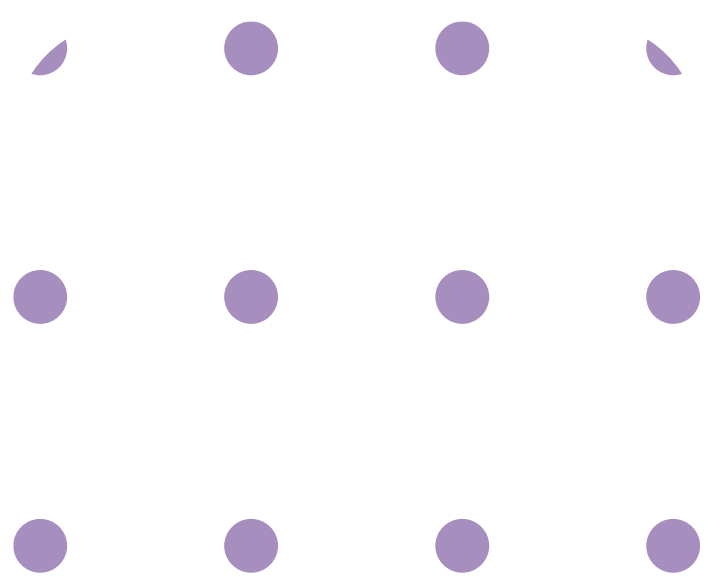


Owner's Manual

By Jenga Investment Partners Ltd





Introduction

Owner's Manual

Unlike our Fund prospectus, Investment Management Agreement and Subscription Forms, our Owner's Manual is the only plain English document you receive without financial or legal jargon. This document allows us to express what we hope to accomplish as your investment manager. We divide the owner's manual into two areas: On Investments and To Investors. On Investments highlights and explains our investment philosophy, while To Investors focuses on our culture and the standards we want to set alongside you.

At Jenga IP, our goals are ambitious and our approach might seem different. So it's important we highlight who we are in a simplified manner, as your understanding of us also supports our ability to achieve our long-term goal for all partners.

On Investments

- Value Investing is our philosophy
- Quality and growth overlay
- Long-term investors
- Concentrated opportunities
- Global opportunities
- Expanding circle of competence

To Investors

- Performance driven
- Transparency
- Scaled economics shared
- Partnership

On Investments

Quality (50%) + Growth (25%) + Value (25%) = The Jenga IP Philosophy

Quality: Resilience of current earnings

Growth: Growth of future earnings

Value: Price paid for future earnings

Value Investing is our philosophy

At the heart of our investment philosophy is value investing. We try to understand businesses, form an opinion of their intrinsic value and then purchase shares at a significant discount to this intrinsic value. There are three key variables here;

The truth: A company's true intrinsic value

Our opinion: Our opinion of its intrinsic value

The market: The market's view of its intrinsic value

There are various reasons why all three might differ, such as sentiment and temperament, lack of information, and biases. Our first step is to ensure our opinion is as close to the truth as possible over the long term. Once we are convinced our opinion is as close as possible, we then invest in businesses where we see the largest gap between our opinion and the market's value.

The issue we face is that we might be wrong, which is the cost of investing. Also known as risk. The only way we can know what is true is by seeing how it progresses over time, and by then, we'll have either made or lost money. To manage this uncertainty, we employ a margin of safety and focus on only opportunities where the gap between our opinion and the market's value is significant. We also dedicate much time to reverting and stress-testing our beliefs and opinions.

Occasionally, we encounter companies that we can't form an opinion of their intrinsic value. In these situations, we will only do one thing: give it a hard pass!

Quality (50%) + Growth (25%) + Value (25%) =
The Jenga IP Philosophy

Quality and growth overlay

As the equation above shows, value is only one factor, in fact, of much less significance in comparison to quality. Value, growth and quality are three parts of our investing equation. The first half of our investment process is spent understanding the resilience of a company's earnings power and profitability, which is its quality. We split this analysis into ten areas ranging from attributes like barriers to entry, the nature of its products or services demand to its balance sheet strength, its company's culture, and its test of time. Once we are convinced it meets our quality hurdle, we assess its growth prospects in cash flows and earnings. We only attempt to determine its intrinsic value after estimating this cash flow and earnings growth prospects.

Long-term investors

Even if our opinion was the truth, it could take years for the market to realise the true fundamentals of companies, and this journey is something we don't expect to happen in weeks or months. On average, we hold stocks for at least 3-5 years. In some cases, the stock price may differ from our opinion, either too high or too low. In the former, where the share price increases far above our 3-5-year intrinsic valuation range, we will sell its shares. In the latter, where its share price falls much lower than our intrinsic value, we spend some time reverting and stress-testing our initial opinion of its intrinsic value. Only after that do we either purchase more shares or sell them if we were widely wrong in our initial opinion.

Why not a 10 or 15-year view?

In a perfect world, we would love to have a 10- or 15-year view of a company, but this has some challenges. First, the world is constantly changing, and technological advancements or unexpected habit changes can quickly disrupt businesses that were once high-moat companies. As a result, we prefer to focus our investment time framework on 3-5-year periods. This doesn't mean we wouldn't hold for more than five years; if we find exceptional companies at attractive prices, we would invest in them for as long as possible!



**When fully invested, we maintain a portfolio of
15-25 companies**

Concentrated opportunities

A result of our value investing with a quality and growth overlay focus and our preference for long-term opportunities means only a handful of companies could qualify as investments in our portfolio at any given time. On average, when fully invested, we expect to maintain a portfolio of 15-25 companies.

During periods of global distress, such as the financial crisis and global pandemic, we are likely to be closer to the higher end of the range, while during normalised market environments, we will be at the lower range. We also prefer to stay updated on the news flow of current investments and their peers and we believe the 15-25 company range is appropriate balance of diversification while also watching what we own.

