Slackline Growth Investment Policy Statement

May 18, 2026

Introduction

Slackline Capital is the brand name used by Troy Slack for personal investment portfolios. It is not a registered investment adviser and does not manage assets for any party other than the individual identified above. This Investment Policy Statement is a personal governance document and does not constitute investment advice to any other party.

The Slackline Capital Investment Policy Statement (IPS) sets forth the beliefs and goals of the manager's investment philosophy for Slackline Growth. The purpose of this policy, and others on slackline.dev, is to provide a framework for the management of Slack's assets. By outlining objectives, beliefs, allocation, risk management, and benchmarks, the Policy outlines and facilitates the understanding of the objectives of Slackline. This Policy establishes guidelines, provides criteria for investment results, and ensures transparency and honesty from the manager, Troy Slack. This IPS is intended to be dynamic, and will be reviewed as time passes. Policies may be modified to reflect the changing scope or nature of the Portfolio or economic conditions.

Portfolio Objectives

Return Objectives

The objective of Slackline Growth is to outperform the S&P 500 over a five year time horizon, through active and disciplined management, through long-only, US equity.

Benchmarks

The Slackline Growth Portfolio will be measured against the S&P 500, on a total return basis, net of costs. This allows for the ability to gauge whether the investment strategy and analysis are meeting the stated goals and objectives. Furthermore, the S&P 500 is the benchmark because it is a realistic passive alternative that any hypothetical client has easy access to. The ability to generate alpha from the strategy outlined within this IPS provides evidence of the manager's ability to effectively identify and size positions.

Risk Tolerance

The risk tolerance of Slackline Growth can be classified as high; the tolerance of the portfolio is directly representative of Slack's personal high risk tolerance, due to a five-year time horizon and understanding of short-term macroeconomic noise. The strategy clearly distinguishes market volatility, which is acceptable and can generate opportunities, and permanent capital impairment. Single position drawdowns without a thesis break increase the attractiveness of the position; a company that continues to drop below its fair value based on short-term market sentiment makes that position more attractive, which could lead to adding to the position, subject to the applicable Tier 1 or Tier 2 sizing cap. Lastly, single position drawdowns accompanied by a thesis break will be immediately exited regardless of how far the position has fallen. Slackline Growth will not hold positions to the point of fundamental and intrinsic deterioration. Furthermore, 30-40% portfolio-wide drawdowns during major market downturns are expected, as equity exposure is not reduced in response to market drawdowns.

Time Horizon

The time horizon of Slackline Growth is five years. This five-year time horizon allows for short-term noise to be properly absorbed over time, and reduces the risk of exposure to cyclical downturns and bear markets. The portfolio-level time horizon is five years. Positions are held with no predetermined exit date; the manager intends to hold high-conviction positions for as long as the thesis remains intact and the position continues to compound intrinsic value. Positions are reviewed quarterly following each company's earnings release.

Investment Beliefs

Time horizon, analytical depth and concentration allow for the generation of alpha compared to the broader market. Positions are initiated with a focus on current price vs fair value, long-term growth prospects, and moat analysis. Analytical depth, risk tolerance and concentration into the certain high conviction companies or sectors allow for outperformance. A multi-year time horizon in specific allows for the ability to negate short-term market volatility. Volatility is a measure of price fluctuation, and the behavior of short-term investors creates opportunities for long-term investors, as short-term investors react to price fluctuation rather than business fundamentals.

Macro forecasting does not play a role in investment decisions. Consistent prediction of interest rates or recessions is essentially unachievable, and in terms of investing, predicting both the macro event and how the market will react is unlikely and unsustainable. Instead, company specific metrics such as moat analysis, free cash flow and capital allocation are evaluated to determine the intrinsic value of the company.

High-growth, quality compounding wide-moat businesses are systematically preferred by this portfolio. The combination of strong growth and competitive position allows for businesses to compound shareholder value effectively. Strong moats generate sustained excess returns, showing that strong intrinsic value comes from competitive advantage, not temporary market tailwinds.

Growth businesses are evaluated on a per-share intrinsic value, not revenue growth. Paying a premium for a position that has a higher intrinsic value in the future, or buying into a stock or sector that has seen historical declines is reflective of heavily valuing the intrinsic value of the stock, not macro-sentiment revolving around the price.

The portfolio may underperform the market during certain periods. Market fluctuations and cyclical rotations away from certain market sectors, may cause intermediate underperformance. Knowing in advance that large drawdowns could occur prevents abandoning the strategy and its documented work in an emotional decision.

