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# 2025 Investor Presentation

**VT Holland Advisors Equity Fund**

**Andrew Hollingworth**

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Disclaimer: This presentation is not investment advice nor a promotion to invest in any Holland Advisors fund. It is not part of the fund prospectus or offering documentation of VT Holland Advisors Equity Fund. Opinions expressed below are only those of the manager and shared for the interest of readers only. Readers are instructed to look at the full disclaimers on the Holland Advisors website and the VT Holland Advisors Equity Fund prospectus.

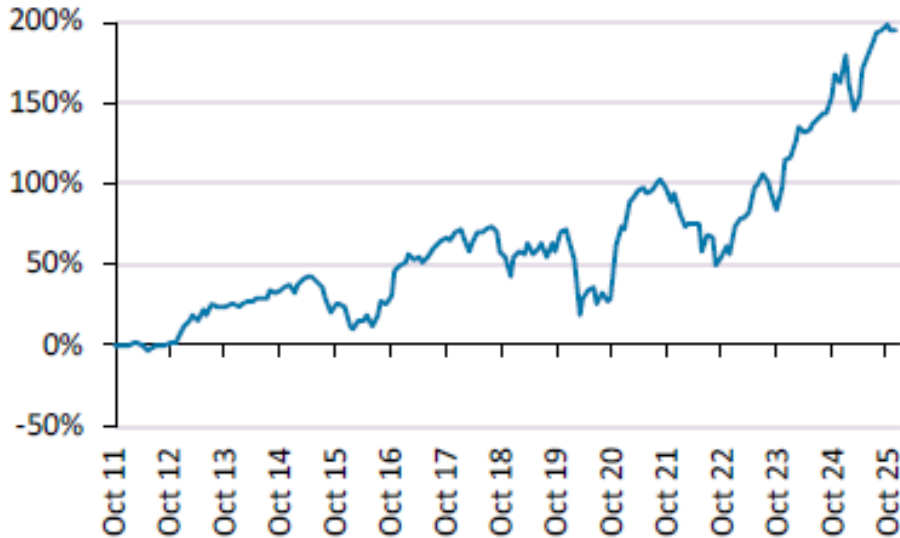
# We are different (very) – Our USP

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- We want to compound investor capital at 15% pa
  - Doing so will multiply it by 16x in 20 years
  - Vs. 5% compound rate only multiplies 2.6x
- This is achievable by our unique approach to:
  - Owner Managers
  - Pattern recognition
- Andrew is an ‘Outsider’ and 20y Owner Manager himself
- Our intangible skills are our ‘edge’
  - Company analysis (tangible) is now ‘a given’ in investing
  - Pattern recognition, reading of people, cycles and judgement takes decades to develop
- >90% of fund invested alongside aligned Owner Managers
  - All have only one company and its their life’s work
  - Andrew has only one fund. This is his life’s work

# Fund Performance – Absolute

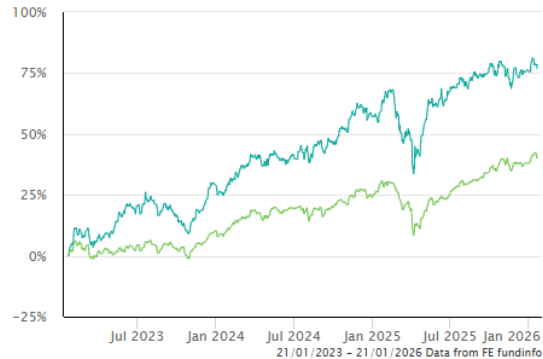
## STRATEGY TRACK RECORD <sup>1</sup>



Source: VT Holland Advisors Equity Fund Factsheet, Dec 25

# Fund Performance – Relative

## Cumulative Performance



Time Period 3 m 6 m 1 y 3 y

■ VT Holland Advisors Equity R Acc GBP ■ IA Global

Key	3 m	6 m	1 y	3 y	5 y
<span style="color: teal;">■</span>	0.1	3.5	10.7	76.7	-
<span style="color: green;">■</span>	2.4	8.8	7.7	39.9	44.9
Quartile Ranking	<span style="background-color: blue; color: white; padding: 2px;">4</span>	<span style="background-color: blue; color: white; padding: 2px;">4</span>	<span style="background-color: green; color: white; padding: 2px;">2</span>	<span style="background-color: teal; color: white; padding: 2px;">1</span>	

