LTIF

Long Term Investment Fund

SIA Funds

Quarterly Update and Outlook

November 2021

vadevalor

AAA Rated Fund Manager

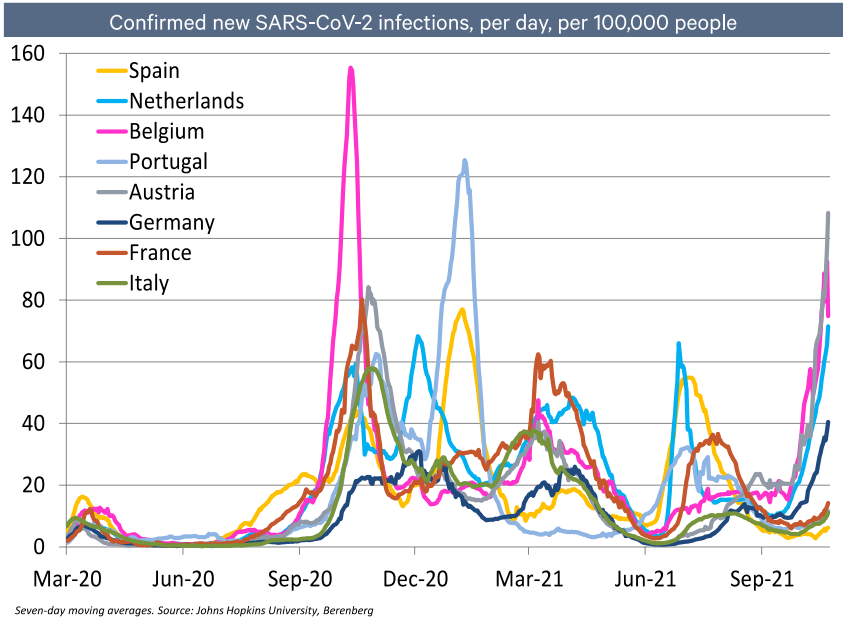
Presentation plan

1. **Covid-19. Towards normalisation**
2. A long and challenging energy transition
3. The Classic Fund: EUR 515 p.s. + 27% ytd
4. The Natural Resources Fund: EUR 127 p.s. + 46% ytd
5. Energy. Triple-digit oil prices by 2023 are likely

We are facing a unique commodity cycle with exaggerated lack of supply (ESG) and exaggerated increase in demand (energy transition).

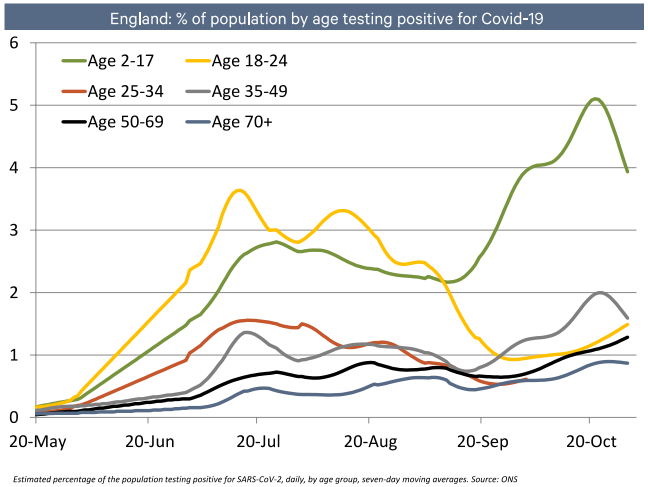
Covid-19 is not over, but most economic implications are

Europe is seeing the new wave start…

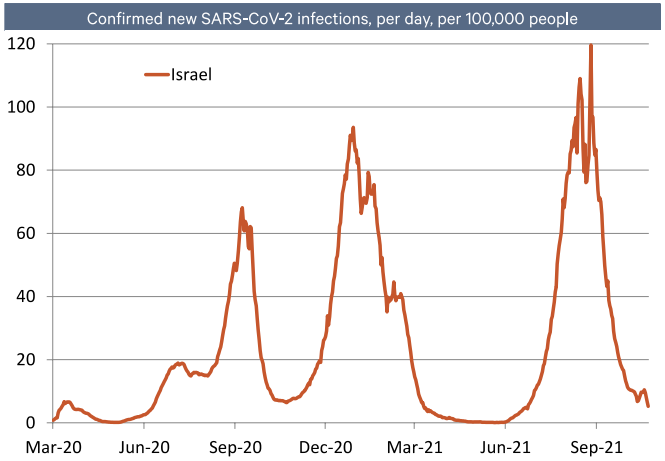


Seven-day moving averages. Source: Johns Hopkins University, Berenberg

But UK & Israel show that vaccines work



Estimated percentage of the population testing positive for SARS-CoV-2, daily, by age group, seven-day moving averages. Source: ONS



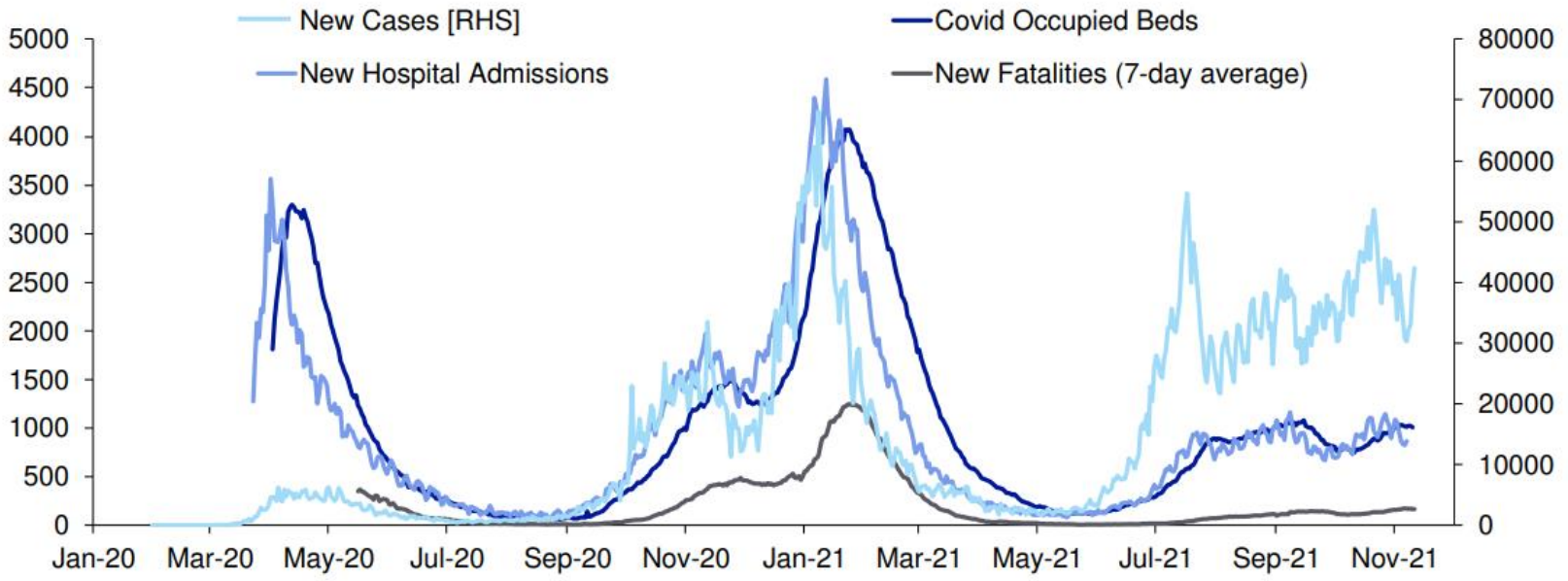
Seven-day moving averages. Source: Our World in Data

Both UK and Israel got through a wave with record infections with no economic impacts:

vaccines have protected the older people, hospitals have not been overwhelmed, flights are re-started

Cases, hospitalisations and deaths: the UK Case

Figure 1: COVID new cases, hospitalisations and fatalities in the United Kingdom



Source : ONS, Deutsche Bank

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Inflation is clearly picking up, but we must separate transitory from lasting effects

Lumber

Coal

Baltic Dry Index

Iron Ore

Natural Gas

Crude oil (Brent)

Copper

Source: Bloomberg

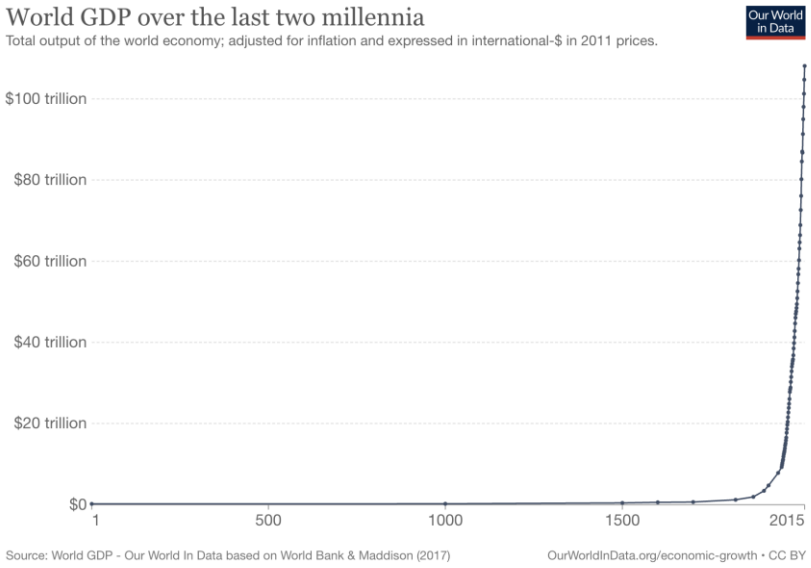
When thinking of the “energy transition”, investors (and citizens) must be aware of two facts that are going to determine how it actually happens:

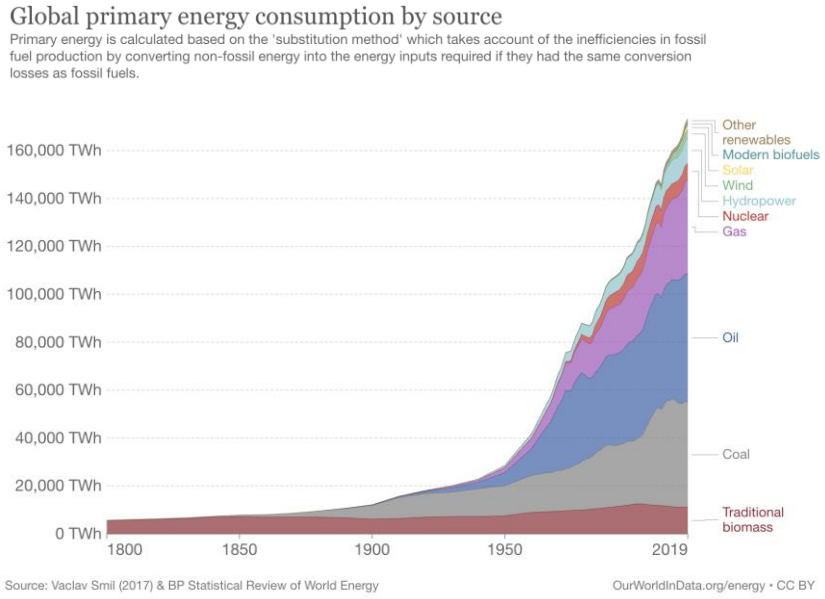
- It will take much, much longer than expected.
- The current level of natural resources availability is utterly insufficient for it to happen.

Key message: These two widely ignored facts provide outstanding investment opportunities in the short and medium term (now to 5-10 years down the road).

