



Quarterly Update

December 2020

- Overview of our funds 2
- Research/Portfolio management 3
- Sustainability 5
- Legal notices 6

“It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price.”

Warren Buffet

Overview of our funds

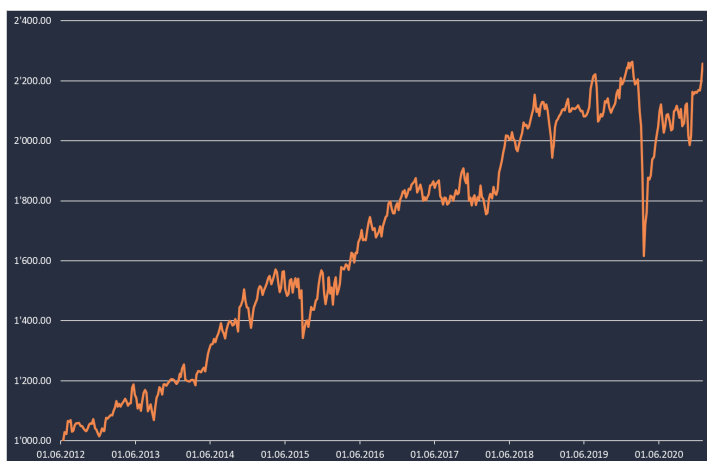
as at 31/12/2020	NAV	Δ3m	Δ12 m	Δ3 y	Δ5 y	return s.i. (p.a.)	Total AuM in CHF million
Bonafide Global Fish Fund EUR	2,257.68	9.61%	0.68%	24.74%	46.11%	9.99%	
Bonafide Global Fish Fund EUR -A-	1,123.33	9.60%	0.68%	24.61%	n/a	5.73%	
Bonafide Global Fish Fund CHF	1,494.14	9.80%	-0.07%	13.97%	41.42%	3.50%	
Bonafide Global Fish Fund CHF -A-	1,115.22	9.80%	-0.07%	15.47%	n/a	5.22%	
Bonafide Global Fish Fund USD	1,397.22	12.95%	7.97%	26.33%	n/a	8.61%	264
Best Catches I EUR	1,144.45	17.52%	2.75%	n/a	n/a	8.75%	22
Deep Blue – SPC I NOK	51,737.67	n/a	6.13%	342.56%	370.34%	31.51%	
Deep Blue – SPC III USD	1,697.49	n/a	4.73%	n/a	n/a	21.22%	
Deep Blue – SPC IV GBP	718.64	n/a	-22.57%	n/a	n/a	-13.66%	53

A turbulent fiscal year has drawn to a close.

Last year, the world was dominated by the COVID-19 pandemic. Aircraft were grounded and restaurants had to close, presenting a surreal situation for society. For investors, the trading year was equally challenging.

The Bonafide Global Fish Fund is a thematic fund which invests in listed companies along the entire value chain for fish and seafood. The difficult logistics conditions, increased costs of protecting employees and the closure of restaurants made it hard for companies to continue to grow. However, the light at the end of the tunnel is the continually increasing demand for fish and seafood, promising strong future growth for the company.

NAV development of the Bonafide Global Fish Fund EUR 13/06/2012 – 31/12/2020



The Bonafide Global Fish Fund experienced a cautious start to the year due to the impact of COVID-19 in spring, slowly recovering as the year went on. In the last quarter of 2020, companies in the fish and seafood sector benefited from the hope of an imminent, effective vaccine and were able to partially recover from the price declines. Overall, 2020 was a bad year for the fund. It underperformed compared to the world's largest indices. However, if we compare the fund with the largest Norwegian salmon producer MOWI (YTD: -16.45%) as an example, we can see a significantly better result. The lower valuations of companies at present offer good entry opportunities.

Despite the difficult market environment, we are able to look back at a successful year overall. In 2020, we were able to strengthen our team with the addition of two young experts and further enhance our commitment to sustainability. As a result, we were awarded the FNG seal and Eurosif transparency logo.