Source: FT Trustnet

# Top Holdings + Performance by Year

CALENDAR YEAR PERFORMANCE <sup>2</sup>		TOP 10 HOLDINGS as at 31 December 2025	
	%		%
Year to Date	12.3	Jet2 PLC	7.4
2025	12.3	Ryanair Holdings PLC	7.2
2024	21.8	Wise PLC	6.2
2023	37.6	Nu Holdings Ltd	6.1
2022	-19.7	Block Inc	5.8
2021	12.2	Green Brick Partners Inc	5.8
2020	0.7	Amazon.com Inc	4.2
2019	21.4	Taiwan Semiconductor Manufacturing Co Ltd	4.0
2018	-16.6	Rosebank Industries PLC	3.2
2017	13.4	PDD Holdings Inc	3.1
2016	21.1	Total Top 10 Holdings	52.9
2015	-9.9		
2014	9.2		
2013	19.7		
2012	5.7		
2011	-0.2		

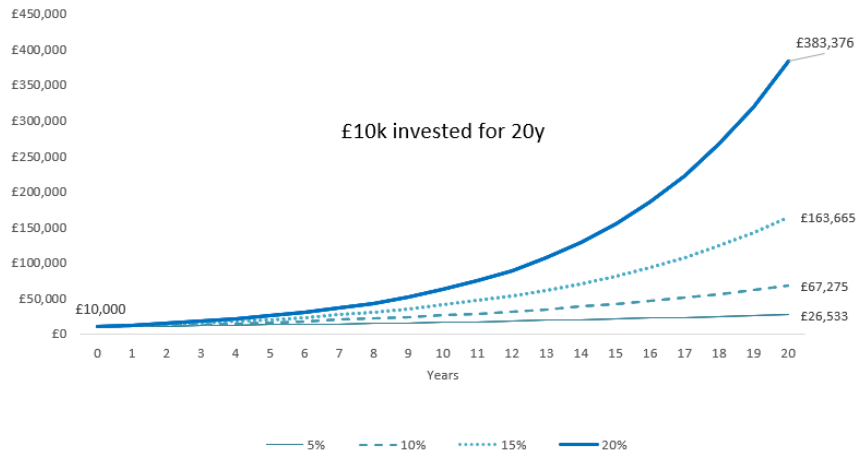
<sup>2</sup>Data since launch (2021) is present above the dotted line.

Source: VT Holland Advisors Equity Fund Factsheet, Dec 25

# What we are trying to do... and why

We aim to compound investor capital at very high rates

- Growing at **15%pa** for 20y results in a **16x multiplier** of today's capital
  - This compares with only a **2.6x** multiple after 20y at **5% pa**
- Equity markets compound at 7-10%, Investors often make +/- 5%
- The very best money managers/CEO's compounded at 20%
  - They inspire our approach



# How can we achieve high rates of capital compounding?

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- Accept our limitations
  - No leverage
  - No float
  - Market timing is almost impossible, so focus on long term
- We seek out businesses that can compound our capital at sustainably high rates and don't overpay for them
  - Easy to say, but hard to do
- We spent years studying drivers of outstanding compounding
  - Growth, cost of growth, allocation, alignment & leakage

*Great companies, run by great managers at great prices*

# Holland Advisors + Fund Facts

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## Holland est. for 17y

- Entrepreneurial, founder lead & a strong team
- A trusted supplier to EU's best PM institutions

## Despite fund's smaller size, we equal peers on:

- Running costs
- Capital security & access with top-tier suppliers & platforms

## Portfolio exposures are outputs, not inputs

- Company size, geography & liquidity
- Our process = little oil, utilities, commodities or defence

>90% invested in Owner-Managed companies

# Our edge is our investment approach

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- Fund **outputs**: perf + volatility + exposures = hard facts
- Fund **input**: Is our differentiated investment process
  - This is why we always explain our process fully
  - And why our performance is different
  - Fund's Active Share at c.96%

