Chatrier Value Fund
Investor Letter Q3 2024

Value Strategy

September 30, 2024

Top 10 Equity Positions (in %)

1.	SEABOARD (SEB)	**7,8 %**
2.	FRESNILLO PLC (FRES.L)	**6,8 %**
3.	SWATCH GROUP (UHR)	**5,5 %**
4.	HAL TRUST (HAL)	**5,3 %**
5.	HENKEL (HENd)	**5,0 %**
6.	NOKIAN RENKAAT (NRE)	**4,6 %**
7.	ASHMORE PLC (ASHM.L)	**4,6 %**
8.	BASF (BASd)	**4,1 %**
9.	AMBEV S.A. (ABEV)	**3,9 %**
10.	SILICOM (SILC)	**3,2 %**
Summe		**50,8%**

Percentages rounded, as of 09/30/2024.

Portfolio Changes

New pos.	WINPAK (WPK.TO)
New pos.	ROCHE (ROG.SW)
New pos.	AMBEV (ABEV)
New pos.	ANGLO AMERICAN PLATINUM (ANGPY)
New pos.	ALIBABA (BABA)
New pos.	BAIDU (BIDU)
Added	SILICOM (SILC)
Added	ASHMORE (ASHM.L)
Added	LANXESS (LXSd)
Added	SWATCH (UHR)
Added	INTEL (INTC)
Added	FRESNILLO (FRES.L)
Reduced	HENKEL (HENd)
Reduced	PHILIP MORRIS (PM)
Reduced	NETGEAR (NTGR)
Reduced	ALTRIA (MO)
Sold	3M (MMM)

Notable events

- Six new positions in companies with resilient and capital-light business models
- New investments into precious metals sector for further portfolio diversification

Dear Fellow Investors,

Chatrier Value Fund finished September with a return of 3.46%, bringing this year’s performance to 4.54% in USD.

Market update

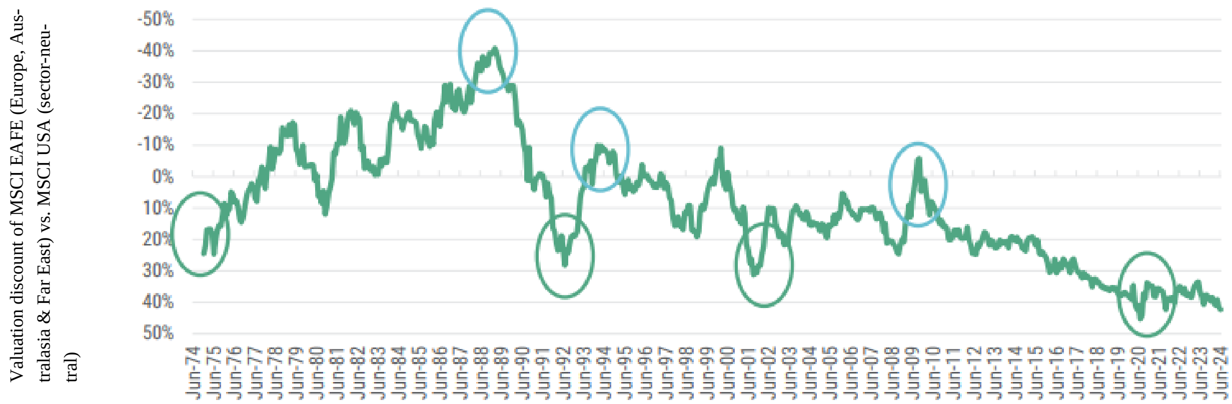
The concentration in the U.S. equity market has reached unprecedented levels, with the top 10 companies in the S&P 500 now accounting for 35.8% of its total market capitalization. This surpasses the peak seen in 1974, which preceded a decade-long bear market. This "two-tiered market" structure, driven by institutional preference for large, high-growth companies, has created extreme valuation gaps similar to those seen in past market bubbles.

