

Newsletter

of March 2026

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Figure 1: **LTIF Classic EUR**
vs. MSCI Daily TR Net World Index EUR

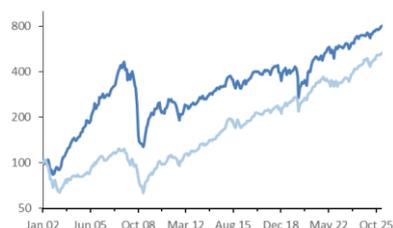
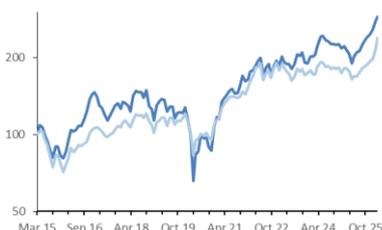


Figure 2: **LTIF Natural Resources EUR**
vs. S&P Global Nat. Res. Net TR Index EUR



“The world has always been uncertain”

Warren Buffett

Overview of our funds

Table 1: **Net Asset Value - Net assets under management of our Funds**

February 27, 2026	NAV	Δ 3m	Δ 12m	Annualized return (s.i.)	AUM (in mio)
LTIF Classic [EUR]	806.97	6.4%	10.9%	9.0%	178
LTIF Natural Resources [EUR]	214.87	17.3%	34.5%	3.7%	120

Source: SIA Group

I. ANOTHER BLACK SWAN... 4th IN 5 YEARS, by Marcos Hernandez Aguado

War in Iran...

Since the outbreak of COVID-19 in 2020, an event that severely disrupted the global economy through 2020 and 2021, investors have had little opportunity to enjoy prolonged stability. In February 2022, Russia’s invasion of Ukraine destabilized energy markets and reshaped the geopolitical landscape. A year later, in October 2023, Hamas attacked Israel, triggering the war in Gaza, which, although currently contained, has yet to fully conclude.

The pattern continued. In April 2025, President Trump’s “Liberation Day” announcement raised the specter of a global trade war, a situation that remains unresolved following the ruling of the U.S. Supreme Court. **Now, in 2026, we face another conflict: the military confrontation involving Iran, the United States, and Israel, which has unsettled the Middle East.** Against this backdrop, the notion that investors have enjoyed five years of a calm and uninterrupted bull market seems difficult to reconcile with reality.

We will not enter geopolitical or moral debates here, nor attempt to catalogue every conflict currently underway across the world but from an investment standpoint, **moments like these serve as an important reminder of the resiliency and strength of our investment philosophy, Strategic Value, built around the “4G’s”:**

- Good business
- Good management team
- Good balance sheet
- At a good price

This framework provides us with stability, flexibility, and peace of mind, particularly during turbulent periods such as the one we are currently navigating. By focusing on high-quality businesses with resilient balance sheets and attractive valuations, **our portfolios are designed to withstand shocks originating from geopolitical events**—whether wars, trade disputes, or global economic downturns. Just as importantly, **our funds are structurally diversified**, ensuring that no single factor can cause permanent capital impairment.

Experience, reinforced by the lessons of Warren Buffett and the value school, has taught us over more than two decades that **portfolios must be prepared before a crisis begins**. Once a conflict or crisis is underway, it is often too late to reposition without risking costly mistakes.

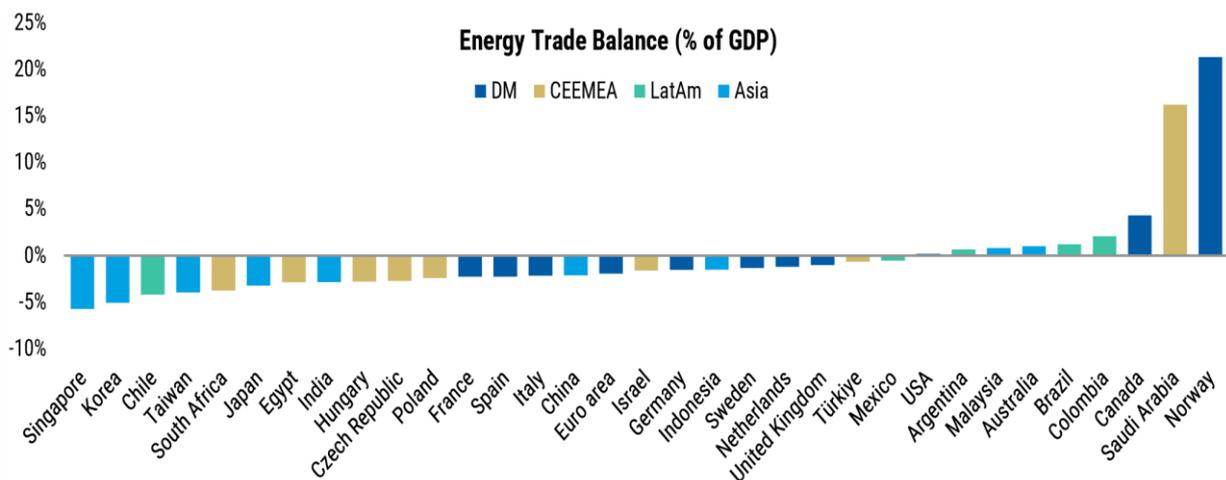
As Buffett often reminds investors, *the world has always been uncertain*. The key is not predicting or reacting to crisis but preparing for them.

... and a possible energy crisis

Our base case scenario remains unchanged. **We continue to believe that 2026 will be a year of accelerating economic growth. That said, the current conflict involving Iran introduces an additional layer of uncertainty**, particularly through its potential impact on the global oil and gas supply chain.

In our view, three factors will determine the economic consequences of the conflict:

1. The duration of the conflict, and whether it leads to a blockade of the Strait of Hormuz, through which roughly 20% of global oil and gas supply passes.
2. Damage to oil and gas infrastructure, which could trigger medium- or long-term production disruptions.
3. The final outcome of the conflict, and the extent to which Iran’s production and export capacity—currently close to 4 million barrels per day, or roughly 4% of global supply—is affected.



Source: Morgan Stanley Research

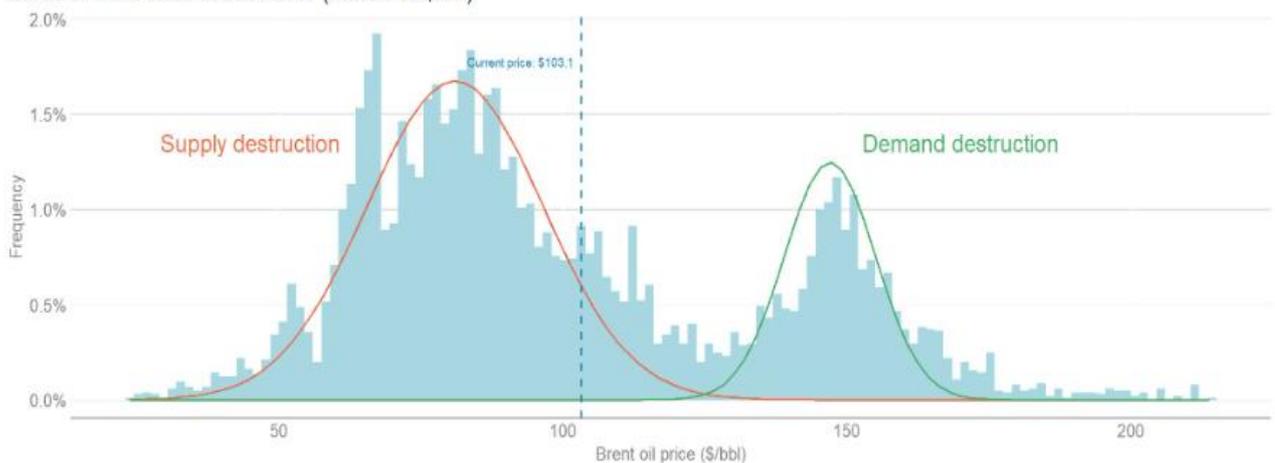
I should admit that my track record in geopolitical forecasting is not particularly impressive. In 2022, I confidently predicted that the invasion of Ukraine would last two weeks. Having learned that lesson the hard way, I will refrain from making precise predictions this time.

Nevertheless, it is still useful to outline a base-case scenario. **Our central assumption is that the conflict proves relatively short, lasting 1-2 months, and ultimately leads to an agreement that prevents a prolonged energy crisis.** Under this scenario, oil and gas prices would return to more normal levels within three to six months, and OPEC production capacity would remain largely intact.

