



**TOURBILLON**  
**INVESTMENT MANAGEMENT**

**PARTNER MEETING 2024**

## Tourbillon [tūr-bē-yō<sup>n</sup>]

- Device in a mechanical watch which prevents errors due to the effect of gravity
- (French) a whirlwind

# | TOURBILLON: OVERVIEW

## Value investing in durable companies.

- **FOCUSED**                      Although our mandate is unconstrained, we only invest in a very small number of companies we truly understand.
- **DURABILITY**                We emphasise durable quality. We use first-principles ideas to identify businesses which have the characteristics we look for.
- **VALUE**                        We apply a conservative approach to valuation based on distributable cashflows ('owner earnings').
- **EXPERIENCE**                We are an experienced team with a strong track record and have managed several billion USD of institutional client capital.
- **CLIENT-FIRST**              We have an unusual focus on client experience and are significantly invested alongside you, on the same terms.
- **GIVING**                      We pledge to donate a portion of our profits to charity.

# INVESTMENT OPPORTUNITY

**Market context plays into our strengths.**

## MARKET CONTEXT

- Higher interest rates
- Significant crowding of capital in certain sectors, regions and market capitalisations
- Short-term focus
- Passive and quantitative approaches commoditising
- Industry lacks differentiation
- Incumbent large asset managers impeded by institutional imperatives and scale

## TOURBILLON'S ADVANTAGE

- Value orientation
- Unconstrained approach with relevant experience in niches
- 5-10 year investment horizon
- Qualitative approach and ability to engage with management where appropriate
- Concentration into idiosyncratic holdings
- Early stage, owner-managers positioned to outperform

# | ABSOLUTE VALUE ORIENTATION

## Capital preservation is key.

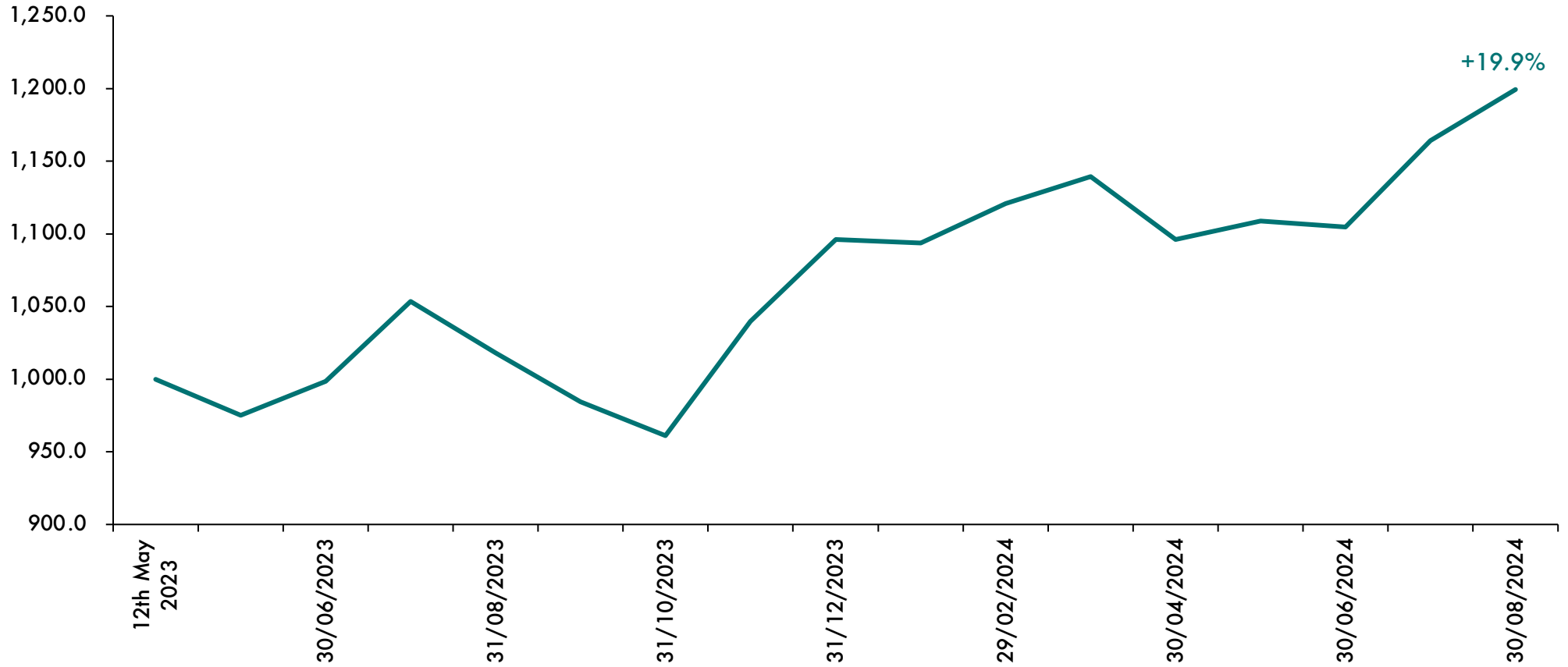
- **IDIOSYNCRATIC**                      Our focus areas will likely result in an idiosyncratic returns profile.
- **ABSOLUTE VALUE**                      We value companies in absolute terms, not 'relative to market'.
- **OWNERS' YIELD**                      Our preferred yardstick is owner earnings; long-term distributable free cash flow yield.
- **SIMPLICITY**                      We avoid complexity and don't rely on precise long-term forecasts preferring to observe the present clearly.
- **OPPORTUNITY COST**                      We weigh investments against opportunity cost of long-term interest rates and our next best alternatives.

