

LTIF

Long Term Investment Fund

SIA Funds. Strategic Value

2023

Presentation Plan

- **SIA Funds. Who are we? Strategy**
- LTIF Classic
- LTIF Natural Resources
- Risk Management
- SIA Funds is looking for long term partners

Investment Boutique vs. Institutional

“We like what we do”



- **Swiss asset manager.** Regulated by FINMA. Based in Lachen (Lake of Zurich)
- **Value strategy, long-only**
- **Boutique** type: EUR 230 million AUM
- Team of 8 people with **4 investment professionals with more than 25 years** of experience
- **LTIF Classic**, created in 2002, and with a **9% p.a. for 20+ years**. **LTIF Natural Resources** seeks to generate value from the energy transition. **7% p.a. past 5Y.**
Mandates

Partners - Investment Experience



- **Marcos Hernandez Aguado, CIO**
Head of Investments Committee and PM



- **Urs Marti, Director, (IC)**
Natural Resources



- **Alex Rauchenstein, CEO (IC)**



- **Prof. Jose Carlos Jarillo, Founder (IC)**

**> 25 years
experience**

**Invested in
SIA Funds**

**Unconstrained
decision making**

From Value to Strategic Value: the 4 G's

- **Strategic analysis of the sector:** competitive framework, entry & exit barriers, historical returns, cyclicalities, regime change
- **Strategic analysis of the company:** 5 forces, moats, competitive advantages, growth, returns
- **Choose good (moaty) businesses.** Buy them at a discount. Discard weak business models... at any price.

The 4Gs: Good business, good management, good balance sheet and @ a good price

SIA Funds Investment Principles

- **Strategic Value.** The 4G's: Good Business (moat), Good managements (returns/minorities), Balance sheet (crisis proof) @ a discount
- **Fundamental Analysis.** Strategic and Financial analysis with IV/IRRs on a company level and in total for our funds
- **Responsible Investing.** Transparent. No speculation. Big upside= big risk. No additives. No derivatives, no hedges, no funnies
- **Long Term View.** Average down
- **Circle of Competence.** Watch List. Time

Strategic Value: 3 examples



Price/Book 2x
PE 10X, ROE 22%
Dividend Yield 5%
Our IRR 14-15% p.a.



Price/Book 0.65x
PE 7X, EV/EBITDA 4.4x,
ROE 9.5%
Our IRR 14-15% p.a.



@ USD 75 WTI, FFCF 33 Mrd. USD >
Market. Cap - 2026

Our IRR 14-15% p.a.

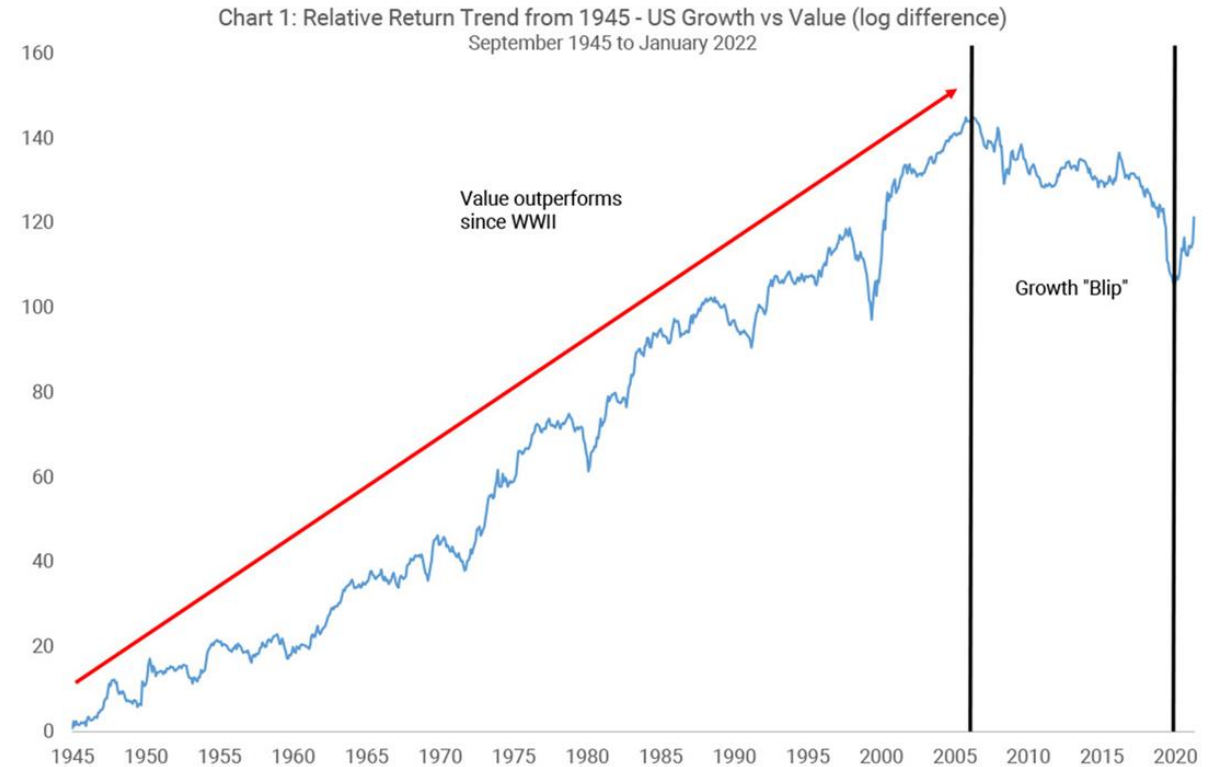
The 4Gs: Good business, good management, good balance sheet and @ a good price

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Start: Value Works

- Value clearly beats growth in the long term
- Relative Return Trend from 1945 US Growth vs Value

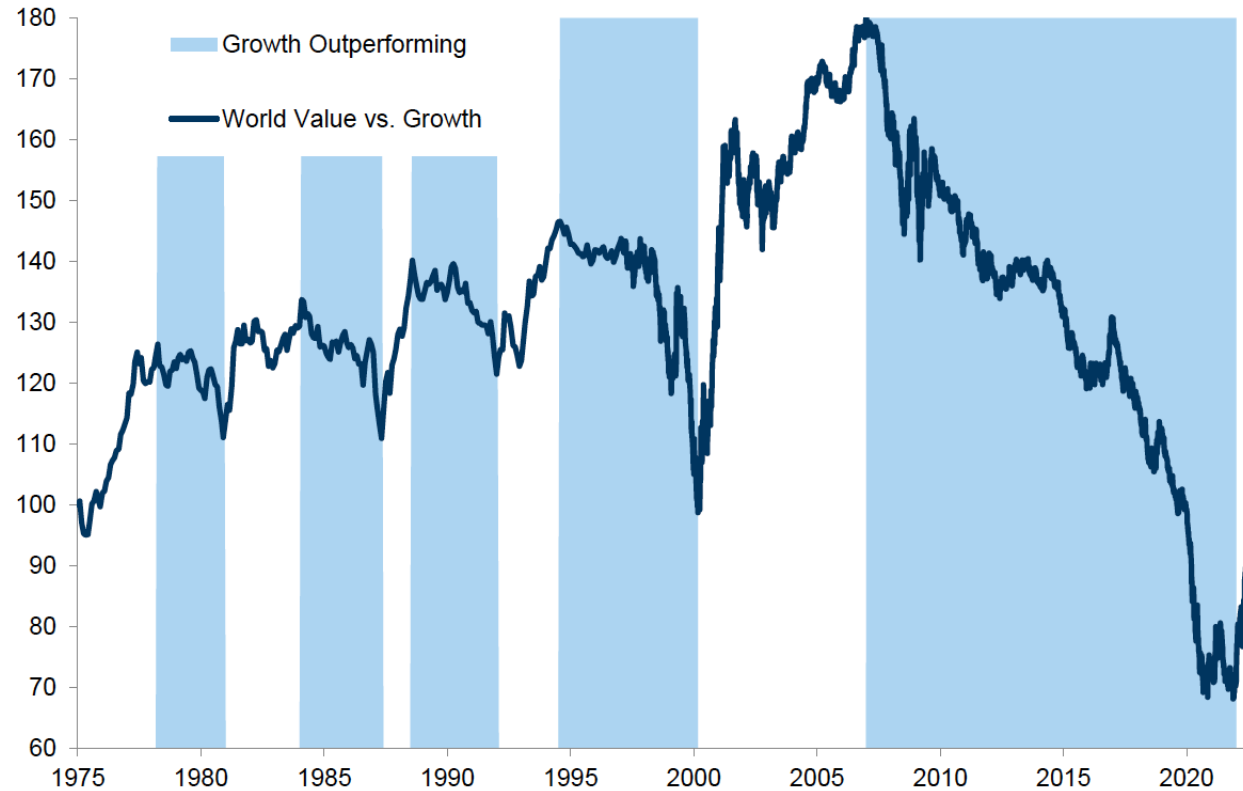


Source: Fama & French

Start: Value Works

Value clearly beats growth in the long term since 1973

Growth has outperformed since the GFC
MSCI Indices. Relative price performance in local currency*.



* Monthly Frequency until 1996. Daily Frequency from 1997 onwards.

Source: Datastream, Goldman Sachs Global Investment Research

Global Investment Research

LTIF Classic: Global, Concentrated, Diversified

Long-only Fund, Value, Strategic Value Investing

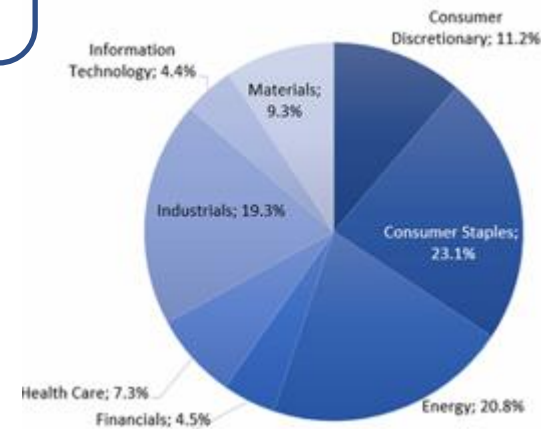
No Index

Weight in sectors
or geographies
depend on
opportunities

Concentrated in
30-40 companies

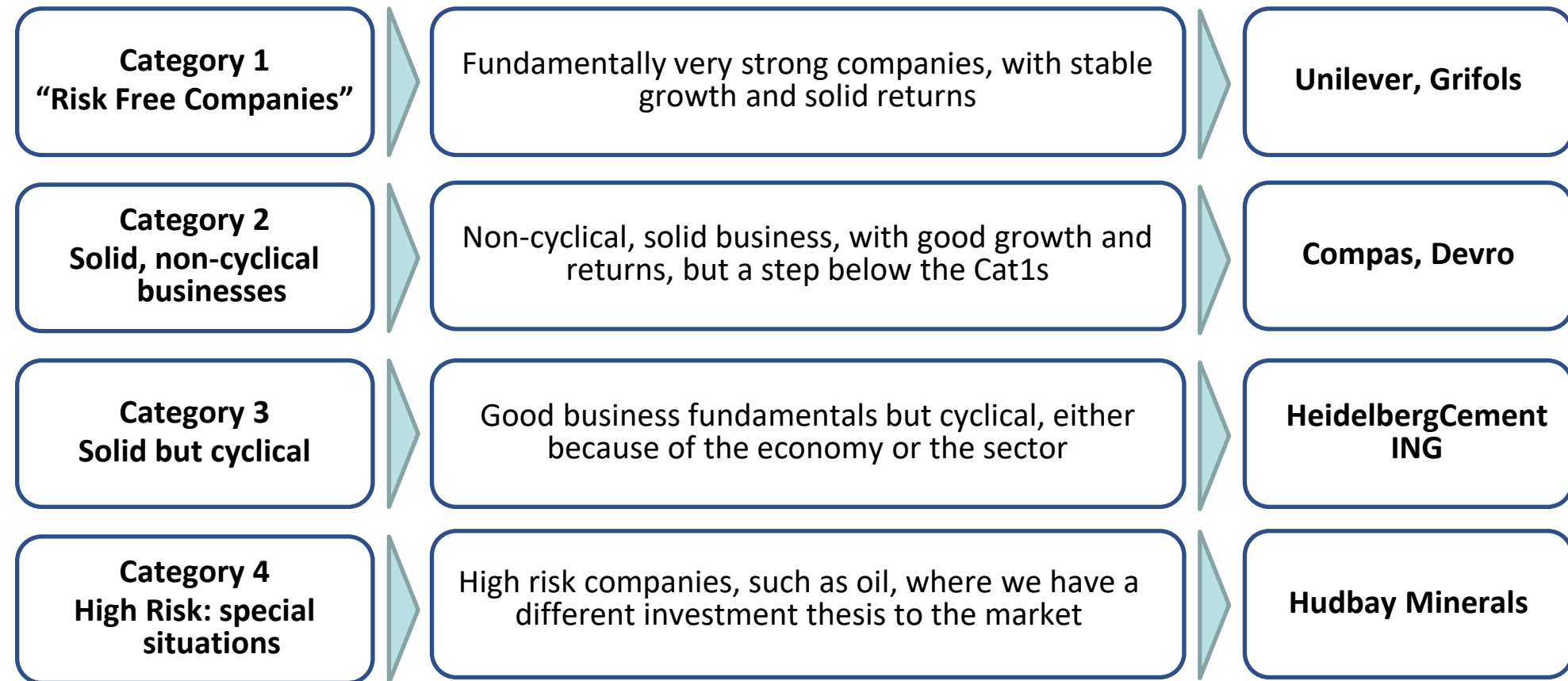
Fundamental
Analysis

Fully invested in
equities



The LTIF Classic is a kind of holding with 30 companies, with extremely low industrial risk

