

Monthly Report

August 2024



PERFORMANCE

PERIOD	MINOTAUR
1 Month	-0.4%
3 Months	+4.4%

August 2024

Well what a wild ride that was! We ended the month essentially flat (-0.4%) despite the market volatility. What hasn't helped our monthly performances to date is being overweight certain geographies that have had macro blow-ups - we were overweight France in May when Macron called the snap election, and overweight Japan this month with the yen carry trade volatility. But there are two caveats to this: 1) We are long-term investors, not macro-timers, and 2) Even over just a short while, the diversification of our portfolio has allowed us to outperform despite the skew to these markets.

Our Japanese stocks were roiled earlier in the month by the now infamous "yen carry trade" but recovered somewhat by the end of the month. The Nikkei index experienced one of the most significant drops in its history. In just two days, it lost all the gains it had accumulated over the past year. This occurred due to the unwind of the carry trade, which involved borrowing in yen, converting those yen into euros or US Dollars, and using those funds to purchase financial assets that offer a higher return. This arbitrage existed as the Bank of Japan has had interest rates near 0% for 20 years. But this trade began to unwind when the Bank of Japan announced that it would raise interest rates from 0% to 0.25% to combat inflation and shore up the yen's value. This led to a vicious circle with yen-backed assets being dumped, leading to the dramatic drop in Japan's stock index. For a simple yet comprehensive explanation of the yen carry trade, we highly recommend this [write-up](#) on Substack.

Despite the macro headwinds, our ability to pick stocks still shone through. What went mostly right was earnings season with the majority of our holdings coming in better than expectations, most notably our US tech names (such as Axon Enterprise, Klaviyo, and Dynatrace). We also had some good wins on the short side. The one exception was a relatively new but smallish-sized tech holding, which fell markedly. This cost us some performance but our strike rate is not going to be perfect, nor can it be. Notwithstanding this, we still beat the market. We see these "mistakes" as good lessons in testing convictions and interrogating whether our theses are still intact.

Overall, this month was a good lesson in what we can control and what we can't. Or as Plato said, *"There are two things a person should never be angry at, what they can help, and what they cannot."*

PORTFOLIO

Top 10 Holdings

ALPHABETICAL — AS AT 31 AUGUST 2024



CD Projekt Red S.A.

Poland

Mid Cap · Communication Services



Chugai Pharmaceutical Co., Ltd.

Japan

Large Cap · Health Care



Cie de Saint-Gobain

France

Large Cap · Industrials



COVER Corporation

Japan

Small Cap · Communication Services



Crown Castle Inc.

United States

Large Cap · Real Estate



Dynatrace, Inc.

United States

Large Cap · Information Technology



Iberdrola, S.A.

Spain

Large Cap · Utilities



Meta Platforms Inc Class A

United States

Mega Cap · Communication Services



Prysmian S.p.A.

Italy

Large Cap · Industrials



United Overseas Bank

Singapore

Large Cap · Financials

Composition

MARKET CAP, EXPOSURE, REGIONS & SECTORS

MARKET CAP

Mega Cap	US\$200bn+	12.8%
Large Cap	US\$10–200bn	47.4%
Mid Cap	US\$2–10bn	14.2%
Small Cap	US\$300m–2bn	11.8%
Micro Cap	<US\$300m	3.6%

REGIONS

North America	26.9%
United States	25.6%
Canada	1.3%
Europe	36.3%
France	9.8%
United Kingdom	7.7%
Poland	6.7%
Italy	5.5%
Spain	4.2%
Germany	1.8%
Finland	0.5%
Asia Pacific	26.7%
Japan	12.9%
Singapore	5.1%
China	4.0%
Australia	2.7%
Hong Kong	2.0%

INVESTED POSITION

Gross Long	93.5%
Gross Short	3.7%
Net Exposure	89.8%
Long Positions	39
Short Positions	3

SECTORS

Energy	1.7%
Materials	2.7%
Industrials	13.2%
Consumer Discretionary	5.6%
Consumer Staples	5.7%
Health Care	8.0%
Financials	9.7%
Information Technology	14.2%
Communication Services	19.1%
Utilities	8.0%
Real Estate	1.8%

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<https://www.minotaurcapital.com/reports/monthly/2024-08>

For investor enquiries, contact invest@minotaurcapital.com.

IMPORTANT INFORMATION

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