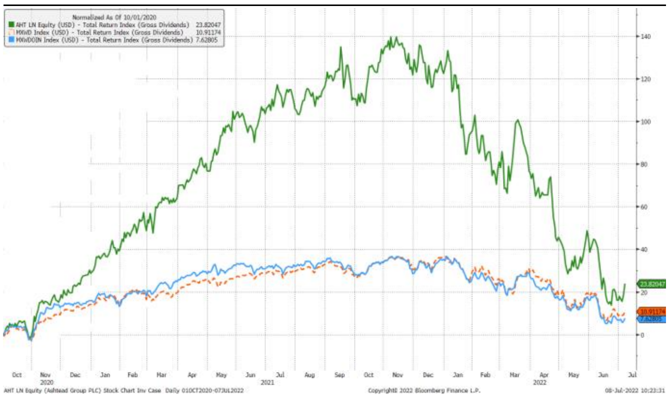
TRANSACTION RATIONALES

Purchases / Increases

Ashtead: Taking advantage of the recent decline

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



Source: Bloomberg — Data range: 01.10.2020 – 07.07.2022
Total return in USD — Note: past performance is not a reliable indicator of future results

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.

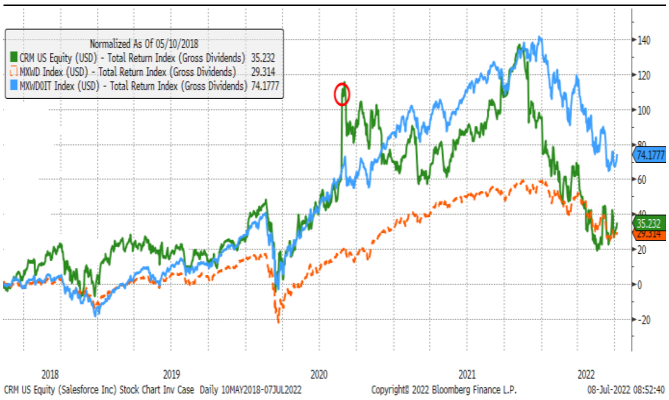
A recent meeting with the management of Ashtead reinforced our conviction that the company has a very solid moat grounded on superior scale and network effects. That set of competitive advantage will help them continue to slowly grow their market share both organically and through bolt-on acquisitions.

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 offeringlies 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.

Salesforce: Adding back to the position after at much lower valuations

Chart since inception: Salesforce vs. the MSCI World and the Sector



Source: Bloomberg — Data range: 10.05.2018 – 07.07.2022
Total return in USD — Note: past performance is not a reliable indicator of future results

After having cut back our postions on valuation concerns in August 2020 (red circle), we are adding back to Salesforce after the almost 40% since then. Valuations have improved a lot as next-year sales per share have grown 33% and the EV/Sales ratio has dropped more than half to 4.8x, which is very undemanding and at the bottom of the 10-year valuation range.

At the same time, sales are continuing to grow in the high teens and the company's goal of achieving USD 50bn+ in sales by FY2026 looks very much in reach (from USD 32bn in FY2023).

Therefore, we add back the positions sold in 2020 at significantly lower valuations. This plus the expected solid growth over the next few years leaves the stock significantly undervalued.

Tyler Technologies: Taking advantage of a great long-term buying opportunity

Tyler Technologies is the leading and the only nationwide provider of specialized software & payment services to state and local government entities in the US.

Tyler enjoys a strong moat as Tyler's systems are highly specialized for the needs of public administration and deeply embedded in the Company's clients' workflow. Switching providers is disruptive and costly, supporting the Company's moat and pricing power.

Given the need to modernize local governments' outdated legacy systems, Tyler has a long runway for 10%-plus sales growth resp. mid-to high teens growth of Owner's earnings.

While Tyler stock was always expensive due to the outstanding quality of the business and long run way for growth, the correction in 2022 has brought the stock down to valuation levels not seen in a long time, leaving it with a relative upside of 40%. Therefore, we take the opportunity to add to positions.

Chart since inception: Tyler vs. the MSCI World and the Sector

Source: Bloomberg | Data range: 05.06.2019 – 07.07.2022
Total return in USD | Note: past performance is not a reliable indicator of future results

Sandvik: Taking advantage of the recent decline

Sandvik has corrected significantly in the past few months on recession fears, erasing most of the positive return recorded in the last two years. Meanwhile, the company drastically restructured over the past 5 years, shedding all its quality subpar business to focus only on the areas where it holds competitive advantages and a pricing power that command superior ROIC. In August, after the company will have spun off its material business, Sandvik will be solely made of two best in class franchises: 1) a mining business active in upstream extraction (mostly complex underground mines) that possesses the best technologies available in the field including in mines automation and electrification, and a downstream franchise that is present solely in non-commoditised / demanding areas where its know-how is highly valued by customers

2) a machining and manufacturing franchise that supply manufacturing floors worldwide with cutting tools that provides unmatched accuracy, reliability and durability, as well as a metrologic instrumentation and manufacturing software solutions. The current stock price is below the levels at which we initially purchased the stock in October 2021. Meanwhile we think our initial investment case got further reinforced. Management which we met in Stockholm in February this year, has upgraded its long term growth target (supported by solid organic growth on structural demand expansion and market share gains) and confirmed its profitability ambitions. We calculate the normative earning power yield of the company to be above 7%, which for a company that should compound its earnings at 6% appears to materially undervalue the stock.

Chart since inception: Sandik vs. the MSCI World and the Sector

Source: Bloomberg | Data range: 01.10.2020 – 07.07.2022
Total return in USD | Note: past performance is not a reliable indicator of future results

Alphabet: Taking the opportunity to add to a high quality stock that has rarely been that cheap

Alphabet has corrected by more than 20% year-to-date, while its earnings & free cash flow should continue to grow slightly in 2022 after almost doubling in last year. That leaves the valuation of the stock at level close to impling that Alphabet is an average quality company that will grow at no more than average rate from here - ie Next year PE is at around 16x, in line with our 6% calculated earning power yield. We strongly disagree with the market view. We think that Alphabet as one of the most entrenched internet companies there is, with dominant position across a wide spectrum of search services and content delivery that gives it unmatched scale and ad targeting abilty.

Chart since inception: Alphabet vs. the MSCI World and the Sector

Source: Bloomberg — Data range: 10.05.2018 – 07.07.2022
Total return in USD — Note: past performance is not a reliable indicator of future results

The companies' core online ads market will continue to grow on the back on increasing online media audiences and structural rise in e-commerce. The cloud business of the company also expands at fast clips and the company has several growth projects that could deliver significant value that, at current valuation, represent free options for its shareholders.

Sales / Reductions

Shell: Sell the remaining position to re-invest in better alternatives with more upside

After the clear message from the FED regarding its intention to fight inflation, stocks that are exposed to the economic cycle have increasingly coming under pressure, including the best performing sector, oil. While many cyclicals have already suffered from significant declines, oil stocks still show sizable profits for the year. Therefore, they are particularly at risk of further declines as they are seen as "the last man standing".

After the large-scale outperformance and given the rapidly shifting focus of investor's concerns from valuation to a slow-down in economic growth we sell the remaining position in Shell to finance purchase in better investment opportunities with more upside, many of which have underperformed a lot in 2022.

Chart since inception: Shell vs. the MSCI World and the Sector

Source: Bloomberg — Data range: 14.6.2021– 07.07.2022
Total return in USD — Note: past performance is not a reliable indicator of future results

With kind regards,

Emerald Wealth Partners AG, Investment Office

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