Slackline Value Investment Policy Statement

May 19th, 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 Value. 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 Value is to outperform the Russell 1000 Value over a five year time horizon, through active management of a Fidelity investment portfolio dedicated to a value investment strategy. By establishing fair value prices through DCF analysis, financial statement evaluation and historical multiple analysis, the portfolio hopes to identify equities that have been discounted from their ‘fair value’ due to cyclical downturns, market speculation and overblown macroeconomic fear.

Risk Tolerance

The risk tolerance of Slackline Value is classified as high. Value investing at its core benefits from high volatility and mean reversion in order to generate the strategy’s returns, capitalizing on temporary mispricings. Within this strategy, volatility is interpreted differently than in traditional risk frameworks; equities that see significant price drops due to short-term noise are more attractive, as margins of safety have risen, and the equity is trading at an even deeper discount.

The strategy relies heavily on distinguishing between signal and noise; stocks that have seen drawdowns with theses intact are seen as increasingly attractive positions, while single-position drawdowns accompanied by a thesis break or sell trigger will see immediate liquidation of the position, as the portfolio will not hold positions to the point of fundamental deterioration. Drawdowns with an intact thesis may lead to adding to the position, subject to the 7% single position cap and a written explanation before the move. Individual positions may see large drawdowns; the strategy identifies stocks that are cheap, but does not attempt to identify when stocks will bottom out.

Thus, positions may see continued drawdowns before reversing toward their fair value. Furthermore, the nature of this portfolio is exposed more to economic volatility, meaning that significant portfolio-level drawdowns can be expected. The manager maintains conviction in the strategy and the analytical depth supporting it, particularly during periods of underperformance. The IPS exists in part to ensure the continuation of the strategy during market drawdowns and underperformance.

Benchmarks

The Slackline Value portfolio will be measured against the Russell 1000 Value index, 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, adjusted for value investing. The Russell 1000 Value index is the realistic passive option that any investor has easy access to for value investing. Consistently outperforming the index shows that all independent analysis related to the performance of the strategy is attributable to the manager's ability and skill to identify undervalued equities and manage positions accordingly.

Time Horizon

Slackline Value will operate on a five-year time horizon. Value positions are typically held for one to five years. Some positions may converge to fair value more quickly, triggering the mechanical trim and exit rules described in Sell Discipline.

Investment Beliefs

The intrinsic value of a company can be estimated despite market prices, allowing the portfolio to identify high value investments. Value investing relies on finding a discounted stock by looking at the difference between market value and a "fair value" determined through DCF analysis and financial statement evaluation. This allows the portfolio to capitalize on macroeconomic fear or speculation that ignores the underlying strengths of the business, creating an opportunity to purchase a stock at a discount.

Markets are efficient, but they misprice businesses based on macroeconomic fears and speculation. The behaviors of short-term traders create opportunities for discounted stocks by driving the price of a stock down through noise, not signal. The actions of the market can be overly reliant on economic sentiment indicators, which drive the price of equities despite no change in the underlying competitive and financial strength of the business. This creates a fair value gap between the intrinsic value of a company and the current market price.

Mean reversion drives the return for this strategy, not internal compounding, operational improvement or market tailwinds. Sudden noise that suppresses a stock below its intrinsic value creates an opportunity for purchase, as mean reversion states that the price will converge to its historical average over time. The majority of returns generated by value investing comes from that mean reversion, profit coming from a company closing the gap on its market price and fair value.

High quality companies are a filter, not always a target. Mean reversion doesn't require best-in class-companies to generate returns. Some amount of business quality is required to return a stock to its intrinsic value, but the main driver of the portfolio's strategy is the current gap between price and fair value, not long-term growth.

Differentiating between signal and noise is paramount to determining if a company is intrinsically undervalued. Failing to differentiate between noise (which says nothing about underlying business quality and can create discounts for stocks) and signals (fundamental information about the underlying business health) can lead to misinterpreting the intrinsic value of a company. Failing to gain a proper range of the intrinsic value of a company undermines the portfolio strategy, thus signal and noise must be differentiated and evaluated when determining the fair value of equities.