Figure 1: Weighting of the top 10 stocks in the S&P 500 at an all-time high
% Share of market capitalization in the S&P 500

Quelle: JPMorgan Guide to the Markets Q3 2024

Another observation made in recent years has become even more pronounced. The valuations of international stocks are lower than ever before compared to US stocks, even after adjusting for sectoral differences. In the past, such discounts were always preceded by attractive relative returns for international and value stocks compared to US and growth stocks.

Figure 2: International vs. U.S. equity valuations and returns MSCI EAFE vs. MSCI USA



Biggest EAFE Discounts

Cumulative return	12/1974 – 12/1979	07/1992 – 07/1995	11/2001 – 11/2006
MSCI USA	11.7%	12.3%	5.5%
MSCI EAFE	**17.9%**	**16.0%**	**14.4%**

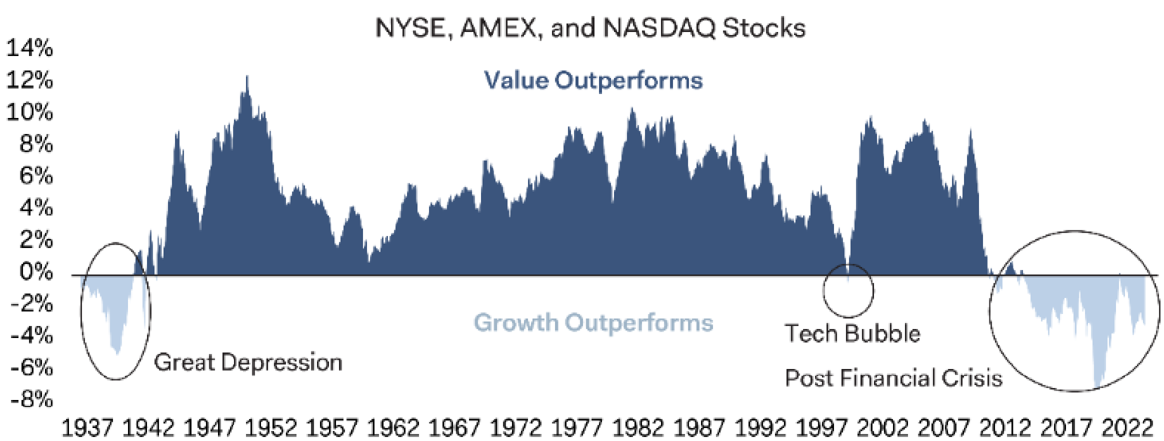
Largest EAFE Premium

02/1989 – 02/1992	04/1994 – 04/1999	10/2009 – 10/2019
16.0%	**27.2%**	**13.0%**
-4.3%	8.7%	5.4%

Source: MSCI via Factset, fundamental key figures P/B ratio, P/E ratio and price/cash flow

Value shares also continue to show the largest discounts compared to growth stocks. Value investing has stood the test of time despite recurring challenges and changing market dynamics. In shorter time periods, the relative performance of growth and value stocks has fluctuated, but over periods of a decade or more, value strategies have almost always outperformed (see Figure 2). In fact, there have only been three periods in the last 90+ years where value stocks have underperformed in the US on a rolling ten-year basis: the Great Depression, the tech stock bubble and the post-Global Financial Crisis period to date.

Figure 3: Rolling 10-year return difference: Value vs. growth according to Fama-French HML



Source: Kenneth French's Data Library

The past decade has been a particularly strong period for growth stocks, with the Russell 1000 Growth Index outperforming the Russell 1000 Value Index by 233 percentage points. Given their strong performance, the Magnificent Seven - Alphabet, Amazon, Apple, Microsoft, Meta Platforms, NVIDIA and Tesla - accounted for 45% of the total return of the Russell 1000 Growth Index. The Magnificent Seven now account for an incredible 52% of the Russell 1000 Growth and 32% of the S&P 500 Index.