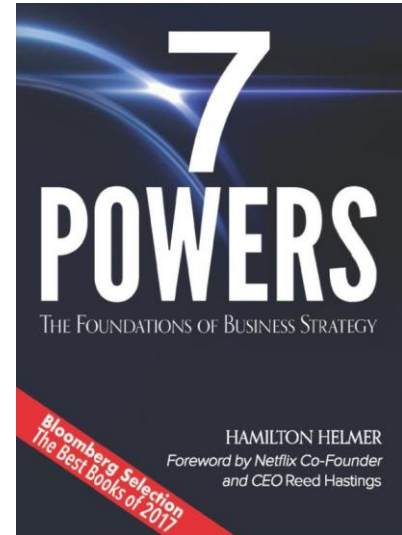
	Good Outcome	Bad Outcome
Good Process	<b>Deserved Success</b>	<b>Bad Break</b>
Bad Process	<b>Dumb Luck</b>	<b>Poetic Justice</b>

Source: Michael Maboussin

# BB1: Sustainable Competitive Advantages (SCA's)

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- We want all investments to demonstrate one or more Sustainable Competitive Advantages:
  - Scale Economics
  - Network Economics
  - Counter-positioning
  - Switching costs
  - Branding
  - Cornered Resource
  - Process Power
- We find most opportunity in SCA's least understood by other investors



*Buy right, sit tight*

# BB2: Our Owner-Manager obsession

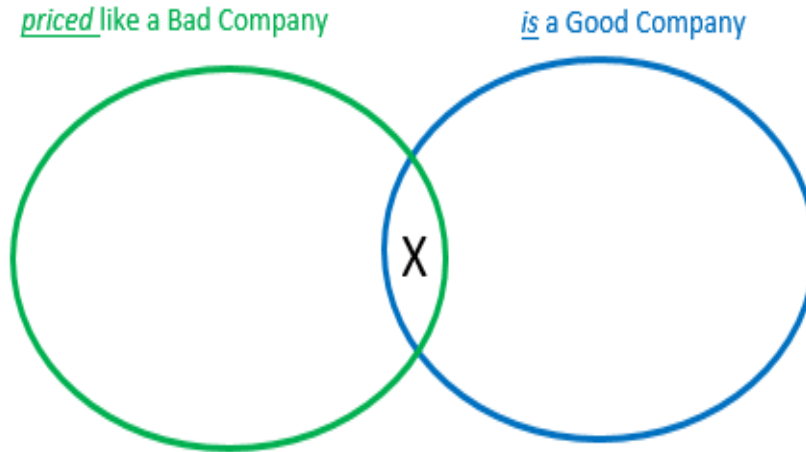
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See Holland Advisors  
Owner-Manager Traits

# BB3: Buying great Co's when others hate them

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Source: Holland Advisors

*“Be fearful when others are greedy and greedy when others are fearful”*

Warren Buffett

# ABB: Finding exceptional compounding businesses

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## In search of Nirvana – Supernatural Compounders

March 2024



# Bessembinder Stock Market Study

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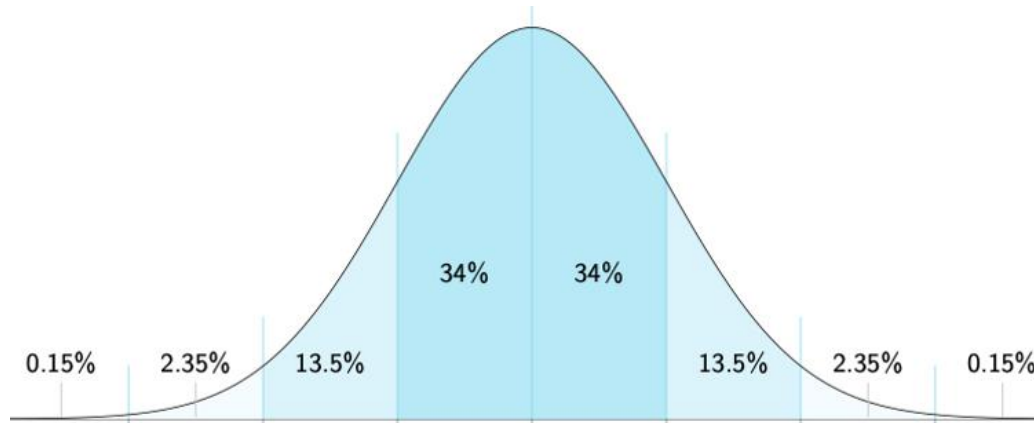
- Studied stock market returns for 64,000 companies from 1990-2020
  - “We find that the top 2.4% of firms account for all of the \$75.7 trillion in net stock market wealth creation from 1990 to 2020”
    - = 1,500 companies out of 64,000
  - “The best performing firms (0.25% of total) accounted for half of net stock market wealth creation”
    - = Only **160** companies out of 64,000!!!