Energy at the roots of wealth creation

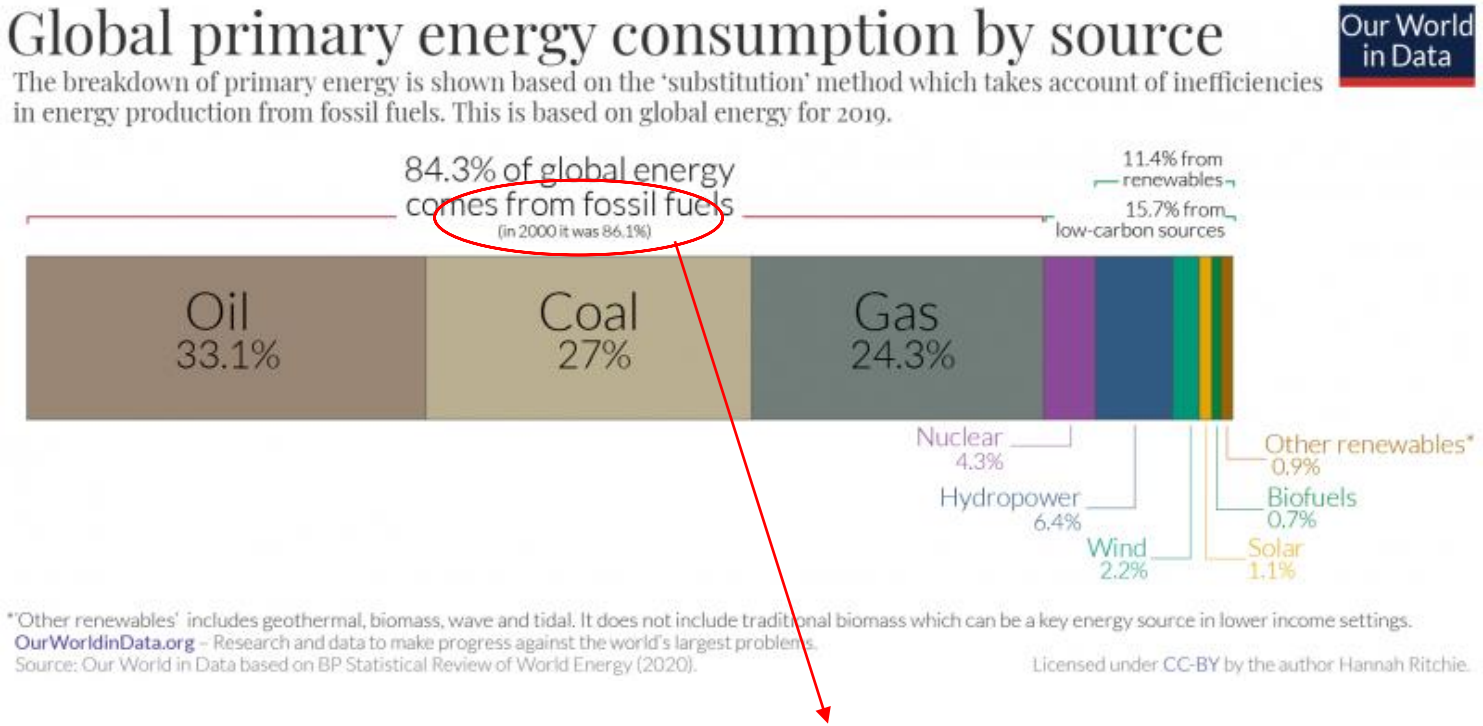
All the wealth creation the world has seen since the industrial revolution is due to the increased use of energy





Fossil fuels are needed to maintain our standard of living… and increase that of poorer countries

And most of it comes from fossil fuels

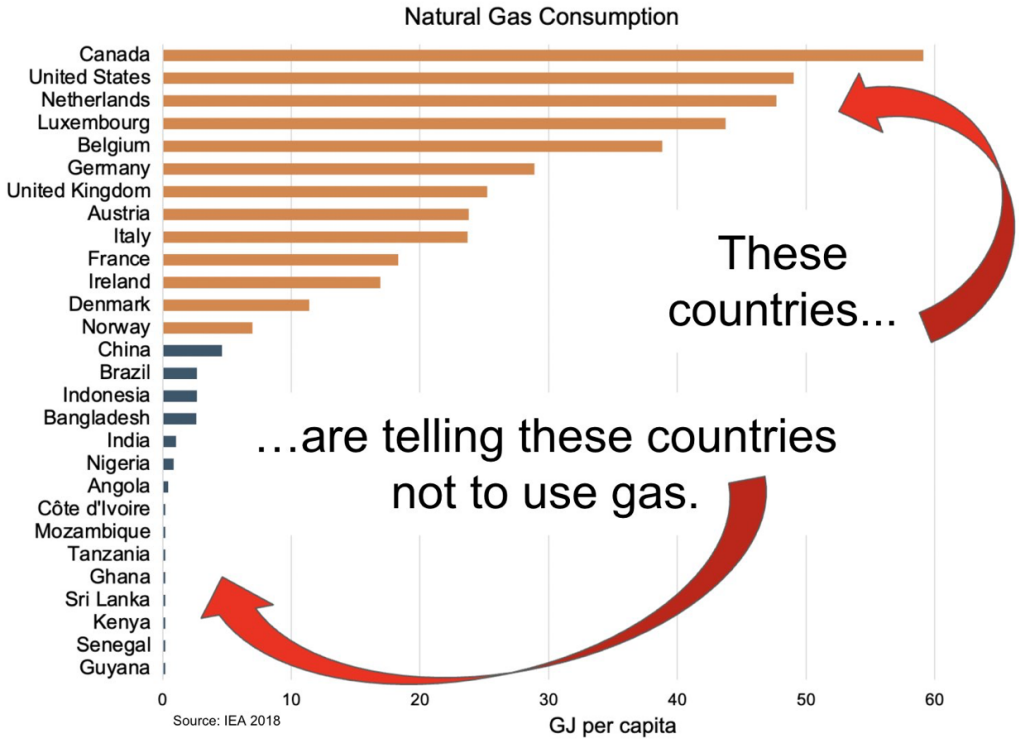


An essential part of this chart…. 1.8% reduction in 20 years, about 0.1% per year

The underlying demand keeps growing

- Gigajoules per capita, 2015
  - USA 295
  - Japan 150
  - EU 150
  - China 90
  - Brazil 60
  - India 20
  - Nigeria 5
  - Ethiopia 2

Source: IEA



- Efficiency and total demand
  - From B707 (1960) to B737-800 (2010): 3 x more efficient
  - Miles flown from 1960 to 2010: 0.1 tn to 5.5 tn (55 times more)

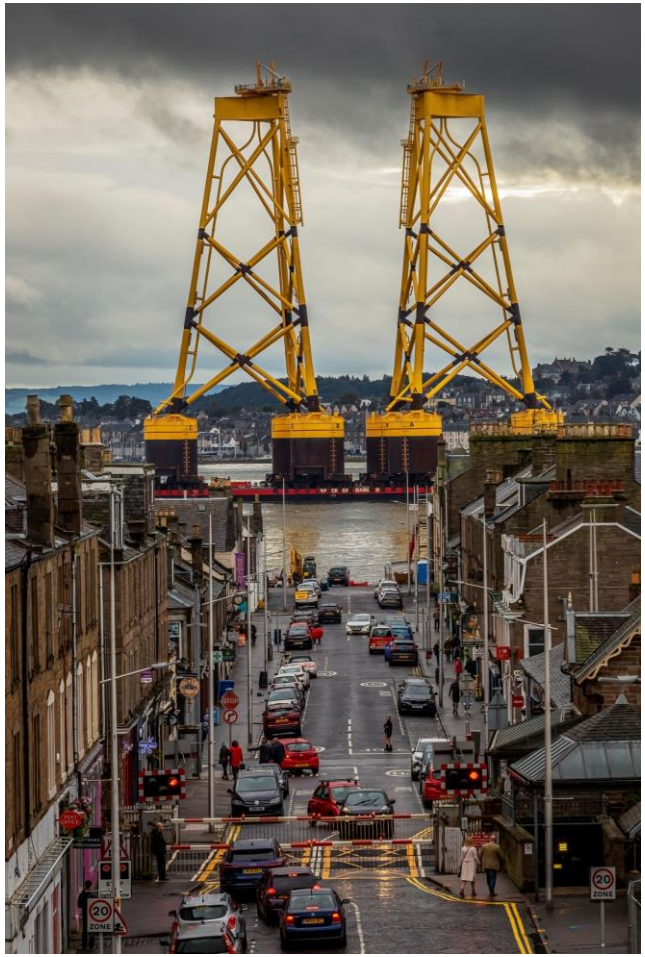
Source: Boeing, IATA

And there are many uses of fossil fuels that cannot be substituted for

- Primary steel 1,100 Mtn/y
- Cement 4,200 Mtn/y
- Ammonia 180 Mtn/y
- Plastics 300 Mtn/y

This represents more than 15% of all fossil fuel consumption (coal, natural gas, oil).

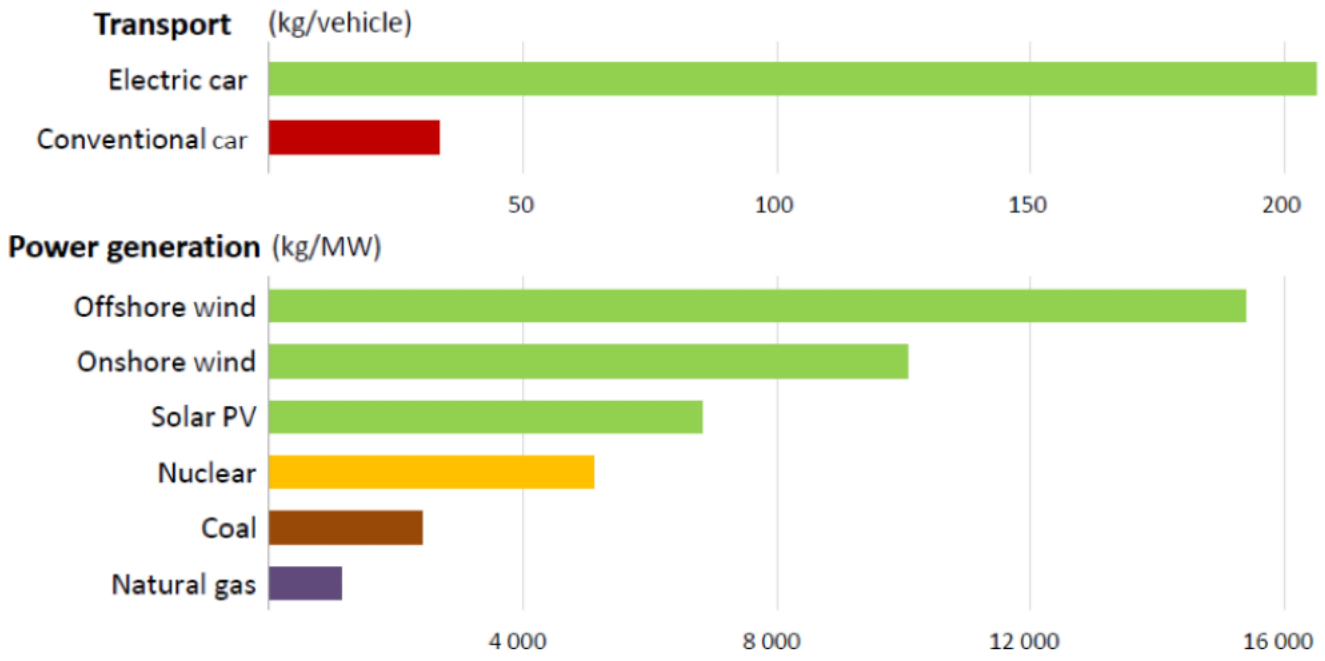
And when they can (wind electricity), they need huge amounts of steel and cement.



Need for basic resources for the transition

A typical electric car requires six times the mineral and metal inputs of a conventional car. An offshore wind plant requires thirteen times more metal resources than a similarly sized gas-fired power plant according to the International Energy Agency (IEA).

The shift to a more metal-intensive energy system



Source: IEA 2021; Volkswagen

BURGGRABEN HOLDING AG

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The Classic Fund. Recovering from the Covid-19

- By mid-November, **the Classic Fund stands at EUR 515 per share +27% ytd**, are slightly ahead of most indices.
- **Best sectors: Technology, Energy, and Financials.** Bad sectors: Mining and Health/Healthcare (Grifols).
- **Gainers: ASML, ING, Devro, oil companies all above 50%.**
- **Laggards** were Grifols (-15% ytd.), followed by Harbour Energy etc., all with falls of 5-10%.

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The Classic Fund. Updated IRR: 14% & IV: EUR 735 p.s.

- Updated **IV of EUR 735 p.s.** and **IRR of 14%,** in the middle of its historical range (12%-16%). **2022 target at EUR 575 p.s.**

- **The Classic fund has made 9% a year since it was launched in 2002, close to our 10% target.** 10% implies a x2 of the investment every 7 years, x4 every 14, and x8 every 21.

- We are **long-term investors** (the SIA team is heavily invested) and seek to take advantage of the "**magic of compounding**".

Could we aim higher and try to achieve a 20% annual return? Clearly, we could. But we would have to raise the risk to a level not compliant with the basic definition of investing: capital protection plus decent return.

Long Term Investment Fund Classic since inception (20 years)

LTIFCLA LX € NAV 515.58 -0.28
On 12 Nov

LTIFCLA LX Equity | Settings | Comparative Returns

Range 01/14/2002 - 11/12/2021 Period Daily No. of Period 7242 Day(s) Table

	Security	Currency	Price Change	Total Return	Difference	Annual Eq
1)	LTIFCLA LX Equity	EUR	415.58%	415.58%	189.20%	8.62%
2)	MXWO000V Index	EUR	69.03%	226.38%	--	6.14%
3)	NDEEWNR Index	EUR	268.14%	268.14%	41.76%	6.79%
4)						
5)						
6)						

1M 3M 6M YTD 1Y 2Y 3Y 5Y 10Y

Long-term performance of the LTIF Classic

LTIF Classic vs. Value Peers

LTIFCLA LX € NAV 515.58 -0.28
On 12 Nov

LTIFCLA LX Equity | Settings | Comparative Returns

Range 09/30/2011 - 10/15/2021 Period Daily No. of Period 3668 Day(s) Table

	Security	Currency	Price Change	Total Return	Difference	Annual Eq
1)	LTIFCLA LX Equity	EUR	167.89%	167.89%	29.86%	10.30%
2)	WARVFA LX Equity	EUR	138.02%	138.02%	--	9.01%
3)	TWDBRWI LX Equity	EUR	128.82%	128.82%	-9.21%	8.59%
4)	DJEDIVI LX Equity	EUR	162.61%	162.61%	24.59%	10.08%
5)						
6)						

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Half the Classic Fund is in 10 names

LTIF Classic Top10 Holdings	
ING Groep NV	7,2%
Grifols SA	5,6%
Heidelberg Cement AG	5,4%
Cenovus Energy Inc.	5,4%
ISS A/S	5,1%
Thales SA	4,9%
Sodexo SA	4,5%
Suncor Energy Inc.	4,2%
Devro Plc	4,2%
Henkel AG & Co	4,1%
TOTAL	**50,6%**

Business quality (franchise, returns),

Good management team (shareholder value)

Clear strategy (marginal return, reinvestment, free cash flow to investors)

Concentrated but well diversified

Heidelberg Cement. Cement is a profitable sector

- The main idea behind our investment in HEI is **the management change in 2020 and the renewed strategy.**

- **Cement is a good business:** despite its cyclicality (follows construction and GDP), it ends up adopting an **oligopolistic structure capable of generating double digit returns and strong free cash flow.**

- The problem has been that **cement company managers have used this cash accumulation for value-destroying acquisitions.** HEI bought Hanson (2007) and Italcementi (2016).

