



**Compelling, actionable equity  
investment ideas**

**MHM's differentiated offering  
for individual investors**

**Join us at [mhmembers.com](https://mhmembers.com)**

# Investment Ideas for Inquisitive Investors

The 4 I's (eyes) principle:  
We find the ideas, you choose to invest



## About us

Moulton Harrox is named after our founder's primary school as a reminder to never stop learning, and that learning is best achieved through practice and persistence. Our founder has more than 22 years' experience in financial markets\* with a unique profile combining financial, operational and governance expertise. He concluded >\$30bn of M&A / capital market transactions as an adviser and principal and has held board roles of private equity owned investee companies.

After years of delegating investments to third party managers and having raised and managed private institutional funds, our founder began investing 100% of his liquid assets in a long-term, concentrated equity portfolio in 2019, focused on relatively unknown, off the radar companies with limited coverage.

### This investing journey led to two key insights:

1. Fund management fees do not deliver value in a world where everyone can access the public markets through low-cost broking services; and
2. Well researched and compelling ideas are difficult to uncover by busy individuals who don't have the time for detailed diligence

Our founder is now using this experience and an extensive database of screened ideas generated over 10 years of public market investing, alongside learnings and acquired pattern recognition from identifying winners and potential pitfalls, to help democratise investing through Moulton Harrox Members. With a strong value proposition, a willingness to share ideas publicly and a review process that measures outcomes against original theses, the platform is designed to provide the highly differentiated offering for individual investors that is missing from the market.

\*11 years' investment banking experience at Rothschild and UBS, 8 years of private equity experience (identifying take-private opportunities in public markets) / fund management at DBAY Advisors (including Board roles for the holding companies of Unlimited Marketing Group and Eddie Stobart Logistics) and 3 years' listed equity investing experience at Moulton Harrox.

**Moulton Harrox Members ("MHM") is for people interested in investing and ready to make their own equity investment decisions but who don't have the time to uncover compelling, actionable ideas.**

Finding investment ideas takes a huge amount of research time and due diligence - time many of us don't have. Therefore, investment decisions are often handed to third party managers, significantly impacting returns due to fees, or made by utilising share 'tips' from sources (sometimes unverified) with their own agendas. Moulton Harrox Members is set to change that.

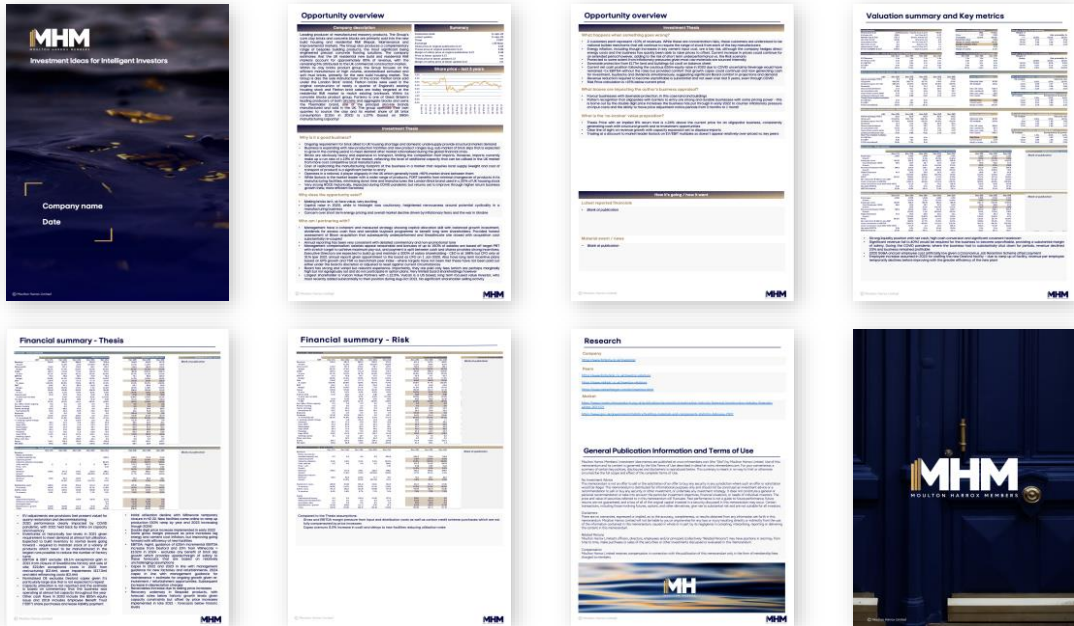
The platform provides an investment summary, financial analysis and valuation framework for a concentrated number of diligenced ideas that individual investors can execute. A transparent catalogue of case studies of the founder's investments, alongside an ongoing review of the watchlist of ideas, provide an iterative feedback process for constantly improving pattern recognition of good investments. Incorporating discussion boards, it also provides a professional forum of diverse but like-minded people to collaborate and discuss these ideas in a verified environment, improving investment outcomes for all members.

