



16 July 2018

Dear Partners and Friends,

It is with great excitement that we present our first quarterly letter for the Orsaro Global Fund (Fund). Our Fund officially crossed the start line on May 11th, so while this is a quarterly update, please bear in mind that this letter covers the 7 week period from inception to 30 June 2018.

There are a few keen marathon runners amongst our ranks, and we could not help compare the process of getting our Fund off the ground to the effort involved in preparing for a marathon, and the excitement of finally getting to the start line, ready for the Journey ahead.

The real Journey, however, is more like an ultra-marathon, and as long-term investors we have barely taken our first step. The Orsaro Global Fund focuses on building wealth over the long-term by sticking to our strategy of identifying great companies that we believe will compound their earnings over the ultra-long term. We will attempt to avoid the noise of the markets that can tempt investors away from their investment strategies and we will remain within our circle of competence. It's important to always keep in mind the saying "Investing is not about minimising boredom. It's about maximising returns."

There is a fantastic writer, named Morgan Housel, who recently wrote an excellent piece called "The Psychology of Money"*; which lined up perfectly with our investment philosophy, in which he said:

“There are over 2,000 books picking apart how Warren Buffett built his fortune. But none are called “This Guy Has Been Investing Consistently for Three-Quarters of a Century.”

With so much data readily available at the click of a button, the biggest advantage we can have as investors is time and temperament, the latter of which goes out the window for so many as soon as markets go through corrections. It's this behaviour that hampers the returns of long term investors time and time again.

We believe that you, our investors, will look back happily in 30 years' time if we, as the investment manager, have stuck to our investment strategy of focusing on the ultra-long term rather than the quarter to quarter news items that drive markets in the short term.

*[The Psychology of Money By Morgan Housel](#)

As a reminder, our investment philosophy has the following 4 key tenets:

1. Capital Preservation
2. Compound Wealth
3. High Conviction
4. Benchmark Agnostic

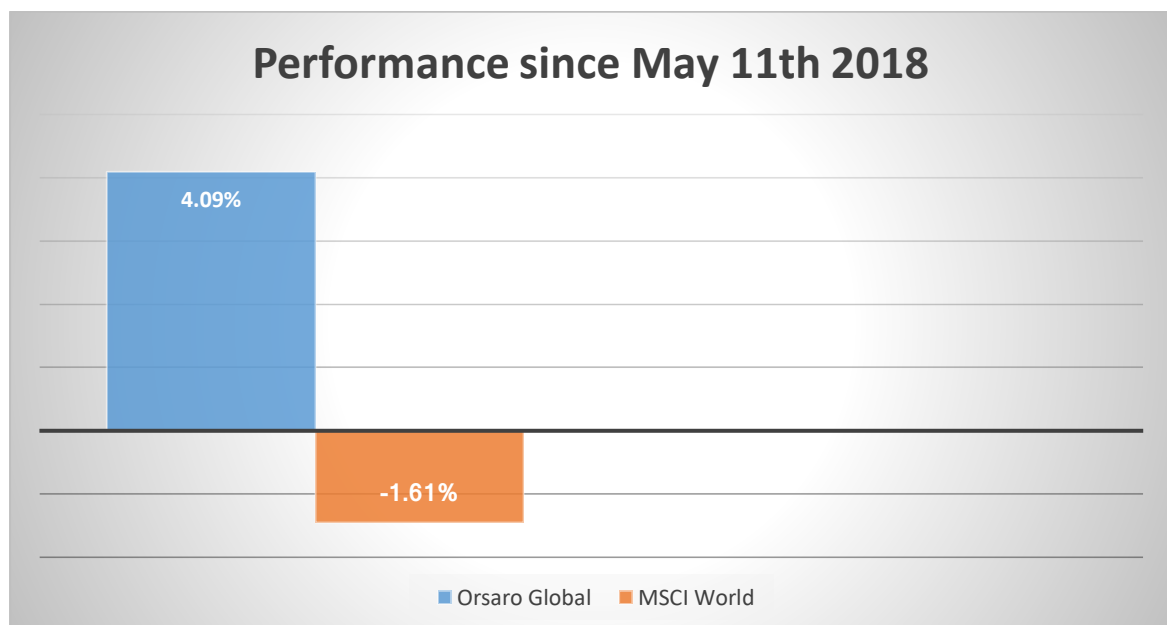
While we only started the Fund 7 weeks before the end of the quarter, we have spent the greater part of six months prior to our launch constructing the Fund. We have discussed, debated and agreed on our key investment themes. We have researched many interesting companies that we believe fit well within these key investment themes. This research included hundreds of hours digging through quarterly reports, annual reports, investor webinars and attending conferences.