*Many see MAG7 as bubble: are they missing a bigger picture?*

# The supernatural compounders (SNC) of tomorrow

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- We are using our long study of compounding to:
  - Try to find tomorrow's 'supernaturals'
  - Which will likely be run by tomorrow's great Owner-Managers



Source: TikZ.net

*c.25% of Fund today invested in companies with SNC traits*

# Supernatural compounders – Pattern recognition

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- We have well established traits we look for in SCA's and Owner-Managers
- Supernatural compounders (SNC's) have additional requirements
  - A visionary founder
  - Who re-thinks their industry – solving a hard problem
  - To give customers a more compelling offering
  - Low unit-cost driven and customer obsessed
  - Have huge runways of growth ahead
  - Make good/great ROICs that enable self-funded growth
- The crucial financial trait is the ability to redeploy huge amounts of retained capital at high rates of ROIC

# Wise words

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*“You need a genuine desire day in day out to delight the customer. I’ve seen a lot of business, but I’ve never seen one that focused on delighting the customer that didn’t succeed.”* **Warren Buffett, emphasis ours**

*“The biggest driver of new customers is word of mouth/recommendations... And the biggest driver of recommendations is the fact that we are so much cheaper and more transparent than other banks or anything else that is available.”* **Kristo Kaarmann, Wise CEO and Founder, June 2024 analyst meeting**

# Wise... A supernatural compounder

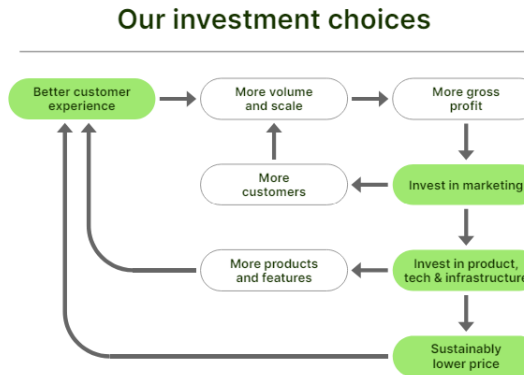
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- The best innovative businesses solve a problem
  - Wise's is the cost of Forex via banks
  - Banks Forex spreads = an unseen global tax on SME/Individual
  - Customers save c.2% of every single transaction with Wise
- Wise is re-investing profits to reduce customer pricing further
  - Customers love this, but the share price fell!
  - Also building an alternative clearing network of its own
- Wise is re-investing back in itself at likely high ROIC rates
- Wise has all the four traits we love in great Co's (#builttolast)
  - Preserve a core ideology
  - BHAG (Big Hairy Audacious Goals)
  - Trying new things
  - Constant innovation in new products and services

# Wise: Scale Economy Shared in action

*“The market leader over time will be the provider of the cheapest, fastest, most convenient service with the broadest coverage. This will only be achieved by building the best global infrastructure, so we will continue to re-invest every year.”* Kristo Kaarmann, Wise CEO and Founder, June 2024 analyst meeting

