Moor Funds LLC
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Moor Funds Quarterly Investor Letter

1st March 2024

Dear Investor, thank you for your investment with Moor Funds; in the 3-month period ending 29th February 2024 the **Moor US Select Equity strategy** returned +14.10%, outperforming the S&P 500 by +1.65% during the period. Over the trailing 12-month period ending 29th February 2024, the Moor US Select Equity strategy has returned +32.18% vs S&P 500 return of +26.51%; a cumulative outperformance of +5.67%.

In line with our core US strategy, the **Moor US Equity Market Neutral** strategy returned +8.03% over the trailing 12-months from 29th February 2024.

Moor US Select Equity Portfolio Performance

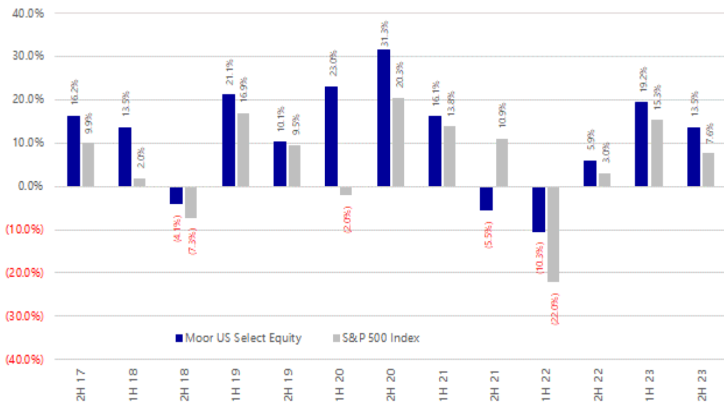


Fig. 1: Half-yearly absolute return vs S&P 500 (2017 to 2023)

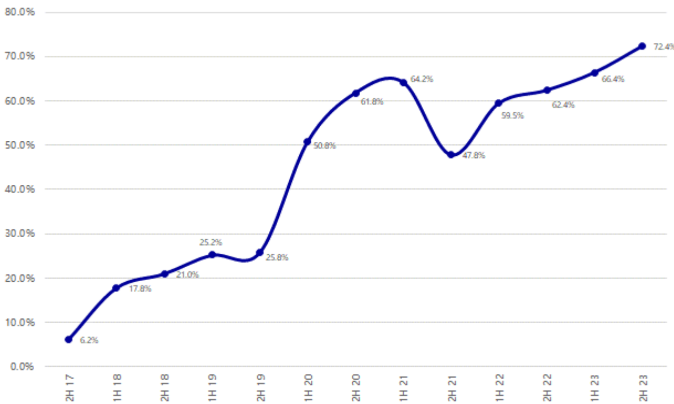
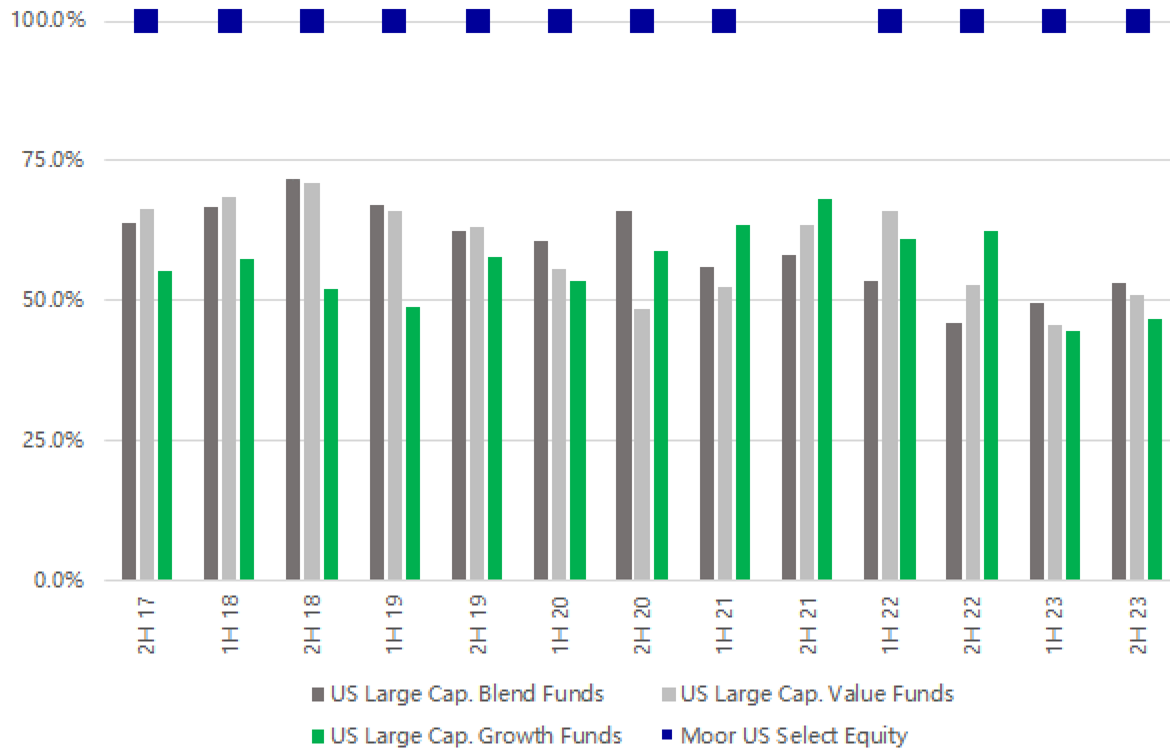