Portfolio Update

At the end of the third quarter, we are almost fully invested and hold less than 1% in cash. In the past quarter, we were more active than ever before and established a total of six new positions. All new investments are characterized by capital light, high-quality business models that generate high returns on assets. Many of these business models are also resilient, such as Winpak (WPK.TO) from Canada, a leading packaging manufacturer.

Our new positions - Winpak (WPK.TO), Roche (ROG.SW), Ambev (ABEV), Baidu (BIDU) and Alibaba (BABA) - combine high return on assets (ROA), attractive valuations and a low correlation to the market. Given our basic assumption that the US market is overvalued, we believe we are well positioned. The portfolio is further strengthened by our investment in Anglo American Platinum (ANGPY), a mining company currently offering an attractive valuation.

As a reminder, we are currently invested in silver, gold via Fresnillo (FRES.L), platinum group metals via Anglo American Platinum (ANGPY) and ferronickel via Pacific Metals (5541.T). We have been patiently waiting for a market movement in these cyclical sectors, as well as in European industrial cyclicals, particularly in the small and mid-cap segment. This segment is historically inexpensive and should catch up with the US mega caps and US markets in the long term.

We have built up the cash for the new positions by reducing and selling profitable positions. We sold our 3M position (MMM) completely after a holding period of 1.5 years with a profit of 75.36%. Philip Morris (PM), Altria (MO), Henkel (HEN3) and Netgear (NTGR) were gradually reduced following strong share price gains.

We also used the proceeds to add to existing positions such as Silicom (SILC), Ashmore (ASHM.L), Lanxess (LXS), Fresnillo (FRES) and Swatch (UHR). From today's perspective, the buy levels around August appear to have been extremely attractive and have contributed significantly to performance so far.

Update on Seaboard (SEB)

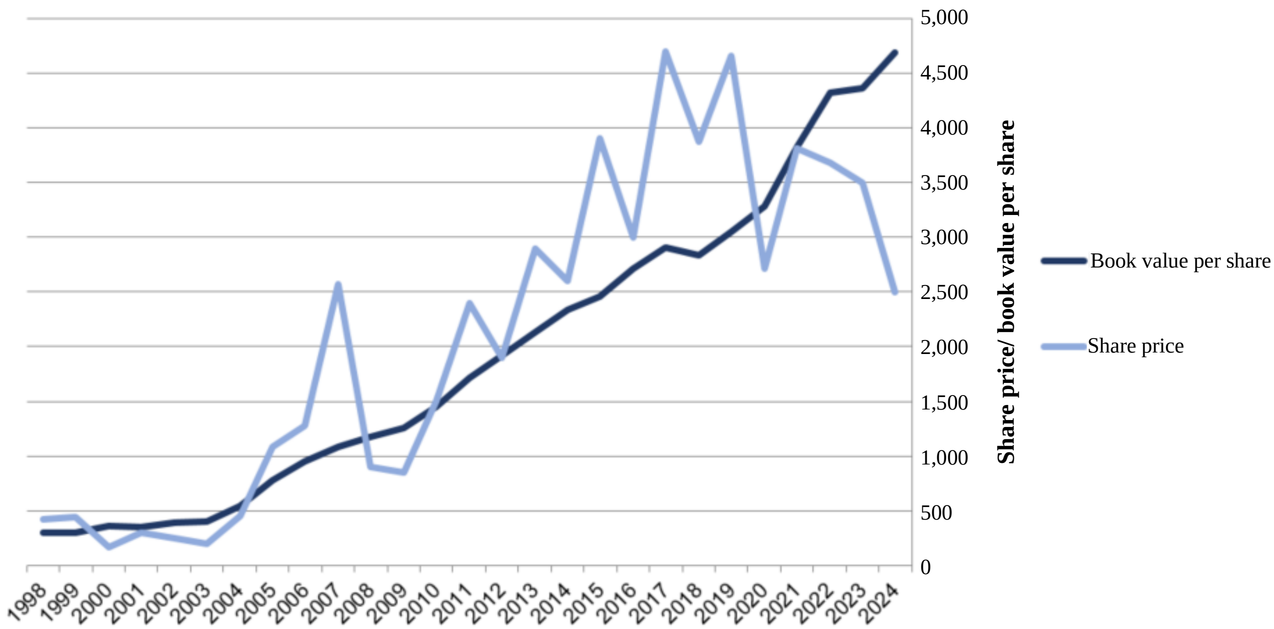
Overview (Figures in USD)	SEABOARD CORPORATION
Business model	Agricultural produce, pork, shipping, energy
Headquarters	USA
Investment criterion	Family-owned company
Majority Shareholders	Bresky-Family
Market capitalization	2.59bn
Net Debt to Total Assets	8%
Book value per share	USD 4,683
Annual book value growth 1990-2024	10.7%

