LTIF

Long Term Investment Fund

Strategic Value Investing
Ownership Approach

August 2018

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Presentation plan

- **Investment Philosophy**
- Our Investment Process
- Portfolio construction
- Expected returns
- A managed account: owner's reporting
- Appendix 1: our funds
- Appendix 2: some words on copper and oil

Key message: if approached as a business owner, equities can be a high return, low risk investment.

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- We are investors in business, want to make money by making our capital bear fruit

- Difference between investing and speculating
  - Investing: Acceptably profitable income streams
  - Speculating: Assets that will go up

- Both can be highly profitable

- We only do the first

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We call it Strategic Value Investing

So basically **we buy good companies at inexpensive prices** or **extremely cheap companies**. Bad businesses are usually toxic at almost any price.

- We don’t look for “shares that will go up”
- We neither “play the markets” nor look for “catalysts” or in any way put our investors’ money in the hands of future price movements
- We never “chase” the markets. We use markets’ prices as opportunities to buy or sell. We never act on a view on what the markets will do, because we don’t know

WE BUY BUSINESSES, NOT SHARES

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…converged to Strategic Value Investing

Strategic Investing
Find Good Companies at Reasonable/Inexpensive Prices

Good Companies

- ROE well above COE, adjusted by risk, over the cycle…
- … thanks to Barriers to entry
- Need to understand competitive dynamics to avoid value traps

Inexpensive Prices

- Annual double digit net return to investors and 10-15% intrinsic return
- Key analytical variables are ROCE, dividend yield, leverage and the notion of convergence
- Thorough strategic and financial analysis

Mitigate fundamental risk and use volatility as a source of opportunity

We never "chase" the markets. We use markets' prices as opportunities to buy or sell

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Good companies enjoy “moats”

We look for “MOATS”

- High entry barriers & low exit barriers
- Economies of scale
- Sustainable cost advantages
- Intellectual Property
- Network effects
- High switching costs
- Reputation

The risk of investing in good businesses is overpaying

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And a Business Owner Approach

We force ourselves to think as owners

"It happens, however, that the energies and skill of the professional investor and speculator are mainly occupied otherwise. ***For most of these persons are, in fact, largely concerned, not with making superior long-term forecasts*** *of the probable yield of an investment over its whole life, but with foreseeing changes in the conventional basis of valuation a short time ahead of the general public.*

They are concerned, not with what an investment is really worth to a man who buys it for "keeps", but with what the market will value it at*, under the influence of mass psychology, three months or a year hence."*

JM Keynes, The general theory of employment, interest, and money, 1936

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Quoted Equity affords many more opportunities than Private Equity

- Quoted Equity facilitates enormously diversification across sectors, sizes, and geographies. By definition all quoted stocks are available for investment, only limited in practice by investor's size. Transactions costs (for a long-term investor) are negligible.

- On the other hand, Private Equity is very limited in its targets by geography, size, and availability. Transactions costs are extremely high.

- In addition, Public Equity offers excellent liquidity, which is very important when planning long-term.

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But liquidity implies short-term volatility

- Private Equity is sometimes seen as “less volatile” than Quoted Equity, and therefore as having a better risk/reward profile
- But volatility is not the same as risk, and Quoted Equity is actually less risky than Private Equity, often with better long-term returns when risk adjusted
- It is essential to understand the difference between “profits” and capital appreciation

“Making money while the market drops”

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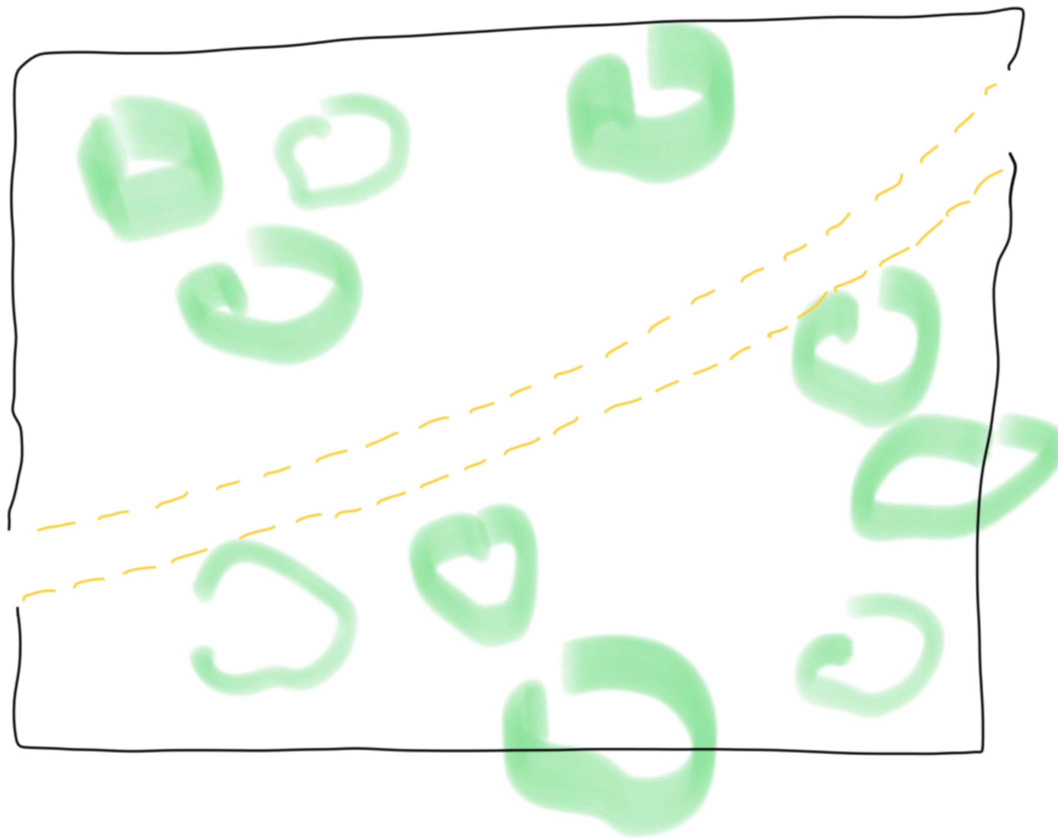
Volatility is either irrelevant, or a source of opportunity

- Long-term equivalence between business profitability and share performance
- The lady with her dog
- Volatility is a function of time horizon
- Private Equity funds and Public Equity funds



Investors must keep similar time horizons

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Volatility actually presents opportunity for Quoted Equity

California Resources Corporation, share price since inception

Source: Bloomberg

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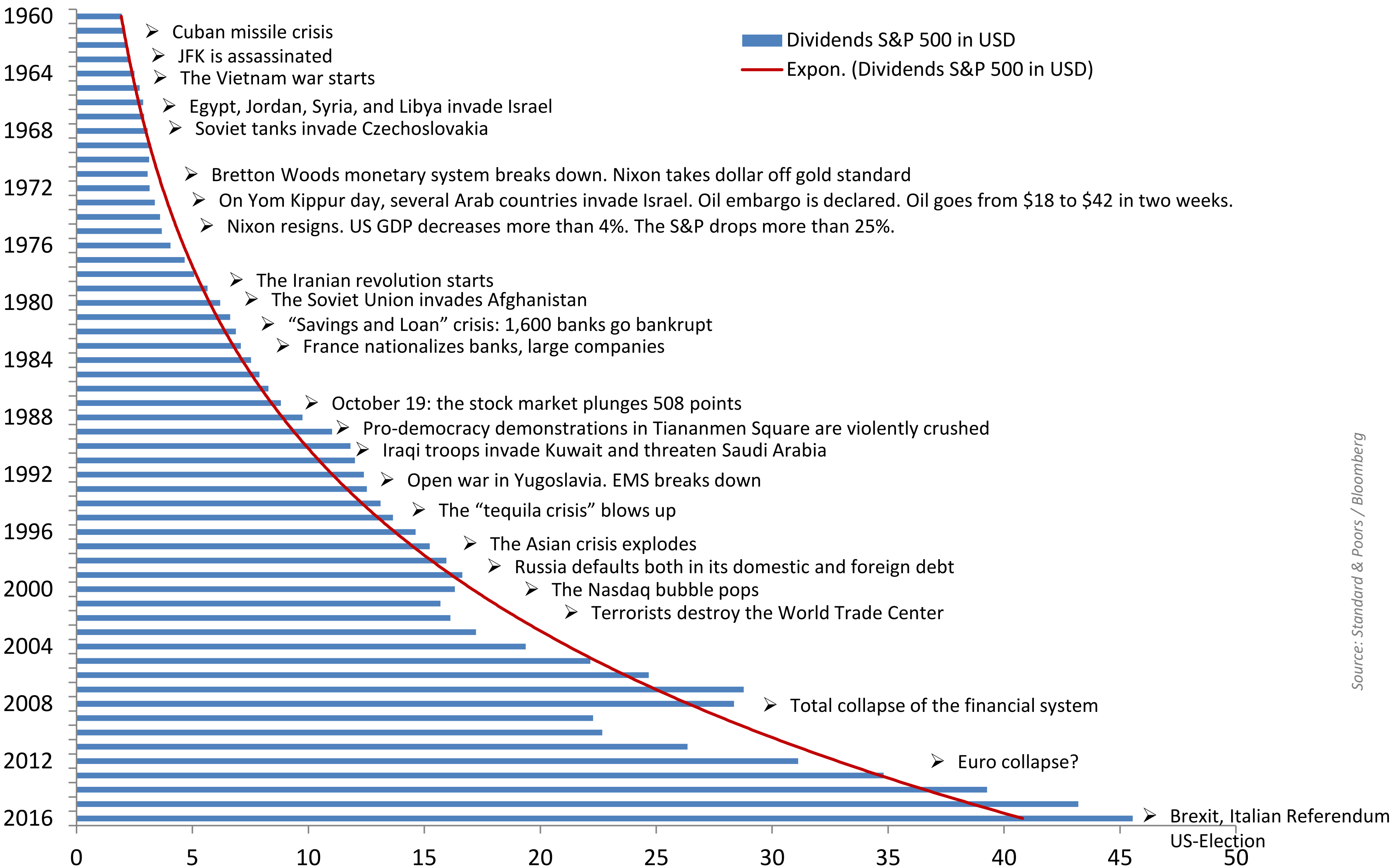
Public Equity is actually immune to macro issues



Source: Standard & Poors / Bloomberg

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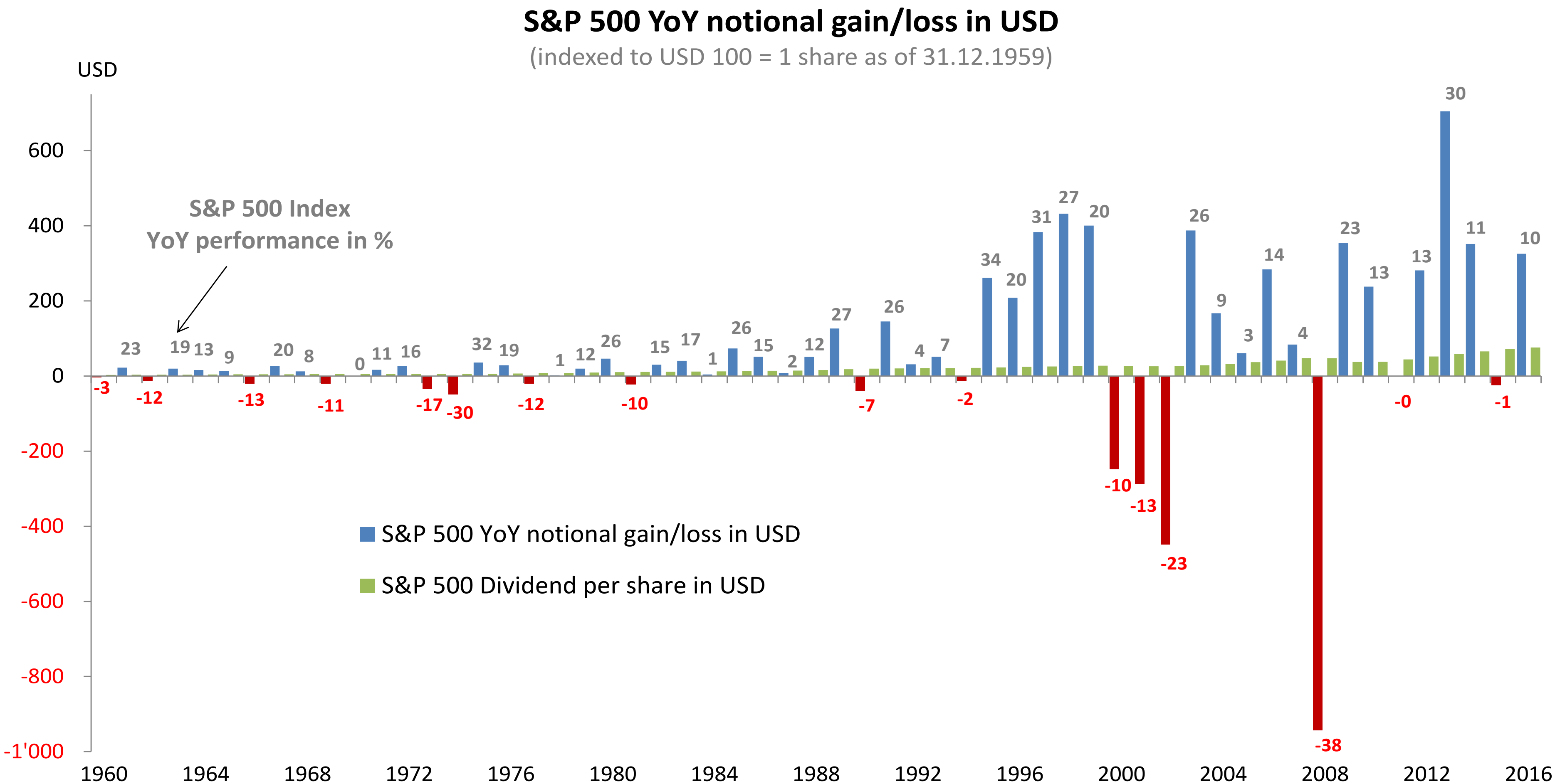
But the volatility can be deadly for the naïve investor



Below all the noise, shares are real assets

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Key message: if approached as a business owner, equities can be a high return, low risk investment.