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# Member benefits



## Investment Idea Memos



Timely new idea memos to maintain a watchlist of 25-30 actionable investment ideas / New idea memos include summary investment thesis with financial analysis, key metrics and valuation framework / Consistent 6 page format for opportunity comparison

## Honesty Box (case studies)



Transparent catalogue of lessons learned based on actual investment successes and mistakes

## Investment Idea Memo user guide



User guide to the analysis and calculations incorporated in investment idea memos

## Approach to due diligence



Overview of the Moulton Harrox approach to due diligence. Diligence conducted as if buying the whole business as buying shares is acquiring part ownership of the company rather than speculating on price movement

## Watchlist and discussion boards

All published ideas will be available to view on a watchlist, allowing members to monitor current prices vs. published thesis prices. The watchlist will grow to 25-30 of the most attractive risk/reward ideas. The idea memo forecasts will be reviewed and updated as results and material events are announced, while the original thesis will be judged against actual outcomes.

The discussion boards (daily discussion, individual watchlist company threads and suggestions box) are a key benefit of the platform and allow for verified members to share their knowledge and experience in relation to published (and other) ideas with a view to improving investment outcomes for all members.

# A differentiated offering for the Individual Investor

Equity investment ideas for individual investors are generated by a number of (sometimes unverified) sources such as share tip publications, subscription newsletters, individual authors, trading platform news flow and free (but commissioned) broker research. While there are some excellent newsletters and individual authors, they generally produce ad hoc ideas of varied consistency that aren't necessarily actionable at publication.

## The 12 differentiators of MHM



- 
**Consistent idea generation** ▶ In addition to the Model Portfolio, 3-6 new detailed, diligenced opportunity reviews published per year, incorporating financial and valuation assumptions
- 
**Focus on key investment criteria** ▶ Concise investment summaries answering key investment decision questions rather than extended company reporting copied to add to page count
- 
**Pattern recognition development** ▶ Consistency of format, approach and framework allows for ease of opportunity comparison and pattern recognition development
- 
**Idea monitoring** ▶ Ongoing monitoring and review of ideas, with updated forecasts and transparent comparisons to original theses
- 
**Actionable ideas** ▶ Focus on demonstrably undervalued companies with compelling risk/reward profiles rather than the next hot tip or momentum idea with little regard for valuation
- 
**Verified members** ▶ Professional, verified member discussion environment
- 
**Member feedback** ▶ Updated theses to incorporate material input from members
- 
**Non promotional** ▶ No daily 'hot stock tips' or promotional headlines to drive subscriptions and website traffic for advertising
- 
**Investment control** ▶ Members can build a portfolio personal to them, retaining full control over their own investment risk profile and liquidity
- 
**Alignment with members** ▶ Founder is 100% invested in own ideas without the asset gathering incentives or benchmark constraints of mutual funds
- 
**Access to management** ▶ Provide potential engagement with management teams via due diligence (policy that management teams of published ideas will be invited to join MHM)
- 
**Strong value proposition** ▶ Cost effective proposition with a low annual membership fee relative to the potential value of the platform and the cost of third party management fees

