



GCI Strategies
2020

Performance as of Dec 31, 2019			
Portfolio/Index	1 Year	3 Year	Since Inception 01/01/2017
GCI Select Equity	37.00%	16.46%	16.46%
S&P 500 TR	31.49%	15.28%	15.28%
GCI Blended Moderate	30.02%	13.27%	13.27%
Moderate Benchmark	26.79%	13.12%	13.12%
GCI Blended Conservative	25.56%	10.50%	10.50%
Conservative Benchmark	22.16%	10.91%	10.91%

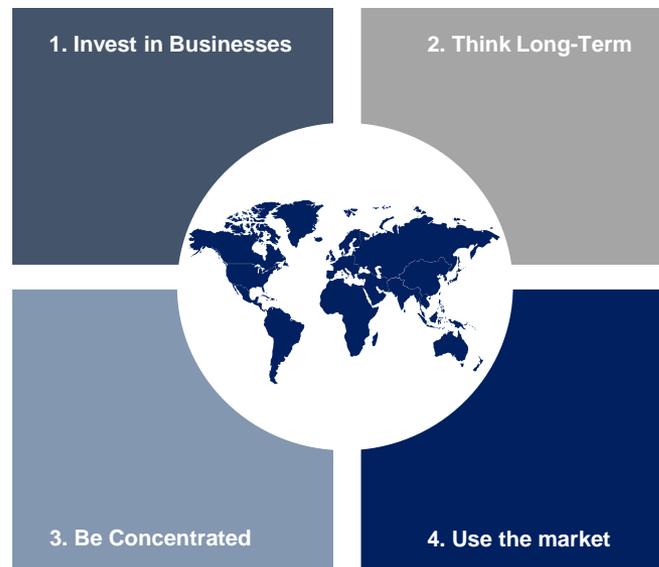
Moderate Benchmark: 80% S&P 500 Index TR / 20% Barclays US Aggregate Bond Index TR

Conservative Benchmark: 60% S&P 500 Index TR / 40% Barclays US Aggregate Bond Index TR

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate. Current performance of the portfolio may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (713) 401-9048. Performance data does not reflect the management fee. If it had, returns would be reduced.

Globescan Capital Inc claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

Investment Philosophy



Our Philosophy relies on 4 Core Principles:

- 1. Invest in businesses, don't trade stocks** - Allocate capital to businesses, rather than just "buying shares." Know and understand what you own.
- 2. Think long-term, don't try to time markets** - Markets inputs are impossible to predict consistently, both in terms of what will happen and how investors will react.
- 3. Be concentrated, don't overdiversify** - Over-diversification is incredibly destructive. Exceptional investments are rare, so don't dilute great investments with average ones.
- 4. Use the market, don't rely on it** - Market prices only reflect opinions - not underlying value. Markets are emotional, irrational and therefore provide opportunities.

Our investment approach is clear, straightforward, repeatable and guided by our 4 Core principles.

Good companies can be poor investments if they are purchased at the wrong price. We wait patiently for the market to provide a purchasing opportunity once we have found a high-quality business.

Our Process:

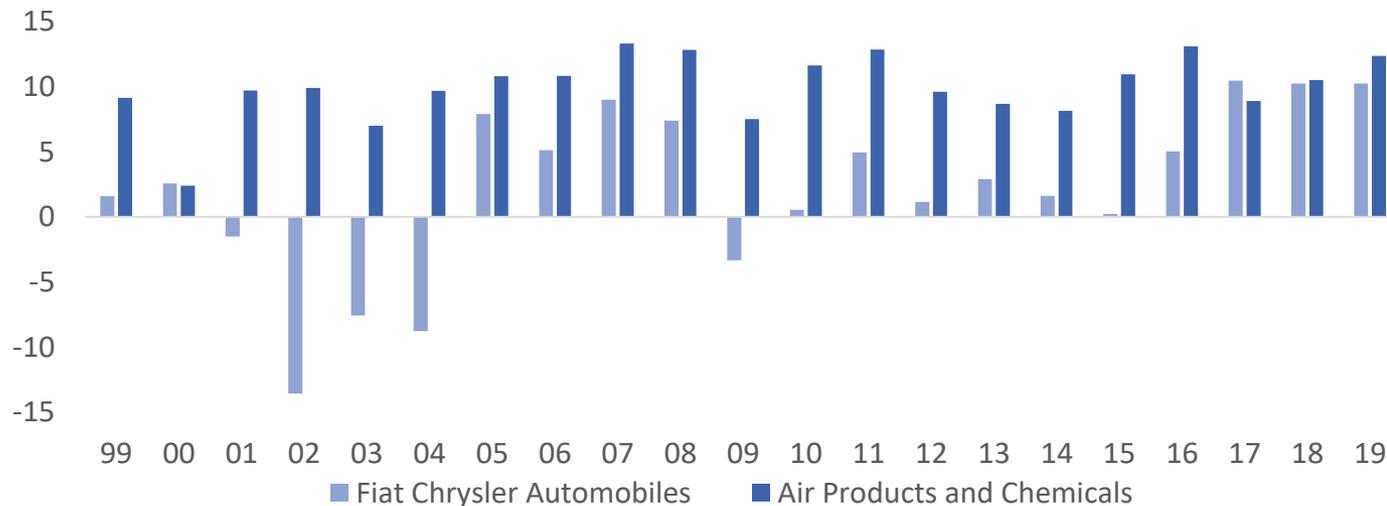
- 1. Find high quality businesses***
- 2. Invest in them at attractive prices***