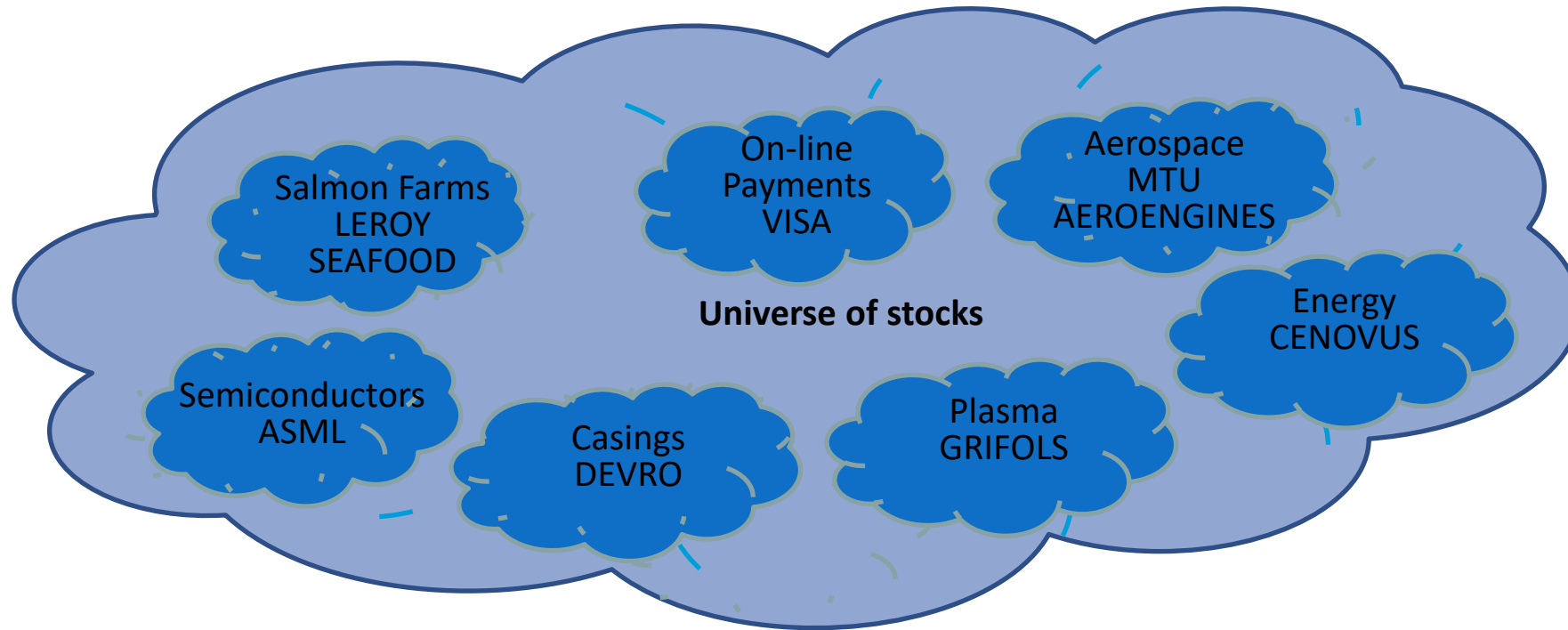
Portfolio Construction and Risk Management: LTIF Classic



50-60% of the Classic in Cat 1-2 and never more than 10% in Cat4

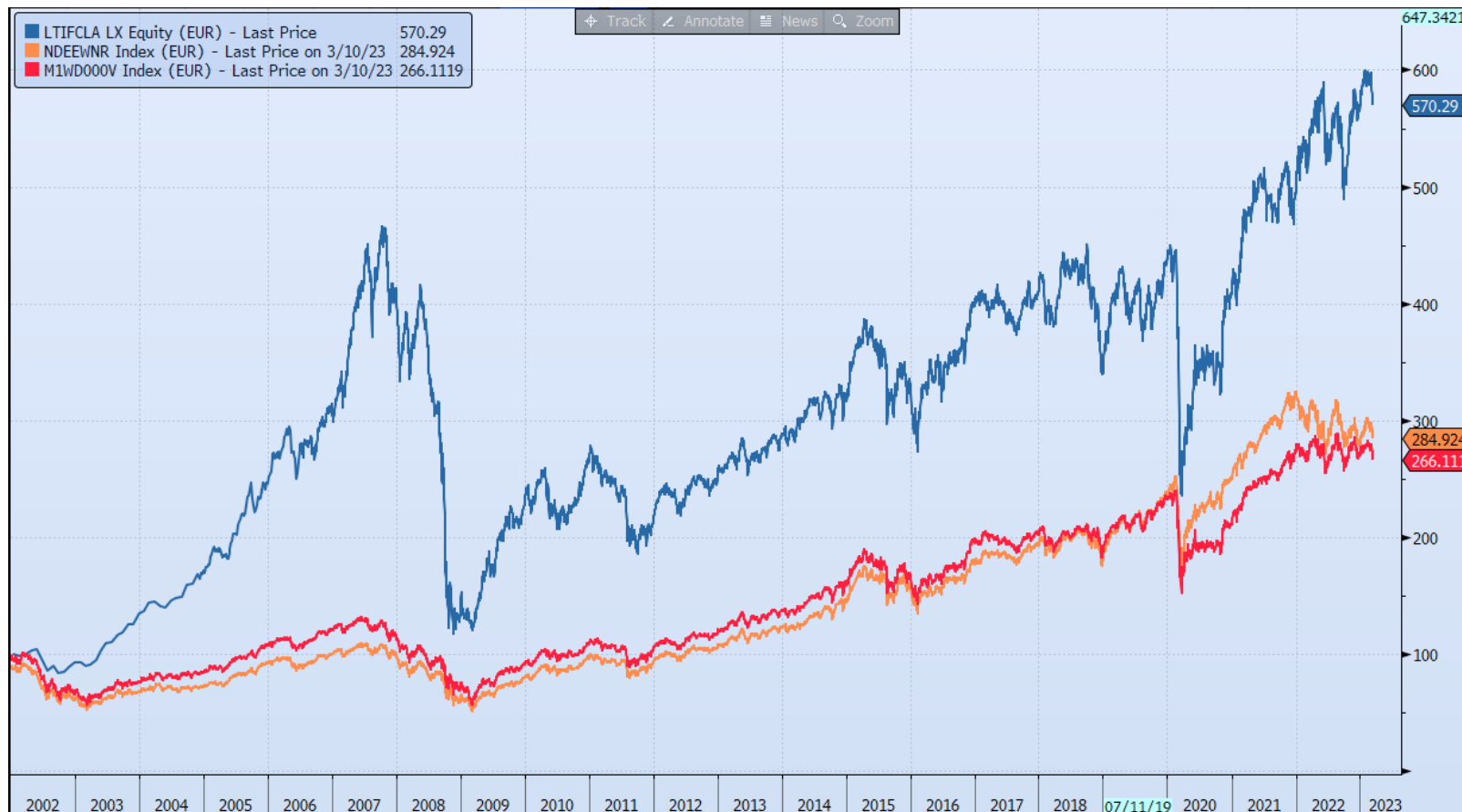
The Watch List

- We follow 300 companies, all geographies all sectors



Volatility is not risk. Volatility is a great opportunity for LT investors

The Classic: 9% per year since 2002



- Multiplied initial investment by 6x in 20 years
- 2.5 pp ahead the MSCI Value Index p.a.
- Our target is 10% p.a. net of all costs
- **Doubling investment every 7 years**

Magical combination of compounding and long term

The Classic since September 2011



- Implemented 4 risk categories structure after the GFC
- 10% per year since 2011
- Good comps

Alpha is not the target but the consequence

Capital Protection and Decent Return

- 10% per year
- x2 every 7 years. x4 in 14 years
- Capital protection. Risk management. Crisis Proof
- No financial engineering. Volatility (not risk) around 1.2x market
- Transparent, open, honest

We have learned to like corrections and recessions

Quality is key for risk. Both concentrated and diversified

LTIF Classic Top 10 Holdings

| Name | Weight |
|------------------------------|--------------|
| Grifols SA (Report tdy) | 5.3% |
| ISS A/S | 5.0% |
| ING Groep NV | 4.8% |
| HeidelbergCement AG | 4.8% |
| Sodexo SA (CFD) | 4.5% |
| Pandora A/S | 4.2% |
| Thales SA | 4.1% |
| Medtronic PLC | 4.0% |
| Unilever PLC | 3.9% |
| Suncor Energy Inc | 3.8% |
| Total Top 10 Holdings | 44.3% |

- Quality of companies and funds. The 4 Gs
- Concentration: 50% of the Classic Fund is in 10 names
- Large business & geographic diversification. Avoid concentration risks

Know your portfolio

We buy at a discount. The discount rises protection

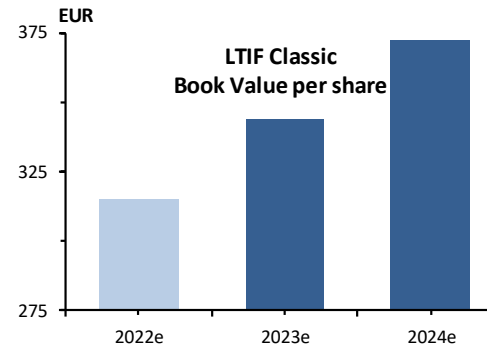
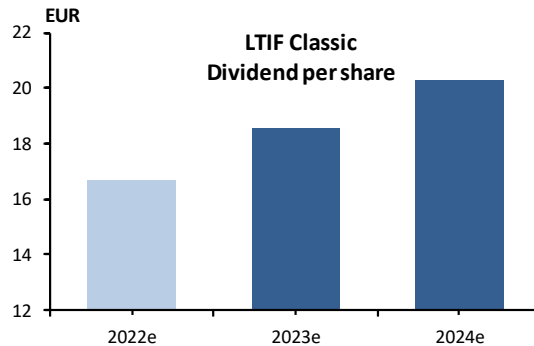
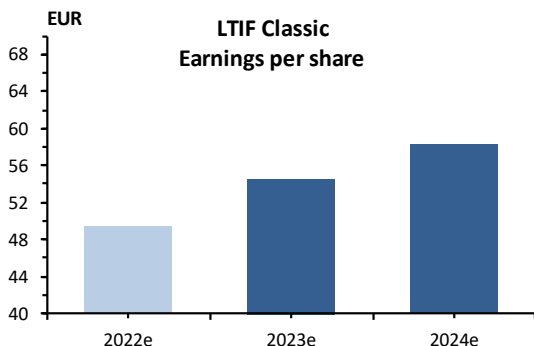
| Date | NAV | % |
|------------|-------|-------|
| 31.12.2020 | 407.9 | |
| 31.12.2021 | 494.3 | 21.2% |
| 31.12.2022 | 565.3 | 14.4% |

Reporting LTIF Classic as of 31.12.2022 (aggregated data in EUR)

| Year | EPS | % | P/E | EPS yield | MSCI World P/E | MSCI World EPS yield |
|-------|------|-----|------|-----------|----------------|----------------------|
| 2022e | 49.3 | | 11.5 | 8.7% | 16.3 | 6.1% |
| 2023e | 54.6 | 11% | 10.4 | 9.7% | 15.0 | 6.7% |
| 2024e | 58.3 | 7% | 9.7 | 10.3% | 14.0 | 7.1% |

| Year | DPS | % | Div. Yield | MSCI World Div. Yield |
|-------|------|-----|------------|-----------------------|
| 2022e | 16.7 | | 2.9% | 2.2% |
| 2023e | 18.5 | 11% | 3.3% | 2.4% |
| 2024e | 20.3 | 9% | 3.6% | 2.7% |

| Year | BPS | % | P/B | MSCI World P/B |
|-------|-------|----|-----|----------------|
| 2022e | 315.0 | | 1.8 | 2.8 |
| 2023e | 343.8 | 9% | 1.6 | 2.4 |
| 2024e | 372.3 | 8% | 1.5 | 2.1 |

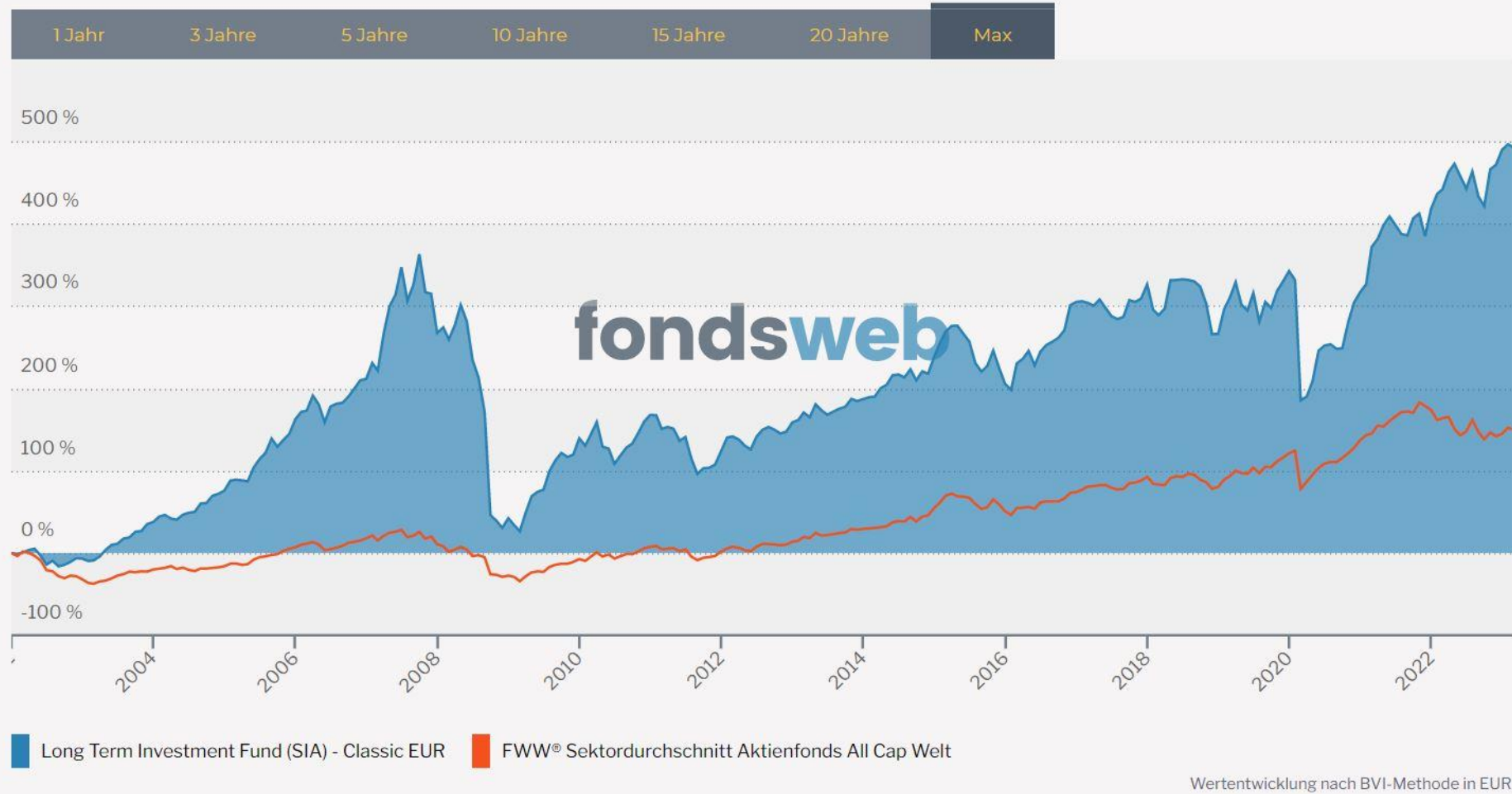


Source: SIA Group / Bloomberg

- Value means buying at a discount
- We usually look for 30% discount to IV
- Discount = risk management