Exhibit 15: The distribution of inflation-adjusted oil prices over the last 20 years show two 'peaks'. We associate prices around the higher peak with demand erosion

Distribution of inflation-adjusted oil prices

Based on Brent crude oil since 2007 (in 2026 US\$/bbl)



Source: Platts, Bloomberg, Morgan Stanley Research

Source: Bloomberg, Morgan Stanley Research

Portfolio Positioning

As many of our investors know, **we currently maintain meaningful exposure to the energy sector**, particularly oil and gas. Energy represents approximately:

- 12% of LTIF Classic
- 40% of LTIF Natural Resources

This positioning has proven helpful in the current environment, providing a natural hedge against geopolitical disruptions in energy markets.

Both funds are positive year-to-date in 2026, and we continue to hold substantial cash reserves ready to deploy. Our approach in the current environment is straightforward:

1. Reinvest cash opportunistically if market declines create attractive entry points.

2. Take profits selectively in companies—particularly oil and gas producers—that rise significantly beyond our predefined valuation targets
3. Do nothing, as our portfolios were already built with the expectation that events like this could occur.

In short, our portfolios were designed not to predict crises, but to withstand them, **and should Mr. Market turns sour, we will reinvest at extremely high marginal IRRs, thus enhancing our future returns.**

Other issues We Are Monitoring: private credit and AI

Looking further ahead, two developments deserve particular attention.

The first is the emerging stress in private credit markets. Many private credit funds reportedly have 25–30% exposure to technology and software companies. This could become a meaningful issue in the future, particularly because private credit structures often lack the safeguards built into the traditional banking system. Unlike banks, these funds generally do not mark their loan portfolios to market, make provisions, or maintain regulatory capital buffers designed to absorb losses during downturns.

There is also a large risk of liquidity during periods of stress, which could create vulnerabilities in the event of outflows. In short, low liquidity, low credit quality (on loose conditions), and low protection ahead of potential stress, are a risky combination, although the total size of around \$ 500-600bn is not enough to qualify as systemic risk.

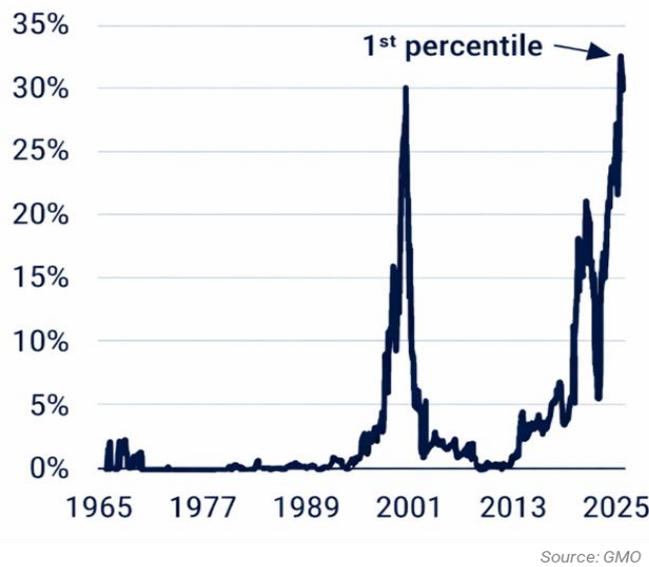
The second area we are monitoring is artificial intelligence. For now, our focus is on identifying which sectors and companies could be most affected. Our investment framework will evolve as we gain a clearer understanding of where AI may significantly erode barriers to entry, for instance in sectors such as software, consulting, information services, customer support, media, and some others.

At present, neither of our funds has direct exposure to AI or AI-driven companies. In our view, this positioning leaves us well prepared to navigate the uncertainties surrounding this powerful new technology.

One advantage we enjoy is that, as owners of our firm, we cannot be replaced by AI unless we decide so. That said, if I were managing money for a large institution today, I would already be preparing for significant structural changes in the years ahead.

II. GLOBAL INDICES DO NOT PROVIDE EFFECTIVE DIVERSIFICATION ANYMORE, by Alex Rauchenstein

The chart below shows that currently around 34% of the S&P 500 is trading at a price-to-sales ratio above 10x – a new record level. For comparison, in the year 2000, at the peak of the telecom and internet bubble, this share was roughly 30%.



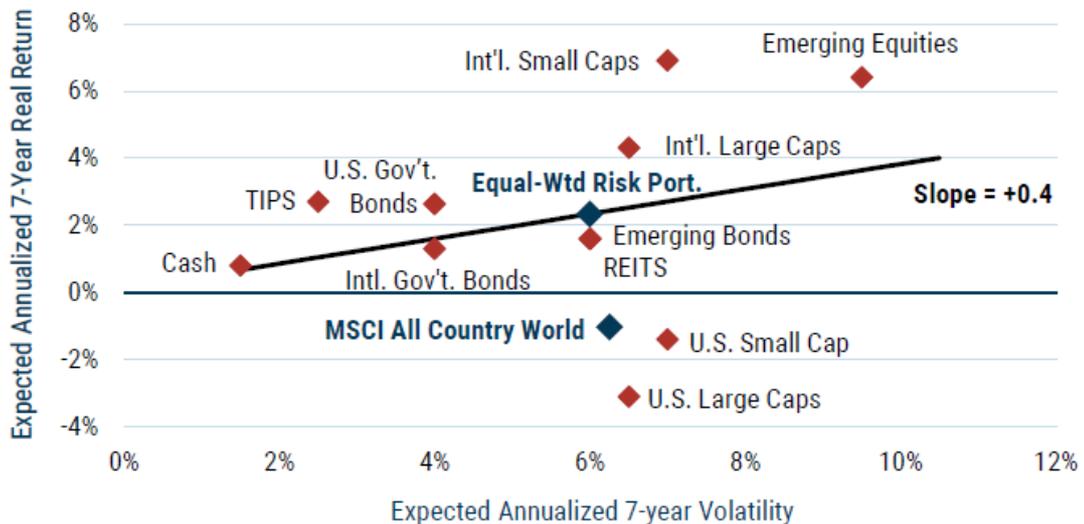
A price-to-sales ratio above 10x is extremely high and implies extraordinary future growth. Such valuations are increasingly driven by expectations and speculation rather than fundamentals. With such demanding assumptions embedded in prices, even very strong companies may struggle to meet expectations.

Since global index products are currently invested roughly three-quarters in the United States, this development is even more significant today than during the dot-com bubble.

A recently published risk/return analysis by GMO shows that large-cap U.S. equities, due to their ambitious valuations, have a negative expected real return over the coming seven years. International small caps, by contrast, offer an expected return of around 7% per year with comparable risk. Even large-cap companies outside the U.S. show an average expected return of around 4% per year.

Risk/Return outlook for the next 7 years

EXHIBIT 4: RISK/REWARD TRADE-OFF SEPTEMBER 2025



As of 9/30/2025 | Source: GMO

Stronger diversification appears warranted

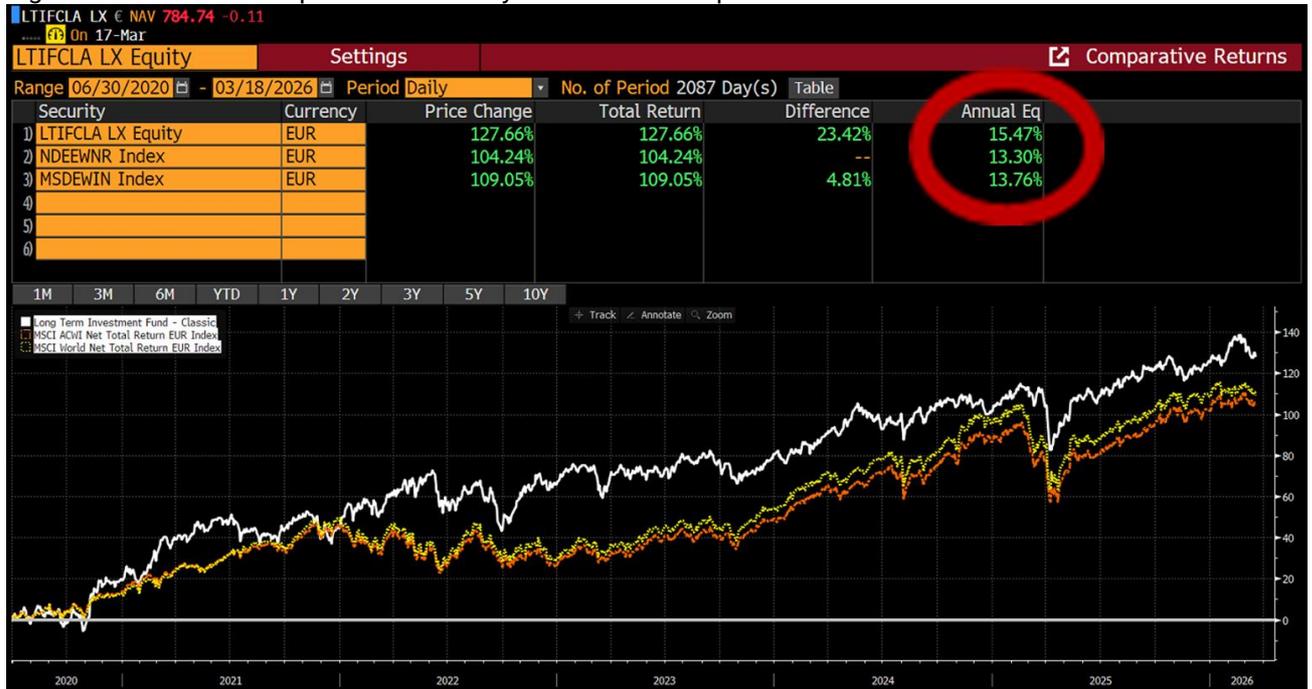
The investment focus of the SIA Long Term Investment Fund Classic is deliberately on international medium-sized companies, providing an effective diversification. With a 97% deviation from global equity indices, the fund is clearly positioned differently.

