Chatrier Value Fund Investor Letter Q1 2025

Value Strategy

March 31, 2025

Top 10 Equity Positions (in %)

1.	FRESNILLO PLC (FRES.L)	**8.8 %**
2.	SEABOARD (SEB)	**7.5 %**
3.	HAL TRUST (HAL.AS)	**5.4 %**
4.	SWATCH GROUP (UHR.SW)	**4.4 %**
5.	AMBEV S.A. (ABEV)	**3.8 %**
6.	ANGLO AMERICAN PLATINUM (ANGPY)	**3.6 %**
7.	SILICOM (SILC)	**3.4 %**
8.	NOKIAN RENKAAT (NRE)	**3.2 %**
9.	ALIBABA (BABA)	**3.2 %**
10.	ASHMORE (ASHM.L)	**3.2 %**
Sum		**46.5%**

Percentages rounded, as of 03/31/2025.

Portfolio Changes

New pos.	K+S AG (SDFd)
New pos.	BROWN-FORMAN (BF.A)
New pos.	PERNOD RICARD (RI.PA)
Added	ANGLO AMERICAN PLATINUM (ANGPY)
Added	BAIDU (BIDU)
Added	WINPAK (WPK.TO)
Reduced	HENKEL (HENd)
Reduced	FRESNILLO (FRES.L)
Reduced	PACIFIC METALS (5541.T)
Reduced	LONSEAL (4224.T)
Reduced	VOLKSWAGEN (VOW3)
Sold	PHILIP MORRIS (PM)

Notable events

Exited Philip Morris with an annualized return of 17.88% p.a.

Increased exposure to Anglo American Platinum, which remains attractively priced amid a supportive macro backdrop. Trimmed Pacific Metals following sharp price appreciation.

Valuation dispersion continues: US mega-caps trade at extreme premiums relative to global value, offering opportunity for global investors.

Dear Fellow Investors,

Chatrier Value Fund (share class Q-USD) ended Q1 2025 with a return of 10.88% in USD.

Portfolio update

In the first quarter, we exited our position in Philip Morris (PM) at USD 157 per share. Since our initial investment in 2019 at USD 70, the position generated a total return of 165%, or 17.88% p.a., including dividends. We also halved our position in Pacific Metals (5541.T) at around JPY 1,828 following a sharp price increase. After reporting improved quarterly results and supported by high cash reserves, the company raised its dividend to JPY 135 per share - equivalent to a 9% yield on our avg. cost price.

We also trimmed positions in Fresnillo, Henkel, Volkswagen, and Lonseal. The proceeds were redeployed into selected core holdings and used to initiate three new positions.

Figure 1: Small and Mid-Caps as the Quality Core of Our Portfolio

Top Small-Cap Positions

	Company	Region	Weighting
1	Nokian Renkaat (NRE)		3.94%
2	Ashmore PLC (ASHM)		3.81%
3	Silicom Ltd. (SILC)		3.07%
4	SK Kaken (4628.T)		3.04%
5	Imasen Electric (7266.T)		2.87%
6	Schoeller-Bleckmann (SBO)		2.71%
7	Hi-Lex Corporation (7279.T)		2.10%
8	Lonseal (4224.T)		1.96%
9	Wacker Chemie (WCH.DE)		1.50%
	Total Small-Cap		**25.00%**

Top Mid-Cap Positions

	Company	Region	Weighting
1	Seaboard (SEB)		6.88%
2	Fresnillo (FRES.L)		6.54%
3	HAL Trust (HAL)		5.23%
4	Swatch Group (UHR)		4.17%
5	Winpak (WPK.TO)		3.44%
6	Anglo American Platinum (ANGPY)		2.87%
7	Fuchs Petrolub (FPEd)		2.53%
8	K+S (SDFd)		2.52%
9	Sumitomo Metal Mining (5713.T)		1.39%
	Total Mid-Cap		**35.57%**

Source: Pecora Capital internal, portfolio weightings as of April 30, 2025

Our large holding in Fresnillo (FRES.L) was modestly reduced following an 82% share price increase year-to-date. The company also distributed an additional 51.12 pence per share in dividends, which represents a yield of approximately 8.6% on our entry price of GBP 5.95.

Winpak (WPK.TO): Expanding Exposure to Defensive Growth

We added to Winpak (WPK.TO) at 11x earnings and 6x EV/EBIT - valuation levels last seen in 2011. This entry point is particularly compelling given the company’s consistent earnings growth of 8.3% p.a. and its strong balance sheet, with approximately CAD 350 million in net cash. We believe the current discount is unjustified and expect a reversion towards historical valuation levels; from 2014 to 2020, Winpak regularly traded at a P/E above 20.

