



TRIUMPH

ASSET MANAGEMENT

It's Gonna Be Alright!

In 1969, The Beatles released "Here Comes the Sun", a song about warmth and hope emerging after a long, cold winter. It feels fitting today. Markets are turbulent, headlines are alarming, and fear is widespread. But beneath the noise, the fundamentals tell a different story. ***The fundamentals and our recent undertakings lead us to believe that with respect to our holdings, "it's gonna be alright."***

There is a battle taking place in the investment world right now, one that will define the next decade. On one side, macro headwinds: war, credit stress, persistent inflation, and fears that artificial intelligence will destroy the software industry. On the other, the most powerful technological revolution in human history, quietly compounding beneath the surface. With macro winning in March, ***the Fund declined 5.6%, bringing our year-to-date return to -8.9%***. While these numbers are difficult, we believe the current environment is setting the stage for an extraordinary opportunity.

I want to share something personal that I believe is directly relevant to your investment. After running the Fund during the day, I have spent many a "Hard Day's Night" over the past month learning and mastering AI — not at a surface level, but at the level of building real products. ***I have completely rebuilt our proprietary equity research platform, redesigned our website, and overhauled our back-office infrastructure — all using AI as a core tool.*** I did this not as a science experiment, but because I needed to understand, from the inside, what this technology is truly capable of. This is not about "Yesterday" - it is about tomorrow. ***I now have an expert understanding of both how to build with AI and, more importantly, how to deploy capital for the direct benefit of our unitholders.***

What I can tell you, with deep conviction, is this: ***the demand for compute will increase exponentially over the next decade — not 10x, not 100x, but potentially 1,000,000x.*** Every industry, every workflow, every decision-making process is being reimaged. ***The companies that provide the infrastructure, the platforms, and the intelligence layers for this transformation will generate value on a scale we have never seen.***

The companies we own share a tremendous structural advantage. Their existing monopolies each generate \$150–200 billion in free cash flow per year. ***This allows them to invest aggressively in the AI future without diluting shareholders or leveraging their balance sheets.*** In fact, the Market has yet to acknowledge that their profits from their Anthropic and OpenAI investments have already paid for their cloud builds to date. No other group of companies on earth can say the same.

Through this deep learning process, we have also identified other businesses that stand to benefit enormously from the upcoming revolution. We are carefully evaluating these opportunities and will share more as our conviction develops.

At present, macro headlines dominate investor psychology. Fear is in the driver's seat. ***But here is the corollary that the market is missing: the nine companies we own — arguably the greatest collection of cash-flow-generating businesses ever assembled — are now trading below the market multiple and cheaper than they have ever been on a forward earnings basis.***

Further, their earnings' growth rate is double that of the non-tech portion of the Market. These are not speculative bets. These are durable, profitable, dominant franchises trading at prices that imply the market has lost faith in their future. We have not.

In fact, ***the Nasdaq's forward P/E valuation premium over the S&P 500 has collapsed to just 4.4% - the smallest gap since January 2019.*** As recently as October, that premium stood at 35.7%. The market is pricing the most innovative companies on earth as though they are average.

We know we sound like a broken record. But patience in the face of temporary adversity is the defining characteristic of successful long-term investing. The fundamentals are strengthening. The valuations are compressed. The opportunity is widening. And so, we channel the great George Harrison when we elegantly say — ***"Here Comes The Run!"***

As always, thank you for your continued trust and patience. We remain fully invested alongside you and look forward to next month's communication.

Steven Tuchner
Founder & CIO