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Long Term Investment Fund

Global, diversified & opportunistic concentration

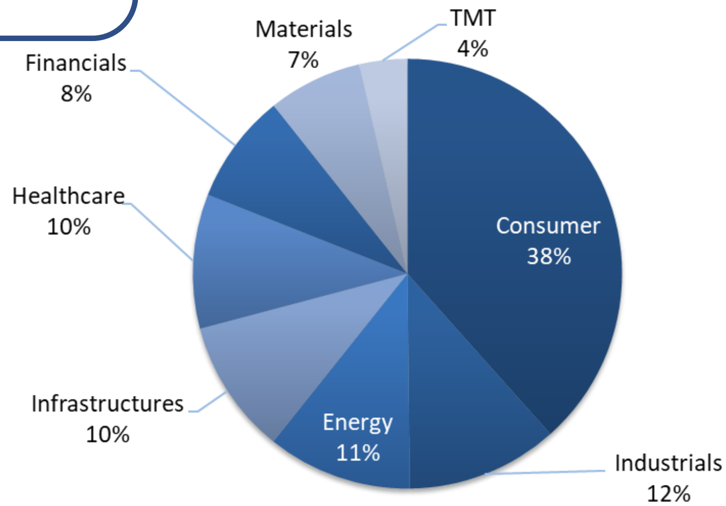
Global Equity Fund based on the principles of Strategic Value Investing

Not indexed, with a high active share

Sector weights are not preset, they will vary according to market opportunities

Fundamental approach to buy companies, not shares

Target to be 100% invested all the time



If approached as a business owner, equities are a high return, low risk investment

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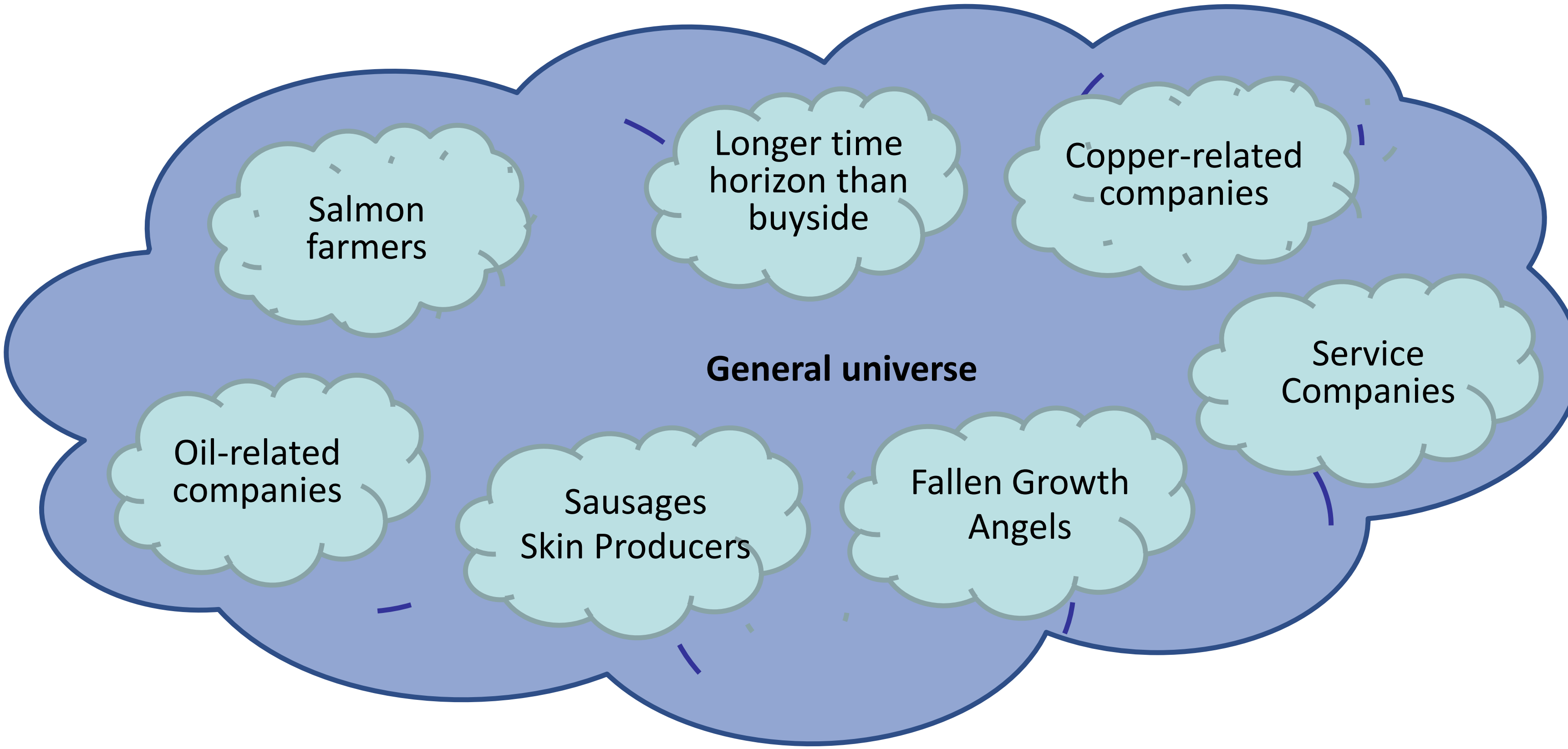
We are never short of ideas

We draw our investment ideas from a general universe of global companies (bottom up).



The opportunities presented by the market will vary over time, providing entry and exit points

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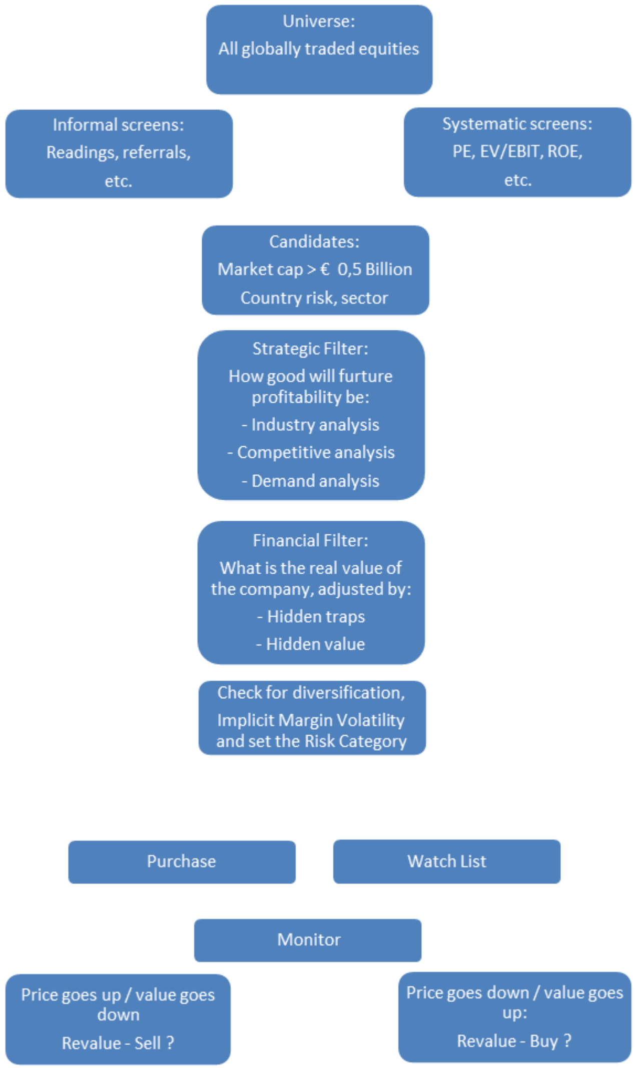
Quantitative & Non Structured Screenings

Structured screening…

- Bloomberg screening based on low-average valuations combined with and returns (ROE or ROCE), including filters (debt, size, liquidity, historical growth, valuation extremes, return extremes, increasing marginal returns)
- For valuation PER, EV/EBIT, and P/BV are our preferred metrics and for quality ROCE, ROE and ROCE/WACC, ROE/COE

… combined with non-structured ideas

- Sell-side screenings are useful (Selected lists, Morningstar, Quant screenings, Small Cap. teams etc…)
- Conferences and Company calls
- Expert calls (GLG)
- Unstructured ideas from the day to day business
- We run a watch list with some 100 names trying to keep it updated



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Discipline makes the difference. Strategy vs. execution

It is so easy to buy a stock…. Unless you are required to:

1. Read Annual Accounts (including footnotes!), learn about business, competitors
2. Build a DCF model and cross-check with sell siders
3. Visit/call the company
4. Call several sell-sides
5. Call experts (through GLG or other suppliers)
6. Complete the valuation after all inputs
7. SWOT analysis
8. Investment Committee
9. The whole process takes 1 month, unless the company is already well known. We think we "understand" around 300 global names

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The SIA checklist

- Is it a good business? Competition, moats?
- Good Management, shareholder oriented?
- Margin of Safety?
- Balance sheet?
- Cash flow use?
- Reinvestment returns. Marginal return on investment?
- In 10 years from now?
- Suitable for a large position?
- Do we double if stock price falls?
- Is it better than existing holdings? Marginal contribution to return and risk

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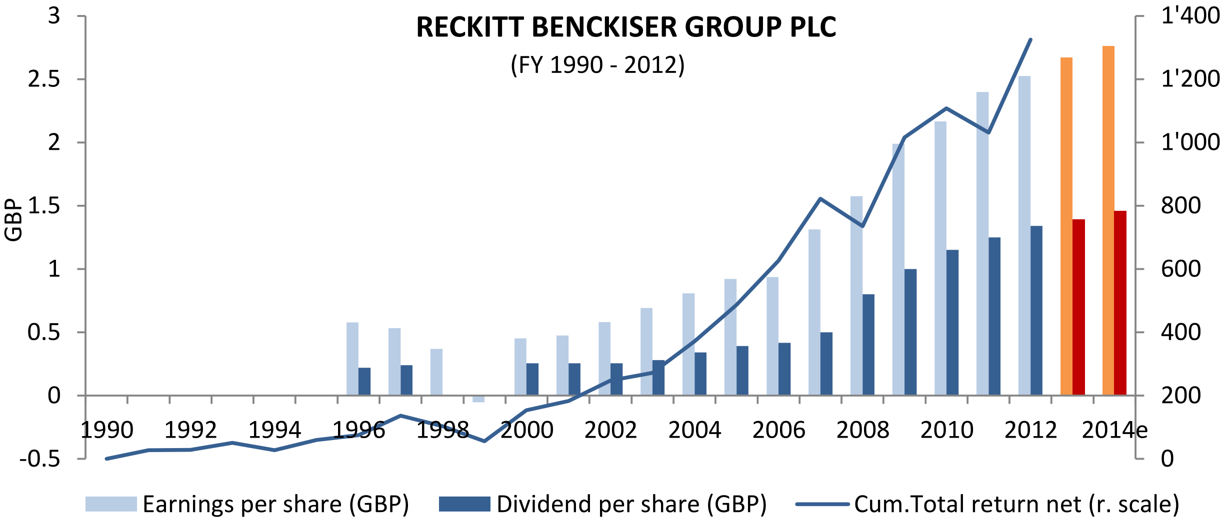
We start with low risk stocks

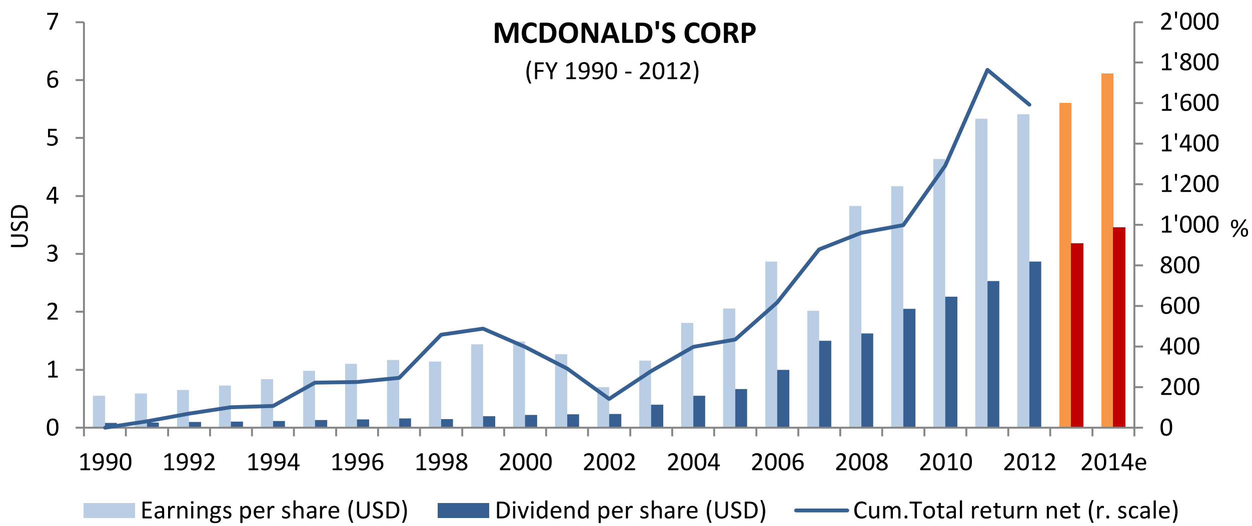


Reckitt Benckiser Group, UK, in GBP

Long-term growth of EPS:	7.0%
Long-term growth of DPS:	17.4%
Total return:	1’324.4%
Annualized total return:	12.8%

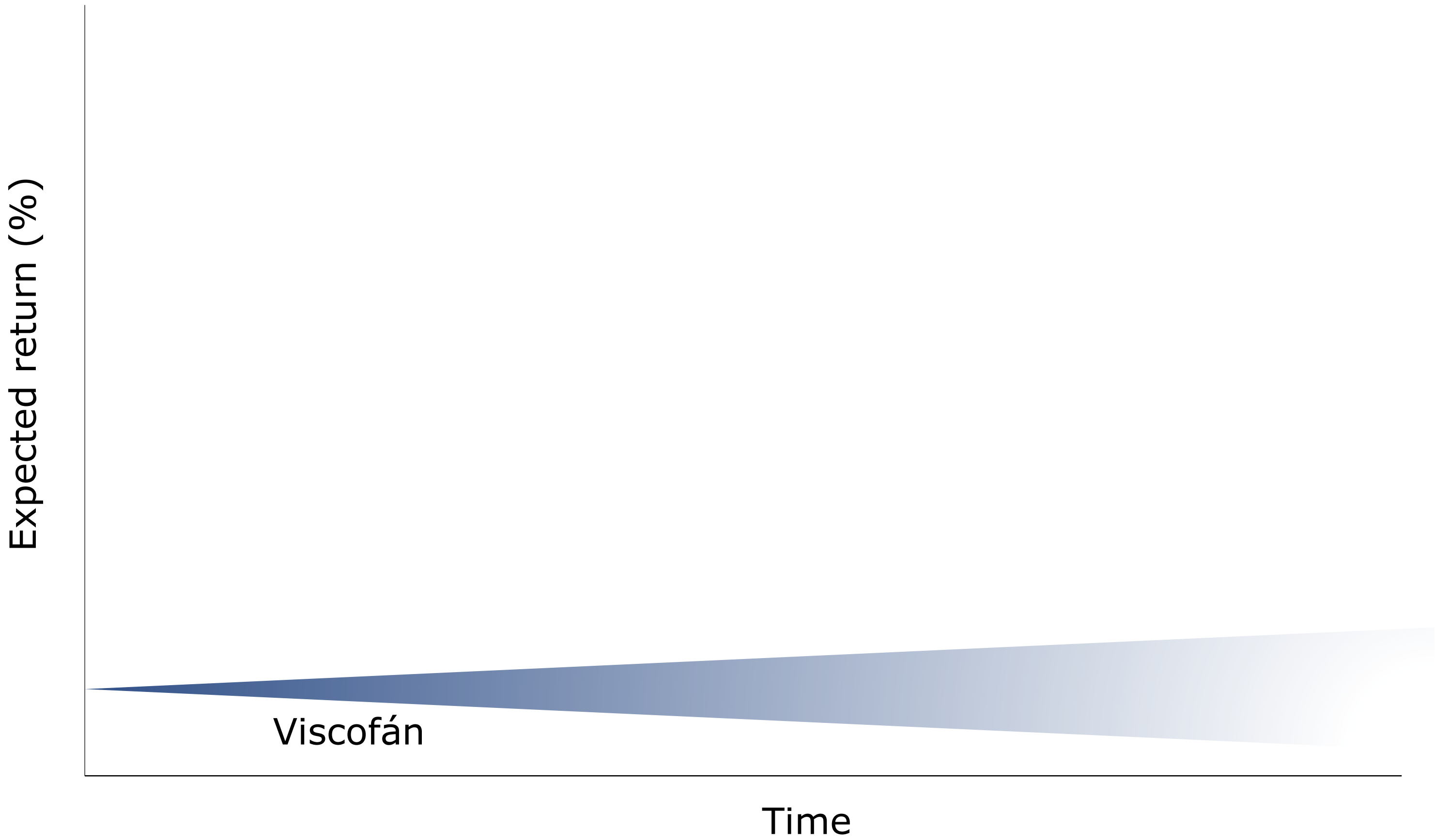
McDonald‘s Corp, USA, in USD

Long-term growth of EPS:	9.9%
Long-term growth of DPS:	15.5%
Total return:	1’593.0%
Annualized total return:	13.7%



Source: Bloomberg

We then consider risk (not volatility!)