The Classic since inception vs Competition

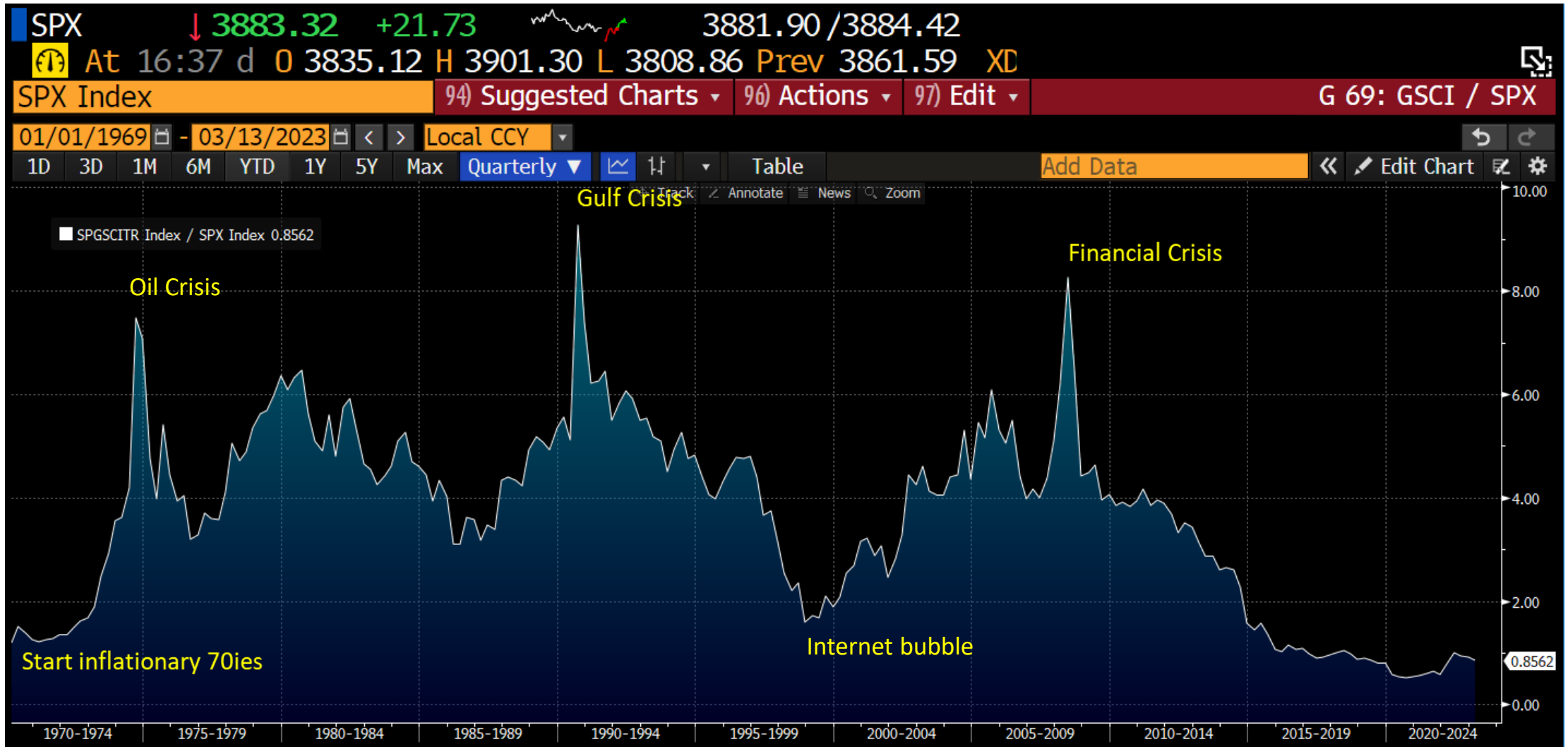
Chart



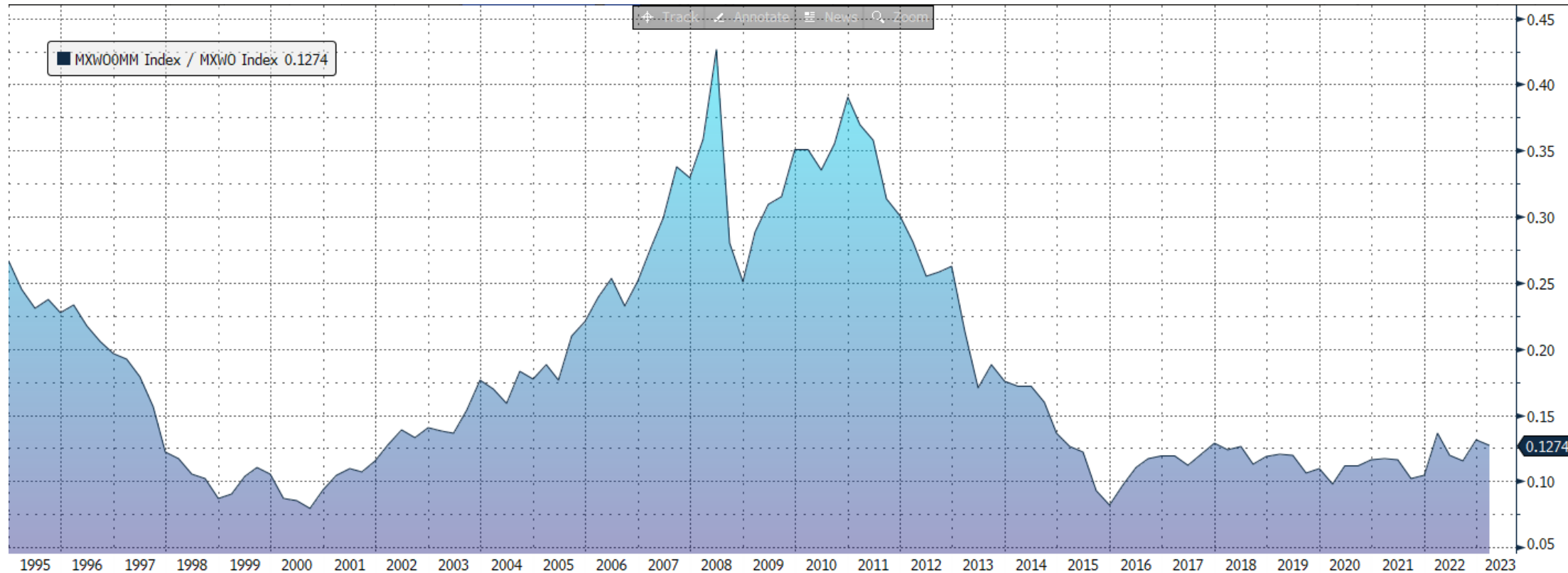
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- **LTIF Natural Resources**
- Risk Management
- SIA Funds is looking for long term partners

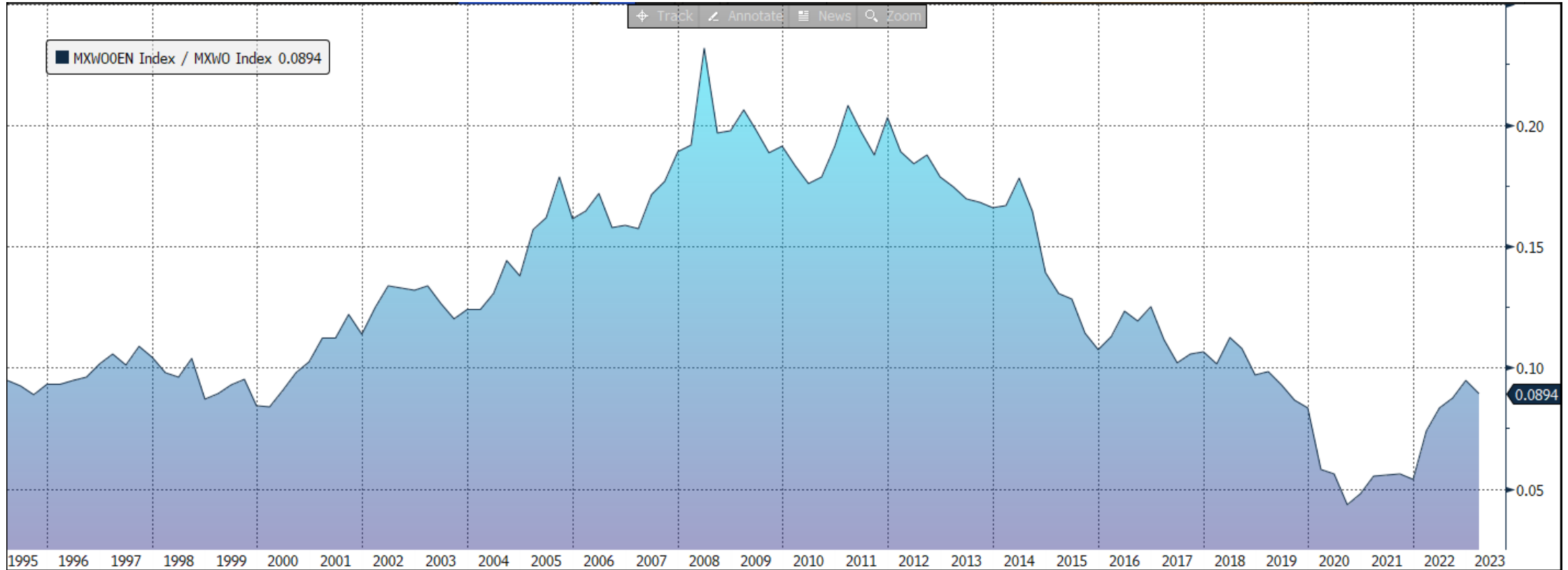
GSCI/S&P500 Ratio: As cheap as it can get



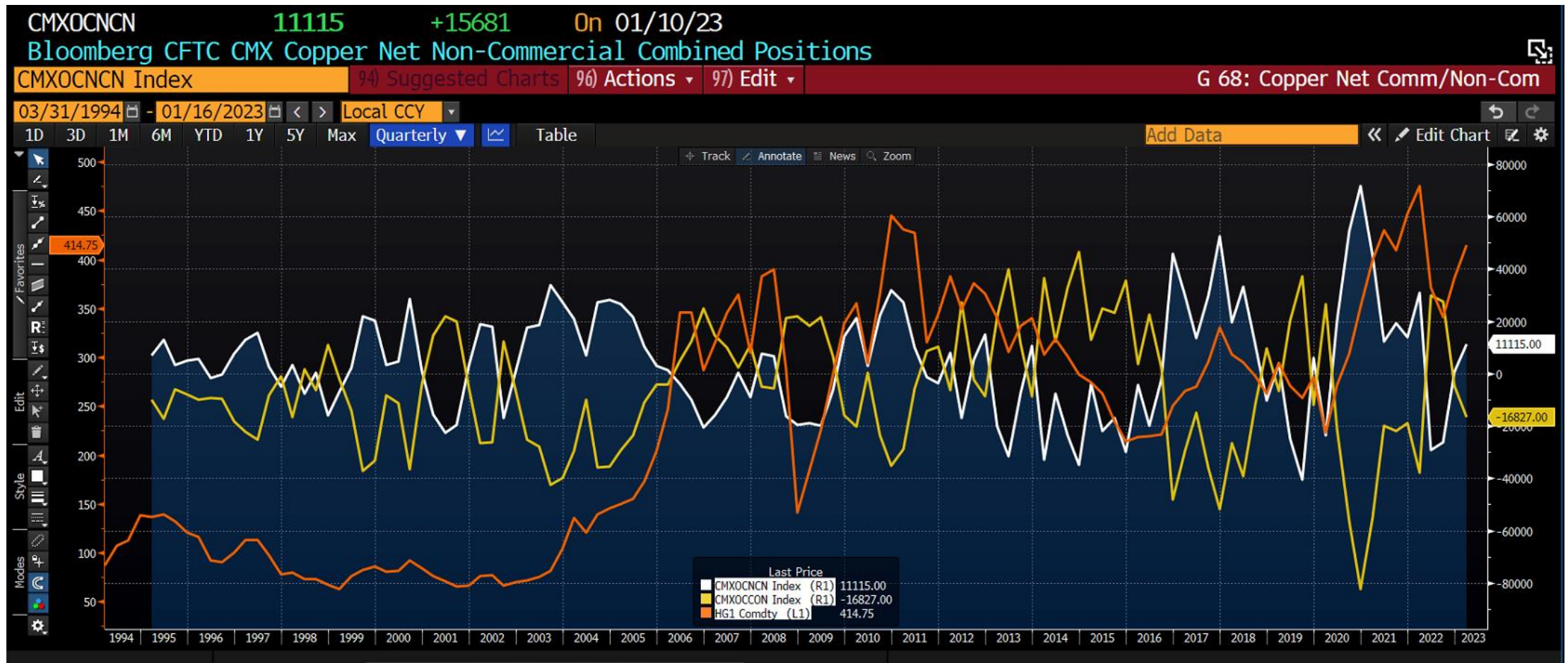
MSCI Mining and Metals/MSCI World: just started



MSCI Energy/MSCI World: just started

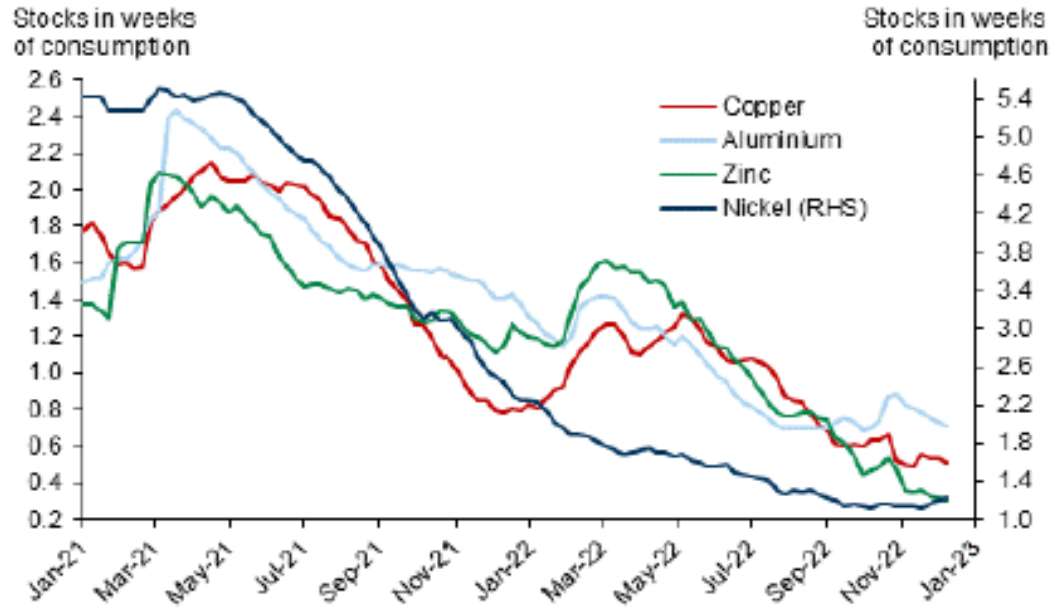


Last time this happened, copper doubled

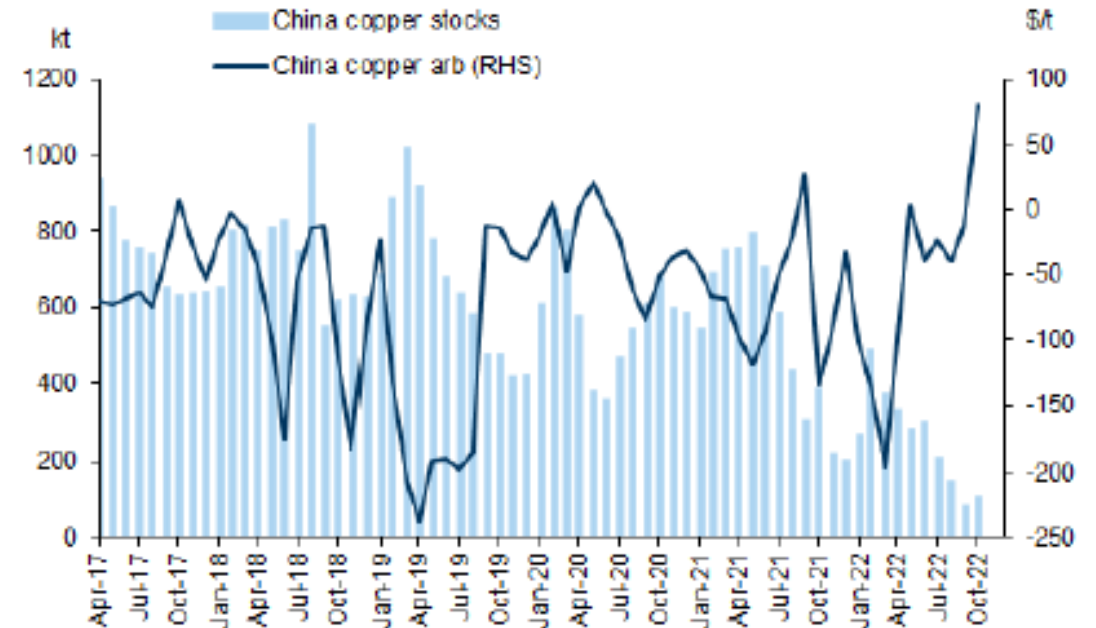


Recession? Short Dr. Copper? Real world very tight...