Starting the year with a new market presence

We are pleased to announce our new website for the start of the year. This is something that you, as our valued investors, can benefit from. You can now find detailed information about our funds, the sector and our investment approach. You can also get to know our team thanks to short profiles. We are also happy to offer personal consultations.

To the website: [bonafide-ltd.com](https://www.bonafide-ltd.com)

Research/Portfolio management

Stock market driver in Q4/20

The fourth quarter of 2020 was twofold for equity investors. Summer in the northern hemisphere came to an end, and the colder days saw an increase in COVID-19 cases in most western countries. This resulted in new lockdowns and the economic recovery slowed down visibly. The fear of a long-lasting second wave along with a new collapse of the economy and stock markets was widespread. To all of our surprise, this adjustment on the stock market was only short term. Increased government aid programmes worldwide and new measures taken by central banks prevented the situation from worsening. Companies worldwide were able to adjust to the situation. Many people are continuing to lose out, but winners are also emerging from the crisis. Following the approval of the first vaccine in November and the first vaccinations in December, the hope of normality returned. Some health experts only expected a vaccine to appear on the market by mid-2021 at the earliest.

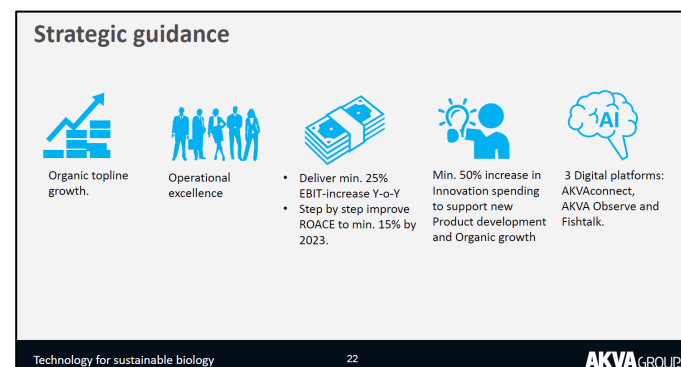
Effects of the lockdown in Europe

For the fish and seafood sector, the new lockdowns put a halt on sales via the food service channel (e.g. restaurants) while demand via retail channels remained high. After all, food still needs to be consumed - even during a crisis. Producers with less integrated processing capacity and manufacturers of high-quality fish for the gastronomy sector were more severely affected, while businesses that predominantly process their products and create retail products suffered to a lesser extent. The logistics sector was able to draw on experience from the spring as, unlike the government, some companies had prepared for the uncertain future with various scenarios. However, producing fresh fish and subsequently transporting it to the retailer remains a challenge and is still associated with additional costs.

Top performer in the portfolio

The portfolio benefited from a strong market recovery in Q4/20. Our largest position of Austevoll Seafood (1.4% point performance contribution) benefited from the salmon business of Leroy Seafood which is also listed (0.8% point/ninth-largest position). For Leroy, this appeared to be the end of a multi-year investment phase along the entire value chain and after disappointment over the past two years, farming costs headed back in the right direction, which the market honoured. The Chile-based producers Multiexport Foods, Camanchaca and Blumar were also able to progress and both delivered a 1.4% performance contribution. After a long dry spell, AKVA Group (1.5% points) was able to deliver the largest contribution. The company specialises in the production of holistic solutions for fish farming infrastructure. In 2019, CEO Rochade and the settlement of bad debts preceded the rise in equity prices. In November - delayed by COVID-19 - Investor Day

took place online whereby the new AKVA management finally presented a profile and growth by introducing its vision of building land-based breeding farms. Projects for land-based breeding farms are currently springing up everywhere and the company is one of the few with many years of experience in producing such recirculating aquaculture facilities with juvenile fish.



Source: AKVA Group, Presentation at Capital Markets Day, 24 November 2020


With regard to Canadian wild fishing company Clearwater Seafood (1.3% points), talks of a takeover had been underway during the past year but for a long time it seemed to be no interest for anyone. As a buyer, only local producer were considered due to the wild catch licenses. When the listed Premium Brands Holding and Mi'kmaq First Nation were placed to takeover Clearwater, the stock price increased by 40%. We swiftly sold the titles close to the takeover price and reallocated them to meet the numerous opportunities available at present.