In the agribusiness sector, few names possess Seaboard Corp.'s level of experience, operational diversity, and resilience. Guided by the Bresky family for over a century, Seaboard has carved out a distinct position in the market. Its diversified portfolio spans pork production, commodity trading, grain processing, shipping, and energy production, presenting a unique opportunity for investors: SEB is currently trading at 0.57x of book value, the largest discount seen since the 1980s.

Last year brought cyclical challenges, particularly impacting Seaboard's pork segment, which faced temporary losses due to an oversupply in the pork market, resulting in lower market prices and higher production costs. However, the segment has since returned to profitability. Despite these challenges, Seaboard closed 2023 with $227 million in net income, and management expects all segments - except for its biofuel operations - to remain profitable throughout 2024.

A recent share buyback at a 14% discount to the market price in 2023 underscores management's commitment to enhancing shareholder value. Combined with the Bresky family's long-term oversight and a strong balance sheet with minimal net debt, Seaboard is well-positioned as a defensive asset with inflation-protective qualities. Historically, Seaboard has traded at an average price-to-book ratio of 1.2x - a level we believe SEB could return to as market conditions normalize. Based on this average valuation, long-term investors could see upside potential of over 100%.

Figure 4: Seaboard Corp. (SEB), book value and stock performance 1998 to 2024



Source: Pecora Capital Research

We view Seaboard not just as a stock but as a tangible asset with inflation-protective characteristics - a long-term investment in the global agribusiness ecosystem. With significant interests in essential goods like grains, sugar, and biofuels, and a presence in markets across Africa and the Americas, Seaboard has a robust advantage in navigating market volatility. In many ways, we see SEB as an "inflation-linked bond," backed by tangible assets and a portfolio of essential services.

Our thesis is straightforward: Cyclical downturns, such as those currently impacting the pork segment, are temporary, while Seaboard's fundamental value - anchored in tangible assets, seasoned management, and a resilient international business - remains strong. We see this as a rare opportunity to invest in a historically undervalued, well-managed company that aligns with our strategy of acquiring resilient assets with substantial revaluation potential.

If Seaboard returns to its average 1.22x book valuation and continues to grow book value at 8% annually, annualized returns would then reach 25.8% over a 5-year horizon and 16.5% over a 10-year horizon.

