Hoofddorp, the Netherlands, 5th of June 2025

Dear Investor,

We are pleased to report that the ARAR Fund delivered strong results while navigating Trump's tariff volatility, substantially due to our sector positioning together with good performance of some of our recent picks. **Despite the 'Independence Day' tariff tantrum, the ARAR Fund went up +2.7% since our last newsletter (of which +10.7% in May), outperforming all main global benchmarks. In dollar terms, we are up 11.4% on the year, outperforming all our benchmarks.** Given the current macro environment, we love our positioning relative to the market, owning mostly stocks that are attractive due to holding or generating a lot of (net) cash compared to their market cap.

It is not only the macro backdrop that is making us enthusiastic about our *deep value* tilt. After thoroughly researching past performance, we have identified what worked and what didn't work for us last few years. One thing that has become obvious is that our valuation method draws us mostly towards deep value stocks, but this was oddly enough a good thing: While 'value' has been a lousy pond to fish in last two years (with cheap stocks worldwide getting cheaper), *we* have actually had our biggest successes in this corner of the market (throughout the funds existence, actually)! Taking a closer look, we see that the average performance of our deep value stocks has been around +30/+40% while the performance of our 'growth' stocks has been negative. In essence: we've been much better at spotting bargains in companies that promise nothing and keep their promise, and we've been less successful in our choice of companies that we perceived as attractive based on substantial growth expectations.

We are excited to announce we will integrate the abovementioned findings into our investing framework in the coming months and rebrand our fund to reflect these improvements. It will mean some hard goodbyes to a couple of names we wanted to see bounce back, but it is a sacrifice we want to make to play to our strengths and we are confident it will pay off in the long run. We are thrilled about what this will mean for the future and will reach out to our investors personally to further elaborate on these changes.

2025	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Full Year
ARAR Fund*	3.3%	-1.9%	-2.3%	-7.2%	10.7%								1.7%
MSCI World ACWI ETF**	4.2%	-2.3%	-7.4%	-4.0%	6.1%								-3.9%

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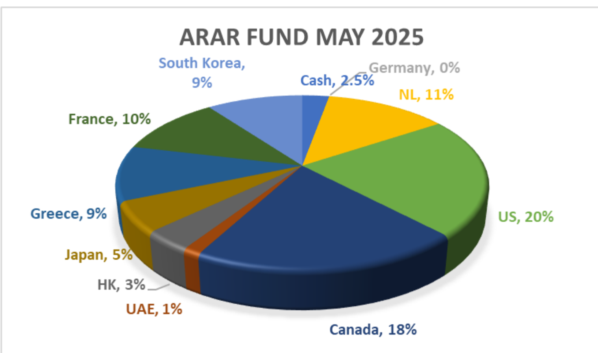
PERFORMANCE IN DETAIL

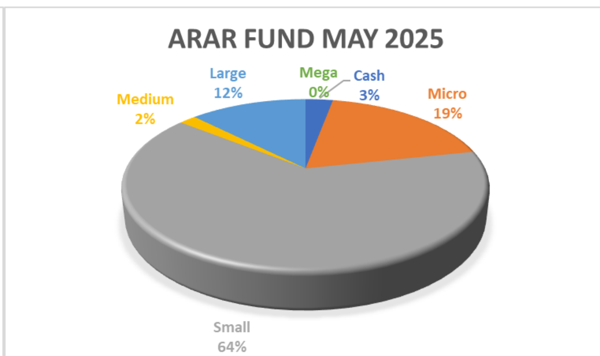
After declining in March Basic Fit has steadily recovered even against the backdrop of Trump's volatility. Many days Basic Fit even traded as a safe haven, going up when markets went down and vice versa. Not entirely crazy given the fact BasicFit is shielded from tariffs and would benefit from lower European interest rates. Alternatively, this outperformance may have been driven by the start of their 40 million Euro share buyback program…

The Chinese part of our portfolio showed some heavy volatility when China came into Trump's crosshairs. Though it is far away from a conclusion, Chinese stocks are off to the races again. Our beloved Jiayin Group is now almost 150% up since we bought but remains distant from fair valuations, especially given their recent enticing guidance.

