



Focused minds.

Saftar Sarwar, Chief Investment Officer, Binary Capital Investment Management

To be successful in business (and in life) once must be different and non-consensus. This is something we at Binary Capital focus on: taking an independent, thought leadership approach to investing and our business. This is what makes us stand out, this is what makes us different from our competitors, what makes our investment philosophy clear and consistent and which leads to performance: performance that is consistent, credible and coherent. Performance clarity.

We endeavour to be very methodical in our approach and we have a very firm investment philosophy which we do not deviate from. We are long-term investors; we are patient investors and we focus on our best ideas and stick very close to these ideas. We do not deviate from this approach. It is investment clarity.

To create and deliver such a philosophy you need to invest in exceptional companies and exceptional funds. We do so and do so with conviction and focus. For example, in our single line portfolios *out of 100,000+ tradeable global equities on global exchanges we select around 30 equities* which we wish to invest in for our clients – a less than 0.03% selection rate. We are prepared to be highly focused and very selective; investing with patience, understanding and continuous monitoring of events. Our aim is always to make real gains for our clients in absolute terms, not relative, but absolute terms. Genuine gains.

An area that has served us particularly well this year is *growth* or *quality* equities. Investing in companies that exhibit growth and significant earnings and revenues alongside increasing market share- often *significant* market share growth. We want to invest in the next generation of winners and leaders in their respective sectors and themes. This will naturally give us a strong bias towards companies with *new* growth characteristics. We are constantly looking to find such winners and real market leaders. To do so, we seek to rationalise and understand real global changes and differentiators, the less than 1% of winners, the real minority of amazing investment opportunities out there. We seek the select few to make the extraordinary investment opportunities we seek for clients. Always thinking forward.

Examples of areas that we heavily focus on are technology and healthcare; two global sectors exhibiting rapid and substantial change, development, and significance. An example of equities that we like exhibiting such characteristics: Netflix, Illumina, Microsoft, Amazon, Blackrock amongst others. Such companies have *persistence* in their business models, *innovate* when they need to and see the



future in much clearer terms than their competitors can do so. These companies have a genuine ability to shape the future by their constant actions, developments and thinking. They think and act long-term.

We look at many factors, over and above the standard financial ratios when assessing such companies: their business model, management vision, their ability to execute the vision, how sustainable is the business model and margin opportunity and what does the market share and margin growth look like, not only next year, but five years forward. How big is the 'land grab' opportunity, what mistakes will be made, what could go wrong, what could go right? Once we understand these fundamental and overall issues, the question asked is are we willing to pay for such growth? if we are, then we pay up and are willing to be very high conviction in our approach – sub-optimal does not work for us. We aim to seek out such *investment winners* and invest in them not over a quarterly cycle or an economic cycle but far in excess of that, possibly forever if we are able to do so. *For us, long-term does not have a time limit.*

We fully respect (at least in the short-term) the market and do not look to play short-term trading strategies to take advantage of what could be random market movements. We do not have any advantage in this space. Where we do believe we have an advantage, we want to *leverage that advantage to the fullest potential*. Competitive advantage.

We understand the issues around over-diversification and we deliberately aim to avoid this. We want to be focused, being focused concentrates our mind and is deliberate. We humbly believe being focused is the only way to properly invest for clients. Diversification only works up to a certain point in time. No diversification overload.

From such a wide portfolio range, of so many equities choices out there, we bring that selection right down to a select minimum, that is the power of selection, focus and investing with true conviction. Powerful stock picking.

All of this is developed within our key principles of liquid, transparent and regulated investment instruments. We like liquidity, we like transparent and efficient pricing and complete alignment to what we do as investors. We are committed to this investment philosophy on behalf of our clients and are determined to always seek to deliver on these outcomes.



Disclaimer

The Information in this document is not intended to influence you in making any investment decisions and should not be considered as advice or a recommendation to invest. Any Information may not be suitable for all investors and investors must make their own investment decisions using their own independent advisors and relevant offering material. Any investment decisions must be based upon an investor's specific financial situation and investment objectives and should be based solely on the information in the relevant offering memorandum. Income from an investment may fluctuate and the price or value of any financial instruments referenced in this document may rise or fall. Past performance is not necessarily indicative of future results. Source of data: Bloomberg, Binary Capital IM.

We assume no responsibility or liability for the correctness, accuracy, timeliness or completeness of the Information. We do not accept any responsibility to update the Information. Any views, opinions or assumptions may be subject to change without notice.

Binary Capital Investment Management Ltd is incorporated in England under company number 06692644, registered office, 25 Green Street, Mayfair, London, W1K 7AX. Binary Capital is a trading name of Binary Capital Investment Management Ltd.

Binary Capital Investment Management Ltd is authorised and regulated by the UK Financial Conduct Authority (reference number 507900). Principal place of business: 25 Green Street, Mayfair, London, W1K 7AX.