Global opportunities

Jenga IP's mandate is global. And truly global. We don't have any fixed constraints. Only self-imposed constraints based on moral grounds. We spend our time learning about listed companies in all environments, from frontier to developed markets.

We also spend a significant amount of our research time on the ground, visiting companies and their supply chains and learning about cultures and markets. The study in our research book, *Global Outperformers*, taught us a few lessons on global investing and shaped the basis of our global approach.

Expanding circle of competence

Our most robust risk management tool is truly understanding what we are investing in—our circle of competence. At the start of every year, we outline industries and markets we believe are within our circle of competence on a whiteboard in our office and write down what we've done in the past year to increase our knowledge of the respective industry or country.

Our investment journey doesn't stop here and an equally important step is widening this circle of competence. We look for businesses and markets we wouldn't normally follow and try to learn everything we possibly can. Our investment philosophy requires us to constantly learn new things, unlearn old false ideas and revert them.

To Investors

Performance driven

We set high targets for ourselves. Our long-term goal is to outperform what you would get in a low-cost passive index of global stocks, primarily the MSCI All Country World Index. Over the long term, global indexes could return 7-9%. For each potential investment, we set a minimum investment rate of return of 15%. When an investment fails to meet this during our holding period, we spend a lot of time understanding what we missed and how to avoid the mistakes in future investments.

Transparency

Investing a significant portion of your hard-earned savings is no small commitment, and for us, the least we could do is provide maximum transparency on our investment philosophy, current holdings and some explanation of our key investment decisions. We publish a monthly factsheet to all investors and share a quarterly letter reviewing existing investments and broader ongoing themes we see. We also occasionally publish investment memos and the Jenga Briefing Magazines, all available on our company website and in the newsletters. Current investors also have an opportunity to send the investment manager occasional investment questions (dede.eyes@jengaip.com), and you are always invited to our virtual and in-person investor meetings throughout the year.

Our long-term goal is to outperform a low-cost global stocks index



We expect to reduce fees to existing partners over time.

Scaled economics shared

One of the mental models of companies we admire is those that share their economics and success with stakeholders over time. At Jenga IP, we hope to achieve this scaled economics similarly, shared with you, our partners. So, how could we do this?

Lower fees!

As we grow in assets and performance, we plan to reduce the fees you, the investment partner, pay over time. There are a few factors that permit us to achieve this. First, virtually all of our profits over time are reinvested into the Fund and our company, which means we can earn additional profits with capital from our own balance sheet. Second, our investment philosophy and operational overhead structure means we have very little brokerage fees, trading costs, and low salaries and wages expenses compared to most investment firms. We maintain a lean company focused on delivering value to our partners and clients. In the long term, we plan to phase out management fees for existing investors and evolve into a performance-fee-only partnership with no ongoing charges or costs passed to you.

A true partnership

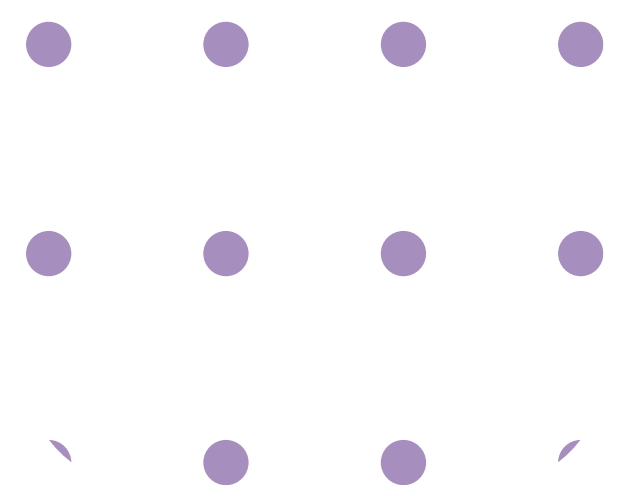
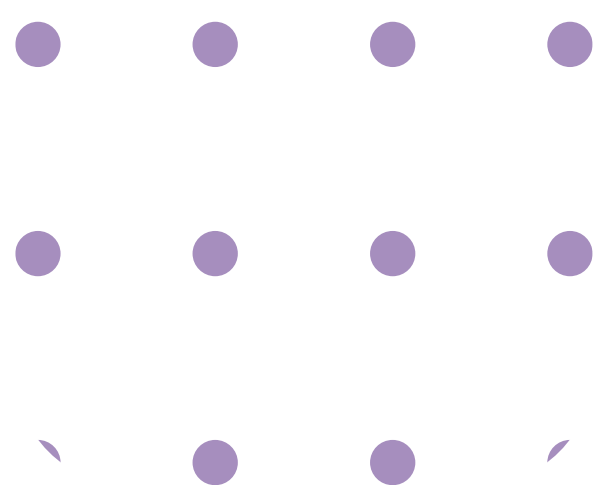
Central to our philosophy is operating as a true partnership (hence why we named the firm Jenga Investment Partners, not Jenga Capital!). We are inspired by great investment partnerships such as the Buffett Partnership and several other funds styled similarly, and our long-term goal is for Jenga Investment Partners to uphold this investment and operational standard.

Jenga Investment Partners Ltd

Jenga Investment Partners Ltd is a London-based investment firm with a global equities strategy. Jenga IP is authorised and regulated by the UK Financial Conduct Authority and manages the Jenga Global Fund and Separately Managed Accounts on behalf of clients.

Dede Eyesan

Dede Eyesan is the founder and CEO of Jenga IP. He graduated from the London School of Economics in 2020 with a BSc in Accounting and Finance. During his degree, he formed an investment club with friends at university, which morphed into our firm.



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