



Pragmatic Capital

Unconventional Thinking. Unconventional Results.

FUND OVERVIEW **Pragmatic Capital**

Summary

Pragmatic Capital is a contrarian hedge fund designed to maximize returns by constructing a portfolio of ~20 high-conviction stocks.

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Welcome to the Pragmatic Capital Fund Overview. Within these pages, you'll embark on a journey that delves deep into the heart of our investment philosophy, strategy, and the unique contrarian approach that sets us apart in the financial landscape. From our foundational beliefs to the intricate details of our research and risk management processes, this document offers a comprehensive overview of our commitment to delivering exceptional value to our investors. As you navigate through each section, we invite you to discover the passion, expertise, and dedication that underpin every decision we make at Pragmatic Capital.

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MESSAGE From Fund Manager



Mark A. Jones
Founder and CEO, Pragmatic Capital

Dear esteemed reader,

In the ever-evolving world of finance, it's easy to get lost in the noise, to be swayed by the ebb and flow of market sentiment, and to follow the herd. But at Pragmatic Capital, we've always believed in carving our own path, guided by data, rigorous research, and a steadfast commitment to our contrarian approach. This isn't just a strategy; it's a philosophy that permeates every facet of our operations.

The financial landscape is riddled with institutions that prioritize asset accumulation over genuine value creation. But we've always chosen a different route. Our focus is, and always has been, on identifying those unique opportunities that the broader market overlooks. It's about seeing potential where others see risk, about being patient when others are hasty, and about having the courage to stand alone when the crowd goes in another direction.

I founded Pragmatic Capital with a vision to challenge the status quo, to offer an alternative to the traditional, and to always prioritize the interests of our investors. As you delve deeper into our philosophy and approach, I hope you'll see the passion, dedication, and expertise that drive us every day. Together, let's redefine what it means to invest with purpose, clarity, and conviction.

Mark Jones

2022/2023 FUND OVERVIEW

IN A WORLD WHERE FOLLOWING THE CROWD IS THE NORM, TRUE VALUE IS FOUND BY THOSE WILLING TO WALK THE ROAD LESS TRAVELED. AT PRAGMATIC CAPITAL, WE DON'T JUST INVEST; WE CHALLENGE, WE QUESTION, AND WE DARE TO SEE BEYOND THE HORIZON.

PRAGMATIC CAPITAL

Background

Founded in 2019, Pragmatic Capital emerged as a beacon of contrarian thinking in the investment landscape. While the financial world was rife with herd mentality and cyclical trends, Pragmatic Capital was established with a clear objective: to challenge the status quo and to harness the power of independent, data-driven insights. The firm's founder, Mark Jones, recognized the inherent flaws in conventional investment approaches and sought to create a platform that prioritized deep research, objective analysis, and a genuine commitment to value creation.

From its inception, Pragmatic Capital has been singularly focused on contrarian investments, identifying opportunities that the broader market often overlooks. With a concentrated portfolio of high-conviction stocks, dynamic hedging strategies, and a transparent approach to client communication, Pragmatic Capital has consistently demonstrated its dedication to redefining investment paradigms. The firm's success is not just measured in returns, but in the trust and confidence of its investors, who value the unique insights, rigorous analysis, and unwavering commitment to excellence that Pragmatic Capital brings to the table.

At Pragmatic Capital, our mission is to challenge conventional investment narratives, to unearth hidden value in overlooked opportunities, and to empower our investors with transparent, data-driven insights. We are committed to a contrarian approach, driven by deep research and a dedication to genuine value creation.

OUR VISION IS TO BE RECOGNIZED AS THE VANGUARD OF CONTRARIAN INVESTING, WHERE INDEPENDENT THINKING, RIGOROUS ANALYSIS, AND A COMMITMENT TO EXCELLENCE GUIDE EVERY DECISION. WE ENVISION A FUTURE WHERE OUR INVESTORS ARE EQUIPPED WITH THE KNOWLEDGE AND CONFIDENCE TO NAVIGATE THE COMPLEXITIES OF THE FINANCIAL LANDSCAPE, ALWAYS ASSURED THAT PRAGMATIC CAPITAL IS BY THEIR SIDE.



