GLOBAL
CONCENTRATED
QUALITY

January 2024

Investor Letter

"Far more money has been lost by investors trying to anticipate corrections, than lost in the corrections themselves."

- Peter Lynch

Dear Fellow Investor,

We are pleased to be sending you this semi-annual letter for the GCQ Flagship Fund.

Over the period from 1 January 2023 to 31 December 2023 the net return for investors in P Class units was **+50.2%**[1]. This brings total returns since inception on 1 July 2022 to **+53.6%**[1].

At GCQ, we do not refer to any benchmark when selecting investments, and our concentrated portfolio differs greatly from any stock market index. However, for the purpose of putting our returns into context, the below table outlines our returns relative to the MSCI World Index (AUD).

Returns	1 Month	3 Months	6 Months	12 Months	Since Inception (1 July 2022)
GCQ Flagship Fund (P Class)[1]	**1.8%**	**9.4%**	**10.5%**	**50.2%**	**53.6%**
MSCI World Index (AUD)	1.4%	5.0%	4.9%	23.5%	28.9%
Outperformance	**0.4%**	**4.4%**	**5.6%**	**26.7%**	**24.7%**

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[1] Net performance figures are shown after all fees and expenses and assumes reinvestment of distributions.

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Broad-based performance across the GCQ portfolio in 2023

Major equity market indices recorded a relatively strong performance in 2023. However, as was widely discussed throughout the year, this rally was driven by an unusually small number of stocks.

Against this market backdrop, we are particularly proud that the **+50.2%** return we generated for GCQ's clients in 2023 was **broad-based** across the portfolio. We believe that returns driven by consistent strength across the portfolio – rather than one or two stocks – indicate a higher-quality return.

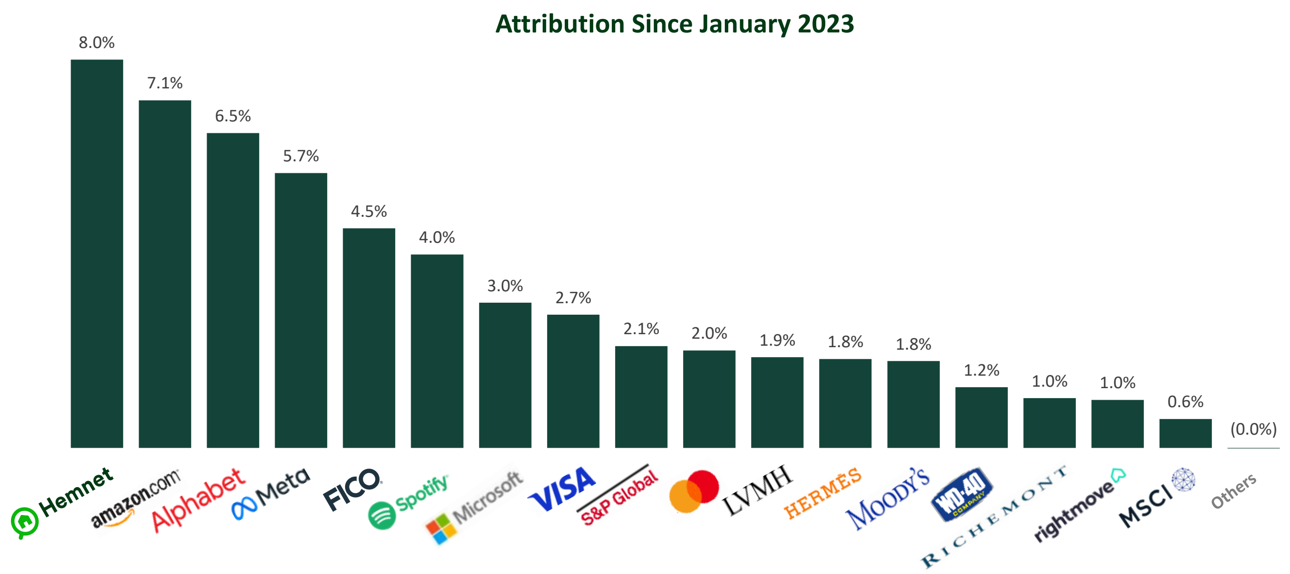
It is also worth noting that this year's equity market strength caught many investors wrongfooted, with 85% of economists predicting an imminent recession this time last year. As is often the case with economic forecasts, the recession is yet to arrive.