1. Find High-Quality Businesses

We look for companies with:

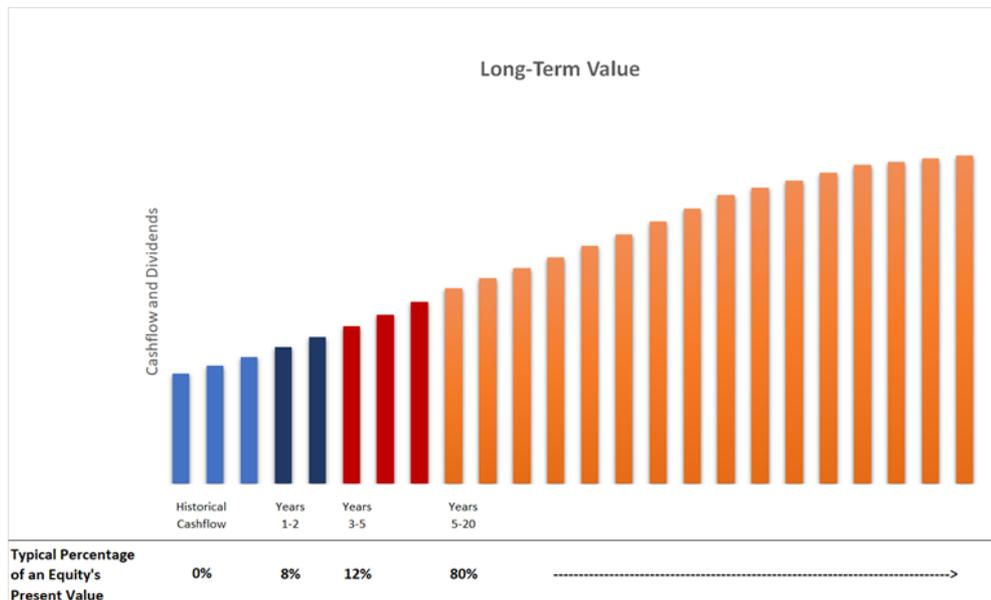
1. Consistently high cash backed returns over a long period of time.
2. Or sufficient growth that such high returns will be achieved in the foreseeable future.
3. A defensible and sustainable competitive advantage (moat) that gives us confidence that those returns will persist into the future.

Low-Quality v High-Quality



2. Invest at Attractive Prices

1. **Avoid market noise:** the stock market is subject to many fluctuations and emotional sentiment swings which are short term and distracting.
2. **Remain rational:** remember that any fair value determinations are both subjective and relative.
3. **What are we getting for each dollar?** We need to ensure that in the price we are paying we are being adequately compensated by either the current returns, or our expectation of the growth in future returns.
4. **Think long term-** the value of any asset today should represent the value of the cash flows that asset will generate in the future. It's important not to get caught up in short term valuation metrics. Stocks are long duration assets, so require a long duration valuation process.



What does this mean from a portfolio perspective?