**Growth and scaling creates capacity to reinvest.**

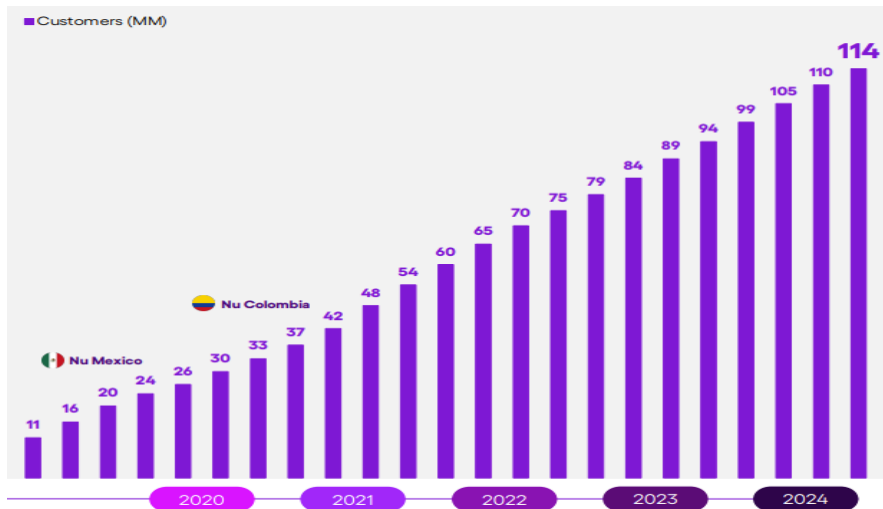


Source: Wise Plc Investor Presentation, June 2024

# Nubank: A snowball on a long, wet hill

## Nubank's trifactor

- Is the **lowest unit-cost** bank, has **very high ROE's** & customers **LOVE** it
- Brought powerful 'Scale Economy Shared' model to sleepy banking sector
- Looks a perfect SNC. Is Amazon-esq in customer focus and disruption
- Its global growth runway could be very long



Source: Nu Holdings

# Companies we own by mental model

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## Supernatural Compounders

- Wise, Nubank, Biglari, Bollore, Carvana, Kelly Partners

## Capital Cycle/Investment Cycle +/- Sentiment Cycle

- Netflix, Meta, Frasers

## Compounders dressed up as cyclicals

- Jet2, Credit Acceptance, Ryanair, Greenbrick, Summerset

## Scale Economy Shared models

- Amazon, TSMC, BYD, PDD, Next, JDW

**We love disrupters and lowest unit-cost winners**

# Netflix: A changing capital cycle

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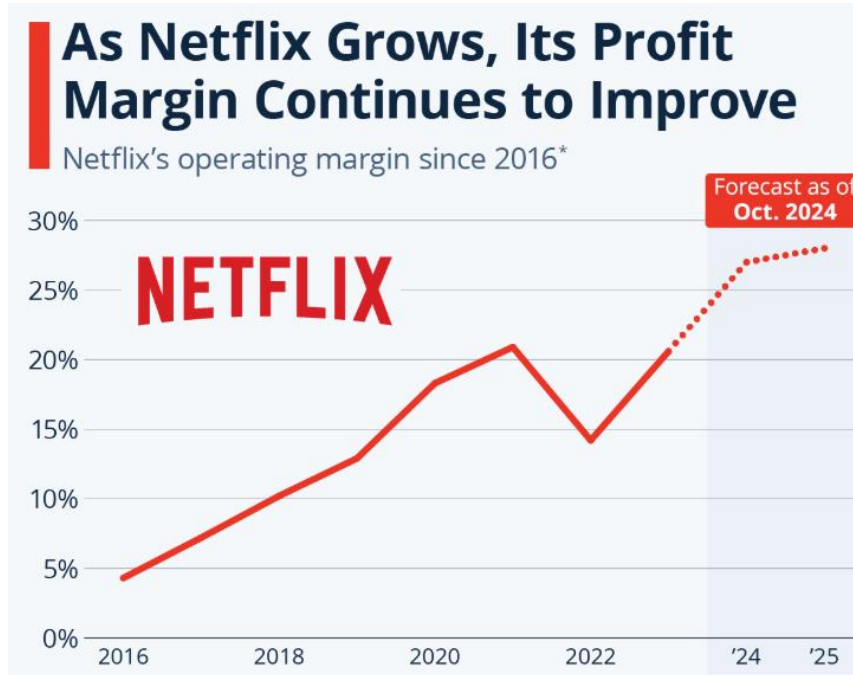
## Who are you?

- A counter-positioning business run by a driven Owner-Manager
- That achieved scale and used it powerfully
  - A disrupter that created Network + Scale Economics
  - Which it re-invested for customers benefit & a bigger moat

## Where are you?

- Netflix was being attacked by gorillas with capital and ambition
  - e.g. Apple, Amazon, Disney
  - But it prospered in the heat of competition
    - Due to its high-quality, innovative products
    - Achieving industry leading margins
- When the capital cycle turned (i.e. others gave in) it was uniquely positioned = Huge operational gearing resulted
- Sector analysts are not SCA or capital cycle specialists. This requires a generalist approach + age!?

