

Record Highs / Upside Remains

After a strong April, up 9.6%, we added approximately another 4% in May, and **are now at record highs**. What encouraged me most was the breadth of the gains, led by names where our newly built equity research platform, the Visualizer, played a direct role.

In May we added four new positions, Micron, ServiceNow, Talen Energy, and Vistra, approximately 4% of capital at cost. They averaged roughly 20% for the month, growing to nearly 5% of the portfolio and contributing **on the order of 100 basis points** to the Fund's return. The Visualizer surfaced each of them for closer work, and I made the call to buy. Micron is the clearest example. I bought it in the 500s, and this week, with the stock above 1,000, **I sold half and booked the gain**. One month is not proof of anything, and I will not pretend it is, but it is an early, encouraging sign of how the platform is changing the way we find ideas.

To be clear about what the Visualizer is and is not: it is our analytical partner, a proprietary platform that scores over 1,160 stocks every day across 54 factors, monitors our holdings in real time, and surfaces ideas we might otherwise miss. **It does not make investment decisions. I do.**

Through the process of building this platform, we have developed a deep, firsthand understanding of the compute demands that artificial intelligence requires. This is not a theoretical view. We lived it. We know what these models consume, and it has reinforced our conviction that **the demand for compute will continue to grow at an extraordinary pace**.

For now, the only part of the market moving meaningfully is the group of near term beneficiaries of that spend, the semiconductor and infrastructure companies supplying the picks and shovels. The hyperscalers, Microsoft, Google, and Amazon, along with Meta, are spending hundreds of billions building the backbone of this revolution, and the market has yet to reward them for it. We remain patient. In time, they will generate a handsome return on the trillions they will deploy. These are not

speculative bets. They are ***among the most profitable businesses in the world***, investing from a position of overwhelming strength.

On the other side of the ledger, three of our largest positions, JPMorgan, Berkshire, and Mastercard, are down year to date. In fact, Mastercard, our largest detractor, is down 16% and has cost us roughly 3% versus the market. Mastercard now trades at approximately 21 times forward earnings, well below its long term average and near the low end of its valuation range in years, ***a level of cheapness we have rarely seen outside of broad market dislocations***. All the while it continues to grow earnings in excess of 15% per annum. Our Visualizer currently ranks Mastercard ***11th out of 1,160 stocks*** in our universe. A dominant global franchise, growing at double digit rates, down 16%, trading at one of its more attractive valuations in years, and ranked in the top 1% by our model. ***We have seen this setup before, and it tends to resolve in our favour***.

With so many of our holdings left behind in this narrowly focused rally, I would not be surprised by a rotation into the “left behind”, and on that basis ***we remain optimistic on the balance of the year***. I hold that view with conviction, not certainty. Markets at record highs reward humility as much as they reward patience, and we will keep sizing our positions accordingly.

As always, thank you for your continued trust and support. We remain fully invested alongside you and look forward to next month’s communication.

Steven Tuchner
Founder & CIO