Discipline in regard to capital allocation will determine long-term performance. Business quality is evaluated by capital allocation behavior, such as M&A discipline, investment management, dividends, and share buyback trends. Business charisma or other superficial factors are not taken into account when evaluating the intrinsic value of a company.

Behavioral risk poses a serious threat to portfolio performance. Behavioral instincts can disproportionately affect the performance of the portfolio as it is managed entirely by one person. The strategy can only outperform benchmarks if behavioral instincts are recognized and constrained in management decisions.

Asset Allocation Strategy

Slackline Growth is a long-only, and US equity exclusive investment portfolio based entirely in a Fidelity Brokerage account. The structure of Slackline Growth has a Tier 1 max of 20% and minimum initial investment of 10% reserved for the highest conviction positions. Positions in Tier 1 are sized based on conviction, with higher conviction positions receiving higher percentages. Tier two positions represent strong but lower conviction and more diversified positions, with a tier 2 max of 7%. The portfolio will consist of a maximum of 10-15 total positions at any given time. Furthermore, Tier 2 positions can be reclassified to Tier 1 positions based on conviction growth, and vice versa. Conviction growth must be accompanied by a full position thesis update, not emotional decisions.

Investment Universe

Slackline Growth investment options are restricted to unleveraged, large and medium-cap, long-only, equities. Crypto, derivatives, penny-stocks, foreign-currency assets (excluding ADRs), or private equity are all excluded. Large-cap is defined as a market cap of $10 billion and above, while mid-cap is defined as $2 billion - $10 billion.

Cash Management

The portfolio will maintain a maximum of 5% of cash in the portfolio at any one time, with a floor of 2%. This allows for the ability to serve as a residual minimum, giving the option to add to existing positions on short-term macro sentiment.

Valuation Approach

The manager is currently developing a formal valuation framework, which will build heavily upon DCF analysis. Current analysis relies on Morningstar fair value prices, moat analysis, along with review of present valuation multiples versus historical valuation multiples that are taken into consideration when determining the intrinsic value of a company.

Investment Risk Management

Risks are always acknowledged within investment theses and position updates. Risk is mitigated through active monitoring of company earning reports and sector news, which allows for the manager to determine if thesis breaks have occurred. Tier 1 position limits are capped at 20%, while Tier 2 positions are capped at 7%. Sector concentration limits exist, but exist within specific industries. Industry concentration is capped at 35%.

Rebalancing and Review

Reviews are initiated on a company for each quarterly earnings report, where a brief analysis and write-up are conducted based on the earnings report. Position concentration limits are enacted to reduce risk, along with sector concentration monitoring and behavioral risk acknowledgement. Future guidance, financial statement change and the intrinsic value of a company are all taken into consideration in the quarterly review. Semi-annual portfolio reviews are conducted for the entirety of Slackline Capital, which occur at mid-year and year-end. Rebalancing occurs immediately when a position exceeds its respective position cap, where funds are redistributed into positions with the highest gap between price and fair value.

Sell discipline

Positions are exited based on specific valuation multiples, P/E, EV/EBITDA, and FCF yield versus historical medians, along with separate, forced exit thesis-break sells. If two of three multiples reach two times the five-year historical median, it will trigger a 33% trim of the position's current weight within the portfolio. Thesis-break sells are initiated regardless of profit or drawdown, and represent a fundamental deterioration within the business quality. Tier 1 and Tier 2 positions will be trimmed when they exceed their respective position caps. Additionally, sells are never initiated on price-based stops, macroeconomic sentiment, or emotional decisions. There will be a five-business-day window for executing the trim once triggered, with delay beyond five days requiring written justification as to why the exit has been postponed.

Tax considerations

The portfolio is held in a taxable brokerage account, therefore the long-term orientation allows for gains accrued are subject to long-term capital gains taxes. Short-term gains will occur occasionally due to the mechanical trimming of positions; those short-term gains are accepted as costs of maintaining discipline to the overall process.

Unique Circumstances

This portfolio is managed by a non-professional in regard to finance and investments. While all work is derived from and held up to professional standards, errors and misconceptions may exist in older work. The portfolio manager is actively familiarizing themselves in the world of investing and finance as time goes on, and the quality of work reflects that. Additionally, the five-year time horizon is directly representative of the amount of time it will take for the founder, Troy Slack, to complete college, with a double major of Accounting and Finance, with a minor in economics. Thus, pauses in work or coverage of stocks can be anticipated, especially during times where heavy schoolwork persists.

Investment Policy Document History

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