Through this detailed research process, we also found that several of the companies we looked at benefit from a crossover between a number of our key investment themes, which we believe will create multiple business tailwinds for these companies over a long timeframe.

With all of this in mind, on Day 1 we were ready to start investing and building the Fund's investment portfolio. This did not mean we put all our cash into the market on Day 1, but rather that we started building positions slowly, or as Richard likes to say, "edging the ship out of the harbour".

We currently sit with 22% of our portfolio in cash. While we do not have a short-term focus, we are well aware that markets currently sit at high levels and we feel that it is prudent to have cash to deploy when opportunities arise. We see volatility as an opportunity, not a risk.

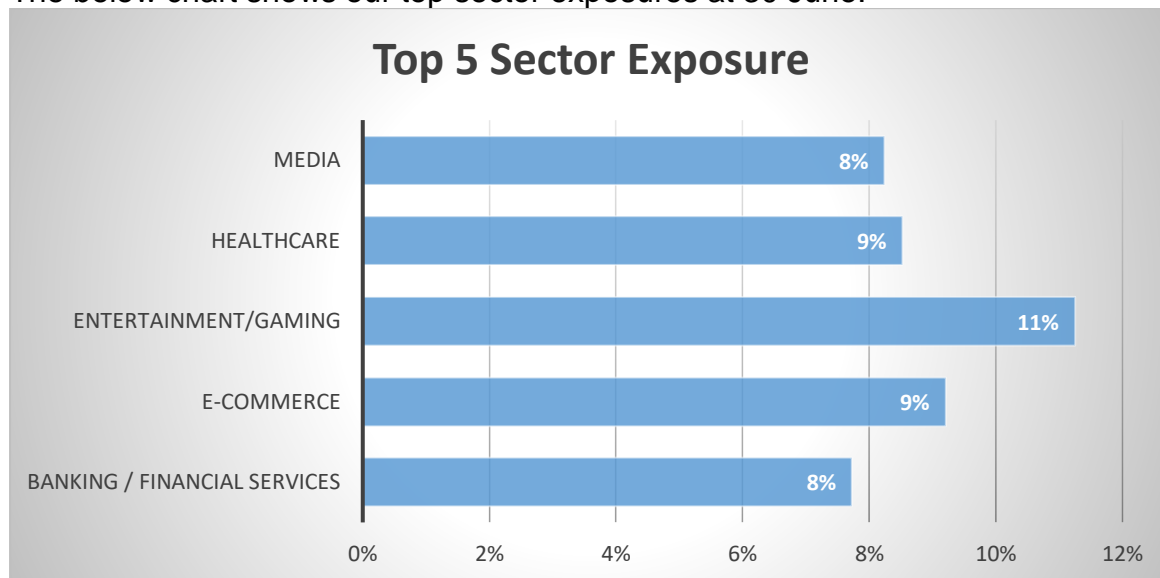
The portfolio return of the Orsaro Global Fund was **4.09%** since our inception on 11th May 2018.



Positive contributors to the Fund were through our holdings in the Media, E-commerce and Pet sectors, the top 5 of which were IQiyi, Twitter, Trupanion, Tripadvisor and The Trade Desk

Detractors were our holdings in Financials, Logistics and Gaming sectors. These included Fedex, First Horizon, Bank of America, MGM and Vivendi.

The below chart shows our top sector exposures at 30 June.



We look forward to taking our investors through an in depth look at some of our key themes and companies at our first Investor Breakfast later this month.

We are also excited for our first investment research trip to Hong Kong in mid-August. Please follow us on [Twitter](#) and [LinkedIn](#) for periodic updates, and we will look forward to giving you an update on our findings in our next quarterly letter.

Finally, we would like to thank all our investors for their trust and support that you have given us. We look forward to building a long term partnership with all of you.

We are always available to answer any of your questions, so please feel free to contact us.

Kind regards

Gavin, Marc and Richard
Fund Managers of the Orsaro Global Fund

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Some numerical figures in this publication have been subject to rounding adjustments.