
The View from Longnook

A Letter from the CIO

To My Co-Investors,

In surfing, finding the "desolate break"—that spot on the map far from the crowds—is only half the battle. You can hike for miles to find an empty beach, but if the wind is wrong, the tide is too high, or the swell direction is off, the ocean will be flat.

Great surfing, like great investing, requires waiting for the convergence of the **right location** and the **right conditions**. It demands the discipline to sit on your board, sometimes for long stretches, watching the horizon until the variables align.

I founded **Longnook Ventures** because, after 30 years of managing institutional capital, I wanted to build a firm with the freedom to wait for that perfect alignment. Longnook Beach on outer Cape Cod holds some of the coast's finest waves, but they can only be caught with incredible diligence and patience—much like a great investment.

Conditions and Selection: The Macro Scorecard

We do not believe in chasing waves that aren't there. Our process begins with a **Proprietary Macro System**—our version of checking the wind and the tides.

Before we look at a single stock, we analyze the conditions. Which sectors are washed out? Where is capital scarce? Which geographies are being ignored? This scorecard leans us into the most attractive areas of the market, ensuring we are paddling in waters where the odds are already tilted in our favor.

Only once the conditions are right do we look for the specific wave—the bottom-up, idiosyncratic stock opportunity that others have missed.

The Engine: Codifying 30 Years of Wisdom

To execute this at scale, we built a proprietary **AI Engine**. But let me be clear: this is not a generic algorithm. It is a digital replication of the investment framework I have refined over three decades, from my early days as an analyst to my time as CIO of a \$500B enterprise.

This engine empowers me and my support team to analyze hundreds of companies in a single sitting. It allows us to hunt for the perfect wave across dozens of countries simultaneously, free from the overhead and complexity that plague the large organizations where I spent my career.

Humans are emotional. We have bad days. We fall in love with our ideas. We hold on to losers too long. The Engine does not. It applies my rules without my biases. It tirelessly scans the global markets, filtering thousands of companies through the lens of forensic accounting and valuation logic, serving up only the purest opportunities for review.

Patterns Rhyme, They Don't Repeat

While the machine is exceptional at processing data, it has a blind spot: it assumes the future will look exactly like the past.

We believe that the wisdom gained from processing tens of thousands of securities over my 30-year career allows me to see around the traps a pure pattern algorithm might miss. The final decision and oversight will always be mine—after all, it is my family's money.

Great investments often break the pattern. They look "wrong" to a standard model because they are undergoing a change that hasn't shown up in the data yet. This is where the human element is non-negotiable.

I apply the wisdom gained from decades of macro analysis and supervising hundreds of analysts to shape the AI's inference engine. The AI identifies the signal; I determine if the story makes sense. We use the machine for efficiency and the human for insight.

The Ultimate Alignment

Finally, Longnook Ventures is not a traditional asset gatherer. It is a vessel built to house my family's capital.

We are patient. We are selective. And we are waiting for the right wave.

I invite you to join us.

Sincerely,

David Daglio

Founder & CIO, Longnook Ventures