

Moor Funds LLC
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Moor Funds Investor Letter No.2

8th March 2023

Dear Investor, thank you for your continued investment with Moor Funds.

OVERVIEW

The following represents performance for the quarterly period 28th November 2022 to 28th February 2023 from live-cash portfolios. The ‘long-only’ **Moor Equity Select Fund returned +2.37%, vs benchmark S&P 500 +0.16%; the Moor Select Equity relative outperformance versus the S&P 500 for the quarter was +2.22% and +3.73% for the six-month period beginning 28th August 2022 (live portfolio period).** During the same quarterly period, the **Moor Equity Market Neutral fund returned +1.09% vs the pro-rata average 2-Year US Treasury yield of 1.11%.**

The quarterly performance for both ‘live’ equity strategies continue to correlate with the historical model portfolio multi-year returns (see factsheets at www.moorfunds.com). We were again encouraged by the Moor Select Equity portfolio’s positive returns in another challenging quarter with a returns rank for the quarter rank in the top 9% (200th of 2,332 funds) for US long-only funds focusing on US large and mid-cap. (Charles Schwab funds data).

HIGHLIGHTS & OUTLOOK

Moor Funds utilize proprietary artificially intelligent processes to identify a subset of US companies exhibiting operational and financial factors with a high probability of delivering relative outperformance to other publicly listed stocks. Our investment team selects a portfolio, from this subset of companies, with a focus on companies exhibiting positive cash flow and operating momentum. Our investment portfolio typically contains 70 stocks of which 10 stocks will account for approximately 80% of the total invested capital; however, no single stock can be greater than 10% of the capital invested.

Reviewing notable portfolio positions for this quarter; stocks with a combined 20% share of the portfolio - Tesla (TSLA), Boeing (BA), and Booking Holdings (BKNG) delivered approx. +21%, +8%, and +23% respectively. Notable poor performers were Amgen (AMGN) and Home Depot (HD) falling -14% and -9% respectively. We won’t pretend that single-quarter narratives on market behavior deliver any value. In the wider listed blue-chip environment, there appear to be no ‘sacred cows’ when it comes to corporate cost-cutting (looking at you GS and META!); when consumer demand finally stabilizes, we foresee a myriad of attractive US blue-chips with strong balance sheets, lean cost metrics and cashflow.

In summary, we are beholden (like everyone else) to Fed policy execution over the course of 2023. Whilst we will shortly expand our machine-driven IP to include corporate credit strategies, in the 'here and now' we are equity investors and as such the US 2-year risk-free-rate at approx. 5% (and how long it remains there) matters for the relative attractiveness of equities. Furthermore, communication around the Fed's long-term US inflation target seems important assuming they've learned the previous lessons of asset bubbles and negative real rates. If 3% inflation is the 'new normal' and risk-free rates >4% we'd better familiarize ourselves with companies able to generate both FCF and positive IRR with that use of cash. Maybe the easy money in equity markets is over and we're all going to have to start going retro by understanding the link between stocks returns and corporate use of cash to drive returns through 1) Price cuts, 2) Acquisitions, 3) R&D or 4) Dividends and Buybacks ... expect a demand spike for Graham & Dodd books!

Sincerely,

Edwin Hagan-Emmin, Chief Investment Officer

IMPORTANT DISCLOSURE

In considering investments investors should carefully consider the fund's investment objectives, risks, charges, and expenses. For further details on the funds presented in this document please request a summary fund brochure by contacting Moor Funds LLC by email at invest@moorfunds.com or by telephone at +1 800 819-5185.

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