Portfolio Manager Quarterly Comment

The Glacier Long Term Global Growth Feeder Fund (LTGGFF) had a total return of +13.81% for the first quarter of 2024, compared to +12.03% for the MSCI ACWI, both in rand terms.

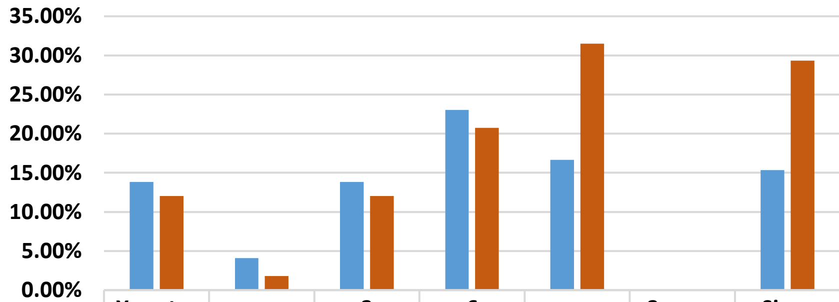
Investment commentary

Market sentiment has grown increasingly positive about the widespread adoption of artificial intelligence (AI) applications across various sectors, boosting certain segments of the global economy and supporting many of the technological growth companies we have identified in the portfolio. Recognising these significant technological trends, which provide multi-decade opportunities, is part of the LTGG team's core investment philosophy.

During the quarter, we made four new purchases, electric truck manufacturer Rivian, Italian luxury company Moncler, robotics business Symbotic, and South American neo bank Nu Holdings. Over the quarter, we sold longstanding positions in Alibaba and NIO due to increased competition and lacking conviction in the long-term growth opportunity.

Our outlook remains unchanged. We aim to invest in a concentrated portfolio of exceptional growth over the long term. We seek out companies that can grow to multiples of their current size, have a sustainable competitive advantage, are led by visionary and entrepreneurial management teams, and have a clear path to long-term profitability.

Figure 1: Glacier Long Term Global Growth Feeder Fund performance (in ZAR) as at March 2024



	Year-to-date	1 month	3 months	6 months	1 year	3 years (Ann)	Since launch
Glacier Long Term Global Growth FF	13.81%	4.08%	13.81%	23.03%	16.66%	-	15.34%
MSCI ACWI	12.03%	1.81%	12.03%	20.75%	31.51%	-	29.32%

Glacier Long Term Global Growth FF   MSCI ACWI

Source: Morningstar Direct & Glacier Research

Table 1: MSCI ACWI style indices performances (in ZAR) as at March 2024

	Year-to-date	1 month	3 months	6 months	1 year
MSCI World Growth	13.39%	0.73%	13.39%	24.09%	36.84%
MSCI World Quality	15.26%	1.31%	15.26%	25.89%	42.06%
MSCI World Value	10.64%	2.97%	10.64%	17.24%	25.95%
MSCI World Momentum	25.33%	3.05%	25.33%	34.85%	44.93%

Source: Morningstar Direct & Glacier Research

First quarter performance review

Key contributors to performance over the quarter:

- Nvidia: Nvidia's share price nearly doubled this past quarter, fuelled by its continuous breakthroughs in AI technology. We saw Nvidia's CEO Jensen Huang showcase innovations at their technology conference, GTC. Huang said, "accelerated computing has reached the tipping point" and demand is surging across industries and countries. This has translated into record quarterly revenues of $22bn, an increase of over 250% from a year ago, and earnings per share rose nearly 8x over the same period. A new Graphics Processing Unit (GPU) chip named Blackwell was unveiled, which is 2x more powerful for training AI models, and has 5x more inference capability.
- Spotify: Spotify's share price this quarter has been buoyed by the focus on profitability and continued user growth, with their monthly active users up to 600 million, up over 20% since last year. Spotify is making headway on efficiency initiatives, which included an executive team reshuffle and headcount reduction. We think the large, growing and engaged user base is Spotify's most distinctive asset. Spotify are providing better podcast distribution, making audiobooks free to paying subscribers and increasing prices, which are positive steps to improving profitability and cash generation.
- ASML: Despite an uncertain few years for semiconductor equipment, ASML continues to operate extremely well, seeing a revenue increase of 30% over 2023. This was driven by increasing sales of DUV (Deep Ultraviolet) and EUV (Extreme Ultraviolet) lithography machine orders. ASML point to the global megatrends of the electronic industry to fuel growth across the semiconductor industry. In their full-year results, the long-term opportunity for ASML was conveyed by management's reiteration of their 2025 and 2030 revenue and gross margin goals, which aims for a doubling of sales and more than a 5% increase in margins.

Key detractors from performance over the quarter:

- PDD Holdings: PDD Holdings was one of the largest contributors to performance last quarter, so it is not surprising to see the share price come off slightly following a strong period of performance. However, it is worth restating the incredible operational progress, while PDD still continues to invest in its agricultural and supply chain technology. This quarter's results were strong, with a revenue increase of over 120% compared to this time last year. Although there is no disclosure of Temu's contribution, their ecommerce platform offered in the US, we think the domestic business has reached significant profitability.
- Atlassian: For the first time, Atlassian's quarterly revenue exceeded a billion dollars, which is over a 20% increase from the previous year. A key component of Atlassian's strategy is cloud migration, with the company anticipating strong growth going forward, but the market has been concerned about how much of this growth may be inorganic, due to some cloud revenues coming through Atlassian's acquisition of Loom. We think these concerns are overblown and the series of new products in the generative AI space are helping to further expand its offerings.
- Tesla: Tesla's share price continued to decline this quarter, due to reduced expectations for electric vehicle sales and intensifying competition in China. Despite this, it is important to highlight Tesla's remarkable achievement, with Model Y becoming the best-selling vehicle globally in 2023 with over 1.2 million units sold. In the most recent earnings, Tesla explained that by focussing on the next generation vehicle, a $25,000 electric car, they expected slower volume growth in 2024. We are cognisant that Tesla's intrinsic value is based on the company's ability to reach the long-term aims of selling 10-20 million cars per year, at an attractive margin with additional upside from energy and software businesses.