**PERFORMANCE**

# PERFORMANCE

## Absolute return focus.

### Tourbillon Investment Partnership (NAV)



Monthly	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023					-2.5%	2.4%	5.5%	-3.4%	-3.3%	-2.4%	8.2%	5.4%	9.6%
2024	-0.2%	2.5%	1.7%	-3.8%	1.2%	-0.4%	5.4%	3.0%					9.4%

Notes: (1) Returns calculated as per NAV for Founders A USD shares. (2) Performance and returns are net of all fees and expenses. (3) Past performance may not be indicative of future returns. (4) Fund inception was on 12th May 2023.

# ATTRIBUTION

## Largest contributors to return since inception.

COMPANY	DESCRIPTION	CONTRIBUTION TO RETURN (%)
BERKSHIRE HATHAWAY	Berkshire Hathaway is a multinational conglomerate led by Warren Buffett, known for its ownership of diverse businesses and large investments in companies like Apple and Coca-Cola. Its operations span industries including insurance, energy, retail, and manufacturing.	5.07
HOWDEN JOINERY	Supplies various kitchen, joinery, and hardware products in the United Kingdom, France, Belgium, and the Republic of Ireland.	4.04
SVENSKA HANDELSBANKEN	Svenska Handelsbanken is a Swedish bank offering services in corporate and personal banking, asset management, and financial markets. It operates across several countries, primarily in Europe, with a focus on decentralized management.	2.76
CHARLES SCHWAB	Charles Schwab is a U.S.-based financial services company providing brokerage, banking, wealth management, and investment advisory services. It offers a range of products including trading platforms, financial planning, and retirement accounts.	2.74
GENKY DRUGSTORES	Genky DrugStores is a Japanese retail chain specializing in pharmaceuticals, health products, and daily necessities. The company operates drugstores primarily in Japan, focusing on affordable healthcare and household items.	2.06

Notes: Estimated attribution as per APEX Group (gross of fees) to 30/08/2024



# ATTRIBUTION

## Largest detractors to return since inception.

COMPANY	DESCRIPTION	CONTRIBUTION TO RETURN (%)
BML	BML, or BioMedical Laboratories, is a Japanese company specializing in clinical testing and diagnostic services. It offers a wide range of laboratory services to hospitals, clinics, and research institutions across Japan.	-1.23
FRANCO NEVADA	Franco-Nevada is a Canadian company that focuses on gold and other precious metals royalties and streams. It holds a diversified portfolio of mining and energy assets, generating revenue through its interests in production without directly operating mines.	-0.73
REMY COINTREAU	Rémy Cointreau is a French company specializing in the production and distribution of premium spirits, including cognac, liqueurs, and champagne. Its portfolio features well-known brands such as Rémy Martin and Cointreau, with a global presence in luxury alcoholic beverages.	-0.72
COSMOS PHARMA	Cosmos Pharmaceuticals is a Japanese company that operates a chain of drugstores offering pharmaceuticals, health products, and daily necessities. It focuses on affordable healthcare and consumer goods, with a large network of stores across Japan.	-0.71
BOSSARD HOLDING	Bossard Holding is a Swiss company specializing in fastening solutions, offering products such as screws, nuts, and bolts, along with engineering and logistics services. It serves a wide range of industries globally, including automotive, electronics, and aerospace.	-0.3

Notes: Estimated attribution as per APEX Group (gross of fees) to 30/08/2024

# PORTFOLIO FEATURES

# PORTFOLIO FUNDAMENTAL CHARACTERISTICS

Attractively valued relative to readily available alternatives.

Metric	Tourbillon
<i>Yield</i>	
Owner Earnings Yield	6.4%
Earnings Yield	5.6%
Free Cash Flow Yield	4.5%
Dividend Yield	2.5%
<i>Returns &amp; capital structure</i>	
Return on Capital	19%
Return on Equity	16%
Net Debt (cash) to Equity	6%
Earnings Growth Rate	9%
<i>Other</i>	
Price to Sales	1.8
Price to Book	2.8

Metric	Yield/Rate
Tourbillon Partnership	6.4%
<i>10-year Government Bonds</i>	
USA	3.7%
UK	4.0%
Germany	2.2%
<i>CPI Inflation</i>	
USA	2.5%
UK	2.2%
EU	2.2%
<i>Equity alternatives</i>	
MSCI World	5.3%
S&P 500	4.3%
MSCI EAFE	7.1%

Notes: (1) Financial data source: TIKR. (2) All company data on TTM basis or most recent regulatory report. (3) 'Owner Yield' is an FY1 Tourbillon estimate. (4) Growth rate is a Tourbillon 5-year estimate. (5) Data as at 23.09.24. (6) Government bonds as per Koyfin. (7) CPI Inflation (inc. Food and Energy) latest reading as per OECD. (8) Index yields as per MSCI and WSJ/Birinyi Associates. (9) 12mth fwd consensus for Equity alternatives.

