GA-Courtenay Special Situations Fund
February 2024 Monthly Factsheet

INVESTMENT OBJECTIVE

PROFESSIONAL INVESTORS ONLY

GA-Courtenay Special Situations Fund is a performance-orientated global equity strategy with modest-to-low correlation to the market at large, and with low leverage. Our investment approach targets competitive advantage through a repeatable deep dive research process. The fund maintains a focused portfolio of high quality equity investments, and selected merger arbitrages.

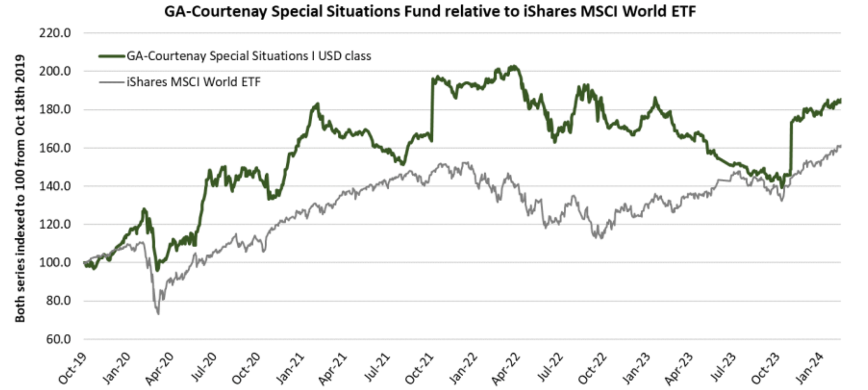
KEY INFORMATION

Fund Name	GA-Courtenay Special Situations Fund
Fund Manager	Adrian Courtenay
Fund Launch	October 2019
Fund Type	Irish UCITS
Liquidity	Daily
Fund Size	$39m
Share Classes	USD, GBP, EUR, CHF
USD I GBP I EUR I CHF I USD R GBP R EUR R CHF R	IE00BK6GVB95 IE00BK6GV757 IE00BK6GVD10 IE00BMCZLC50 IE00BK6GVC03 IE00BK6GV864 IE00BK6GVF34 IE00BMCZLD67
Investment Manager	Green Ash Partners LLP
Fees	Institutional share class: 0.75% pa + 20% performance fee Retail share class: 1.25% pa + 20% performance fee

SUMMARY

- The GA-Courtenay Special Situations Fund USD I share class appreciated by +1.5% in February, compared to a +4.6% gain in the iShares MSCI World ETF. In the year-to-date, the fund is now up 3.0% and relative to the MSCI World ETF at +5.4%.
- We can be largely satisfied with progress so far, in that our arbitrage activities do de-correlate us during periods of steeper market moves, but overall, remain an excellent advantage of the fund across a broad range of market conditions.
- Competitive bidding situations continue to be an attractive aspect of the fund's potential to capture profits. Later this month the fund will also publish our white paper on AI which we believe will be highly beneficial for both the fund and its unit holders in terms of understanding the likely impacts from AI on our investment opportunity set.

PERFORMANCE



GA-COURTENAY SPECIAL SITUATIONS FUND PERFORMANCE

Fund Performance by Year	2019 (3m)	2020	2021	2022	2023	2024	Inception to date	Annualised since inception
GA-Courtenay Special Situations Fund (USD I)	+9.1%	+42.8%	+24.4%	-12.8%	+6.4%	+3.0%	+85.4%	+15.2%

Fund Performance by Month (YTD)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	YTD
GA-Courtenay Special Situations Fund (USD I)	+1.5%	+1.5%											+3.0%

The performance of the GA-Courtenay Special Situations Fund is based on the USD I share class.

Equity investments

Long term equities	85.9% of NAV
SoftBank	9.46%
Uber	8.92%
Spotify	4.79%
Formula One	4.78%
Airbnb	4.64%
American Express	4.61%
Microsoft	4.60%
WK Kellogg	4.60%
Canada Goose	4.60%
Starbucks	4.51%
Adobe	4.15%
Live Nation	4.12%
McDonald's Corporation	3.51%
Visa	3.27%
Apple	3.07%
Coca-Cola Co	2.21%
Berkshire Hathaway	2.17%
Pershing Square Holdings	2.05%
Exor	2.00%
Mondelez	1.95%
Lindt	1.85%
Long equities position count	21

