**Mutoro Group Partners, LP**
Third Quarter 2023 Letter

November 15, 2023

*"Yet we cannot avoid the conclusion that the most generally accepted principle of timing--viz., that purchases should be made only after an upswing has definitely announced itself--is basically opposed to the essential nature of investment. Traditionally the investor has been the man with the patience and the courage of his convictions who would buy when the harried or disheartened speculator was selling. If the investor is now to hold back until the market itself encourages him, how will he distinguish himself from the speculator, and wherein will he deserve better than the ordinary speculator's fate?"*
– Benjamin Graham & David Dodd*

| | Annual Percentage Change | | |
|---|---|---|---|
| | Mutoro Group Partners, LP (Gross) | Mutoro Group Partners, LP (Net) | HFRI Fund Weighted Composite Index |
| 2015 | (3.5%) | (5.0%) | (1.1%) |
| 2016 | 24.5% | 18.9% | 5.4% |
| 2017 | (3.3%) | (4.7%) | 8.6% |
| 2018 | (0.9%) | (2.4%) | (4.7%) |
| 2019 | 30.0% | 23.9% | 10.4% |
| 2020 | 34.2% | 25.7% | 11.8% |
| 2021 | 8.5% | 5.5% | 10.2% |
| 2022 | (44.8%) | (45.7%) | (4.3%) |
| 9M 2023 | 9.2% | 8.0% | 4.3% |
| Aggregate | 31.3% | 1.3% | 46.7% |
| Annualized | 3.2% | 0.1% | 4.5% |

Dear Partner,

In the first nine months of 2023, our fund experienced a 9.2% gross increase and, after expenses, a net rise of 8.0%.

To analyze our portfolio's current structure and performance, in our last letter I split the portfolio into two tranches, A and B. Tranche A comprises 10 of our 13 holdings, or 77% of our businesses. On December 31, 2022, this represented 48.7% of our assets under management. Through September 30, 2023, Tranche A surged up 49.9%.

The second tranche, *Tranche B*, consisted of the remaining three holdings, or 23% of our businesses. It represented 40.1% of our assets under management at the end of 2022. Through September 30, 2023, Tranche B fell 31.2% on the year.

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* Graham, B., & Dodd, D. (2023). *Security Analysis, Seventh Edition: Principles and Techniques* (7th ed., p. 38), McGraw-Hill Education

As I wrote in my last letter, “Barring a broad market downturn, the relative diversification in *Tranche A* somewhat limits the downside to the bulk of our portfolio. While the eventual repricing of *Tranche B* implies significant upside.” This still seems to be true.

Outside of their experiences in the stock market this year, the biggest difference between Tranches A and B is that market participants pricing shares in the latter seem more sensitive to interest rates. This is not to say that the underlying performance of the businesses in Tranche B are more sensitive to rates. They are growing admirably and profitably. The marginal investor is just more impatient and pessimistic about them under the current interest rate regime. At some point that will likely turn to patience and optimism, perhaps to no credit of management but likely to our benefit.

We remain committed to an investment strategy focused on long-term competitive dynamics rather than unpredictable short-term catalysts like central bank policy. We continue to analyze company fundamentals diligently, ensuring that our portfolio is equipped to take advantage of volatility. The contrasting performances of Tranche A and B highlight the importance of diversification, even in a concentrated portfolio, and the value of patience.

The table below shows the composition of our portfolio at the end of the quarter.

| | |
|---|---:|
| U.S. Public Equities | 81.5% |
| European Public Equities | 9.9% |
| Cash and Cash Equivalents | 7.9% |
| U.S. Options | 0.7% |
| Total Portfolio | 100.0% |

*Table 1: Portfolio composition at the end of the quarter*

Thank you for your ongoing partnership and investment. I welcome your thoughts and questions. If you would like to add to your investment or know someone who might like to join us, please reach out.

Sincerely,

Godfrey M. Bakuli

Godfrey M. Bakuli
Founder & Managing Partner