OUR PHILOSOPHY

At Pragmatic Capital, we view the stock market differently. While many see prices as reflections of rigorous analysis, we believe they often mirror sentiment and surface-level expectations. Our philosophy hinges on the idea that true value is masked by popular opinion. Through deep, independent research, we uncover overlooked opportunities and challenge the herd mentality. We don't just follow the market; we question it, seeking genuine value in a landscape dominated by fleeting narratives.

01. BEYOND THE HERD

We dig deeper than the prevailing market narratives, seeking the true value that's often obscured by fleeting sentiment.

02. DEEP DIVE ANALYSIS

In a market driven by consensus, our strength lies in our willingness to question, analyze, and act independently.

OUR STRATEGY

Pragmatic Capital employs a unique, data-driven approach to investing, focusing on contrarian opportunities and hedging techniques. By challenging market norms and popular narratives, we aim to uncover undervalued assets. Our dual strategy ensures both growth potential and risk mitigation.

Contrarian

At the heart of our approach is a contrarian mindset. We believe that the most lucrative opportunities often lie where few are looking, allowing us to capitalize on market inefficiencies and sentiment-driven mispricings.

Hedged

Risk management is paramount. Through dynamic hedging using options, we create asymmetric risk/reward trades, ensuring that our investments are not only poised for growth but also protected against unforeseen downturns.





True investment insight stems from a profound understanding of a business, not just its numbers. Our research process is a journey into the heart of a company, ensuring every decision is rooted in clarity and genuine comprehension.

Research Process

Our research process is a meticulously crafted four-stage journey, honed to efficiently uncover the intricacies of a business, its stock, and its potential as a contrarian investment. At the core of our approach is a deep dive into a company's business model, ensuring we can accurately forecast its operations. We lean heavily on microeconomics, strategy, and marketing principles to dissect and understand businesses.

While conventional investment strategies often skim the surface with valuation methodologies based on cursory operational assumptions, we pride ourselves on building our forecasts and valuation models from the ground up. This rigorous, bottom-up approach ensures we're not just following the market's pulse, but truly understanding the heart of the businesses we invest in.

Our research delves deep into understanding not just the business itself, but its industry, customers, competitors, and even related sectors. This comprehensive approach ensures a contextualized grasp of the entire ecosystem in which the business operates. We leverage qualitative analysis, quantitative analysis, exclusive market research reports, customer survey data, and more to provide a holistic view that's crucial for informed investment decisions, setting us apart in the realm of investment research.



Level I - Sophisticated and Efficient Algorithmic Screening: Through high-level analysis, we utilize algorithms to pinpoint intriguing stocks, analyze financial statements for trends, and study stock charts to discern price drivers.



Level II - Exhaustive Data Gathering and Review: Our focus shifts to understanding a stock candidate's economic environment, reviewing company and competitor filings, and delving into exclusive market research reports to grasp the key drivers of the stock's price (demand).



Level III - Investigative Research Techniques: Deep research is paramount at this stage, where we analyze exclusive industry data, engage with knowledgeable industry participants, and employ rigorous quantitative analysis on operational data to develop deep understanding and insights.