We believe predictions like this only serve to underscore the difficulty of timing markets. This is why we choose to stay fully invested in a portfolio of high-quality businesses with secular growth and pricing power, that generate substantial cash flow today, have little debt, and operate within favourable industry structures.

We have built a portfolio of predictable quality performers that trade at a discount to our appraisal of fundamental value, and we aim to outperform the broader market over time by sifting out the roughly 70% of companies that will typically underperform index benchmarks over our investment time horizon, whether due to a weak industry structure, flawed business model, or over-valuation.

While we believe our performance should only be assessed over a business cycle, strong returns across the portfolio in 2023 are a positive indication that our strategy is delivering on its objectives. Of the 18 companies that were held in the GCQ Flagship Fund portfolio at greater than a 1% portfolio weight in 2023, 14 outperformed the MSCI World Index (AUD) over the period they were owned by GCQ. As shown on the first page, the Fund outperformed the index by +26.7% for the year.

Contributors to the Fund’s +50.2% return are depicted in the chart below:



“The more confidence I have in each one of my stock picks, the fewer companies I need to own in my portfolio to feel comfortable.”

- Joel Greenblatt

Investing in Quality

"We've really made the money out of high-quality businesses…. And most of the other people who've made a lot of money have done so in high-quality businesses."

- Charlie Munger

Rigorously researching and assessing high-quality companies and the industries in which they operate is the single most important activity we undertake at GCQ.

"Quality" can be defined several ways. For us, a company only meets our quality criteria if it successfully passes through the GCQ Quality Checklists, which are discussed in detail in the Appendix to this letter. Our GCQ Quality Checklists help us assess whether we can be highly confident that a company will be larger and more profitable in 5-, 10-, and 15-years' time; no matter what is thrown at it by competitors, the global economy, or geopolitical developments.

The universe of companies that meet our criteria numbers a little over 200 businesses across about 20 industries. We are always searching for potential additions to this list. Our checklists operate first at an industry level, filtering out cyclical or highly competitive industries, as well as industries that have only recently emerged or are changing quickly due to technological developments.

What we are left with is a relatively small number of companies with durable competitive advantages, operating in growing industries with favourable economics. Generally, these competitive advantages involve some combination of network effects, scale, position as an industry standard, and brand value.

A passage from Morgan Housel's new book *Same as Ever: A Guide to What Never Changes* captures the essence of what we are seeking when it comes to durable performance in a changing world:

> *I once had lunch with a guy who's close with Warren Buffett.*
>
> *This guy – we'll call him Jim (not his real name) – was driving around Omaha, Nebraska with Buffett in late 2009. The global economy was crippled at this point, and Omaha was no exception. Stores were closed, businesses were boarded up.*
>
> *Jim said to Warren, "It's so bad right now. How does the economy ever bounce back from this?"*
>
> *Warren said, "Jim, do you know what the best-selling candy bar was in 1962?"*
>
> *"No." Jim said.*
>
> *"Snickers," said Warren. "And do you know what the best-selling candy bar is today?"*
>
> *"No," said Jim.*

“Snickers,” Warren said.

Then silence. That was the end of the conversation.

More than thirteen years have passed since this conversation, and Snickers still holds its place as the top-selling candy in the United States. Sustained category leadership across decades provides clear evidence that a company can withstand wars, deep economic recessions, and political changes.

Other than companies whose origins relied on the emergence and ubiquity of the Internet, (virtually) every company in the GCQ portfolio has been a leader in its industry for at least as long as Snickers has been the best-selling candy bar in the United States. In addition, GCQ’s portfolio companies typically have a sufficiently differentiated value proposition – such that they can raise prices without worrying that their customers will switch to a rival’s product offering.

One example is **Fair Isaac Corporation (FICO)**, a company that made one of the largest contributions to GCQ Flagship Fund returns in 2023, after its share price appreciated **+94.5%**.

Despite its near 70-year history and a crucial role within the US economy, having been founded in 1956 and listed on the New York Stock Exchange since 1987, FICO is not a well-known company. FICO owns the intellectual property behind the FICO Score, which is the standard measure of consumer credit risk in the US. The FICO Score summarises how likely a consumer is to repay a loan, expressing this on a scale ranging from 300 to 850. FICO Scores are used to determine how much a consumer can borrow, how many months they have to repay, and the interest rate on the loan.