# LOOK THROUGH FUNDAMENTAL CHARACTERISTICS

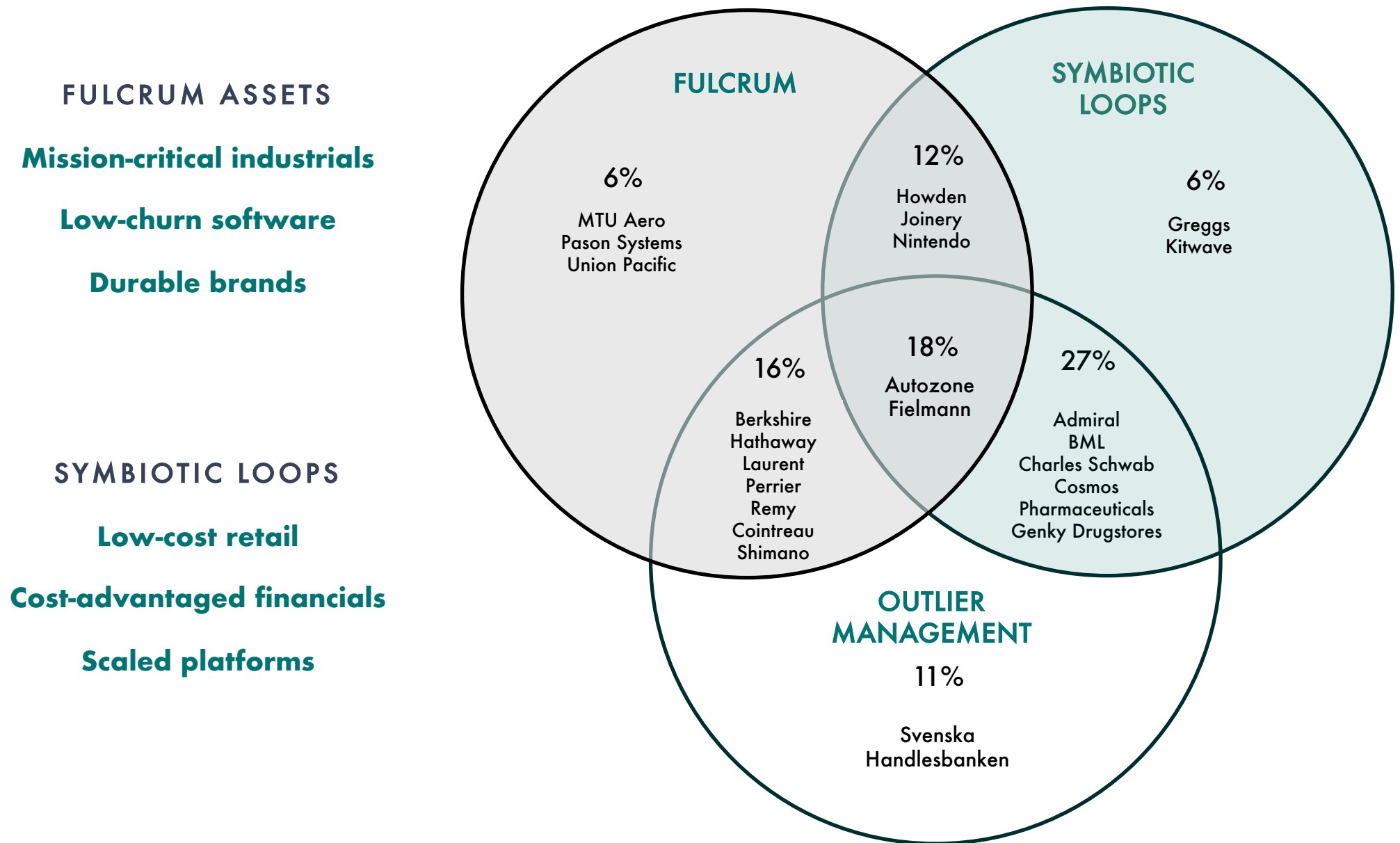
We own a collection of outstanding businesses.

Company	% NAV <sup>1</sup>	Yield <sup>2</sup>	ROCE <sup>3</sup>	Fulcrum	Symbiotic	Outlier
Svenska Handelsbanken	11.3%	10.1%	15%			•
Howden Joinery	9.5%	5.3%	20%	•	•	
Berkshire Hathaway A	9.4%	5.8%	14%	•		•
AutoZone	9.1%	5.2%	48%	•	•	•
Fielmann AG	8.7%	6.6%	15%	•	•	•
Admiral	7.3%	6.3%	36%		•	•
Cosmos Pharmaceuticals	6.9%	5.4%	14%		•	•
Genky DrugStores	6.4%	6.1%	12%		•	•
Greggs	3.2%	4.6%	19%		•	
Pason Systems	3.1%	9.1%	23%	•		
Charles Schwab	3.1%	6.5%	12%		•	•
Nintendo	2.9%	5.6%	20%	•	•	
BML	2.8%	6.5%	7%		•	•
Berkshire Hathaway B	2.5%	5.8%	14%	•		•
MTU Aero	2.4%	4.7%	-6%	•		
Kitwave	2.3%	9.2%	15%		•	
Laurent-Perrier	1.4%	9.9%	10%	•		•
Remy Cointreau	1.2%	7.6%	10%	•		•
Shimano	1.1%	5.1%	8%	•		•
Union Pacific	0.9%	4.7%	15%	•		

Notes: (1) Weights are Tourbillon estimates as of 23..09.24 (2) Yield based on FY1 Owner Earning estimate. (3) ROCE is Return on Capital Employed. Return on Equity used for financials. Source: TIKR.

