

Hirschmann Capital

Portfolio Detail

The Fund's portfolio is summarized below:

Security	Portfolio Weight		H1 '24 Return	Price /		
	Jun-24	Dec-23	Contribution	Intrinsic Value		
GME C1	52.3%	49.4%	36.4%	75.8%		
GME G2	11.5%	7.0%	7.6%	40.0%		
GME N	6.4%	11.1%	-2.3%	21.6%		
GME A	6.3%	7.2%	-3.9%	N/A		
GME C2	6.3%	8.7%	-0.3%	70.2%		
GME S	4.6%	6.6%	-0.6%	1.4%		
GME F	4.5%	1.8%	-0.5%	5.8%		
GME E	2.7%	0.7%	-0.4%	4.5%		
GME O2	2.5%	3.0%	-0.4%	16.3%		
GME D2	1.6%	2.4%	-0.1%	20.0%		
GME C3	1.1%	1.2%	0.2%	35.9%		
GME G3	0.4%	0.4%	0.1%	29.5%		
Total GMEs	100.2%	99.4%	35.7%			
Cash	-0.2%	0.6%	0.0%	100.0%	N/A	N/A
Total	100.0%	100.0%	35.7%			

Prices are as of Jun. 30. Returns exclude performance allocation. GMEs are listed in descending portfolio weight order.

GME C1 ("C1") appreciated due to [REDACTED]. In addition, as a possible precursor to [REDACTED]. Due to C1's increased valuation and portfolio weight, I reduced the Fund's C1 shares by 24% in H1.

GME G2 ("G2") appreciated after [REDACTED]. In H1, insiders bought 6% of G2.

GME N ("N") declined after announcing [REDACTED]. As of June 30, the [REDACTED] entity's market capitalization was only [REDACTED], despite having no debt and assets of: [REDACTED].

The H1 decline in GMEs F, E, O2, C3 and G3 reflects the continued underperformance of gold mine developers relative to producing gold mines. For example, since 2021, a North American gold mine developers index has underperformed the GDJ, which includes only gold producers, by 54%.⁵ Indeed GME E is trading for C\$5 per gold resource ounce vs. ~C\$300 for the largest GDJ components.⁶ Developers' underperformance should more than reverse over the next few years as gold prices improve, producers acquire developers and developers enter production.

GME A ("A") declined in H1 after [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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The Fund's most important competitive advantage will always be its patient clients, so I greatly appreciate your continued support.

Please contact me with any questions or comments.

Kind regards,

A handwritten signature in black ink, appearing to read "BH", with a large, stylized loop at the top and a long, sweeping tail extending to the right.

Brian Hirschmann
Managing Partner

Endnotes

¹ Source: <https://www.atlantafed.org/center-for-housing-and-policy/data-and-tools/home-ownership-affordability-monitor>

² [See here for a “months of supply” definition.](#) Source: <https://www.redfin.com/news/data-center/>

³ Source: <https://dqydj.com/sp-500-ps-ratio/>

⁴ [See here for a replacement cost valuation explanation.](#) Source: https://smithers.co.uk/q_faqs/us-cape-and-q-chart/

⁵ Source: First Mining Gold July 2024 Presentation

⁶ This is a capitalization-weighted average of Newmont, Barrick and Agnico Eagle. Newmont’s copper resources are not assigned any value.

⁷ See schanne.com. The recession signals are only triggered if the three-month unemployment rate average has stopped increasing relative to its fourteen-month low for at least four months. In other words, the signals are only triggered if an expansion has occurred since the prior recession

⁸ As shown in the table below, recessions have consistently occurred in other countries when the three-month unemployment rate (UR) average has increased relative to its fourteen-month low. For example, the last seven times the three-month average of the German UR has increased 0.53% from its fourteen-month low, a German recession has occurred.

Country	UR Increase Threshold	Study Period Start	Total UR Triggers	Total Recessions	Prediction Accuracy
Australia	0.57%	1982	5	5	100%
Canada	0.71%	1970	7	7	100%
Germany	0.53%	1973	7	7	100%
Japan	0.21%	1971	11	11	100%
New Zealand	0.61%	1988	5	5	100%
UK	0.54%	1975	5	5	100%
Total / Average	0.49%		40	40	100%

I consider the 2006 UK UR increase an early warning for the Great Recession rather than a false positive. For Australia and Canada, UR increases coincide with either domestic or US recessions. For the other four countries, UR increases coincide with domestic recessions. The recession signals are only triggered if the three-month average of the UR has stopped increasing relative to its fourteen-month low for at least one month in Japan and at least seven months in the other five countries. In other words, the signals are only triggered if an expansion has occurred since the prior recession

⁹ Below are examples of rapid labor supply growth in the above UR study period:

Country	Period
Australia	1985 - 1990
Australia	2005 - 2009
Australia	2017 - 2019
Canada	1977 - 1981
Canada	2002 - 2003
Germany	1980 - 1981
New Zealand	1991 - 1996
New Zealand	2014 - 2019

¹⁰ Source: [Federal Reserve](#). Initial claims (not seasonally adjusted) rose 9% and 5% year-over-year in the weeks ending July 13 and July 20. That exceeds their growth rate at the start of the recessions in 2007-08 (3% y/y), 1990-91 (2%), 1981-82 (-31%) and 1973-75 (-5%)

¹¹ Source: Guy Spier. See [Zero Management Fees – The Survey](#)

Disclaimer

The Hirschmann Partnership LP (the “Fund”) began operating on October 1, 2014. The Fund’s principal objective is to achieve positive market returns primarily through fundamental analysis of small- and micro-cap equities in U.S. and foreign markets. Hirschmann Capital LLC (the “General Partner”) seeks to achieve the Fund’s investment objective by identifying equities that are trading at large discounts to actual value. The Fund invests primarily in small- and micro-cap equities in U.S. and foreign markets but also invests in other securities. An investment in the Fund should be considered a long-term investment.

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