Hoofddorp, the Netherlands, 3rd of January 2025

Dear Investor,

Thank you for being a client in our fund. We truly appreciate you placing your trust in our skills and method of investing.

As we enter 2025, we reflect on our performance last year and look forward to what next year will bring. While we had a narrowly positive year before fees, we were obviously hoping for a lot better and we would like to take a final look at what went right and what went wrong. Finally, we'll give our outlook on things to come for the fund and for the markets in general.

Against a benchmark

To kick off: It has been a great year for the more publicized risky assets. Bitcoin appreciated over 100%, while the US large cap index had a top 10%ile year as well. The latter was essential for the high performance of our two main benchmarks.

While we strive for a differentiated investment approach and differentiated result, in a year like this a little less differentiated result would've been welcome. So why was our performance different? The answer lies in the difference between the pockets where market benchmarks are invested, and where *we* are invested.

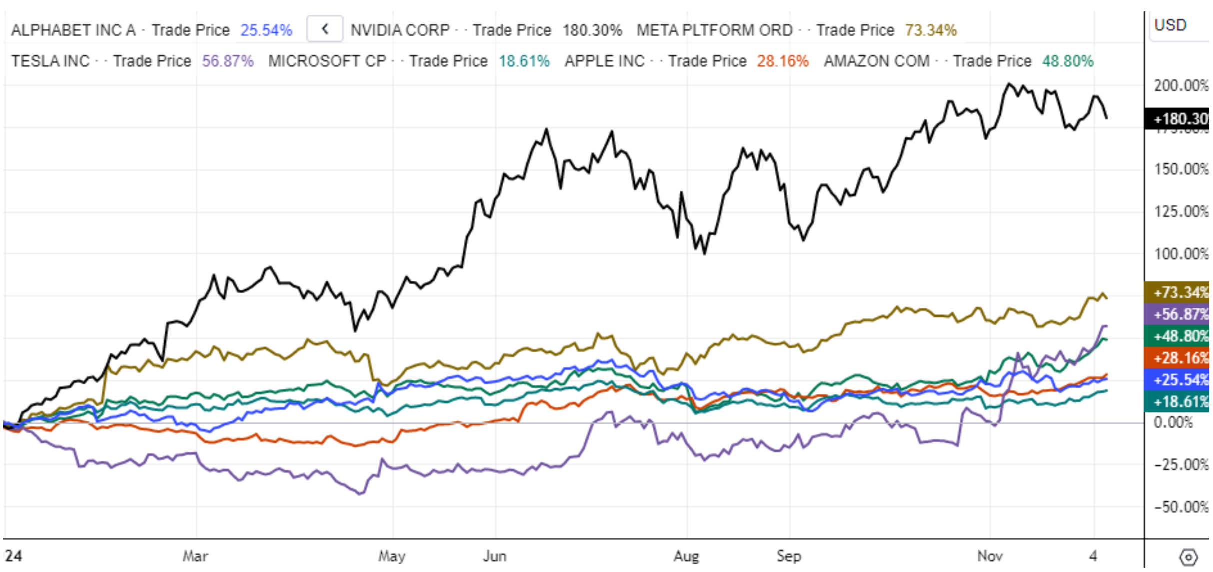
Our main benchmark, the MSCI ACWI, is a worldwide market cap weighted index heavily focused on large companies, and nowadays especially the USA: More than 70% of the benchmark consists of US stocks. This means that if large-caps in the USA have a good year, the benchmarks will have a good year as well. This definitely was one of those years with the S&P500 rising 25%.

Our portfolio composition differed for several reasons: we choose the composition of our portfolio based on our valuation of companies relative to how the market is pricing them. This can mean we invest in companies that have no debt and more cash on their balance sheet than their market cap, it can mean we invest in stocks that trade at a low P/E and we think that will continue, or it might be we end up with growth companies that might not earn much now but have tremendous potential to make profits in the future.

The Mag-7: from good value to crowded and expensive

For the S&P500, the largest stocks have carried the performance in 2024: Apple, Meta, Tesla, Microsoft, Amazon, Alphabet, Nvidia. Did we skip over these? Actually, no we didn't. We are still a shareholder in Alphabet, and we were actually pretty close to buying Nvidia last year. This is what we said about the stocks in our Investor Letter of January 2024:

"So why are we 'only' exposed to one of the Magnificent Seven? For some stocks the explanation is easy: Amazon, Apple and Tesla are just not attractively priced. For the other four stocks it is more complicated: some of these stocks don't look that much underpriced: Sure, Meta (Facebook) is trading at a P/E of 40, but it is also growing earnings by 20% per year (again). Nvidia is trading at a trailing P/E of 60, but its earnings just grew 100% and are estimated to grow another 100% in the next two years. If that materializes NVidia is cheap! Microsoft seems a tad expensive, but much will resolve itself if they manage to monetize ChatGPT well. And Alphabet, well, we are already holding that!"