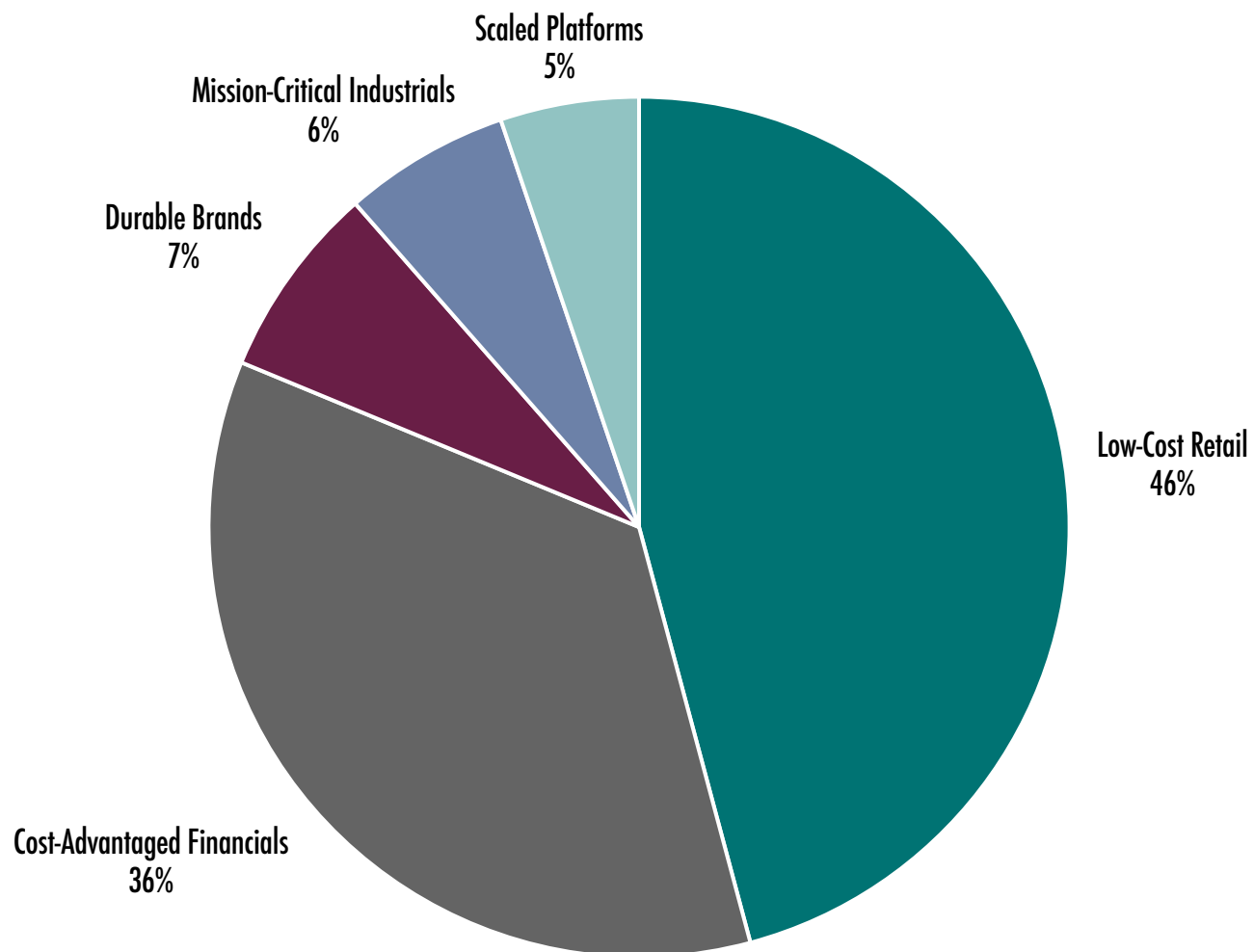
# DOMAIN EXPERTISE

First-principles approach coupled with domain expertise.



