Chatrier Equity Fund
Investor Letter Q1 2026

Value Strategy

March 31, 2026

Top 10 Equity Positions (in %)

1.	HAL TRUST (HAL.AS)	**5.5 %**
2.	SEABOARD (SEB)	**5.4 %**
3.	SWATCH GR. (UHR.SW)	**4.1 %**
4.	K+S AG (SDFd)	**3.5 %**
5.	NOVO NORDISK (NVO)	**3.4 %**
6.	ASHMORE GROUP (ASHM.L)	**3.4 %**
7.	SILICOM (SILC)	**3.3 %**
8.	AMBEV S.A. (ABEV)	**2.8 %**
9.	WACKER CHEMIE (WCHd)	**2.7 %**
10.	HEARTLAND EXP. (HTLD)	**2.6 %**
Sum		**38.7 %**

Percentages rounded, as of 03/31/2026.

Notable events

- Iran war triggers market correction
- European chemical industry pushes through higher prices.
- Portfolio reallocations: sale of precious metal positions and purchases of emerging market steel producers, American net-nets and several family-owned companies.

Portfolio Changes

New pos.	GROUPE GUILLIN (ALGIL.PA)
New pos.	POSCO HOLDINGS (PKX)
New pos.	BEIERSDORF (BEI.DE)
New pos.	CAL-MAINE FOODS (CALM)
New pos.	CLEARWATER PAPER (CLW)
New pos.	GENCOR INDUSTRIES (GENC)
New pos.	GERDAU (GGB)
New pos.	HURCO COMPANIES (HURC)
New pos.	UNIVERSAL ELECTR. (UEIC)
New pos.	USIMINAS (USNZY)
Added	AKWEL (AKW.PA)
Added	LANXESS (LXSd)
Added	PERNOD RICARD (RI.PA)
Added	K+S AG (SDFd)
Added	TFF GROUP (TFF.PA)
Added	YUSHIN PREC. (6482.T)
Added	BROWN-FORMAN B (BF-B)
Added	ADOBE (ADBE)
Reduced	WINPAK (WPK.TO)
Reduced	NOKIAN TYRES (TYRES.HE)
Reduced	LONSEAL (4224.T)
Reduced	SK KAKEN (4628.T)
Reduced	SMC CORP. (6273.T)
Reduced	IMASEN ELECTRIC (7266.T)
Reduced	AMBEV (ABEV)
Reduced	VALTERRA PLAT. (ANGPY)
Sold	SUMITOMO METAL M. (5713.T)
Sold	FUTUREFUEL (FF)
Sold	INTEL (INTC)

Dear Fellow Investors,

Chatrier Equity Fund (share class Q-EUR) ended Q1 2026 with a return of 5.36%. The net return since the fund's inception in 2020 stands at 13.14% p.a.

Market update - Iran war, rising oil prices & high market concentration in AI stocks

While global equity markets initially started 2026 on a very strong note, the Iran war triggered a sharp rise in oil prices, leading to a corresponding market correction in March. Following the initial broad-based sell-off, the market began to differentiate on a company-specific basis in the second half of the month.

Figure 1: Historical market concentration at its peak
Nifty Fifty 60s, Japan 80s, Tech in 2000, AI 2020s

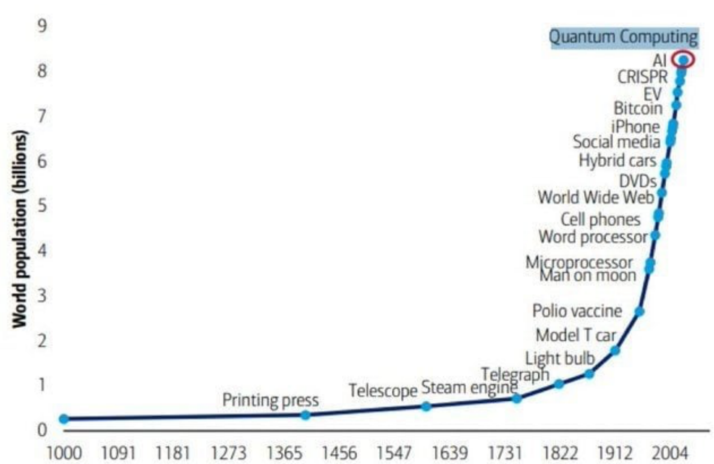
Source: BofA Global Investment Strategy, Bloomberg, Global Financial Data, BofA Global Research Investment Committee.
BofA GLOBAL RESEARCH

Overall, the pronounced market concentration of the 10 major AI beneficiary stocks - Nvidia, Microsoft, Alphabet, Amazon, Meta Platforms, Broadcom, Apple, Oracle, AMD and Palantir Technologies - in the S&P 500 remains striking, now exceeding 40%.

