Global *Equity*

Identify, Assess & Invest in
Wealth Creation

TWC

Global Equities -
Finding the Edge

We are a boutique investment management company that is founder owned and led. We bring extensive industry experience and domain knowledge and apply that with a singular focus on global equity markets. By specialising in this way and deploying a consistent, repeatable, and elegantly simple investment approach built around the things we believe matter most. Our aim is to deliver superior long-term investment performance from a vast and rich global opportunity set.

Our strength lies in three areas:

1. A rigorous, disciplined and insightful approach that elevates measurable fundamental evidence over forecasting future outcomes.

2. Leveraging technology across all aspects of the business to maximise productivity and transparency.

3. A highly experienced and deliberately sized investment team unified by a common focus on the identification of exceptional management teams that are skilled at delivering consistent and sustained shareholder wealth creation, which we know will lead to superior investment outcomes for our clients.

Our Investment *Process*

Focus Universe

Our starting point is a global universe of 10,000 companies across 60 countries, to which we apply market cap and liquidity filters. This process narrows our global investible universe to approximately 4,000 companies. TWC deploys a proprietary Real Return On Investment (RROI™) corporate performance framework. The RROITM approach removes accounting and inflation distortions while holistically capturing relevant off-balance sheet assets and liabilities. The RROI metric also provides the ability to classify companies into distinct Industrial Life Cycle stages, which we refer to as Wealth Creation Buckets (WCBs).

All firms are quantitatively classified into one of five categories, from an early-stage innovation to mature, late cycle turnarounds. WCB classifications are a function of RROI and Investment Growth (put simply growth in the balance sheet or capital deployed), which enables an effective judgement of management's wealth creation skill set. All firms are then systematically scored and ranked via TWC's proprietary AlphaScore framework, which assesses each companies' relative attractiveness based on four Key Performance Indicators (KPIs). Our 4 KPIs are Wealth Creation, Embedded Expectations, Business Momentum, and Technical Strength. The output of this initial screen is a ranking of companies from most attractive to least attractive within each of the life cycle stages (See Figure 1). The Identification stage of our investment process allows us to systematically determine a focus universe of the top scoring buy candidates for our various portfolios. Using a proprietary framework underpinned by the highest standard of financial analysis provides TWC with a significant information advantage, proven by the successful deployment of client capital over the past 20 years.

Contextual Fundamental Research

Our qualitative research effort is concentrated on the focus universe of stocks with the highest AlphaScores and thus are the most likely to outperform. We refer to this as the contextualisation stage of our process. Leveraging technology, our collective experience, and domain expertise, the investment team seeks to gain confidence in the efficacy of the underlying KPIs for each of the buy candidates. During each investment cycle, the team analyses the critical drivers of each KPI, and our team consider fundamental and behavioural, KPIs to further reduce the universe to a focused subset of buy candidates.

From this contextualisation phase we typically end up with a much smaller list of companies that meet our necessary thresholds to be included in client portfolios.

Importantly, we intentionally do not employ a team of research analysts responsible for company visitation programs or other collective industry events. We believe this adds unnecessary noise to our fundamental research process and could result in inertia and inflexibility within the decision-making process. Instead, our investment process is run by our "small by design" investment team which has been researching companies and deploying capital using our distinctive KPI framework for over 20 years. Over this time, they have become skilled at understanding the key drivers of each KPI, reacting only to fundamental evidence that is presented to them, which allows them to maintain a nimble yet unemotional posture.

Through time we have demonstrated that each individual KPI is alpha generative in isolation but in combination, our KPIs have delivered a powerful and consistent alpha signal with less volatility, resulting in strong outperformance of market with an attractive upside/downside capture profile.

Stock Selection & Portfolio Construction

The last stage of our investment process is focused on stock selection and portfolio construction. Here we seek to maximise our information ratios around various strategy specific investment guidelines both in terms of risk/return budgets and more tailored outcome considerations such as lifecycle style, income, or ESG requirements.

Our position sizing methodology is a direct function of a company's AlphaScore, the security's underlying liquidity, and its position in the industrial lifecycle. Our starting point for portfolio construction is equal active weights, which are then adjusted ensuring a bias to higher scores (therefore creating a direct link between conviction and our fundamental view of a company), bias to larger cap, and a de-weighting of higher volatility, early lifecycle positions.

When constructing and monitoring portfolios, our structured investment theses, position sizing methodology and critical sell discipline, together with our flat team structure give us a strength and advantage over our peers, breaking convention on an industry that has typically valued and rewarded outsized investment team constructs.