FICO operates a simple business, earning a royalty every time a lender pulls the FICO Score of a borrower or potential borrower. The FICO Score is the ‘language’ of consumer creditworthiness, which is easy for both humans and computers to understand. FICO Scores are used for all types of lending activities, including mortgages, credit cards, and auto loans.

This is a monopoly intellectual royalty business, which requires very little capital, and generates EBIT margins of almost 90%.

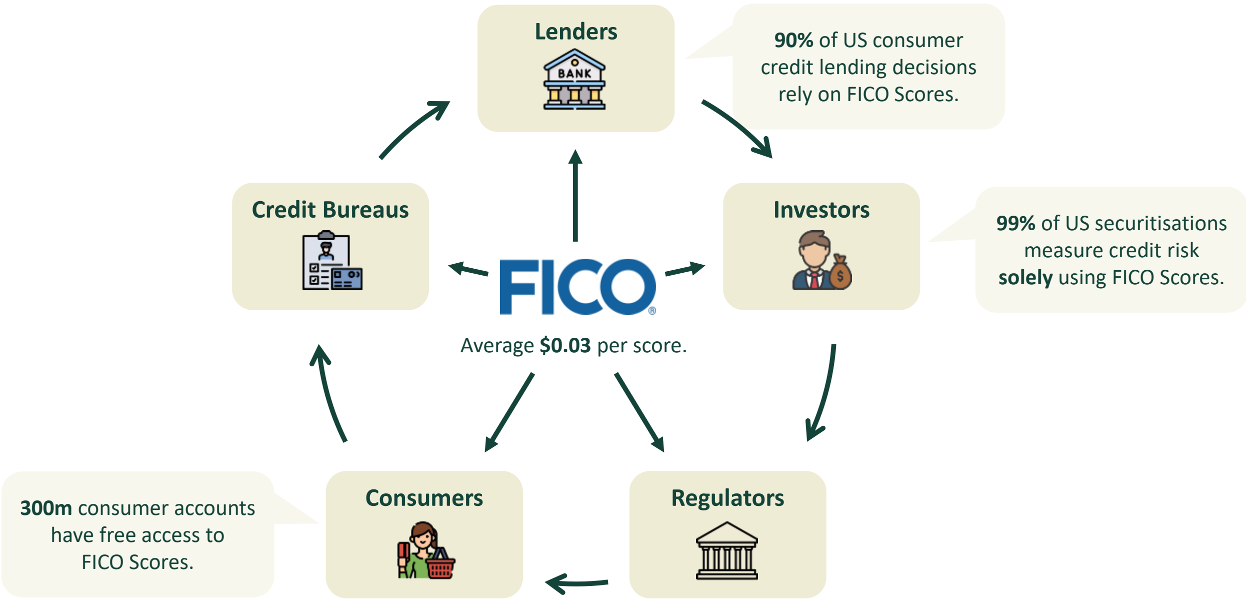
At GCQ, we love businesses with untapped pricing power – and FICO is the best example we’ve seen anywhere in the world.

On average, FICO charges just a few cents for a FICO Score. Some of its Scores, like those used for marketing purposes, sell for fractions of a cent, while Scores used for mortgages sell for a few dollars. This is a tiny fraction of the value FICO delivers to its customers, who are using FICO Scores to evaluate loans valued in the thousands and sometimes millions of dollars.

The FICO Score holds a very powerful market position as a deeply embedded industry standard. Many investors love two-sided network businesses due to their durability. We think FICO’s business model is even better, sitting at the centre of a five-sided network between lenders, credit bureaus, investors, regulators, and consumers.

As an example, a bank would use the FICO Score to determine whether to provide a mortgage to a consumer. US banks have been lending based on FICO Scores for decades, and the FICO Score is tightly integrated into internal loan origination processes. Once the loan has been made, the FICO Score is then used by ratings agencies and investors to measure risk when the loan is packaged into a mortgage-backed security. Similarly, regulators will assess risk by referencing FICO Scores. Meanwhile, if a loan is not approved, the bank is obliged to explain to the consumer why they were rejected, which the FICO Score assists with.