Technological progress has consistently been the catalyst for these phases of euphoria. Yet as the historical analysis shows (see Figure 1), such periods of extreme one-sidedness often reach concentration levels of 40% to 45% of total market capitalization before a fundamental revaluation sets in. While the "AI Big 10" today exert a dominance similar to Japan in the MSCI ACWI at the end of the 1980s, the critical question for investors is the sustainability of current valuation multiples.

Historically, such pronounced dominance of individual sectors or countries was typically followed by a phase of "mean reversion" - a return to the average - during which the broader market outperformed the previous leaders. For our strategy, this means that while we remain convinced of the productivity gains driven by artificial intelligence, we are focused on broader diversification to avoid concentration risks that typically emerge at the end of such cycles.

Figure 2: 1.000 years of technological disruption

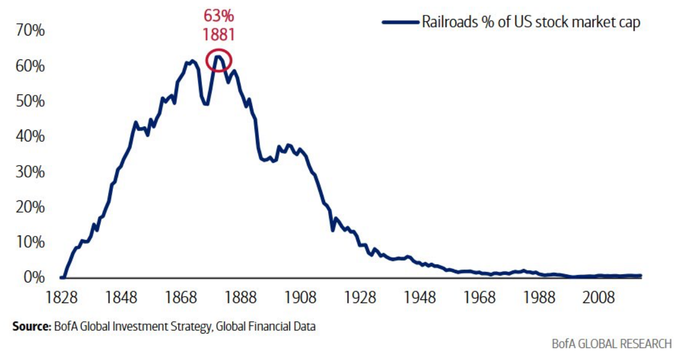


Source: BofA Global Investment Strategy, Global Financial Data
BofA GLOBAL RESEARCH

Technological progress has historically unfolded in ever shorter cycles (see Figure 2). Centuries passed from the printing press to the steam engine; today, breakthroughs such as the World Wide Web, CRISPR and AI follow one another within mere decades or even years. Each of these massive leaps in innovation triggered enormous euphoria in capital markets, regularly culminating in extreme concentration bubbles.

A striking historical example is the U.S. railroad industry in the 19th century (see Figure 3). In 1881, railroad stocks accounted for a staggering 63% of total U.S. market capitalization. The railroad was undoubtedly the most important disruptive technology of its era and fundamentally transformed the global economy - yet for the forward-looking investor, this extreme concentration at its peak no longer implied superior returns.

Figure 3: U.S. railroad industry in the 19th century



On the contrary: history teaches us that the phase of peak market dominance for a technology rarely coincides with the phase of highest future returns. When an innovation, such as artificial intelligence today, reaches a weighting of over 40% in the index, future expectations are often already priced in to such an extent that disappointments or a mere normalization of valuations (mean reversion) can lead to painful corrections.

Our goal therefore remains to capture technological progress in the portfolio while not forgetting the lessons of the "railroad era": true returns are generated by purchasing substance before the general euphoria and through timely diversification when concentration reaches historical extremes.

Portfolio update

At the beginning of the year, we fundamentally repositioned our portfolio by selling a significant portion of our exposure to the precious metals and mining sector following the valuations reached. We reduced **Valterra Platinum (ANGPY)** and exited the largest performance contributors of the prior year **Fresnillo PLC (FRES.L)** and **Sumitomo Metal Mining (5713.T)**.

We reinvested the realized gains into international equities, emerging markets, small- and mid-caps, as well as deeply discounted value stocks:

- **Emerging markets:** We initiated positions in three steel producers: **POSCO (PKX)**, **Usiminas (USNZY)** and **Gerdau (GGB)** - two in Brazil and one in South Korea. All were purchased at historically attractive valuations.
- **Cyclical industrials:** We also added **Clearwater Paper Corporation (CLW)**, a U.S. manufacturer of private-label tissue products and paperboard.
- **Stocks trading below liquidation value:** The dislocations of recent months also opened the opportunity to invest in three U.S. stocks trading below liquidation value, a rare category that thrives on market volatility: **Universal Electronics (UEIC)**, **Gencor Industries (GENC)** and **Hurco Companies (HURC)**.
- **Owner-operated companies:** With **Cal-Maine Foods (CALM),** the largest egg producer in the U.S., and **Groupe Guillin (ALGIL.PA)**, the European market leader in food packaging, we were able to repurchase two companies in which we had previously been invested. Additionally, we initiated a first-time position in the German consumer goods company **Beiersdorf (BEId).**