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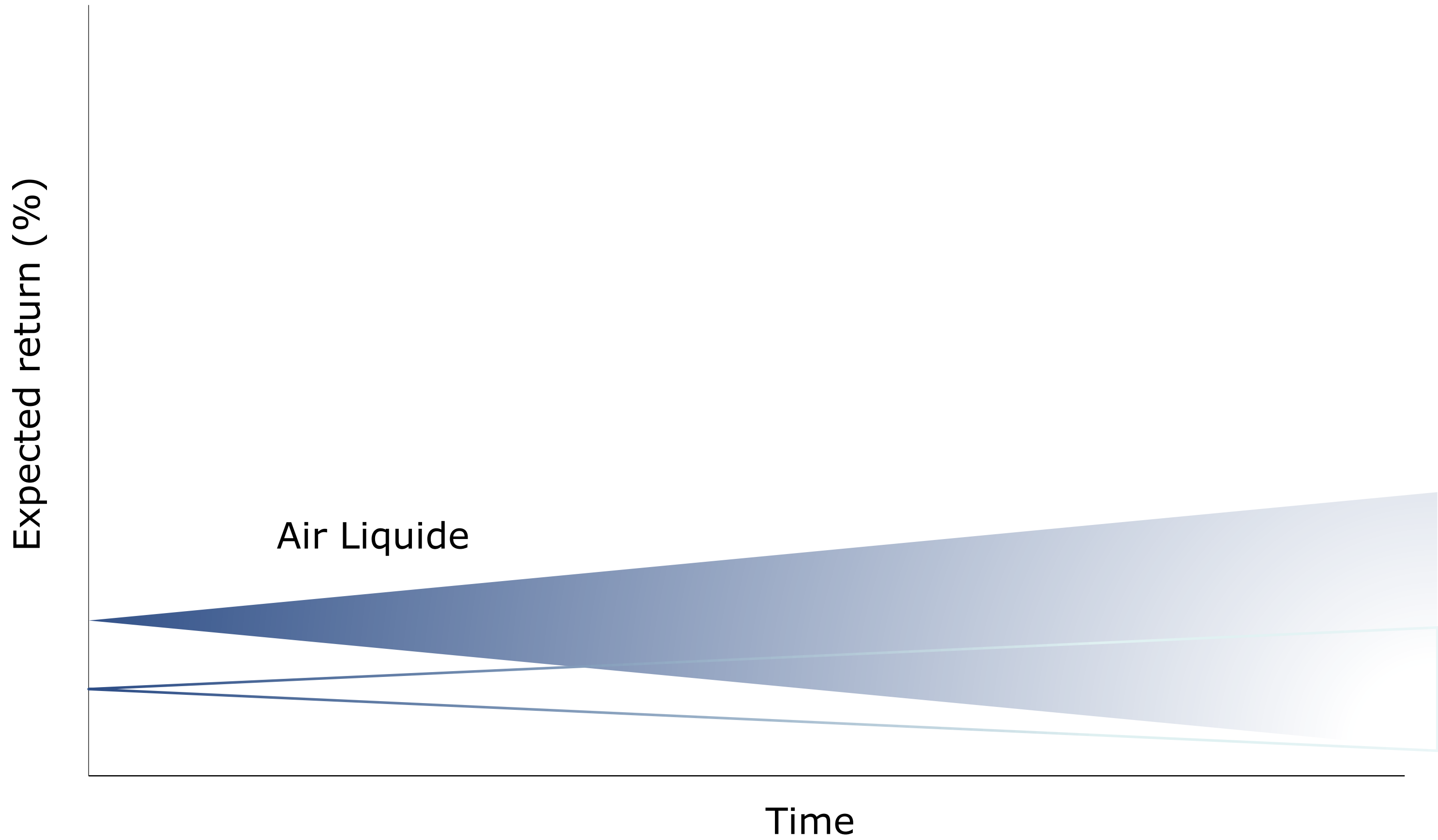

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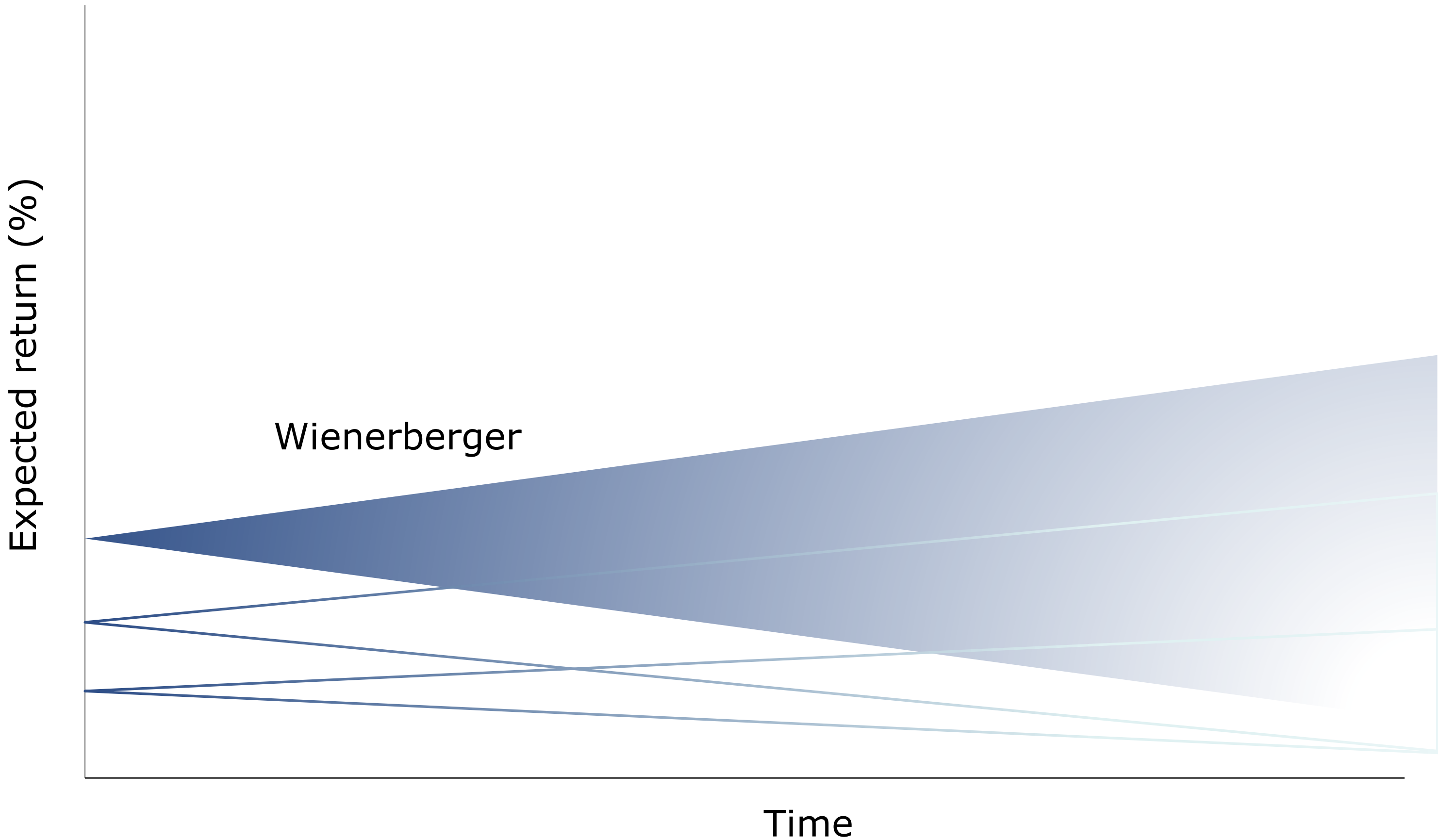

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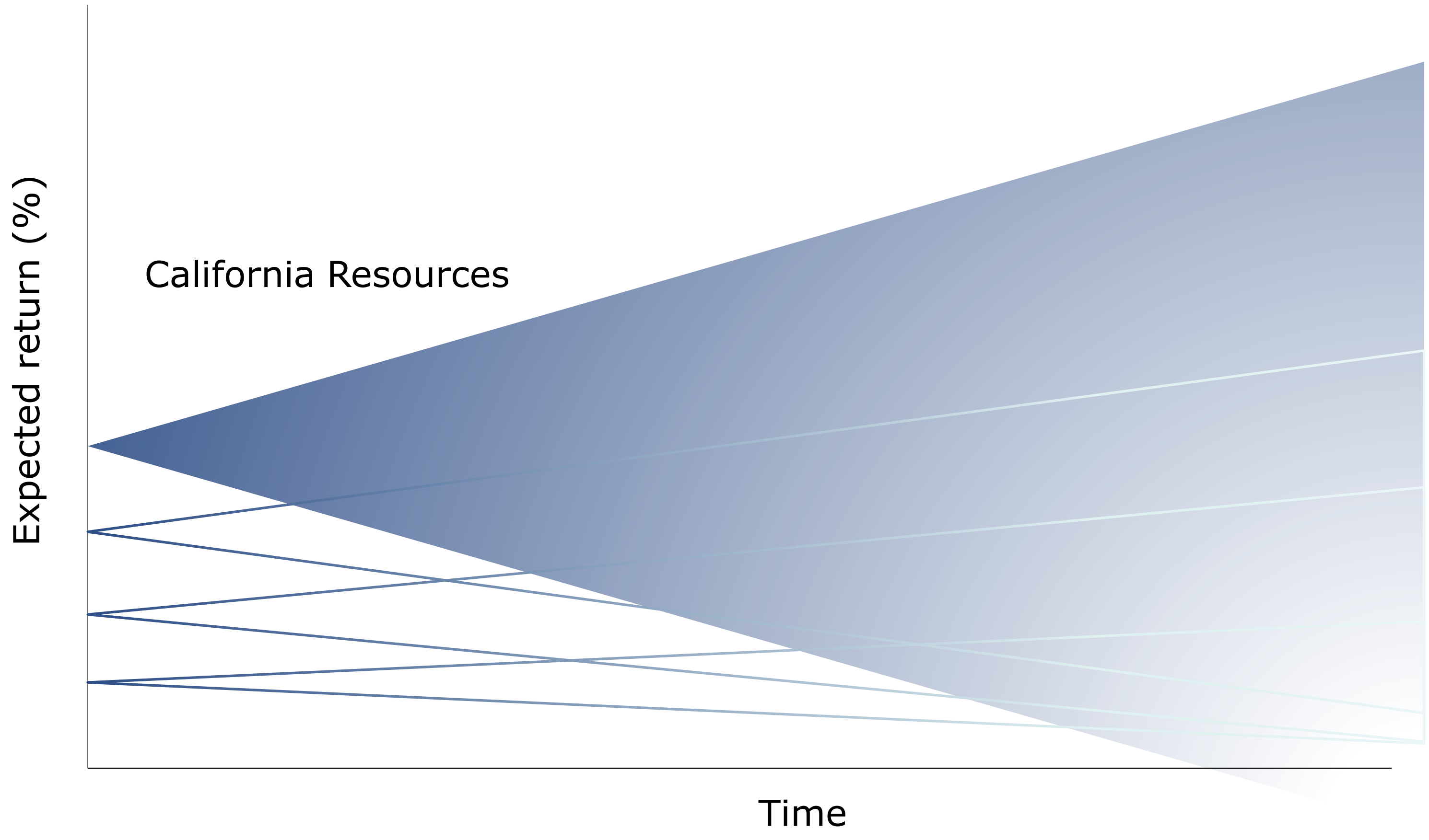

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Portfolio Construction: Company Categories

Category 1 **"Risk-free stocks"**	Companies with the least fundamental risk, stable growth, stable returns	**Ex: Reckitt-Benckiser Group** **Viscofán**
Category 2 **Solid, non-cyclical companies**	They present some fundamental risk, but generally unrelated to the business cycle	**Ex: ISS DC** **Deutsche Post AG**
Category 3 **Solid, cyclical companies**	Fundamental risks related to the general business cycle, or to the cycle of the specific industry	**Ex: Pandora SA** **Wienerberger**
Category 4 **Special situations**	Even though they present a fair amount of fundamental risk, we have a view that is contrary to the mainstream	**Ex: Premier Oil** **CRC**

An adequate mix of categories helps us keep a balanced portfolio

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Portfolio construction: expected returns

- **Cat 1 stocks are our benchmark of risk/return.** They usually yield a 7-8% return at almost negligible risk (certainly less than most Gov. debts). We also call Cat 1 stocks compounders

- **10% return on investment for Cat 1**, 12%+ for Cat 2, 14%+ for Cat 3… these are our margins of safety

- **50% in Cat 1 + 2, 50% in Cat 3 + 4** but Cat 4 are limited (generally less than 10%, on risk considerations) and depending on opportunities

- We also structure the portfolio by **Sectors** seeking diversification, c 10% per sector in 10 sectors/sub sectors. We also avoid **geographic** or FX excessive concentration

- There is a **5th Cat… not investable.**

- When the price reach our IV we do not automatically sell, we revisit the investment case (salmon)

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Portfolio construction: establishing spreads

After determining the “risk-free rate of return”, we determine the necessary spreads for all other levels of risk

SIA Risk Category	1	2	3	4

(1 = low Risk; 4 = high Risk)

- Category 1: “risk-free stock”: 10%
- Category 2: solid, non-cyclical companies: 12%
- Category 3: solid, cyclical companies: 14%
- Category 4: special situations: 16%

These are entry returns. If the return decreases noticeably, because of share price appreciation or long-term business deterioration, the stock becomes a candidate for a sale.

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Category 1: Reckitt Benckiser Group

Source: Reckitt Benckiser, Bloomberg & SIA

SIA Risk Category	1	2	3	4
(1 = low Risk; 4 = high Risk)	↑			

Company Description	www.rb.com

Reckitt Benckiser Group PLC manufactures and distributes a wide range of household, toiletry, health, and food products on a global basis. The Company's products include fabric treatments, disinfectant spray and cleaners, dishwashing detergent, personal care, food, and over the counter drugs.