Global visible metals inventories

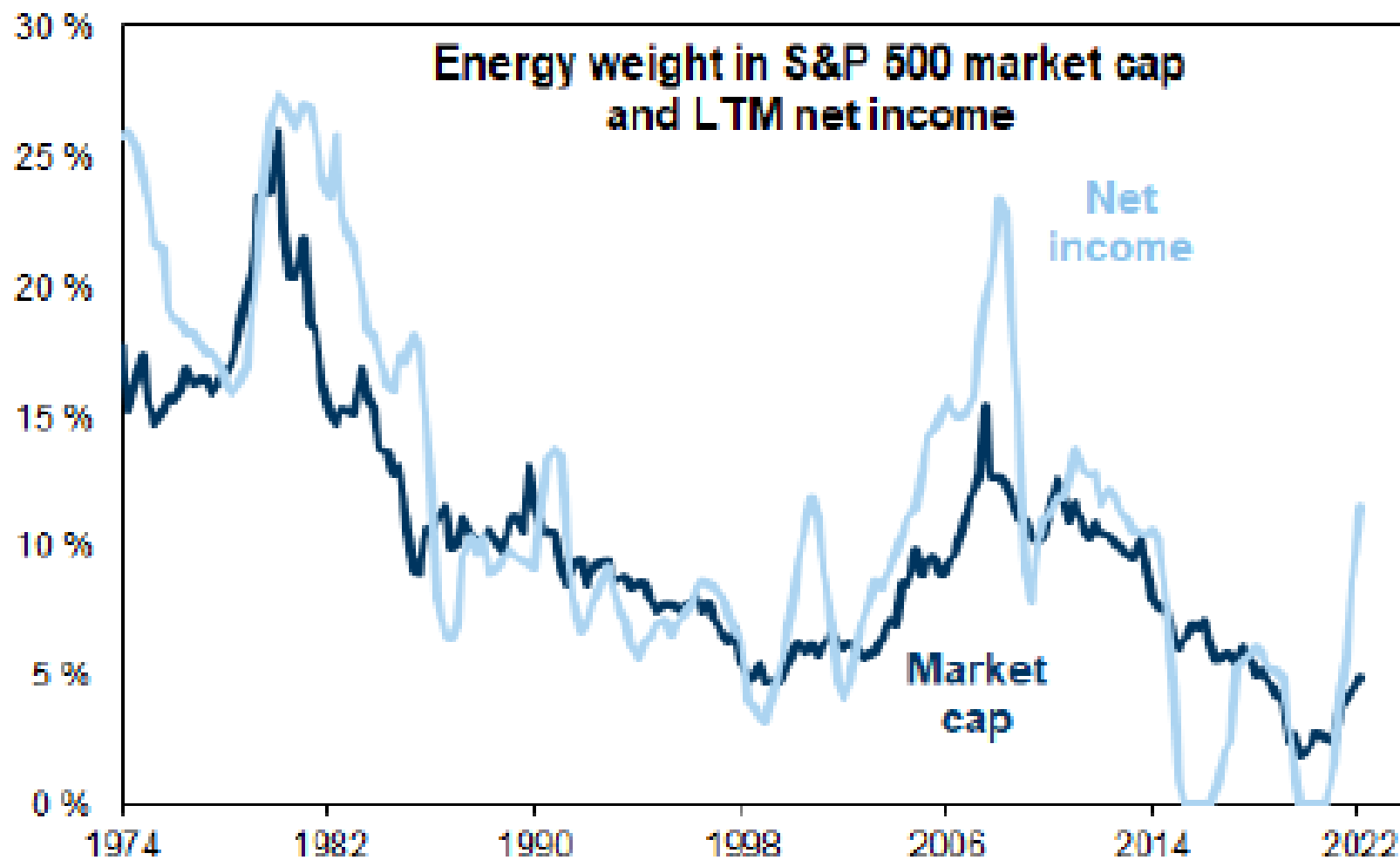


Scarcity of onshore inventory means risk skewed toward restocking



Source: Goldman Sachs

Investors prefer losses/dreams to profits/dividends

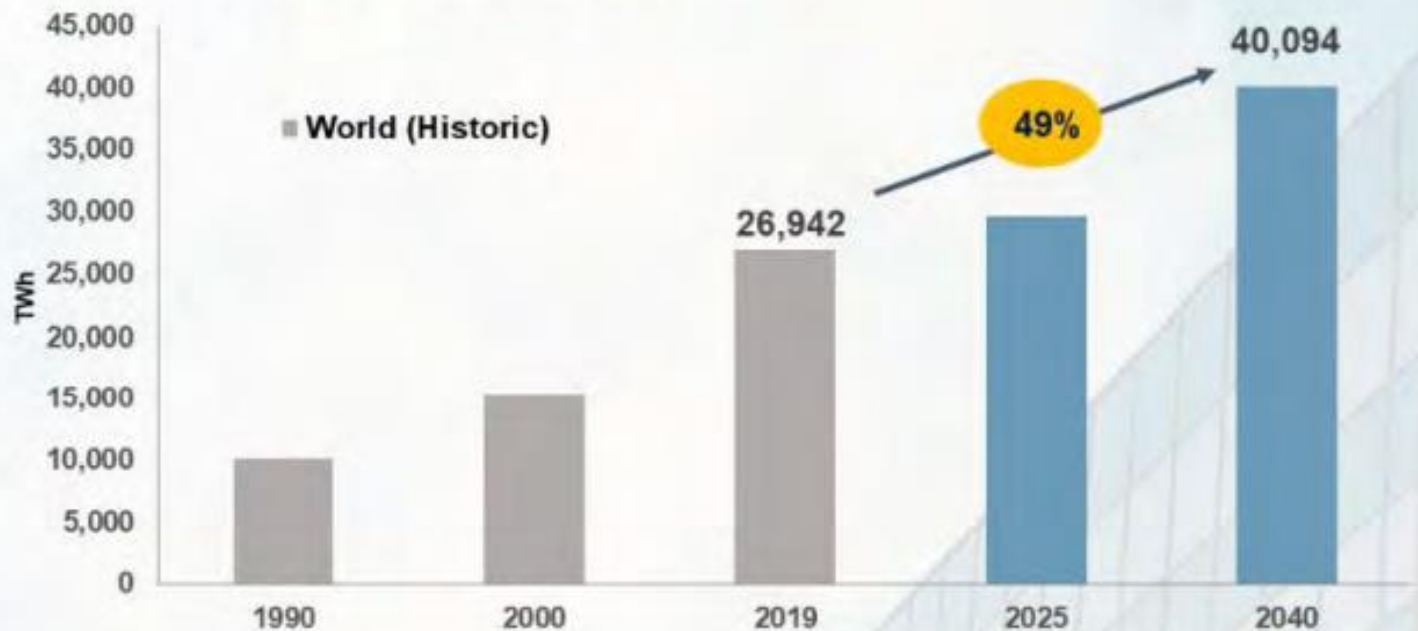


Source: Goldman Sachs

BRICS, Digitalization, Infrastructure, EV, etc.

Growing electricity generation

By 2040, global demand is expected to increase by 49% from 2019 levels

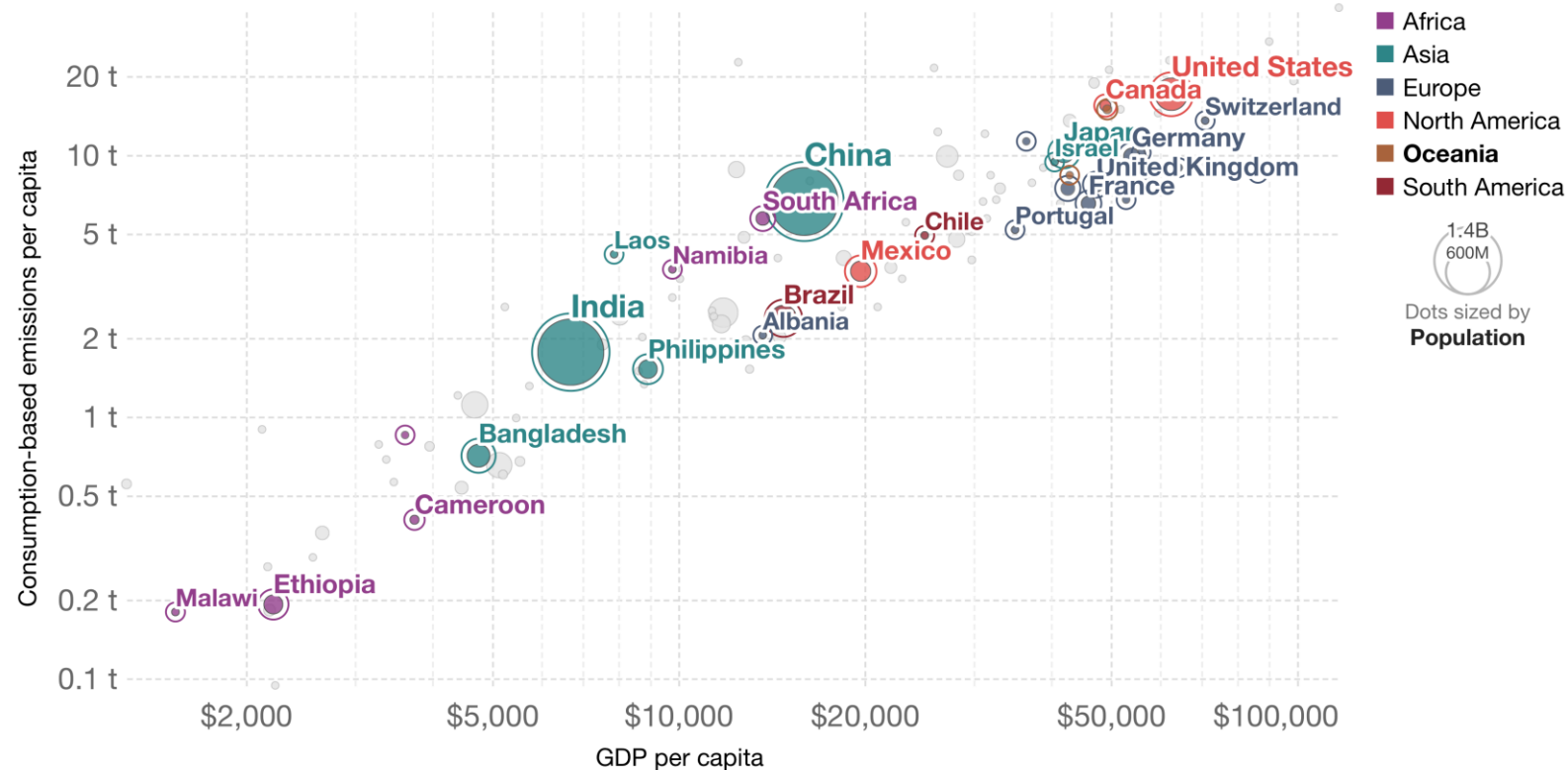


Source: IEA World Energy Outlook 2020 Stated Policies

GDP / energy consumption and standard of living

Consumption-based CO₂ emissions per capita vs GDP per capita, 2019

- Consumption-based emissions are domestic emissions adjusted for trade. If a country imports goods the CO₂ emissions needed to produce such goods are added to its domestic emissions; if it exports goods then this is subtracted.
- GDP per capita is adjusted for price differences between countries (PPP) and over time (inflation).



Source: Our World in Data based on the Global Carbon Project, Data compiled from multiple sources by World Bank
 OurWorldInData.org/co2-and-other-greenhouse-gas-emissions • CC BY

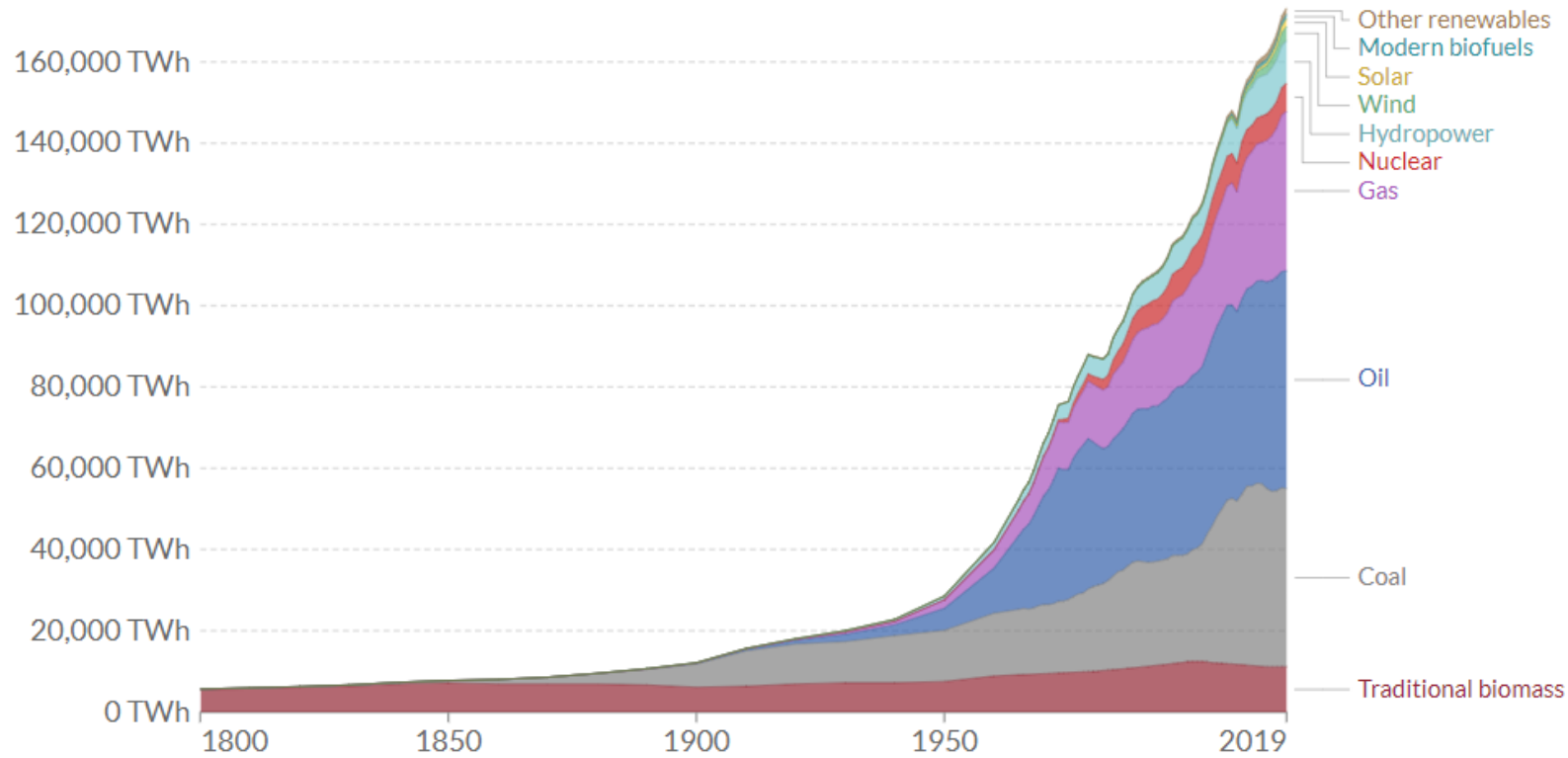
Industrial revolution was/is a carbon revolution

Global primary energy consumption by source

Primary energy is calculated based on the 'substitution method' which takes account of the inefficiencies in fossil fuel production by converting non-fossil energy into the energy inputs required if they had the same conversion losses as fossil fuels.