Our approach of applying our Industrial life cycle framework to the identification of shareholder wealth creation, together with our embedded expectations framework are our clear points of difference, helping us stand out in a crowded market of largely homogenous equity manager offerings. This coupled with our incorporation of market and behavioural forces, leads to alpha generating portfolios with high idiosyncratic or stock-specific risk and low systematic risk, that have proven robust across all market environments. This results in portfolios which perform well in equity bull markets but also offer a degree of downside protection in equity bear markets, given the inherent cash flow-based quality exposures within our portfolios.

We apply a team-based approach to portfolio construction. Our team structure and mindset promote an environment of discipline, accountability, and transparency. At any single point in time, our team can justify, clearly articulate and demonstrate the fundamental thesis supporting the inclusion and position size of a company within our various portfolios.

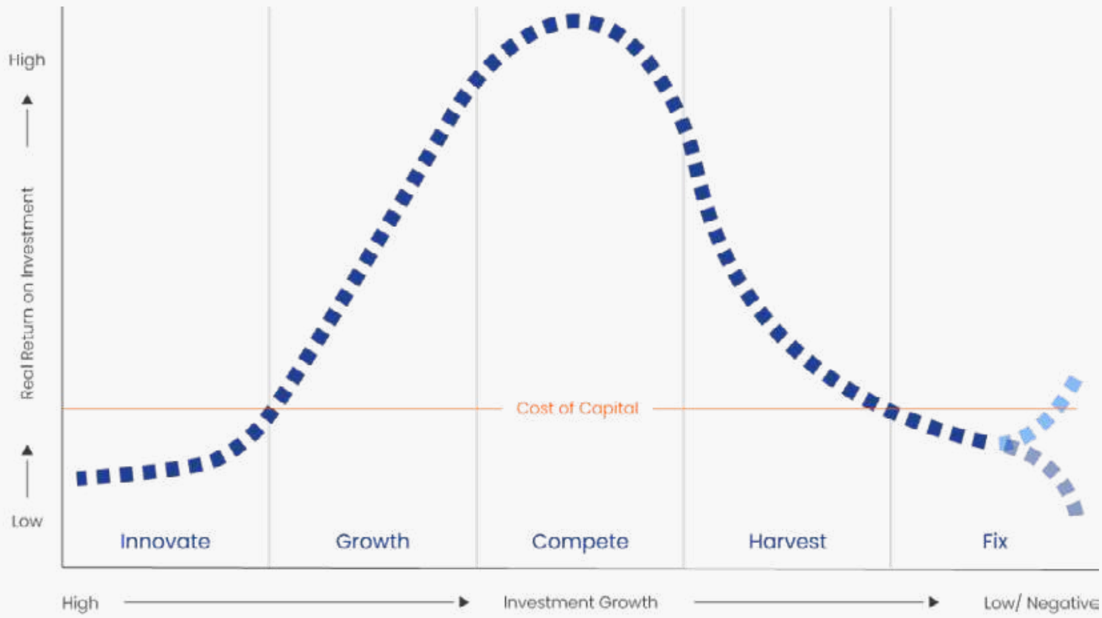
Our digital engagement technology brings this to life for our investors in an unparalleled way, which allows us to build trust and confidence with our investors.

