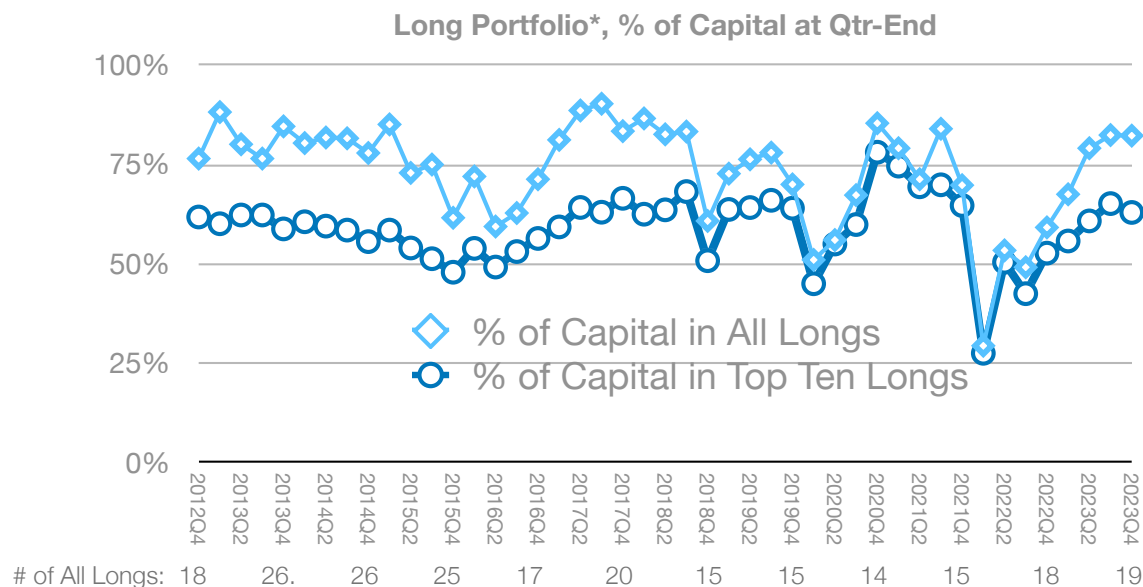




Investment Process February 2024

4983 Sonoma Highway, Suite A-4, Santa Rosa CA 95409
www.janianinvestment.com 773-573-2692

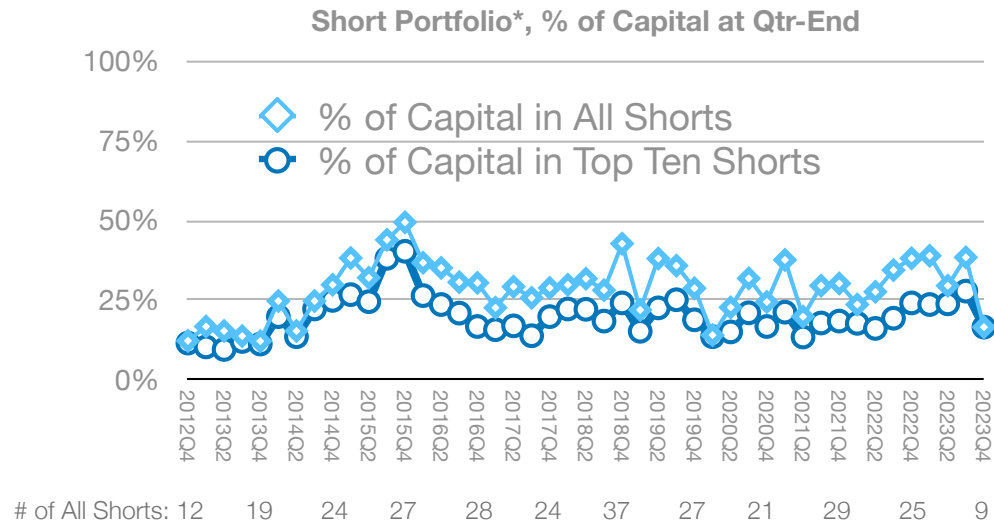
Janian runs a concentrated, idiosyncratic Long Portfolio



* For a representative client account; Ignores Equity ETFs in the Unhedged Securities Strategy

	<u>2016Q2</u>	<u>2017Q2</u>	<u>2018Q2</u>	<u>2019Q2</u>	<u>2020Q2</u>	<u>2021Q2</u>	<u>2022Q2</u>	<u>2023Q2</u>
Largest Position Description	Small-Cap U.S. Cable	Super-Cap Internet Search	Super-Cap Internet Search	Large-Cap U.S. Cable	Super-Cap Internet Search	HVAC Supplier	Packaging Supplier	HVAC Supplier
Second-Largest Position Description	German Medical Software	German Medical Software	Large-Cap U.S. Cable	Digital Marketplace	Collaboration Software	Super-Cap Internet Search	HVAC Supplier	Auto oil-change chain