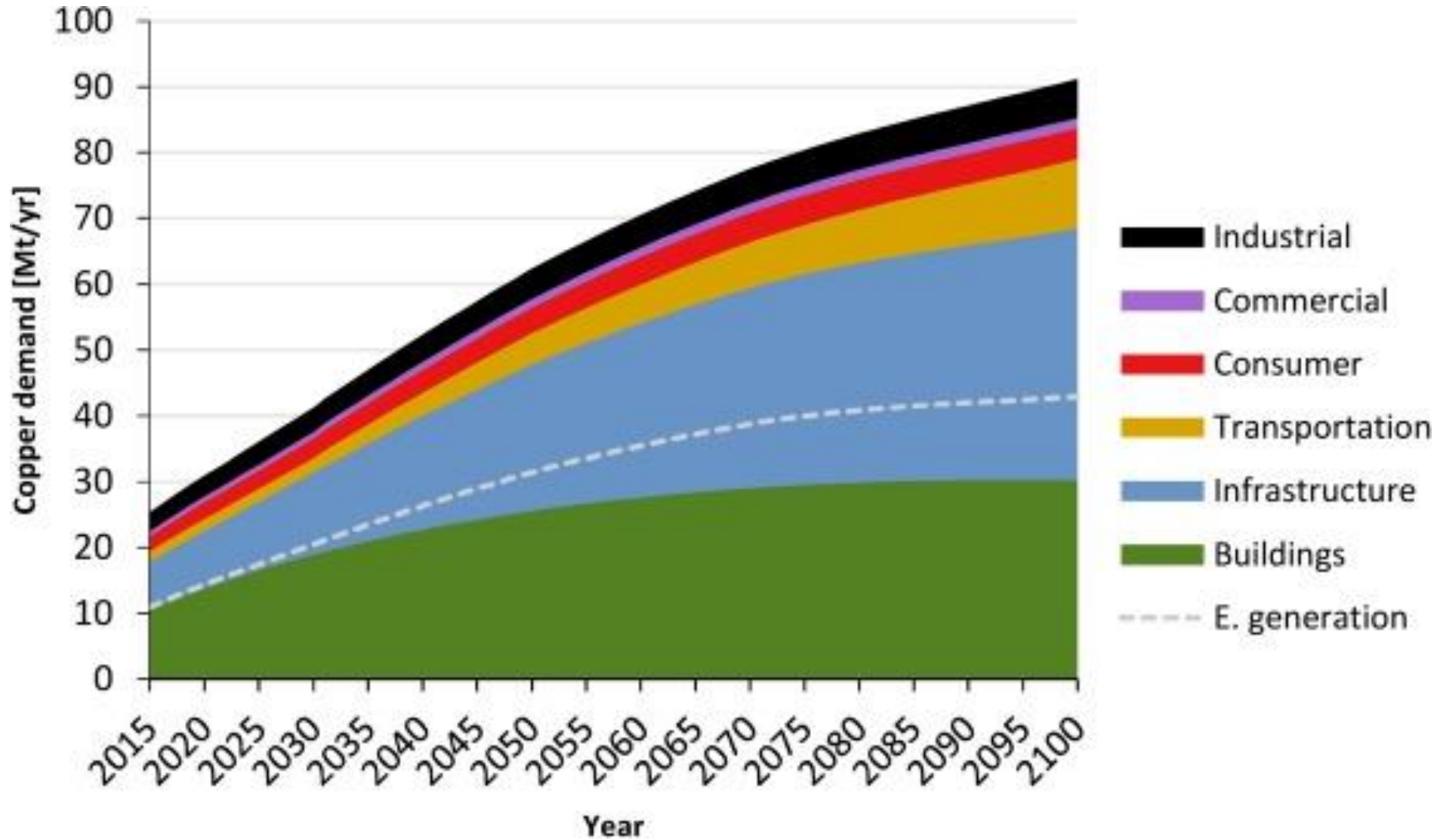
□ Relative



Source: Vaclav Smil (2017) & BP Statistical Review of World Energy

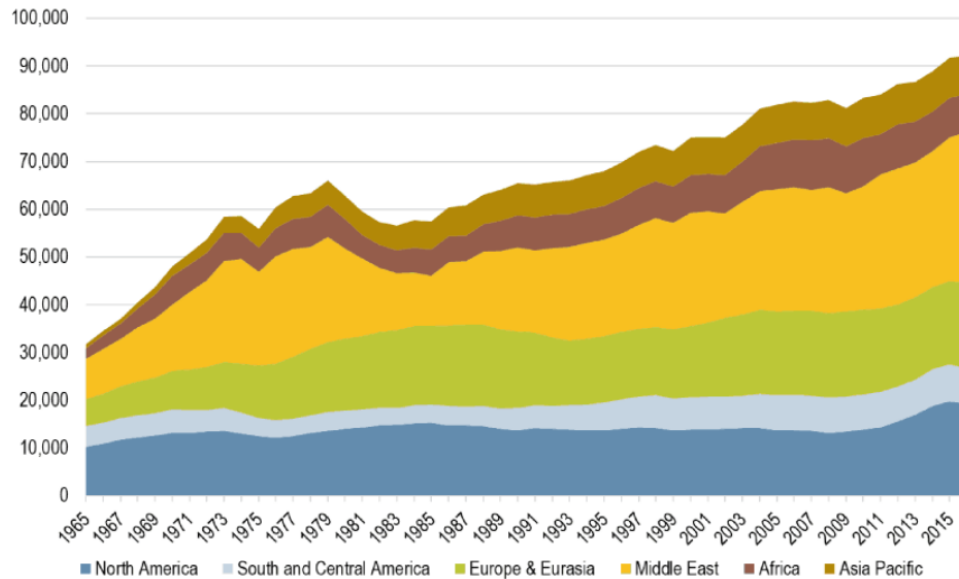
OurWorldInData.org/energy • CC BY

Estimated copper demand



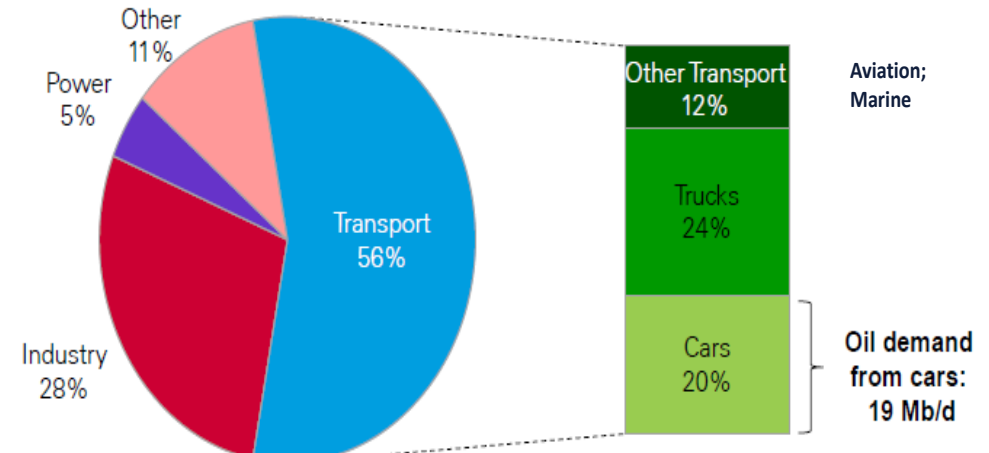
Oil demand is very sticky

World Crude Oil Production and Consumption, 1965-2016



Source: United States Energy Information Administration

Because most of its uses are very stable



Source: BP, 2016 / Burggraben

And the strongest source of additional demand is depletion

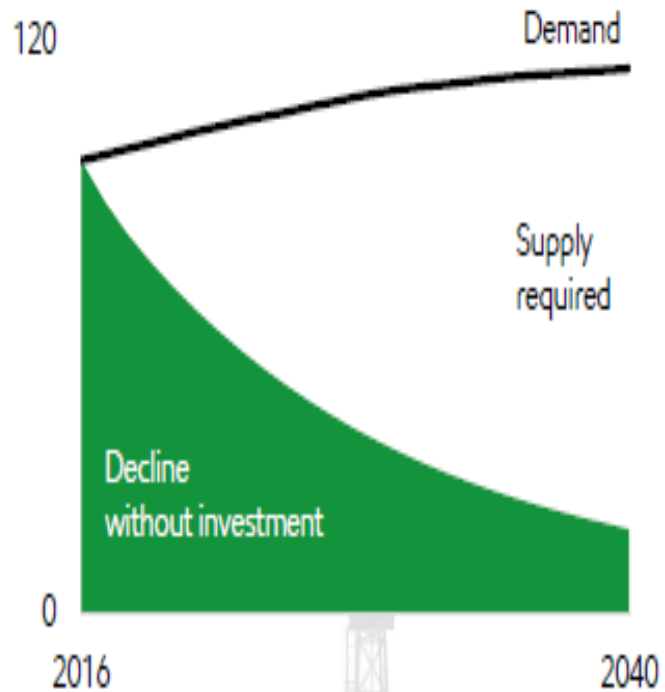
Demand is more stable than perceived



A depleting biz, one should better start to invest...

Oil supply & demand

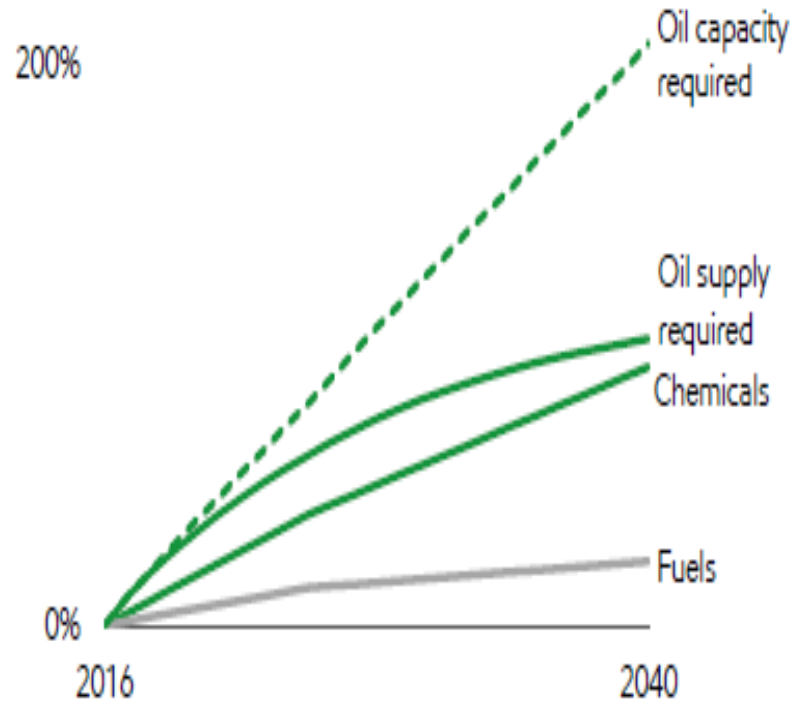
MOEBD



Source: 2018 Energy Outlook

New supply requirement

Indexed to 2016



Source: 2018 Energy Outlook

Pick the low hanging fruits first, it does not get easier!

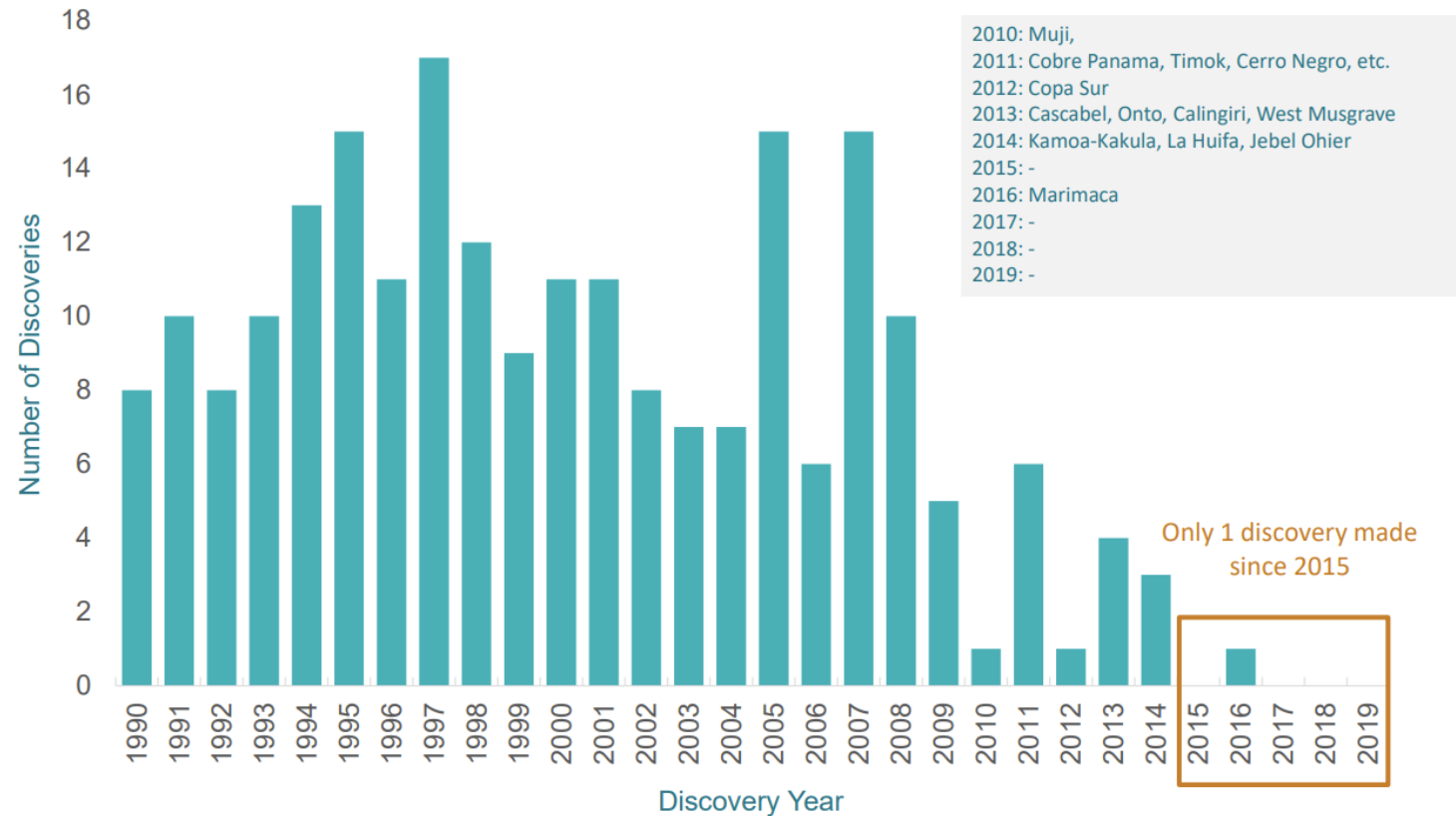
Copper Ore Grade Decline



Source: Wood Mackenzie.