Diversification allows the portfolio to mitigate risk from continued sector or position drawdowns. Diversification is a structural choice that directly mitigates the risk that value investing faces: continued drawdowns within a sector. Because mean-reversion outcomes are probabilistic, and individual positions can fail to recover, the strategy captures return through diversification across many positions rather than concentration in a few. This mitigates individual sector and position drawdowns' effects on the portfolio as a whole.

Volatility presents opportunity, not risk. Value investing benefits from volatility, as it allows mean reversion and fair value gaps to be realized into profit. Short-term noise creates volatility that can be capitalized on. Volatility generates margins of safety, and catalyzes mean reversion to occur quickly, stimulating the effectiveness of value investing.

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. Specifically, value investing is more vulnerable to emotional decision making during extended underperformance.

Asset Allocation Strategy

Slackline Value is a long-only, and US equity exclusive investment portfolio based entirely in a Fidelity Brokerage account, dedicated to Slackline Value. Slackline Value is diversified to a maximum of 18-25 total positions at any given time, with an individual cap of 7% portfolio weight per position. Positions are sized differently based on conviction, but stay constrained within the 7% position cap.

Investment Universe

Slackline Value 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 small amount of cash in the account, typically 0-5% of portfolio weight, as a residual from deposits, dividends, and trim proceeds. This provides flexibility to manage positions within the portfolio. Cash will never be held as a market timing tool or deployed based on top-down economic views.

Valuation Approach

The manager is currently developing a formal valuation framework, which will build heavily upon DCF analysis. Current analysis relies primarily on Morningstar fair value prices, with independent analysis of competitive moats and a comprehensive review of present valuation multiples versus historical valuation multiples, all of which are taken into consideration when determining the intrinsic value of a company. While fair value gaps do determine the highest discounted stocks, most analysis and valuation multiple analysis give deeper insight into historical valuation trends, thereby supporting fair value prices.

Investment Risk Management

Slackline Value consists of 18-25 positions, with an individual cap of 7% portfolio weight per position. Sector cap restraints are placed to prevent individual sector drawdowns from disproportionately affecting the portfolio. GICS sectors have a 25% soft cap individually, with written explanation needed to raise that soft cap to a maximum of 40%.

Sell Discipline

Positions will be partially exited when stock price reaches fair value, with a trim to half position, then a full exit at 120%. Fair value is determined through a holistic valuation, that includes DCF valuation, moat analysis, and historical multiple analysis. 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. Positions are exited on thesis breaks or sell triggers; a position that incurs fundamental business deterioration or weakened financial health that exceeds pre-determined sell triggers will be immediately exited, as it shows a fundamental erosion of a company's competitive position or financial prowess. Sales are never initiated on price-based stops, macroeconomic sentiment, or emotional decisions. Every position carries a pre-written set of tangible kill-criteria documented in the original position thesis, and a position cannot be initiated without specific kill-criteria.

Tax considerations

The portfolio is held in a taxable brokerage account, and most positions are held long enough to qualify for long-term capital gains tax. The strategy's mechanical trim-and-exit rules occasionally produce short-term gains when positions rapidly converge to fair value. Thus, those short-term gains are accepted as costs of maintaining discipline to the overall process.

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. Future guidance, financial statement change and the intrinsic value of a company are all taken into consideration in the quarterly review. Fair value targets will also be reviewed given the most recent investor information, typically along with quarterly reviews. Semi-annual portfolio reviews are conducted for the entirety of Slackline Capital, which occur at mid-year and year-end. Manual review and write-ups are also initiated whenever a position reaches or exceeds its fair value or the full exit threshold of 120%. Rebalancing occurs immediately when a position exceeds its respective position cap, where funds are redistributed into positions, which may include new positions or rebalancing current positions.

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. Namely, in Slackline value, it will take an unforeseen amount of time to write formal theses for positions, construct DCF models, and assign independent fair value prices. Therefore, fair value prices will be derived from Morningstar until further notice.

Investment Policy Document History

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