



Moor Funds LLC
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Moor Funds Annual Investor Letter

30th September 2023

Dear Investor, thank you for your investment with Moor Funds; over the last 12 months, we are pleased to have rewarded your trust by delivering benchmark-beating results and our performance ranking in the top quartile for funds focusing on US large and mid-sized stocks.

We begin this year’s annual investment letter with a performance review of our US-focused investment strategies (Moor US Select Equity and Moor US Market Neutral) followed by a portfolio snapshot highlighting stock and sector particulars. We conclude this investor letter with our thoughts on Tesla Inc. (TSLA); our largest single portfolio investment over the prior 12-month period.

Further information on our investment approach, use of artificially intelligent techniques, and quarterly investor letters can be found in the ‘Investing’ section of our website at www.moorfunds.com.

Moor US Select Equity Performance

(All data as of Moor year-end, 29th August 2023)

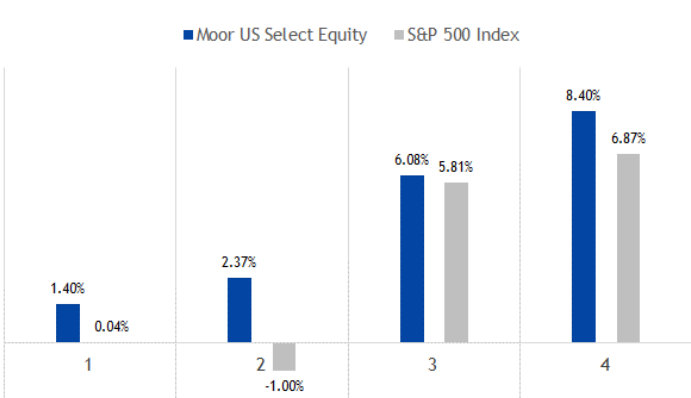


Fig. 1: Quarterly return over prior four-quarters to 08/29/23

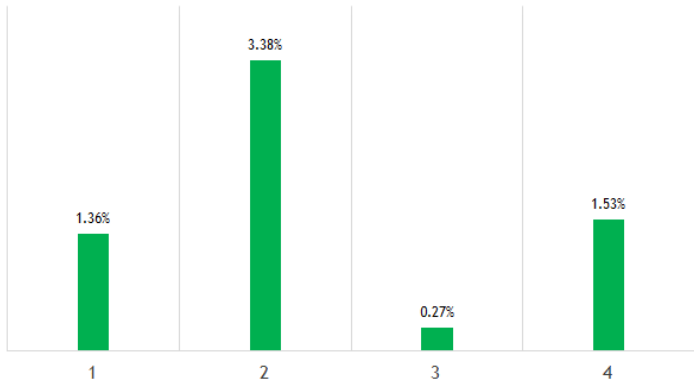


Fig. 2: US Select Equity quarterly outperformance vs S&P 500

- **Absolute performance:** The Moor US Equity Select strategy returned +18.25% over the prior 12-month period to 29th August 2023; see Fig. 1 quarterly performance breakdown.

- **Relative performance:** The Moor US Select Equity strategy delivered a relative return of **+6.53%** versus its benchmark S&P 500 Index over the 12-month period (Fig. 2). Consequently, the related Moor US Equity Market Neutral strategy delivered an absolute return of **+6.30%** over the 12-month period.
- **Multi-year risk and return metric:** For the prior 5-year period ending 29th August 2023 the Moor US Select Equity strategy has a Sharpe Ratio of 0.96, Tracking Error of 5.01%, and Information Ratio of 0.88.
- **2023 Year-to-Date (YTD) performance:** YTD the Moor US Select Equity strategy has returned **+21.47%** vs. benchmark S&P 500 return of **+16.23%**; which equates to **+5.24%** benchmark outperformance. **YTD performance of the Moor US Select Equity fund places the fund in the top quartile of all US large and mid-cap focused long-only funds according to Charles Schwab data.**

