

## TRANSACTION RATIONALES

### Purchases / Increases

#### Ashtead: Taking advantage of the recent decline

Ashtead has corrected significantly in the past few months as it was hit first by the rotation out of growth stocks and later by recession fears. It lost more than 45% YTD in USD terms, retracing most of the outperformance it accumulated in the past two years. That's undeserved and out of sync with the evolution of the company's fundamentals.

A recent meeting with the management of Ashtead reinforced our conviction that the company has a very solid moat grounded on superior scale and network effects. That set of competitive advantage will help them continue to slowly grow their market share both organically and through bolt-on acquisitions.

In fact, the growth drivers of the company are broadening as the company not only benefits from increasing penetration of equipment rentals in the construction sector, but it also creates new "specialty" categories where its rental offer covers equipment where ownership was the only model prevalent. Supply chain issues have been a great environment to force customers to think about renting out to replace equipment they previously owned, as they could not get their worn-out equipment replaced fast enough / at a reasonable price. The value of the Ashtead offering lies in its increased equipment utilization rate and high availability according thanks a dense network of stores in any region it operates (clusters) as well as superior technology. Therefore, Ashtead has turned itself into a prime beneficiary of the benefits of the sharing economy in its sector.

Given the earning power yield of more than 8% and its double digit earnings compounding ability over the long run, we think that, at the current price, the stock trades at significant margin of safety to the company's fair value.

With kind regards,

**Emerald Wealth Partners AG**, Investment Office

#### Chart since inception: Ashtead vs. the MSCI World and the Sector



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