Figure 2: Winpak Valuation from 1999 to 2025 by Enterprise Value (Market Cap + Net Debt) Relative to EBIT

Source: Koyfin

Increased position – Anglo American Platinum (ANGPY)

We also further increased our strategic stake in Anglo American Platinum (ANGPY) at USD 5.25. The stock is now among the top ten holdings in our portfolio.

We believe the time has come to reintroduce platinum and palladium exposure to the portfolio. Platinum is now in its 16th year of a prolonged bear market, while palladium has undergone a sharp price collapse over the past four years. Investor sentiment toward both metals remains extremely negative - a typical setup for long-term opportunity. Historically, platinum traded at a premium to gold due to its rarity. That relationship has inverted over the past decade and a half, as shown in the price comparison below:

Figure 3: Platinum Group Metals vs. Gold Price (2000–2025). Prices shown in US dollars per ounce.

	2000	**2008**	**2009**	**2018**	**2022**	**3/31/2025**
Platinum	550	2,155	807	815	864	975
Palladium	720	504	214	910	3,339	982
Rhodium	2,470	9,927	1,043	2,394	20,422	5,500
Gold	276	944	867	1,176	1,800	3,101

Source: Pecora Research

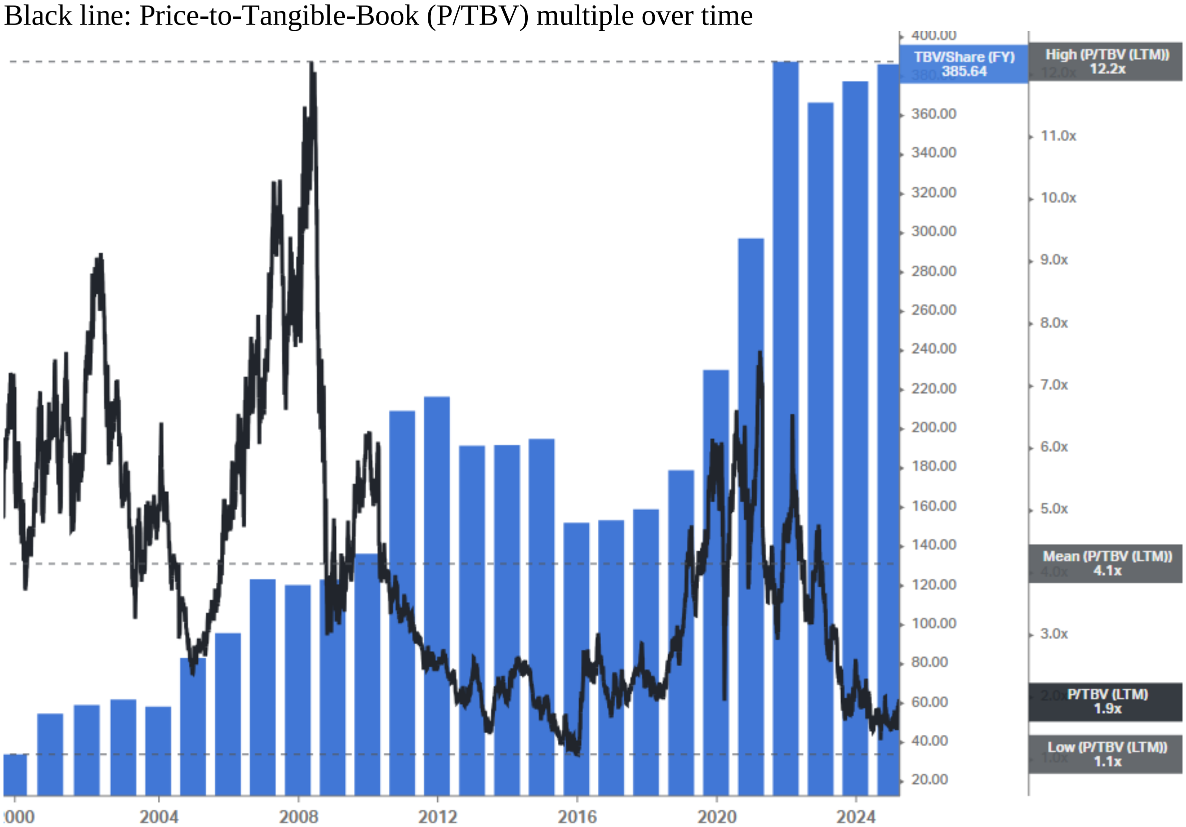
A significant part of the negative sentiment surrounding platinum group metals (PGMs) stems from the rise of electric vehicles. Platinum, palladium, and rhodium are primarily used in catalytic converters for internal combustion engines. What is often overlooked, however, is the recent surge in demand for hybrid vehicles - especially plug-in hybrids - which require approximately 50% more PGMs than traditional combustion engines. Toyota, the world's largest car manufacturer, has reported a sharp increase in hybrid sales. At the same time, demand from the defense sector is also becoming a more material factor.