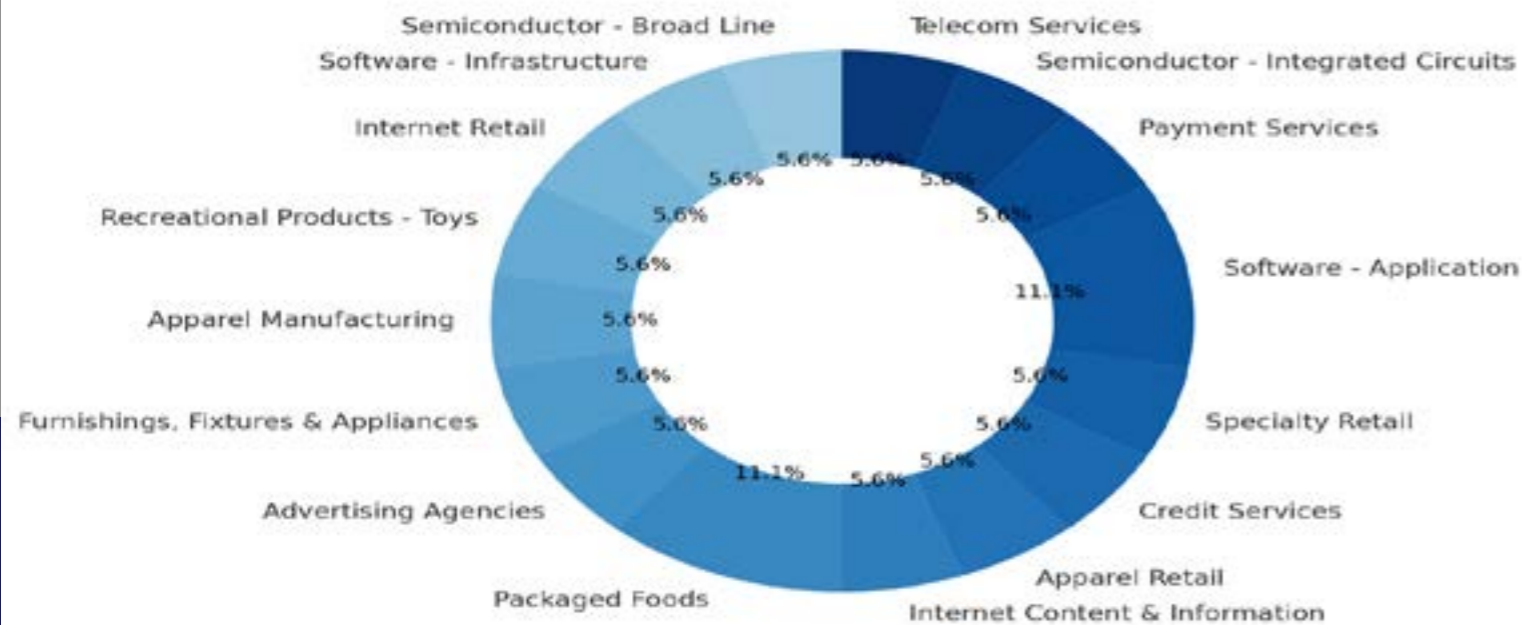


Level IV - Meticulously Quantified Research: We project economic data (revenue and earnings), conduct valuation analysis based on informed assumptions, and pinpoint catalysts that drive price movement, ensuring our predictions are rooted in comprehensive understanding.