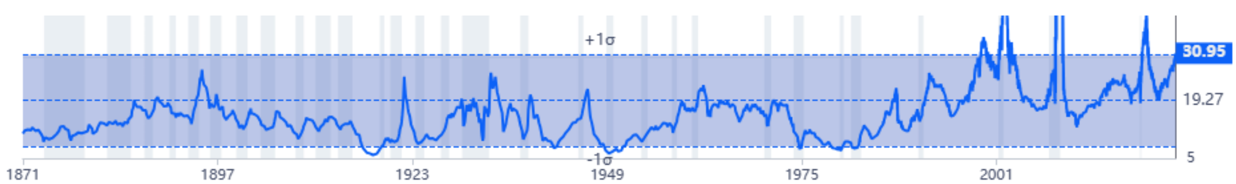
While we identified the best three for the first six months, the only stock we had in portfolio was Alphabet. While I did flag NVidia as an opportunity, I did not feel comfortable with the exponential growth expectations being priced in. Semiconductors are notoriously cyclical and while Nvidia is still State-of-the-Art for now, technologies are leapfrogged *all the time*: Intel was the absolute king of CPU's, but totally missed the boat on the next technology (GPU's from Nvidia) and is now trading 70% lower than four years ago.

More importantly, however, was the fact that these seven stocks are part of 30.000 stocks we consider for the portfolio of only circa 20 stocks. Chances of capturing any of these 0.02% as *the* top 20 most attractive stocks are statistically really slim. It is not helping that they are trading at a fairly high P/E while the rest of the world is trading at a lower and lower multiple.

Against the US: Multiple expansion is a short-term tailwind that is tough to beat

Which brings me to a vital point that needs to be made: In contrast to 2022 and 2023, markets have trended against a normalization of valuations in 2024: **Cheap stocks became cheaper, expensive stocks became more expensive**. Last years' pockets of cheapness were, I'll argue, in small caps with exceptional balance sheets or low P/E's. U.S. Large caps were already a *bit* on the expensive side last year, with zero companies trading at a P/E below 10, for instance. Generally speaking, we always bet on a convergence between cheap and expensive stocks. Unfortunately, market-wide the opposite happened: US large caps traded on a forward P/E of 19 last year, now they trade at a P/E of 31*.

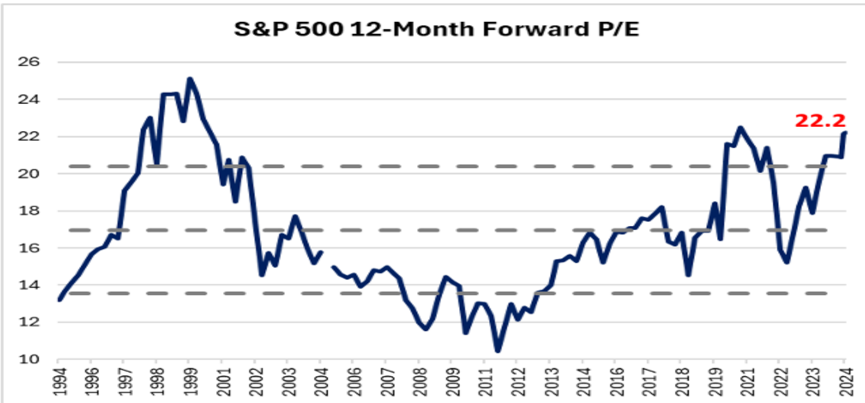
While it can certainly happen, you don't *expect* multiples to go in opposite directions: As growth companies 'mature', their growth expectations taper towards 'normal' growth numbers: you would expect the P/E of the S&P500 to shrink, not expand. Not in 2024: no other index saw their multiple expand as dramatically as the growth skewed S&P500, and it's now back at uncomfortable levels.



* One note on my extensive use of 'P/E' (Price/Earnings: stock price divided by earnings per share) in my letter: While one might get the impression that I overly focus on P/E's in my research, this is not the case at all. P/E's (or EV/EBITDA's, etc.) by themselves are useless unless you also have a grasp on the balance sheet and growth prospects of the company. And even then