The Short Portfolio is usually smaller in size and less concentrated



The Short Portfolio also is traded much more actively

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Average Quarter-End # of Longs	23	26	20	21	20	16	16	14	16	18
# of Longs that Completely Exited the Portfolio During the Year	22	28	22	20	24	12	17	14	12	11
Average Quarter-End # of Shorts	23	25	28	26	31	29	23	30	25	18
# of Shorts that Completely Exited the Portfolio During the Year	56	67	57	59	43	81	134	93	74	53

How is this Portfolio created and managed?

(1) Long ideas are (usually) generated through “Shameless Cloning”*

	<u>2016Q2</u>	<u>2017Q2</u>	<u>2018Q2</u>	<u>2019Q2</u>	<u>2020Q2</u>	<u>2021Q2</u>	<u>2022Q2</u>	<u>2023Q2</u>
Second-Largest Long Position Description	German Medical Software	German Medical Software	Large- Cap U.S. Cable	Digital Marketplace	Collaboration Software	Super-Cap Internet Search	HVAC Supplier	Auto oil-change chain
Date First Researched by Janian	2014	2014	2016	2016	2019	2004	2019	2021
First Source of Idea	Value Investors Club	Value Investors Club	Chris Hahn/TCI	Sohn Conference	Expert Network	Self	JP Morgan	HedgEye

*
This term is shamelessly cloned from Mohnish Pabrai

How is this Portfolio created and managed?

(2a) Long ideas tend to be, but are not always, companies that have differentiated offerings that demonstrably create value for customers, have experienced and ‘stewardship’ oriented management, and for which Janian believes it has some insight into how defensible and sustainable the company’s strategic position is. These positions are often characterized as “growth at a reasonable price” investments. From time to time, Janian will take a “value” position in a lower-quality company that is priced far below fair value. Long ideas are always located in a culture that Janian has experience with, and they always communicate with investors in English.

(2b) Outright short ideas are always in companies that Janian believes are Frauds, Failures, or Fads. Occasionally, Janian will utilize a hedging short position in a company that is not quite so weak but certainly weaker than the Long it is intended to hedge.

How is this Portfolio created and managed?

(3) All ideas are researched in-house with a focus on 3-Year-Forward Cash Flow modeling and discussions with Industry Experts

	<u>2016Q2</u>	<u>2017Q2</u>	<u>2018Q2</u>	<u>2019Q2</u>	<u>2020Q2</u>	<u>2021Q2</u>	<u>2022Q2</u>	<u>2023Q2</u>
Second-Largest Position Description	German Medical Software	German Medical Software	Large Cap-U.S. Cable	Digital Marketplace	Collaboration Software	Super-Cap Internet Search	HVAC Supplier	Auto oil-change chain
Approximate # of Proprietary or Semi-Proprietary Touchpoints with Industry Experts Before & During the Investment	4	4	>10	None	>10	>10	1	>10

How is this Portfolio created & managed?

- (4) A ‘Trade Plan’ is written at the inception of each position. It emphasizes increasing or decreasing a position’s size by trendfollowing (or sometimes, for a period of time, counter-trendfollowing) the security’s price action.

Trade Plan for
“Large Cap U.S.
Cable” Position



Trade Plan #1 2017-1-30

- 5.9% long at ~\$X (avg. cost = \$Y, +8%)
- Est. '19 Fair Value (“EFV”) = \$Z.

This is a GARP long.

Make 10.0% eventually (buy on dips).

Upside

- 8% long at \$A if Quarterlies provide evidence that thesis is on track
- 10% long at \$A+; establish trailing stop of B% at \$A+ as well

Downside

- 6% at \$C
- 8% at \$C-
- 10% at \$C- -
- Cover at \$D **UPDATE Feb'19: \$E, reload ASAP**

How is this Portfolio created & managed?

- (5) The overall Portfolio is monitored and adjusted in real time for Style and Market Beta exposures. This overrides the Trade Plans for individual positions when Style or Market Beta limits are breached.

<u>Management Level</u>	<u>Risk Limits Used</u>
Portfolio	Overall Net Exposure, Overall Gross Long & Short Beta
Style <i>Defensive Growth, Econ Sensitive, Aggressive Growth, Lottery Tickets, Macro, Arbitrage</i>	Gross Long & Short Exposure
Individual Security	Size Limit, Stop Loss Limit, Stop Out Price