Fig. 2: Cumulative outperformance vs S&P 500 (2017 to 2023)

We remain committed to our hybrid investment approach combining fundamental sector analysis, conservative capital risk management and a machine-based/artificially intelligent company/stock analysis process. We believe our machine-assisted investment processes continue to contribute to our sustainable outperformance versus chosen index benchmarks and our actively managed funds peer group.

Figure-3 below highlights that the **Moor US Select Equity strategy has beaten the S&P 500 in 12 out of 13 half-year periods**. In comparison, on average, only 55% of US focused funds beat the S&P in ANY half-year period and less than 10% cumulatively outperform the S&P 500 over a 5-year period (source S&P Global Inc. 2023 Year-End SPIVA report).

Fig. 3: % of US funds outperforming S&P 500 (Source: S&P Global Inc. 2023 SPIVA Y/E Report)



The Fed seems a fan of 'Bidenomics'

This year the 60th US presidential election will take place. Against that backdrop it is worth reminding ourselves that since 1900 only one incumbent elected president has won re-election falling into recession in the latter half of their term. So why should the Federal Reserve care about this historical data point?

Just a year ago on Capitol Hill, Jerome Powell was asked to explain why more Americans needed to lose their jobs to curtail inflation. A soft landing seemed unlikely given the prevailing inflationary trend at the time coupled with a (seemingly) hawkish Federal Reserve.

That was then, a year is a long time in macroeconomics. Inflation has clocked in at 2.5%, still above its 2% target, and the Federal Reserve's real GDP forecast for 2024 has been raised from 1.4% in December to 2.1% in March, suggesting that inflation is not so

"transitory" nor is it about to bow out gracefully. Yet rather than there being discussion about raising rates in a stronger economic environment that could arguably better absorb them, and 'finish the job', the overriding narrative instead has turned to one of rate cuts for 2024 (albeit with the air cover of some ambiguity in case the FOMC ultimately need to backtrack). Nonetheless, for now Main Street and Wall Street have had their expectations of an accommodative monetary environment sufficiently managed to neuter self-fulfilling recession fears.

Why the more dovish pivot? Let's postulate that the Federal Reserve considers the fiscal environment when mapping out economic trends and inflation. The next presidential term could see a Trump presidency that significantly loosens fiscal policy and stimulates consumer demand, as he did before. A renewed wage-price spiral could ensue forcing the Federal Reserve to re-engage on that front. Alternatively, under a Biden administration, many of the more generous personal income tax policies under Trump's 2017 Tax Cuts and Jobs Act will sunset and reverse, and with additional Democrat designed taxes sprinkled on top. That acts as a natural dampener to elevated consumer spending, arguably making the Federal Reserve's job easier.

Going back to our title and opening point about presidential re-election, to the extent that monetary policy can stoke or avoid a recession grants the Federal Reserve some influence in determining their working environment (and counterparties!) for the next four years. One might hazard a guess that a temporarily dovish policy to help keep in place a president whose fiscal policy is more in sync with "Inflation Reduction" is the more attractive path.

Sincerely,

Oliver Gabbay, Partner

MOOR

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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