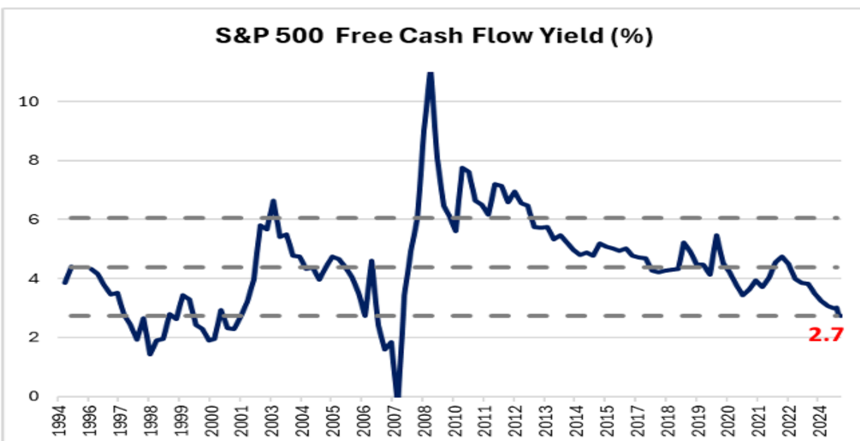
it only gets you halfway. Fortunately, using P/E's on an *index* scale is much more forgiving. I see no necessity in complicating this letter with EV/EBIT's, EV/EBITDA's, FCF's, NCAV's and whatnot.

"But you should look at forward earning!" you say? I totally agree! But here too, the same pattern emerges: hope has risen to uncomfortable levels:



(Source: Fort Sheridan Advisors)

Even if you are a Free-Cash-Flow kind of person, you should be worried:

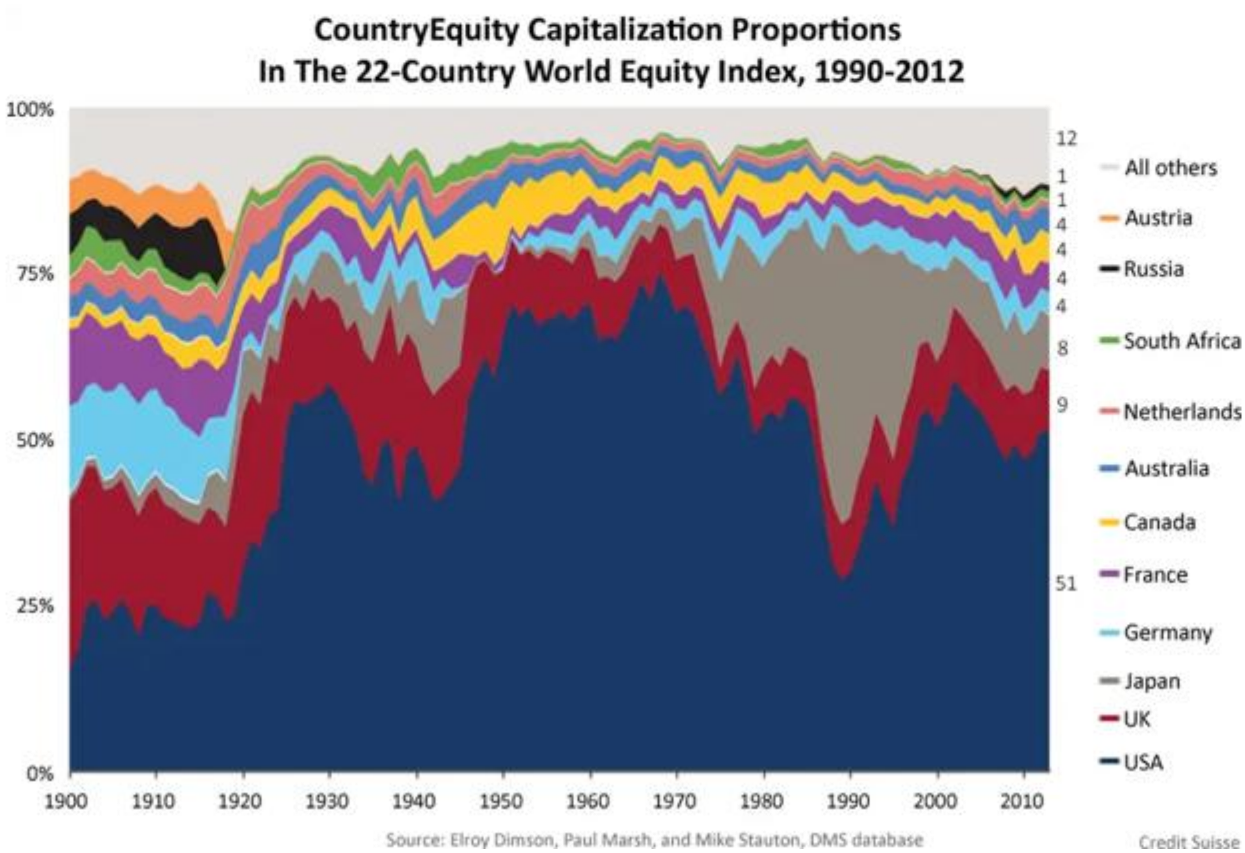


(Source: Fort Sheridan Advisors)

These are not levels we like to invest at, and because many other pockets offer much more attractive valuations, we were and still are underweight USA and large-caps.