# IDIOSYNCRATIC EXPOSURE

## Sub-sector concentration.

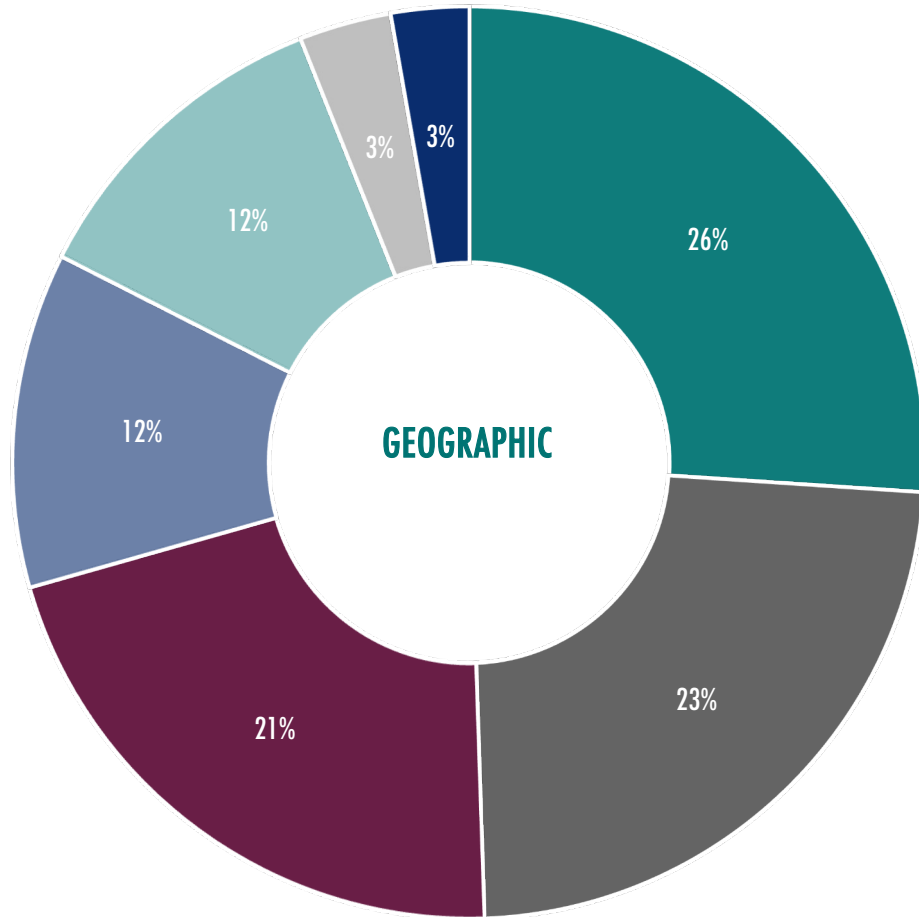


Notes: (1) Weights are Tourbillon estimates as of 23.09.24 (scaled to exclude cash)

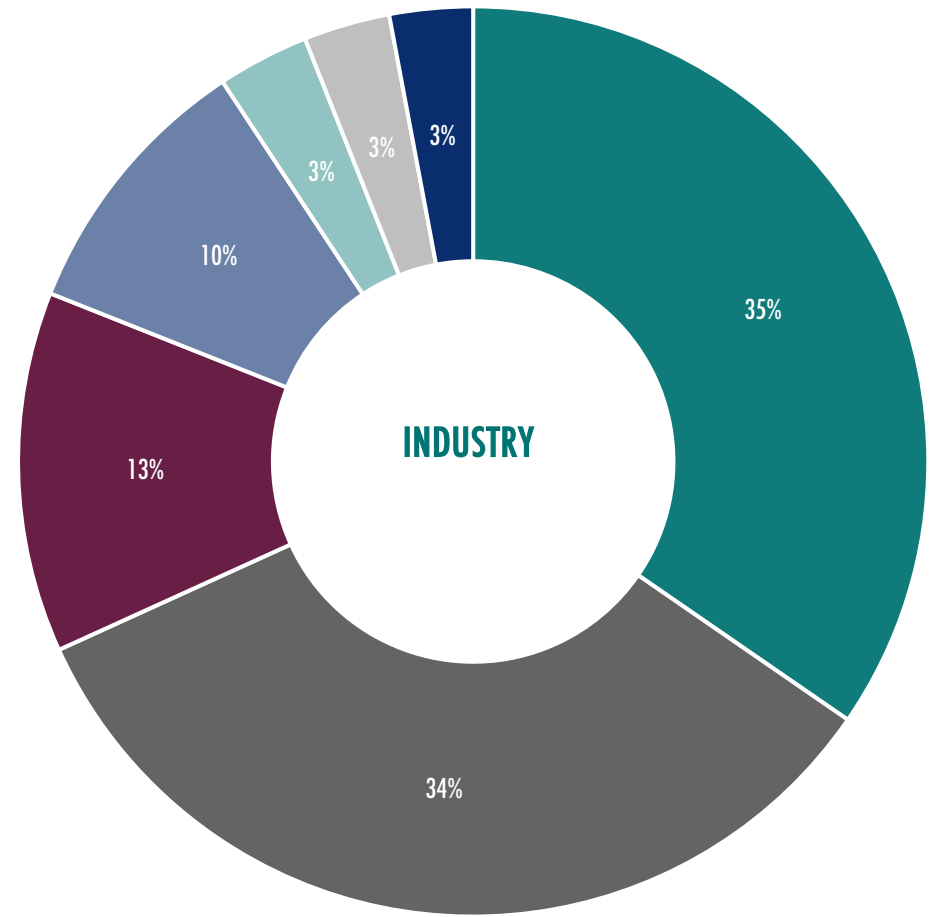
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# IDIOSYNCRATIC INVESTMENTS

Geography and industry a by-product of stock selection.