Our long-term, value-oriented investment approach becomes particularly relevant in this environment: fundamental company analysis, solid balance sheets, and sustainable competitive advantages once again take center stage in investment decisions.

Investors who continue to follow purely capitalization-weighted indices risk being structurally overinvested in overvalued market segments.

It is also noteworthy that the SIA Long Term Investment Fund Classic has significantly outperformed global equity indices since July 2020 – with a U.S. equity exposure of only 15% and no investments in the so-called 'Magnificent Seven'.

Fig. 2: Performance comparison since July 2020 – clear outperformance of LTIF Classic



Source: Bloomberg, as of 18.03.2026

Conclusion

The return of selectivity is not a temporary phenomenon, but a clear signal to investors: quality is once again gaining importance over sheer market capitalization.

Investors willing to leave the comfort of broadly diversified index investments and instead invest selectively in solid, undervalued companies may benefit from a double opportunity: protection during volatile market phases and above-average return potential over the long term.

In this market environment, success will belong not to those who buy everything – but to those who carefully select the right investments.

III. MACRO 2026: THE WAR IN IRAN THREATS THE 2026 MACRO ACCELERATION

We keep our base case scenario unchanged

A new the black swan is here... and in truth the past half decade has felt like a continuous stress test for investors: COVID-19 in 2020–21, the invasion of Ukraine in 2022–26, the Hamas attack and the war in Gaza in 2023–26, “Liberation Day” in 2025–26, and now the conflict involving Iran in 2026.

In other words, **business as usual**, as Warren Buffett likes to say.

As we have mentioned previously, our ability to predict the outcome of the war involving Iran is essentially zero. For the moment, however, **we maintain our base scenario of accelerating macroeconomic growth in the United States and Europe, alongside sustained growth of around 4.5–5% in China**, in line with the target recently announced by the Chinese government. This outlook is based on our view that the conflict in Iran will likely be short-lived.

Clearly, the current confrontation between the United States, Israel, and Iran has a binary outcome. If the war drags on and the Strait of Hormuz remains closed, oil prices could rise until demand is effectively destroyed, above \$150 per barrel according to our estimates. At those levels, energy prices would begin to inflict serious damage on the global economy, creating a clear risk of a worldwide recession.

Conversely, if the conflict ends within a few weeks, as President Trump has suggested, both the energy market and the global economy could return to normal within two to three months.

For this reason, we maintain our macroeconomic projections for 2026 (see table below), which continue to point toward economic acceleration. That said, we believe the probability of a recession may now be close to 50%, a level of risk that, in our view, financial markets are not yet fully pricing in.

GDP Growth estimates 2025/26E			
	2024	2025	2026
US	2,8%	1,9%	2,4%
EUROPE	1,0%	1,4%	1,6%
CHINA	4,8%	5,0%	5,0%
Source: IMF, ECB, SIA Funds			

The Industrial Cycle Shows Signs of Life – Excluding the Potential Impact of Iran

Manufacturing PMI data began to improve in February 2026, as we had anticipated, following a prolonged period of industrial and inventory adjustment. This recovery appears to be driven by the beginning of a new global investment cycle.

We are seeing strong capital expenditure across a wide range of sectors, including defense, electrification, power generation and distribution, aerospace, biotechnology, robotics, data centers, infrastructure, and industrial automation, areas where we expect significant investment in the years ahead.

The same caveat applies as before: if the conflict involving Iran were to drag on, energy prices would likely surge, triggering a slowdown and our recession that would weaken the industrial cycle and lead many sectors to delay—or at least postpone—their planned investments.

Our base case, however, assumes a short conflict followed by a diplomatic agreement. Under this scenario, we do not expect the emerging industrial cycle to be derailed. In fact, we believe it could still deliver at least eight quarters of economic acceleration.

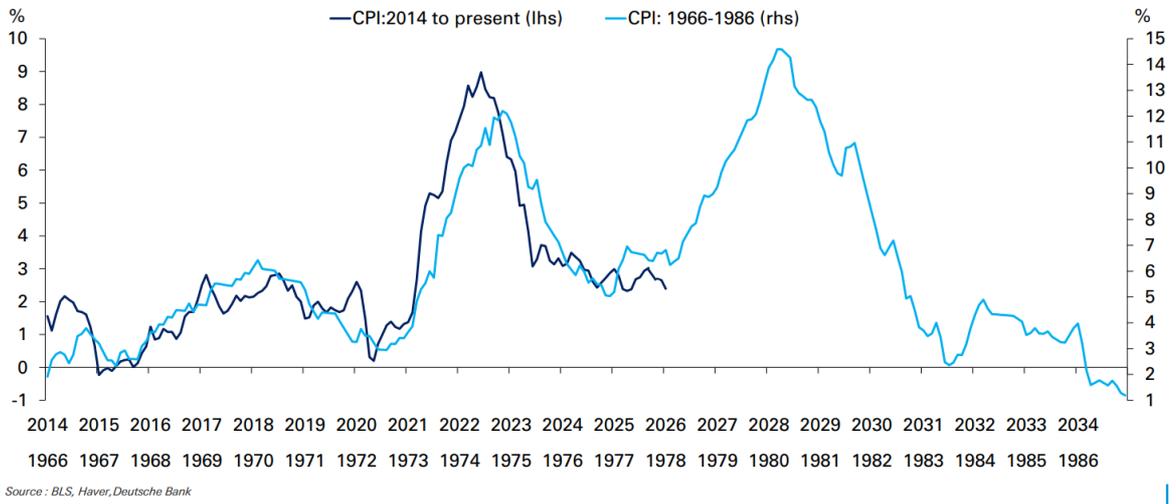


Inflation risk back to 1979?

We came across a very interesting chart in Deutsche Bank’s research comparing U.S. inflation across two 20-year periods: 1966–1986 and 2014–2034. The chart highlights the similarity between two major inflation shocks, the 1972 oil embargo by OPEC countries and the 1979 Iranian Revolution, which led to the fall of the Shah’s regime.

Of course, correlation does not imply causation, and the chart should not be interpreted as having predictive value. Nevertheless, **if the current conflict involving Iran were to drag on, we believe the potential outcome might not differ significantly from the pattern illustrated in the chart: a period of high inflation lasting several months.** We experienced something similar in 2022, and it could happen again—possibly under even more adverse conditions.

Figure 1: US Inflation: 1970s vs Today (Different Scales). The chart often gets derided but eerie that Iran now links the second shock in both cycles.



China still hasn't woken up. The nightmare continues for the 5th year

China continues to face a challenging macroeconomic environment, largely driven by two structural factors: a property sector downturn that began in 2021–22, and persistently weak consumer confidence, which is closely linked to the ongoing weakness in real estate and continues to weigh on the cyclical recovery.

For now, however, public investment—together with government-directed private investment—and strong exports are supporting economic activity. As a result, **China's GDP continues to grow at an annual rate of approximately 4–5%. That said, we have yet to see clear signs of a sustained recovery in consumer confidence or in the property sector.**



Source: National Bureau of Statistics, CEIC, BMO Capital Markets

As we stated in previous newsletters, we remind readers that the property sector is cyclical and will sooner or later regain its upward momentum. We believe that after four years of correction, we are approaching the trough of the cycle, and that mere stabilization should have a positive impact on China's GDP and on consumer confidence. The pace of volume declines in 2025 has slowed from 20–25% to 10–15%, and we expect improvements in 2026/27, obviously depending on the outcome of the war in Iran and the potential energy crisis.

Conclusion: 2026 should still be a year of economic acceleration with increased risk

Thus, our base scenario for 2026 is still one of global economic acceleration, which is usually positive for the stock market, although this positive momentum is already partly priced in. **The war in Iran is obviously a binary risk for this scenario:** should the war end soon (few weeks) the world will be back to normal relatively soon also. Otherwise, recession and inflation will be very likely the economic trends for the next few quarters.