Heidelberg Cement. Management Change

The new management team led by Dominik von Achten is doing the right thing, having set the following strategic targets:

1) Improving margins and **profitability**

2) **Selling** non-strategic assets. Buying bolt-on's

3) Improving the **balance sheet**

4) Completing the **digital** transition

5) Accelerating the company's **decarbonization**

6) **Returning excess cash flow to shareholders**

Heidelberg Cement. Not a dirty business

- Cement has a very negative narrative due to the **energy transition and decarbonization**, which will certainly force HEI to raise expenses/investments.

- We think the ESG narrative is not fair:
  1) It **is just as important to invest in polluting sectors to cut their emissions** as it is to invest directly in "green assets".
  2) As a sector with a local-oligopolistic structure, **capex and extra costs will be passed on to the end consumer.**
  3) **HEI is one of the ESG/decarbonization leaders** within the building materials business.

- Several **national infrastructure plans** will follow the Covid-19 crisis, requiring a great deal of different commodities, including cement and concrete.

Heidelberg Cement. Extremely cheap

- HEI will generate an EBITDA of EUR 4 bn in 21. Multiplied by the historical industry average multiple of 8x, equals an EV of EUR 32bn, **an equity value of EUR 21 bn or EUR 105 p.s.**

- Note that in cyclical upturns, **the cement sector usually averages 10x EBITDA.** This means EUR 145 p.s.

HEI **recently sold some non-strategic assets in California** for $ 2.3 billion (solving the high leverage) at an **EV/EBITDA of more than 15x**

Pandora. Averaging down for 3 years

- **We jumped in the stock in 2017, averaged down for 3 years**

- We think we made **2 main mistakes:**
  1) Underestimated/missed the company's internal damage after years of mismanagement
  2) Pandora's dependence on its commercial success (charms & moments)

- **The stock is not a quiet one** with lows in 2011 to DKK 30 p.s., highs of DKK 1000 in 2016 (x33), down to DKK 200 in 2020 (-80%) and up to DKK 900 in Nov-21 (x4)

Pandora. The strategic analysis has proven to be correct

- Our strategic analysis was correct: **strong barriers to entry.** Scale/cost advantage, switching costs (platforms & charms), and network effect (commercial, brand, and fashion).

- **The new management (2019) rebuilt the company (2019/2020)** and the co. had a great recovery. Now trading at >900 DKK p.s., with a very good net return to us.

- We are strongly aligned with the new management, **still invested in the company**, and surprised that no one is asking us about Pandora anymore.

Should you ask us about Pandora now, the response will be "all good". A correct strategic analysis was the key.

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- **The LTIF NR Fund is also having a very good year with a +46% by mid-November** (EUR 127 p.s.) outperforming most indices.

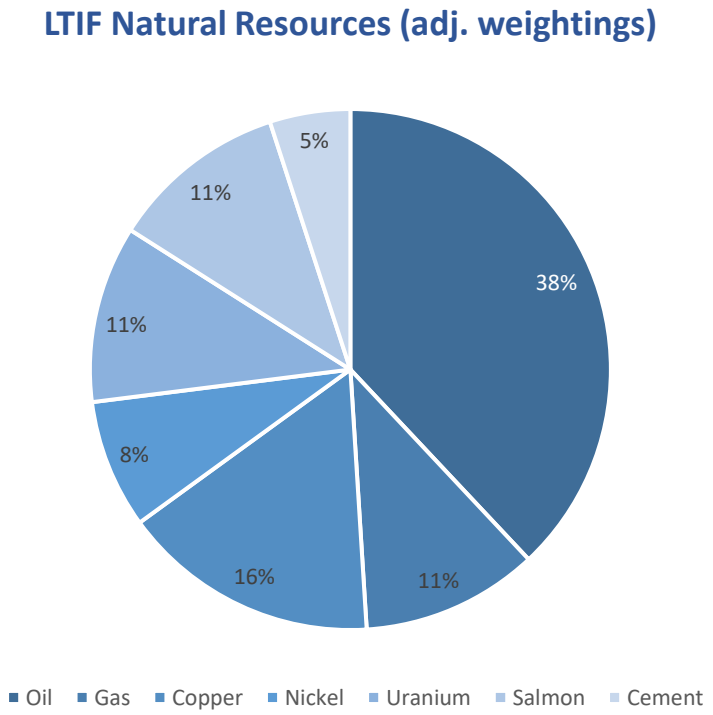
- This is just the beginning, as we are convinced that we are **entering a new commodity super-cycle,** usually of long duration due to the difficulty of developing new supply.

- **Overlapping of 2 cycles,** the normal commodity/capex cycle (after 10 years of underinvestment) and the capex needs stemming from the energy transition.

The best performing sector in 2021 has been energy (+50%) followed by mining (+30%).

Sector breakdown LTIF NR (as of 29th October 2021)

Oil	38%
Gas	11%
Copper	16%
Nickel	8%
Uranium	11%
Salmon	11%
Cement	5%



The NR Fund: IV of EUR 172. IRR: 14%

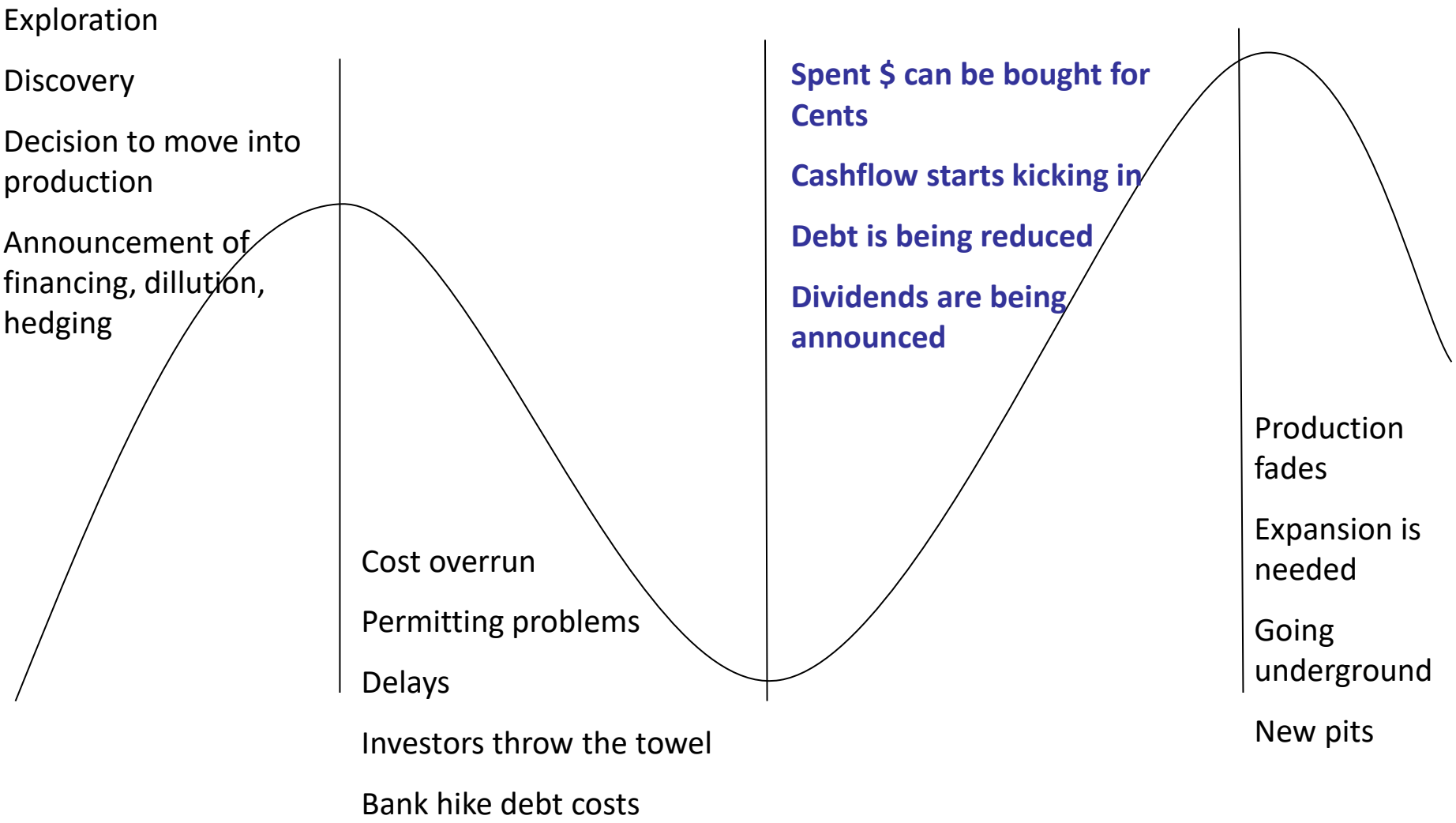
- **The NR Fund's updated IRR is currently 14%,** with an **intrinsic value of EUR 172 p.s.** at convergence or mid-cycle valuation.
- However, as previous commodity cycles have shown, **the market does not tend to stop at mid-cycle valuations**, but goes from one extreme to another, like a pendulum.
- At the March 2020 lows when the stock market was anticipating a global economic recession, the fund briefly touched a NAV of EUR 50 p.s. or 70% below our IV.

Should we apply this 70% to the positive end, we could go to EUR 275 per share (2.3x the current NAV).

LTIF NR. Adding value

- **TIER 1 assets** and reserves of size and quality
- **Good management** teams
- **Low risk** geographies (LatAm vs Africa)
- Keep an **eye on valuations**: mid-cycle valuations
- We **do not normally invest in oil majors** or mining majors

LTIF NR. Adding value. The Investment Cycle



Mining is about scale, grade and mine life

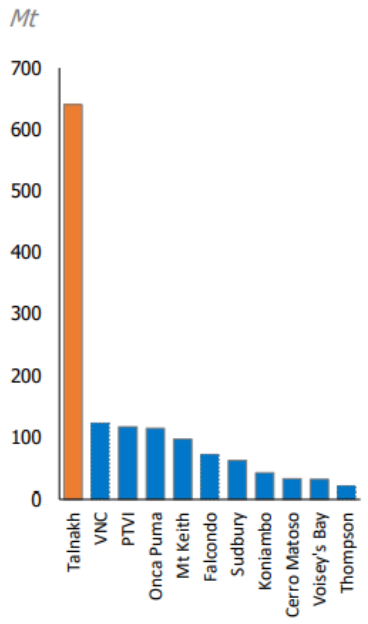
The Worlds' Best Tier-1 Mining Assets

Nornickel

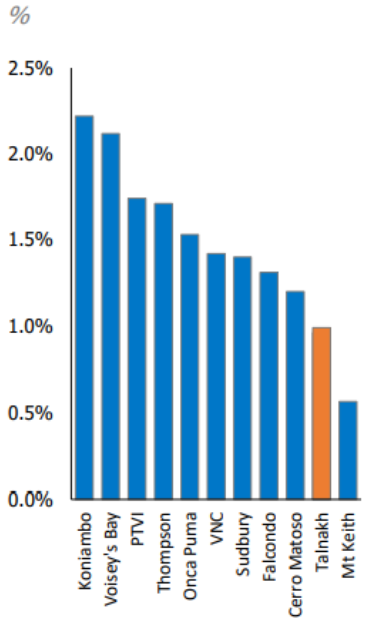
Nickel (Mt)	Copper (Mt)	Palladium (Moz)	Platinum (Moz)
6.9 *Proven and probable*	**12.1** *Proven and probable*	**93.0** *Proven and probable*	**24.7** *Proven and probable*
15.3 *Measured and indicated*	**23.5** *Measured and indicated*	**195.9** *Measured and indicated*	**55.4** *Measured and indicated*