The sharp rise in oil prices triggered a shock across global equity markets, from which our portfolio was not immune during the initial sell-off. However, as March progressed, positive developments emerged for several of our portfolio companies, causing performance to decouple favorably from the broader market in the second half of the month. Among others, our Israeli networking equipment maker **Silicom Ltd. (SILC)** secured new customer orders, including a significant contract from a European market leader in encryption technology for post-quantum cryptography. The substantial insider purchases by CEO Liron Eizenman further suggest that momentum in the AI infrastructure space is accelerating.

Similarly, our German chemical companies **Wacker Chemie (WCH)**, **BASF (BAS)**, **Fuchs Petrolub (FPE)** and **Lanxess (LXS)** responded with share price gains following the EU Commission's announcement of far-reaching adjustments to the emissions trading system, the EU's central climate policy instrument.

Furthermore, a paradoxical effect of the geopolitical tensions is currently emerging: despite general market uncertainty, European industry - and the chemical sector in particular - is benefiting to an unexpected degree from the disruptions caused by the Iran war. As Morningstar analysts recently highlighted, chemical stocks are experiencing an "unexpected boom," as war-related disruptions to global supply chains and shifts in energy flows have temporarily strengthened the relative competitive position of specialized European players. While raw material costs are rising, the strong pricing power of our portfolio companies not only preserves margins but, through inventory stockpiling by customers and supply consolidation, is creating a special cyclical tailwind.

Beyond these additions, our core portfolio companies such as **Seaboard Corp. (SEB)**, **Swatch Group (UHR.SW)**, **Silicom (SILC)** oder **HAL Trust (HAL.AS)** continue to trade at a significant discount to their historical averages, as shown in Figure 4. This is all the more remarkable given that all companies are currently operating with the highest equity ratios of the past 26 years. Together with the new additions, our portfolio is uniformly equipped with a strong margin of safety.

Fig. 4: Our portfolio companies all trade at a discount to their average price-to-book ratio (P/B) over the past 26 years

	Seaboard (SEB)	K+S	Heartland Express (HTLD)	HAL Trust (HAL.AS)	Swatch Group (UHR)	Groupe Guillin (ALGIL)	Wacker Chemie (WCHd)	Silicom (SILC)	Ashmore Group (ASHM.L)
March 2026 Price / Book	1.0x	0.6x	1.1x	1.0x	0.8x	0.7x	1.0x	1.0x	1.9x
AVG. P/B (2000-2025)	1.2x	2.2x	3.1x	1.5x	2.3x	1.4x	2.2x	2.4x	4.2x

Source: Chatrier Research, ratings via Koyfin, 31 of March 2026

New Position - Groupe Guillin (ALGIL)

The broad market dislocations triggered by the Iran war and the resulting sharp rise in oil prices offered an excellent entry point for the French Groupe Guillin in March. Since oil is a key input for plastics production, the market reacted with an indiscriminate sell-off of the stock, which we used to build our position on a contrarian basis. Groupe Guillin is the European market leader in food packaging and benefits from strong pricing power as well as a vertically integrated value chain that enables the company to pass on rising input costs in a timely manner. Management has repeatedly demonstrated its ability to emerge from periods of elevated raw material volatility with strengthened market share and stable margins. We were able to acquire the stock at a historically attractive valuation with a roughly 30% discount to book value, which in our view does not reflect the company's robust business model and leading market position. For the Chatrier Equity Fund, Guillin represents an ideal example of an owner-operated market leader where short-term macroeconomic fears have obscured the long-term earnings power of an industry leader. The debt ratio is also at its lowest level since 1996, as shown in Figure 5.