Yield-to-maturity securities

Merger arbitrages	33.1% of NAV
Applus Services, S.A.	9.15%
OreCorp Limited	8.90%
Altium Limited	4.54%
Probiotec Limited	2.79%
Lithium Power International Limited	2.55%
Karuna Therapeutics, Inc.	2.45%
Shanta Gold Limited	1.99%
Millennium Services Group Limited	0.38%
MHM Automation Limited	0.33%
Yield creation securities position count	9

Special opportunites

Special Opportunities	0.0% of NAV
Pershing Square SPARC Holdings, warrants	0.00%

(SSF owns 387,285 SPAR warrants; each warrant contains a call on two stock units upon merger announcement)

Gross and net exposure summary

Gross exposure - total fund (% of NAV)	118.9%
Equity investments gross exposure	85.9%
Merger arbitrages gross exposure	33.1%
Equity usage	**99.1%**
Equity investments	85.9%
Merger arbitrages	13.2%
Net exposure - total fund (% of NAV)	**85.9%**
Equity investments net exposure	85.9%
Merger arbitrages (beta est)	0.0%

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FUND MANAGER COMMENTARY

Dear investors,

In February the fund gained +1.5% in a month which also saw the iShares MSCI World ETF rise by +4.6%. In the year-to-date, the fund is now up 3.0% and relative to the MSCI World ETF at +5.4%.

We can be largely satisfied with progress so far, in that our arbitrage activities do de-correlate us from the market during periods of steeper market moves, but overall, remain an excellent competitive advantage of the fund and which should produce profits across a broad range of market conditions. Additionally, the fund continues to hold a good number of positions that we think will be impactful to performance this year. As I have mentioned before, this is combined with my mission to achieve a continuous improvement process in terms of the operation of the fund and its stock selection criteria, and this will also persist in bearing fruits over time.

Adrian Courtenay is Managing Director at GreenAsh Partners, heading Special Situations Strategies, and is the Fund Manager of the GA-Courtenay Special Situations fund, established in 2019.

Prior to Green Ash, Adrian oversaw the fund at Odey Asset Management. Previously, Adrian was Vice President in the Special Situations Group at D.E. Shaw & Co.

Adrian, who is also a recognised speaker at Sohn investment conferences, has completed the Chartered Financial Analyst Program and is a graduate of Oriel College, Oxford, where he graduated with a 1st class MA and was a scholar.

<u>Competitive bidding situations in arbitrage continue to occur at a pleasing frequency</u>

As detailed in the January monthly factsheet, there is good logic to contend we will see a more normal year in 2024 in terms of the frequency of competitive bidding situations, and additional developments emerged in this regard in February. The takeover of Osino Resources (a development-stage gold mining peer to the fund's scaled holding in OreCorp, yet at a far less attractive starting valuation) became competitive, and the takeover of Wincanton, a UK logistics company, also became competitive.

Neither situation was held by the fund for reasons including the high starting valuation at Osino Resources, and antitrust opacity at Wincanton in the context of the privately held bidder CMA-CGM which does not provide sufficient disclosures as to the market share of its existing UK assets. In both situations there was also an absence of information that the takeovers would become competitive, so allocation on the basis of competitive dynamics would have been speculative.

Nevertheless, it is very pleasing that additional competitive bidding situations are occurring; and we will capture a high share of those with deterministic qualities. In this context I also remain confident as to our prospective outcomes in both Applus and OreCorp, the two competitive bidding situations detailed in the January letter and currently scaled in our merger arbitrage book.

<u>An enhancement of our principles for long term equity selection</u>

I am also pleased to share that we have been able to further enhance our principles for long term equity selection by designing a framework to incorporate a fuller capture of the variables that lead to above average future corporate growth rates.

Our core criteria remain unchanged: an understandable business, low conditionality to macro, dominant in a stable industry with high returns on equity, and a conservative financial position.

However, the fund's deep dive work on Canada Goose opened my eyes to that we could more objectively map out groups of qualitative principles, such as those defining a 'super brand'. It is the results from this type of work that now augments our core stock selection criteria. Similarly, I have recently in a analogous manner focused on the principles of product primacy, as well as on those that define the exceptional business leader. These principles also now augment our core criteria. It is not impossible that the fund in the future backs an "Elon Musk" or a "Steve Jobs" leader within an equity investment case, but if we are to do so it will now be with an enhanced resolution assessment of the qualities we are looking for a result of these carefully researched principles.

