Dear Investors,

In Q1 2024, Luna returned 5.1% on net assets under management. This brings our performance since inception to 14.4%.[1]

Musings on Strategy

This letter will take a detour from our usual market and portfolio commentary. In the years leading up to our launch in 2021, we spent significant time narrowing in on a strategy that would achieve our investment objectives and could be achieved with the resources at our disposal.

In the earliest "whiteboarding" sessions, where we began to lay out key pillars for Luna, certain pre-dispositions were obvious. These leanings were inspired by observations from our professional careers as well as much earlier experiences that influenced our individual natures. While our origin stories lack the drama of a Bruce Wayne, they do provide insight into the path we've chosen.[2]

Due to a childhood interest in collecting pocket change and a small coin collection my grandparents had, my father took me to my first coin shop at age 10. I was instantly hooked, and I found the grading, pricing, and trading aspects of the hobby deeply fascinating. My parents kindly decided to support my early passion and provided me a small allowance every few weeks so I could expand my collection. The hunt for a hidden find that was under-graded and the bargaining to get to the lowest price possible were some of my first experiences with "deal making."

While I enjoyed the collecting aspect of the hobby, I was most intrigued with the fact that 1) even though there was usually a stated price, it was acceptable to bargain with a seller to lower it (unlike a grocery store) and 2) coin values moved overtime, usually up, but the appreciation rates varied based on several factors. As I explored this hobby further, certain principles became apparent:

1. **Quality is key and less can be more.** The price of a coin in better condition appreciates faster over time than coins of the same type and mintage in poor condition. Typically, only a small portion of an individual mintage survives in uncirculated / near uncirculated state. Even though higher quality coins were more

[1] Net asset value calculations are provided by Interactive Brokers and returns are after expenses and fees. Clients should always check their individual statements for returns which may vary due to timing and other factors. Past performance is not indicative of future returns.
[2] The following section of childhood memories is written from Nate's perspective.

costly upfront, it still made sense to buy 1-2 nicer coins rather than 5-10 mid-level coins for the same price.

2. **Be patient, don't overpay.** If I overpaid, I felt like I was losing money right out of the gate or taking capital away from another purchase. People selling coins were also relatively easy to find, so if I didn't like the price in one place, I knew I'd eventually get another look somewhere else.
3. **Research makes the buy / sell decision easier.** Coin grading is an art and a science, and there are a few guides that are available and considered the gold standard. Studying the specific pieces I was searching for made it easier to identify coins that met my quality standard and what I should pay for them.
4. **Look in different places.** While coin dealers were always interesting and had the widest variety, they were difficult places to bargain for a good deal. I found antique shops, flea markets, estate auctions and similar venues to be much more interesting places to acquire nice coins at reasonable prices.

As I would learn, these basic investing principles transcend numismatics.[3] By the time I was a young teenager, I had made the jump from coin collecting to a small E-Trade brokerage account. Public equities were more exciting than collecting coins. It took years for coin prices to move significantly, it was hard to sell at reasonable prices (I had not discovered eBay yet), and grading was subjective. On the other hand, public equity prices moved daily, stocks could be easily bought and sold, and the research that could be done was more extensive.

I reasoned that given the diligence of a coin was relatively simple and yet opportunities would still present themselves, the stock market must have lots of opportunities given how much harder the diligence of a company was. The hunt for quality businesses that I could understand, acquire at a reasonable price, and hold for the long run was on!

While we are a long way past these early realizations, it was the proverbial "planting of the seeds." The hunt now includes clinical processes and analyses using data and information I couldn't have imagined as a kid. Willingness to look in areas where few are focused continues to be a worthwhile endeavor. There are a number of neglected sectors and smaller businesses that are not well covered by investors or the sell side research industry but that are rich with opportunity. We also periodically come across very well covered companies that are being misunderstood or not being given the closer look and consideration they deserve.

[3] The study and collection of currency

Patience has been an evolution but has generally grown easier to harness as an adult. The themes we identify and businesses we invest in are part of trends that will exist for years to come. The patience to hold (and at times, to hold-off) is a super-strength. Many investors sell too early to realize the gain and usually tell themselves they'll get back in on a pullback (attempting to monetize on market oscillations). Our long-term strategy focuses on capturing a larger portion of the price appreciation by holding through periods of volatility. On the flip side, waiting for the right moment to step in to an investment is just as critical.

Our interest in public equities investing and the principles required to do it successfully stem from our life experiences – from childhood hobbies to our first jobs to our most recent professional experiences. We love what we do, and we look forward to continuing to do it for many years to come.

Warm Regards,

Lucy and Nate

04/01/2024

Appendix – Performance Since Inception

	Q4 2021	CY 2022	CY 2023	Q1 2024	Since Inception
Luna Partners	5.6%	-24.6%	36.7%	**5.1%**	**14.4%**
S&P 500	10.6%	-19.4%	24.2%	**10.2%**	**22.0%**
Nasdaq Composite	8.3%	-33.1%	43.4%	**9.1%**	**13.4%**
Dow Industrial	7.4%	-8.8%	13.7%	**5.6%**	**17.6%**

Note: Equity market returns above based on underlying index prices. Index prices are sourced from Koyfin. Standard and Poor's 500 is a popular stock market index representing 500 large companies on US stock exchanges. The Nasdaq Composite is a stock market index that includes all the stocks listed on the Nasdaq Exchange. Dow Jones Industrial Average is a price-weighted stock market index of 30 prominent companies listed on US stock exchanges.

Luna Partners' inception date is October 1, 2021. Luna's performance is based on net asset value calculations provided by Interactive Brokers and calculated net of expenses and fees. Luna's portfolio typically consists of 10-15 long, US based public equity positions. Returns are after expenses and fees and presented on a time-weighted basis to be comparable to the index returns in the table. Past performance is not indicative of future returns.

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