# Netflix: To the victor, the spoils



Source: Netflix

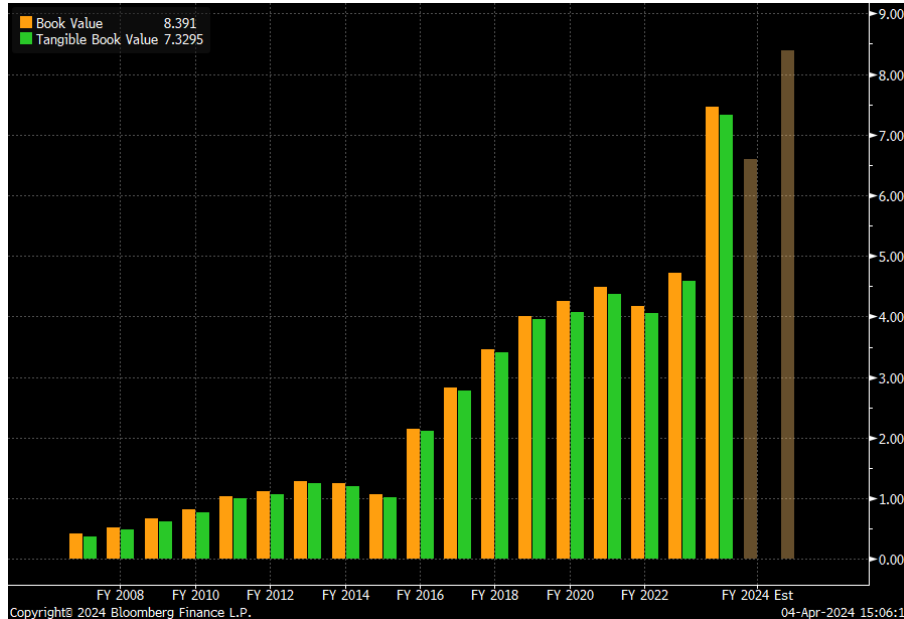
# Meta: Sentiment/Investment cycles

- Meta is an example of occasional inefficient markets
- ....that don't understand Owner-Managers psychology



Source: Bloomberg

# Jet2: A 'Compounder' dressed up as cyclical



- Ryanair, Greenbrick and CACC all look like this
  - Efficient businesses looking after customers
  - Deploying capital intelligently