- This disciplined and focused investment approach results in an **active, differentiated and benchmark agnostic portfolio** - we do not track an index or replicate a benchmark.
- We focus on consistent asset growth over the long term.
- Our asset allocation, security selection, and portfolio construction methodology is performed in an unbiased and flexible manner through the application of a consistent investment process.

Sell Discipline

Sell discipline is an area that is as, if not more, important than buy discipline. We apply the following criteria to determine appropriate exit points from positions:

- Change in investment case: if our original buy thesis has either played out, or been altered by events/ news flow or has proved to be incorrect (intellectual honesty and humility is vital in investing).
- The share price approaches or exceeds our assessment of fair value (any assessment of a security's fair value is subjective and therefore should be thought of as more of a 'range' than an absolute share price level).
- Portfolio risk profile: if the stock is no longer appropriate given the overall portfolio risk profile/ desired positioning.

Risk management is a crucial element of investing. All investing involves risk, so we must be careful to allocate this risk appropriately.

To do this consistently, our risk management is kept as simple as possible - the best and most reliable risk control is knowing what we are buying.

Each position we take is the result of months of analysis and research, and we ensure that positions are sized appropriately to consider both the stock risk and the overall risk budget of the portfolio.

In order to manage overall client risk tolerance in different life stages, we also pair our Equity model with a select number of fixed income securities in order to reduce overall portfolio volatility. These strategies are available as GCI Blended Moderate and GCI Blended Conservative.

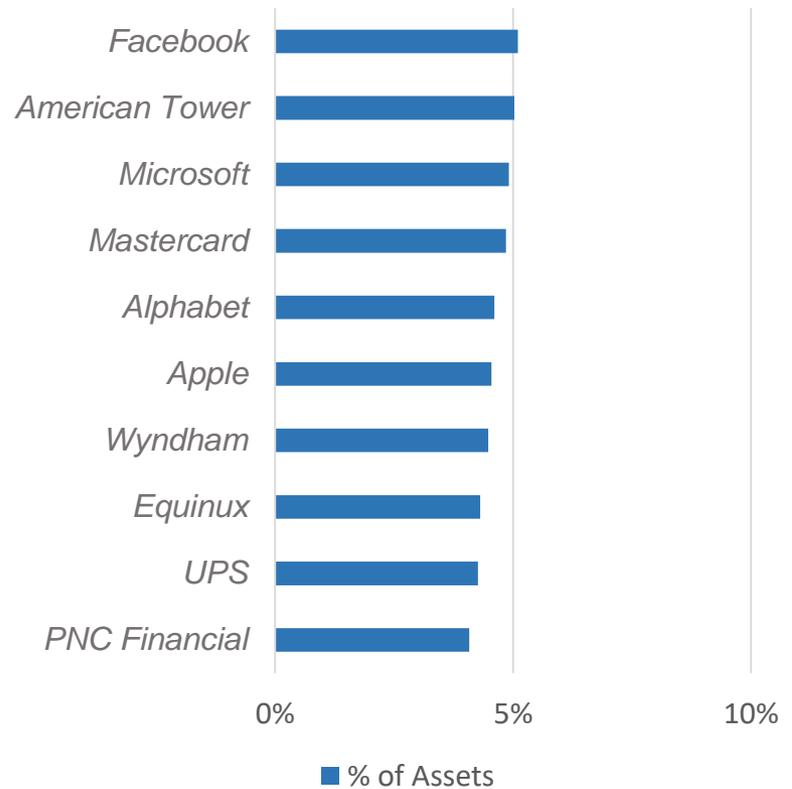
The Fallacy of Diversification:

Is it safer to own only a small number of companies you know in great detail, or hundreds that you don't know anything about?

Portfolio Characteristics (12/31/19)

Number of Holdings	25
Total Net Assets	\$25M
Sharpe Ratio (1-year)	1.2
<i>S&P 500 Sharpe Ratio (1-year)</i>	<i>0.8</i>
EV/EBITDA (ex fincls/reits)	14.7
<i>S&P 500 EV/EBITDA (ex fincls/reits)</i>	<i>13.2</i>
ROIC (ex fincls/reits)	18.8%
<i>S&P 500 ROIC (ex fincls/reits)</i>	<i>17.6%</i>
Dividend Yield	1.39%
<i>S&P 500 Dividend Yield</i>	<i>1.80%</i>