Excluding the potential threat from the conflict in Iran our base case scenario can be summarized as follows:

- As can be seen in the last numbers of job creation and consumer confidence, the U.S. still has a couple of soft quarters ahead, with the housing, non-residential (excluding technology), and consumer sectors still showing weakness. However, we expect an improvement over the course of the year as interest rate cuts (across the entire curve) begin to feed through to the real economy.
- The European economy has begun to improve and is gaining momentum (although the levels are still nothing to celebrate),
- China will very likely repeat what happened in 2025, with some chance of stabilization in the property sector and consumer confidence.

IV. LONG TERM INVESTMENT FUND (LTIF) CLASSIC: +12% in 2025

2025 was a good year, slightly ahead of target

The LTIF Classic delivered a strong performance in 2025, up 12% closing the year at €770 per share, slightly above our target of €750.

The best-performing sectors in 2025 were aerospace, defense, technology, electrical cables, and copper, while the weakest sectors were catering, meal vouchers, salmon producers, and oil. Among individual holdings, the top performers of the year, with gains of more than 20%, were Prysmian, Nexans, Reckitt Benckiser, Grieg Seafood, Mowi, ISS, ASML, Antofagasta, First Quantum Minerals, and Freeport-McMoRan.

The largest detractors, with declines of more than 20% were Bakkafrøst, Pluxee, ConocoPhillips, Sodexo, Pandora, Harbour Energy, and EOG Resources. Importantly, none of these declines have led us to change our fundamental investment view on the companies involved.

The fund's current expected IRR stands at 17%, at the upper end of its historical 12–17% range

Following the publication of the 2025 year-end results for most of the companies in our portfolio, **we have updated the intrinsic value and expected IRR of the LTIF Classic fund.** As is typically the case, these metrics improve over time as most companies generate free cash flow every year and we continue to reinvest capital at lower prices.

The **updated IRR stands at 17.2%** (before fees and expenses, which average around 1.5%), with an **intrinsic value of €1,375 per share.** Based on our updated valuation models, we estimate that by 2026 the NAV should be close to €890 per share, once again above the targets we set in 2021 (*see chart below*).

Over the past four years we have closed near our targets, and we hope that the conflict involving Iran does not evolve into a global recession that could lead to significant market corrections. If that were to happen, the 2026 NAV would likely be lower than expected, but the positive side would be the opportunity to reinvest at lower prices and thus at significantly higher rates of return, leading to stronger gains in the future.

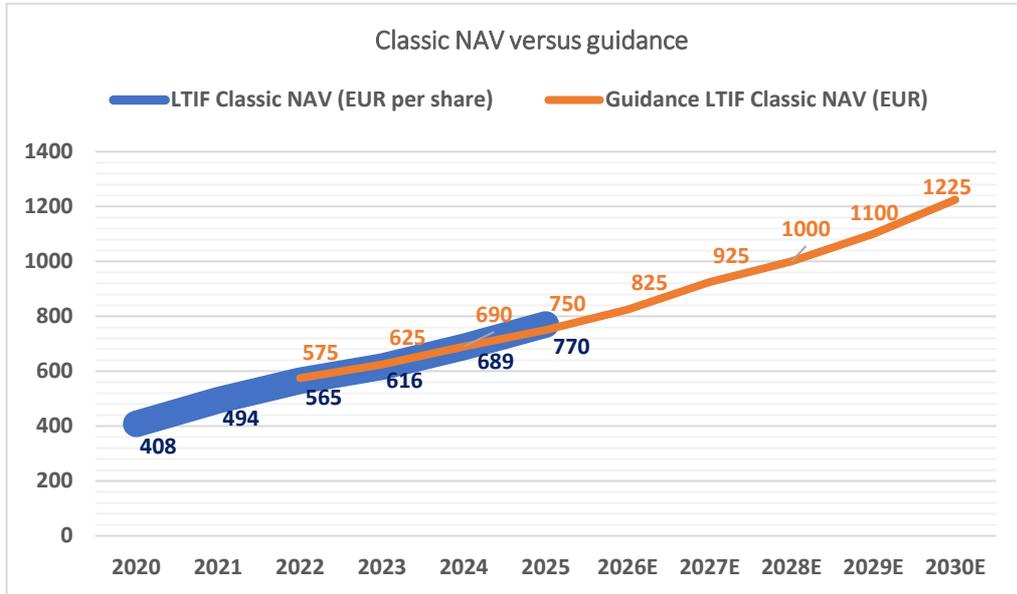
Which scenario would we prefer? A falling market, with falling NAVs, that allows us to buy assets more cheaply and increase the expected IRR? Or rising markets that allow for a peaceful sleep but a lower expected IRR?

The answer was given long ago by Warren Buffett: he has often said that *he would rather earn 12% per year with volatility than 10% without it.* That said, Buffett has historically had less direct exposure to market implications and end-investors than we do, and we remain mindful of the responsibility we have toward the many investors who trust us.

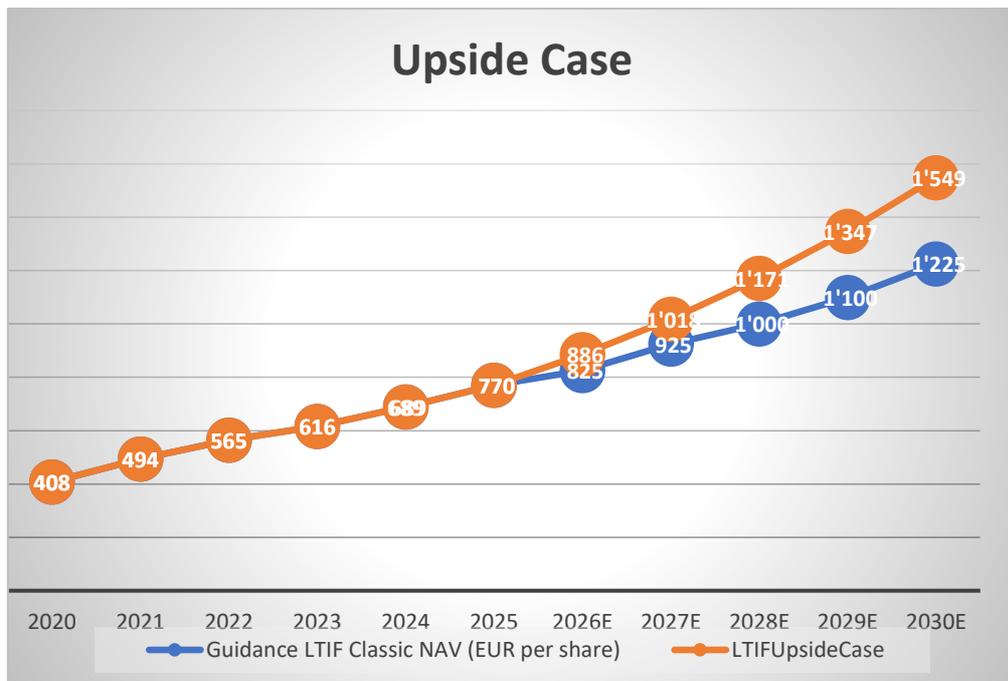
In any case, **we are prepared for markets to move either way.**

After several years navigating crises, recessions, and corrections, we believe it is reasonable to say that **when markets approach their lows, we are often able to invest at average IRRs above 20%**, an exceptional marginal return that typically reflects periods of widespread panic-selling.

The following chart shows the NAV guidance for LTIF Classic over the period 2022–2030, which we first published in 2021 and have not revised since. It is somewhat surprising that we have remained so close to our targets for four consecutive years. The message remains unchanged: **over the long term we expect to follow the trajectory indicated by the orange line, delivering net annual returns of >10%.**



Starting in 2024, we began publishing a new chart showing our 2021–2030 guidance (see chart below, in blue) alongside the performance implied by the updated IRR of LTIF Classic (15% per year, net, in orange). Over the long term, our expected IRR has proven remarkably meaningful, even too much, but 15% per year demands respect.



As we have mentioned before, the most reasonable expectation is that real performance will fall somewhere between these two lines. In 2025, this was indeed the case, with a NAV of €770 per share, positioned between the €750 and €792 range expected.

Looking ahead to 2026, the projected range lies between €825 and €886 per share.

Very few investors and only a small group of fund managers are able to generate long-term IRRs above 10%, **and even though 15% appears in our current DCF models, it remains a figure that commands respect.** Over time, we will see whether the robustness of our strategic and financial analysis continues to support such expected returns. As a reminder, a 15% annual return effectively doubles invested capital every five years. Time will tell.

The counterbalance (or risk) behind such ambitious return expectations lies in the composition of the core holdings of LTIF Classic, which include significant positions in sectors and companies that are currently deeply out of favor with market consensus—in other words, highly **contrarian investments**.