We have a structural problem

Copper Discovery Rate Remains Dismal



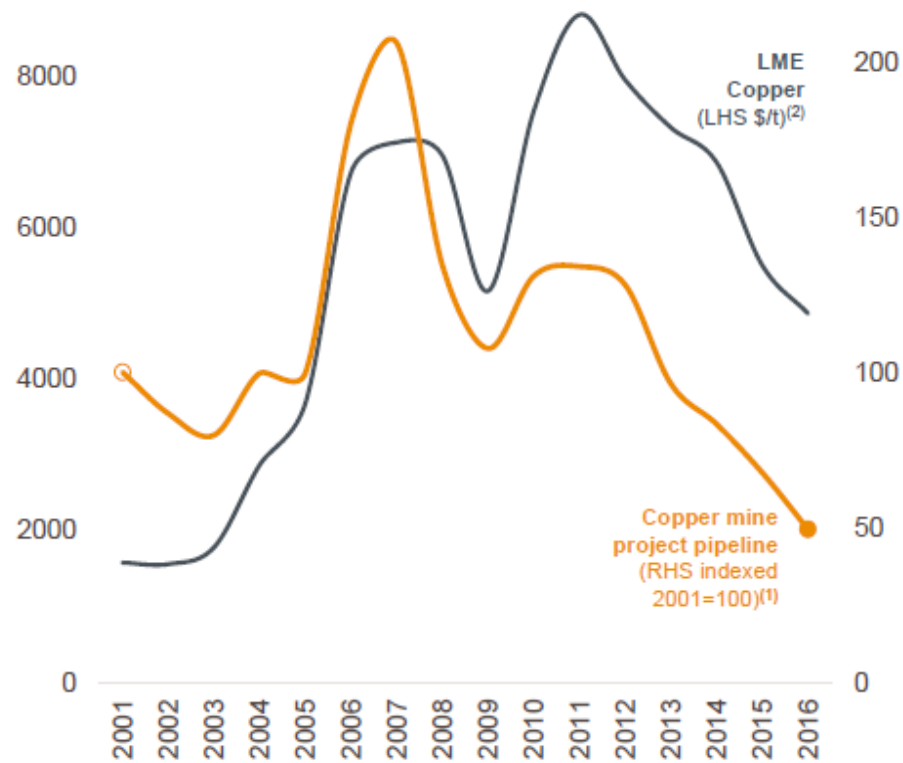
Source: S&P Global Market Intelligence

TSX: SLS; OTCQB: SLSSF 27

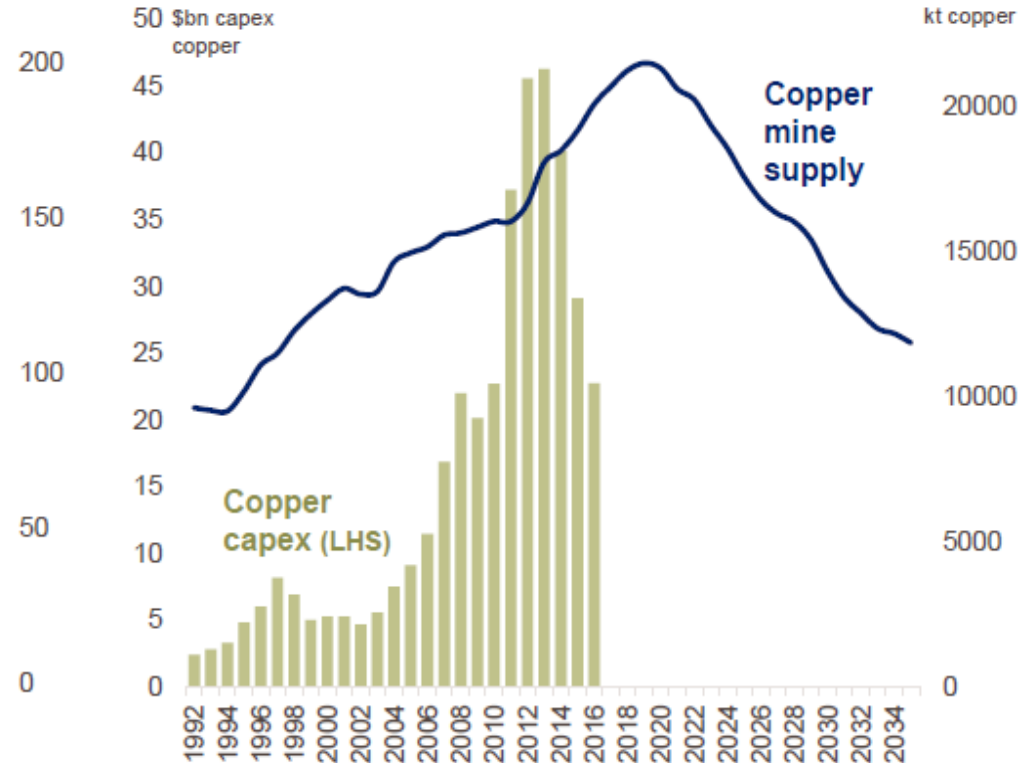
It is a capex cycle

Sustaining copper mine supply is progressively more challenging

Copper mine project pipeline now below pre-supercycle lows



Supply is peaking in 2018 and declines thereafter at 3.5% CAGR with no reinvestment ⁽³⁾



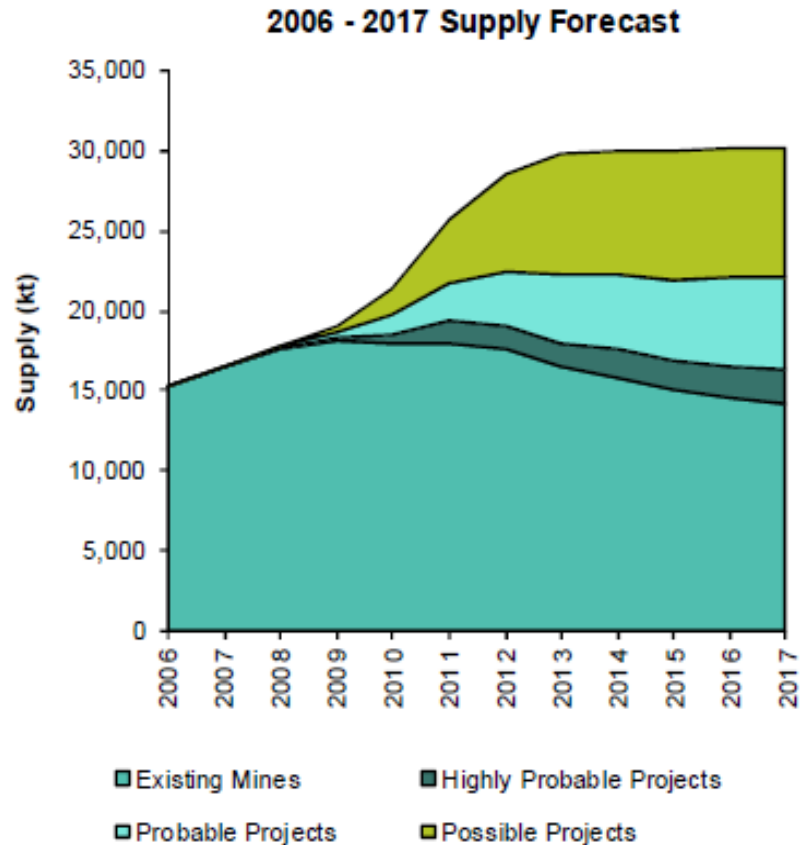
Source: (1) Copper mine project pipeline comprises the total production volume of projects categorised as highly probable and probable by Wood Mackenzie's Global copper long-term outlooks from 2001 to 2016, indexed change from 2001. (2) Annual average LME cash copper price, source Wood Mackenzie and Bloomberg. (3) Bernstein European Metals and Mining, 8 March 2017, Copper & Gold – Not a production wall ... It's a production cliff

GLENCORE

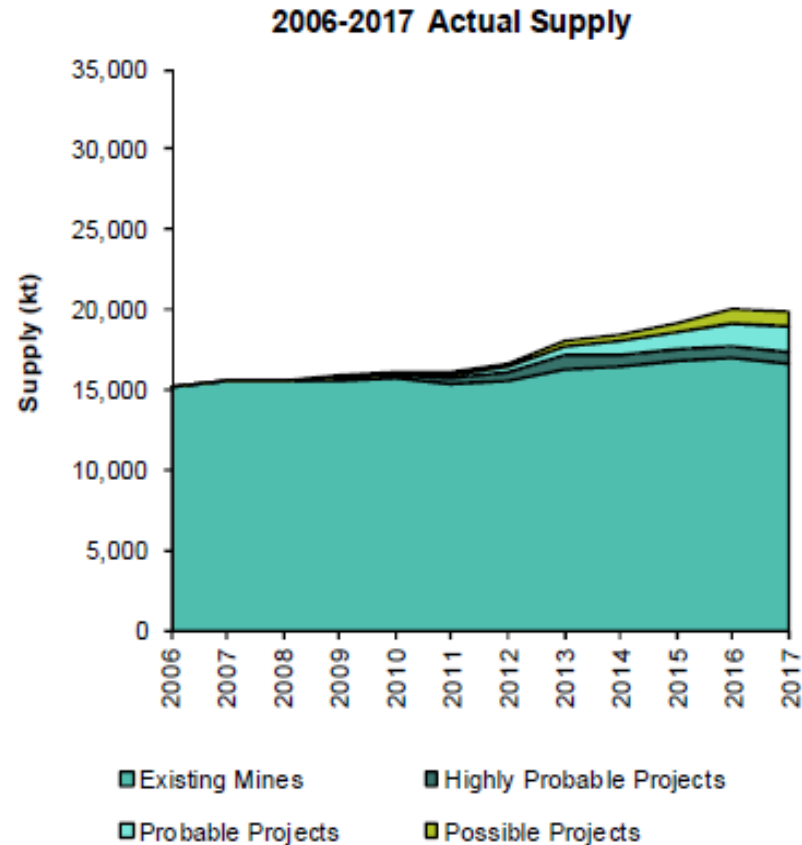
Mediocre supply response in relation to capex

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"...

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

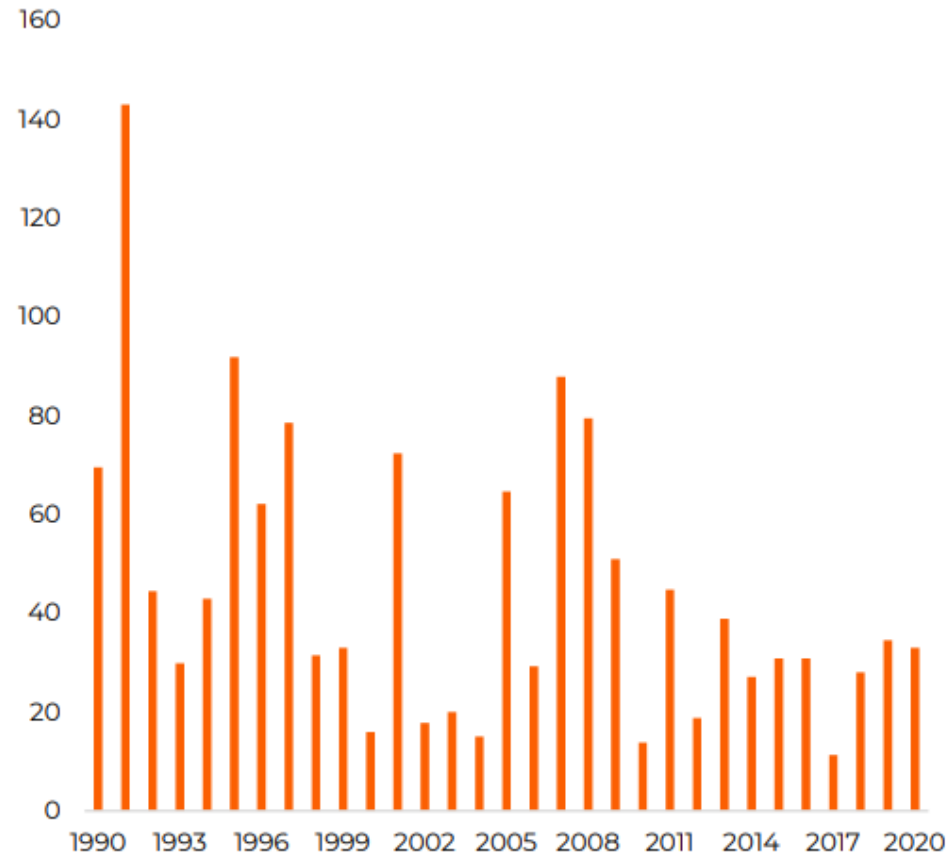


Source: Brook Hunt, Wood Mackenzie, Bernstein analysis

Time lag is a decade...