Talnakh vs. large-scale deposits

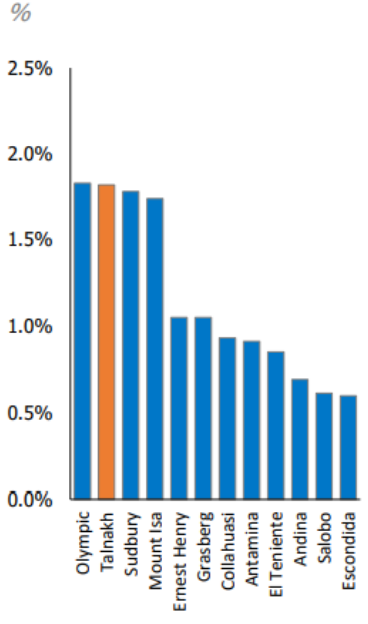
P&P Ore Reserves



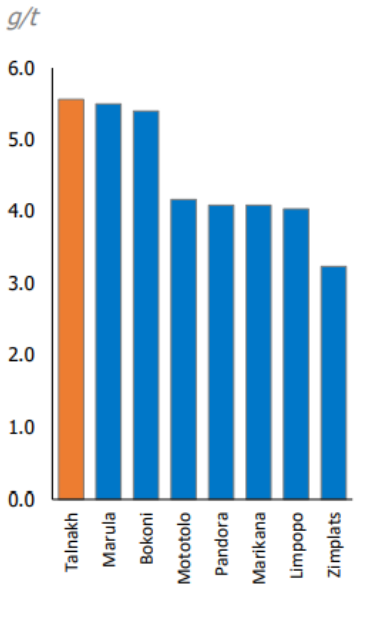
Nickel Grades



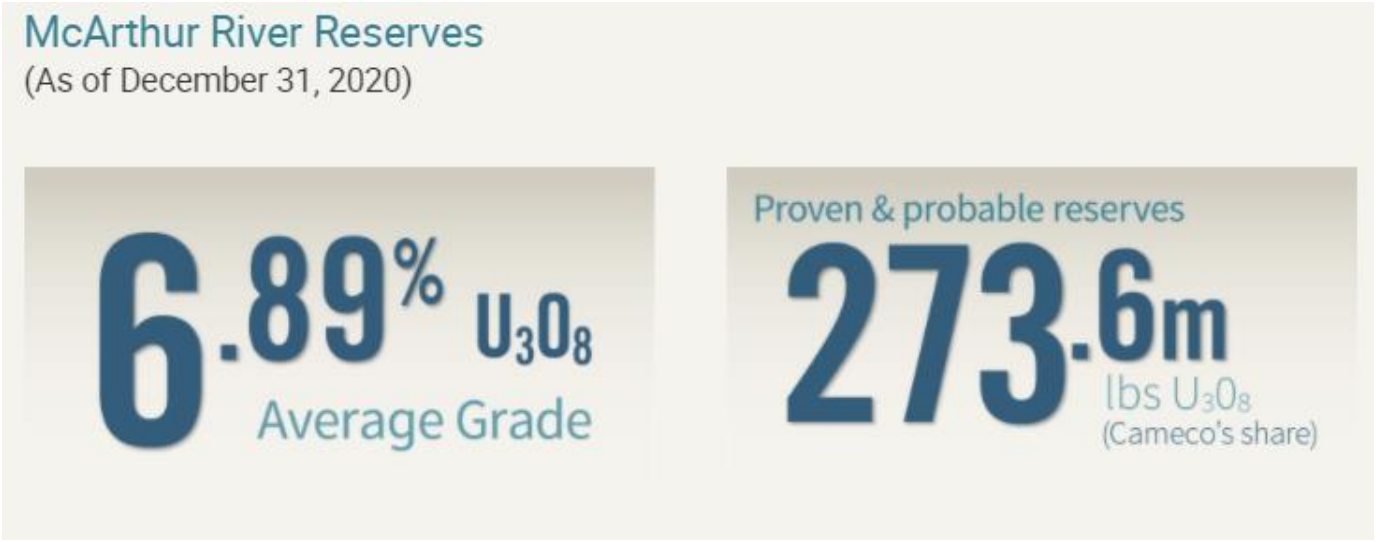
Copper Grades



PGM Grades



SIA strategy: Own the world's best assets



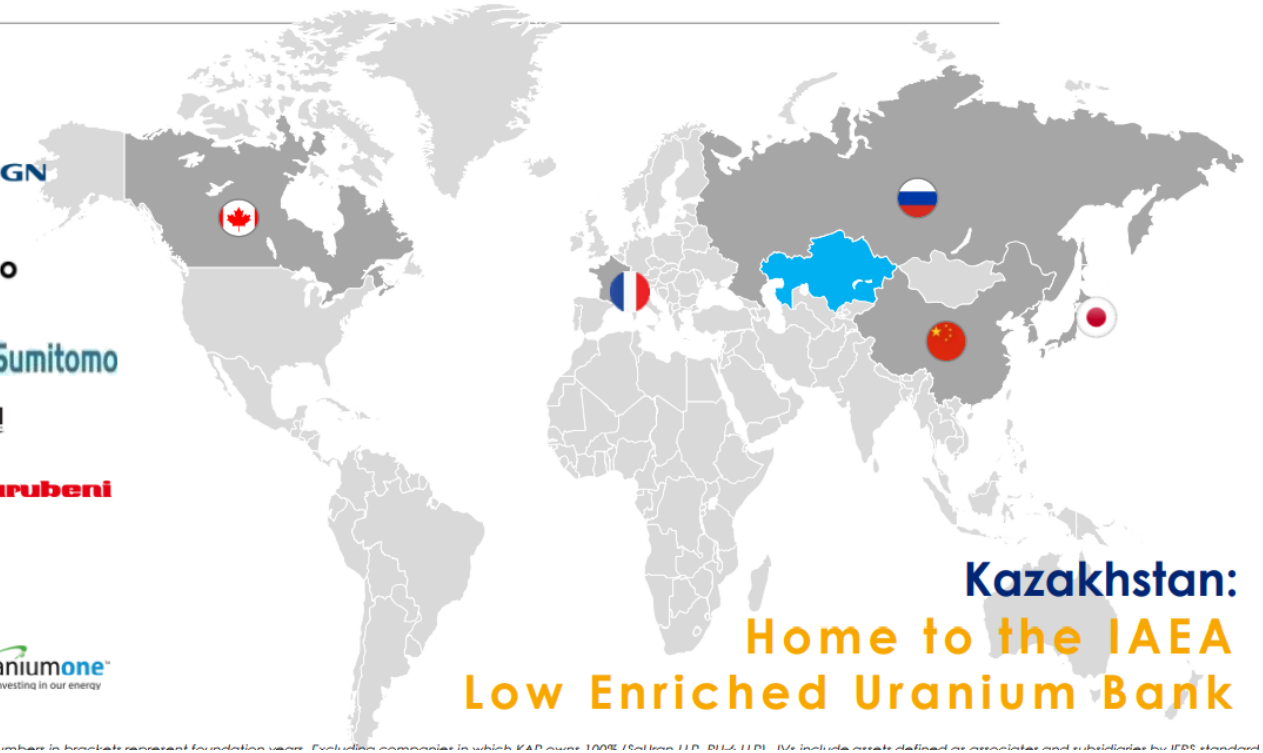
Cigar Lake

Kazakhstan – Central to the Industry

10 Joint Ventures located in **Kazakhstan** with nuclear industry leaders

- **Canadian JV**
  JV Inkai, 60% (1996)
- **Chinese JV**
  Semizbai-U, 51% (2006)
  Ortalyk, 51% (2021)*
- **French JV**
  Katco, 49% (1996)
- **Japanese JVs**
  Appak, 65% (2005)
  Baiken-U, 52.5% (2006)
- **Russian/Japanese JV**
  Khorasan-U, 50% (2014)
- **Russian JVs**
  Karatau, 50% (2005),
  Akbastau, 50% (2006),
  SMCC, 30% (2014)
  JV Zarechnoye, 49.98% (2001)

Cameco, CGN, orano, Sumitomo, KANSAI ELECTRIC POWER CO.,INC., Marubeni, POCATOM, uraniumone investing in our energy

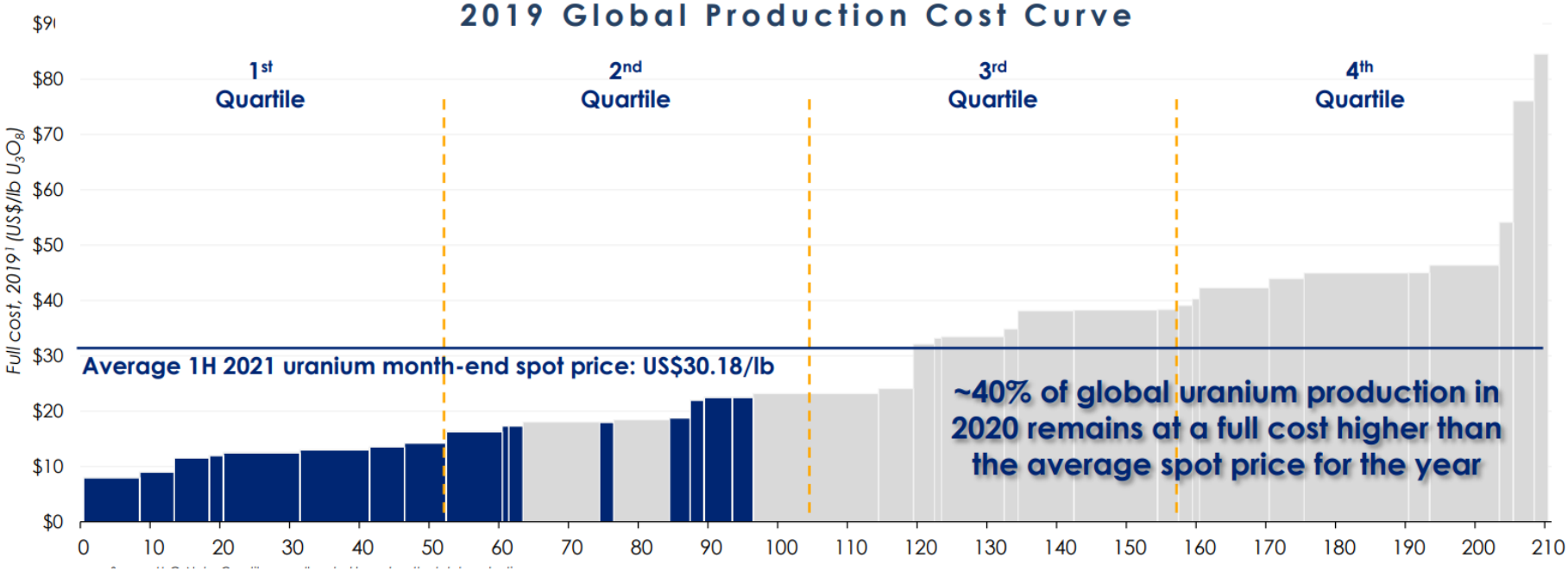


Kazakhstan:
Home to the IAEA
Low Enriched Uranium Bank

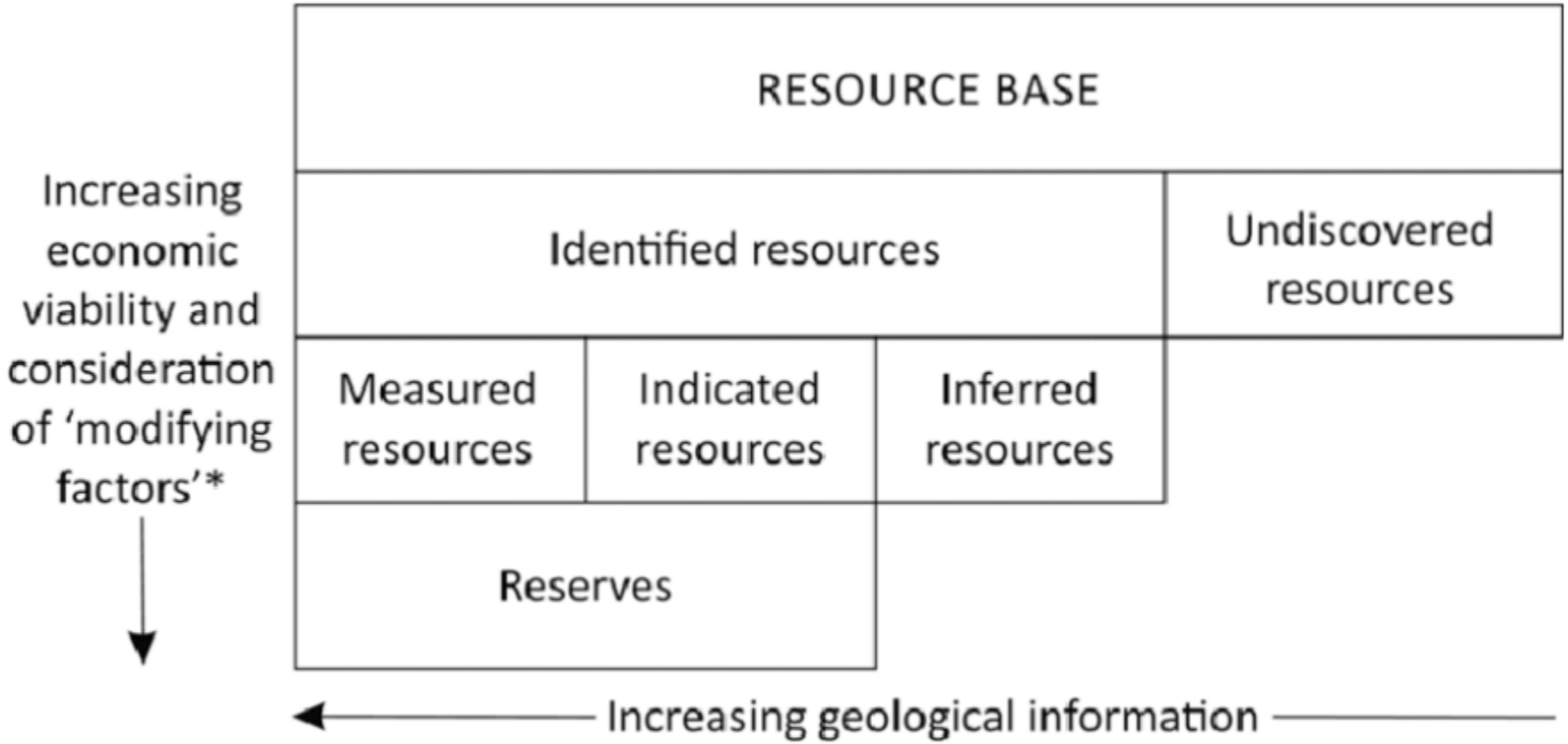
Percentages indicate KAP ownership stake; numbers in brackets represent foundation years. Excluding companies in which KAP owns 100% (Saikan LLP, PHC LLP). JVs include assets defined as associates and subsidiaries by IFRS standard