- USA
- UK
- Japan
- Germany
- Sweden
- Canada
- France



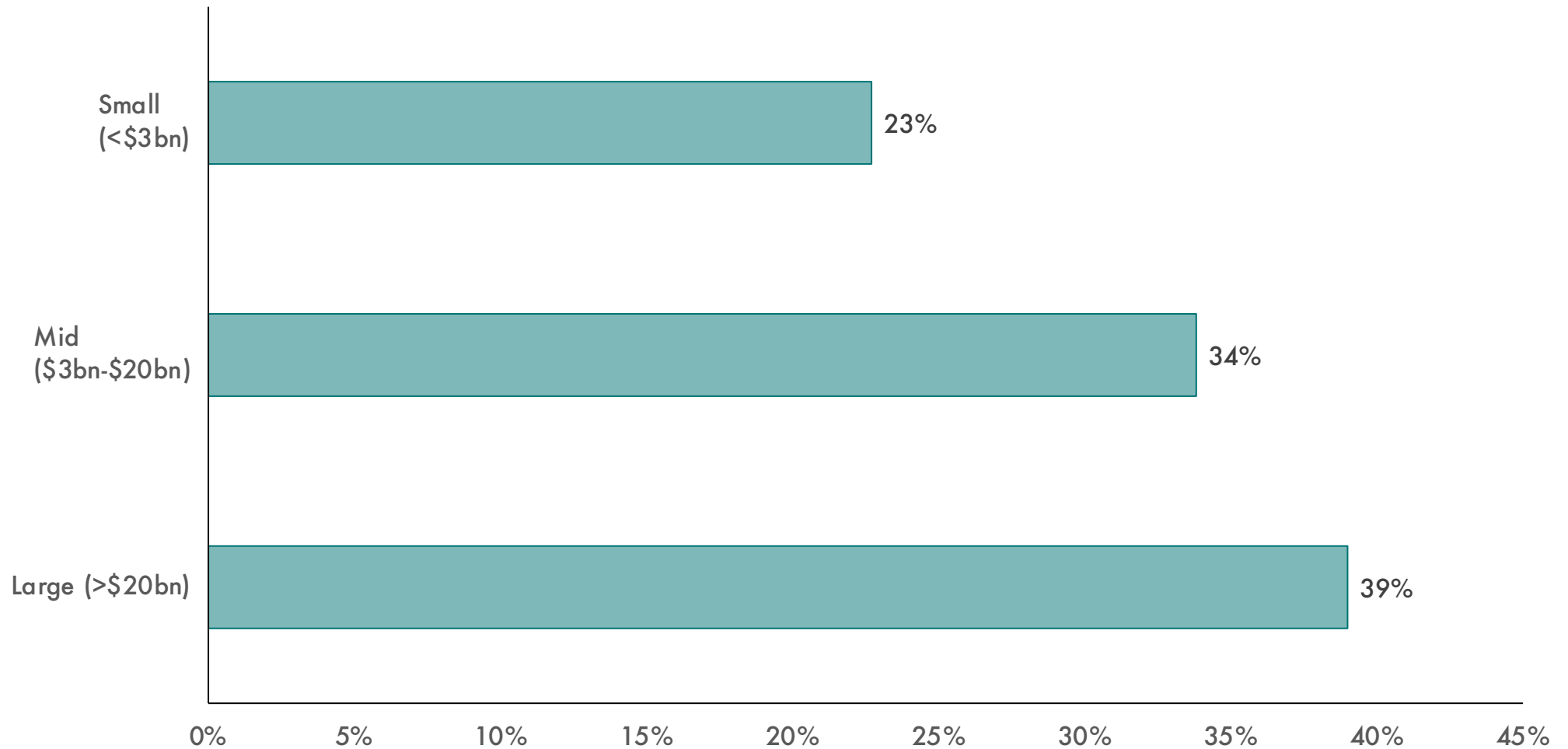
- Financials
- Industrials
- Energy
- Health Care
- Consumer Discretionary
- Consumer Staples
- Communication Services

Notes: (1) Weights are Tourbillon estimates as of 23.09.24 (scaled to exclude cash)

# IDIOSYNCRATIC INVESTMENTS

Opportunities in small and mid-cap companies.

Market Capitalization (% NAV)

