

Bonafide Global Fish Fund Executive Summary



Deutscher Beteiligungspreis 2019 – TOP innovatives Investmentvermögen (Aktienfonds)
Allocator Investors Choice Awards 2019 – Investors Choice EMEA (Global Equity Fund under \$500m)
Allocator Investors Choice Awards 2019 – Top Performer EMEA (Global Equity Fund under \$500m)
Allocator Investors Choice Awards 2017 – Emerging Long Biased Equity Fund

ocean of opportunities

bonafide

Executive Summary

Bonafide Global Fish Fund



Our Objectives

- Create strong asset appreciation through developing a global portfolio of equity investments within the entire value chain of the fish and seafood sector.
- Focus on the fastest growing food-producing sector which is set to play a key role in meeting the rising demand for healthy proteins.
- Take advantage of an undiscovered market and companies with significant revenue growth potential ("First Mover").
- Investing in sustainable businesses generating financial returns while achieving measurable long-term positive socio-environmental impact.

Facts About the Fish & Seafood Market

Fish is one of the most heavily traded segments in the global food market. In 2020, 60 Mt, or 34% of total fisheries and aquaculture production, were traded internationally. Worldwide, the per capita fish consumption continues to increase: from 9.9 kg a year in the 1960s to more than 20 kg in 2020. Total fish consumption grew at an average annual rate of 3.0 percent from 1961 to 2019, a rate almost twice that of annual world population growth (1.6%) for the same period, and higher than that of all other animal protein foods. While demand is steadily increasing, supply of fish proteins is limited. Aquaculture is anticipated to fill the supply-demand gap.

More Than Just Fish: What the Oceans Offer

Companies are planting algae, which absorb CO₂. The algae are then processed and end up fresh on the plate or are processed into healthy snack products. Algae can also serve as an energy source, in particular as a source of fatty oils, which are of interest to biofuel manufacturers. Companies can also recycle the waste products from aquaculture and use them to manufacture health products and medicines for human consumption. Moreover, cosmetics can be made from substances in the sea: mother of pearl smooths wrinkles, sea silk makes hair radiant, and algae promises to be the miracle ingredient of the future. The environment also benefits from this.

«Aquaculture, not the internet, represents the most promising investment opportunity of the 21st century.»

Dr. Peter F. Drucker

Ideal Conditions for Investments

It is a young and fragmented industry, underpinned by the increasing demand for fish and seafood around the world.

The sector helps to create food security and provides nutrition for everyone. Numerous family and small businesses offer growth, optimisation, and consolidation potential. Mergers and acquisitions as well as market consolidation offer interesting buy-out opportunities.

Bonafide offers a unique opportunity to participate in the growth market for fish and seafood.

Aquaculture: new way to Generate Protein

Aquaculture is one of the most efficient ways to produce easily digestible, high-quality proteins that contain all of the essential amino acids.

Fish provides essential unsaturated fatty acids (long-chain omega-3 fatty acids), vitamins D, A, and B, and minerals (including calcium, iodine, zinc, iron and selenium).

	Fish (Salmon)	Chicken	Pork	Beef
Feed Conversion Ratio (FCR)	1.3	1.9	3.9	8.0
Protein retention	28%	37%	21%	13%
Calorie retention	25%	27%	16%	7%
Edible yield	73%	74%	73%	57%
Edible meat per 100 kg fed	56 kg	39 kg	19 kg	7 kg

Table 1: Resource-Efficiency of Different Animal Proteins. Source: Adapted from *Salmon Farming Industry Handbook 2022*, by MOWI ASA, 2022.

Increasing Demand

Fish is a versatile and heterogeneous commodity covering a wide variety of species. It can be prepared and consumed in many different ways for either food or non-food uses. The bulk of the utilisation of fish production is in the form of products for human consumption. Today, more than 3.1 billion people eat fish at least once a week. World fish consumption per capita is projected to reach 21.5 kg in 2030, up from 20.2 kg in 2020. The highest growth rate is projected for Asia (FAO, 2022).

The diets of people in the industrialised countries are changing towards the consumption of healthy proteins. Together with the population growth, these health trends are leading to a steady increase in demand.