One of the Lowest Cost Producers

Low cash costs driven by cost-efficient ISR mining method

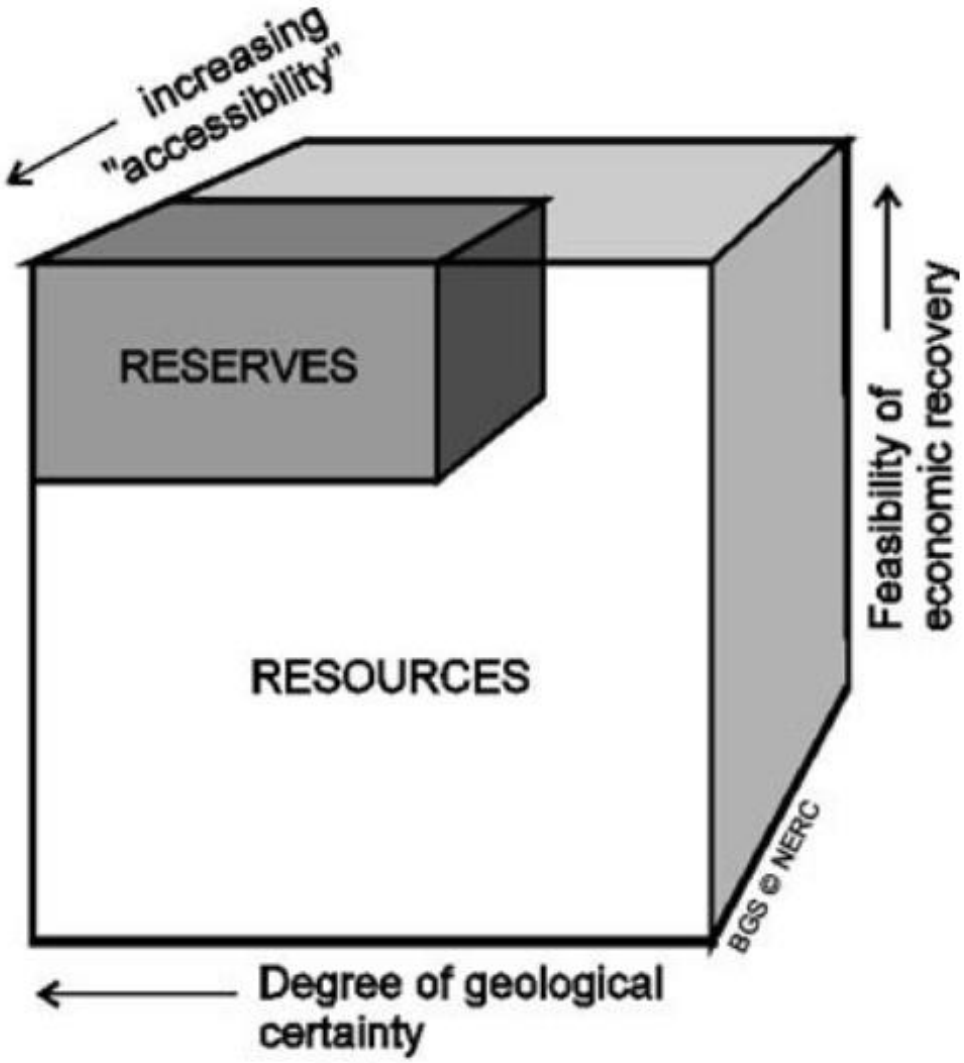


When bullish on something, let's buy a «something» stock!



The relationship between mineral resources and reserves. Mineral reserves generally only represent a tiny fraction of resources. Resource base refers to the total amount of a mineral or metal in the Earth's crust.
*'Modifying factors' include mining, processing, metallurgical, marketing, social, environmental, legal and governmental considerations.

Cashflow or sentiment?



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Cashflow comes from proven reserves and built mines

About mineral reserves

Mineral reserves are the economically mineable part of measured and/or indicated mineral resources demonstrated by at least a preliminary feasibility study. The reference point at which mineral reserves are defined is the point where the ore is delivered to the processing plant, except for ISR operations where the reference point is where the mineralization occurs under the existing or planned wellfield patterns. Mineral reserves fall into two categories:

- *proven reserves:* the economically mineable part of a measured resource for which at least a preliminary feasibility study demonstrates that, at the time of reporting, economic extraction could be reasonably justified with a high degree of confidence
- *probable reserves:* the economically mineable part of a measured and/or indicated resource for which at least a preliminary feasibility study demonstrates that, at the time of reporting, economic extraction could be reasonably justified with a degree of confidence lower than that applying to proven reserves

We use current geological models, an average uranium price of $45 (US) per pound U_3O_8, and current or projected operating costs and mine plans to report our mineral reserves, allowing for dilution and mining losses. We apply our standard data verification process for every estimate.

Our share of uranium in the mineral reserves table below is based on our respective ownership interests.

Definitions - Resources

MINERAL RESOURCE: concentration of minerals that has reasonable prospects for economic extraction. Location, quantity, grade and continuity are interpreted from geological evidence by a QP.

Inferred Mineral Resource: that part of a Resource for which quantity and grade or quality can be estimated from geological evidence, limited sampling and reasonably assumed geological and grade continuity. Based on outcrops, trenches, workings and drill holes. Must be excluded from estimates for economic studies.

Indicated Mineral Resource: that part of a Resource for which quantity, grade or quality can be estimated with sufficient confidence to support mine planning and evaluation of the economic viability. Based on outcrops, trenches, workings and drill holes that are close enough for grade continuity to be reasonably assumed.

Measured Mineral Resource: that part of a Resource for which quantity, grade or quality can be estimated with sufficient confidence to allow production planning and evaluation of economic viability. Based on outcrops, trenches, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Marketing presentations, JORC?

JORC

Minerals Council of Australia | AusIMM | Australian Institute of Geoscientists

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What is the JORC Code?

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves.

The JORC Code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in Public Reports.

Public Reports prepared in accordance with the JORC Code are reports prepared for the purpose of informing investors or potential investors and their advisors. They include, but are not limited to, annual and quarterly company reports, press releases, information memoranda, technical papers, website postings and public presentations of Exploration Results, Mineral Resources and Ore Reserves estimates.

The JORC Code was first published in 1989, with the most recent revision being published late in 2012. Since 1989 and 1992 respectively, it has been incorporated in the Listing Rules of the Australian and New Zealand Stock Exchanges, making compliance mandatory for listing public companies in Australia and New Zealand.

The current edition of the JORC Code was published in 2012 and after a transition period the 2012 Edition came into mandatory operation from 1 December 2013. **The JORC Code, 2012 Edition can be found** here.

Year of discovery/start production/LoM

Table 1-1: Mineral Assets salient statistics

Mining Subsidiary	Equity Interest (%)	Geological Region	Deposits /Prdn Units (No)	Contracts (No)	Licence Area (km^2)	Discovery (year)	Prdn Start (year)	LoMp[1] Depletion (year)	Prdn (tU)
Operating Properties									
Kazatomprom-SaUran LLP[3]	100.00	Shu-Sarysu	5[3]	5	252.90	1963	1997	2048	1,665
Ortalyk LLP	100.00	Shu-Sarysu	2	2	186.40	1964	2007	2041	2,500
RU-6 LLP	100.00	Syrdarya	2	1	59.58	1979	1997	2035	1,000
Appak LLP	65.00	Shu-Sarysu	1	1	133.46	1976	2008	2036	1,000
JV Inkai LLP[2]	60.00	Shu-Sarysu	3	1	139.00	1976	2001	2052	4,000
Semizbai-U LLP	51.00	Syrdarya; Northern Kazakhstan	2	2	71.20	1973	2008	2043	1,117
JV Akbastau JSC	50.00	Shu-Sarysu	3	2	2.71	1976	1997	2045	2,194
Karatau LLP	50.00	Shu-Sarysu	1	1	17.28	1979	2007	2033	3,600
JV Zarechnoye JSC	49.98	Syrdarya	1	1	38.00	1977	2007	2025	776
JV Katco LLP	49.00	Shu-Sarysu	2	1	45.73	1976	2001	2035	4,000
JV Khorassan-U LLP	50.00	Syrdarya	1	1	70.80	1972	2008	2038	2,200
JV SMCC LLP	30.00	Shu-Sarysu	2	2	116.91	1976	2004	2036	2,950
Baiken-U LLP	52.50	Shu-Sarysu	1	1	350.00	1972	2009	2032	1,630
Subtotal			**26**	**21**	**1,483.97**	**1963**	**1997**	**2052**	**28,102**
Advanced Exploration Properties									
Kazatomprom	100.00	Shu-Sarysu	2	2	424.00	1976	n/a	n/a	n/a
Budenovskoye LLP	51.00	Shu-Sarysu	1	1	151.30	1976	n/a	n/a	n/a
Subtotal			**3**	**3**	**575.30**	**1976**	n/a	n/a	n/a
Grand Total			**29**	**24**	**2,059.27**	**1963**	**1997**	**2052**	**28,102**

(1) LoMp: date of depletion of Ore Reserves; maximum production in the current Life of Mine plans for the Mineral Assets.

(2) For JV Inkai LLP, the Company's equity participation is determined based on a prescribed formula based on uranium production within the following bands: 0tU to 1,500tU (40.00%); 1,500tU to 2,000tU (50.00%); 2,000tU to 4,000tU (77.50%); 4,000tU (60%) for 2020 onwards.

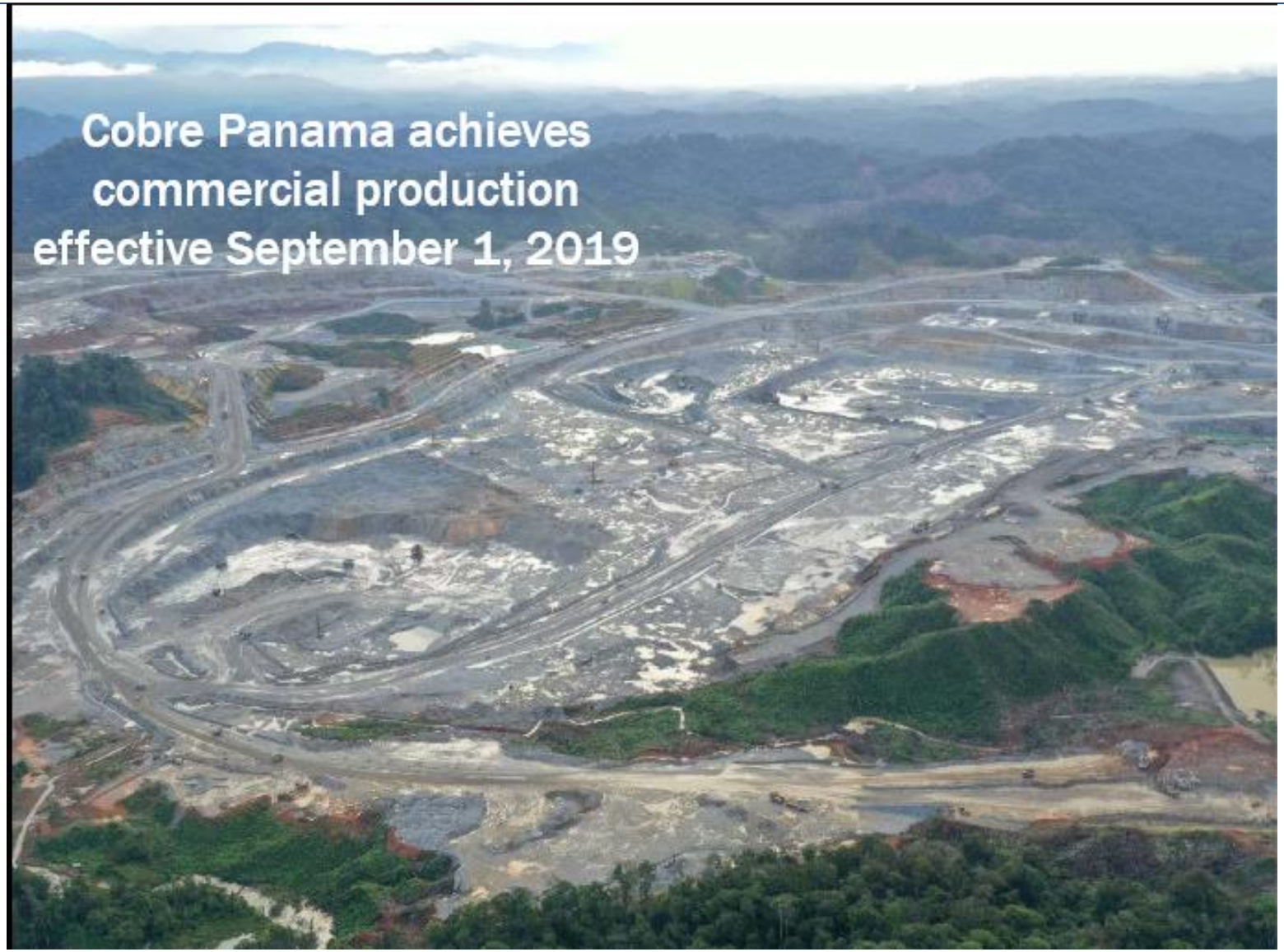
(3) At Kazatomprom-SaUran LLP, two deposits have limited production and no further Ore Reserves and Mineral Resources are reported in the 2020 Statements.