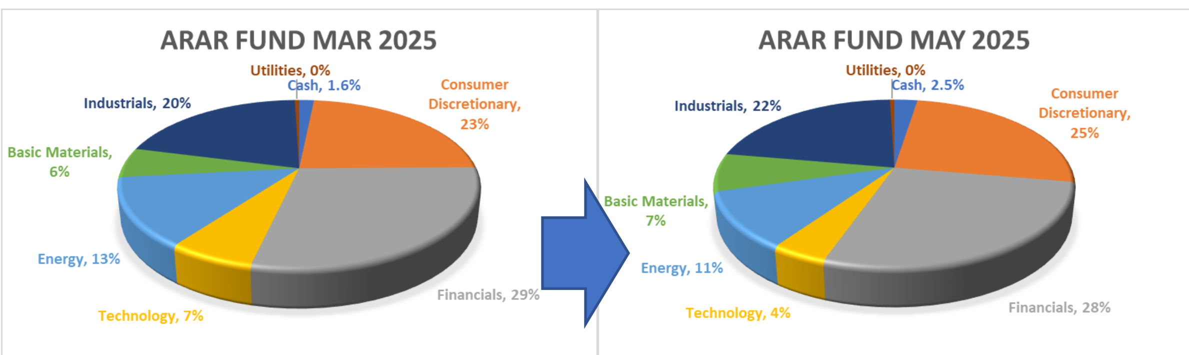
We have benefitted from the recent risk-off sentiment through being overweight gold miners and Flow Traders, benefitting even after markets retraced their pullback. Under normal market conditions these stocks were already fine to have in portfolio, but in volatile macro environments they truly shine. We continue to like this profile, even after their significantly risen stock prices.

PORTFOLIO COMPOSITION





The current portfolio consists of 22 stocks and a 2.5% cash portion. We have exited two positions (Oekoworld AG and Alphabet), and we have reduced some other positions.



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TOP 5 HOLDINGS:

Holding:	%	Adj P/E12M	P/E25**	EV/adj EBITDA	Exp Rev Growth**
Jackson Financial (US)	14.5%	5.6	5.1	5.0	5%
BasicFit (NL)	10.6%	36.5	28.7	6.7	16%
Jiayin Group	9.8%	5.0	2.7	1.7	39%
Stellantis / Peugeot Invest (FR)*	9.6%	6.9	5.9	0.8	-1%
Gravity Inc (South Korea)	9.2%	7.0	9.0	1.0	-15%

*As we consider Peugeot Invest as an efficient bet on Stellantis, we give the multiples for Stellantis here.
**Based on Refinitiv consensus analyst or proprietary estimates

COMPANY IN FOCUS: Oekoworld AG

This month we said goodbye to an obscure German ethical investment company called Oekoworld AG. Amazingly, the company already started in way back in 1998, when few people talked about ESG investing. With a tiny amount of assets under management the company was a sleeper for over twenty years up until 2020, when the pandemic hit and ESG came to the forefront of retail investing. Suddenly their flagship fund ‘Oekovision Classic’ swelled to over 2 billion. Together with Oekoworld Klima, Rock ‘n Roll, Growing Markets 2.0 and Water for Life they suddenly had well over 4 billion euro in assets invested, charging 2% per annum while prospects for further growth seemed bright.

Holding over 100 million in cash and earning around 40 million per year while growing and paying dividend, the company was very attractively priced at a market cap of only 300 million.

But there were also reasons for concern: Oekoworld’s funds underperformed the market by quite a bit. Did their green investor base not care about this, or were they simply overlooking this? And how sustainable is a business offering their mutual funds at 2% fees per year when there are competitors springing up everywhere promising the exact same thing at only 0.8%, 0.6%, 0.4% or lower even? As someone who tends to be extremely price sensitive, I am in a poor position to predict retail behavior. In these cases I will often have to shrug and say to myself ‘the proof is in the pudding’: Apparently their pricing together with their marketing added up to growth, so who was I to judge?

Luckily, Oekoworld had an ace up their sleeve even if their pricing model would cause a mass exodus: Oekoworld is charging an obnoxious 5% exit fee on their investors. This alone meant that in a worst-case scenario, Oekoworld would collect a staggering 200 million in exit fees!

Unfortunately, as it turned out, just after we entered into the position Oekoworld’s fundamentals started to deteriorate: the inflow into their funds stopped, while the funds themselves went down tens of percentage points when overall markets were rising.

The attractiveness of the investment melted before our eyes. However, just as the company came on our chopping block, a funny thing happened: Our broker lent out our shares at over 60% annual interest (of which we received half). As we still considered Oekoworld underpriced, the prospect of getting a 30% annual return on an OK position was too lucrative to pass.

We kept the position for another year. While the stock paid out some dividend, it did go down a little and after about 12 months the party borrowing our shares finally discovered what was going on. Without the added lending, Oekoworld was no longer the best place to invest and thus we sold out in April when the stock stayed elevated in spite of the selloff.