Is this strategy flawed? Yes and no. Of course, a momentum-based strategy worked better in this environment (in hindsight). It doesn't always. And of course, just buying a market weighted index tracker worked better *this year* (in hindsight). But I want to lean against the idea that 'generally speaking' index investing outperforms. People love to point at the S&P500 graph last decade and say: "see, index investing!" But that includes quite a bit of hindsight bias! Why not MSCI World, including Europe and Japan (relatively flat last 15 years)? Or the MSCI ACWI, which also includes Russia and China (both non-performers last two decades)? Is it fair to leave these out when talking about 'index investing'?

Another issue is that 'index investing' is often not a true representation of a broad investment in the market. Most of the time it focusses allocation on the most frothy parts of the world. Today that means investing 70% in the most expensive market (the USA), in the 80's that meant at some point investing nearly 50% in Japan, right before it lost 70% of its value!

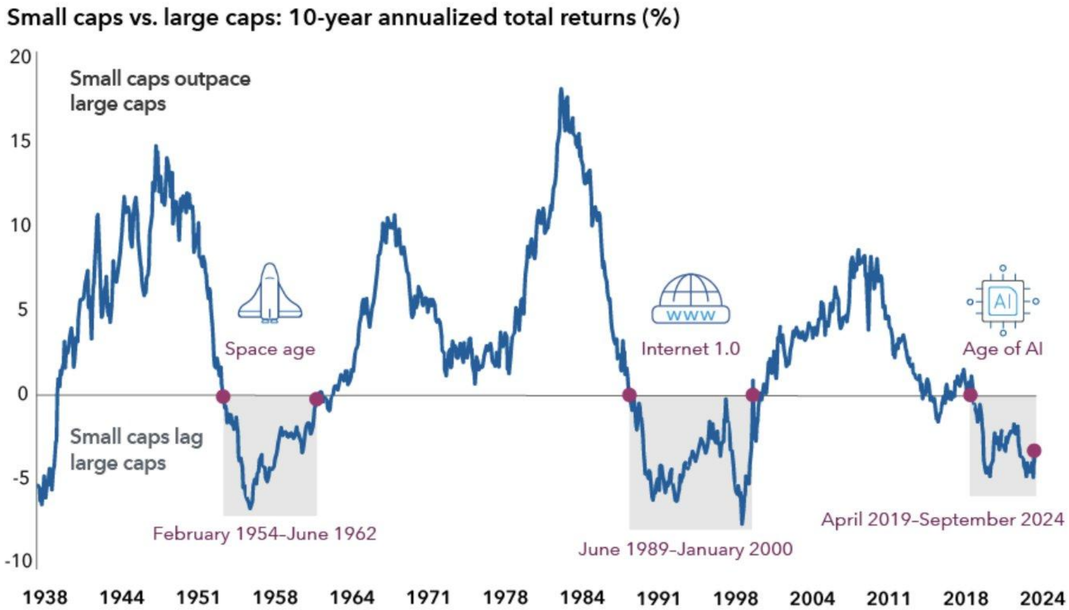


(sorry to say I couldn't find a graph that went all the way to 2024)

Some would claim they would 'obviously' only have invested in the USA. But that is hindsight bias. Asked the same question at the end of the seventies and people would say they 'obviously' would have included Japan (and lose a substantial amount of wealth in the next decade).

Against a large-cap benchmark

Similarly, nobody gives it another thought but 'index investing' in practice means focusing only on large caps. Yes, that has worked last 15 years, but is it a good strategy? Historically, no. Twenty years ago countless of PhD's concluded small caps should *outperform*. One hundred years of data proved it, and it 'made sense' because of the 'liquidity premium'. Last ten years the opposite was true. We have lived through a unique decade in which more than a few mega caps weren't expensive (often trading at a P/E of 10) *and* managed to grow 20% per annum almost continuously, year after year. I, too, have held Apple, Facebook/Meta and Google at various times in the past! But that was then.



Sources: Capital Group, Ibbotson, Morningstar, Standard and Poor's. Small cap returns are represented by monthly total returns for the Ibbotson Small Company Stocks Index; large cap returns are represented by monthly total returns for the S&P 500 Index. Data as of September 30, 2024.

Should we stick with the PhD.'s theorem and say that last decade probably won't be repeated, or should we discard the conclusions from these PhD's and believe mega-cap tech have a unique ability to grow 20% per year for a decade without petering out like normal companies. I am willing to bet over half of them won't be able to do this (more on this later).