Top 10 Holdings



Appendices

American Tower Corp (AMT): Inexorable Trend

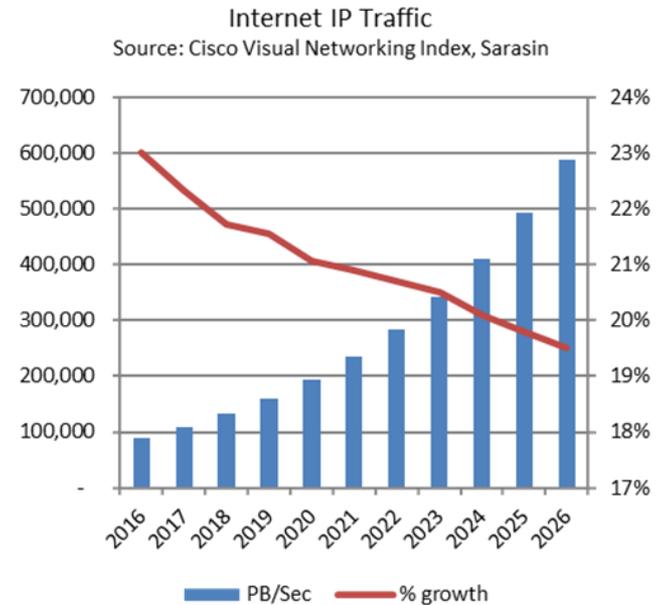
Significant, inexorable long-term trend

Not affected by congress, trade talks, Brexit, the market, the price of oil, etc.

Mobile data consumption:

- Cloud growth
- Video
- Smartphone penetration

HARD TO DISRUPT



American Tower Corp (AMT): Where's the Value?

Smartphone manufacturers?

Long-term risk of commoditization



Telecoms?

Highly regulated

Low historic returns



Cell Towers?

Critical infrastructure

Difficult to zone new ones

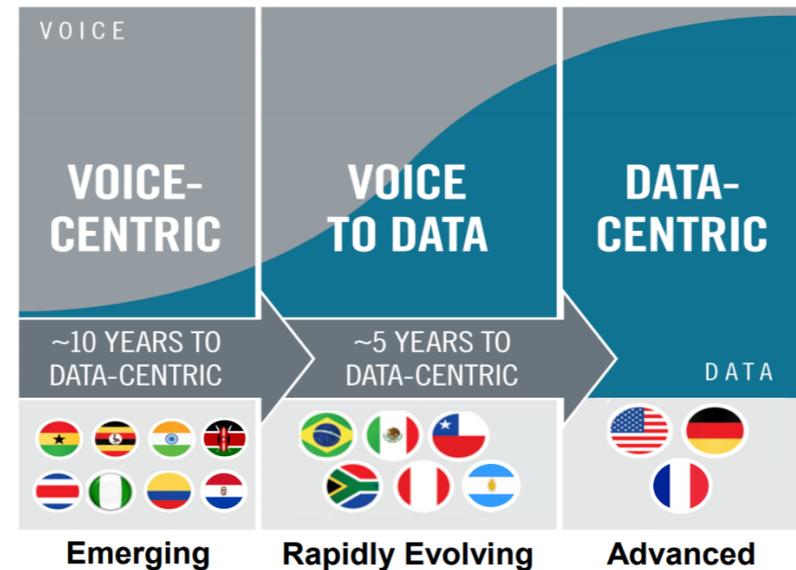
Powerful tollbooth that extracts value



American Tower Corp (AMT): The Business

AMT is one of the largest owners of towers
 Rent space to customers (not equipment)
 10 to 15-year contracts. Built-in price escalators
 Highly visible economics

AMT takes the cash flow and invests:
 India, Brazil
 Markets well behind the US
 High returns, long reinvestment runway