On the supply side, declining PGM prices since 2022 have left nearly half of global production operating at or below cost, according to the World Platinum Investment Council. This was underscored by a recent announcement from Impala Platinum regarding the closure of the Lac des Iles mine in Canada, which has produced approximately 250,000 to 280,000 ounces of palladium annually in recent years. In South Africa - the world's leading PGM-producing nation - platinum output has declined by around 500,000 ounces since 2000, while palladium production has dropped from 2.7 million to 2.3 million ounces.

We believe the combination of robust demand (automotive, jewelry, and defense) and tightening supply sets the stage for a reversal in sentiment and prices. Should the narrative shift, renewed investor interest in PGMs as an asset class could follow.

Anglo American Platinum is well-positioned to benefit. The company has historically traded at an average of 4.1x tangible book value but currently trades at just 1.9x. It maintains a high equity ratio of 60%, and its tangible book value per share has steadily increased over time - supported by disciplined capital management and limited share issuance, even when undertaking new mining investments.

Figure 4: Analysis of Tangible Book Value (TBV) of Anglo American Platinum (ANGPY)
Blue bars: Tangible book value per share (TBV/share)
Black line: Price-to-Tangible-Book (P/TBV) multiple over time



Source: Koyfin

We also initiated three new positions in the first quarter: Brown-Forman (BF.A), Pernod Ricard (RI.PA), and K+S AG (SDF.DE). At the end of the quarter, the fund held a cash position of 2.21%.

New Position – Brown-Forman (BF.A)

Brown-Forman is one of the world's leading whiskey producers, with a portfolio that includes iconic brands such as Jack Daniel's and Woodford Reserve. From 2017 to 2023, the stock was significantly overvalued, at times trading above 50x earnings. Today, the share price is roughly 60% below its previous all-time high.

Overview (Figures in billion USD)	BROWN-FORMAN
Business Model	Producer of premium spirits (e.g., whiskey, liqueurs, tequila)
Headquarters	Kentucky, USA
Major Shareholders	Brown family (50% voting rights via Class B shares)
Market Capitalization	16.02
EBIT (Last 12 Months)	1.17
Net Debt	2.26
EV/EBIT at Entry	15.2x

Recent headwinds - including inventory buildup in Louisville, a normalization in post-COVID demand, and renewed trade-related tariffs - have led the market to price in a structural decline in demand. In our view, this is an exaggerated assessment. While earnings per share have declined slightly in the short term, Brown-Forman has delivered reliable long-term growth, compounding EPS at approximately 7% annually since 2005.

The business continues to demonstrate strong fundamentals, with a return on assets (RoA) of around 13%. We believe the current valuation reflects overly negative sentiment and offers an attractive entry point into a capital-light, high-return business with durable brand advantages.

New Position – Pernod Ricard (RI.PA)

Pernod Ricard is Europe's largest spirits producer and ranks second globally behind Diageo. The company owns a broadly diversified portfolio of internationally recognized brands, including Absolut Vodka, Jameson Whiskey, Martell Cognac, and Ricard Pastis. The Ricard family remains a major shareholder and provides the CEO, Alexandre Ricard - reinforcing a long-term-oriented ownership and governance structure.

Overview (Figures in billion EUR)	
Business Model	Manufacturer of premium spirits (e.g., whiskey, cognac, vodka, aperitifs)
Company headquarters	Paris, France
Major shareholders	Ricard family (~16%) with CEO Alexandre Ricard
Market Capitalization	23.67
EBIT (last 12 months)	2.93
Net debt	12.03
EV/EBIT at entry	12.7x

The stock has come under pressure over the past twelve months, primarily due to declining volumes in China and a generally weaker sales environment across Asia. At current levels, the valuation is below its historical average - particularly relative to operating income. We view this as an opportunity to invest in a structurally growing, non-cyclical business at an attractive price.

New Position – K+S AG (SDF.DE)

K+S is one of the world's leading producers of potash and salt products and ranks as the fifth-largest potash fertilizer supplier globally, with an estimated market share of around 10%.

Extraction takes place primarily at the company's own, long-term secured sites in Germany, supported by modern facilities and high supply reliability.

