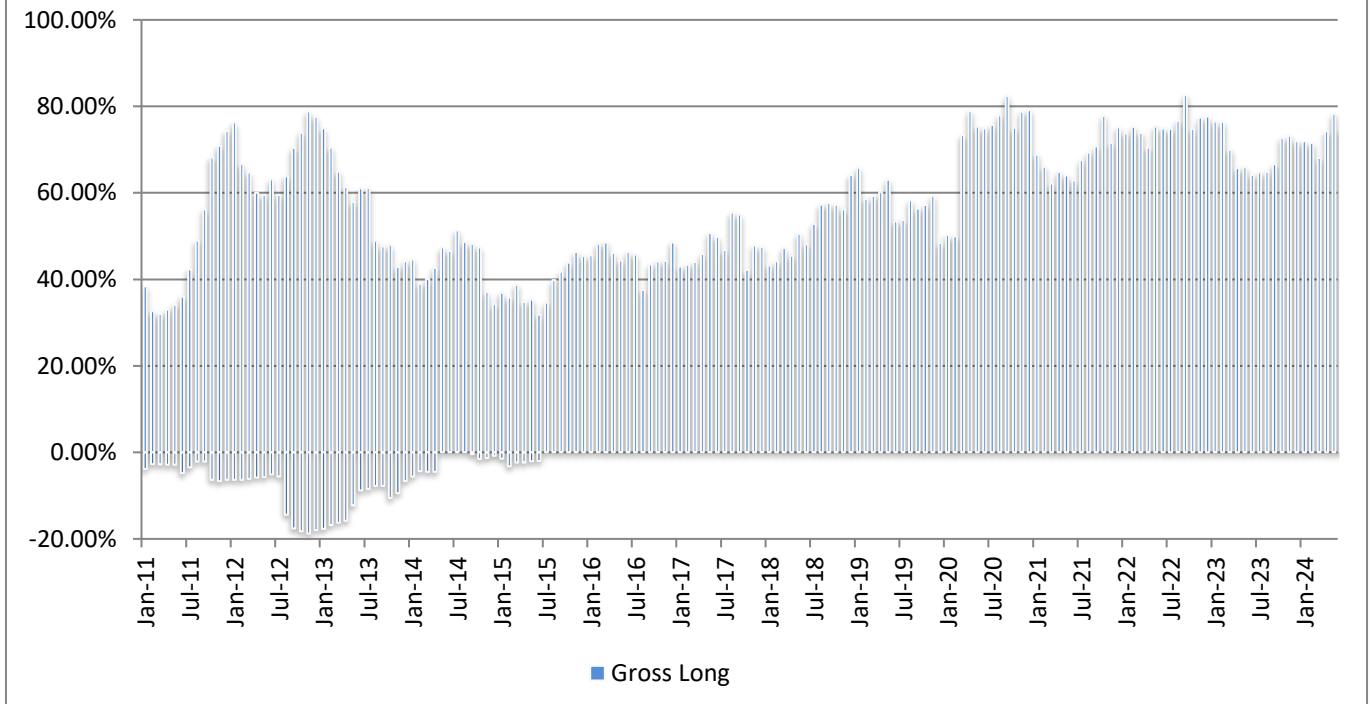
February 2024 – 2.0% investment in A.P. Moller-Maersk A/S at DKK 10,741.

- The investment was sold in June 2024 at DKK 11,823. It contributed 0.4% to the fund’s return and generated an annualised IRR of 82.7%.

Key realised contributors to Long Tail Partners #1 fund since inception (April 2010).

	Annual IRR	Purchase	Sale	Initial Weight
Infrastructure				
<u>Airports</u>				
Aeroports de Paris	19.9%	Jul-10	Jan-15	5.0%
SAVE SpA	40.5%	Apr-11	Sep-13	4.0%
Flughafen Wien	53.0%	Mar-12	Feb-15	4.5%
<u>Electricity / Energy</u>				
SemGroup Holdings	44.9%	Jul-11	Apr-12	3.5%
Calpine Corp	21.0%	Aug-11	Nov-14	3.5%
Saft Groupe SA	33.7%	Jun-12	Aug-16	3.0%
Verbund AG	9.9%	Mar-15	Oct-17	3.5%
Calpine Corp	10.4%	Jun-16	Oct-17	3.0%
Santos	65.5%	May-17	Jun-18	4.0%
Origin Energy Ltd	69.2%	Oct-21	Mar-23	3.0%
<u>Transport</u>				
UK Mail Group Plc	64.8%	Nov-15	Jan-17	2.0%
FedEx Corp	19.4%	Dec-12	Mar-23	2.5%
Paints and Coatings				
Akzo Nobel	21.6%	Jul-16	Sep-19	4.0%
Tikkurila	20.6%	Aug-17	Mar-21	4.0%
Consumer Facing				
Churchill Downs Inc	28.2%	Apr-10	Oct-14	7.5%
The Wendy's Co	32.1%	Oct-11	Nov-13	4.0%
Asics Corp	20.4%	May-18	Mar-24	2.5%
Capital Goods				
Deere & Co	34.0%	Aug-15	Jan-18	3.5%

Fund Investment position 2011 - 2024



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