Overview *(Figures in million EUR)*	GROUPE GUILLIN
Business Model	Food packaging
Headquarters	France
Category	Family-owned company
Major Shareholder	Guillin family
Market Cap at Purchase	410
P/B at Purchase	0.7x
Avg. Price / Book (last 20 years)	1.2
Equity Ratio	67%
ROE	10.8%

Fig. 5: Groupe Guillin - Price-to-Book Ratio (P/B) and Equity Ratio (TL/TA) since 1996

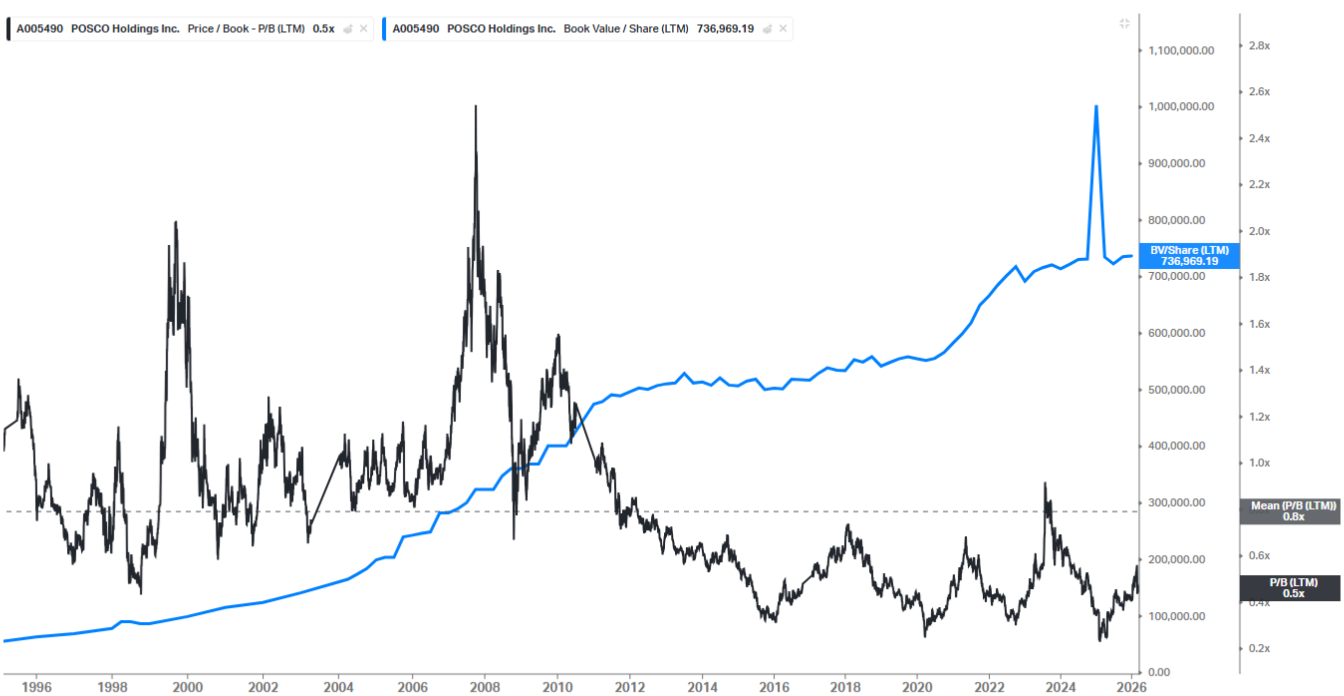
Source: Chatrier Internal, Koyfin, 31 March 2026

New Position - Posco Holdings (PKX)

Overview (Figures in billion USD)	posco HOLDINGS
Business Model	Steel, lithium, nickel
Headquarters	South Korea
Category	Historically cheap cyclical
Notable feature	Charlie Munger, partner of W. Buffett, was an investor.
Market Cap at Purchase	16
Avg. Price / Book (last 20 years)	0.8x
Equity Ratio	60%
Price / Book at Purchase	0.2x

In January, we initiated a position in Posco Holdings, the largest South Korean steel producer. The company forms the backbone of the Korean economy and is undergoing a consistent transformation from a pure steelmaker to an integrated provider of battery materials, particularly through substantial investments in lithium and nickel extraction. Despite this strategic reorientation for the era of electric mobility, the stock trades at a historically exceptional low. As the analysis of the price-to-book ratio (P/B) illustrates, we were able to acquire the company at a significant discount to its intrinsic value, with the P/B ratio at approximately 0.2x, well below the long-term average of 0.8x (see Figure 4). We see in this constellation - a market-leading position combined with a valuation near historical lows - a classic value scenario with substantial upside potential upon a normalization of market sentiment. This positioning allows us to benefit from Asia's industrial substance while maintaining an attractive margin of safety.