Moor US Equity Stock Selection

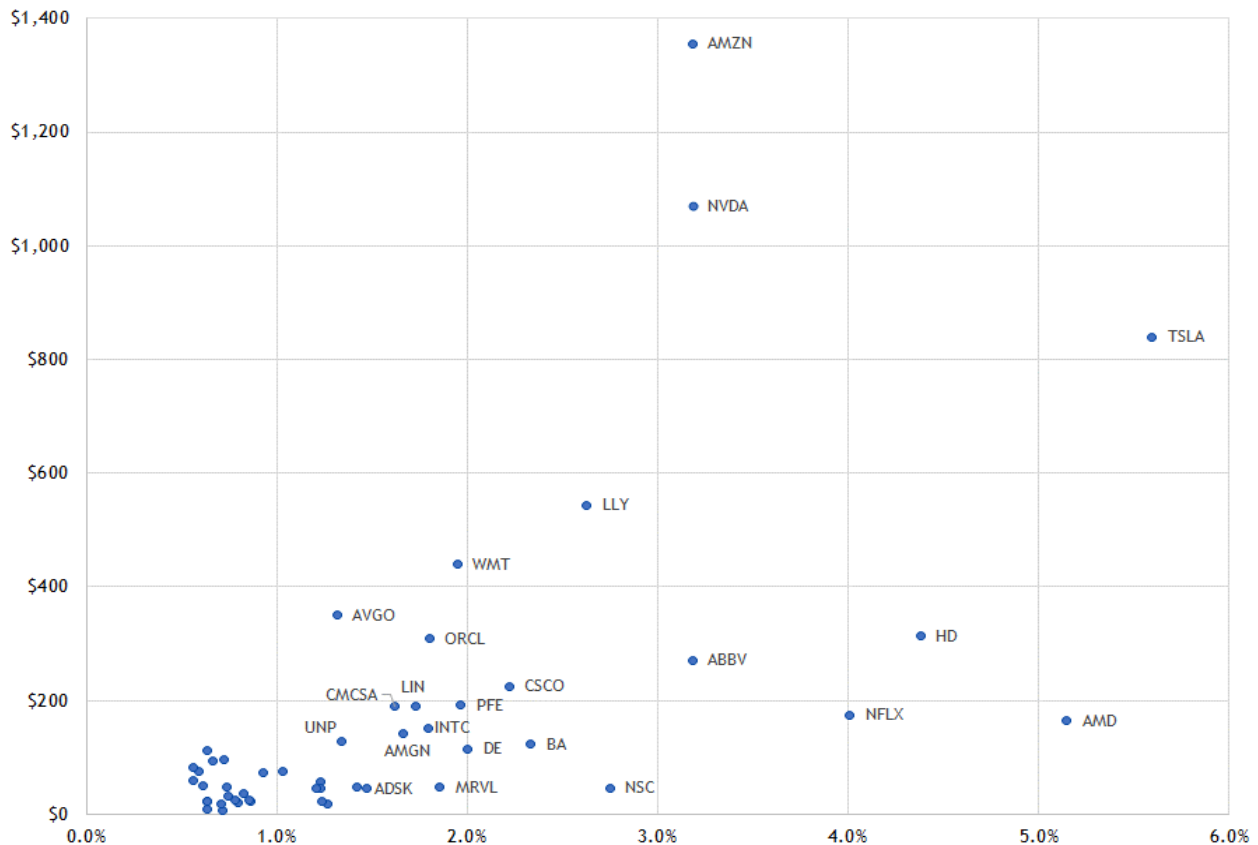


Fig. 3: 12-month portfolio companies scatter plot (Y-axis = \$bn Market Cap., X-axis = % Avg. portfolio weight)

- **Portfolio structure:** The Moor US Select Equity strategy is a concentrated portfolio of between 30 and 40 stocks selected to outperform its benchmark index.

- **Notable investments:** Top-10 portfolio stocks, in ranked portfolio weight order, over the prior 12 months (see Fig.3); Tesla Inc. (TSLA), AMD (AMD), Home Depot (HD), Netflix (NFLX), Amazon (AMZN), Nvidia (NVDA), AbbVie Inc. (ABBV), Norfolk Southern Corp. (NSC), Eli Lilly (LLY) and Boeing (BA).
- **Portfolio sector weightings:** Average portfolio sector exposure; Healthcare (22%), Technology (19%), Consumer Discretionary (17%), Industrials (15%), Communications (14%), Consumer Staples (6%), Materials (4%) and Energy (3%).

