Colebrooke Opportunities Fund – Class A (GBP)

Investment philosophy
The fund practices opportunistic, long-term investing in good businesses run by great people. The objective is to earn above market returns from opportunities that are out of favour, overlooked, or are unavailable to investors burdened by too much capital, institutional pressures, or short time horizons. The fund aims to purchase businesses at times when they are available at substantial discounts to their intrinsic value. The approach is to act rationally regardless of consensus and requires comfort standing apart from the crowd. Success should be judged on a time horizon of at least 5 years. Companies are selected based on three criteria: Does the business have, or is it building, a competitive advantage allowing it to earn high returns on invested capital for a long period of time? Is the business run by a great management team? Is the business available at a price that offers attractive returns while limiting the potential for permanent loss of capital? Assets are concentrated in only a few companies, as good businesses with great managers are rarely available at attractive prices. The fund focuses on UK listed companies. It does not engage in short selling or use leverage. The fund is available to Professional Clients only.

Holdings over 3% (alphabetical)	**Key Characteristics**
1. ASOS 2. Auction Technology Group 3. Eurocell 4. Midwich Group 5. Moonpig Group 6. NAHL Group 7. Naked Wines 8. THG 9. Ultimate Products 10. Watches of Switzerland Group	1. **Active ownership** – the fund seeks to be an asset on the shareholder register. Long term orientation, concentration and depth of research allow for extensive engagement and problem solving alongside management teams. 2. **Capital discipline** – the fund will only accept additional capital if the opportunity set is sufficiently attractive. Once at scale, it will close permanently to maximise long-term returns. When necessary, the fund will hold cash rather than invest in opportunities that do not meet its criteria. 3. **Alignment** – majority of portfolio manager's net worth and a sizeable amount of their family's are invested in the fund.

Monthly performance

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Year
2024									5.26%				

Operations		**Proposed Investment terms**	
Advisor:	Colebrooke Partners	**Inception:**	3 September 2024
Manager:	Eschler Asset Management	**Min investment:**	£100,000
Domicile and Legal Structure:	Cayman Islands Segregated Portfolio	**Redemptions:**	<30%, Quarterly, 60 days' notice >30%, Quarterly, 120 days' notice
Administrator:	NAV Consulting		
Custodian:	IG Prime	**Mgmt/Perf fee:**	1.2% p.a./ 12% with 6% hurdle
HMRC Reporting fund:	Yes	**High Water Mark:**	Perpetual

Please contact us to receive our letter to prospective partners or to discuss partnering with us:

Jack Pailing, Portfolio Manager: jp@colebrookepartners.com

Sam Cole, Managing Director: sc@colebrookepartners.com

Principles

1. We think of ourselves as being in partnership with our investors.
2. Our goal is to grow our capital over the long term, with the informal aim of doubling our capital every 5-6 years on average.
3. We will pursue this aim by purchasing future cash flows for less than they are worth in today's money. We will do this by buying ownership interests in good businesses, run by excellent management teams, at attractive prices. By adopting this approach, we will necessarily treat the buying of shares as if we were buying the whole business. We will look to the performance of the business for signals of its success or failure and not to the price attributed to the business by the market.
4. We will only buy something if we are confident that we can make a sensible estimate of the business's intrinsic value and we can buy the business for considerably less than that estimate. By intrinsic value we mean the present value of the future cash flows produced by a business to a rational and knowledgeable buyer.
5. The impact of mass psychology on the market means that the intrinsic value of an asset or business often differs from the price of the asset or business in the market. This is particularly the case during moments of panic or euphoria. We will seek to make our profits by taking advantage of this difference.
6. Our default position will be cash. We will only move from cash into an investment when we are confident that we have a sufficient margin of safety between our purchase price and a conservative valuation of the business, as well as the prospect of an outsized return. This means that in certain market conditions, we may appear rather inactive. This is no bad thing in investing. The urge to do something just to be active can be very costly. If you chase returns, you almost never catch them.
7. Our performance should be judged over periods of many years. Any out-performance or under-performance month-to-month and even year-to-year should not be taken too seriously. We will write to you at the end of each 6-month period to update you on the performance of the portfolio as well as to let you have any other information which we would like to receive if we were in your position.
8. Finally, and perhaps most importantly, we cannot promise results, but we can promise that our interests will be aligned with yours. The majority of our personal wealth, and that of our extended families, will be invested alongside yours; we will only prosper if all our partners prosper.