ISS, Reckitt Benckiser, Henkel, Pandora, Pluxee, Grifols, Sodexo, and Viscofan, together with our exposure to the salmon farming and energy/oil sectors, account for roughly 60% of the portfolio. These are investments that are currently “hated” by the market.

Importantly, this does **not** mean that we have increased our exposure to higher-risk categories (Category 3 and Category 4 account for 30% of the Fund). Rather, we believe **we own high-quality companies with strong strategic positions that are currently facing temporary cyclical headwinds, circumstances that are reflected in deeply discounted valuations.**

Nearly half of the LTIF Classic is in 10 well-diversified holdings

As usual, in the table below we present the main holdings of the Classic fund, with the aim of illustrating two key principles of our investment philosophy:

1. The high quality and strong strategic positioning of all the businesses in the portfolio, reflecting our **Strategic Value** investment approach.
2. **C&D (Concentration and Diversification)**—a balance that ensures no single factor (for example, an energy crisis) can materially damage the portfolio.

Taken together, the Top 10 holdings account for more than 45% of the fund. As can be seen, all of these companies operate on a global scale, giving us the exposure to emerging market growth that we seek, while maintaining a controlled level of risk.

LTIF Classic Core Holdings (March 2026)

Pluxee. Digital meal vouchers. Global

ISS A/S. Cleaning services. Global

Leroy Seafood. Salmon farming. Global exports

Reckitt Benckiser Plc. Pharma. Hygiene. HPC (Home & Personal Care). Global

ASML. Semiconductors. Global

Pandora. Affordable Jewelry. Global

Grifols SA. Plasma-derived proteins. Global

Sodexo. Catering. Global

Nexans. Electric Cables. Global

Viscofan. World leader in sausage casings. Global

V. QUARTERLY INVESTMENT CASE: VISCOFAN

We recently took advantage of what appears to have been a market “mistake”, possibly amplified by automated trading algorithms and traders, **to purchase a significant number of shares in Viscofan, an old friend of SIA AM.**

In October 2025, the media outlet Hunterbrook Media, linked to the investment fund Hunterbrook Capital, **published allegations claiming that Viscofan’s plant in Danville, Illinois, was facing several serious issues,** including:

- Toxic emissions and environmental contamination
- Improper handling and disposal of hazardous waste
- Violations of environmental regulations
- Potential health impacts on workers and nearby residents
- Breaches of labor standards

Following the publication of these accusations (incidentally, someone should probably examine the potential conflict of interest between the publication and the fund’s short positions), **the share price fell sharply—declining 15–20%, from levels above €60 to around €50.** Interestingly, the stock had already begun to drift lower shortly before the report was released.

What did we do?

Given that we have known the sector, the company, and the management team for more than a decade, **we decided to speak directly with them.** In that meeting, management argued that the allegations were false or at the very least highly misleading, addressing each accusation in detail.

A few days later, **we held a second meeting with several U.S. legal experts** to obtain an independent assessment of the situation. One by one, their analysis largely corroborated Viscofan’s position.

So, we started buying.

A few months later, Viscofan has become one of SIA AM’s top holdings. Our current estimates suggest an expected IRR of 13–14%, with an intrinsic value of €80 per share.

Viscofan recently held a Capital Markets Day, where the company presented its **BEAT 2030 strategic plan, which follows the Beyond 25 plan, a strategy that, in our view, has been highly successful.**

We apologize for including a couple of slides in Spanish below. The first slide provides a clearer breakdown of the company’s business divisions and their growth potential, highlighting in particular the two new growth platforms: packaging and ingredients.

Estrategia diferenciada para divisiones de negocio redefinidas



The second slide summarizes **the company's 2025–2030 strategic plan, which targets average annual revenue growth of around 8%, alongside an improvement in EBITDA margins to approximately 25–26%,** representing an increase of 2–3 percentage points compared with 2025 levels.

Combined with potential share buybacks, this strategy should translate into **earnings-per-share growth of more than 10% annually over the next five years**—a target that we consider ambitious, but achievable.

Impulsando la rentabilidad A través de la inversión en innovación y tecnología

Aceleración del crecimiento de ingresos
1.800 Mn
 2030e
+8%
 CAGR 2025-30

Expansión de márgenes
25%/26%
 Margen EBITDA 2030e
+2p.p./+3p.p.
 2030e vs. 2025

- Expansión de capacidad con tecnologías mejoradas
- Apalancamiento operativo y mayor OEE
- Diversificación de materias primas
- Transformación digital para optimizar procesos
- La sostenibilidad como palanca de rentabilidad

Viscofan is a good example of how SIA AM executes its strategy of buying Category 1 or Category 2 risk companies when temporary problems or difficult periods arise.

In this case, **the accusations raised by Hunterbrook Media appear to be on a clear path toward a positive resolution**, and the share price has already recovered a significant portion of the initial decline. That said, outcomes are not always so straightforward and fast.

From a timing perspective, we would say we have been somewhat fortunate, managing to achieve our objective: buying a high-quality business, with a strong management team and a solid balance sheet, at an attractive price.

Welcome, Viscofan, a small but remarkable champion.

VISCOFAN. Consensus Estimates 2026-2028

	2026	2027	2028
PER	16x	15x	14x
ROE	17%	17%	17%
Price/Book	2.6	2.4	2.2

Source: Bloomberg, SIA estimates

VI. LTIF NATURAL RESOURCES: €215 p.s. +15% ytd.

2025 was a strong year: +18%. 2026 has also started strongly: +15%.

The LTIF Natural Resources fund rose 18% in 2025, reaching €193 per share, with performance led by the mining sector, electrical cables, and several salmon farming companies.

The companies that delivered gains of more than 20% included Rio Tinto, Antofagasta, Atalaya Mining, Kazatomprom, Cameco, Ero Copper, First Quantum, Freeport McMoran, Lundin Mining, Nutrien, Nexans, Prysmian, Grieg Seafood, and Mowi. On the negative side, the energy and oil sector delivered a rather mediocre performance in 2025, reflecting an environment of extreme pessimism toward oil prices.

We used this weakness as an opportunity to **increase our positions in oil & gas companies at highly attractive prices**. The conflict involving Iran is now changing the equation, a topic we will discuss in greater detail later in this newsletter.

As of mid-March, the fund is performing well, gaining 15% year-to-date and reaching €215 per share.

IRR of 13%. Intrinsic Value of €285 per share at mid-cycle estimates

The updated IRR for LTIF Natural Resources has gradually declined as the fund has appreciated. As of **March 2026, the expected IRR stands at 13.2%, with an intrinsic value of €285 per share**. Please do not forget that all our models are converged at mid-cycle estimates.

The main portfolio changes during 2025 and early 2026 have been:

1. **Gradual purchases in the energy sector**—oil and gas in particular—during 2025, with expected returns above 15%.
2. **Gradual reductions in mining companies during 2026**, following the strong rally in several holdings that pushed valuations well above our target levels.
3. **The addition of several high-quality companies**, including Barry Callebaut, Viscofan, and Wienerberger.
4. **Entry into a new sector that we find particularly attractive**: electricity networks, through investments in companies such as SSE and E.ON.

The main positions of the LTIF Natural Resources fund are the following:

LTIF Natural Resources. Top10 Holdings

Occidental Petroleum. U.S. Oil & Gas

Mowi. Salmon farming

TGS. Seismic technology

Barry Callebaut. Cocoa

Viscofan. Sausage casings

EOG Resources. U.S. shale oil

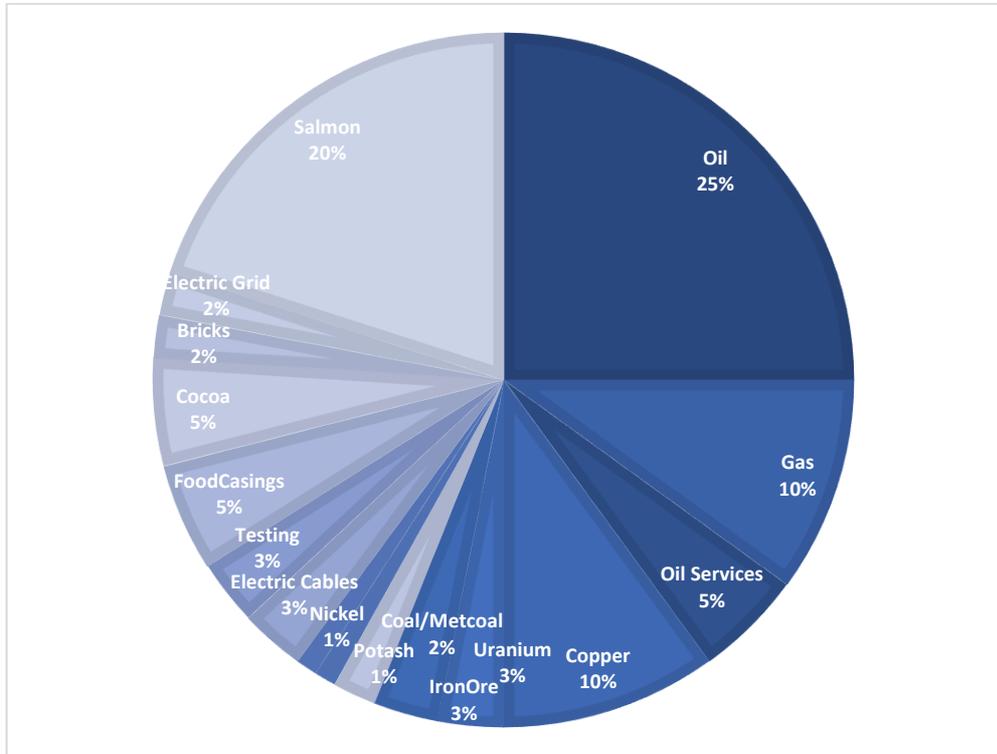
Harbour Energy. Oil & gas in the North Sea