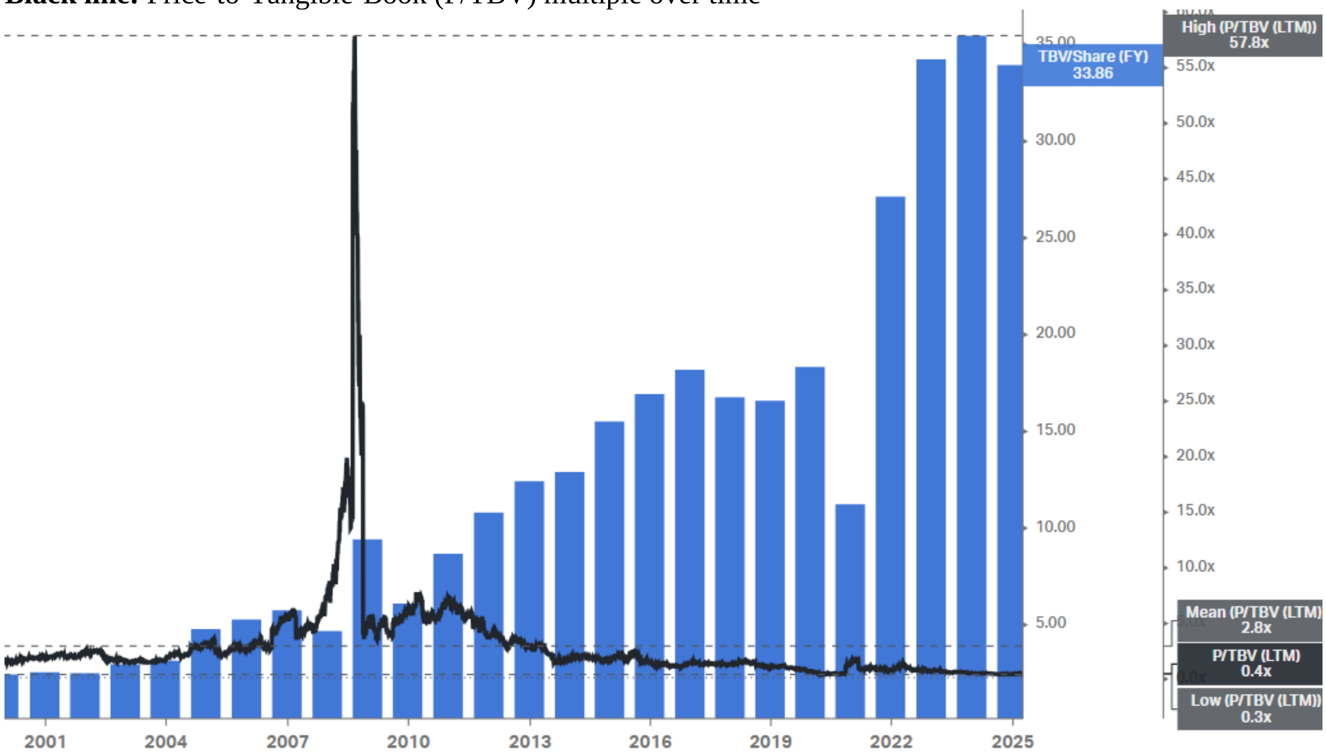
Overview (Figures in billion EUR)	K+S
Business Model	Producer of potash and salt products
Headquarters	Kassel, Germany
Market Capitalization	2.88
Peak EBIT 2022	2.05
Net Debt	0.13
P/TBV at Entry	0.42x
Average P/TBV last 15 years	1.73x

Following the sale of its North American salt business, K+S has significantly strengthened its balance sheet. Net debt has been reduced to minimal levels, leverage is well below the industry average, and the company has regained an investment-grade credit rating. Its strategic focus on the potash segment - structurally supported by global population growth and rising food demand - underpins a compelling long-term thesis.

However, earnings remain highly sensitive to global potash prices. Given the company's largely fixed cost base, even moderate pricing fluctuations can lead to disproportionate impacts on operating income. In 2022, elevated potash prices resulted in record profits and substantial free cash flow. With prices now normalized, margins have compressed noticeably - a cycle we believe creates an attractive long-term entry point.

Figure 5: Analysis of the tangible book value of K+S AG (SDF.DE)

Blue bars: Tangible book value per share (TBV/share)
Black line: Price-to-Tangible-Book (P/TBV) multiple over time



Source: Koyfin

It is precisely in this cyclical phase that we see the opportunity: the stock is currently trading at just 0.4x tangible book value - a level that, in our view, reflects a scenario of persistently weak potash prices and balanced supply-demand dynamics. Should prices recover even modestly, K+S offers meaningful operational leverage. A price increase of just 10–15% at current production levels would significantly impact free cash flow and earnings. Historically, the stock has traded at an average of 2.8x tangible book value. Excluding the 2008 spike, a return to these valuation levels appears achievable over the medium term.

We view K+S as a asset-rich, resource-backed business with hidden valuation reserves and an asymmetric risk-reward profile - particularly when compared to global peers facing higher geopolitical and regulatory risk.

As always, comments, questions, or feedback are welcome.

Best regards,
Infiba Vermögensverwaltungs AG, Liechtenstein

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