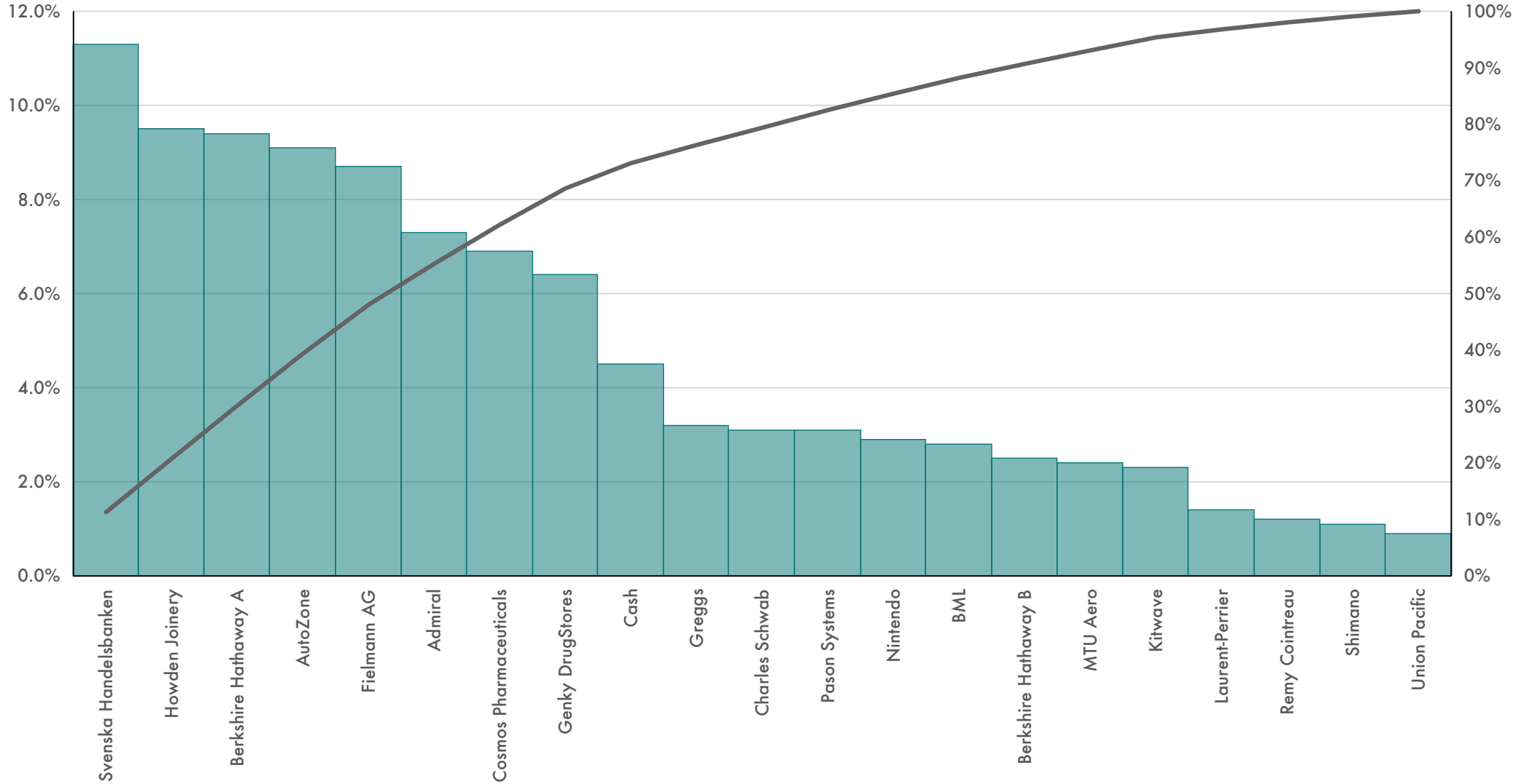


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# INVESTMENTS

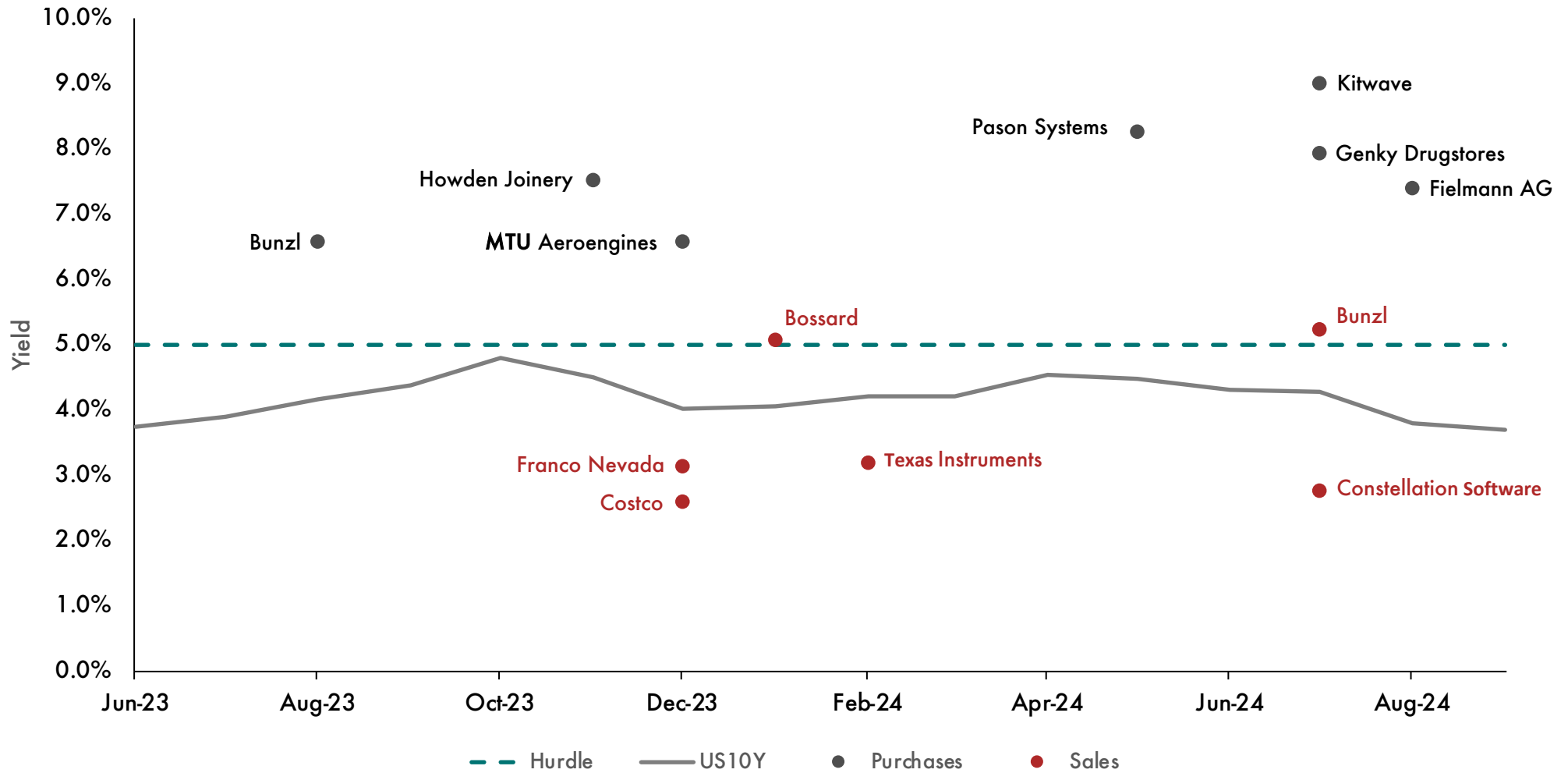
**80% of the portfolio in the top 10 companies.**