Ticker & ISIN	RB/ LN / GB00B24CGK77
Benchmark	FTSE 100 INDEX (UKX)
Sector *(MSCI GICS)*	Consumer Staples
Industry *(MSCI GICS)*	Household Products
Currency	British Pounds (GBp)
SIA Expected Return	10.0%

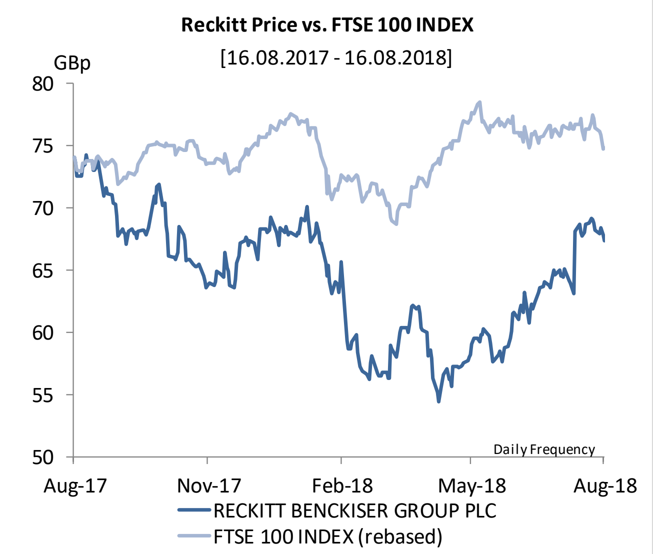
Corporate Information	
No of Employees	40'100

Current Capitalization in EUR	
Market Cap. (M)	53'226
Net Debt (M)	12'077
Revenue (M)	13'143

Share Price Performance in GBP	
Last Price (as of 16.08.2018)	67.35
52 Week High	74.57
52 Week Low	52.55
52 Wk Beta	0.77
YTD Return	0.0%
52 Wk Return	-5.8%
5Y Return	73.8%
10Y Return	230.8%

Valuation Ratios						
Fiscal Year	*12/14*	*12/15*	*12/16*	*12/17*	*12/18E*	*12/19E*
Price/Earnings	22.6x	25.7x	28.0x	14.4x	20.3x	18.8x
Free Cash Flow Yield	5.2%	3.6%	4.6%	4.5%		
EV/EBITDA	16.8x	19.1x	20.3x	20.1x	16.0x	15.1x
EV/Sales	4.4x	5.2x	5.2x	5.2x	4.6x	4.5x
Price/Book	5.5x	6.4x	5.7x	3.6x	3.3x	3.0x
Dividend Yield	2.7%	2.2%	2.2%	2.4%	2.5%	2.7%

Profitability Ratios %						
Fiscal Year	*12/14*	*12/15*	*12/16*	*12/17*	*12/18E*	*12/19E*
Gross Margin	57.7	59.1	61.2	59.7	60.0	60.7
EBITDA Margin	26.3	27.2	25.8	25.7	28.8	29.6
Operating Margin	24.5	25.3	23.9	23.8	26.2	27.3
Profit Margin	36.5	19.6	19.3	53.6	18.5	19.4
ROIC	19.7	20.3	19.1	12.9		
Return on Equity	49.0	25.4	23.9	56.2	16.4	16.5



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HEALTH • HYGIENE • HOME

Category 1: Reckitt Benckiser Group

SIA Risk Category	1	2	3	4
(1 = low Risk; 4 = high Risk)	↑			

- **Reckitt Benckiser** creates, produces and markets power brands in consumer health and hygiene home. Its playbook is to invest behind No. 1 or No. 2 brands in growth categories with high margins.

- The ability to adapt, pivot and innovate is in Reckitt's DNA. 10 years ago, it was a household cleaning company. By now, the company is in the process of becoming a consumer health pure play, with leading positions in most brands/markets and a premiumization strategy which usually leads to higher growth and profitability.

- **Reckitt's** positioning lies on structural growth categories and leading brands combined with acquisitions that make sense from a strategic and financial point of view, leading to continued robust revenue growth (10Y CAGR > 7%) and margin improvement (EBITDA margin improved +660 bp to 29.2% during the last 10Y).

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HEALTH • HYGIENE • HOME

Category 1: Reckitt Benckiser Group

SIA Risk Category	1	2	3	4
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- Health is currently the fastest growing category (LFL revenue increased 8.9% in the past 2 years). The three largest categories in health are cough and cold, sexual health and footcare. It is important to note that 75% of the growth in health has come from acquisitions, meaning Reckitt integrates effectively the companies bought. For instance, Boots Healthcare International in 2006 for GBP 1.9 bn (Nurofen, Strepsil, Clearasil); Adams in 2007 for GBP 1.2 bn (Mucinex, Delsym) and SSL in 2010 for GBP 2.5 bn (Durex). With the acquisition of Mead Johnson Nutrition in June 2017 for USD 16.6 bn, Reckitt became the global leader in the infant and children's nutrition category (Enfa franchise). It also strengthened Reckitt's presence in developing markets (now 35%) with specialist distribution capabilities.

- In our view, Reckitt is a classic compounder which has been suffering from temporary setbacks (tough US market, weak Scholl on pricing issues, South Korea issues..). The company looks particularly attractive versus peers as it operates in structural growth categories, offers clear financial visibility and trades at somewhat depressed multiples (PER18e 18.3) with an attractive dividend yield (2.8%). The company intends to keep the payout around 50% whilst using its surplus free cash flow to buy back shares.

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Deutsche Post DHL Group

Category 2 Deutsche Post AG

Source: Deutsche Post, Bloomberg & SIA

SIA Risk Category	1	2	3	4
(1 = low Risk; 4 = high Risk)		↑		

Company Description

www.dp-dhl.com

Deutsche Post AG provides mail delivery and other services to the public and businesses. The Company offers domestic mail delivery, international parcel and mail delivery services, and freight delivery and logistics services.

Ticker & ISIN	DPW GY / DE0005552004
Benchmark	DAX INDEX (DAX)
Sector *(MSCI GICS)*	Industrials
Industry *(MSCI GICS)*	Air Freight & Logistics
Currency	Euro (EUR)
SIA Expected Return	14.0%

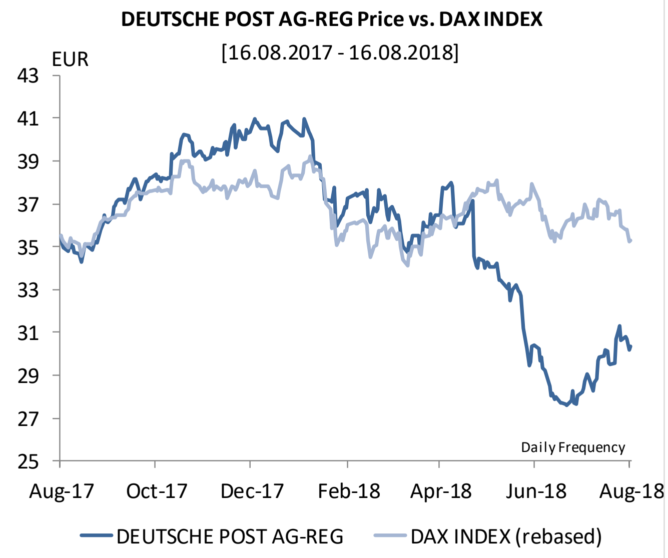
Corporate Information	
No of Employees	532'859

Current Capitalization in EUR	
Market Cap. (M)	37'442
Net Debt (M)	2'295
Revenue (M)	60'444

Share Price Performance in EUR	
Last Price (as of 16.08.2018)	30.34
52 Week High	41.36
52 Week Low	27.23
52 Wk Beta	1.02
YTD Return	-21.2%
52 Wk Return	-11.8%
5Y Return	64.1%
10Y Return	190.5%

Valuation Ratios						
Fiscal Year	*12/14*	*12/15*	*12/16*	*12/17*	*12/18E*	*12/19E*
Price/Earnings	15.8x	20.4x	14.3x	17.7x	16.5x	13.2x
Free Cash Flow Yield	3.5%	4.2%	1.0%	2.0%		
EV/EBITDA	8.0x	8.1x	8.3x	9.8x	7.9x	6.8x
EV/Sales	0.6x	0.6x	0.7x	0.8x	0.8x	0.8x
Price/Book	3.5x	2.8x	3.4x	3.9x	2.8x	2.5x
Dividend Yield	3.1%	3.3%	3.4%	2.9%	3.8%	4.1%

Profitability Ratios %						
Fiscal Year	*12/14*	*12/15*	*12/16*	*12/17*	*12/18E*	*12/19E*
Gross Margin	-	-	-	-	48.4	48.9
EBITDA Margin	7.7	6.9	8.5	8.6	10.6	11.7
Operating Margin	5.2	4.0	6.1	6.2	5.4	6.6
Profit Margin	3.7	2.6	4.6	4.5	3.6	4.4
ROIC	21.4	17.5	23.5	23.5		
Return on Equity	21.6	15.1	23.9	22.9	17.1	19.8



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Deutsche Post DHL Group

Category 2 Deutsche Post AG

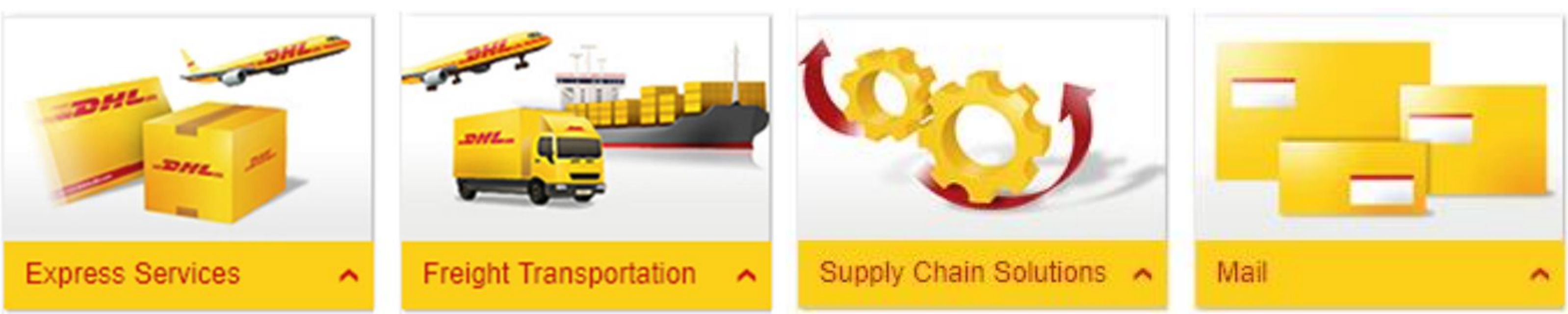
SIA Risk Category	1	**2**	3	4

(1 = low Risk; 4 = high Risk)

Deutsche Post DHL operates purely within logistics businesses. The company is very different from the pure mail and parcel delivery business within Germany formed in 1995, largely due to the majority takeover of DHL in 2002.

Today, DP is the world's largest listed postal operator and operates across 4 key segments:

- Post, e-commerce and parcel
- Express
- Global freight and forwarding
- Supply chain



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Deutsche Post DHL Group

Category 2 Deutsche Post AG

SIA Risk Category	1	**2**	3	4

(1 = low Risk; 4 = high Risk)

Sharing of last mile infrastructure

(e.g., shops & lockers)

Providing operational excellence

(e.g., efulfillment)

Orchestrating intermodal networks

(e.g., long-haul, customs)

In a nutshell, DP organizes the transportation of goods from A to B on behalf of clients or transports the goods itself. For the same route and more or less the same good, the cost of transporting an additional good is close to zero. Consequently, volumes are key to the success of this business. Given the unique nature of DHL's network and its market leading position, we are convinced the company is strategically in a very good situation to capture the global trade growth we are going through.

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PANDORA

Category 3: Pandora A/S

Source: Pandora, Bloomberg & SIA

SIA Risk Category	1	2	3	4
(1 = low Risk; 4 = high Risk)			↑	

Company Description

www.pandoragroup.com

Pandora A/S designs, manufactures, markets, and distributes hand finished and modern jewellery made from primarily sterling silver, gold, and precious and semi- precious stones. The Company offers rings, bracelets, necklaces and earings.

Ticker & ISIN	PNDORA DC / DK0060252690
Benchmark	OMX COPENHAGEN 20 INDEX (KFX)
Sector *(MSCI GICS)*	Consumer Discretionary
Industry *(MSCI GICS)*	Textiles, Apparel & Luxury Goods
Currency	Danish Krone (DKK)
SIA Expected Return	24.0%

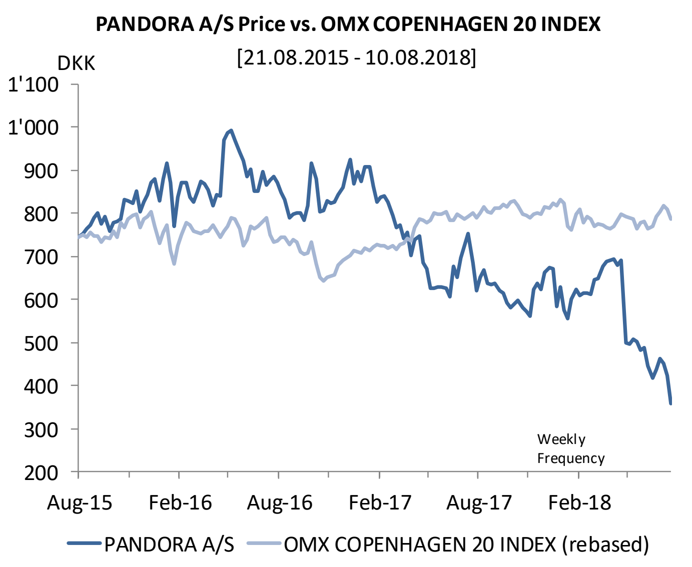
Corporate Information	
No of Employees	23'036

Current Capitalization in EUR	
Market Cap. (M)	5'573
Net Debt (M)	598
Revenue (M)	3'062

Share Price Performance in DKK	
Last Price (as of 15.08.2018)	377.60
52 Week High	706.40
52 Week Low	319.00
52 Wk Beta	0.67
YTD Return	-44.0%
52 Wk Return	-39.6%
3Y Return	-49.4%
5Y Return	100.7%

Valuation Ratios						
Fiscal Year	*12/14*	*12/15*	*12/16*	*12/17*	*12/18E*	*12/19E*
Price/Earnings	20.2x	28.2x	17.5x	13.0x	7.7x	7.4x
Free Cash Flow Yield	6.4%	2.7%	5.4%	7.6%		
EV/EBITDA	13.9x	16.6x	13.3x	9.2x	6.3x	6.1x
EV/Sales	5.0x	6.2x	5.2x	3.4x	2.0x	1.9x
Price/Book	8.7x	16.5x	15.2x	11.4x	6.6x	5.2x
Dividend Yield	1.8%	1.5%	1.0%	5.3%	4.7%	5.0%

Profitability Ratios %						
Fiscal Year	*12/14*	*12/15*	*12/16*	*12/17*	*12/18E*	*12/19E*
Gross Margin	70.5	72.9	75.1	74.5	74.8	74.9
EBITDA Margin	36.0	37.1	39.1	37.3	32.4	31.6
Operating Margin	34.1	34.7	36.5	34.2	29.2	28.1
Profit Margin	25.9	22.0	29.7	25.3	22.4	21.4
ROIC	58.9	75.6	84.2	74.4		
Return on Equity	45.9	55.8	93.2	86.7	75.9	75.3



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Category 3: Pandora A/S

SIA Risk Category	1	2	**3**	4

(1 = low Risk; 4 = high Risk)

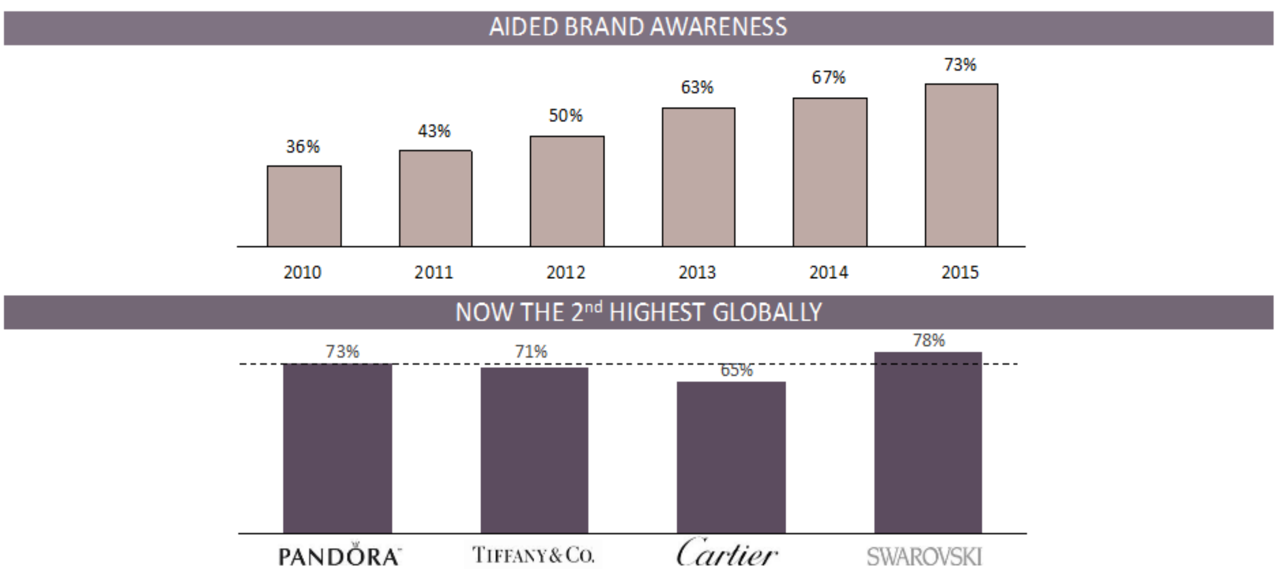
- **Pandora is a Danish manufacturer and retailer of affordable jewelry.** The company has a strong manufacturing base in Thailand and a network of c.10,000 stores in more than 100 countries.