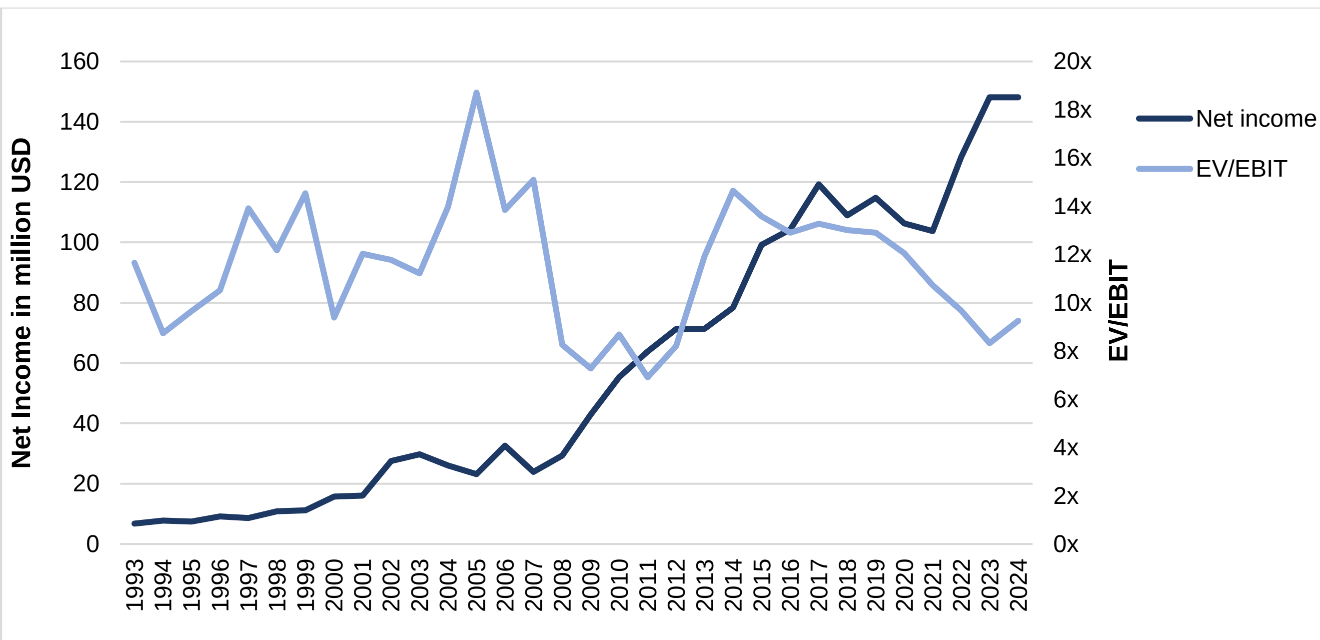
New position - Winpak (WPK.TO)

Winpak Ltd. is a leading manufacturer of packaging solutions focused on the North American market. The company produces packaging for food, beverages and pharmaceuticals. With an equity ratio of over 85% and a positive net financial position, Winpak is one of the most financially robust companies in its industry.

Overview (Figures in CAD)	WINPAK
Business model	Packaging producer
Headquarter	Canada
Investment criterion	Wonderful company at a fair price
Majority shareholder	Wihuri International Oy (48.55 %)
Market capitalization	2.16bn
Equity ratio	86%
Net Debt	490m
EV / EBIT at purchase	9.26x

Winpak is majority-owned by Finnish packaging entrepreneur Antti Aarnio-Wihuri, who provides strategic support to the company. Winpak has high margins and strong long-term returns on capital employed compared to the rest of the industry. This has led to above-average equity growth of 11.2% per year over the last 30 years. (1993 - 2024). Winpak is debt-free, has a cash position of CAD 490 million and we were able to buy these companies for less than 10 times EV to EBIT. This purchase price is in line with prices last seen in 2009 - 2011 when Winpak traded at similarly low levels.

Figure 5: Winpak EV/EBIT and annual net income 1990 to 2025



Source: Pecora Capital Research

The company benefits from a stable and diversified customer base, particularly in the food processing industry, where strict hygiene and safety standards apply. Due to its strong free cash flow and defensive market position, Winpak has shown a solid performance in economically uncertain times. Should oil prices fall, margins can also be expected to widen.

New position - Roche (ROG.SW)

Overview (Figures in CHF)	Roche
Business model	Pharma and Diagnostics
Headquarter	Switzerland
Investment criterion	Wonderful company at a fair price
Majority shareholder	Family Hoffmann-Oeri (45.01 %)
Market capitalization	191.12bn
Equity ratio	39.8%
Financial Debt	18.7bn
EV / EBIT at purchase	12.9x

Roche Holding AG is one of the world's largest pharmaceutical and diagnostics companies, headquartered in Basel, Switzerland. Roche is a leader in oncology, immunology and neurology, with proprietary medicines used in the treatment of serious diseases worldwide. The company's strategy has always been strongly focused on research and development, with Roche regularly bringing breakthrough new therapies to market.