A sidnote (but important...): All resources converted

Table 1-2: Aggregated Mineral Resources and Ore Reserves as at 31 December 2020 for the Mineral Assets

Mining Subsidiary	Deposits	Ore Reserves			Mineral Resources		
	(No)	(Mt)	(%U)	(ktU)	(Mt)	(%U)	(ktU)
Operating Properties							
Kazatomprom-SaUran LLP	5	63.8	0.042	26.9	63.8	0.042	26.9
Ortalyk LLP	2	55.2	0.045	24.6	101.8	0.038	39.0
RU-6 LLP	2	18.7	0.076	14.2	18.7	0.076	14.2
Appak LLP	1	48.7	0.035	17.2	48.7	0.035	17.2
JV Inkai LLP	3	249.1	0.054	135.0	249.1	0.054	135.0
Semizbai-U LLP	2	54.6	0.046	25.4	54.6	0.046	25.4
JV Akbastau JSC	3	45.3	0.088	39.7	45.3	0.088	39.7
Karatau LLP	1	52.1	0.079	41.4	52.1	0.079	41.4
JV Zarechnoye JSC	1	7.2	0.060	4.3	7.7	0.059	4.6
JV Katco LLP	2	53.3	0.105	56.1	53.3	0.105	56.1
JV Khorassan-U LLP	1	35.9	0.107	38.3	35.9	0.107	38.3
JV SMCC LLP	2	88.5	0.042	37.5	201.6	0.041	82.6
Baiken-U LLP	1	16.5	0.112	18.4	16.5	0.112	18.4
Subtotal	**26**	**788.8**	**0.061**	**479.0**	**949.1**	**0.057**	**538.7**
Advanced Exploration Properties							
Kazatomprom	2	n/a	n/a	n/a	306.1	0.041	125.1
Budenovskoye LLP	1	n/a	n/a	n/a	122.1	0.072	88.1
Subtotal	**3**	n/a	n/a	n/a	**428.3**	**0.050**	**213.2**
Grand Total	**29**	**788.8**	**0.061**	**479.0**	**1,377.4**	**0.055**	**751.9**

Cobre Panama



Price tag 7 billion. Or a “bit” more?

Replacement value?

2 new Bingham Canyon and co needed every year…

LTIF
Long Term Investment Fund

Biggest movement of material done by men…

Capex inflation? Supply chains? Technology

Better buy it early…

Presentation plan

1. Covid-19. Towards normalisation
2. A long and challenging energy transition
3. The Classic Fund: EUR 515 p.s. + 27% ytd
4. The Natural Resources Fund: EUR 127 p.s. + 46% ytd
5. **Energy. Triple-digit oil prices by 2023 are likely**

We are facing a unique commodity cycle with exaggerated lack of supply (ESG) and exaggerated increase in demand (energy transition).

- **Capital (expenditure) running away from fossil fuels, mining, cement, and CO_2-emitting industries**, despite we still have decades of dependence on fossil fuels and “traditional industries”.

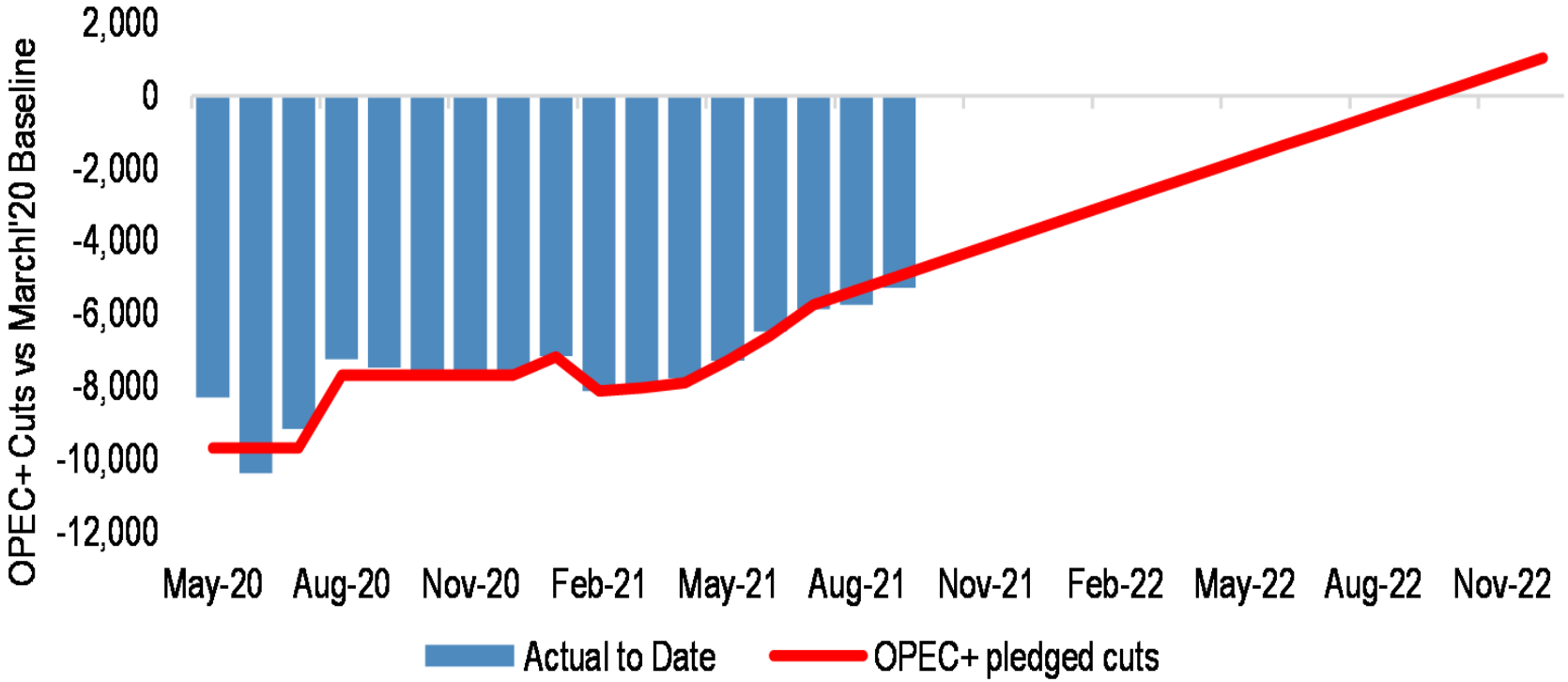
- **Capital is moving towards renewable energies and non-polluting industries**, but this transition is slow and will take decades. The scale is massive (>50 USD trillion capex) and the change of the global generation mix.

We call this the "green paradox": **to become greener, capital must keep investing into fossil fuels and traditional/polluting industries** (to meet short and MT demand and to cut their emissions).

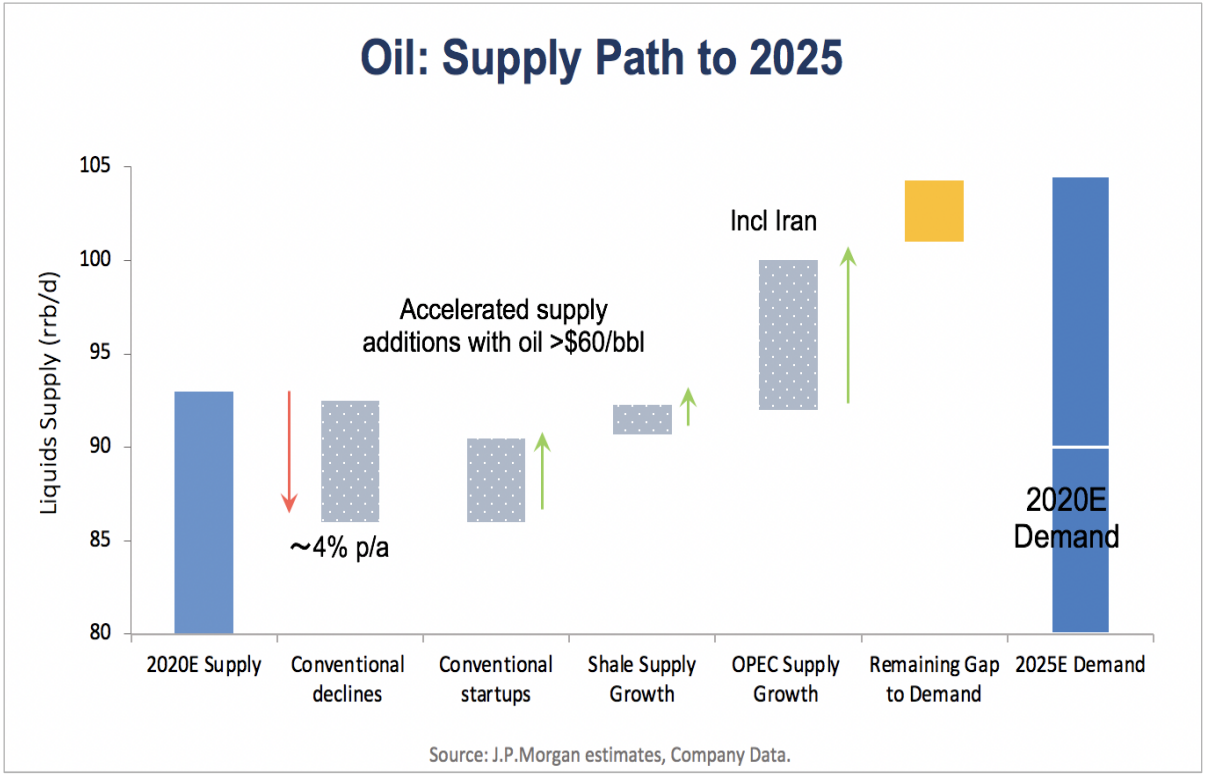
The Green Paradox: some proposals from SIA

- **Move from coal to gas.** Gas should be considered "clean"
- **Do not demonize Co2 emitting industries.** Help them to decarbonize
- **We need nuclear.** Does not emit Co2
- **Keep promoting renewables, and energy-storage R&D** at all levels
- **Need a global Co2 pricing mechanism and CCS infrastructures**
- **Stop deforestation** and promote tree planting all over the world
- **Financial support to developing countries**
- **Change consumer behaviour.** Higher energy prices

Oil spare capacity is coming to an end

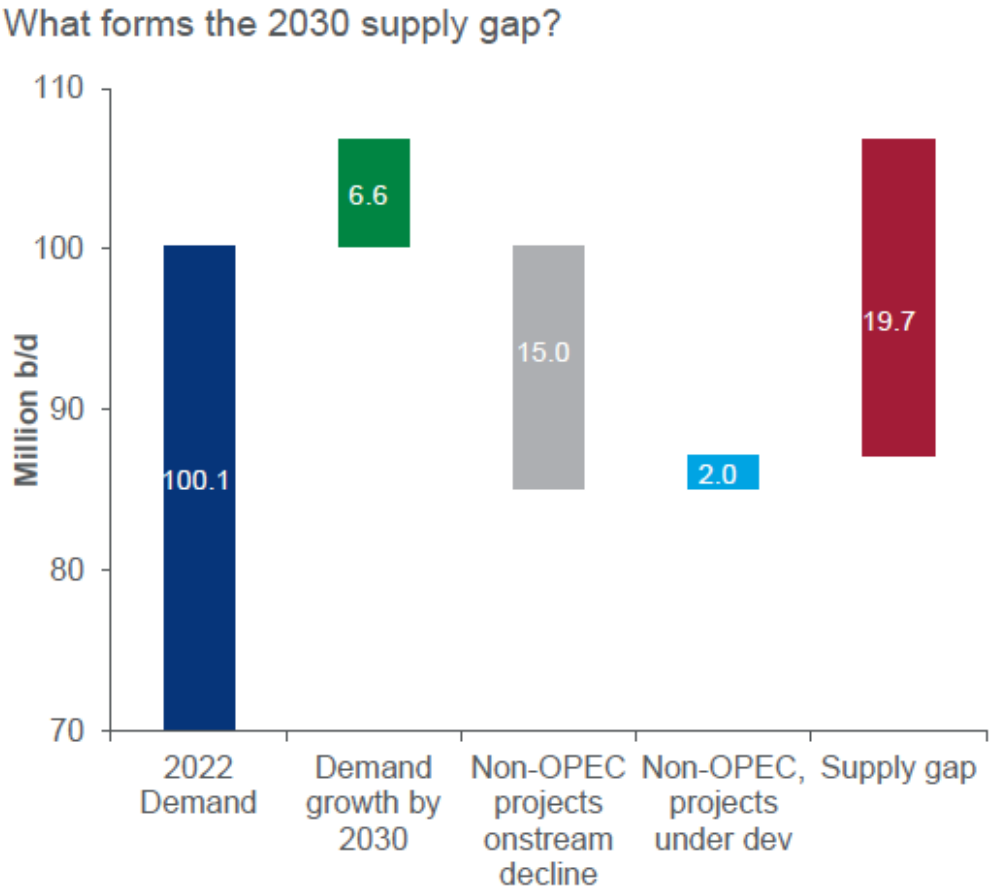


Deficit in case of everything going well



- Spare capacity will be gone by 22 (OPEC back)
- New projects can add 3-4m b/d
- Shale oil could add 2-3m b/d more
- Iran can add 1-2m b/d more
- **Deficit in sight**