To summarize:
-last 6 months mega-caps 'worked'. We are naturally underweighting these, but our benchmarks are naturally overweight.
-last 6 months USA 'worked', we are naturally underweight, our benchmark is overweight.
-last 6 months Growth 'worked', we are underweight, as growth is popular.
-last 6 months Momentum worked, we are naturally underweight.

These differences are mostly natural results from our allocation process that prefers value over pie-in-the-sky investing and cheap over expensive.

Our individual picks

So what *did* we hold? A lot of cheap stocks! With growth being generally expensive, we were left looking in the 'value' corner of the market, and in this corner we managed to find amazing bargains. In the last decade it was rare to find a stock with a P/E below 10. Even PostNL seemed cheap at a P/E of 10. But looking in the corners we look at, stocks with a P/E under five seem to be everywhere. Let's go over them, shall we?

The cheap

Jackson Financial:
We bought Jackson Financial at a P/E of 2.5, it doubled and is now trading at a P/E of 5 while still growing revenue. Should we sell? Well, most insurance companies trade at a P/E of over *10*. While Jackson stock has hit a bit of a snag, we have seen this before.

Shippers

We bought multiple shipping companies at a P/E of 2.7 or lower. While some are sketchy and deserve a discount, some are rock solid. Our highest quality shipping company is Danaos, a shipping company with no debt, paying 5% dividend while buying back shares, with almost all their ships under contract for the next 3 years. The company will earn its market cap within three years, *for certain*. Our 2nd highest quality shipping company, Navios, is slightly more expensive, but we remain encouraged by large insider buying from management. The sketchy Imperial Petroleum is trading under 2 times earnings. The CEO is still in the process of buying back warrants and consolidating his ownership. While he can technically play some more games to acquire the last 20% of shares (he already owns 80% through direct ownership and warrants), it hardly seems worth the effort as stocks are trading at a fraction of the fleets value.

This all being said, all these stocks have gone *down* 15-30% last 6 months because of deteriorating shipping rates in the last 6 months. Painful, but we are still up over 50% on shipping stocks, so not really a reason to regret our positioning.

Asian Net-Net's and low P/E companies

An area that we expanded in this year is what I call "(Asian) Net-Net's". A 'Net-Net' is a stock that has more cash on the balance sheet than its [market cap + debt] combined. In theory, if the company's management would choose to stop their factories and divide all their left-over money, this alone would make us money. But alas, the management of these companies don't do this. So while the value is there, the tricky thing is whether it will ever land in the hands of the shareholders. *We only hold Net-Net's for which there is a clear answer to this question.* Our Net-Nets come in various flavors:

Our sketchiest is maybe Nippon Shindo, a Japanese Net-Net with net cash on the balance sheet almost twice its market cap. It hasn't done anything with this cash pile for five years. The reason we still want this company is twofold: On top of its cash pile it has a P/E of 5 and their profits are growing. So it's not a stranded asset ('stranded asset': a positive balance sheet that is eaten up to postpone bankruptcy for a decade). More importantly, there is a significant push from the Nikkei and the Japanese government to push Japanese companies to put their cash to work (through dividends, stock buybacks or investments). Nippon Shindo is reacting quite stubborn to this, but this is a developing story.

We have discussed Gravity Co. in depth. What is important to mention is their majority shareholder, Gungho Entertainment, is buying back its own shares (and not the illiquid Gravity, which kind of makes sense). I suspect in due time they will bid for the remainder of Gravity once they are done buying their own shares. With a fair value 300% above market cap, they should have no trouble making an offer we can't refuse.

PAX Global, while not growing anymore, remains extremely attractive. Their current assets outstrip their market cap with ease, while they trade at a P/E of 5.5. And while Net-net's tend to hoard cash, PAX has no such issues, paying out a good clean 9% of market cap (~50% of profits) in annual dividends. Amazing value with limited risk. You can imagine our exasperation of seeing this stock declining 15% this year while the Chinese market has gone nuts.

Jiayin Group is a Chinese payment provider trading at a P/E of slightly above 2 while having a net cash position. While this space is not without risk, we chose Jiayin because it pays over 15% dividend and is significantly owned by management. A similarly company, LexinTech, has gone up 300% in three months, giving us comfort that the pessimistic view of the market on Jiayin is not based on the health of the sector per se.

Energy

While we were not terribly overweight energy companies, we held three for a combined 15%: Something one would expect from a (deep) value-oriented fund. We can be short about this: energy didn't go up this year. Kiwetinohk went up 4%, our biggest holding within this theme. Calfrac, a fracking enabling company, went down 20% on disappointed earnings. I expect Trump to boost fracking activity and Calfrac sits at the epicenter of this, so we hold on for now. Our third energy stock is Deutsche Rohstoff, an interesting German-led Canadian gas company. This one went down despite significant hedging that should keep its true value well anchored.