Taken everything together, the whole trade was a wash. Looking back we didn't regret our decision to enter the position: We had a real-time view on the most vulnerable part of the business (the possible outflows), but the outflows were quicker and more substantial than we initially modelled. Exiting without a loss demonstrates how forgiving the market can be when you focus on extremely attractively valued stocks.

GENERAL MARKET COMMENTARY

The prevailing narrative suggests Trump announced apocalyptic tariffs and then completely retracted them when faced with a market crash. In this story, everything returned to normal as if nothing happened, with the markets retracing all the April moves. Unfortunately, none of that is really the case: Trump actually did *not* retract his tariffs: he kept the 10% blanket tariffs, while only *postponing* the rest. This is still more than enough to spook any economist. And while the S&P500 has retraced the entire move, that is largely caused by a pervasive 5% slump in the dollar. And contrary to past V-shaped recoveries, the Federal reserve did not lower interest rates. To the contrary: Long term interest rates have gone *up* as foreign investors are fleeing US bonds.

People are arguing Trump has been tamed by the market's reaction, but has he really? With markets back up, there are signals Trump is feeling invincible again. In May alone Trump threatened new tariffs against Europe, China, cars, steel, Apple and even foreign cinema. To say Trump has learnt his lesson would be rich. By all accounts, in Trumps mind the US still wants to re-shore production wherever it can.

Here is my scoreboard of the four 'grey swans' we identified in our last newsletter:

	Tariffs	Economic Experimentation	Attack on Balance of Power	Restructure of World Order
Previous				
Developments				
Notes	immediate Armageddon averted, but 10% tariffs and a delay of apocalyptic tariffs is still pretty bad	No appetite for experimentation after last crash, will likely kick the can on deficits	Elon has been reigned in, no momentum	Momentum fading. Trump is reluctantly realigning with allies. Contest with China becoming the focus
Currently				
Focus now:	Watch delayed tariffs	Watch LT treasury rates	Watch for sidelining court decisions 'habeas corpus'	Watch out for China making first move

Overall developments can be seen as positive. In March we were still overwhelmed by the news of Musk's raids, deportations and threats on Canada and Greenland. While Trump never openly surrenders, it seems the tariff-shock has really taken the wind out of his sails. The episode has proven Trump to be fallible and a potential threat to economic prosperity. This has given Congress the impetus to reassert its role as the legislative branch. It has also made Republicans up for election in the midterms acutely aware they cannot sit idle and collect a new term. Lastly, it seems Trump's gambit to sway Putin has failed. With the realization that Russia is fully aligned with China, Trump really has no choice except parking his imperialist ambitions and realign himself with his allies. Uncomfortable to all, but a small sigh of relief seems to be in order (albeit a bit premature).

Regarding the world order, it now seems the ball has moved to China's corner. With the USA seemingly hellbent on keeping China small and willingly driving China into crisis, how long will Xi bide his time? When an economic fallout looms, dictators are historically tempted to seek war as a solution, a distraction or a way to keep factories occupied. Hitler, for instance 'fixed' unemployment by building up its war machine, while Japan declared war on the US in part to break out of the oil embargo placed on them. While our 'ought-to'-thinking keeps us from considering an invasion of Taiwan a possibility, China is taking their own ambitions extremely serious, investing billions to expand their amphibious capabilities further while holding exercises in which they already fully encircle Taiwan. And as the saying goes: No country builds up an army just to let it sit idle. This adage has proven to be a better predictor than 'ought-to' thinking: Take Germany in the nineteen thirties and Russia under Putin, for instance. Polymarket currently considers the chance of an invasion over 7% (12% in April).

While an invasion of Taiwan would be really risky, an alternative for China would be ramping up support for Russia, effectively making the conflict in Ukraine a proxy war aimed at degrading Western economies and force a reset of the world order with this time Chinese interests at the center. While China was already sending material, they seem to be becoming bolder in their support: up until last month, it was only buggies and chips, but now there are also reports of the first Chinese kinetic support being in use: an anti-drone laser developed and build in China. Perhaps this was a pre-emptive response to Trump's attempt to peel Russia away from the Chinese-Russian alliance? Or perhaps this was the first manifestation of new policy.

And thus, even if tariffs fade into the background, other perils will take center stage. We continue to monitor developments and hope everything sorts itself out. Our mandate is to outperform the markets, and this will remain our focus.

Best Regards,

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