The Industrial *Lifecycle*

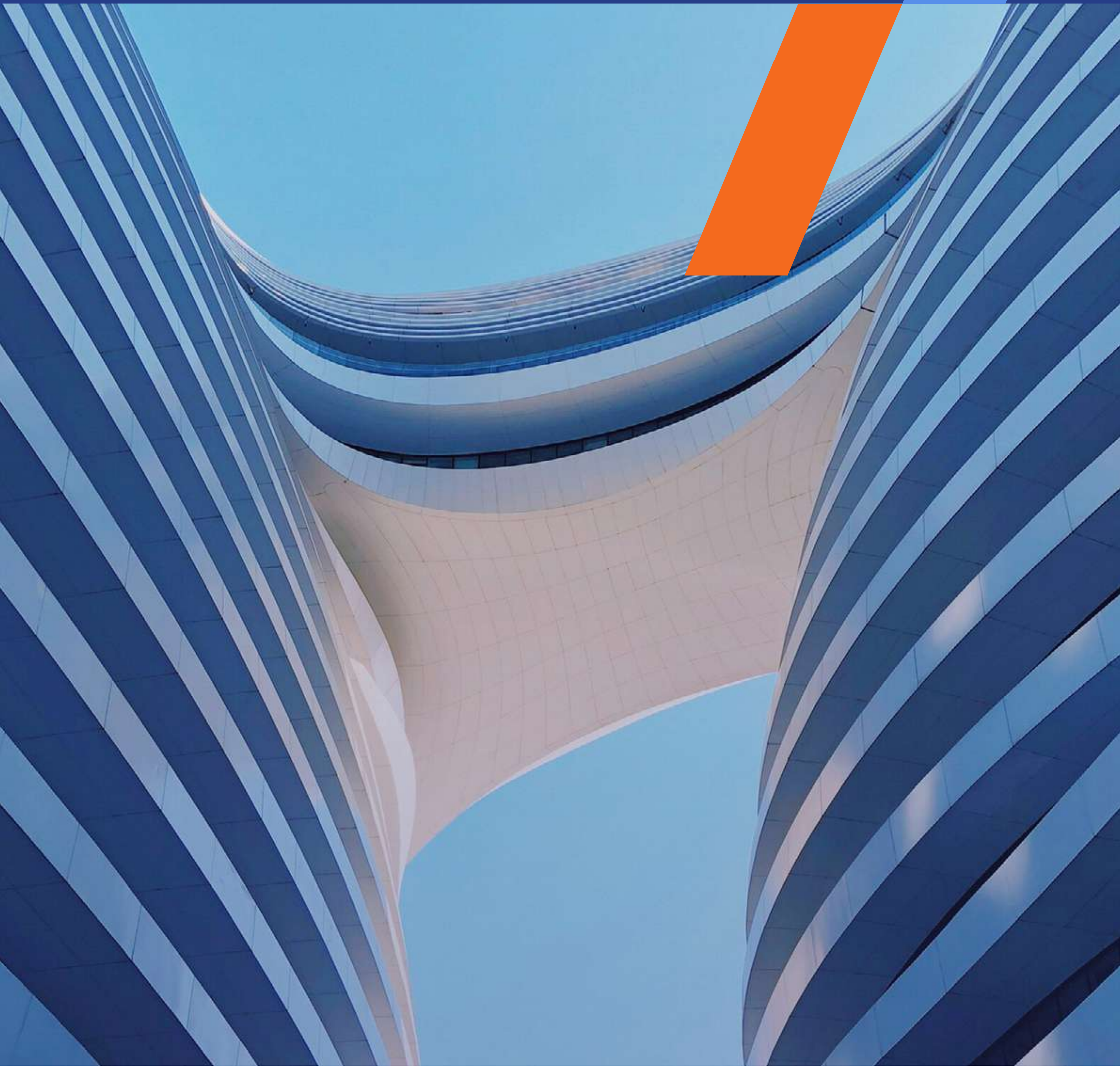
Our Industrial Life Cycle framework is the critical foundation of our investment approach. We know that economic returns and growth tend to follow an industrial lifecycle from birth to eventually death. At any point in time, every company can be located economically in one of five industrial life cycle categories, from early-stage innovators and growth compounders (growth and compete) to more mature harvesters and turnarounds (fix). We describe each of these lifecycle categories as Wealth Creation Bukets and these are illustrated below (Figure 1).

Importantly our process is driven by lifecycle dependent metrics when assessing companies within our global universe. We take this approach because what matters to an early stage or growth compounder, is very different a company in the latter stages of its industrial lifecycle. We believe this lens is a highly effective and intuitive lens through which we can fundamentally assess a company for inclusion in our portfolios.

Figure 1. TWC Lifecycle Stages – critical for measuring corporate performance



At TWC we do not believe in conventional style definitions such as value, core or growth. Each of those style definitions tends to mean different things to different investors and none are particularly insightful of the economic realities that companies face. Instead, we define style in the context of the industrial lifecycle which is a more realistic and economic approach to evaluating companies.



Wealth *Creation*

The industrial lifecycle is an essential and distinct element of TWC's assessment of management skill and uniquely defines the "investment style" of our portfolios.

Lifecycle stage provide context for management decisions and highlights whether their wealth creation skills are suitable for their current challenges. This assessment forms the cornerstone of TWC's investment framework that aims to accurately evaluate management competency which its track record of creating wealth for shareholders.

Our RROI corporate performance framework is highly effective at identifying wealth creators across the industrial lifecycle spectrum. Drivers of wealth creation are deeply dependent upon which stage of the Lifecycle a firm is in. For example, a growth compounding business best creates wealth by maintaining high returns on invested capital while investing organically. However, a company in the more mature stage of their lifecycle, should look to shrink unproductive assets in order to improve its returns and create shareholder wealth.