It is this entrenched position in the consumer lending ecosystem – paired with untapped pricing power – that makes FICO such an incredible business. Whenever we speak to management of the US banks or credit bureaus about FICO, they tell us the same thing: FICO is part of the "plumbing" of consumer loan origination and monitoring systems, and the FICO Score is so low-cost relative to the value it delivers that switching to a different score would be economically irrational. Further, when the lender securitises its loans, investors will demand FICO Scores as an industry standard measure of the riskiness of the debt, like how credit investors demand S&P and Moody's bond ratings. Therefore, for lenders to rip out FICO Scores would be like ripping out the plumbing of your house – it simply wouldn't make sense.



The GCQ team has been researching FICO for over a decade, and it has been a core holding of the GCQ Flagship Fund since inception.

Do the highest quality companies make attractive investments?

When we first introduce the GCQ investment strategy to potential investors, we invariably discuss the relatively small universe of companies that make it through our GCQ Quality Checklists and talk a little about the incredible attributes of some of the companies we are invested in. We touch upon the likely future performance of our portfolio companies, including our expectation that they will double their cash flow over the next five years.

The question that most often follows is whether such fantastic companies – which are so scarce – are generally too expensive to make attractive investments.

In fact, history shows that high-quality companies can be bought for well below fair value far more often than you might think. It is no different today.

In the Portfolio Update later in this letter, we discuss several situations in the last 12 months where we have had the opportunity to buy companies in circumstances where other investors are overly pessimistic due to an issue that we believe to be transitory.

Each year, we typically have a small handful of opportunities to buy high-quality companies that are temporarily out-of-favour for short-term reasons. Buying a high-quality company that is out-of-favour requires both the patience to wait for attractive opportunities, and the courage to act in size when other investors are overly pessimistic.

More generally, the share prices for quality companies, even when trading at a seemingly high multiple of next year's earnings, often fail to fully capture the combination of predictability and value creation these companies offer.

While there appear to be several reasons for why this is the case, one of the most significant is the tendency of analysts – both those who publish research at brokerage firms and analysts in equity funds – to conservatively assume that the earnings growth of higher growth businesses will moderate in the space of only a few years. This is something we see time and again, even for established companies whose prospects are well understood.

One example that stands out in our minds is Mastercard. Back in 2008, Mastercard was widely followed by analysts and investors – and the business was like what it is today, being one half of a duopoly (alongside Visa) in the consumer payments industry. The only major difference from today was that the consumer payments industry was a lot smaller, as it was in the early innings of benefiting from the migration of cash transactions to carded transactions. At the time, Mastercard had been growing revenue in the mid-teens to low-20s for many years, and we believed this was very likely to continue for many decades to come.

However, any financial model that factored in this level of long-term growth would have arrived at a valuation that was many multiples of the $20 share price at the time. We believe there is an institutional reluctance to publish valuations far above the current market price, and so consensus estimates of the day invariably assumed that Mastercard's mid-teens annual revenue growth would quickly decline, or fade, after only a few years, back closer to GDP growth.

Fast forward fifteen years, and Mastercard's growth has barely slowed, with revenue likely to continue to grow in the double-digits for many years to come. An investor with the courage not to "fade the growth" and invest $1 million in Mastercard in 2008 would now be sitting on a $21 million nest egg.

FICO is another good example from our portfolio of a company that has traded well below our assessment of fair value at almost all times in the last decade.

The best investment ideas are often simple, and this was an extremely simple one – when we first started researching FICO a decade ago, it was clear that the company had the opportunity to increase the price of the FICO Score for decades, and therefore, the stock was substantially undervalued.

Just one decade later, and $1 million invested in FICO shares in 2013 would now be worth $25 million. Even after this incredible performance, we still believe the business' incredibly strong market position and ability to raise prices will see the stock compound at a mid-teens percentage rate from today's levels.

"Sustained structural growth is (almost always) chronically underpriced in the market, and sustained secular decline is (almost always) chronically overpriced in the market."

- Steve Mandel

Portfolio Update

"Most people get interested when everyone else is. The time to be interested is when no one else is. You can't buy what is popular and do well."

- Warren Buffett

While portfolio turnover is generally low and we intend to hold our investments for many years, periods of strong performance in volatile markets can provide opportunities to refresh the portfolio to optimise expected returns. We particularly welcome the opportunity to buy high-quality companies that are temporarily out-of-favour, while exiting those that are trading close to or above our assessment of fair value. We are also disciplined about exiting a position in the (relatively infrequent) event that our ongoing research and monitoring gives rise to concern that a company may not continue to meet our quality thresholds.