Our Western growth companies

In our USA/Canada/Europe space, we have held a small pocket of growth companies that we have discussed in depth. We have had to witness some unpleasant surprises, while some of our choices continue to deliver but for which their true value has yet to be (re)discovered.

Alphabet (Google) did great (+70%) and is the best story in this segment. We are especially pleased with the developments under the hood, with Waymo proving to be the best technology in Full Self Drive (FSD) and Gemini proving it is on par with ChatGPT.

Alphawave did well too, up to a point. Unfortunately, management has been very cloudy around a *lot* of things in the last two years: the acquisition of OpenFive that was announced as a profitable company, but for which revenue cratered 80% shortly after. And then there were the multiple accounting mistakes. In 2023 we underestimated how dodgy managements projections are. We nonetheless locked in a timely profit and escaped multiple bad surprises afterwards.

With OKWind, too, we got a subscription to overly optimistic 12 month projections. A prosperous growth company going into 2024 with a bloomy outlook, but now priced as if it is on death row. Here there were moment's I perhaps could've made better decisions. Revenue and the orderbook went down in 2024Q1, but management held on to their forward guidance. The big mistake was I took this at face value. As it turned out, the numbers from Q1 were very real and very telling of the kind of year OKWind was going to have. I should've recognized there was no reason for the CEO's optimism. Customers weren't 'postponing until next quarter': It had been wishful thinking from a CEO that was not ready to see what was going on. The reason why I went along with the narrative was twofold: 1. OKWind made no changes to their investing strategy. I took this as a cue they believed in their own narrative, 2. Alphawave had had a very similar situation *just* before (with a bad quarter but retained optimism) where they *did* come through on their promises. This experience creeped into my decision-making process.

Then there is BasicFit. The company slightly underperformed against their guidance and our expectations. It is still well within our margin of error. That said, we are disappointed by their continuous delay in hiking prices to stay in line with Europe's inflation. We understand there are reasons to not do it, but we can only be disappointed by the fact their US counterpart PlanetFitness *did* hike their prices and went up 40% this year, while BasicFit didn't and went down more than 25%. However, we remain optimistic as we believe a price hike *is* just around the corner and the basic business case remains intact.

Last growth company that fell short was Payfare. Payfare was on its way to grow another 30-40% while trading at a P/E of 15 and having a clean balance sheet. But then disaster struck as their main 'client', Doordash, quit. It was a risk, as we flagged. But we expected this risk to be somewhat limited, as Payfare was expanding and their product and was praised by Doordashers. Should we have done it differently? I don't know. This *can* happen. A lot of things can happen. Even with the 'client-concentration' risk this company seemed to have an amazing risk/reward profile. ~~The risk transpired, the reward didn't. I think a comparable 'risk' was another company making an offer for Payfare. I counted them as equal-chance scenarios, but the fact remains the wrong one happened and we took a hit from it.~~ (Since my final draft, Fiserv has made an offer to acquire Payfare. So maybe I wasn't too far off?)

Our Discretionary Cyclicals

Our cyclicals didn't perform well. The margins of Stellantis contracted a lot faster than expected, essentially resetting their P/E from 3 to 15 (for now). Due to the cyclical nature of car manufacturing, this doesn't say everything about the long term, but significant worries remain about the stormy rise of Chinese car brands such as BYD. We believe these will be kept at bay by tariffs, while car manufacturers are already making adjustments to production levels. We will have to see what the future brings.

OneWater has been discussed extensively in our last Investor Letter. We believe we are at the bottom of the cycle in a year where OneWater's management made some unfortunate calls. While the mood in the sector has evolved towards 'thoroughly depressed' in the last 12 months, the fact is that operationally OneWater has kept their bottom line in the green. If this is indeed the bottom, the setup for 2025 and 2026 is amazing: If margins and growth return to the average levels from last decade, OneWater will soon be trading at a P/E of 3 and over 15% annual growth. But that's the future: In 2024 OneWater didn't escape the luxury-slump and it is one of our biggest disappointments this year.

Positioning in 2025: Is Value Investing dead or is this where the tide turns?