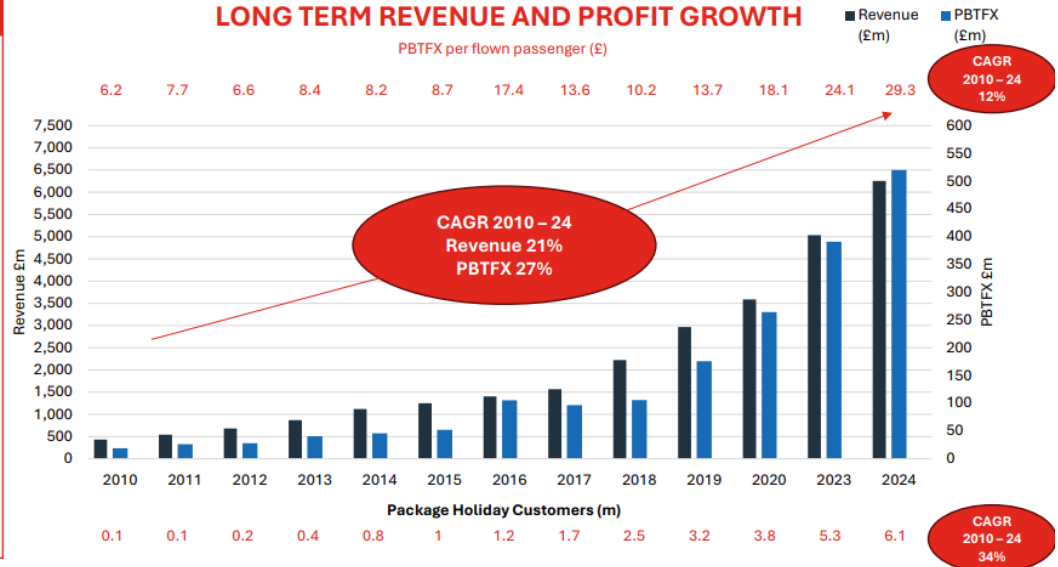
Source: Bloomberg, April 2024

# Jet2: 15-20% compounding for PE of 7x (14% yield)

## RESILIENT GROWTH & RETURNS

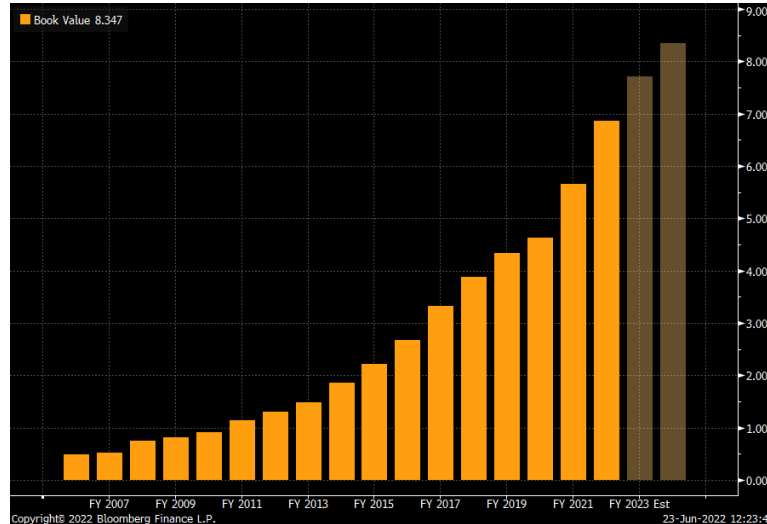
- Long-term track record of operational excellence and successful execution
- End-to-end service led offering helps drive margin expansion
- Customer stickiness drives long term financial returns
- Demonstrable efficient deployment of capital:
  - Avg ROCE (2014 – 24) = 17%
  - Avg ROE <sup>(1)</sup> (2014 – 24) = 26%
- Revenue and PBTFX since pre-Covid 2020: +74% and +97%

## LONG TERM REVENUE AND PROFIT GROWTH



Source: Jet2, Interim Results 2024

# A mistake: Ryman Healthcare



Source: Bloomberg

- A 'great' mistake example because I loved it/raved about it!
- NZ property market created a tailwind
  - & the company forgot it was a business
  - & made big liquidity mistakes
- Owner-Manager founded but not run by them anymore!!

# Buffett: “scramble out of your mistakes”



Source: Bloomberg

# In Summary

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- Our charges/structure/security/access = the same as other funds
- Where we differ **significantly** is our investment approach
  - This different input means **very** different outputs
- Inspired by outstanding capital managers of the past, we are:
  - Unconstrained, concentrated and fiercely independent
  - Intensely and solely focused on absolute long term capital compounding. Nothing else.
- Our advantages are bigger than we first realised
  - Free, independent thinking, open to learning and evolving
  - No constraints, no masters, no career risk + huge alignment

*Our biggest advantage is we love what we do*

# Thank you

[www.hollandadvisors.co.uk](http://www.hollandadvisors.co.uk)