American Tower Corp (AMT): The Opportunity

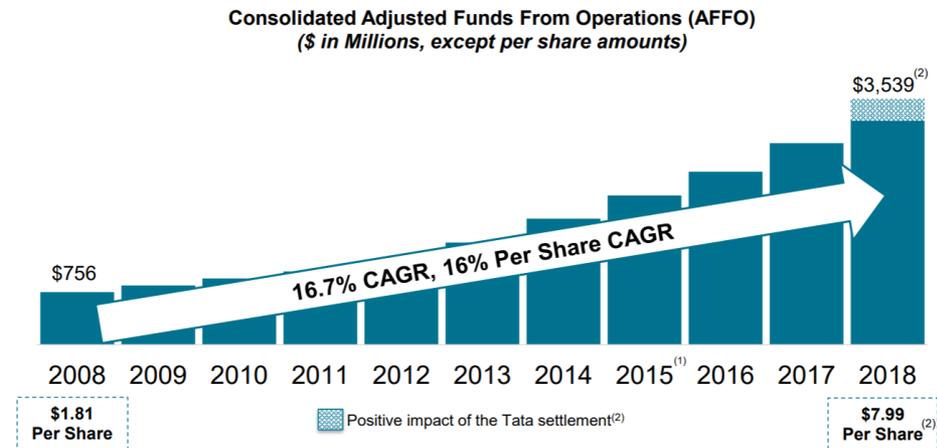
Classified as a REIT

Under analyzed by both sides

10-15% cash flow growth

Significant reinvestment opportunities, high-quality compounder

We could be wrong in the magnitude of the trend, but unlikely the direction



United Parcel Service, Inc (UPS): The Business

World's largest package delivery company

Concentrated duopoly with FedEx

Substantial 'moat' driven by global scale, route density, and incumbency:

- Faster delivery
- Reduced cost



United Parcel Service, Inc (UPS): The Moat

It would cost \$120bn+ to recreate UPS

Or you could buy the company for \$90bn

Integrated network:
Efficient utilization of capital
Better returns for investors
Cash reinvested

ROIC



26%



9%



?%

Integrated Network = EFFICIENT

United Parcel Service, Inc (UPS): Growth Runway

Global package market = \$800bn+

This will grow by another \$480bn in 3 years

Ecommerce packages +20%

Yet online still only 10%

Efficiency of network/ scale cannot be disrupted



UPS is too cheap:

1. Efficiency/ automation investments
2. Amazon

• ***Why aren't we more worried by Amazon?***

- Franchising
- Other retailers
- Capex & time required
- Route density

VALUATION

- UPS is at a 22% discount to the S&P
- PE of 13x, 3.6% dividend yield



Guy Davis, CFA, CISI
Portfolio Manager and Managing Director

Guy Davis is a proven mutual fund manager with over a decade of experience managing assets for financial institutions.

In London, he was portfolio manager for a \$2bn institutional global equity mutual fund and a \$1.5bn multi-asset charity endowment fund.

Guy was voted 'Asset Management Top 40 under 40' in 2015 and was finalist for 'Equity Income Fund Manager of the year 2017'.



Neil Sadhukan
President

Neil has 15 years of hedge fund management experience and has served as special advisor to Corporate Management Teams and Portfolio Managers. He was a Managing Director at the Meritage Group before joining Globescan Capital.



David Shahrestani
Equity Research Analyst

David focuses on equity research for Globescan and writes extensively on investing and the markets. He received his B.A. in Economics from California State University - Long Beach and is a CFA Charterholder candidate.



Pas Sadhukhan, PhD
Founder, CIO

Pas holds 11 patents and has over 30 years of investment management experience. He founded Globescan Capital in 1996.

Registered Investment Advisor

Globescan Capital Inc. (“Globescan”) is an investment adviser registered with the State of Texas and our fees and services are more particularly described in Form ADV Part 2B. Registration with the SEC or other securities regulators does not imply a certain level of skill or training.

General Disclosure

This presentation is for informational purposes only and does not constitute an offer to provide advisory or other services by Globescan in any jurisdiction in which such offer would be unlawful under the securities laws of such jurisdiction. The information contained in this presentation should not be construed as financial or investment advice on any subject matter and statements contained herein are the opinions of Globescan and are not to be construed as guarantees, warranties or predictions of future events, portfolio allocations, portfolio results, investment returns, or other outcomes. Viewers of this presentation should not assume that all recommendations will be profitable or that future investment and/or portfolio performance will be profitable or favorable. Globescan expressly disclaims all liability in respect to actions taken based on any or all of the information in this presentation.

The S&P 500 TR index is an Index of 500 large capitalization companies selected by Standard & Poor’s Financial Services LLC. One cannot invest directly in an Index.

Past performance is no guarantee of future results.

Portfolio holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

Globescan Capital, Inc

inquiries@globescancapital.com
+1 (713) 789-4121

7880 San Felipe Street, Suite 240
Houston, TX, 77063

www.globescancapital.com