Category 3: Pandora A/S

SIA Risk Category	1	2	**3**	4

(1 = low Risk; 4 = high Risk)

- **2nd best known jewelry brand worldwide with a 73% brand awareness** only after Swarovski and ahead of Tiffany’s and Cartier. Prices are set at affordable levels, with average price raging around 50 to 300 euros a piece.



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Category 3: Pandora A/S

SIA Risk Category	1	2	3	4

(1 = low Risk; 4 = high Risk)

- **The company specializes in bracelets and charms, its breakthrough product**, but it is currently expanding its product portfolio (rings, earrings...) whilst restructuring its retail operations, increasingly turning these into an integrated channel that can feed data back to the production side. The Zara for jewels?

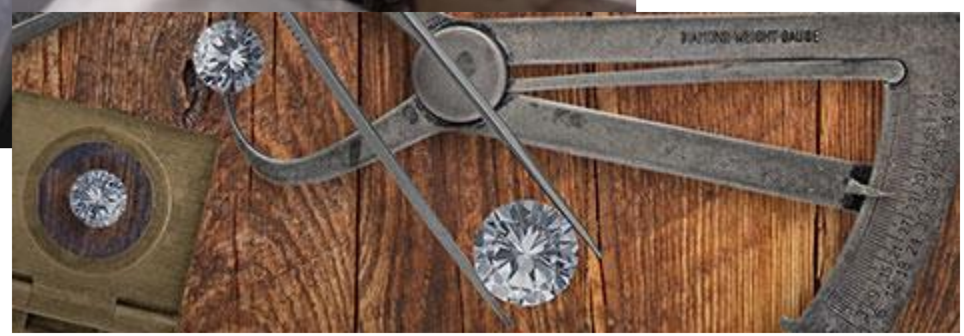
- **Bracelets can gather several charms, effectively turning customers into repeat buyers.** Charms are designed for celebrations, becoming a convenient gift for special occasions. Pandora launches 7 annual collections (Valentine's day, Christmas…).

Category 3: Pandora A/S

SIA Risk Category	1	2	**3**	4

(1 = low Risk; 4 = high Risk)

- **Pandora has a design and manufacturing capability that, thanks to its size, is unique in the world.** Their manufacturing base can do things in terms of variety, quality, and cost that no competitor can match. The company produces 100 million pieces of jewelry per year in its facilities located in Thailand, a country with a large cluster of jewelry companies and a large tradition in jewelry manufacturing. Scale and costs have become a key advantage for Pandora which employs 13,000 professionals in hand-finished jewels.



Category 3: Pandora A/S

SIA Risk Category	1	2	**3**	4

(1 = low Risk; 4 = high Risk)

- **Pandora has experienced an outstanding growth in the past decade**, with a CAGR of 37% since 2008, multiplying its sales by 12x in 8 years. This level of growth is of course unsustainable but we believe that double digit growth is feasible.

- **With 35-40% EBITDA margins, low capital employed and capex needs, Pandora is a large free cash flow generator.** This cash flow is being distributed via dividends and buy backs.

Category 3: Pandora A/S

SIA Risk Category	1	2	**3**	4

(1 = low Risk; 4 = high Risk)

- **Pandora is cheap to us. The stock trades at a PE of 7.7x 2018E, dividend yield of 4.8% and and a Price to Free Cash Flow of 7%.** The stock is cheap because growth rates have been coming down and the market has doubts about future growth.

LTIF Long Term Investment Fund

PremierOil

Category 4: Premier Oil plc

Source: Premier Oil, Bloomberg & SIA

SIA Risk Category	1	2	3	4
(1 = low Risk; 4 = high Risk)				

Company Description

www.premier-oil.com

Premier Oil plc is an international oil and gas exploration and development company with producing interests in the United Kingdom, Indonesia, and Pakistan. The Company has continuing exploration and appraisal efforts in the United Kingdom, South and South East Asia, and Africa.

Ticker & ISIN	PMO LN / GB00B43G0577
Benchmark	FTSE 100 INDEX (UKX)
Sector *(MSCI GICS)*	Energy
Industry *(MSCI GICS)*	Oil, Gas & Consumable Fuels
Currency	British Pounds (GBP)
SIA Expected Return	15.0%

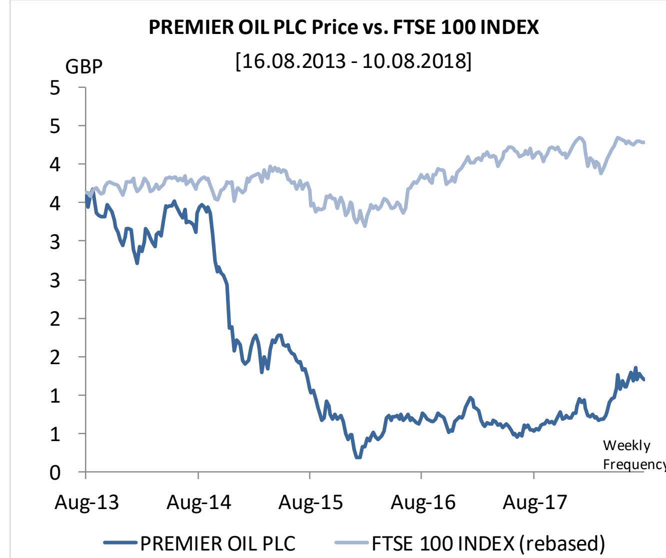
Corporate Information	
No of Employees	871

Current Capitalization in EUR	
Market Cap. (M)	976
Net Debt (M)	2'169
Revenue (M)	925

Share Price Performance in GBP	
Last Price (as of 15.08.2018)	1.13
52 Week High	1.35
52 Week Low	0.52
52 Wk Beta	2.11
YTD Return	42.4%
52 Wk Return	106.9%
5Y Return	-69.4%
10Y Return	-54.9%

Valuation Ratios						
Fiscal Year	*12/14*	*12/15*	*12/16*	*12/17*	*12/18E*	*12/19E*
Price/Earnings	-	-	4.3x	-	12.8x	4.8x
Free Cash Flow Yield	-27.2%	-75.1%	-78.5%	-0.6%		
EV/EBITDA	3.4x	4.0x	4.5x	4.5x	3.7x	3.3x
EV/Sales	2.1x	2.4x	3.4x	3.0x	2.4x	2.3x
Price/Book	0.7x	0.5x	0.6x	0.9x	2.0x	1.5x
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Profitability Ratios %						
Fiscal Year	*12/14*	*12/15*	*12/16*	*12/17*	*12/18E*	*12/19E*
Gross Margin	39.5	38.1	56.0	56.3	-	-
EBITDA Margin	62.3	60.2	76.6	67.3	64.1	68.4
Operating Margin	-13.9	-66.3	-18.2	3.2	31.2	35.0
Profit Margin	-12.9	-103.4	13.1	-24.3	5.8	15.3
ROIC	-6.4	-22.8	-6.3	1.4		
Return on Equity	-10.5	-84.7	15.9	-35.6	6.5	32.1



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LTIF
Long Term Investment Fund

PremierOil

Category 4: Premier Oil plc

SIA Risk Category	1	2	3	4

(1 = low Risk; 4 = high Risk)

- **Premier Oil is a medium-sized oil company present in 3 main regions, the North Sea, Vietnam and Indonesia**, with current production of 70,000 b/d.

- **Over time PMO has built long life reserves totaling 750m barrels** (reserves & resources > 25 years of production), with an attractive cost level of $15 per bbl.

- **Management has correctly managed the downturn**, lowering its break even cash costs from 35$ per bbl in 2014 to 25$ in 2016; reducing capex from $ 1.2bn in 2014 to $ 400mn in 2017; and acquiring assets from EON at the right time (15,000 b/d in the North Sea) in early 2016.

- Taking into account the existing projects and EON assets, **PMO could reach 90,000-100,000 b/d production by 2019**, effectively adding 10,000 b/d per year for the next 2 years.

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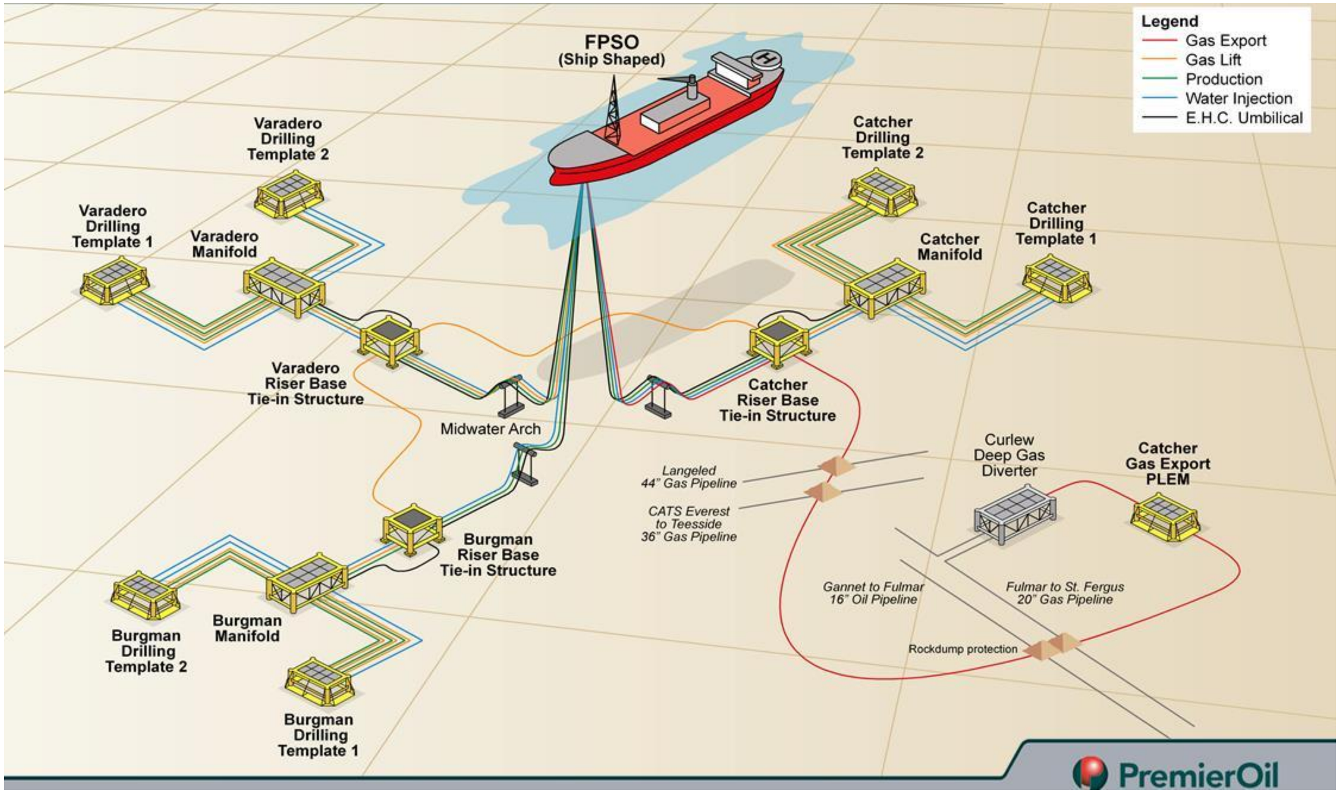
Category 4: Premier Oil plc

SIA Risk Category	1	2	3	4

(1 = low Risk; 4 = high Risk)

- **Two new projects are behind these growth prospects. First, Catcher** (50% owned, North Sea) which came on stream in H217 at lower costs than expected (down from an initial 2.25bn $ to 1.7bn).



LTIF
Long Term Investment Fund

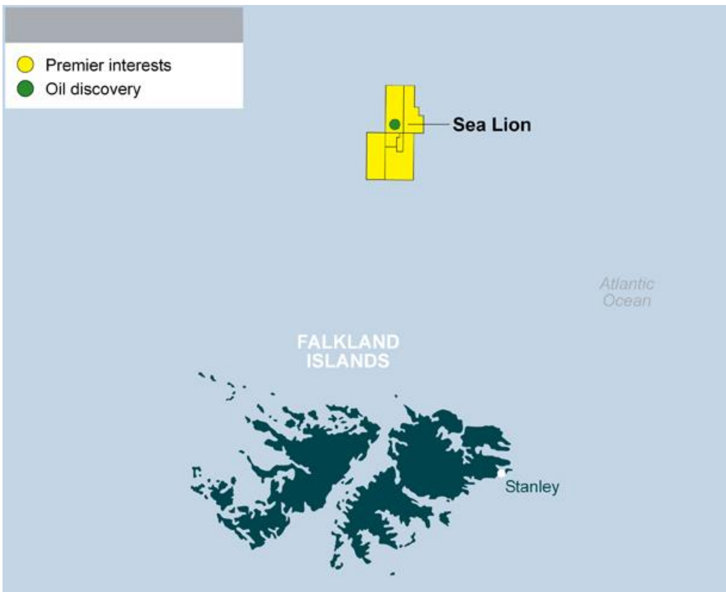
PremierOil

Category 4: Premier Oil plc

SIA Risk Category	1	2	3	**4**

(1 = low Risk; 4 = high Risk)

- **Second is Sea Lion in the Falklands,** with a planned investment of 1.5bn $, 45$ per barrel break even price and an expected 20% IRR.



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PremierOil

Category 4: Premier Oil plc

SIA Risk Category	1	2	3	4

(1 = low Risk; 4 = high Risk)

- **PMO was trading at 300-400p p.s. in 2014** (with oil prices at 80$+). After the collapse in oil prices it went as low as 20p in 2016. It is now trading at 110p with a market capitalization of only GBP 850m.

- **The oil price collapse combined with a large pile of debt almost killed the company.** However, management has been able to withstand these conditions 6 years heavily cutting opex & capex, acquiring distressed assets and re-negotiating its debt.

- Last year, the company renegotiated the debt with its lender. Net debt is currently 2.6bn $ with cash up to 370mn $.

- **Oil has started a new up cycle.** As we have expected oil price was moving first to the US shale marginal cost (60$+) and is now moving to conventional marginal costs (80$+). We see 60$-70$ in 2018 and 80$+ as from 2019 once the massive capex cuts happened since 2014 will come into effect.

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PremierOil

Category 4: Premier Oil plc

SIA Risk Category	1	2	3	**4**

(1 = low Risk; 4 = high Risk)

- **Within our oil price scenario, PMO's Intrinsic Value is c.400p** so we believe the company can become a 4-bagger in the next 2-3 years.

- **PMO is a category 4 risk stock and thus included in a basket** where we will never surpass 10% of the funds in order to manage risk. Risks are 1) oil price 2) execution in a risky business 3) regulation 4) debt levels.

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- Investment Philosophy
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- Portfolio construction
- **Expected returns**
- A managed account: owner's reporting
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Key message: if approached as a business owner, equities can be a high return, low risk investment.