Concentrated PORTFOLIO

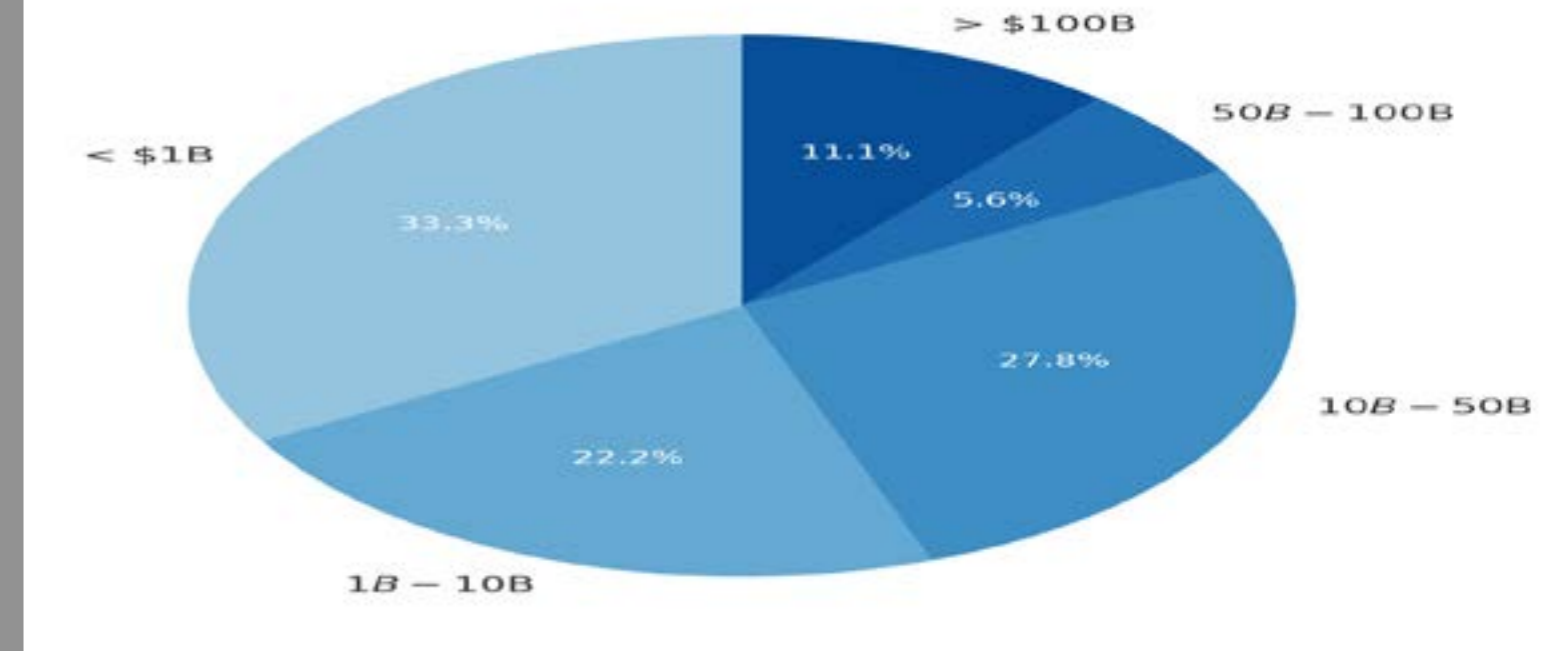
Where institutional portfolios spread themselves thin across hundreds of stocks, Pragmatic's concentrated strategy zeroes in on a select few, ensuring each pick is backed by deep research and conviction. It's not about quantity, but the quality and potential of each investment that defines our approach.