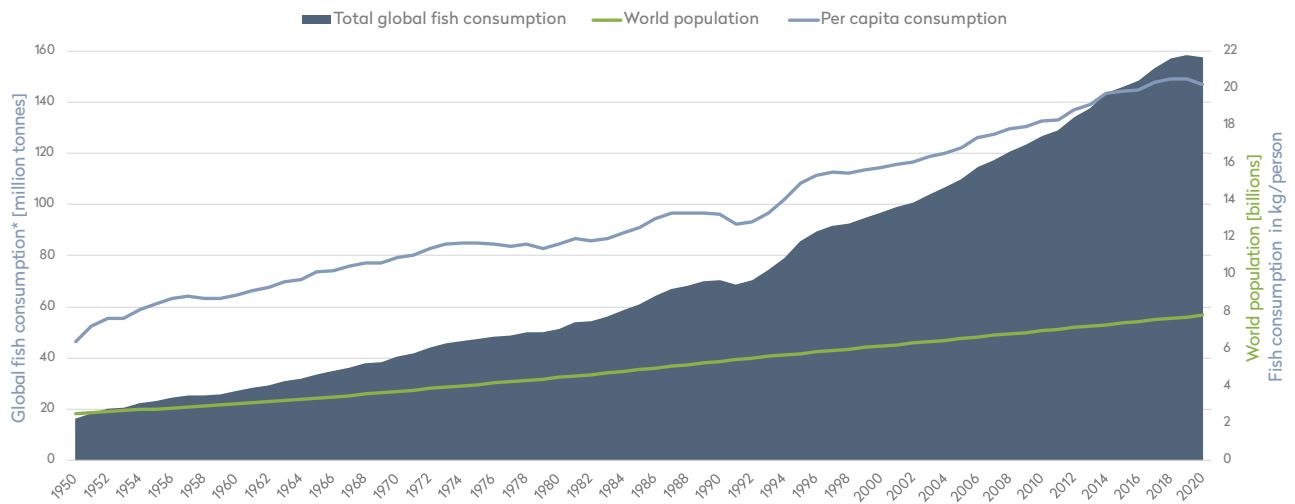


Figure 1. World Population and Fish Consumption 1950-2020. Note. Excludes aquatic mammals, crocodiles, alligators and caimans, seaweeds, and other aquatic plants. Source: Adapted from *The State of World Fisheries And Aquaculture – Towards Blue Transformation*, by FAO, 2022.

Supply Changes

Fish and seafood have been one of the most important staple foods for centuries. Overall, the **3.0% growth in the worldwide supply of fish for human consumption** in the past five decades has outpaced the average 1.6% annual growth in the world's population. The wild catch, however, has been static since the late 1980s. It is aquaculture ("fish farming") that has been responsible for the impressive growth in supply. Other factors also contributed, including reduced waste, better utilisation, improved distribution channels, and growing demand resulting from population growth, rising incomes, and urbanisation.

According to forecasts by the United Nations (UN), current **food production will have to increase by 70% globally by 2050** in order to feed the additional two billion people who will be alive on the planet. Efficiency and innovation will be fundamental prerequisites for such an increase. This can only be achieved through a sustainable, efficient and cost-effectively organised and structured aquaculture industry. Figure 2 below illustrates the limited supply growth. **While traditional fishing will stagnate at today's level, aquaculture will continue to grow.** Due to the licences required for fish farming, this economic sector will only be able to continue to grow strongly thanks to technological development and new farming methodologies.

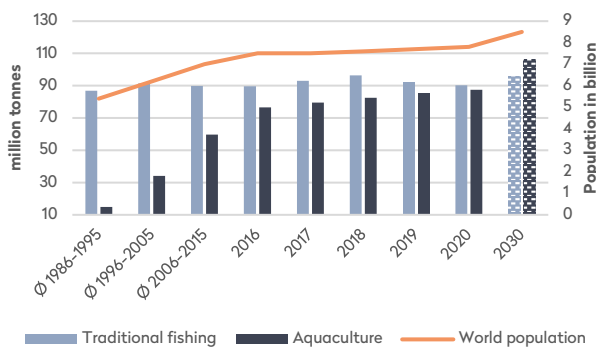


Figure 2: Supply of Fish for Human Consumption 1986-2030. Source: From *The State of World Fisheries And Aquaculture – Towards Blue Transformation*, by FAO, 2022.