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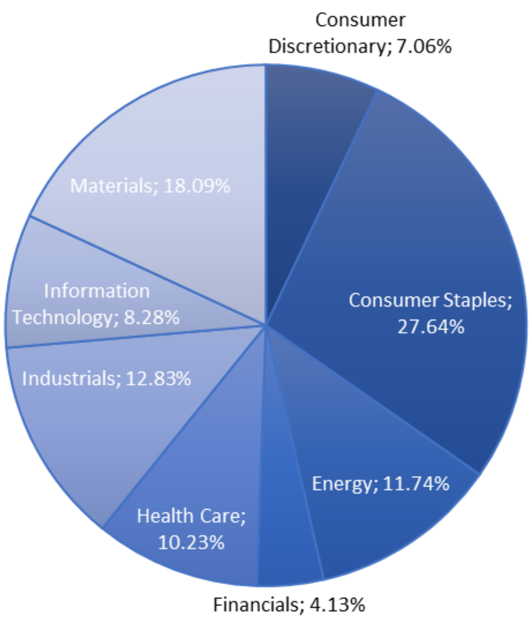
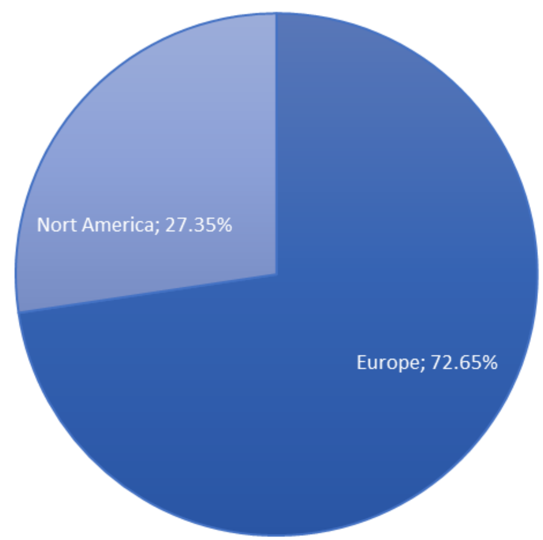
We expect double digit returns for the future

Table with category 1, 2, 3, 4, with their expected returns, as well as the total of the portfolio of the LTIF Classic
(as of 31th July 2018)

Category	Equity	E(r)
1	20.4%	10.0%
2	38.6%	10.6%
3	26.4%	15.3%
4	14.6%	25.8%
Overall	**100.0%**	**13.9%**

Portfolio composition, by SIA sector classification & countries for the LTIF Classic (as of 31th July 2018)





Source: SIA Group / Bloomberg

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We expect double digit returns for the future

- These returns are annualized: not every year.
- At a 10% annualized return, assets double in 7 years, almost quadruple in 14 years and *multiply by 7* in 20 years.
- The essence of ownership is patience, and letting good companies *compound.*
- This is one of the best ways to preserve and increase wealth for the next generations:
    - Profitability: about the best possible real long-term returns
    - Transparency: all audited data
    - Very low transaction fees and running costs
    - Liquidity: ease of increasing/decreasing positions
    - Diversification: enter partnerships with the best companies worldwide, in many different sectors and countries

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LTIF Long Term Investment Fund

SIA is well placed to obtain these returns

- Our investment philosophy has proven itself with many investors over many years
- We possess the requisite analytical skill, both strategic and financial
- We provide a thoroughly transparent, owner-oriented reporting and information
- Our medium size allows us to both have enough resources and total concentration on a number of clients
- We can exploit relatively small opportunities
- We have a track record to back our claims:

	MSCI AC World Net TR Index		LTIF Classic	
	EUR	USD	EUR	USD
Value at 14th January 2002	86.8	77.6	100.0	89.4
Value at 31st July 2018	202.6	237.2	438.6	0.0
Cumulative return (%)	**133.5%**	**205.7%**	**338.6%**	**-100.0%**
Annualized return (%)	**5.3%**	**7.0%**	**9.3%**	**-100.0%**

Source: SIA Group / Bloomberg

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Presentation plan

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Key message: if approached as a business owner, equities can be a high return, low risk investment.

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Owner's reporting

We'll report on the whole portfolio on what it is: a diversified, holding company of operating businesses:

Quarterly

- Earnings for the quarter, year-to-date, year on year
- Dividends for the quarter, year-to-date, year on year
- Book value

Annually

Earnings, dividends and book value, plus:

- Portfolio changes
- Brief note on each company
- Forward estimates

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Update typical fundamental reporting sheet

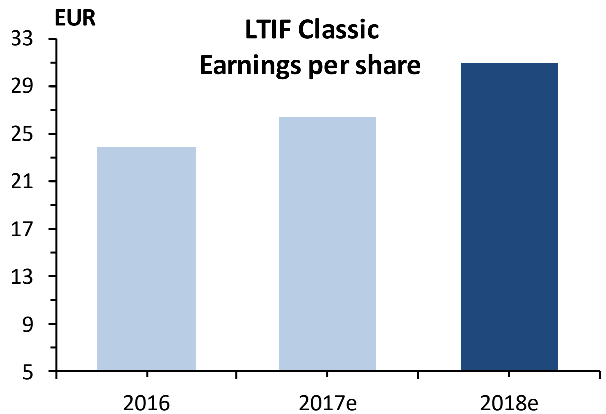
Date	NAV	%
31.12.2015	331.4	3.2
31.12.2016	397.5	19.9
31.12.2017	408.8	2.9

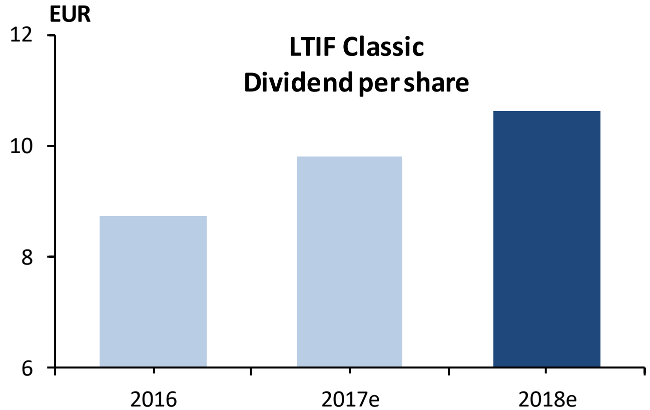
Reporting LTIF Classic as of 29.12.2017 (aggregated data in EUR)

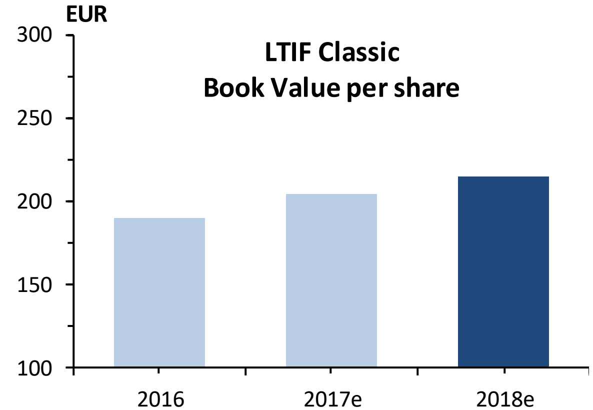
Year	EPS	%	P/E	EPS yield %	MSCI World P/E	MSCI World EPS yield %
2016	23.8		15.5	6.4	20.6	4.8
2017e	26.3	10.7	15.1	6.6	18.4	5.4
2018e	30.9	17.3	13.2	7.6	16.8	6.0

Year	DPS	%	Div. Yield %	MSCI World Div. Yield %
2016	8.7		2.2	2.5
2017e	9.8	12.2	2.4	2.5
2018e	10.6	8.3	2.6	2.3

Year	BPS	%	P/B	MSCI World P/B
2016	189.3		1.8	2.2
2017e	204.4	8.0	1.9	2.4
2018e	215.2	5.3	1.9	2.3







Source: SIA Group / Bloomberg

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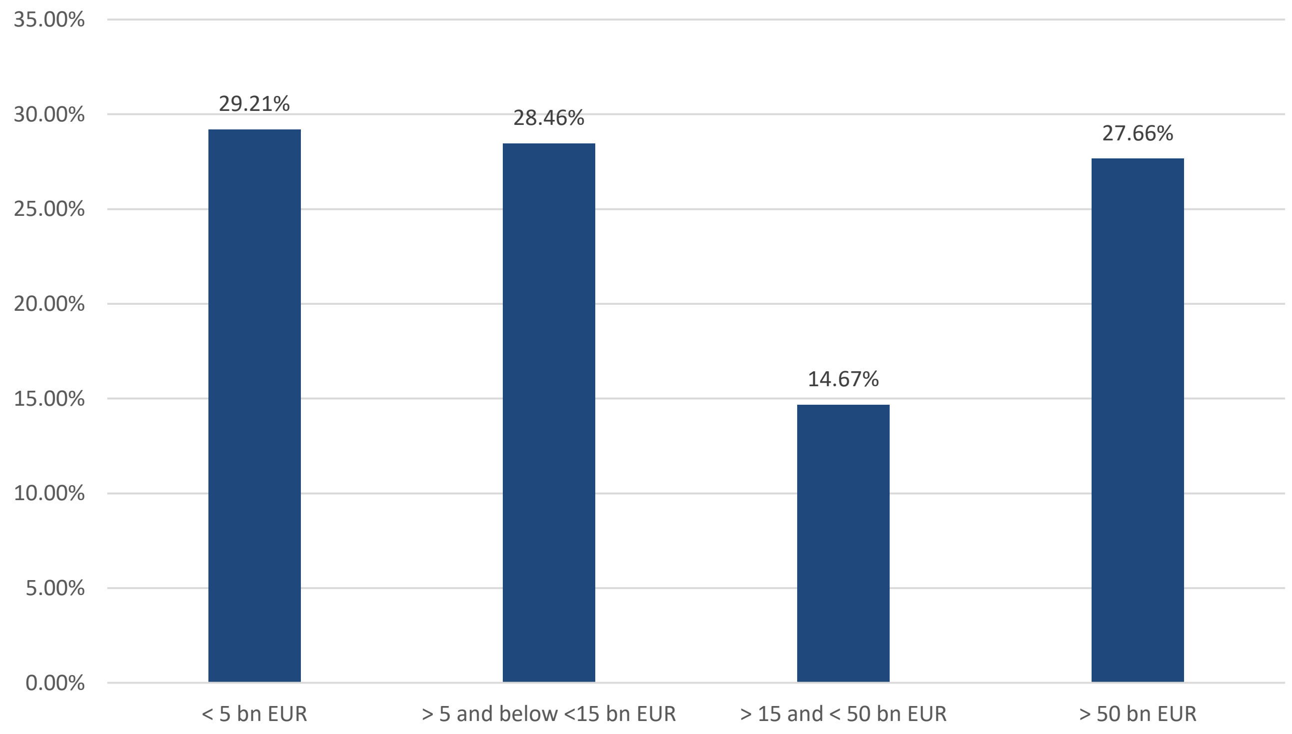
Market Capitalization of companies in EUR in the LTIF Classic as of 31th July 2018



Source: SIA Group / Bloomberg

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Long Term Investment Fund

Summary

- Target of double digit returns
- Extremely low fundamental risk: “don’t lose money”
- Owner approach to investing: long-term, focus on profit growth and not share price movements
- Balanced portfolio across risk levels

SIA adds value by taking a long-term approach, applying strategic analysis and discriminating opportunities from value traps

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LTIF
Long Term Investment Fund

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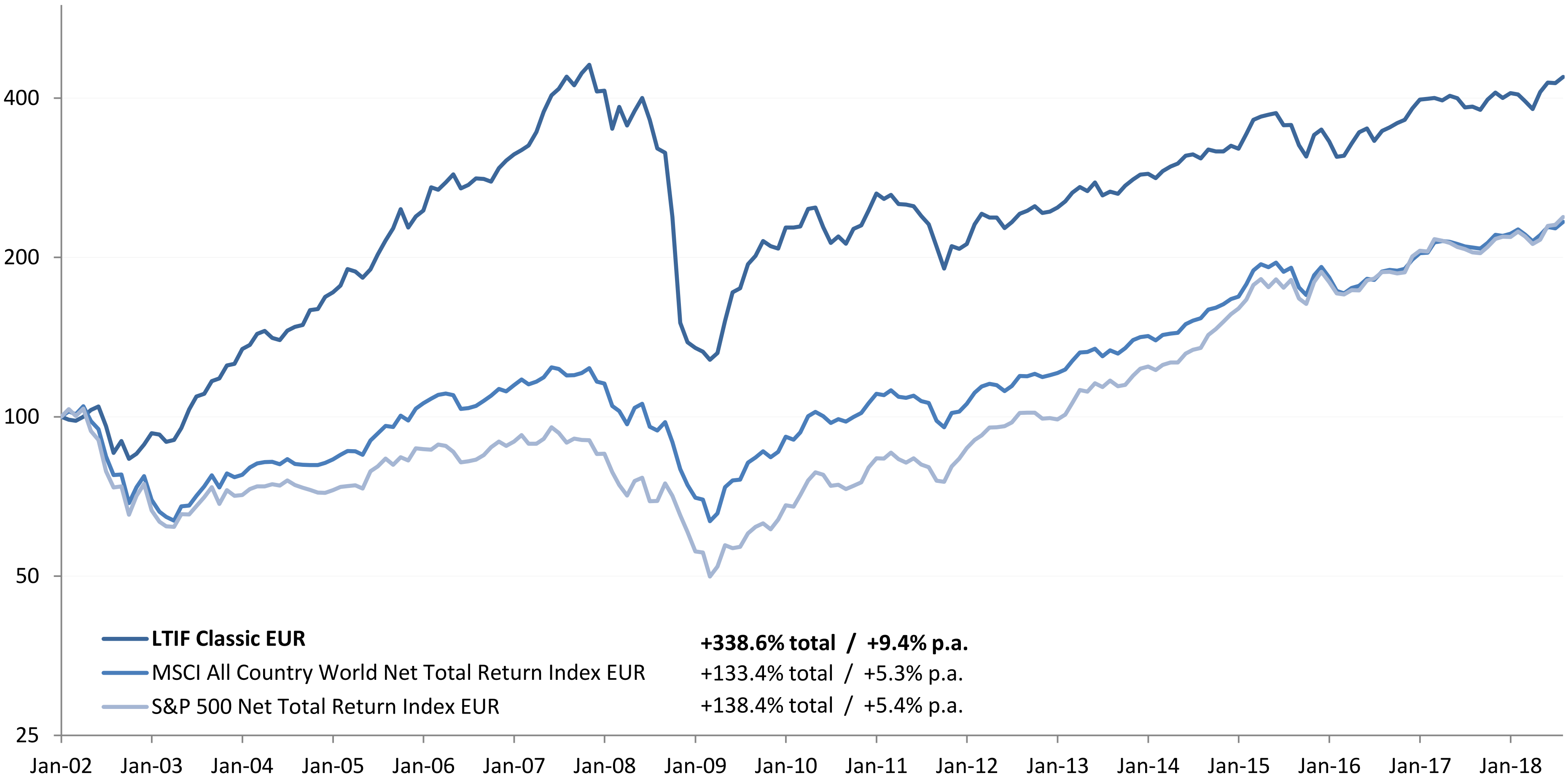
Long-term performance of the LTIF Classic fund

LTIF Classic, MSCI AC World Index, S&P 500 Index, incl. annualized returns

(14-01-2002 - 31-07-2018)



Source: SIA Group / Bloomberg

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LTIF Long Term Investment Fund

Long Term Investment Fund (SIA) structure

Compartments Investment style	LTIF Classic Series Long-only					LTIF Stability A Cap Series Long - Short		
Management fee Performance fee	1.5% pa 15% (HWM and Hurdle Rate)					0.9% pa 15% (HWM)		
Currency	EUR	CHF	USD	GBP	EUR	EUR	CHF	USD
ISIN number	LU0244071956	LU0301246772	LU0301247077	LU0750886714	LU1449969846	LU1128810261	LU1589813515	LU1132799310
Telekurs valor	2'432'569	3'101'817	3'101'820	18'032'305	33'180'015	25'840'496	36'183'892	25'906'913
Bloomberg ticker	LTIFCLA LX	LTIFCLC LX	LTIFCLU LX	LTIFCLS LX	LTIFCLD LX	LTISTAE LX	LTISTAC LX	LTISTAU LX
Distribution	reinvested	reinvested	reinvested	reinvested	distributed	reinvested	reinvested	reinvested