Notes: (1) Weights are Tourbillon estimates as of 23.09.24

# OPPORTUNITY COST IN ACTION

Owner earnings yield for new purchases and sales since inception.



Notes: (1) Financial data source: TIKR. (2) 'Owner Yield' is an FY1 Tourbillon estimate.

# PEOPLE AND STRUCTURE

# | TEAM

## **BEN BENECHÉ, CFA**

### **Co-Founder and Portfolio Manager**

Prior to founding Tourbillon, Ben was senior portfolio manager and co-lead of international equity portfolios at Pictet Asset Management for 10 years. He managed several billion USD on behalf of a largely institutional client base. Ben was primarily responsible for investments in Japanese and Asia-Pacific listed businesses, often small and mid-sized companies generally overlooked by professional investors. Client accounts included the AMG-Pictet International fund (5-star Morningstar rating in 2018) and the concentrated Litman Gregory 'masters' fund. He began his career in 2008 as an analyst focused on US equities and the energy sector.

Ben has a degree in Economics and Economic History from York University (1<sup>st</sup> class honors) and is a CFA charter holder.

## **RAMESH NARAYANASWAMY**

### **Co-Founder and Portfolio Manager**

Prior to founding Tourbillon, Ramesh was a partner and portfolio manager at Veritas Asset Management LLP. Over 11 years, he held roles spanning global cross-sector fundamental equity research in concentrated equity strategies, as well as portfolio management. Prior to that, he spent 5 years at Fidelity Management & Research where he was a global industrials and utilities analyst as well as sector portfolio manager.

Ramesh has a degree in Computer Science & Engineering from Cochin University of Science and Technology and a post-graduate degree in management (MBA) from Indian Institute of Management Bangalore. He was also formerly an independent software developer and consultant.

# TEAM

## SIMON TODD

### Chairman

After graduating in Modern History from Brasenose College, Oxford University, Simon joined UBS as an equity analyst at Phillips & Drew Fund Management in London. He moved to MFS Investment Management in 2000, working in Boston before returning to the U.K. to help build the MFS London office. For MFS, and subsequently for Majedie Asset Management and Marathon Asset Management, he managed institutional global equity portfolios, in addition to regional accounts in Europe, North America and Japan.

In recent years, Simon has lived in Europe, travelling and studying. He has co-founded, invested in and served on the boards of several start-up businesses. He advises entrepreneurs on business strategy, human resources, financing and investment.

## GURDEEP BUMBRA, CFA

### Managing Director: Partner Relationships & Operations

Prior to joining Tourbillon, Gurdeep was a senior investment professional at Pictet Asset Management for almost two decades. During this time, he managed European, Emerging Market, and International Equity portfolios. More recently, he also held the position of Head of Research for the Developed Equities division. In these roles, he has gained extensive experience in managing and building teams, as well as in client-facing activities. Gurdeep began his career at Gartmore Investment Management as an equity analyst.

Gurdeep has a degree in Accounting & Finance from University of West of England (1st class honours) and is a CFA charter holder.

# | TERMS AND OPERATIONAL STRUCTURE

**Simple, transparent fees and scalable infrastructure.**

## TERMS

**Fees:** 0.5% fixed fee + 20% of profit over a 5% hurdle with high water mark.

**Minimum Investment:** \$1 million.

**Subscriptions & Withdrawals:** Monthly.

**Reporting:** Semi-annual reporting supplemented with frequent memos on investment thinking.

**Tax friendly:** US Partnership status, and HMRC Tax Reporting status.

## SERVICE PROVIDERS

**Custody and Trading:** UBS Luxembourg.

**Audit:** Baker Tilly.

**Administration:** Apex.

**Bank:** Northern Trust.

**Legal:** Seward & Kissel (US) and Ogier (Cayman).

**Compliance:** Appointed representative of Eschler Asset Management LLP.

**Fund Structure:** Cayman SPC (SEC registered) with option of Separately Managed Account.

# **BUSINESS PRINCIPLES**

# VALUE INVESTOR INSIGHT INTERVIEW



# | DISCLAIMERS

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# | CONTACT



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