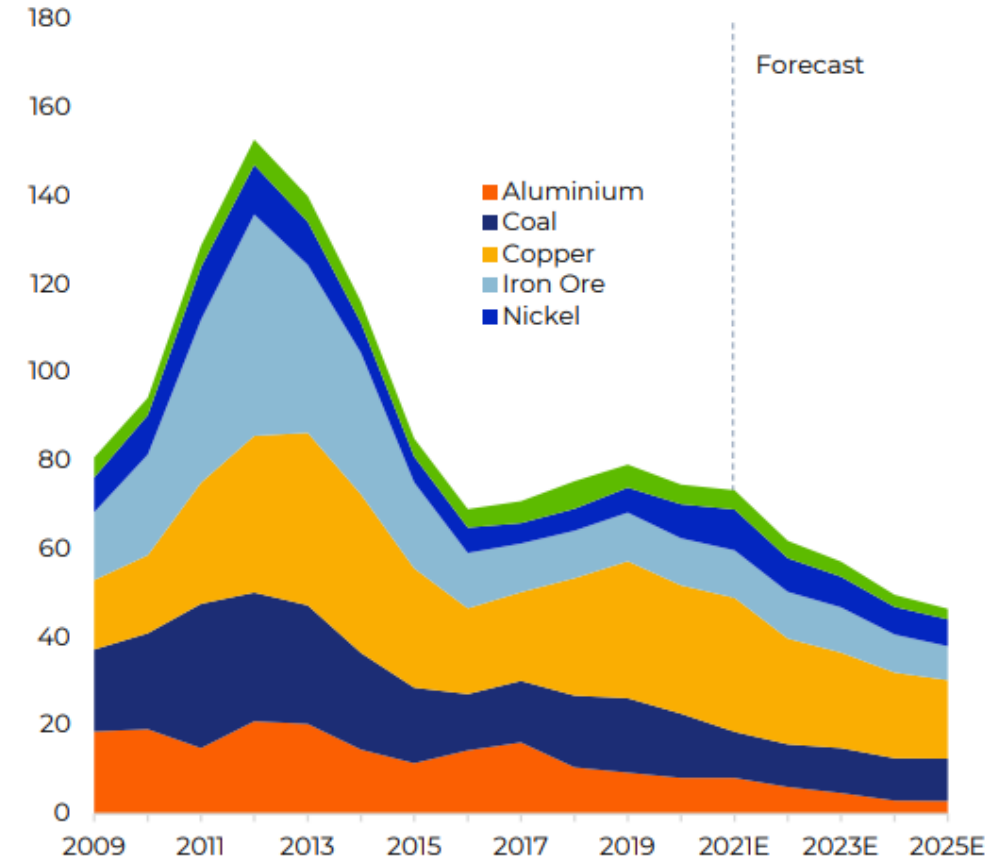
Discovery of new resources remains limited

Copper in major discoveries (Mt)⁽¹⁾



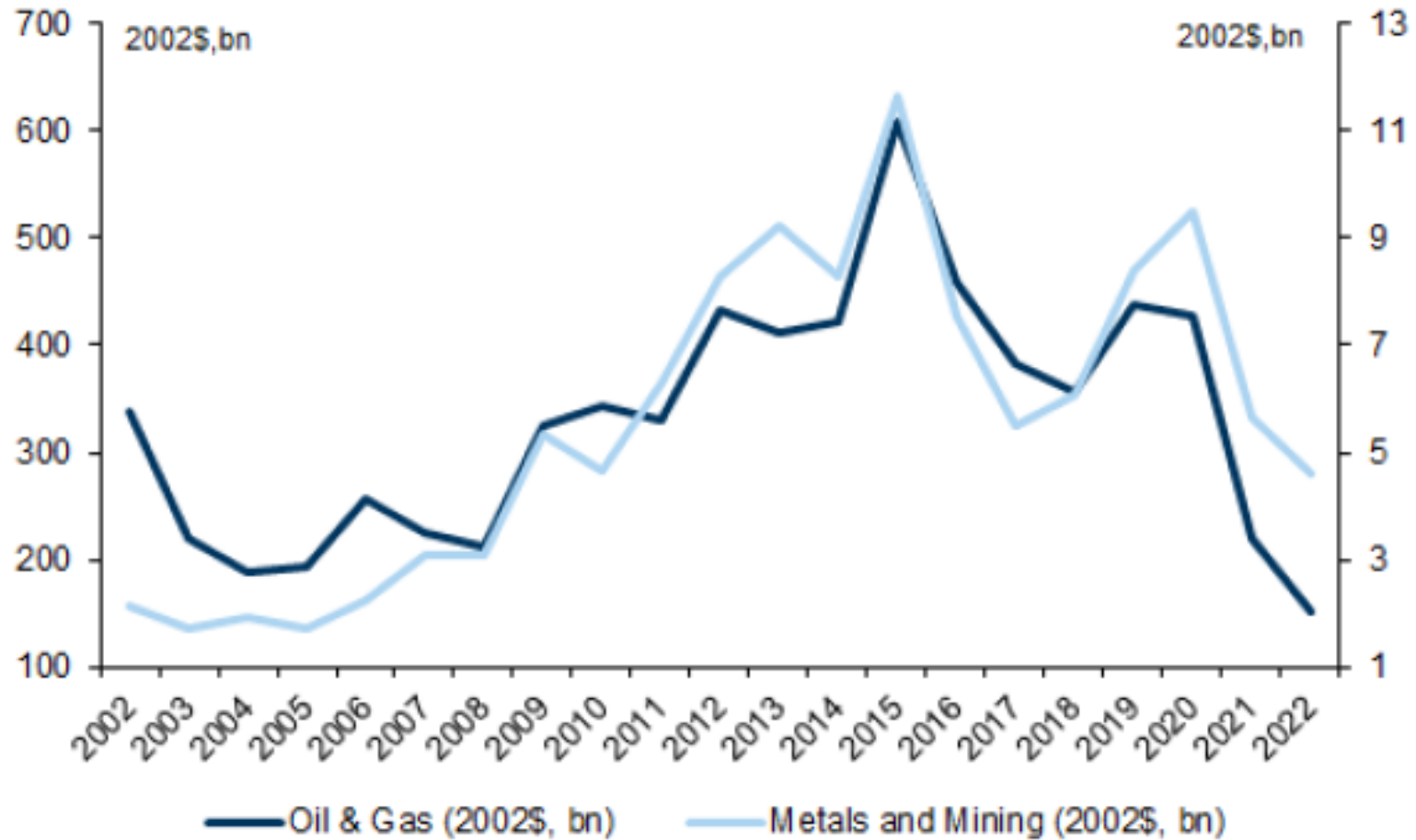
Trajectory of Capex

Expansionary and sustaining capex by commodity (\$bn)⁽²⁾



It does not get cheaper...

Oil & Gas and Metals and Mining (rhs) real capex in 2002 dollars



Source: Goldman Sachs/Baker Hughes

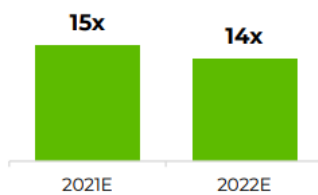
Crowd is bearish, but...

Glencore on track to smash profit record

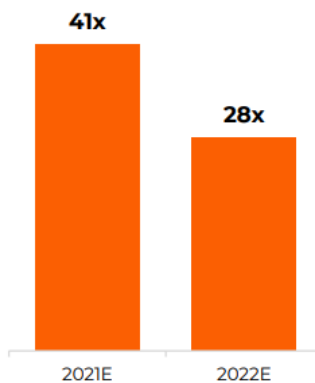
Major diversified miners EV/EBITDA^(1,2)



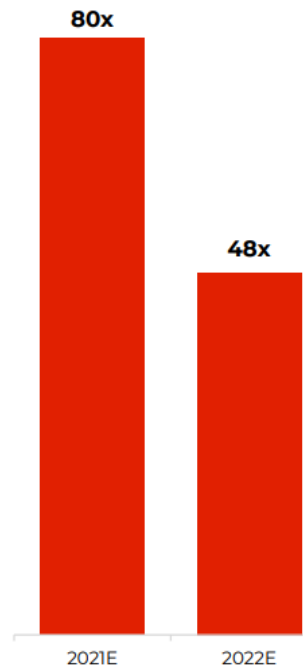
Renewable energy:
A leading wind turbine producer EV/EBITDA⁽²⁾



EV Batteries:
A leading producer EV/EBITDA⁽²⁾



Electric vehicles:
A leading producer EV/EBITDA⁽²⁾



Notes [1]: Includes Anglo American, BHP, Glencore and Rio Tinto. BHP FY21. [2] Source: Morgan Stanley Research, Capital IQ.

GLENCORE

2022 | BMO
Global Metals & Mining Conference

13 March 2023

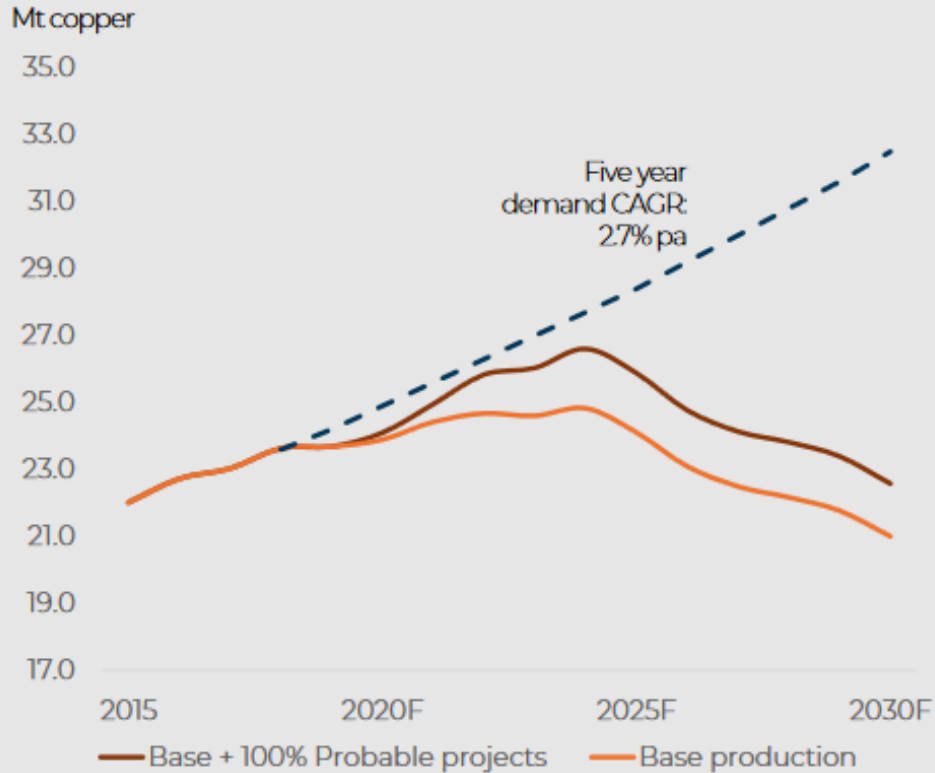
LTIF
Long Term Investment Fund

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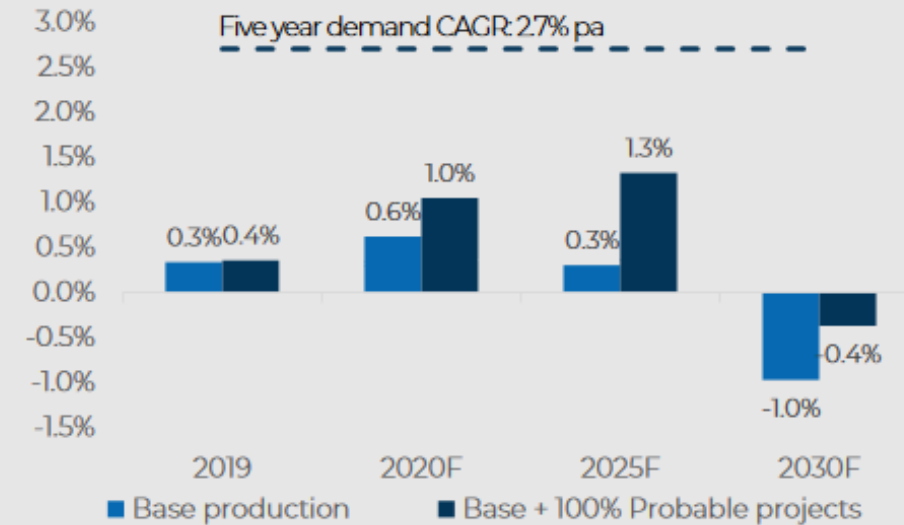
It has just started...

Structural deficits likely even with 100% of probable project pipeline

Historical demand trends imply continued copper deficits⁽¹⁾



Minimum copper demand needed for inventory draw⁽¹⁾



- In 2025... EV demand is equivalent to half of new supply from all Probable projects (assuming 100% are built)
- By 2030... EV demand is equivalent to almost double total new supply from all Probable projects

"The SIA value bracket"