Compartments	LTIF Natural Resources				LTIF Socially Responsible Investing		
Investment style					Long-only, with a SRI filter		
Management fee Performance fee	1.5% pa 15% (HWM)				0.9% pa 15% (HWM and Hurdle Rate)		
Currency	EUR	CHF	USD	GBP	EUR	USD	EUR
ISIN number	LU0244072335	LU0301246939	LU0301247234	LU0457696077	LU1790109257	LU1790109331	LU1790109414
Telekurs valor	2'432'575	3'101'836	3'101'839	10'638'983	40'678'982	40'678'984	40'678'985
Bloomberg ticker	LTIFGEV LX	LTIFGEC LX	LTIFGEU LX	LTIFGEG LX	LTIFSRI LX	LTIFSRU LX	LTIFSRD LX
Distribution	reinvested	reinvested	reinvested	reinvested	reinvested	reinvested	distributed

- Daily liquidity, cut-off time previous day at 4:00 pm CET
- Performance fees are assessed and paid quarterly, subject to High Water Marks and Hurdle Rates

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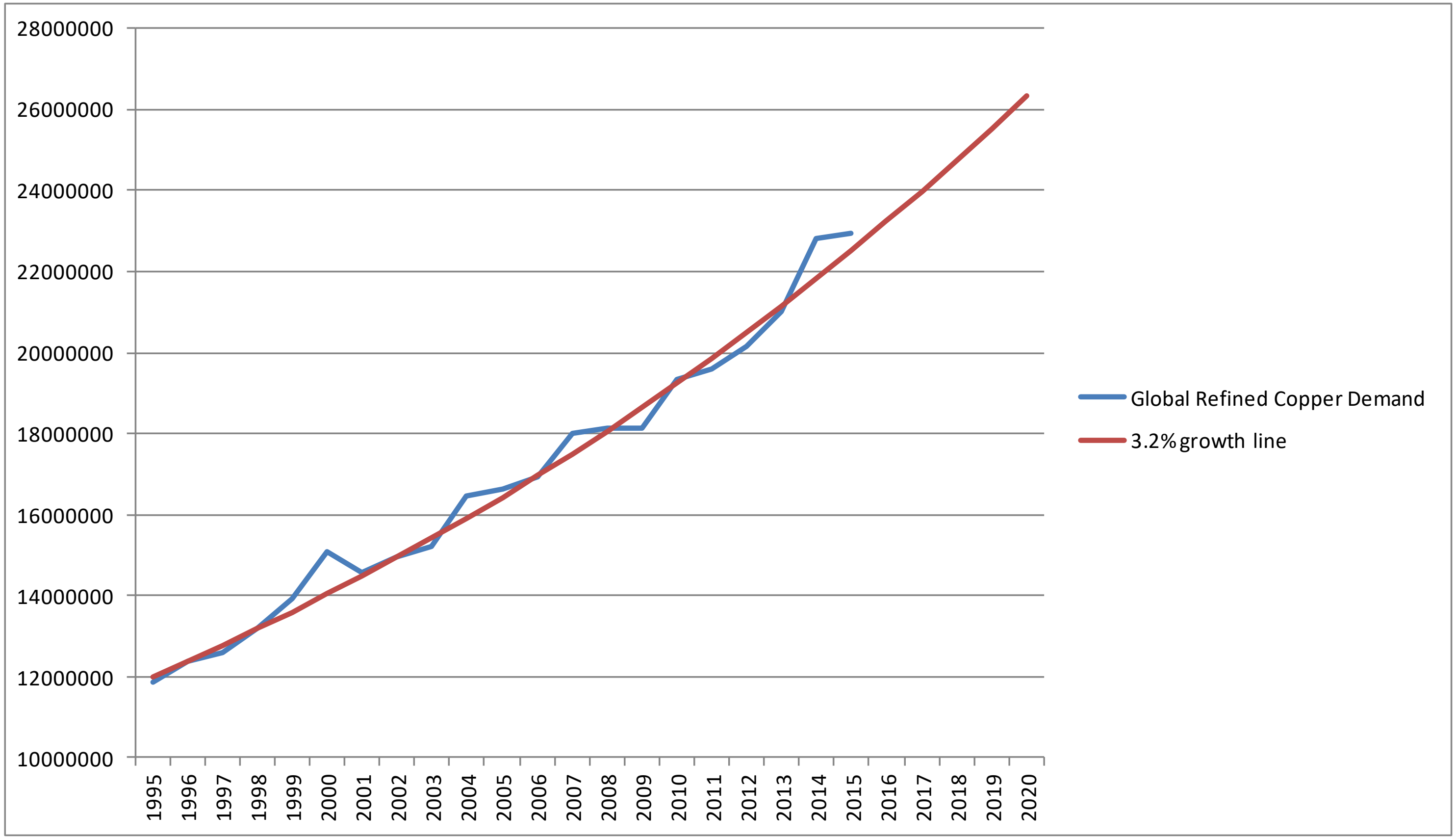
Copper apparent demand

Copper apparent demand over the past 20 years shows a trend growth of just above 3%, in line with the growth of the global economy.



Source: World Bureau of Metal Statistics, Bloomberg

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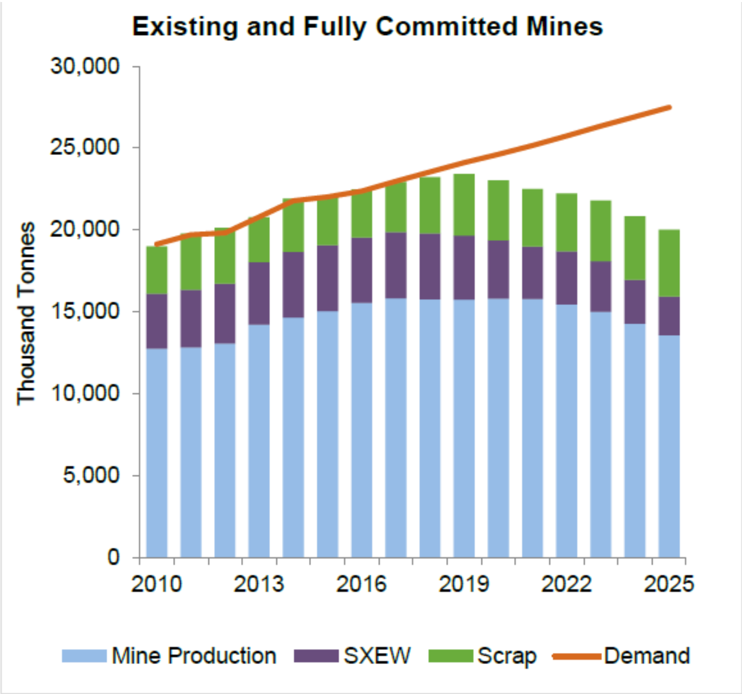
Eventually new capacity will be needed

- To incentivize new capacity prices have to go at least 50% higher
- Even after getting into an incentive pricing regime, projects take years to build



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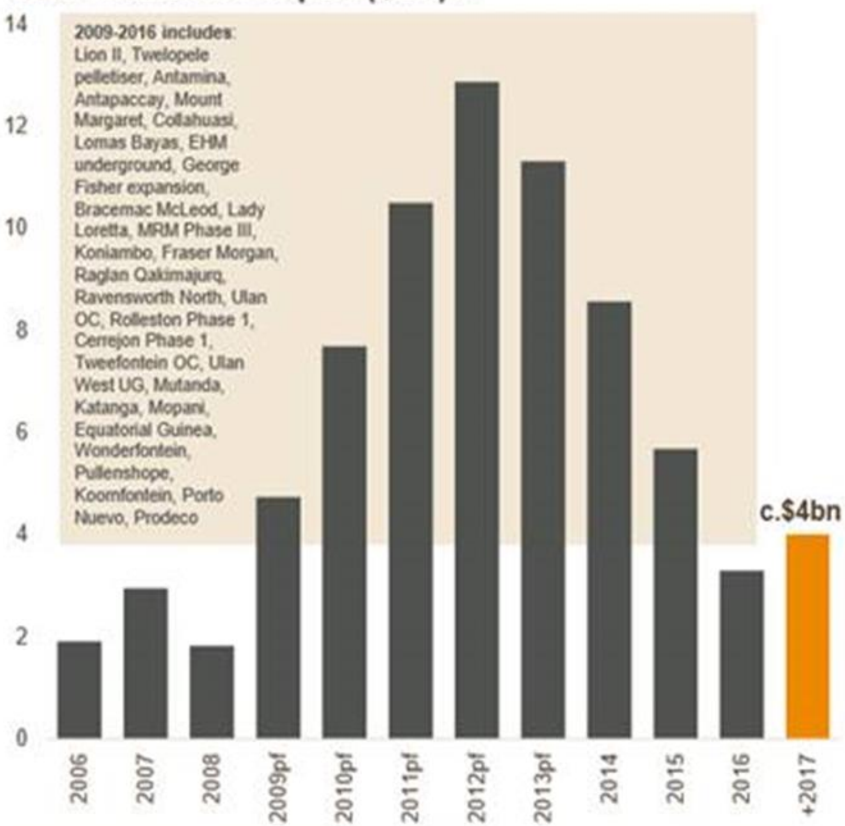
Industrial capex spend has normalised

Total Industrial capex ($bn)[2]



- **A well capitalised business requiring modest capex going forward**
  - More than $38 billion of expansionary capital (c.$64bn total capital) invested in the combined Glencore/Xstrata asset base since 2009
  - Heavy (mostly Xstrata's) capex program now essentially complete
  - Technology/infrastructure upgrades at Katanga and Mopani provide permanent capex (and opex) reductions
- **2016 Industrial capex[1] declined to $3.4bn from $5.7bn in 2015**
- **2017 Industrial capex[1] guidance of c.$4bn**
  - Increase reflects preparations for Katanga Whole Ore Leach commissioning by end 2017, some incremental oil drilling, coal mobile equipment purchases and Mopani's concentrator/shaft sinking progression
- **Total Industrial capex guidance at c.$4bn per annum over the next three to five years**
  - Including c.$3bn of sustaining capex
  - No large greenfield expansion projects

Notes: (1) Total Industrial capex including JV capex and capitalised interest, excluding marketing capex of $138M in 2016 and c.$70M in 2017F. (2) Glencore total Industrial capex 2006 to 2008, combined Glencore and Xstrata total Industrial capex from 2009. Excludes Las Bambas capex from 2010 to 2014.

GLENCORE

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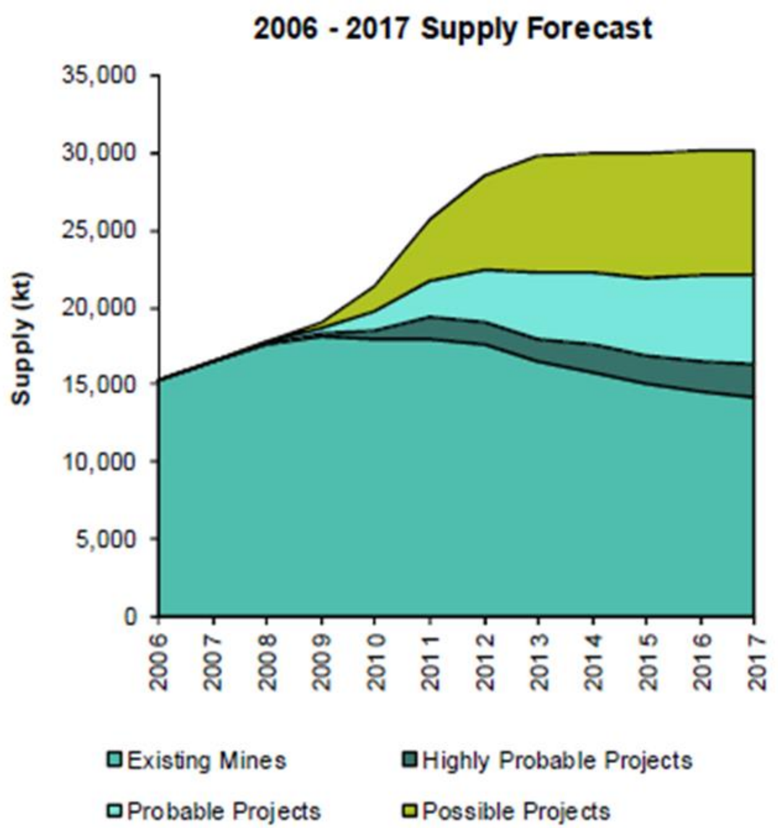
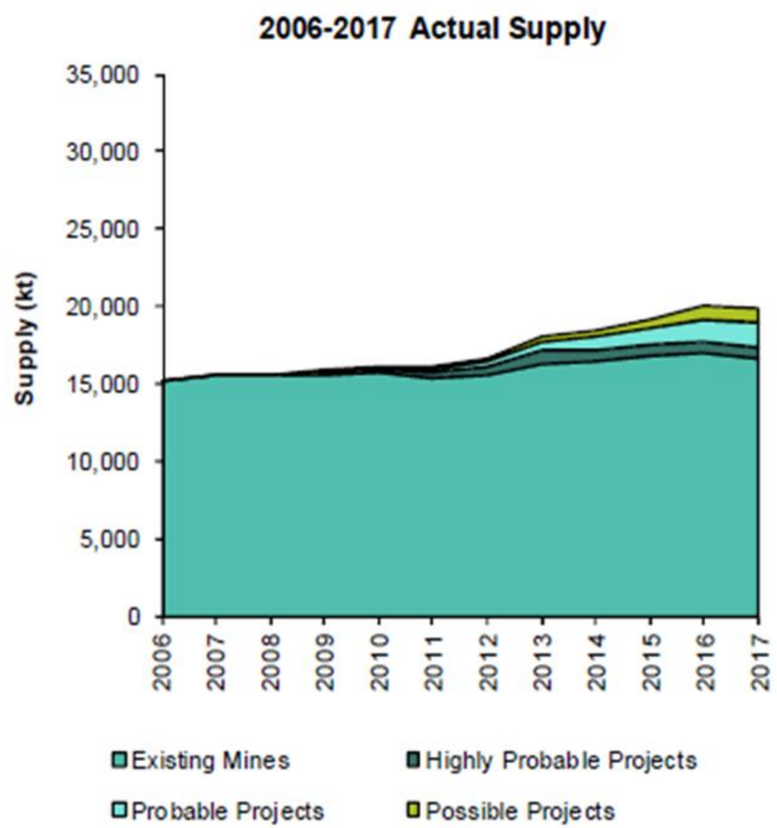
Mediocre supply response in relation to capex

EXHIBIT 4: **In 2007, the maximum 2017 run-rate supply was estimated at 30.2Mt, +99% growth (+6.4% CAGR) generating fears about a possible "wall of supply"...**



Source: Brook Hunt, Wood Mackenzie, Bernstein analysis

EXHIBIT 5: **... when in reality, despite the copper price hitting US$10,000/t in 2011, supply actually grew just +31% (+2.5% CAGR).**



Source: Brook Hunt, Wood Mackenzie, Bernstein analysis

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Oil: the world will need 100m barrels a day by 2020

- 100m b/d in 2020, with demand growth at 1.0% p.a., in line with historical averages
- Growth only in developing countries. OECD demand is already flat or decreasing
- Depletion is at least 3% per year so we need around 18m b/d new production assets to offset it
- Electric Vehicles, CO_2 emission regulation will not have a large impact over 2020

Exhibit 42 Our 2020 Global Oil Demand Forecasts Are 750 mb/d Below IEA's Medium-Term Outlook