# Moulton Harrox approach to investing

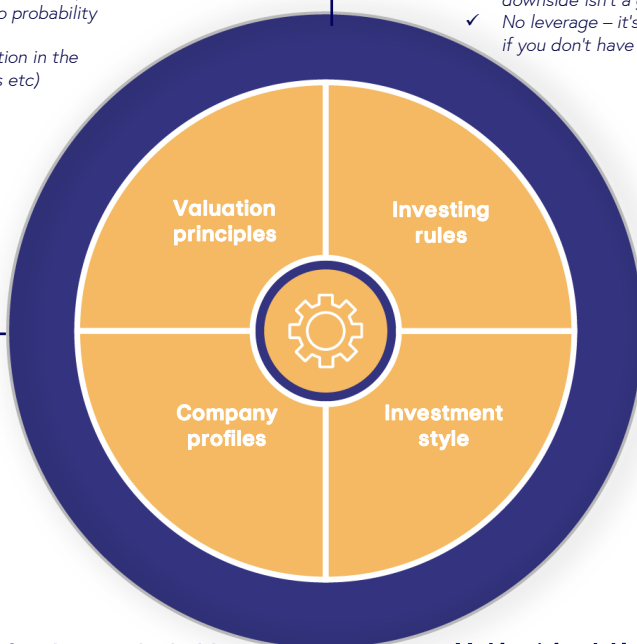
Moulton Harrox aims to leverage the individual investor advantages of time and rational behaviour. By focusing on long term investments and margins of safety, we are able to benefit from compelling opportunities in inefficient short-term markets while prioritising the preservation of capital.

## Belief that the lower the risk, the higher the reward

- Buying 'low' provides the biggest margin of safety (lowest risk) and the largest multiples of return (high reward) when fair value is recognised by the market
- The most unpopular stocks provide the most compelling valuations and the lowest risk if your thesis is correct (popularity and volatility are not risk)
- ✓ Identify valuation dis-locations and exploit opportunities in inefficient markets where price doesn't equal value
- ✓ Insistence on margin of safety to probability weighted expected values
- ✓ Preference for downside protection in the form of assets (property, brands etc) and IP

## Concentrated portfolio of 15-20 investments at any one time, providing some diversification but exposure only to the most compelling risk/reward ideas

- The top 15 ideas are better than the next 15 ideas
- Mixture of earlier stage companies and proven cash generating compounders to manage risk
- ✓ No shorting – a 100% upside limit with unlimited downside isn't a game we want to play
- ✓ No leverage – it's really, really hard to go bust if you don't have any debt



## Only invest in 'good' companies that can be held to compound gains and minimise frictional costs

- Individual companies rather than themes or macro drivers, though thematic tailwinds vs. headwinds are key investment thesis considerations
- Likely to be micro and small cap companies that are off-the-radar without analyst coverage or forecasts
- ✓ Some situational / turnaround investments
- ✓ Investments in UK, the EU, USA, Canada and Australia with known governance, reporting standards and rule of law

## Making 'simple' investments

- An understandable business model with forecasts based on a small number of KPIs
- A 'no brainer' value proposition that represents a compelling risk/reward opportunity
- Unlikely to lose money over the long term unless the thesis is badly wrong

## Avoiding 'too difficult' investments

- A complicated business model requiring a multitude of unknowable assumptions where there is a chance to make an average return if you get everything right

# Individual investment rationale

Moulton Harrox Members provides a focal point for individual investors seeking to make their own equity investment decisions

**Investment advisers have their place...**

- ✓ Diversification and risk management across asset classes
- ..... ✓ Expertise across a variety of investment products
- ✓ Long term financial and tax planning

**...but the individual investor has significant advantages over mutual funds**

- ✓ Behavioural advantage over longer timeframes vs. meeting quarterly benchmarks in order to market a fund
- ✓ Ability to invest in smaller opportunities where returns can be substantially greater
- ..... ✓ Take advantage of illiquidity and short term market sentiment
- ✓ Prepared to look beyond the consensus and benefit from unconventional thinking
- ✓ Lower size of funds under management increase ability to generate exceptional returns
- ✓ No manager back office infrastructure to fund through fees

**There's a place and rationale for your own investment 'pot'...**

- ✓ Decide level of personal equity investment exposure and risk profile
- ..... ✓ Significant outperformance on even a small part of a portfolio can greatly impact the overall gain
- ✓ No risk of gated or suspended funds
- ✓ Low cost, online broking accounts provide easy access to public markets

**... for people who want to invest some of their portfolio themselves, but recognise that investing is a full-time job**

- ✓ Need to turn over a lot of rocks to find interesting companies
- ..... ✓ Extensive due diligence required to confirm thesis and view on valuation
- ✓ Ongoing review required to monitor changes in performance vs. thesis



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