Embedded *Expectations*

TWC's process also seeks to understand what is currently priced in by the market. This is a critical step because we know that good, high quality companies do not always prove to be good investments and vice versa.

Our reverse Discounted Cash Flow (DCF) valuation framework solves for the assumptions for future Investment Growth embedded in a company's share price. This approach provides us with the ability to analyse and compare companies across sectors, geographies and lifecycles

TWC's reverse DCF model assumes RROIs remain at the level that sell side analyst are forecasting for the next five years., prior to starting to fade down to the long term average RROI for all firms. The algorithm then applies the current market price along with a risk-adjusted real discount rate (cost of capital) for each firm. The reverse DCF valuation model is then able to solve for the Investment Growth rate that the market is implicitly assuming for the next 5 years. The higher the assumed rate of Investment Growth, the less margin for error in the current stock price. TWC aims to invest in firms where future Embedded Expectations are plausible and therefore provide a margin of error in case future outcomes are less than anticipated.

Our Embedded Expectations framework provides an indication as to how much asset or revenue growth is embedded in the company stock price at any point in time. TWC uses the Embedded Expectations KPI for contextualising current valuations, including:

Comparison to Historical Growth Rates

Compare the market-implied growth rate to the company's historical growth rates. If the implied growth rate is significantly higher than historical rates, the market may be overly optimistic. Conversely, if it is lower, the market may be underestimating the company's potential.

Comparison to Industry Peers

Assess the implied growth rate relative to industry peers. This helps to determine whether the market's expectations for the company are in line with, higher, or lower than competitors.

Assessment Against Management Guidance

Compare the market-implied growth rate to management's guidance and analyst forecasts. Discrepancies can indicate market scepticism or confidence in the company's prospects.

Scenario Analysis

Conduct scenario analysis by varying the RROI levels and Investment Growth rates to see how sensitive the current share price is to changes in assumptions.

Risk Assessment

Evaluate the risks associated with the implied growth rates. High implied growth rates might suggest higher risk, as achieving these growth rates might require significant investment, market expansion, or favourable economic conditions.

By understanding the market embedded expectations TWC can make informed investment decisions, identifying whether the stock is valued fairly, overvalued, or undervalued based on the market's growth expectations and our own contextual analysis. Our portfolios are biased companies with strong evidence of wealth creation which is either not priced in or "reasonably" priced by the market.

Behavioural *Factors*

Markets are generally efficient and behavioural measures of business and price momentum help understand what fundamentals are being recognized by the market.

Whilst we assign a relatively smaller weight to business momentum and technical strength indicators (1/3 of the AlphaScore) when determining our AlphaScore, they nevertheless play a critical role, being faster moving indicators, in balancing out the signals we are getting from slower moving fundamental KPIs.

All else being equal if we are seeing positive signals from our fundamental factors but these are not being confirmed by the strength in business and price momentum, our inclination is to believe that the market knows something that we perhaps do not. In this instance we would be prepared to wait and see confirmation by the market that it is recognising the fundamental strength that we see.

Our Range of *Strategies*

	Global Wealth Creators	Select Global Wealth Creators	Emerging Global Wealth Creators	Emerging Australian Wealth Creators
Domicile	Global	Global	Global	Australia
Cap Bias	Large / Mid	Large / Mid	Small/Mid	Small / Mid
Performance Benchmark	MSCI World	MSCI World	MSCI World SMID Cap	S&P ASX Small Ordinaries
Performance Objective (Rolling 3 years)	2-3% p.a.	3-4% p.a.	5% p.a.	5% p.a.
Risk Objective (%)	3-4%	6-8%	6-8%	>5%
No. of Stocks	40-60	20-30	150-200	40-60
Active Share	>75%	>75%	>85%	>75%
	Cash Flow-Based Quality & Growth	Cash Flow-Based Quality & Growth	Cash Flow-Based Quality & Growth	Cash Flow-Based Quality & Growth
Strategy Characteristics	Higher RROI	High RROI	High RROI	High RROI
	Diversified Lifecycle	Unconstrained Lifecycle	Diversified Lifecycle	Diversified Lifecycle
Investment Management Fee	0.60%	0.75%	0.75%	0.75%
Strategy Inception	1st January 2024	26th May 2023	1st February 2024	1st February 2024