Leroy Seafood. Salmon farming

Diamondback Energy. U.S. Shale oil

Bakkafrost. Salmon farming

And the current breakdown of the fund by natural resources is as follows:



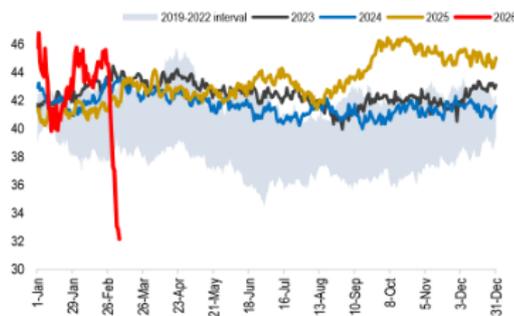
Source: SIA

Brent at \$90 per bbl. Consensus wrong-footed

The attack by the United States and Israel on Iran has upended the energy market in what had been expected to be a relatively calm year, during which oil and gas supply, as well as inventories, were projected to comfortably meet expected demand growth.

Figure 3: Global crude export

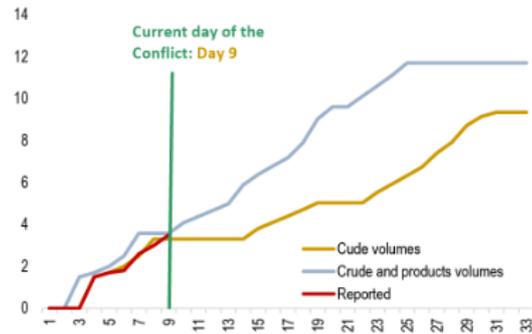
m b/d; 2023-2025 4 weeks MA; 2026 - 10 days MA



Source: Kpler, J.P. Morgan Commodities Research

Figure 4: Estimated supply shut-ins by day of Hormuz disruption

X-scale: days before shut-ins started; Y-scale: supply shut-ins, m b/d



Source: J.P. Morgan Commodities Research, Kpler, JODI

This scenario is now being called into question by the conflict in Iran, introducing significant uncertainty across multiple variables, particularly in the short term. Depending on the duration of the conflict and the extent of damage to energy infrastructure, the consequences could extend into the medium and long term.

For the moment—and remembering that our ability to predict geopolitical developments tends toward zero—our base-case scenario remains as follows:

1. **A short conflict**, ending with some form of agreement.
2. **Limited damage to energy infrastructure**.
3. **A return to a reasonable level of normality in the short term**.

We base this scenario on several key considerations:

1. The **list of military and nuclear infrastructure targets is relatively limited**, and given their military capabilities, the United States and Israel are unlikely to require much time to achieve their objectives.
2. **No party has an incentive to destroy energy infrastructure**, which would trigger global disruptions with potentially unpredictable consequences and likely prompt a coordinated reaction from developed countries.
3. **The Strait of Hormuz, currently closed, could be reopened with the protection of U.S. and allied naval forces** should the conflict expand.
4. **Regime change in Iran is not something that can easily be imposed or managed from outside the country**. A more realistic outcome would be a diplomatic agreement that removes the nuclear threat and leads to a less radical regime, at least in relative terms.

As most of our investors know, **our analysis at SIA suggests that the oil sector will face a structural supply deficit from 2027 onward**, which makes us optimistic about the medium- and long-term outlook for the sector.

We do not believe the current conflict fundamentally changes our long-term projections. If anything, it could accelerate the next bullish cycle in energy, particularly if Iran's production capacity were to suffer over the next two to three years.

What have we done in response?

Having gradually increased our exposure to the energy sector throughout 2025, taking advantage of the sector's weakness, the recent developments are currently benefiting the portfolio. In fact, the energy sector now represents roughly 40% of the LTIF Natural Resources fund.

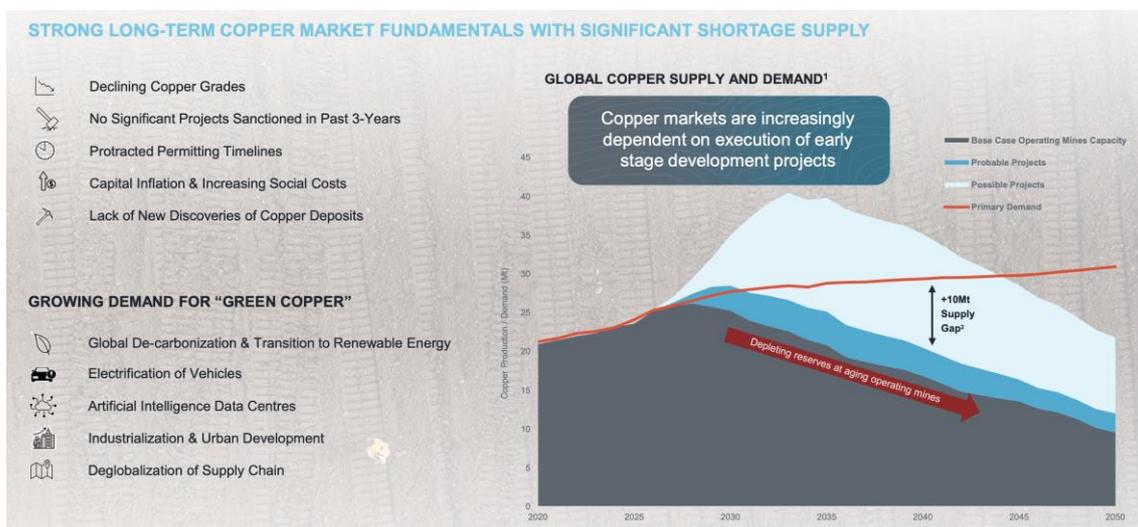
If oil prices remain elevated and valuations increase substantially, we may consider taking some profits. For now, however, we are far from this as the expected IRRs remain too attractive for us to significantly reduce our positions.

Copper scarcity getting closer

The price of copper reached \$6 per pound in early 2026, pushing copper mining equities toward levels typically seen during bull-market phases. In our view, this development makes sense when looking at the medium- and long-term outlook, where we continue to anticipate a structural deficit in copper supply.

Overall, the situation is largely in line with our forecasts, perhaps occurring slightly earlier than we had expected.

The market is beginning to recognize that **future supply will struggle to keep pace with demand starting around 2027–28**, which implies that prices will need to rise at least to incentive levels, \$5 per pound according to our estimates, and possibly even higher in order to stimulate the development of new mining projects.



Speaking of the need to incentivize new mines, the **Government of Mongolia has recently informed Rio Tinto that it wishes to renegotiate the existing agreement for the Oyu Tolgoi mine** to capture a larger share of the benefits from higher copper prices. This news follows the spike in copper prices as we have seen many times. When commodity prices move up, taxes/regulation/reviews move also up. We will see many more.

Contractual instability, tax increases, and regulatory changes are endemic problems in the mining sector, and they get worse when commodity prices move up. And this is a structural issue because it increases both the risk and the cost of capital for new mining projects, making investment decisions significantly more difficult.

Several recent examples illustrate this reality such as Cobre Panamá which remains shut down, or mining operations in Grasberg or Kamo-a-Kakula which operate under the constant shadow of potential government intervention. More recently, the government of Ghana announced its intention to increase royalties on gold exports.