<u>An upcoming GA-Courtenay white paper on AI, and a shift to restricting access to our most proprietary and strategically valuable white paper research to fund investors only</u>

My day-to-day work in overseeing the fund continues to focus my time investment on deep dive research, and it became increasingly clear over the last 12 months that this research needed to also be turned to focus on the accelerating developments in artificial intelligence, or so called AI.

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FUND MANAGER COMMENTARY

Naturally, we have undertaken this research work with objectives of both offence and defence. New business models, or developments in existing business models, resulting from the age of AI, may be both highly profitable and disruptive particularly given the universal applicability of AI.

However, it is also instructive to note, and in line with the Buffettian principles that the fund operates with, we are not undertaking this closer examination of AI as a result of buying into AI 'hype' presented by either academics or corporations promoting their AI potential. Instead, our focus is a result of my own increasing use of AI tools over the last year. These tools can and will continue to significantly enhance investment research productivity but their use also alerts their user that the shift to an era of a meaningful increase in machine intelligence is a real phenomenon.

In the coming weeks, I will publish our comprehensive white paper relating to this research work, which seeks to address how the Buffettian investor should intelligently respond to this new computing age. Whilst the white paper will be published on the fund's website, it also will be password protected with access restricted to fund investors only. Our white paper on Pershing Square Holdings in the context of the Berkshire Hathaway investment model has also been restricted. Fund investors should not hesitate to email me to ensure you have password access (adrian@greenash-partners.com).

My view with regard to white paper research is that it should, in terms of those documents that are not password protected, sufficiently reveal our research process such that prospective new investors to the fund can achieve the diligence necessary to assess an allocation. However, our white papers should not place all of our secrets into the public domain, and not all of our white papers need to be publicly accessible. Instead, full access to our white papers, many of which will possess timeless principles, and an archive that will continually grow and therefore increase its productive value, we believe should become a benefit and proprietary advantage exclusive to the fund's investor base. The rate of change in AI, which demands an accelerated deep dive research process to understand and potentially consider capital adjustments relating to, is a good example where our white paper research not only can optimise our own positioning, but can also be a helpful analysis resource exclusively for our investors also.

Figure 1: In an AI age, access to valuable customer data is a critical business advantage in the development of effective AI tools such as personalised AI recommendation agents

One example of the type of conclusion reached by this research, which I illustrate above using an image created by ChatGPT, is that there is currently a significantly valuable "hidden asset" possessed by those companies which through their existing activities collect considerable consumer data suitable for training AI agents. Let's illustrate with two blue chip holdings. The first, American Express, is well positioned with its business design already collecting a vast pool of customer data that can be used to thereon develop valuable AI tools. By contrast, Coca-Cola in its normal operations achieves no such equivalent data feed from its customer set. However, those companies well positioned for this new age such as American Express have not shifted to premium valuations. Instead, market participants seem only to be assessing AI in terms of its first order impact (increased microchip purchases), and yet it is the second order impacts, by their combination of AI with software network effect, which may be more powerful.

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FUND MANAGER COMMENTARY

Investors will commensurately note, as at month end, the fund had established new investment holdings in the equities – Uber, Spotify, AirBnb, and Grab Holdings – all of which are also business models with usually high rates of collection of unique customer data and other unique data which can be used to both train AI algorithms as well as accrete in additional ways their already future-facing business models. These additions to the fund are all also dominant businesses, cash generative and profitable, debt-free, and three of the four are already actively reducing their share counts by share buybacks. Our white paper contends that with the appropriate assumptions on normalised economics, all of these equities also remain conservatively priced.

The fund's holding in SoftBank, which can also be considered as a way of gaining exposure to ARM Holdings, an additional and perhaps the strongest AI beneficiary over a longer time horizon, and at an almost 50% discount to net asset value, has also been increased in size. I view these changes as largely our complete response to the deep dive work that has been undertaken with regard to the commencement of this new computing age.

However, and more broadly, the AI age I believe will generally benefit smaller funds such as GA-Courtenay relative to our larger brethren. With carefully designed tools, the use of AI allows a fund manager to achieve a considerable increase in the level of information throughput that previously would only have been possible using the vast teams of analysts and experts that many larger groups aspire to build.

In other words, the AI age in finance provides the opportunity for a power shift back to the high aptitude, high industriousness, yet individual or small team approach that was much more commonly the default design for performance-seeking hedge funds in prior decades.

As such, I look forward to publishing our upcoming white paper in due course and discussing with clients how our findings from such research work are continuing to add to our positive outlook.

Adrian Courtenay

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