Investment Team Commentary

Disclaimer: The following statements are for information and educational purposes only and do not constitute financial advice or an investment recommendation; as such Moor Funds LLC encourages the reader to conduct their own research and seek independent advice where required for all investment decisions.

Disclosure: Moor Funds LLC, or its affiliate funds, may own stakes in any, or all, of the companies outlined in the statements below.

Stocks of interest: At Moor Funds our investment approach is neither value nor growth' we're not quants or solely fundamental analysts. Our consistent mission is to utilize technology, data, and any appropriate investment technique to consistently outperform our benchmarks. Our extensive use of artificially intelligent processes and raw data doesn't negate our need to think about sectors and stocks in a meaningful way. The investment team spends a lot of time debating the pros and cons of stocks that have piqued our interest for one reason or another; Caterpillar Inc. (CAT), Walgreens (WBA), Marriott Intl. (MAR), or a stock that consistently splits public opinion - Tesla (TSLA).

Tesla will imminently move on from the passenger EV car market: I'll sum up my view on Tesla in as few words as possible. Over the next few years, I believe Tesla will become the leader in automated vehicle technology and most likely a US leader or disruptor in long-haul trucking/freight, logistics management, road maintenance, and nationwide transport/passenger buses. Seems far-fetched? For the record, I'm not a Tesla evangelist, between now and any of the above occurring I expect Tesla's passenger EV car business to repeatedly disappoint the market mainly due to sustained pressure from peers and unrealistic investor expectations on the growth of passenger EVs. Ironically, it's this slowdown in passenger EV momentum that I expect to accelerate (no pun intended!) Tesla's transition toward a driverless software ecosystem beyond passenger EVs will be the catalyst for Tesla's multi-sector disruption. Driverless tech leadership coupled with a national energy network and heavy/light vehicle manufacturing capacity offers a lot of scope for opportunity (don't see Uber surviving as a driverless company given it currently struggles even when the human driver provides the key cash-generating asset - the car).

Expect considerable effort to stop Tesla from disrupting ‘strategic’ sectors: It's not going to be a stroll in the park; there's going to be a line around the block of incumbents and vested interest laying down obstacles to slow Tesla's transition from passenger EVs (lobbyists, regulators, unions, etc.). The reality is Tesla's inevitable transition to a multi-segment disruptor is a strategic and industrial necessity; a near trillion-dollar market capitalization isn't because the aim is to be the new General Motors. Consider the operating model in the aforementioned transport/logistics segments; operating costs are mainly labor, vehicle maintenance, and gasoline whilst CAPEX is typically vehicle acquisition. Not to labor the point but Tesla manufactures vehicles, it's not a huge leap to manufacture heavy vehicles in scale; they also own and are expanding an energy network and inherently won't need human labor.

Tesla should focus on non-urban driverless applications in freight/transport/haulage: The disruption timeline will be contextualized by real-world safety issues and available infrastructure. I believe we are a long way from significant disruptive applications in urban driverless automation due to multi-factored safety issues in built-up environments. Conversely, intra-state, interstate, rural, and industrial sites are obvious low-risk environments for application. Envisage a Tesla driverless EV bus from Sacramento to Los Angeles driverless on the highway, self-refueling with a human driver that onboard at Los Angeles or Sacramento city limits to complete the 'last urban mile'. A similar logic would apply to consumer goods transported interstate by UPS, FedEx, and DHL.

Open Tesla questions we continue to explore: i) Will Tesla be a fully integrated manufacturer, owner, and operator of heavy transportation or only license software and provide energy infrastructure; ii) what is the revenue/margin opportunity under the build/own/operate model versus the software licensing and EV charging open access model; iii) are the answers to (i) and (ii) already reflected in Tesla's value today. The sooner the market sees evidence that Tesla is closer to having their 'Microsoft Azure cloud' moment the sooner we can all stop worrying that Tesla walks the path of General Motors.

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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