Against this backdrop, a fundamental question arises: **who is willing to invest \$5–10 billion in new mining projects under these conditions? What is the cost of capital? What is the real risk?**

PROBABLE AND POSSIBLE PIPELINE FACES SIMILAR CHALLENGES TO MEET SUPPLY PREDICTIONS

PROBABLE PROJECTS (>75 KTPA CU ¹)				POSSIBLE PROJECTS (LARGEST CONTRIBUTORS ¹)											
Project	Production (Ktpa Cu)	Production Start	Timeline Likelihood	Project	Production (Ktpa Cu)	Production Start	Timeline Likelihood	Project	Production (Ktpa Cu)	Production Start	Timeline Likelihood	Project	Production (Ktpa Cu)	Production Start	Timeline Likelihood
Reko Diq (Pakistan)	359	2028	?	Resolution (Arizona)	461	2033	X	NuevaUnión (Chile)	197	2033	X				
Cobre Restart (Panama)	306	2027	?	Hu'u (Indonesia)	325	2032	?	Timok Exp. Ph.2 (Serbia)	196	2032	X				
Duolong (Tibet)	304	2029	?	Collahuasi Line 4 (Chile)	324	2033	?	MARA (Argentina)	192	2029	?				
Baimskaya (Russia)	247	2029	?	Los Pelambres Ph.2 (Chile)	324	2036	?	San Enrique (Chile)	191	2040	?				
Escondida OGP 2 (Chile)	236	2032	?	El Abra Sulph. (Chile)	254	2033	X	Panantz (Ecuador)	190	2031	?				
Timok Exp. (Serbia)	199	2027	?	La Granja (Peru)	293	2033	?	Siemita Exp. (Arizona)	190	2030	X				
Wafi - Golpu (PNG)	167	2032	X	Morenci Exp. (Arizona)	288	2030	X	Aynak (Afghanistan)	185	2029	?				
Elang (Indonesia)	166	2031	?	El Pachon (Argentina)	273	2030	X	Frieda River (PNG)	184	2030	X				
Ak Sug (Russia)	125	2028	?	Qulong Ph.3 (China)	263	2030	?	Michiquillay (Peru)	182	2032	X				
Cristalino Deposit (Brazil)	96	2035	?	Taca Taca (Argentina)	231	2030	X	Mason (Nevada)	139 ²	2030	X				Expected into next decade
Copper World (Arizona)	92 ²	2028	?												
Los Bronces Mill	90	2028	X												
Bagdad Exp. (Arizona)	87	2029	?												
Zafranal (Peru)	76	2030	X												

✓ Achievable ? Unknown X Unlikely

Greenfield / Brownfield

4.8 Mtpa of the 7.5 Mtpa sourced from the projects identified above is unlikely to meet estimated timelines

The vast majority of copper supply is unlikely to meet forecasted timelines

We are very satisfied to see our scenario gradually materializing, and we believe that 2026 may only be the beginning. There will undoubtedly be periods of volatility, but in our view **copper, like uranium, has entered a long-term bull cycle, characterized by structural supply deficits and sustained high prices for many years to come.**

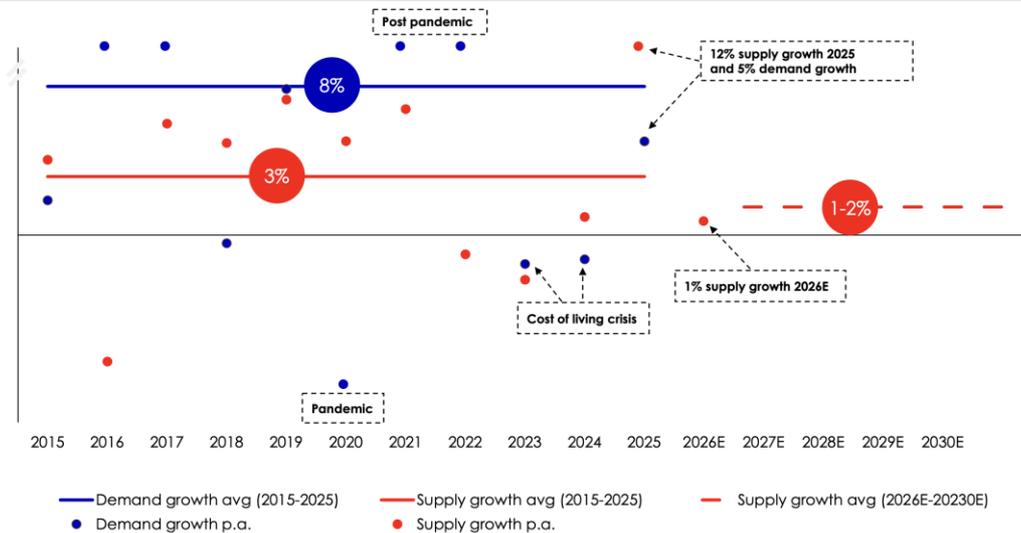
Salmon companies are optimistic heading into 2026

We recently attended the **annual NASF aquaculture conference in Bergen** and had the opportunity to meet with most of the major companies in the sector. We left the conference feeling optimistic, as 2026 appears likely to be an excellent year for the industry.

Our main conclusions were the following:

- Biological conditions in Norway are currently favorable**, with biomass growth of around 1% compared with 2025. This suggests that supply growth has moderated following double-digit growth in Norway during 2025.
- Demand remains very strong**, and most companies reported excellent sales prospects in Asia, with China continuing to grow at double-digit rates.
- Prices are already beginning to reflect the supply-demand imbalance**, approaching equilibrium or incentive levels, currently at NOK 90 per kilogram (approximately €7.5/kg). See chart below
- The sector remains attractively valued**, trading on average at approximately **13x earnings for 2026 and 11x for 2027**, below the historical average of 14–15x and below the level at which the sector should arguably trade given the structural regime shift that has occurred in recent years, namely limited supply growth due to full capacity utilization in Norway and Chile.

Supportive supply/demand balance expected in 2026 and beyond
8% demand CAGR past 10 years vs 3% supply growth, 1-2% supply CAGR expected next 5 years



5. **Consolidation in the sector continues**, with Cermaq acquiring assets from Grieg Seafood, and Mowi purchasing a 5,000-ton salmon farm from a small operator. Overall, there remains strong strategic interest in the sector.
6. On the risk side, we examined in detail the **three structural risks that could potentially disrupt the supply balance**. For the time being, however, we remain relatively comfortable with the outlook:
 - **Offshore salmon farming** remains in a very early stage of development. We were told that China has already halted one of the two offshore units that were being tested. Looks like offshore will take longer than expected to develop
 - **Onshore farming** continues to evolve, but building facilities and managing biological risks takes many years. At this stage, we do not see sufficient scale to materially disrupt the industry. In our view, higher salmon prices would likely be required to make these investments economically viable. We see interesting projects which make sense but with limited scale
 - Regarding **China's intention to develop the sector**, we believe the country will primarily focus on building infrastructure, including import logistics, processing, value-added products, distribution, and storage, rather than developing large-scale domestic production. Given that offshore projects have stalled and onshore production will take years to develop, we expect China's market growth to continue relying largely on imported salmon.

VII. OIL GLUT!!!! , by Urs Marti

“Analysts are warning of a major global oil supply glut emerging in 2026, driven by rising production from non-OPEC+ nations and slowing demand growth. Due to this oversupply, analysts predict a decline in prices, with JP Morgan warning that Brent crude could drop into the \$30-per-barrel range by late 2027”.

Consensus is wrong footed, short term and possibly mid-term also

Like always at the end of the year, forecasters, analysts, commentators and other specialists give their outlook and predictions for the coming year. The longer a trend/development has been existing, the more convinced the crowd gets it will continue forever and even accelerate. (*The turkey story from Nassim Taleb’s book “Skin in the game”*).

It gets interesting when the consensus is on the same side and sentiments/positioning are at extreme levels. This is the moment for big reversals as the crowd is wrong footed.

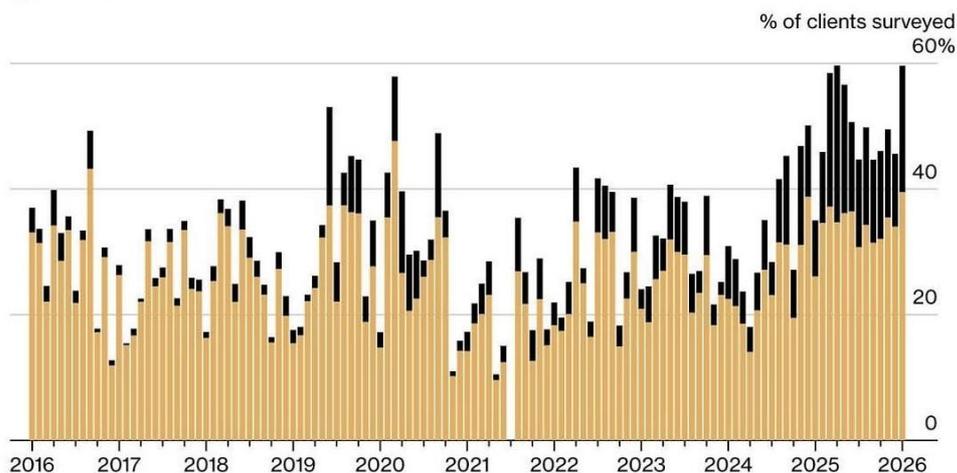
The author recalls a similar situation ten years ago in Australia. Iron ore prices had been declining from a peak of 180 to as low as 30 dollars. Iron ore is by far the most important product Australia produces. It makes up for roughly a third of all Aussie exports, without services. Therefore, everybody has/needs to have an opinion on its future. *“Iron ore is the number one safe bet on the short side”* was the common consensus among all the brokers and analysts.