Fig. 6: Posco (PKX) - Price-to-Book Ratio (P/B) and Book Value per Share (BV/Share) since 1996



Source: Chatrier Internal, Koyfin, 31 March 2026

New Position - Beiersdorf (BEI.DE)

Beiersdorf is one of the world's leading skin care companies, with a portfolio of established brands including NIVEA, Eucerin, Hansaplast, La Prairie and Chantecaille. In addition to its consumer goods business, the company also owns Tesa, a separately managed adhesives business focused on industrial and consumer markets.

Beiersdorf is controlled by the Herz family, which in our view supports disciplined, long-term capital allocation. Since the end of 2007, tangible book value per share has increased from EUR 7.51 to EUR 35.60, corresponding to an annual growth rate of approximately 9.0%.

Overview (Figures in billion EUR)	Beiersdorf
Business Model	Skin care & adhesives
Headquarters	Germany
Category	Family-owned company
Notable feature	Insider purchase by the Herz family for EUR 40 million
Market Cap at Purchase	17.2
Avg. Price / Book (last 20 years)	3.7x
Equity Ratio	70%
Price / Book at Purchase	2.2x

We initiated the position at an enterprise value of approximately EUR 14.4 billion. With current EBIT of EUR 1.35 billion, this corresponds to an entry multiple of roughly 10.7x EV/EBIT. Over the past 20 years, Beiersdorf has traded at an average EV/EBIT multiple of approximately 16.6x. Relative to tangible book value, the stock is trading at its cheapest level in 20 years, despite the equity ratio being at a historically high level of around 70%. We are further encouraged by the decisive purchase of a share package worth approximately EUR 40 million by the founding family at a similar price level.

Figure 7: Beiersdorf Price-to-Tangible-Book Ratio, 2006 - 2026

Source: Chatrier Internal, Koyfin, 31 March 2026

New Position - Gencor Industries (GENC)

Gencor Industries is a U.S. manufacturer of equipment and machinery for asphalt production and road construction. The company produces asphalt mixing plants, asphalt pavers, combustion systems and heat transfer systems for the American infrastructure industry. Demand is inherently cyclical but supported over the long term by the maintenance and expansion of the road network as well as the replacement of aging equipment.

Figure 8: Gencor asphalt mixing plant

We built the position in an environment where the market assigns only a modest value to the operating business. Gencor most recently held a net cash position of USD 147 million. At a market capitalization of approximately USD 217 million, this means that a large portion of the company's enterprise value is covered by liquid assets. At the same time, the company generated operating income of approximately USD 14 million in the last fiscal year. After adjusting for the high net liquidity, this results in a very low multiple on the operating business.

In our view, this is a classic, conservatively financed small-cap industrial company with high balance sheet quality, a long operating track record and a valuation that reflects the cyclical trough more than the substance of the business. This combination of a debt-free balance sheet, high liquidity and a profitable, specialized industrial business offers an attractive margin of safety and meaningful upside potential once order intake and capital spending in the infrastructure cycle normalize. Gencor falls into the category of "stocks trading below liquidation value."

New Position - Hurco Companies (HURC)

Hurco is an international manufacturer of CNC machine tools and control software for the metalworking industry. The company sells machines under the Hurco, Milltronics and Takumi brands and serves customers in aerospace, defense, medical technology, energy, transportation and industrial manufacturing. In our view, the combination of mechanical engineering, proprietary control technology and a global sales and service platform is particularly relevant.

Figure 9: Hurco CNC milling machine

We built the position during a phase of pronounced cyclical weakness. The machine tool industry is in a challenging investment environment, which is reflected at Hurco in declining orders, low utilization and negative earnings. Yet it is precisely this situation that has led to an exceptionally low valuation. At a market capitalization of approximately USD 111 million, the company's equity stood at nearly USD 195 million. The stock thus trades at only about 0.6x book value. Even more remarkably, the market capitalization is below net current asset value, despite the company holding approximately USD 49 million in cash with no material financial debt.

In our view, the current share price almost exclusively reflects the present earnings weakness, but not the value of the balance sheet, the global brand, the installed machine base and the proprietary control technology. Hurco is not a structurally over-leveraged company but rather a cyclical machine tool manufacturer with substantial balance sheet substance. Should investment demand in metalworking normalize, even a partial recovery in revenue, gross margin and utilization would be sufficient to significantly increase earnings power. At the same time, the balance sheet provides a margin of safety that is absent in many cyclical industrial companies. Alongside Universal Electronics and Gencor, Hurco further strengthens our exposure to companies trading below liquidation value.

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

Best Regards,
Chatrier Equity Fund Team