During 2023, we made several key changes to the portfolio, each of which were discussed in our monthly investor updates.

The first of these changes involved reducing our exposure to the super-luxury sector from 20% of the portfolio to 5% in May 2023, when **Richemont**, **LVMH**, and **Hermès** were trading at record highs. We had built our investments in the super-luxury goods industry in 2022, when valuation multiples were compressed due to concerns about extended COVID-19 lockdowns in China. In May 2023, these companies were up between **+50%** and **+80%** from their lows in 2022.

In the first half of the year, we made **Alphabet** (the parent company of Google) our single largest investment, at 12% of the portfolio, during a brief period when investors questioned whether Google's monopoly position in search would be usurped by OpenAI's ChatGPT. Google has been on our high-quality watchlist since its IPO twenty years ago, and we saw this as an exceptional period to upsize our position in one of the best businesses in the world at a discounted valuation. We understand Google's business model and industry structure well, and thought we were buying the company at bargain prices when the stock was trading at an adjusted free cash flow multiple of around 10x for the core business. The market has been relatively quick to come around to our view, with Alphabet's stock finishing the year up approximately **+62%** from its lows recorded at the start of 2023. We continue to think that Alphabet is attractively valued today at approximately 18x free cash flow for the core business.

We also used the capital generated from our super-luxury sales to increase our investments in **Hemnet**, **Amazon**, **Meta**, **Microsoft**, and **Haleon**.

In the middle of the year, we initiated a new portfolio position in **Rightmove**, the UK's leading property portal, with 85% share of all time spent on portals in the UK. The GCQ investment team had been following Rightmove since the company's IPO in 2006, and at the time of our purchase, Rightmove was trading at just 19x free cash flow – the cheapest it had been in a decade – despite growing revenues at a high-single digit rate and generating the highest EBIT margins of any company in the FTSE 100 Index. In late October, news that a minor competitor was being acquired by CoStar Group prompted a sell-off in Rightmove's share price. Two months later, investors are increasingly coming around to our view that Rightmove's entrenched leadership position is highly unlikely to be disrupted – and the share price has subsequently rebounded.

We exited GCQ's investment in **Haleon** in September. Haleon is the owner of brands including Sensodyne, Panadol, Voltaren, and Advil. We decided to exit after reaching the conclusion that Haleon was one of the lower quality businesses in the portfolio, with brands that were insufficiently differentiated to meet our quality thresholds. Some of the capital from selling down Haleon was recycled into several businesses – including **Alphabet** and **Hemnet** – which we assessed as enhancing both the quality and valuation upside of the portfolio.

At around this time, we also increased our investment in **Richemont** to **9%** of the portfolio. While this was only a few months after we made the decision to substantially reduce the Fund's exposure to the super-luxury sector, we believed the pendulum of market sentiment had swung once again such that Richemont had gone from trading at levels that implied strong growth for many years – to being out-of-favour. We seek to use the pendulum of "Mr. Market" to our advantage.

Looking to the future, we will continue to seek out opportunities to buy high-quality companies operating within high-quality industries that are out-of-favour, while selling those that are more fully valued. We believe identifying these opportunities, and getting the timing roughly right, has the potential to materially enhance GCQ's returns over time.

"We do a lot of thinking and not a lot of acting. A lot of investors do a lot of acting, and not a lot of thinking."

- Lou Simpson

GCQ Portfolio Overview as at 31 December 2023

An overview of GCQ's portfolio is shown below. With our investments still trading well below our appraisal of fair value, we believe the portfolio is well positioned for the coming years.

Company	Portfolio Weight
Hemnet	12%
rightmove	8%
Real estate advertising monopolies	**20%**
Alphabet	12%
Meta	5%
Global online advertising	**17%**
VISA	9%
	6%
Global consumer payments	**15%**
amazon.com	11%
Microsoft	1%
Global cloud computing	**12%**
RICHEMONT	10%
HERMÈS	1%
Super-luxury goods	**11%**
S&P Global	5%
MOODY'S	3%
MSCI	1%
Credit rating agencies & investment index providers	**10%**
FICO	6%
Local monopolies	**6%**
WD-40	2%
Branded consumer goods	**2%**
Other high-quality businesses	**5%**
Total long	**98%**
Shorts	**(2%)**
Net Exposure	**96%**
Cash	**4%**
TOTAL	**100%**

GCQ Team and Culture

Our introductory letter from December 2021 highlighted that we view maintaining a healthy team culture as essential to GCQ's long-term success. At that time, we were off to a good start, having already established a distinctive GCQ culture built on a shared sense of purpose, transparency, and collaboration.