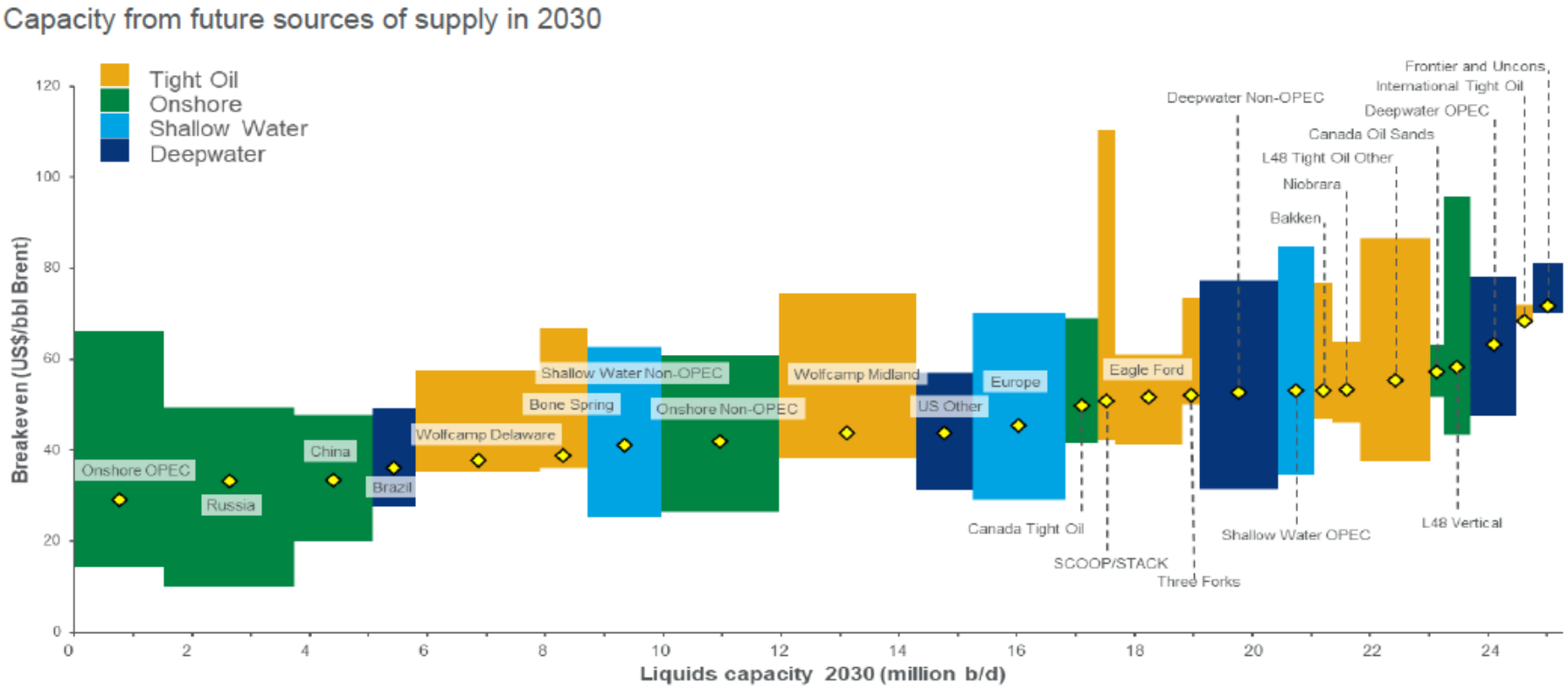
We need 20m b/d from 2022 to 2030



- 7mn b/d from demand
- 15mn b/d from declines
- There is a huge 20m b/d supply gap
- **We need Incentive prices (80$+ and stability) to see increased capex**

Source: Wood Mackenzie

The next 25 m b/d



Source: Wood Mackenzie

Conclusion: a long up-cycle, similar to 2003-14

- **Crude supply is constrained** by depletion/decline, reduced spending since 2013 and a regime change in the sector
- **Demand is sticky and not expected to peak in the 2020's** (spare capacity will disappear in 2022)
- **We need 20mn bbl./d new production to meet the 2022-30 needs** and around $ 600bn capex. Need higher and stable oil prices. Incentive >80$
  - Problem 1. **How to get these funds when the narrative is so negative?**
  - Problem 2: **demand is inelastic**. New supply will take years to come. Prices are the balancing factor

Oil prices must go to incentive (80$+) to support higher capex. A deficit usually leads to much higher prices (120 $+)

LTIF
Long Term Investment Fund

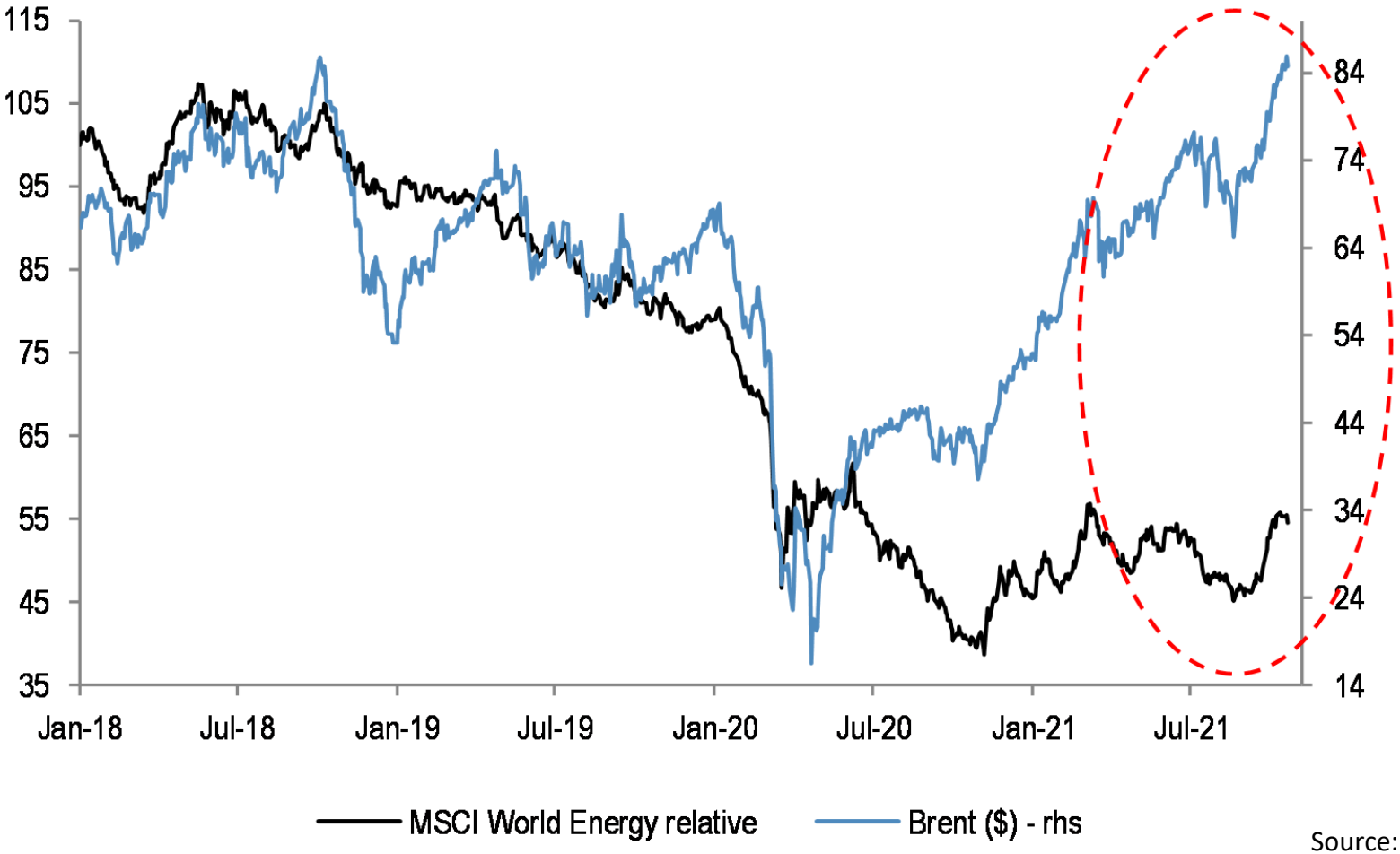
The sector trades at extremely depressed levels

MXWO ENERGY	184		
	2020	2021	2022
EPS @	6,12	16,4	16,4
Historial Mean 16x	**98**	**262**	**262**
Hist. Peak 20x	122	328	328
Hist. Trough 10x	61	164	164
BPS @	110	113,5	120,5
Hist. Mean 2x	**220**	**227**	**241**
Hist. Peak 3x	330	341	362
Hist. Trough 1x	110	114	121
RoE	5,6%	14,4%	13,6%
Theoretical P/B		2,6	2,4
Index Fair Value		297	290
PER 22			**11,2**
P/Book 22			**1,5**
ROE 22			13,6%

- The sector has massively **underperformed** most Indices since 2013
- 10Y MSCI ($) is up 225% (x 3.25) and the MSCI Energy Index is down 3%
- PER22 11x and P/B22 of 1,5x, with **FCF yields in the 15% area**

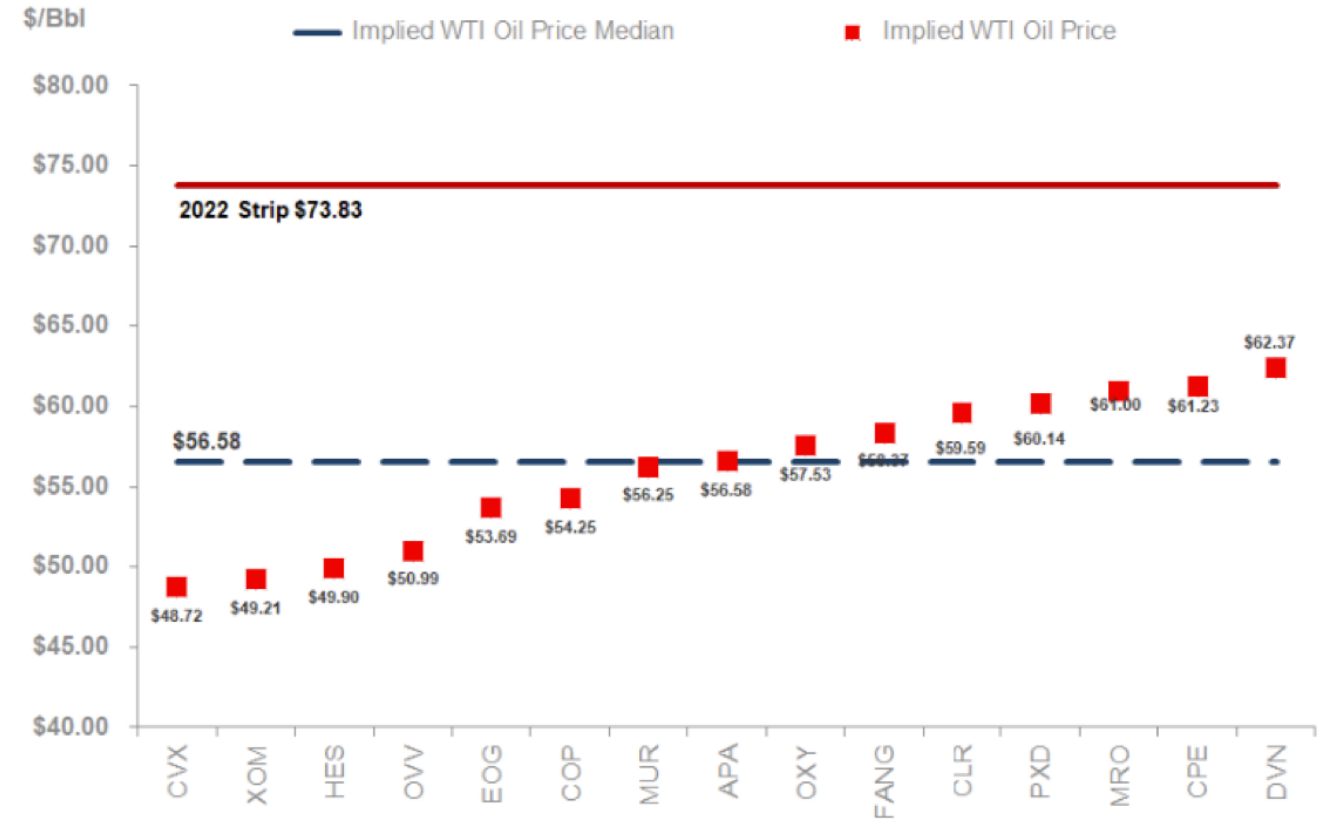
Source: Bloomberg data & SIA Funds

The sector trades at trough levels



Source: JPM

Exhibit 26: The E&P sector now reflects a median WTI price of ~$57/bbl, or ~23% below 2022 futures prices.