	Morningstar		IEA (Feb 2016)		
Non-OECD Demand (mmb/d)	**2020E**	**2015-20 CAGR**	**2020E**	**2015-20 CAGR**	**Variance mmb/d**
China	12.9	2.8%	13.2	3.3%	(0.31)
India	4.9	4.5%	4.9	4.3%	0.05
Other Asia	9.9	2.8%	10.0	3.0%	(0.10)
Middle East	9.1	2.1%	9.2	2.4%	(0.14)
Brazil	3.0	-0.9%	3.1	-0.6%	(0.06)
Latin America (ex Brazil)	3.8	1.4%	3.9	1.7%	(0.06)
Africa	4.8	3.4%	4.8	3.4%	-
Former Soviet Union/Europe	5.9	1.0%	5.9	1.1%	(0.04)
Non-OECD Demand	**54.3**	**2.3%**	**55.0**	**2.6%**	**(0.66)**
OECD Demand	45.4	-0.3%	45.5	-0.3%	(0.08)
Total Global Demand	**99.8**	**1.1%**	**100.5**	**1.2%**	**(0.75)**

Source: IEA, Morningstar

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Supply down, demand up, oil market has started to rebalance

- We believe that the oil market is already re-balancing
- Oil price must incentivize shale oil first, then off shore, oil sands and most oil extraction techniques
- We think oil prices will surpass the shale incentive level as there is a time lag and the world has not yet felt the impact from lower capex
- Difficult to assess if the rebalancing will complete in 2018 but it has already started

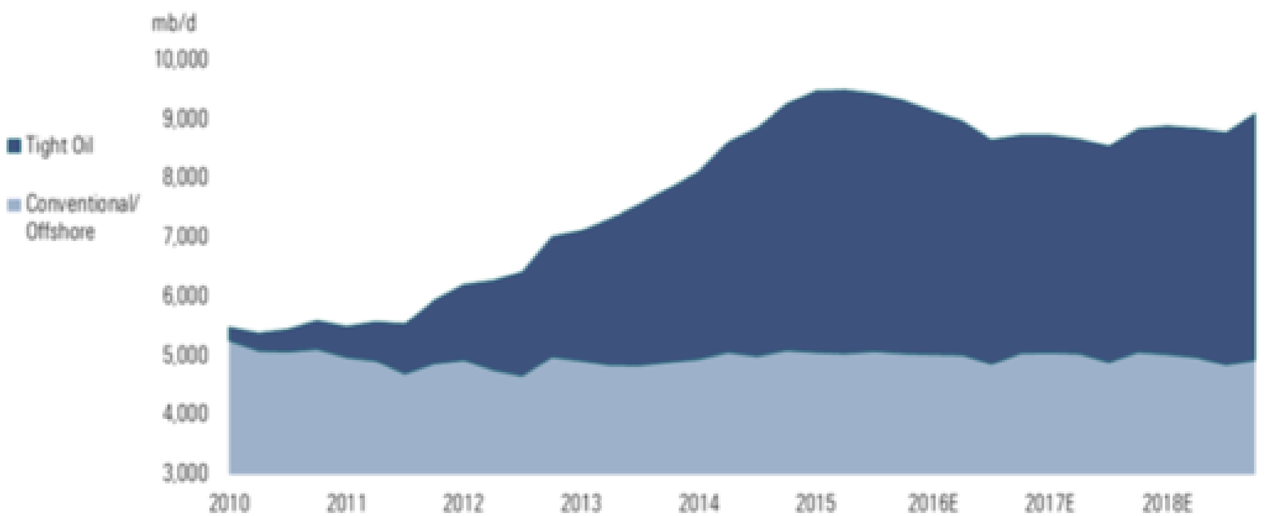
Exhibit 12 The End of Oversupply Is in Sight*

Source: IEA, Morningstar
*** Oil demand seasonality means the inventory builds in the first half of 2017 are not entirely a product of oversupply, and thus don't imply a reversal of the industry's path toward market equilibrium.

US production is peaking

- Most of productivity improvements are behind us. Main advances have been the number of drilling days and longer laterals
- Cost deflation is also behind us and this industry is cyclical

Exhibit 11 Shale Sputter: Lower Spending Has Stalled U.S. Production Growth *



Source: EIA, Morningstar
*** 2016-17 forecasts assume onshore U.S. activity remains at current levels until fourth-quarter 2017, and that 1,100 drilled-but-uncompleted wells are brought on line.

The “MotherFrackers” depletion

- US shale depletion is 2/3 year 1, 50% year 2 and 1/3 year 3. How do we make numbers when your facilities must be 66% amortized by year 3? Nobody cares
- Global depletion is accelerating due to reduced capex globally and tight formations
- We encourage you to take a look at an excellent presentation made by Mr. David Einhorn from Greenlight Capital “The Motherfrackers” where you will find accurate calculations on real IRRs on shale. Shale has never made money due to depletion and growth ambitions

Exhibit 26 Tight Oil Decline Rates by Age of Producing Well

Annual Decline Rate (%)	Bakken	Eagle Ford	Niobrara	Permian
Year 1	62%	67%	64%	61%
Year 2	44%	51%	44%	45%
Year 3	26%	31%	26%	27%
Year 4	19%	23%	19%	20%
Year 5	15%	18%	15%	15%
Year 6	12%	15%	12%	13%
Year 7	10%	13%	10%	11%

Source: Morningstar

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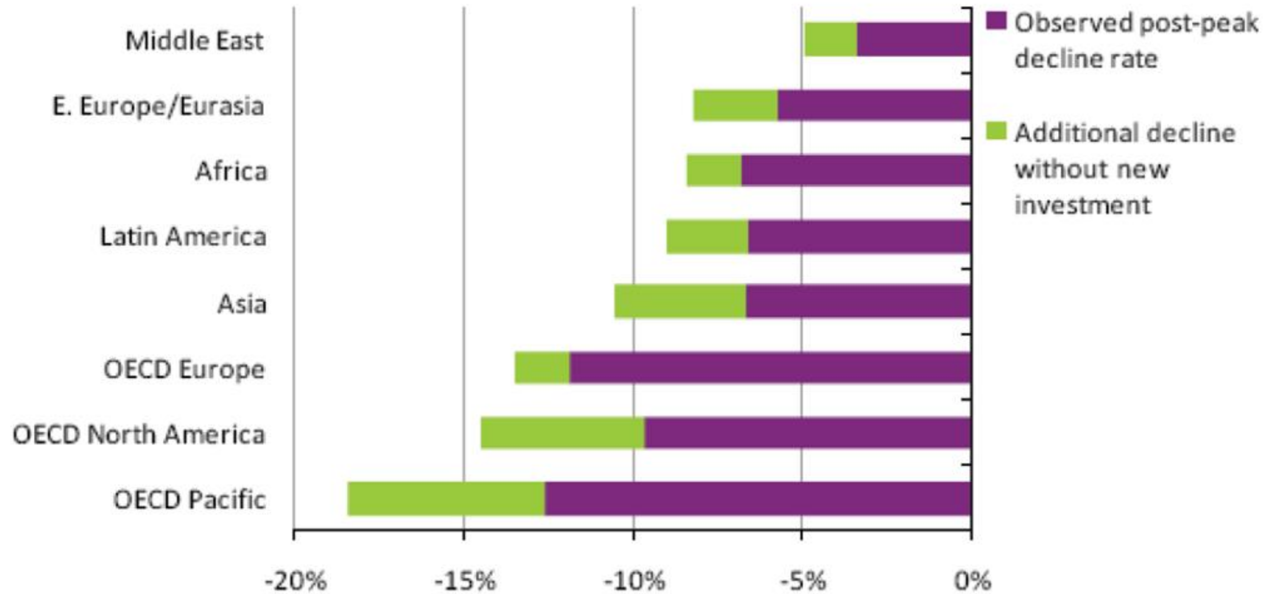
The clock is ticking… Depletion is kicking

- **Global depletion is around 3-4% per year** and IEA forecasts increased depletion for the next years
- Global depletion is accelerating due to reduced capex globally and tight formations
- **Shale oil depletion is much higher**



Notes: The observed decline rate is the cumulative average annual rate of change in observed production over the life of each field since its production peaked, weighted by cumulative production. The natural decline rate is the notional rate of decline in production had there been no investment beyond that associated with the initial development of the field. Source: IEA (2008a).

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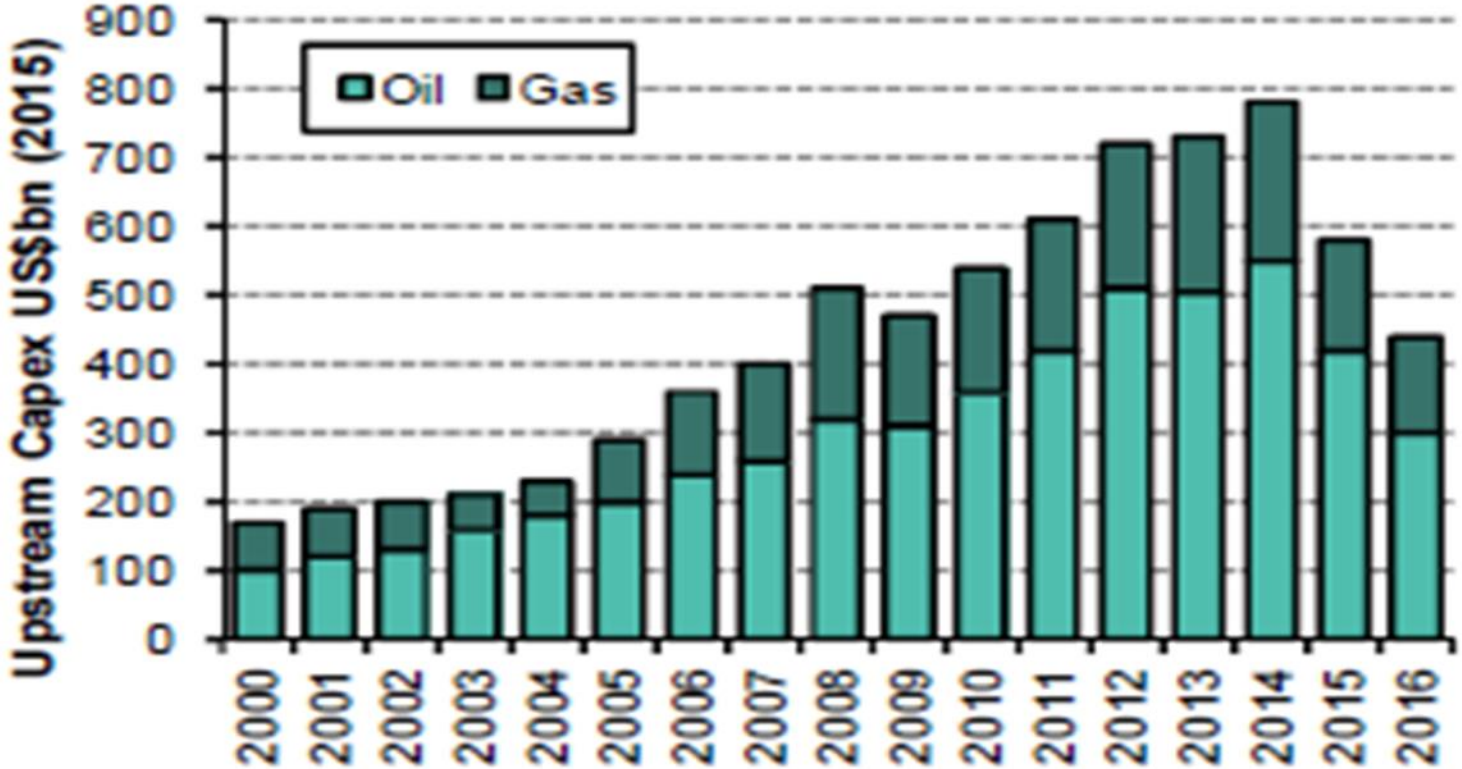
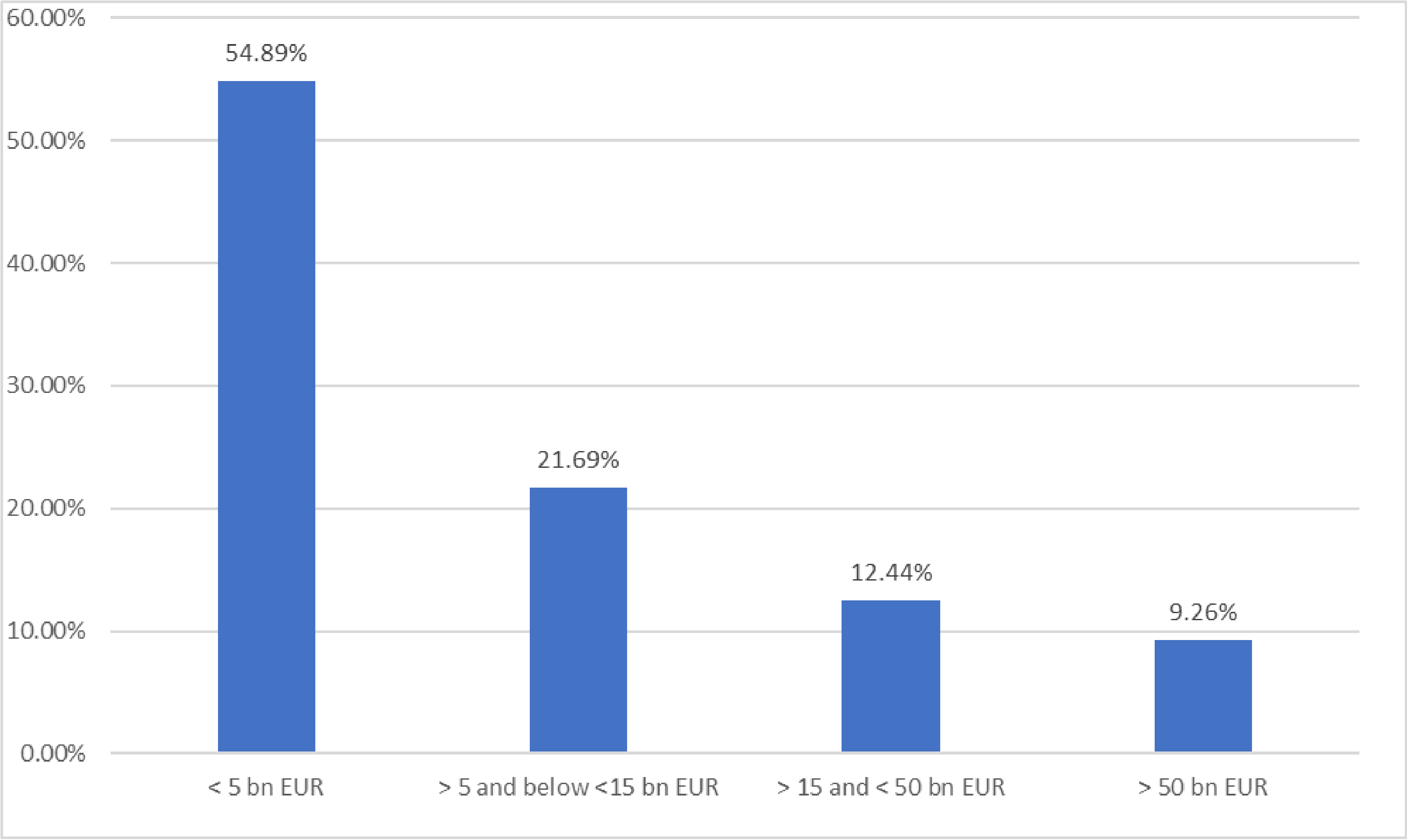
Same story as mining

EXHIBIT 1: Organic Upstream Capex



Source: IEA

Market Capitalization of companies in EUR in the LTIF NR as of 29th March 2018



Source: SIA Group / Bloomberg

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