The Answer is Aquaculture

The contribution of world aquaculture to global fish production drastically increased and now stands at 49% (Table 2). As of 2020, world aquaculture production reached another all-time recorded high of 122.6 Mt in live weight. **Since 2016, aquaculture has been the main source of fish available for human consumption.** In 2020, the share was 56%. According to FAO (2022), farmed fish will continue to meet the demand for species that are no longer wild-caught but are primarily aquaculture-produced.

Fish Production	2000s	2010s	2018	2020
<i>(in million tonnes, live weight)</i>				
Aquaculture	43.4	71.5	82.5	87.5
Capture	90.9	91.0	96.5	90.3
Total Production	134.3	162.6	178.9	177.8
% of Aquaculture	32%	44%	46%	49%

Table 2: World Fisheries and Aquaculture Production Over Time. Source: Adapted from *The State of World Fisheries And Aquaculture – Towards Blue Transformation*, by FAO, 2022.

Market Potential – Fish for Everyone

Nutrition experts recommend eating less meat and replacing it with the regular consumption of fish. Can or should aquaculture, i.e. the controlled rearing of aquatic animals such as fish, shellfish, and crustaceans, meet these requirements? The big challenge is to produce high-quality proteins without increasing the pressure on wild fish levels.

The *State of World Fisheries and Aquaculture* report (FAO, 2022) shows that humankind has never consumed so much fish and has never been as dependent on this sector for its wellbeing. And the global population is expected to hit 10 billion people by 2050. The growing demand for fish as a resource creates an attractive environment for investors.

With the Bonafide Global Fish Fund it is our long-term target to invest in innovative companies that place value on efficient and sustainable resource use. While this is a substantial challenge, it will contribute considerably to the future sustainability of the sector.

Source: Food and Agriculture Organization of the United Nations (FAO), 2022

We at Bonafide

Asset Management

The Fund's Asset Manager is Bonafide Wealth Management AG, an internationally recognised asset management company with a registered office in Balzers, Liechtenstein, that focuses exclusively on fisheries and aquaculture and its related value chain. Bonafide is represented by its Management, whose biographies can be found on our website: www.bonafide-ltd.com.

Our Philosophy and Vision

Bonafide is an asset manager that focuses exclusively on companies in the fish & seafood sector and their value chain. Bonafide has set itself the goal of promoting the growth of sustainable food production and therefore brings companies in the industry together with investors who have recognised the enormous potential of the Blue Revolution.

At Bonafide we are guided by a culture and set of principles that ensure that we never forget what our mission to be a driver of the **Blue Revolution**. We see our role as a global leader for sustainable investments along the entire fish & seafood value chain.

«I believe the most important factor for the success of Bonafide was the conviction of all partners to pass on the success story of the growing seafood industry to the investors. With the motto: "We are in the same boat", we care about regular exchanges with investors. We are convinced that with the blue revolution, this sector will receive even more attention in the coming years.»

Christoph Baldegger, Founder

The Investment Process

The thematic focus within our investment approach allows us to see completely different perspectives than the average investor is likely to. Our macro universe is flooded with knowledge and news every day, whether through newsfeeds from the industry, the financial market, or through our broad network that we have been building and maintaining for over 10 years.

The central task which drives the day-to-day work at Bonafide is to process this knowledge and to draw the right conclusions from it. The sector catalogue we have developed in-house divides companies into their respective roles within the supply chain. It enables us to carry out evaluations and comparisons of specific companies with a level of differentiation that global data providers are unable to provide.

Our systematic investment process sorts the macro-universe using filter criteria, resulting in an investable investment universe ready for further analysis. Our financial specialists then devote themselves to quantitative and qualitative analyses, which, in particular, also critically assess the sustainability aspects of the company.

