

Investment Approach: Investment Horizon

Iron Pot Equities' Global Technology Fund (the Fund) delivered an 18% return for the financial year to date ending March 2025. This return was shaped by a period of unusual market conditions. The December quarter gains of 23% eased back by 6% in the March quarter, creating a setting fit to check the rigour of any investment approach, testing qualitative and quantitative elements and, importantly, a manager's commitment to their underlying philosophy: trader or investor. The Fund's approach is that of an investor, buying a slice of each business we select, and our 5+ year investment time horizon speaks to that approach.

Even so, the excessive performances of both the markets and the Fund warranted some prudence. With the Fund gaining 20% in the first five months of the financial year, compounded with markets running hot post Trump's election win, we reduced exposure by 20% in early December. Although markets rallied further, derisking the portfolio ultimately proved worthwhile with the subsequent pullback in markets and portfolio stocks giving us excellent opportunities to selectively buy back positions well below the prices at which we sold.

This constituted an unusual period for the strategy. The fundamentals of the businesses in which we invest had not changed, nor was there change in our view on any management. The only aspect needing attention was valuation.

Portfolio Movements

In: **Workday** is a cloud-based enterprise AI platform provider that helps companies manage their people and finances. Originally US focussed, it is now used by more than 11,000 enterprises and derives over 25% of revenues internationally. The enterprise software market is estimated variously at between USD250–300bn and is growing at a healthy clip. Founded in 2005, Workday now generates revenue exceeding USD8bn and is forecast to grow at a further 13% p.a. over the next two years. Gross margins have been trending steadily up from the mid-60s to now mid-70%, validating the 30% of revenues spent on new product R&D and a further 30% on penetrating global market opportunities.

Out: **PayPal** is a heavyweight global fintech provider in the online payments industry. It has been a long-term holding for the strategy, financially robust and generating consistent returns on capital. However,

facing increasingly intense competition, key measures are struggling. Gross margins, a measure of the profitability of the services offered, are in steady decline from over 70% at the time of its spin-off from eBay, to now just over 50%. Further, the rate of revenue growth is decelerating from +12% p.a. over the past five years – and even higher prior to that – to less than 5% p.a. forecasts for the next two to three years. A great company but unfortunately one that no longer fits a growth portfolio.

Performance to 31 March 2025

Period	Net return %*
March Quarter 2025	-6.1%
Since Inception – Total (July 2023)	+33.1%
Since Inception – Annualised	+17.9%

* Net of all fees, expenses and accruals

Portfolio Breakdown

Quarter End 31 March 2025

Asset Class	% Allocation
Listed Equities	92.0%
Cash (net of accruals)	8.0%
Total	100.0%

Region	% Allocation
North America	60.3%
Sweden	9.8%
Australia	8.6%
China	4.6%
Taiwan	4.5%
United Kingdom	4.2%
Cash (net of Accruals)	8.0%
Total	100.0%

Industry Sub-Group	% Allocation
Applications Software	3.6%
Auto-Cars/Light Trucks	2.2%
Cellular Telecoms	4.3%
Commercial Serv-Finance	7.6%
Data & Systems Security	11.5%
E-Commerce/Products	7.3%
Enterprise Software/Services	12.0%
Entertainment Software	3.0%
Internet Application Software	3.4%
Internet Media & Services	14.7%
Medical Products	3.2%
Semiconductor Industry	13.6%
Web Portals/Internet Service Providers	5.6%
Cash	8.0%
Total	100.0%

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 - (B) deposit products other than basic deposit products;
 - (ii) interests in managed investment schemes excluding investor directed portfolio services; and
 - (iii) securities; and
- (b) deal in a financial product by:
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 - (A) deposit and payment products limited to:
 - (1) basic deposit products;
 - (2) deposit products other than basic deposit products;
 - (B) interests in managed investment schemes excluding investor directed portfolio services; and
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