

# Iron Pot Equities Global Technology Fund

## Quarterly Investor Newsletter December 2023



### Investment Approach

Last quarter, we touched on the importance of revenue growth profiles to our stock selection. However, the bigger question is, what type of businesses can deliver such revenue growth?

The magic of technology-based products is their capacity for application across industries. The returns to investors in listed technology stocks within and across multi-decade periods demonstrate that technology companies whose product offerings have scope for applications across industries have generated returns far above those of the broader economy. This is irrespective of their sometimes eye-watering volatility along the way.

The large majority of Iron Pot Equities Global Technology Fund's holdings are in such companies. Further, holdings are in companies where we judge any first- or early-mover advantage as having reasonable prospects of being sustained. Crucial is the ability to maintain a sufficiently strong position relative to emerging competitors such that the company will be capable of delivering the excess returns sought by the Fund.

Such holdings in the Fund include proven old-name performers: Alphabet/Google, Advanced Micro Devices (AMD), Apple, Microsoft and Taiwan Semiconductor; but also newer names such as Atlassian, Block, Okta, Palo Alto Networks and Snowflake.

### Portfolio Movements

**Out:** Zoom Video Communications, Inc.: This was a big hit wonder during the pandemic but was also one we first bought in pre-covid days. We invested at that time based on the company's competitive edge, which was the low bandwidth requirements for users. The relative importance of that edge is rapidly diminishing. Revenue growth for ZM pre-covid was 117% p.a. for the 3 years to January FYE 2020, and 92% p.a. for the next 3 years to January 2023. It is now forecast to be less than 4% p.a. for the 3 years to 2026. Although this is a profitable position for the portfolio, its prospects are fading.

**In:** Block, Inc.: a financial and related e-commerce services company targeting SMEs. Financially sound with a net cash position, Block, Inc. has demonstrated strong revenue growth. This is forecast to persist (+18% p.a.) over 2 years at least, with a flow through to cashflow from operations and earnings, and reasonable probability of achieving the Fund's return objective.

### Performance

Period	Net return %
December Quarter 2023	6.2%
Since Inception (July 2023)	2.8%

Ongoing weakness from the previous quarter persisted through to late October until markets began to reflect increased potential for an end to the current interest rate tightening cycle. This underpinned a strong end to the year for equities particularly technology related stocks. The counter-side was the USD's weakness USD relative to the AUD, a move which clipped more than 5% off the Fund's quarterly return.

### Portfolio Breakdown

#### Quarter End 31 December 2023

Asset Class	% Allocation
Listed Equities	90.6%
Cash	9.4%
<b>Total</b>	<b>100.0%</b>

Region	% Allocation
US	61.8%
Canada	4.4%
China	6.9%
Sweden	6.7%
Taiwan	4.0%
Australia	6.8%
Cash	9.4%
<b>Total</b>	<b>100.0%</b>

Industry Sub-Group	% Allocation
Applications Software	7.1%
Auto-Cars/Light Trucks	4.4%
Commercial Serv-Finance	5.7%
Communications Equipment	3.7%
Data & Systems Security	10.2%
E-Commerce/Products	13.3%
Enterprise S'ware/Services	16.0%
Internet Application Software	4.4%
Internet Media & Services	6.7%
Medical Products	3.1%
Semiconductor Industry	11.4%
Web Portals & ISPs	4.6%
Cash	9.4%
<b>Total</b>	<b>100.0%</b>

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The **Global Technology Fund** is an unregistered managed investment scheme in the form of an Australian unit trust. The Fund is only available to investors that are wholesale clients as defined in s761G of the Corporations Act 2001 (Cth).

**Iron Pot Equities Pty Ltd** is the investment manager of the Fund (**Investment Manager**). The Investment Manager is a corporate authorised representative 001293377 of **D H Flinders Pty Ltd** (353001). The Investment Manager's authority under its Corporate Authorised Representative Agreement with **D H Flinders Pty Ltd** is limited to general advice regarding the Fund only. **VT No. 2 Pty Ltd** is the trustee of the Fund and the issuer of its Information Memorandum (**Trustee**).

Withdrawal rights are subject to available liquidity and may be delayed or suspended.

The contents of this document are not intended as financial product advice and have been prepared without taking into account your personal circumstances, investment objectives or particular needs. You should read the Information Memorandum for the Fund in full to consider whether an investment is appropriate for you.

Neither the Investment Manager, **D H Flinders Pty Ltd** nor the Trustee guarantee the repayment of capital, the performance of any investment or the rate of return for the Fund. Past performance is not a reliable indicator of future performance. An investment in the Fund is not a bank deposit.

We strongly suggest that you seek your own professional financial or legal advice prior to any investment decisions.