At the outset, our focus on building a successful culture was aided by the long working relationship of GCQ's founding partners and Investment Team members. Over the following two years, we have taken care to ensure each new member of the team actively buys into our ethos – and has a real understanding of how we work together. This has assisted in maintaining and reinforcing the positive elements of our culture as we have grown to our current team of eight across investments, operations, and distribution.

Our team size will increase to nine when we welcome **Yathavan (Yath) Suthaharan** as a Senior Investment Analyst in March 2024. Yath brings almost seven years' experience in the investment team at Magellan Financial Group, after starting his career in investment banking with Macquarie Group. Importantly, we spent more than six months getting to know Yath before inviting him to join our team, and we understand he is attracted equally to GCQ's investment strategy and culture.

With an eye firmly on the future, we have recently formalised three guardrails to assist in maintaining the integrity of our processes and our culture for many years to come. These guardrails are intended to support a single focus on delivering outstanding returns for our investors over the very long term.

The first guardrail is not new; it is our commitment to putting the GCQ Quality Checklists at the heart of our investment process. In addition to protecting against drift in our investment style, or the emergence of complacency, we have found the checklists play a helpful role in democratising the idea generation process – our most junior analyst can suggest a company for inclusion on our watchlist and for further work, but only if it first passes through the checklist. Similarly, more senior members of the team understand their seniority counts for nothing if their ideas have not first cleared the same hurdles.

The second guardrail is a commitment to offer only one investment strategy. Our team works together cohesively, with the sole focus of delivering our single investment strategy. Allowing any part of the organisation to have a different focus, or a dual focus, would put this dynamic at risk – and would likely lead to worse outcomes for investors.

The final guardrail relates to the ownership of the manager, GCQ Funds Management Pty Limited. GCQ is currently owned by our team, with equity widely distributed. We strongly believe equity ownership helps to keep the team aligned with investors over the long term. As a result, we have committed to remain privately owned by the team and will never introduce external shareholders.

GCQ Flagship Fund Update

We established the P Class of the GCQ Flagship Fund to facilitate investment in the Fund by investors who prefer to invest via a platform and with daily liquidity.

Following a detailed review process, we were pleased to receive a "Recommended" rating[2] from **Zenith Investment Partners Pty Ltd ("Zenith")** in March 2023, with this rating subsequently affirmed in November 2023. Following receipt of the Zenith rating, the P Class was accepted for investment through several investment platforms including **Macquarie**, **Netwealth**, **HUB24**, **Praemium**, **BT Panorama**, and **Mason Stevens**.

The P Class of the Flagship Fund is currently being reviewed by **Lonsec Research Pty Ltd** with a view to a rating being issued in the coming months.

[2] The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating assigned to the GCQ Flagship Fund Class P in November 2023 referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines.

In Closing

Following a year of strong returns for investors, our focus is on ensuring the GCQ Flagship Fund is well-positioned to continue to compound capital at attractive rates. Throughout 2023, we took advantage of share price movements to refresh the portfolio with opportunities in high-quality industries and businesses, which remains a continued focus. Our team is currently working on several potential new investment opportunities. Meanwhile, we believe our portfolio companies are trading at valuations meaningfully below our appraisal of fair value.

At GCQ, we do not try to time markets. Instead, the Flagship Fund is almost always near-fully invested in a portfolio of high-quality businesses. We have found that over time, we tend to get a much better outcome by being fully invested through market cycles.

We are confident that we own a portfolio of high-quality businesses that should continue to compound intrinsic value at attractive rates over the next 3-5-years, regardless of the broader market environment.

We would like to thank you for the support you have shown us by investing with GCQ. We look forward to a long-term partnership.

Yours faithfully,

GCQ Funds Management

"It's good to have certain people in life that you don't want to disappoint."

- Warren Buffett

Appendix: The GCQ Quality Checklists

"What we're doing is very simple, really - if we build holdings in self-evidently excellent companies, and we hold those excellent companies for long enough, we are likely to generate superior returns to the average because we own companies that are more excellent than the average."