The Hoffmann-Oeri family, which continues to hold a majority of the voting rights, ensures a long-term, stable ownership structure. Roche is a global market leader in the diagnostics segment, particularly in molecular diagnostics such as COVID-19 tests. These initial sales during 2020 lead to peak earnings of CHF 14.3 billion in 2020. Since then, profits have declined slightly due to the diagnostics division, which was also reflected in the share price. This enabled us to set an entry price of 12.90 of enterprise value in relation to EBIT, which is the lowest level since 2013.

The combination of strong research, product innovation and a broad diagnostics portfolio makes Roche a robust, defensive investment in the healthcare sector.

New position - Anglo American Platinum (ANGPY)

Overview (Figures in USD)	AngloAmerican
Business model	Producer of platinum group metals
Headquarter	South Africa
Investment criterion	Cyclicals
Market capitalization	9.07bn
Equity ratio	57%
Net Debt	0.82bn

Anglo American Platinum Ltd. is the world's leading producer of platinum group metals (PGMs) and is one of the largest mining groups in South Africa. The company has extensive resources and, in addition to platinum, also extracts palladium and rhodium, which play a key role in the automotive industry, particularly in the manufacture of catalytic converters.

Anglo American Platinum is a subsidiary of Anglo American plc, a global mining giant based in London, which holds 79.9% of the shares. The company's dominant position in platinum production enables it to benefit from rising prices for platinum and related metals, particularly from the growing demand for green technology, especially hydrogen solutions.

In addition, Anglo American Platinum is characterized by particularly low AISC (All-in Sustaining Costs) compared to its competitors, which gives the company a superior cost structure. This allows the Group to remain profitable even in periods of lower commodity prices. With a robust balance sheet, strong equity ratio and positive net financial position, Anglo American Platinum is conservatively positioned.

New position - Alibaba (BABA)

Alibaba Group Holding Ltd. is one of the world's largest e-commerce companies and a leader in cloud computing and digital payments in China. With a strong focus on the digitization of commerce and the provision of comprehensive technology solutions, Alibaba is the key player in China's growing digital economy. The company operates platforms such as Taobao and Tmall, which are among the world's top-selling online marketplaces.

Overview (Figures in USD)	Alibaba
Business model	E-Commerce
Headquarter	China
Investment criterion	Wonderful company at a fair price
Market capitalization	206.2bn
Equity ratio	65.7%
Net Debt	39.68bn
EV / EBIT at purchase	11.43x

Alibaba is characterized by its diverse business areas, which range from e-commerce to cloud infrastructure (AliCloud) and financial technologies (Ant Group). Despite increasing regulatory pressure in China, Alibaba's fundamentals, including a high equity ratio and a substantial net financial position as well as earnings power of an EBIT of USD 17.33 billion in 2023.

Alibaba also benefits from continued strong growth in the cloud segment, which is seen as one of the most profitable growth areas in the coming years. The current valuation with an EV/EBIT ratio of less than 12 should offer long-term investors like us an attractive entry point.

New position - Baidu (BIDU)

Baidu, Inc. is the leading search engine provider in China and plays a central role in the internet services sector. In addition to the search engine, Baidu offers a variety of products and services, including online advertising, cloud computing and artificial intelligence (AI). The company is investing heavily in AI development, particularly in the areas of autonomous driving and intelligent voice assistants.

Overview (Figures in USD)	Baidu 百度
Business model	Searching machine provider
Headquarter	China
Investment criterion	Wonderful company at a fair price
Market capitalization	31.87bn
Equity ratio	63%
Net Debt	17.11bn
EV / EBIT at purchase	4.80x

The company's key players, including founder Robin Li, hold significant shares, which ensures stable corporate governance.

As always we encourage any comments, questions or feedback.

Sincerely,
Chatrier Value Fund Team