While the financial crowd was convinced the price can only trend towards zero, the people in the industry (Rio, BHP, Fortescue) did not share such bearishness. They talked about prices being too low for capex, inventories that were run down and an outlook for steel consumption in Asia that is less gloomy than perceived. (Check out what the reality of Asia’s steel consumption was thereafter...) Instead of being “the number one bet on the short side”, iron ore prices doubled the following year. *“Unjustified rally! Massive speculative buying from Chinese housewives!”* was the cry from the financial crowd. (*Imagine Chinese housewives buying millions of tons spot physical iron ore, ship it to Beijing and pour it into their bathtubs...*)

Goldman Clients Near Most Bearish on Oil In 10 Years

Institutional investors across asset classes were only more bearish on crude in April 2025.

■ Slightly Bearish ■ Bearish



Source: Goldman Sachs Marquee MarketView

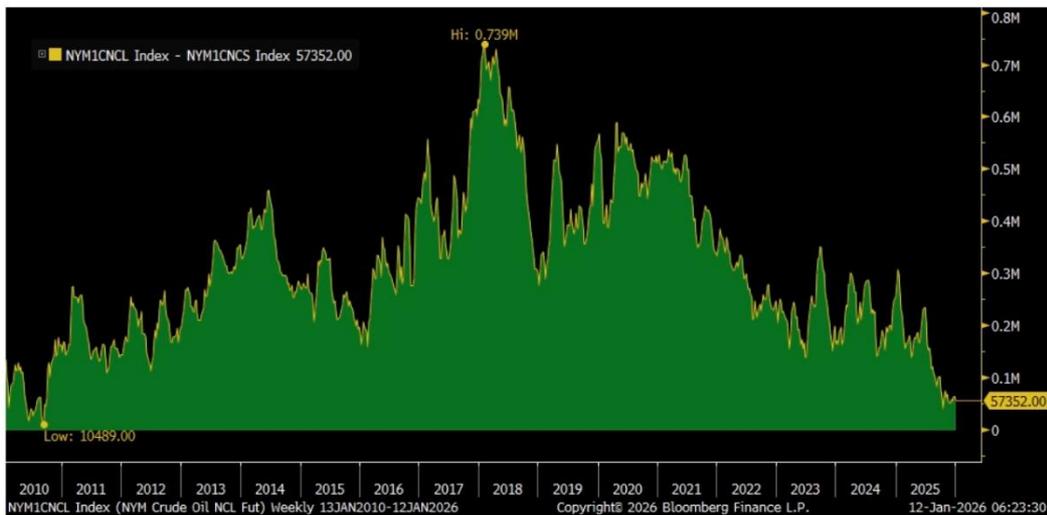
Of course, oil is a much bigger commodity than iron ore.

As a matter of fact, oil is the largest business on the planet. Depending on the oil price, revenues account for 10-15% of global GDP. A substantial difference between Iron ore and oil is the very limited activity of financial speculation in the iron ore market. Given specific features of the iron ore trade, there is no access for financial speculators as the future market does not exist. Just a cash settled bogus market:

Exchange	Contract	Recent Price	Change	Settlement Type
Dalian Commodity Exchange (DCE)	May Iron Ore	781.5 yuan (\$111.01/mt)	+0.58%	Cash Settlement
Singapore Exchange (SGX)	January Iron Ore	\$104.65/mt	-0.05%	Cash Settlement
CME Group	Iron Ore Swaps	Varies by month	Varies	Cash Settlement

1848, The Chicago Board of Trade was founded as a cash market for grain. The CBOT formalized the first modern standardized commodity futures contracts in 1865, primarily focusing on grain. It was not until 1983 that crude oil futures commenced trading at the New York Mercantile Exchange. Hardly ever in the history of oil, financial speculators have committed to deliver that many barrels of oil. Obviously, they will not be capable to do so, unlike producers.

Net Spec Long Position in Crude Oil Futures



People in the industry have a very different opinion as explained by the CEO of Aramco. **Global oil glut predictions are seriously exaggerated as demand growth remains strong and global oil stocks are depleted.** Demand growth remains strong in emerging economies followed by China and the United States with total demand reaching record levels last year and rising again this year, Nasser told reporters on the sidelines of the World Economic Forum in Davos. *"Oil glut predictions are seriously exaggerated... Oil stocks are low across the world on a five-year average and barrels offshore are mostly sanctioned barrels,"* he said.

The world is also short of spare capacity or unused oil production that countries can activate in case of an emergency to avert price spikes.

"It (spare capacity) is at 2.5% and we need a minimum of 3%. If OPEC+ further unwinds cuts, spare capacity will fall even further and we will need to watch this very carefully," said Nasser.

"Uninvestable": Trump's \$100 billion Venezuela gamble meets oil industry reality

Although the White House projects confidence, industry leaders are warning that Venezuela remains too unstable for major investment, with Exxon CEO Darren Woods describing the country bluntly as *"uninvestable."* *"If we look at the legal and commercial constructs and frameworks in place today in Venezuela today, it is uninvestable."* he said, noting that Exxon's assets there had already been seized twice.

The world's largest oil reserves – on paper

According to the U.S. Energy Information Administration, Venezuela holds roughly 303 billion of proven crude oil reserves, the largest of any country in the world. But that headline figure obscures a critical reality: most of it is ultra-heavy crude, concentrated in the Orinoco Belt. Unlike light, sweet crude produced in places like the Permian Basin, Orinoco crude is dense, viscous and difficult to move. Producing it at scale requires heating, dilution with lighter hydrocarbons, and upgrading in specialized facilities before it can be refined. The extra level of processing also means it requires higher oil prices to be economical.

For decades, Venezuela relied on partnerships with U.S. and European oil companies to provide technology, capital and operational expertise required to make that system work. Those partnerships would not survive the 2000s.

Expropriation and the unraveling of PDVSA

While Venezuela formally nationalized its oil industry in the 1970s, beginning in the early 2000s under President Hugo Chavez, Venezuela moved beyond its earlier state ownership model and launched a wave of expropriations that fundamentally reshaped its oil sector. Foreign operators were forced into minority positions alongside Venezuela's national oil company, PDVSA, or saw assets seized outright. Major U.S. firms, including ExxonMobil and ConocoPhillips, ultimately exited the country and pursued international arbitration over uncompensated takings.

International tribunals later awarded billions of dollars in compensation to foreign companies-awards Venezuela has largely failed to satisfy. This period marks the origin of the "stolen oil" language now resurfacing in U.S. political messaging.

The consequences for Venezuela's oil industry were severe. PDVSA lost access to foreign capital and technical support. Skilled engineers left the country. Upgraders and pipelines fell into disrepair. Production declined steadily, falling from more than 3 million barrels per day to under 1 million in recent years.

Maintaining production of heavy oil requires constant reinvestment, reliable power, and uninterrupted access to diluents-many of which historically came from the U.S. Gulf Coast. Without these inputs, and high enough oil prices, production systems fail quickly.

Restoring Venezuela's oil production would take years and endless capital. Upgraders must be rebuilt, infrastructure modernized, and human capital restored. Heavy oil does not rebound quickly, especially when oil prices are depressed.

While the author is finishing these lines, Iran is getting attacked by the U.S. and Israel.

In the 70s, the world was facing two major oil crises. In October 1973, the Organization of Arab Petroleum Exporting Countries (OAPEC) implemented a total oil embargo against countries that had supported Israel during the Yom Kippur War. The second in the aftermath of the Iranian Revolution in 1979 and the Iran-Iraq

war in 1980. An estimated six, respectively nine percent of global oil production were affected. Both events lead to a price increase of several hundred percent. Today, approximately 20% of the world's liquid petroleum and a similar percentage of world's LNG passes through the strait of Hormuz on normal days.

History does not repeat, but it rhymes. Politicians and journalists always take these events to name a culprit and explain the course of history. In reality, such events are not the cause, but a trigger for the inevitable to happen. (There are always disruptions, nothing runs smoothly.) Happily, the gullible public accepts these explanations and all the mismanagement, which is the real cause, can be concealed.

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