- Nick Train

Our objective is for GCQ's investment strategy to deliver high-quality investment returns over the longer term and through various economic and market cycles.

At the heart of the strategy is a portfolio of approximately 20 investments in what we believe to be some of the highest-quality listed companies in the world, trading at valuations that offer attractive future returns to shareholders.

We have discussed in prior letters that we place great emphasis on analysing the industry that a company operates within before progressing our work on a particular company, and the role of our **GCQ Quality Checklists** in ensuring discipline and consistency in our approach.

For the benefit of readers who are new to our investment strategy, we think it worthwhile including a discussion of the checklists in each of our six-monthly letters.

Our research process begins with the **GCQ Industry Quality Checklist,** which provides a snapshot of whether an industry has a structure and growth outlook supportive of sustainably strong shareholder returns.

Within high-quality industries, we assess potential investments using the **GCQ Business Quality Checklist**. This is a separate set of 15 questions that seek to drill down on similar themes to the industry questions, but at a company level. In addition, the GCQ Business Quality Checklist includes questions around the balance sheet (we prefer to see minimal financial leverage), the capability of management, and whether corporate governance is friendly to minority shareholders.

Finally, for certain industries, we pass potential investments through **Industry-Specific Checklists**, which capture the factors that determine success *within* industries. The GCQ super-luxury goods checklist is shown below as an example.

Much like a pilot completing a take-off and landing checklist, these simple questions are designed to keep us out of trouble.

Industry Quality Checklist

- ☑ Durable secular growth
- ☑ High margins
- ☑ Limited competition
- ☑ Low disruption risk
- ☑ Bargaining power with customers
- ☑ Bargaining power with suppliers
- ☑ Durable industry structure
- ☑ Predictable
- ☑ Low regulatory risk

Business Quality Checklist

- ☑ Strong organic secular growth
- ☑ Sustainable competitive advantages
- ☑ Pricing power
- ☑ High margins
- ☑ High returns on incremental invested capital
- ☑ Durable cash flows
- ☑ Predictable
- ☑ Low operational risks
- ☑ Balance sheet strength
- ☑ Capable management
- ☑ Manageable ESG risks

Industry-Specific Checklists (e.g., super-luxury goods)

- ☑ **Brand heritage**: Has the brand been around for >100 years?
- ☑ **Discounting**: Does the brand avoid discounting?
- ☑ **Distribution**: Does the brand control its distribution?
- ☑ **Category durability**: Preference for leather goods and jewellery
- ☑ **Predictability**: Is the brand immune to fashion cycles?
- ☑ **Pricing power**: Does the brand increase prices regularly?

Our team focuses its time on around 20 industries that meet the requirements of our Industry Quality Checklist. Within these industries, there are around 200 companies whose performance and valuation we monitor for potential inclusion in the GCQ portfolio.

The decision to formalise the use of Quality Checklists came about when we were establishing GCQ, and our investment team looked back over our collective investment successes and failures over the decades to see if we could identify any themes.

What stood out was that, almost without exception, our mistakes were made when we were seduced by company-specific factors while paying insufficient attention to the quality of the industry in which a company operated. We might have been attracted to a compelling valuation argument, a turnaround opportunity spearheaded by a talented CEO, or an attractive quirk to a business model. It was only with the benefit of hindsight that we realised issues in the broader industry – whether the rate of industry growth or the competitive landscape – meant the investment was destined to fall short of our expectations.

Learning from these mistakes, we introduced Quality Checklists to help our team identify attractive industries where the leading companies are highly likely to deliver fundamental outperformance over a five-year period.

Coupled with rigorous valuation analysis and a commitment to only invest at an attractive price, this process is central to our efforts to sift out the roughly 70% of companies that will underperform index benchmarks over our investment time horizon.

We do not pretend to be able to identify every company that will outperform. Instead, our focus is on investing in simple, predictable businesses with durable competitive advantages arising from some combination of network effects, scale, position as an industry standard and brand differentiation.

We are also not afraid to miss “hot” sectors in relatively young industries where the competitive landscape is rapidly changing. For this reason, we tend to avoid investing in hypergrowth stocks, and instead focus our time on high-quality industries and companies.

“Simplicity has a way of improving performance.”

- Charlie Munger

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GCQ Flagship Fund’s Target Market Determination is available here (https://www.eqt.com.au/corporates-and-fund-managers/fund-managers/institutional-funds/institutional). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.