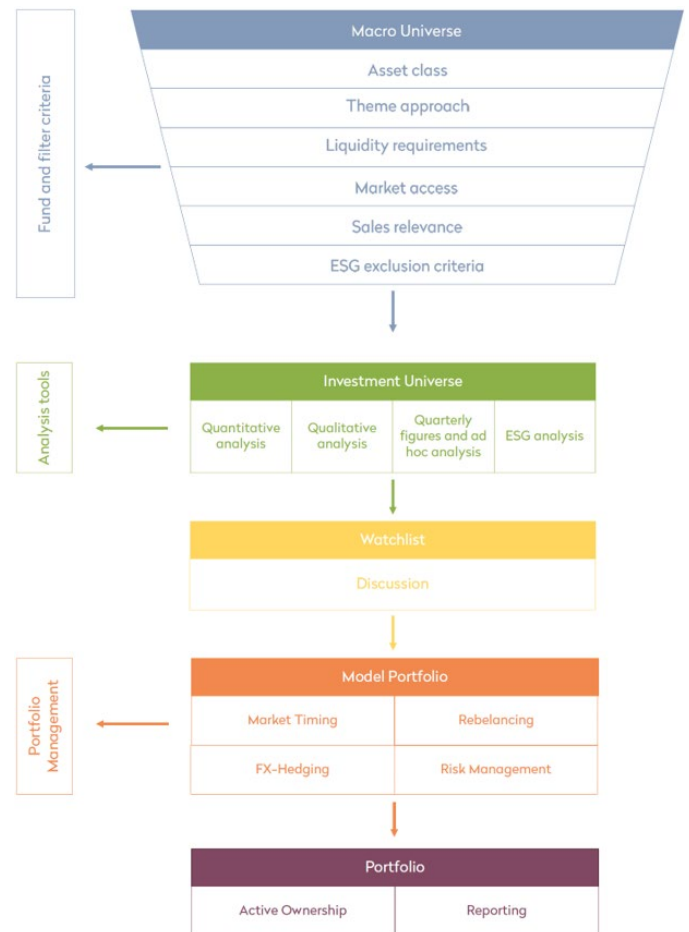


Figure 3: Investment Process at Bonafide. Source: compiled by the author.

Once again, the network we have built up over the years helps us enter into dialogue with people, managers, analysts, and companies and ask the right questions. By meeting on a regular basis, we ensure that opportunities are seized and carefully analysed from different perspectives.

Portfolio management then makes the investment keeping a close eye on risk parameters. We are regularly accountable to our investors and are happy to explain our concepts and activities in person upon request.



Sustainability

Why the Blue Revolution?

If the ocean were a country, it would be the seventh-largest economy in the world. The annual value added by the "ocean economy" is estimated to be around \$2.5 trillion, and 40% of the world's population depends on the biological diversity and the benefits that the ocean offers. Our oceans absorb around 30% of anthropogenic CO₂ emissions and more than 90% of the excess heat in our climate system. This shows the importance of the ocean for life on earth. At Bonafide, we have therefore made it our mission to use the ocean's resources in a sustainable manner.

«The ocean unites all of us on this blue planet. That's why it's our shared responsibility to care for the health and future of the oceans.»

Peter Thomson, UN Representative for the Oceans

Farmed Fish as a Sustainable Source of Protein

The advantages of farmed fish as a sustainable source of animal protein are illustrated in the graphic. The illustration shows the resource intensity of various animal protein sources in relation to the resource intensity of farmed fish. The fish need significantly less space and water, and, together with chicken, they release the least number of pollutants. These numbers clearly speak for the superior sustainability of fish, especially in relation to red meat.





				
Land use	1.0 x	36.0 x	22.0 x	109.0 x
Water use	1.0 x	3.5 x	7.2 x	29.0 x
GHG emissions	1.0 x	1.0 x	2.0 x	3.0 x

Figure 4. Resource Consumption of Animal Breeding in Comparison. Source: Adapted from SEAWATER Cubes (n.d.), <https://seawatercubes.de/en/resource-consumption-animal-breeding>, retrieved 10.05.2022.

Sustainability in our Investment Process

To invest sustainably means reconciling our economic interests with our interest in protecting the environment. The goal is to achieve a higher return through greater sustainability, but not to play returns and sustainability against each other.

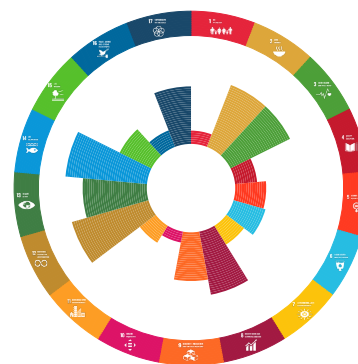
Our investment process expressly addresses sustainability in four aspects. Starting with our focus on the fish & seafood sector, then our use of essential exclusion criteria and ESG ratings, to our continued commitment to the companies we invest in and exercising the associated voting rights, sustainability is a high priority for Bonafide.