Remember last year I had a mixed view about the prospects of the Mag7. This year I am pessimistic, and I have become *more* optimistic about our portfolio. In contrast to 2024, the setup for 2025 looks similar to 1999 and the start of 2021. It again seems valuation has flown out the window. Capital continues to flow towards the part of the markets that are the most heavily tracked by ETF's & benchmarks and away from small caps, where people are throwing in the towel. People invest in what seems to work: Bitcoin and Passive. Our approach certainly swims against this tide. As someone holding over 80% of my liquid assets in the fund, I obviously have to ask myself whether I want to make changes. My conclusion is **I want to be invested in the stocks I am holding. For my investors I am convinced that 2025 won't be a great year to put half (or *gasp*, 70%) your eggs into one star-spangled basket**. Our portfolio will be a diversifying alternative for this and I believe we will benefit. Reasoning for this is twofold:

Part 1: Why a passive, 'broad' market approach is riskier than usual in 2025

As we discussed: US stocks really are expensive. Last year we spoke about the Mag7 being a bit split between expensive (Tesla, Apple, Amazon, Microsoft) and (slightly) cheap (Nvidia, Alphabet, Meta), **today my message is much clearer: Right now all of them are *expensive*, except Alphabet, and this is a real threat**. One just needs to take quick look at the Mag-Six valuation to see what's going on: a combined 16.5 Trillion Dollar Market cap against an expected *forward* earnings of just 400 Billion dollars. It would take these companies 6 years of 20% annual earnings growth to get to a healthy P/E multiple. But that's a tall order and I do not think it will happen. Let's take a look at each one of them:

-Tesla might have grown its revenue substantially, but its already in decline this year. It is showing to be, in fact, a car company, that is feeling margin pressure and competition from China just like everyone else. And yet, it's up 75% year-to-date!
-Amazon: I can see it being able to grow 20% per year for another decade, but we should be cognizant they haven't been able to increase revenue beyond their 2021 watermark for 3 years now.
-Microsoft: Fine, that might grow 20% per annum for six years. But will it for a fact? They already receive close to 50 dollars per year per inhabitant on earth. Can that grow to 125?
-Apple: Trading at a forward earnings of 33.5, while growing revenue by under 10% in total over the last three years. The last time their revenue stalled their P/E went down to 10!
-Meta: Had an amazing run over the last five years, but even then it couldn't grow 20% per year.
-Nvidia: A bit of a battleground stock. While I called it an opportunity last year, it has appreciated over

170% this year. Margins *will* contract in the next six years, revenue growth *will* slow down next year (expected to slow to 7% at the end of 2025). And then? If it turns out Nvidia is still part of a market, its revenue is cyclical, and we are now at the top of the cycle. In such a scenario, revenues and margins can drop by 50% as has been a longstanding semiconductor tradition. Is such a scenario embedded in the current 35x earnings multiple? And where is the money supposed to come from to buy all these Blackwell chips? If your answer is 'Amazon, Alphabet, Apple and Meta', then surely we are in for a CAPEX race to the bottom that will postpone the earnings growth of these four companies for a handful of years.

We have seen this before: In the late nineties, the marvel of the internet spurred an enormous CAPEX boom. Internet providers were expected to reap rich rewards. The technology was amazing and has changed the world forever. But the companies that had to invest to keep up such as **Cisco, WorldCom, Intel and Yahoo**? These names seem ancient now and have not kept pace with any index. Another CAPEX boom story: Telecom companies spent billions to acquire 4G/5G bandwidth. In the end the technology was amazing, but the profits were not. In both CAPEX booms, the CAPEX spent did not last. It was a short burst after which it settled down. If that happens in the current GPU spending boom, Nvidia is overpriced.

The similarities are significant. While I am amazed about the capabilities of LLM's/AI, the business case for both the LLM developers and the hardware providers is not a straightforward one. The theory is that CAPEX spending will need to grow exponentially, but will it? It has already been stated that the premier LLM's (ChatGPT, Gemini, Claude and Llama) have consumed practically all information that is available on the internet. Growing GPU needs are easily outpaced by ongoing technological advances. What does this mean for the chances of new entrants? While we are still discovering how much people are willing to spend to access these models, what will happen when training costs for LLM's decline as hardware technology advances? Maybe in the future LLM's with similar capabilities can be created at a fraction of the cost. How many people will choose a free or cheap Alibaba/Tencent/Baidu alternative over the price gauging ChatGPT?

This is not meant as a rhetorical question. I don't know the answers. Right now I think the integration of ChatGPT and Gemini into Windows/Office and e-mail, respectively, gives them a good shot at obtaining significant revenue growth. But I don't believe the CAPEX spending boom, in combination with a monopoly for Nvidia, will last. I'm on the fence about Amazon. So to conclude: No, I don't believe the overall valuations are warranted, not in the least.

But while the Mag7 at least has a story, I believe the rest of the S&P500 is becoming equally dicey. Remember I started with the realization the S&P500 is trading at 30 times earnings. It translates to 24 times forward earnings. Those are scary numbers! Forget the occasional bear talking about CAPE earnings being too high (they have been high and growing for over a decade), forget about Price-to-Book value misalignments (similar issues), we are talking about P/E's that have only been higher in 2021 (right before a painful bear market) and 2000 (right before a *really nasty* bear market).

