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VT Holland Advisors Equity Fund

16th July 2026

Dear Investors and Friends,

Interim Investor Letter – June 2026

The NAV of the Fund is down 0.2%¹ YTD after all costs and charges with the Fund size at 30th June being £80m.

This letter will be relatively brief, especially when compared to its predecessors! The reason being that we have written extensively about how we see the AI capital cycle unfolding in a [recent piece](#) we have made publicly available. Additionally, in past letters we have outlined the rationale for why we own two of our biggest holdings: [Wise](#) and [Nu Holdings](#). We also discussed Jet2 in detail at our [Spring Investor meeting](#). Investors can read these pieces on the links provided.

Our approach vs Mr Market in 2026

“There is nothing worse than watching your neighbour get rich, especially when it looks so easy.” **Charlie Munger**

The 2026 stock market is an unusual one. It is now quite similar in behaviour to past major capital cycles like 1999 that I witnessed firsthand. We have been in the compounding of capital game a long time now, and cycles come and go, but it is very important to have a good process and stick to it. That is what we are doing.

We invest in businesses with proven Sustainable Competitive Advantages, run by aligned entrepreneurs and prefer to buy them when they are out of favour. This is a well established route to compounding capital at good rates. It also frankly makes sense.

Please note our emphasis of the word ‘proven’ above. New companies are emerging (AI, Space etc.) with exciting new-world business models. We are open minded about them all, but we need to see proof their returns will be sustainable. We also want value at the point of our purchase. This is for two reasons. Firstly, it can boost the compound returns we make. But it also provides a ‘margin of safety’ in case our forecasting of the business is less than perfect. We note this ‘margin of safety’ thinking seems in short supply currently.

“The less prudence with which others conduct their affairs, the greater you should conduct your own.” **Warren Buffett**

Previous experience has taught us to focus on companies that are a) proven, b) profitable and c) look probable to have good outcomes ahead. That has kept us out of much trouble in the past, and we suspect it will do so again.

The wider investor excitement about new companies and AI beneficiaries is causing markets to be short term, ironically when they think they are being long term! Some of today’s AI beneficiaries may turn out to be the next Facebook or Google but picking which today, is almost impossible. In searching for

¹ I class £ units

tomorrow's winners Mr Market is focused on what is winning today and making bold leaps that this might carry on. We see the future outcomes of some of these new companies as highly uncertain. What is far more compelling for us are the companies the market is not spending time on or is inclined to dismiss. Most of these are already well established powerful network businesses that make great ROICs. They have good organic growth and delight customers day in day out. Examples might include **Amazon, Meta, Netflix, Nu Holdings, Wise** and **Block**. We have added to our holdings of each of these in the last 12 months on weakness. Since the start of the year, we have also added **Mecardo Libre** and **Sea Limited**. Both are network businesses with powerful, market leading positions in LATAM and Southeast Asia.

Invest and Innovate – The DNA we love

What is interesting about the businesses listed above is that they are very innovative and embrace change and new technology at a very fast rate. As such they will be/are at the front end of using AI to give their customers even more value and convenience. We think this combination of existing digital leadership combined with a commitment to invest in innovation is powerful. Mr Market it seems disagrees. In many cases he sees the desire to 'invest' (as most of these companies are rightly doing), as a reason to worry. Or more simply this investment means the EPS of such companies are just not rising as fast as say a semi-conductor business is today. This is where we should emphasise the 'S' in our SCA model: 'Sustainable'. We think these companies had strong competitive advantages before AI came along. In many cases their investment in AI today looks set to widen their moat tomorrow but share prices/valuations are c.30-50% lower. Great companies, run by great managers offered to us at great prices... This is our sweet spot and in truth, the combined outlook we have for today's collection of holdings in the Fund excites us.

How we are investing your/our capital

We have used this six month period to spring clean the Fund. We sold positions in which we have less conviction or see less upside. Rotating capital into what we think are long term high-rate compounders.

Today c.15% of the Fund is invested in stable businesses that we think will compound at 13-15% pa with a low rate of risk and high margin of safety. This list already included **Next, Exor, WR Berkley, LVMH** and **Netflix**. In the last six months we added **Visa** and **Mastercard**. If less high growth opportunities become available, this portion of the Fund could rise in aggregate size. Today however, we see too many mispriced high growth opportunities to do this. The balance of the Fund (80-85%) is invested in a collection of businesses that we think can compound our invested capital c.20% for many years to come. We know we will be wrong on a few, but this is our best guess, and the range is c.17-28% pa between the companies. Some of that upside will come from a re-rating of the shares and share buybacks (as we expect in the case of **Jet2**). But the vast majority of the future growth we expect will come from the entities themselves growing, hence our excitement.

At the start of the year, we had nothing invested in software. In the heavy AI related Spring sell off in software we bought **Constellation** and **AppFolio** and combined they are 7% of the Fund today. We hope to own both for long time.

87% of the Fund today is invested alongside Owner Managers. In the current environment it is important to remember these are not just the money makers of yesteryear. They are adept at pivoting and adapting to each new cycle and invest heavily to effect such change. We have seen this numerous times in companies like Amazon and Facebook. A recent piece I wrote discussing the merit of investing in Owner Manager-led companies was published in Investment Week last month. Here is an extract:

Oil and Water

Entrepreneurs are unusual people. They have spent a lifetime turning right when everyone else went left. They hate established rules, do not suffer fools, and are deeply unconventional not just in the investment world, but in the business world too. Think Michael O'Leary of Ryanair. These are the people who make the wheels of capitalism turn faster.

If entrepreneurs are oil, the average fund investor is water. They excelled academically, then earned a place on a competitive graduate scheme at a Megafund. They watch share prices 24 hours a day, listen to every word coming from central bankers, and build ever more complex spreadsheets predicting the future. They are used to getting their own way e.g. FTSE 100 CEOs travel to their offices to answer their questions.

But oil and water do not mix. Watching a brilliant Owner Manager come face to face with institutional investors is a chemical reaction waiting to happen. The Owner Manager's at companies like Wise or JD Wetherspoon own significant stakes in their business. They do not need Megafunds approval for their job security. They see investor's short-term focus and clever questions as a distraction from the long-term commercial reality of actually running a company. The investor, meanwhile, sees an Owner Manager as unwilling to play ball and marks them down accordingly.

The Unseen Magic of Investing Alongside Owner Managers, Andrew Hollingworth, Investment Week, Mar26

The last observation we make on the Fund's exposure is about leverage. At a time of buoyance/speculation in markets it is worth reminding investors that we are double unlevered. Not only do we not use any leverage at the Fund level, but 70% of the Fund underlying holdings have net cash in their balance sheets.

We cannot control the vagaries of stock market cycles. We can learn from past ones however and stick to an investment process we think has good foundations. Today, the combination of traits our holdings exhibit make us excited about the long term compounding prospects of the wider portfolio. Quality, entrepreneurship, good runways of growth and low purchase prices are rarely offered in tandem. But today they are. If we need to look different from other investors/Mr Market for a while to secure such investments, we are very happy to do so.

With kind regards

Andrew Hollingworth

P.S.: An informal Fund meeting will be held in the afternoon of Thursday 24th September 2026 in London. It is open to all professional investors. Further details will be shared with all on our distribution list.

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