Donut Chart: Distribution of Portfolio Companies by Industry

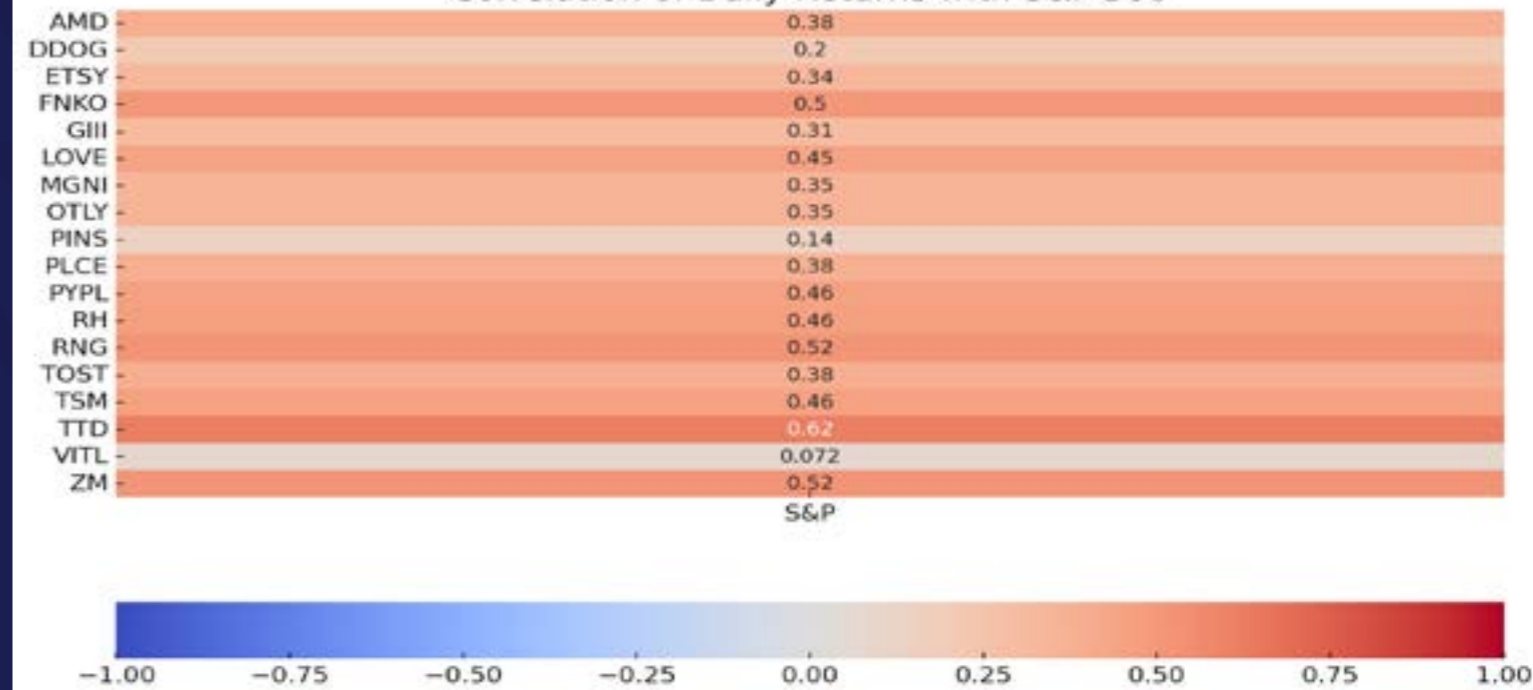


The concentrated portfolio strategy of Pragmatic Capital offers a unique blend of precision and diversification. Despite being focused on a select group of stocks, our portfolio spans a broad spectrum of industries and market caps, ensuring robust diversification. Our low correlation with the S&P further underscores our distinct approach, proving that we aren't merely mirroring the broader market. Each position, while diverse in nature, is rooted in our contrarian investment philosophy. This allows us to channel our resources effectively, avoiding the pitfalls of over-diversification seen in portfolios with hundreds of stocks.

Portfolio Composition by Market Capitalization



Correlation of Daily Returns with S&P 500





At Pragmatic Capital, our transparency isn't just a service—it's a commitment. And with our unique fee structure, we ensure our success is your success. True alignment of interests is rare in this industry, and I'm proud to champion it.

Risk Management

Pragmatic Capital's risk management strategy is emblematic of our commitment to contrarian investing, underpinned by our innovative use of dynamic hedging. At its core, this strategy employs options, financial instruments that grant the holder the right, but not the obligation, to buy or sell an asset at a predetermined price within a set timeframe. Every position in our portfolio is meticulously paired with corresponding options, serving as a tailored protective shield for each stock.

These options are not just safeguards against extreme market downturns; they are our bulwark against the unpredictable and often irrational impacts of herd mentality on individual stocks. As staunch contrarians, we recognize the inherent risks of challenging prevailing market sentiments. Thus, our use of options is both a testament to our dedication to rigorous risk management and a strategic tool to ensure that our contrarian stance is taken with robust protection in place.

Our commitment to unparalleled transparency is evident in the wealth of resources we offer: from quarterly research updates on our portfolio companies to weekly market commentaries and real-time updates on market shifts and company developments. We don't just want you to invest with us; we want you to understand and learn alongside us, transforming you from an investor to an informed market enthusiast.

Furthermore, our unique fee structure stands as a testament to our dedication to aligning our interests with yours. With a 0% management fee and a performance fee set at 20%—contingent on outperforming the S&P—we ensure that our success is intrinsically tied to yours.



Interested in Learning More?

Join our distribution list: www.PragmaticCap.com

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