The Sustainable Development Goals at Bonafide

The regulatory policies for fisheries and aquaculture should be strongly influenced by the **2030 Agenda for Sustainable Development** and the **United Nations Sustainable Development Goals (SDGs)**. Ensuring food security and nutrition as well as the sustainable management and the use of natural resources are inherent parts of the SDGs and the basis for every country's goals. They integrate the three dimensions of sustainable development: economic, social, and ecological.

In line with the thematic focus on seafood, our portfolio companies contribute in particular to the following SDGs:

- #2 Zero hunger
- #3 Good health and well-being
- #12 Responsible consumption and production
- #13 Climate action
- #14 Life below water



The SDG Impact is based on the self-assessment of the companies in order to ensure easy traceability.

Figure 5: SDG Impact Assessment – Bonafide Global Fish Fund. Source: compiled by the author.

Initiatives and Awards

The oceans need protection. We're not the only ones who see it this way. That's why we take part in a number of different initiatives to multiply our impact by working together. We have been honoured for our commitment to sustainability.

Find out more about the initiatives we support on our website: www.bonafide-ltd.com.



Signatory of:



Technical Details of the Bonafide Global Fish Fund

Objective

The objective is to generate healthy financial returns with a diversified, liquid portfolio of listed companies within the value chain of the Fish & Seafood sector while applying a strong bias for enterprises generating positive long-term socio-environmental impact (sustainability).

Strategy

Investing in selective companies following a detailed standardised investment process and applying a fundamental value-driven research strategy ensuring thorough knowledge of the target companies as well as their management.

Portfolio Exposure

Typically, around 40 positions with some concentration in high conviction names or short-term event-driven holdings; largest positions being approximately 4% to 8% and top 5 positions are approximately 25% of NAV.

Regional exposure is global and diversified. Cumulatively the highest allocations usually are held in Norway, USA, Japan, Thailand, Chile and Australia; smaller allocations are typically kept in, Canada, New Zealand, Europe, Denmark, Finland, South Africa, China, Malaysia, Singapore, Indonesia and the Philippines.

The in-house BOFI sectors set the framework for investments in the Fish & Seafood sector. Bonafide invests along the entire value chain of the Fish & Seafood sector. The BOFI sectors include: **Supplier, Producer, Processor, Refiner, Vendor/Gastronomy** and **Logistics**. This ensures an excellent diversification.

Summary of Key Terms

Structure	<ul style="list-style-type: none"> ▪ The Bonafide Global Fish Fund is an open-ended single fund structure with its legal status of a collective trust ("Kollektivtreuhänderschaft") and is subject to the directive of Undertakings for Collective Investments in Transferable Securities UCITS ("OGAW") under the July 2016 adopted regime ▪ The fund's domicile and country of applicable law is Liechtenstein
Service Providers	<ul style="list-style-type: none"> ▪ Asset Manager: Bonafide Wealth Management AG, Balzers, Liechtenstein ▪ Management Company: IFM Independent Fund Management AG, Vaduz, Liechtenstein ▪ Custodian: Liechtensteinische Landesbank AG, Vaduz, Liechtenstein ▪ Auditor: Ernst & Young AG, Bern, Switzerland
Reporting	<ul style="list-style-type: none"> ▪ Daily NAV - Monday to Friday ▪ Monthly report ▪ Up-to-date fund information at any time on the website ▪ Annual audit (fiscal year on December 31)
Share classes	<ul style="list-style-type: none"> ▪ Reference currencies <ul style="list-style-type: none"> "CHF" continuous reinvestment - ISIN: LI0047679860 "CHF - A" annual distribution - ISIN: LI0329781590 "EUR" continuous reinvestment - ISIN: LI0181468138 "EUR - A" annual distribution - ISIN: LI0329781608 "USD" continuous reinvestment - ISIN: LI0252716753 ▪ Additional reference currencies upon request
Tradability	<ul style="list-style-type: none"> ▪ Day prior to valuation day by no later than 4.00pm (CET) and subsequent transaction settlement T+2 ▪ Minimum investment of 1 unit
Fees	<ul style="list-style-type: none"> ▪ 1.5% management fee p.a. ▪ 10% performance fee, rolling high watermark

Note: Full terms and conditions are described in the fund prospectus



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“Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.”

Maimonides