Exploration

Discovery

Decision to move
into production

Announcement of
financing,
dillution, hedging

Cost overrun

Permitting problems

Delays

Investors throw the
towel

Bank hike debt costs

**Spent \$ can be
bought for Cents**

**Cashflow starts
kicking in**

**Debt is being
reduced**

**Dividends are
being announced**

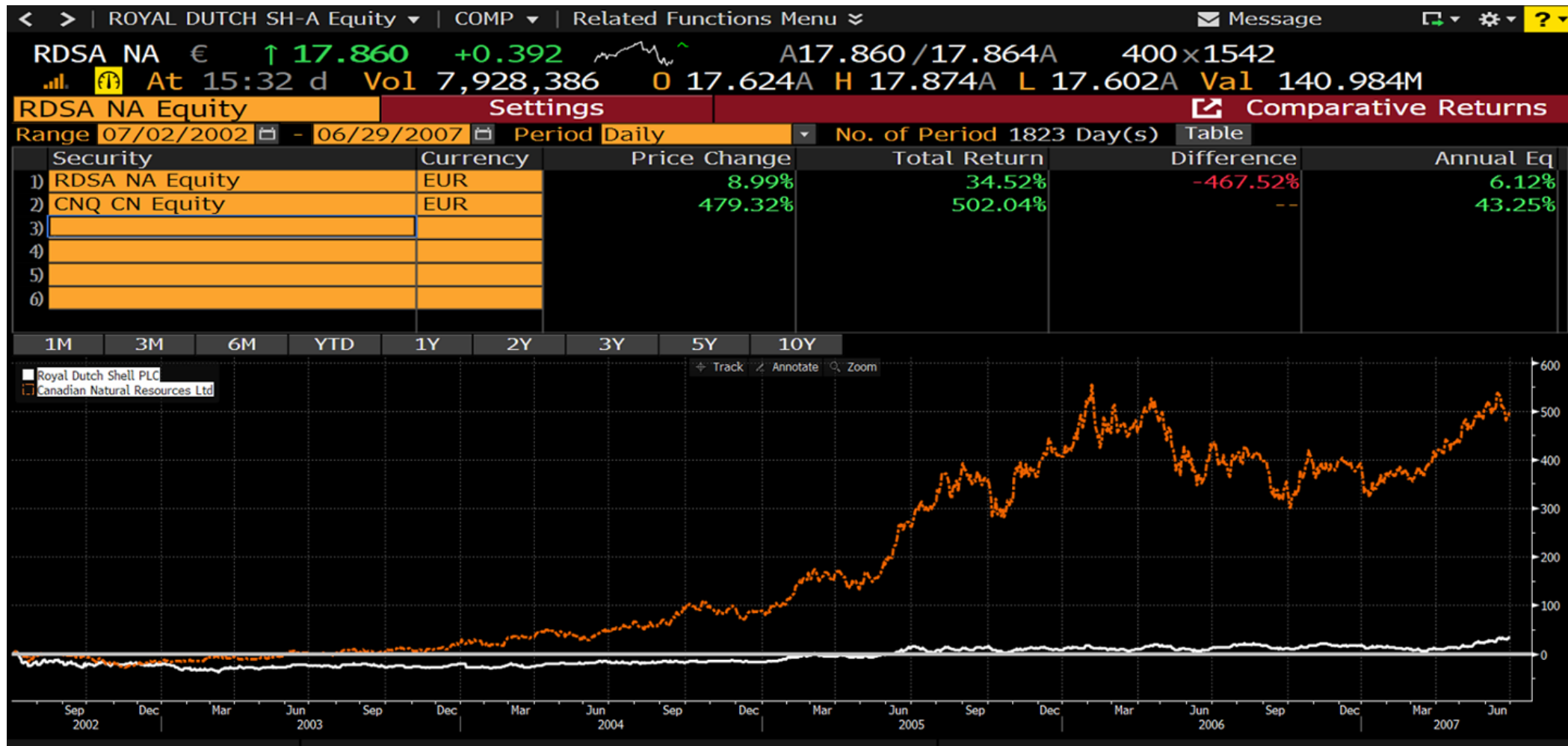
Production
fades

Expansion
is needed

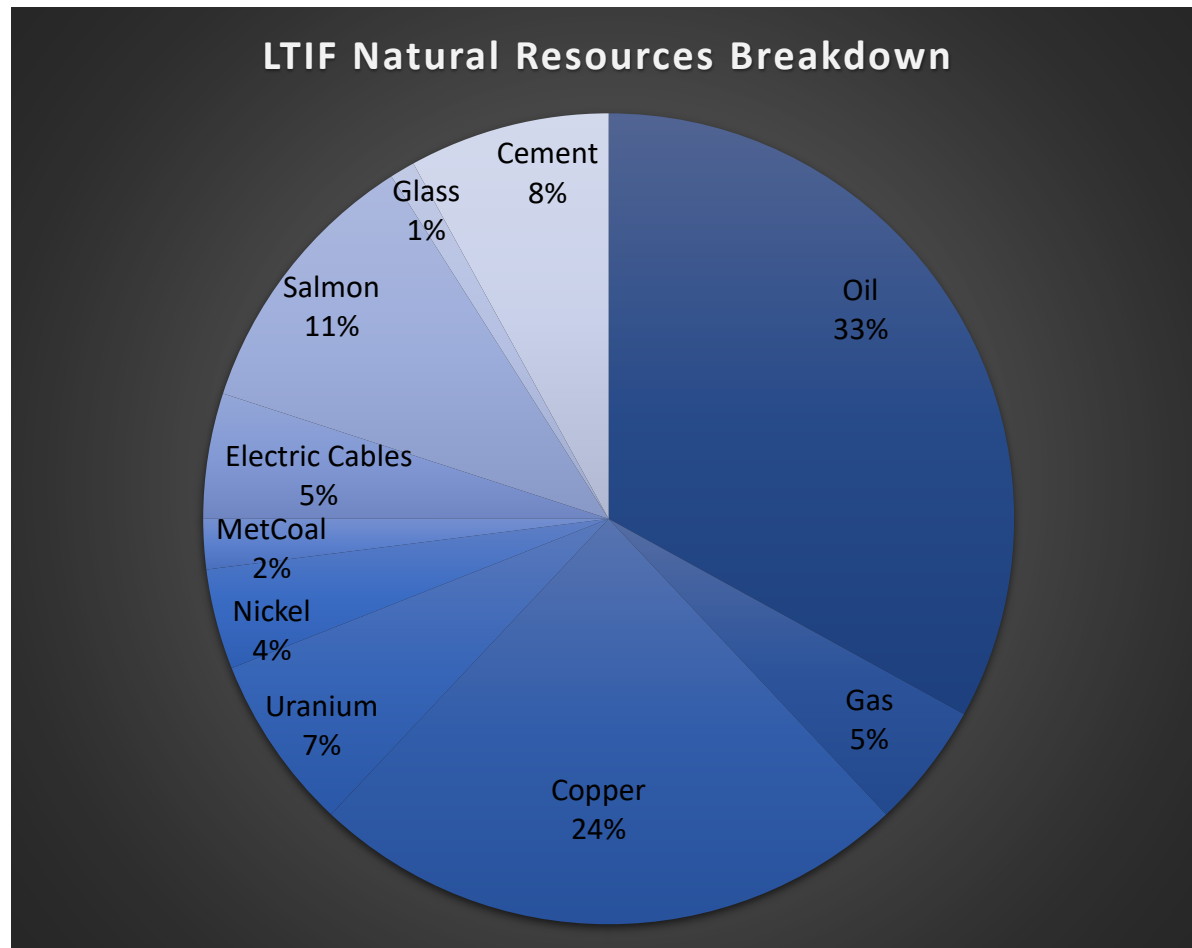
Going
undergrou
nd

New pits

Majors are defensive, underperform in bull market



The LTIF NR trip to outperformance



- **Good business: TIER1 reserves & assets**
- **Good management**
- **Good Balance Sheet**
- **Good price (cheap)**

- **Scarce commodities**
- **“Safer” geographies**
- **In/near production**
- **No start ups**
- **No majors**

- **Energy**
- **Metals**
- **Infrastructures**
- **Agrifood**

We only invest in companies

Quality is key for risk. Both concentrated and diversified

LTIF NR Top 10 Holdings

| Name | Weight |
|------------------------------|--------------|
| TGS ASA | 5.8% |
| Hess Corp | 4.8% |
| Suncor Energy Inc | 4.2% |
| Harbour Energy PLC | 4.1% |
| Buzzi Unicem SpA | 4.0% |
| First Quantum Minerals Ltd | 4.0% |
| HeidelbergCement AG | 3.9% |
| Hudbay Minerals Inc | 3.8% |
| Cenovus Energy Inc | 3.7% |
| EOG Resources Inc | 3.7% |
| Total Top 10 Holdings | 33.3% |

- Quality of companies and funds.
The 4 Gs
- Concentration: 30% of the NR Fund is in 10 names
- Diversification is key.
Avoid concentration risks

Know your portfolio

We buy at a discount. The discount rises protection

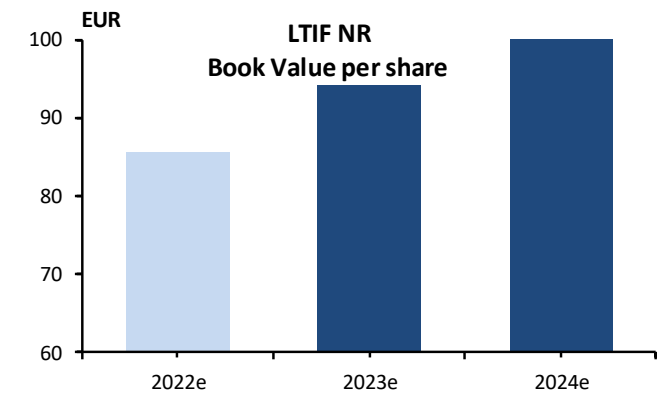
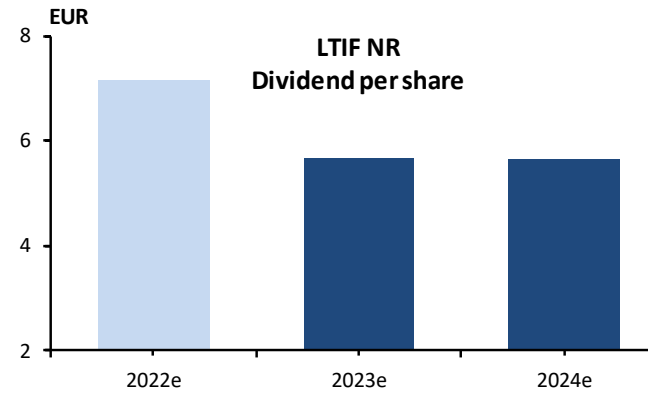
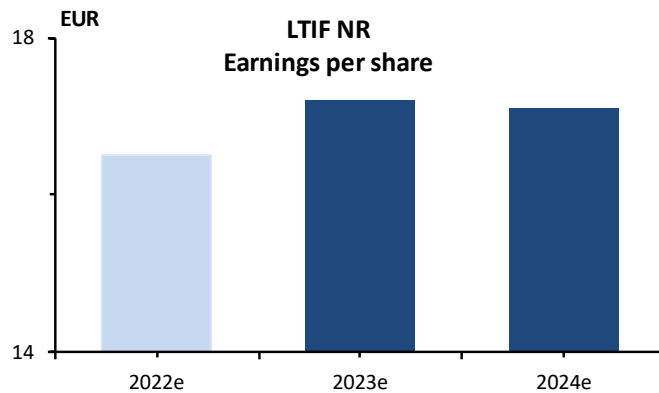
| Date | NAV | % |
|------------|-------|-------|
| 31.12.2020 | 87.1 | |
| 31.12.2021 | 122.5 | 40.7% |
| 31.12.2022 | 138.4 | 12.9% |

Reporting LTIF NR as of 31.12.2022 (aggregated data in EUR)

| Year | EPS | % | P/E | EPS yield | S&P NR P/E | S&P NR EPS yield |
|-------|------|-----|-----|-----------|------------|------------------|
| 2022e | 16.5 | | 8.4 | 11.9% | 7.1 | 14.1% |
| 2023e | 17.2 | 4% | 8.0 | 12.4% | 10.0 | 10.1% |
| 2024e | 17.1 | -1% | 8.1 | 12.4% | 10.3 | 9.7% |

| Year | DPS | % | Div. Yield | S&P NR Div. Yield |
|-------|-----|------|------------|-------------------|
| 2022e | 7.2 | | 5.2% | 4.6% |
| 2023e | 5.7 | -21% | 4.1% | 4.0% |
| 2024e | 5.6 | -1% | 4.1% | 4.0% |

| Year | BPS | % | P/B | S&P NR P/B |
|-------|-------|-----|-----|------------|
| 2022e | 85.6 | | 1.6 | 1.7 |
| 2023e | 94.2 | 10% | 1.5 | 1.4 |
| 2024e | 109.2 | 16% | 1.3 | 1.4 |



Source: SIA Group / Bloomberg

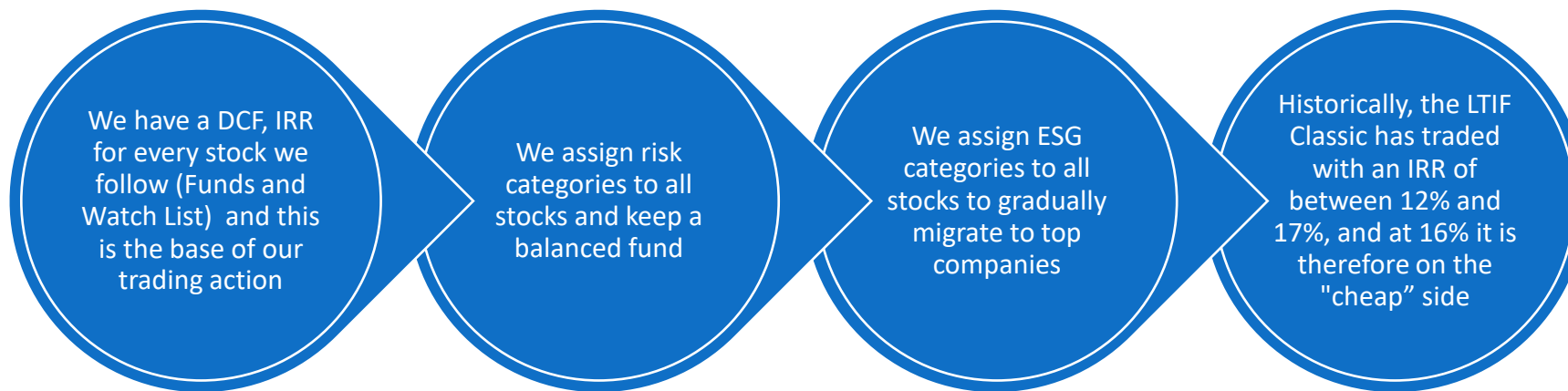
LTIF NR vs Benchmark very strong in positive markets



Presentation Plan

- SIA Funds. Who are we? Strategy
- LTIF Classic
- LTIF Natural Resources
- **Risk Management**
- SIA Funds is looking for long term partners

Valuation, Risk Categories and ESG are also risk management tools



- No trading, no hedging, no timing, no derivatives.
- Plain Long-Term Investing. Sometimes even boring.
- Sharpe and Sortino ratios are somewhat flawed because they link volatility to risk. We focus on returns.
- Real risk cannot be measured, it can be managed.

Presentation Plan

- SIA Funds. Who are we? Strategy
- LTIF Classic
- LTIF Natural Resources
- Risk Management
- **SIA Funds is looking for long term partners**

Why SIA Funds? What do we add?



Investment philosophy.
Strategic Value



Size. Boutique. Not constrained by institutional decisions



Experience: decades. Team working together for many years



Risk management. Quality biased. Risk averse. Capital preservation



Good track record: 9-10% p.a. since inception



Long term view: we look for partners not short-term traders



Transparent, Responsible, Honest.
We are partners with our clients (skin in the game)

SIA Funds is looking for long term partners

Long Term Investment Fund (SIA) structure

| Compartments | LTIF Classic Series | | | |
|------------------|---------------------------|--------------|--------------|--------------|
| Investment style | Long-only | | | |
| Management fee | 1.5% pa | | | |
| Performance fee | 15% (HWM and Hurdle Rate) | | | |
| Currency | EUR | CHF | USD | EUR |
| ISIN number | LU0244071956 | LU0301246772 | LU0301247077 | LU1449969846 |
| Telekurs valor | 2'432'569 | 3'101'817 | 3'101'820 | 33'180'015 |
| Bloomberg ticker | LTIFCLA LX | LTIFCLC LX | LTIFCLU LX | LTIFCLD LX |
| Distribution | reinvested | reinvested | reinvested | distributed |

| Compartments | LTIF Natural Resources | | |
|------------------|------------------------|--------------|--------------|
| Investment style | | | |
| Management fee | 1.5% pa | | |
| Performance fee | 15% (HWM) | | |
| Currency | EUR | CHF | USD |
| ISIN number | LU0244072335 | LU0301246939 | LU0301247234 |
| Telekurs valor | 2'432'575 | 3'101'836 | 3'101'839 |
| Bloomberg ticker | LTIFGEV LX | LTIFGEC LX | LTIFGEU LX |
| Distribution | reinvested | reinvested | reinvested |

- **Daily liquidity**, cut-off time previous day at 4:00 pm CET
- **Performance fees are assessed and paid yearly**



SIA Funds AG is an authorized Asset Manager of collective investment schemes, regulated by the Swiss Financial Market Supervisory Authority FINMA.



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DISCLAIMER: LTIF (SIA) Classic and Natural Resources

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