Arguably worse than the mega cap 'growth' companies are some of USA's *other* growth companies. While they lack the superpowers of the Mag7, they too are trading at hard-to-justify levels. A *third* of Russell 2000 stocks are loss-making, yet those are up over 20% this year alone. Hands full of restaurant chains are trading at P/E's above 60 *for 2026*. Those numbers are ridiculous and impossible to justify.

Restaurants	Ticker	Mkt. Cap.	Net Debt to Cap.	EPS Growth 2026	P/E Ratio :	FCF Yield :	ROE	ROIC
Wingstop	WING	16,648	1%	31%	178	0.50%	9.10%	3.80%
Shake Shack	SHAK	5,697	51%	38%	85	0.90%	2.00%	0.00%
Dutch Bros	BROS	8,453	45%	27%	80	0.00%	7.10%	4.70%
Bloomin' Brands	BLMN	9,755	347%	24%	59	1.70%	-	40.30%
Chipotle	CMG	86,552	47%	18%	41	2.10%	45.70%	18.70%

The same is the case for Costco and Walmart, two defensive stocks with near zero long term growth potential. When these trade at a P/E of 40 as they do now, should we be worried? It is frightening to see people are willing to pay twice as much for the same, often dull, companies! It is frightening to hear that so much is based on the belief AI, or Trump, will create an earnings & revenue boom.

Trump might lower corporate taxes by 6% (tall order, but let's dream), is that going to create more secular spending? Are you *sure* that won't affect government spending? And will that help revenue in the rest of the world? And those tariffs, they might increase profits for companies that might be able to act more like monopolists. But are we supposed to think that won't suppress consumer's ability to spend elsewhere? None of this will cause the earnings boom required to justify P/E's north of 30 which have before the norm in the USA.

And AI, will that save the world? It is my view it will help *consumers* a lot, actually. But it is entirely up for grabs whether it will actually result in higher *company earnings*. Have margins really gone up since we stopped using fax machines? They have not! In market capitalism it is the *consumer* that benefits from efficiencies. The market seems to suggest fast-food restaurants and supermarkets will benefit from AI/robotics as humans will eventually have to make place for robots (they will substantially, no doubt). But will this make them more profitable? I'm not sure it will! They still compete for the same customer that will continue to look for bargains and will prefer the one that gives up the most margin. If we look at a historical comparison, take newspapers and the internet: enormous cost-savings, but did it make them more profitable? Not in the least! And to continue in this analogy: We truly have no idea to what extend AI will open up companies to more competition or alternatives. The internet created a platform for blogposts and free websites, culminating in Twitter and TikTok: a more DIY/democratized world of journalism. Who is to say restaurants won't go the same way: Maybe in the future you order your home-bot to make you a pizza, instead of ordering from Dominoes (trading at a P/E 28 while not growing despite 20% inflation)?

Part 2: Why cheap small-caps will do well in 2025

While the 'broad' passive investing philosophy has pushed everyone into a basket of pricier and pricier stocks, our fund offers the alternative to hold extremely cheap stocks that are not part of these large cap focused tracking indices. On average we see over 300% upside in the stocks we hold, similar to last year and higher than when we started. And while that seems wild, many of the stocks we held last few years approached these 'outlandish' valuations in 24 months or less: M/I Homes got on our radar at 25.00 usd, we sold our last shares at 140.00 within 18 months. We bought Imperial Petroleum at 1.50 and it traded at 4.80 six months later, Jackson Financial started at 25.00 when I made my initial valuation, but it touched 115.00 when we started selling. This is the game we play.

The other reason I remain confident in our investment philosophy is the longer-term track record of this strategy. While last six months disappointed, our strategy outperformed over the other 12 months. And for me personally I take into account the track record that inspired starting the fund. My personal >+70% performance in 2022 while the market slumped -15% is a clear reminder of what this strategy is capable of when the dice fall a little different.

And while any year where you underperform makes you question *everything*, I find comfort in the fact many of the funds that follow similar strategies have had a tough year too. Take, for instance, the Praetorian Capital Fund. This fund went up nearly 1000% *within the last five years*. While we by no means claim to be able to provide similar returns, we do fish in the same pond! And they, too, spend this year's Christmas letter explaining why they are around +0% for the year.

We will continue to find great stocks and offer a diversifying approach in a frothy market, with the capacity of surprising performance. We wish you a peaceful & healthy 2025 and may you benefit from all the opportunities you are given!

Best Regards,

Joost van der Mandele
Director Pendelhaven Asset Management B.V.
www.ararfund.com

Investing involves the risk of loss. This letter is for informational purposes only and should not be either regarded as personalized investment advice or relied upon for investment decisions. Joost van der Mandele and the ARAR Fund may (still) maintain positions in the securities discussed in this letter, be in the process of buying or selling, or have sold already.

Attention! This investment falls outside AFM supervision.
No license and no prospectus required for this activity.