Twitter: @Andrewhollingw

# Economic forecasting & Wing mirrors

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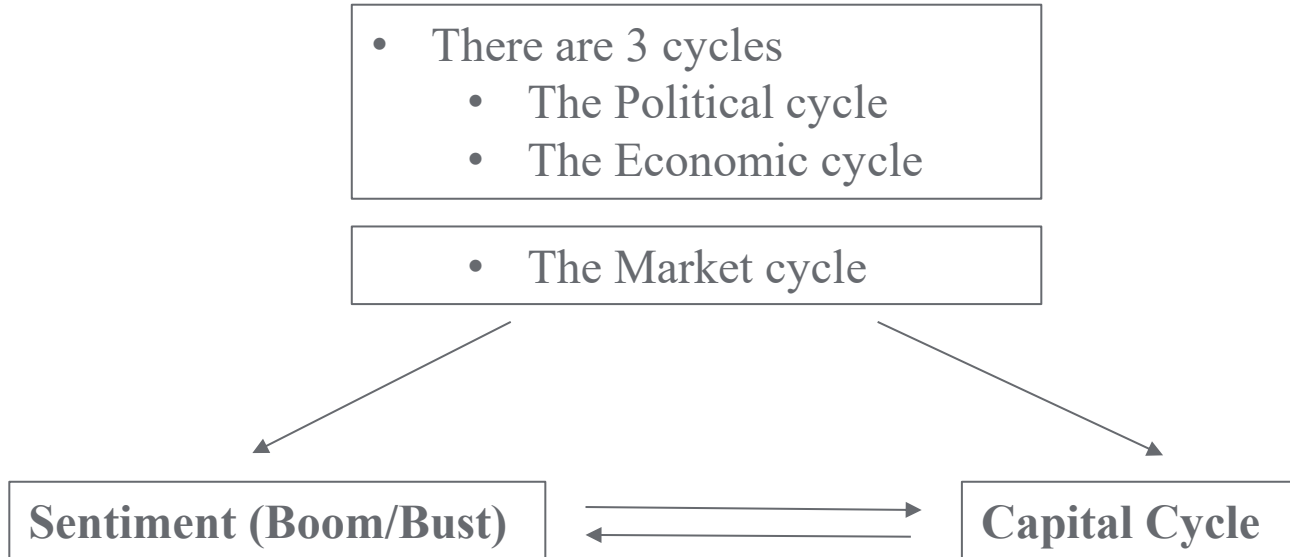
Here is my economic forecast...!

*“The only function of economic forecasting is to make astrology look respectable”*

**John Kenneth Galbraith**

# Understanding market cycles

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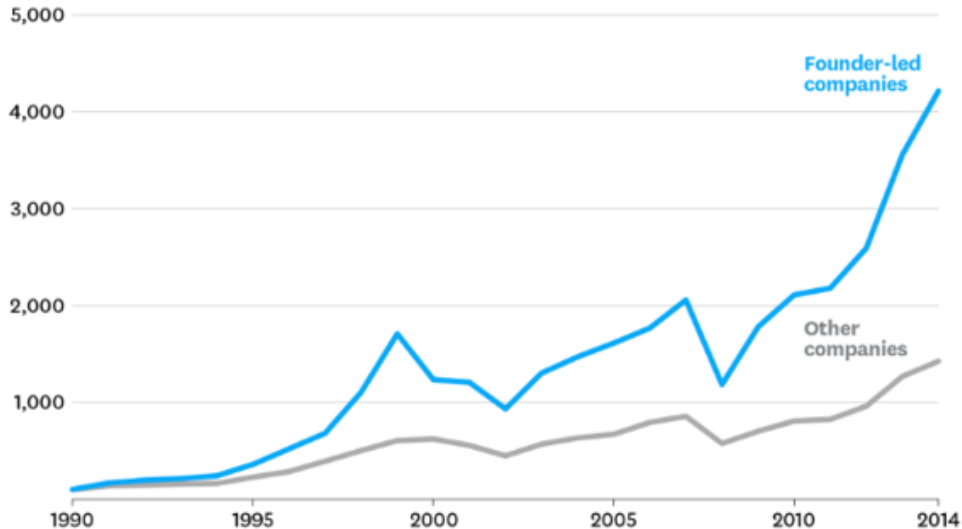


# Owner-Manager compounders

## Founder-Led Companies Outperform the Rest

Based on an analysis of S&P 500 firms in 2014.

### INDEXED TOTAL SHAREHOLDER RETURN



Source: Bain & Co

# Holland Advisors Owner-Manager traits

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- Unconventional & **challenge consensus** thinking
  - Will have spent life turning ‘left’, when told ‘right’!
  - Not complied with rules, been right and emboldened
- Want to change industries by **revolution not evolution**
  - They are **Outsiders** not **Insiders**
  - Fought bureaucracy every step of way
  - Very long term orientated - **this is their life’s work**
- Quietly influential or charismatic
  - They stopped promoting themselves long ago
  - Also stopped caring what others thought of them

**Large org CEO’s are the COMPLETE opposite**