Source: Bloomberg, Morgan Stanley Research; Note: As of 10/5/21

LTIF Natural Resources. Conclusion

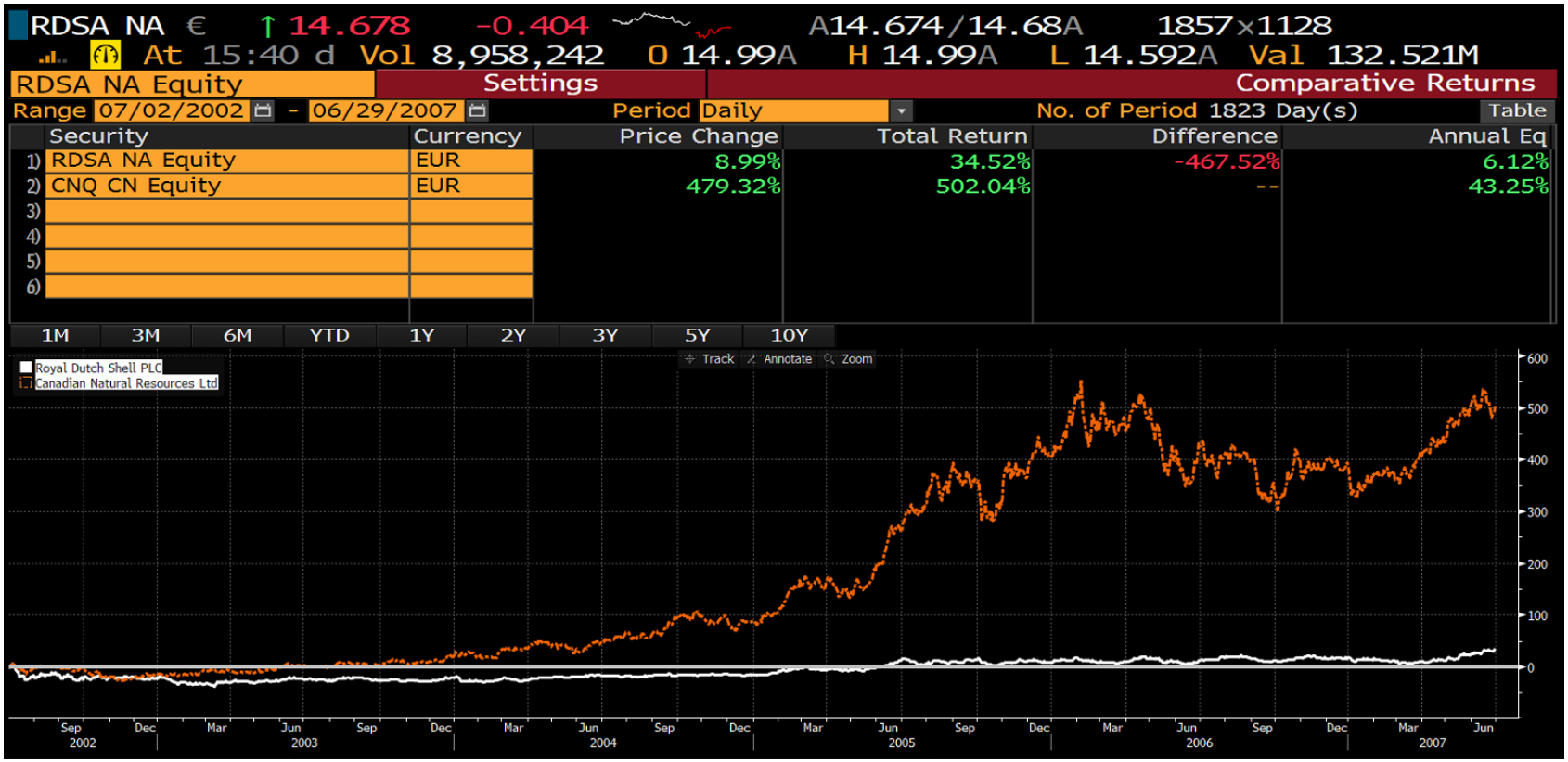
- **Well positioned** for a LT cycle driven by 10 years of underinvestment and the energy transition

- **2 cycles in parallel.** Possibly more than a decade.
  1) Energy with reduced supply and sticky demand.
  2) Miners with reduced supply and accelerating demand.

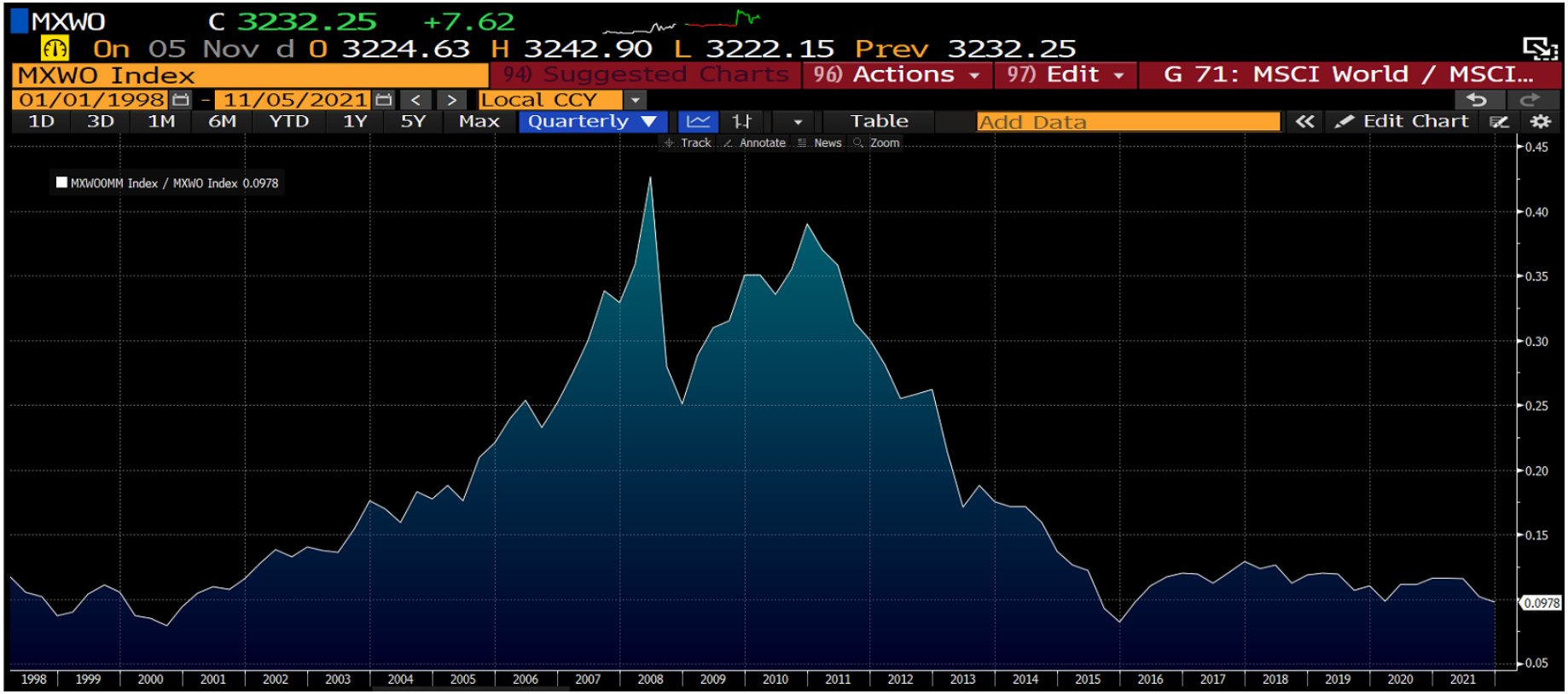
- **Low valuation in energy and around mid-cycle in mining**. It is early days and the cycle has only started.

- **Inflation protection**

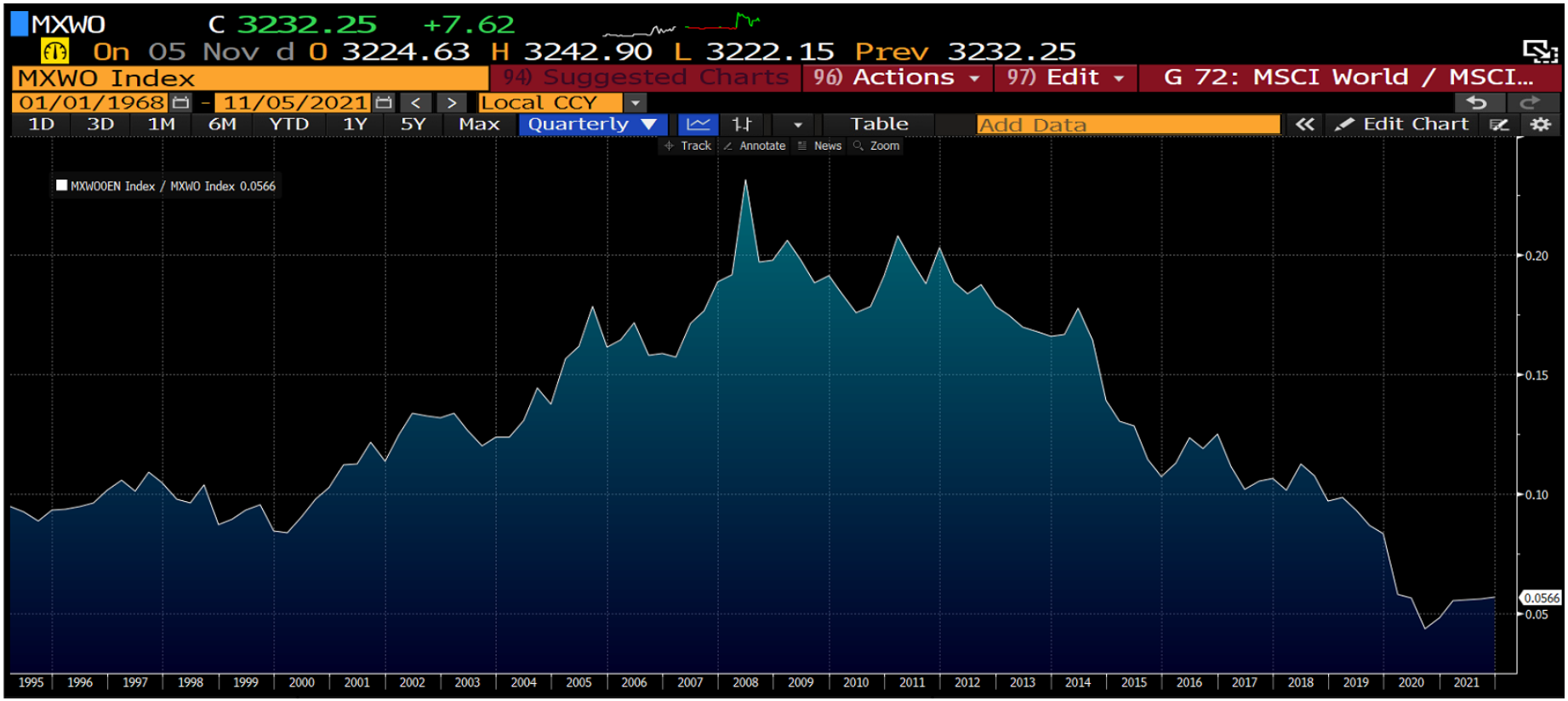
Adding Value. Going beyond the obvious can be very profitable



MSCI World /MSCI Mining, long trends are turning....



MSCI World /MSCI Energy, long trends are turning....



LTIF NR vs Benchmark very strong in positive markets

LTIFGEV LX € NAV 125.71 +0.51
On 04 Nov

LTIFGEV LX Equity | Settings | Comparative Returns

Range 05/01/2015 - 11/04/2021 | Period Daily | No. of Period 2379 Day(s) | Table

	Security	Currency	Price Change	Total Return	Difference	Annual Eq
1)	LTIFGEV LX Equity	EUR	39.54%	39.54%	2.44%	5.24%
2)	SPGNRUN Index	EUR	37.09%	37.09%	--	4.96%
3)						
4)						
5)						
6)						

1M 3M 6M YTD 1Y 2Y 3Y 5Y 10Y

LTIF NR vs Benchmark very strong in positive markets

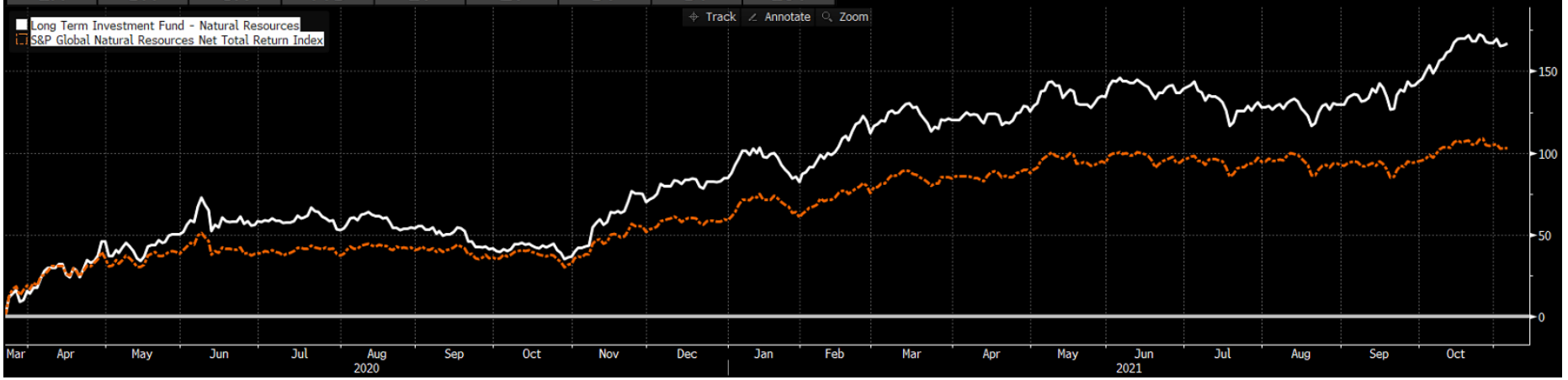
LTIFGEV LX € NAV 125.71 +0.51
On 04 Nov

LTIFGEV LX Equity | Settings | Comparative Returns

Range 03/23/2020 - 11/04/2021 Period Daily No. of Period 591 Day(s) Table

	Security	Currency	Price Change	Total Return	Difference	Annual Eq
1)	LTIFGEV LX Equity	EUR	166.73%	166.73%	63.51%	83.29%
2)	SPGNRUN Index	EUR	103.22%	103.22%	--	54.95%
3)						
4)						
5)						
6)						

1M 3M 6M YTD 1Y 2Y 3Y 5Y 10Y



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, subject to High Water Marks and Hurdle Rates

Contacts

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- Grand Duchy of Luxembourg

SIA Funds AG

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Disclaimer

LTIF (SIA) Classic and Natural Resources

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