Changes to allocation

One of these opportunities includes the largest global salmon producer Mowi (1.3% points). We continuously consolidated our position since summer and, shortly before the price increases in November, were able to achieve our target rate of 7% with Mowi representing our second-largest position. In 2018, the company benefited from good salmon prices, while in 2019 16% higher volumes helped to achieve similar profits. With around 450k tonnes of salmon each year, Mowi has achieved a production capacity that can become more profitable. They launched a global branding strategy to achieve this. The aim is for the quality of "Mowi-Salmon" to be recognized in shopping stores around the globe. The goal is to "de-commoditise" salmon.

The way towards branding

- Timing
- Complete value chain
- The Mowi strain
- Global footprint
- Commoditized market
- No global brand
- Why the Mowi name?
- Why a corporate brand?
- Ultimate goal – de-commoditize the salmon market



Page 8

Source: Mowi, Presentation at the North Atlantic Seafood Forum, 5 March 2020

Nestlé similarly succeeded with coffee and, if a company in our universe is to be trusted with it, then Mowi, the global producer with marketing experts stationed in all end markets. In general, our salmon allocation has grown substantially over the past 9 months. Those who closely follow the industry and fish cycles (2-3 years from egg to marketable fish) will notice that after three years of major increase in availability, 2021 and 2022 will see a significantly lower quota. Growth regulations for farmed salmon in Norway and Chile are beginning to take effect and it will become more difficult to increase output. New farming technology, such as land-based farms, are in their infancy and in 5 years' time the volume will still only represent less than 3% of the total offering. Historically speaking, market demand absorbs around 6-7% more salmon each year without causing prices to fall. No growth in supply led to major price increases. In light of population growth and health trends, this principle should hold true for several more years to come.

Japan loses out

Thanks to the good sentiment on the stock market, few titles found themselves losing out. However, the Japanese seafood conglomerate Maruha Nichiro (-0.3% points) and Nippon Suisan Kaisha (-0.3% points) as well as animal feed producer Feed One (-0.2% points) provided a certain degree of headwind. Within these highly diversified conglomerates, divisions which produce finished products benefited, while aquacultures and wild fish suffered from the generally low fish prices. Interestingly, there was no optimism of recovery on the stock markets in this respect, which is why we remain invested. Maruha Nichiro was able to sell against the backdrop of an ailing society in Alaska and is investing the capital in new, more efficient production sites in Japan. For Nippon Suisan Kaisha, sales under duress appeared to take place for some time, halving the share price since the start of 2019. The company

has created capacity for producing high-quality fish oil for the northern American market, but has been waiting for quite some time for inspection by the US authority in Japan. With an asset value of 0.8x compared to the average of 1.1-1.8x over the last five years, the company's assets have not been this cheap for a long while. The COVID-19 crisis has brought about a loss in profits of around 30%, however the company remains solidly financed, profitable and nothing is standing in the way of dividend distribution with respect to cashflow generation. Although the pay-out ratio amounts to a low 25%, investors are currently achieving returns of 2%. There is much improvement possible when the company runs out of investment ideas. Feed One easily managed the crisis from a financial perspective, yet despite their better margins traded around 10% less than their pre-corona level. For us, it is somewhat incomprehensible, as a solid "small" company for several years with dividend yields of 3%, to purchase with less than 10x EV/EBIT and 0.8x asset value during the global flood of liquidity and investment crisis. It must likely be caused by major passive investments in large cap companies.

Outlook

Never in our industrial history has there been a government-issued, almost global closure of canteens, restaurants, hotels and a complete shutdown of air traffic. Our somewhat defensive portfolio was affected to the same degree as the global markets. What is interesting now are the opportunities during the course of market recovery. Global indices and notably the US have recovered substantially within several months and reached new, all-time highs. Based on the MSCI All Country World Index, the markets multiple valuation increased from 16.2x (31/12/2019) to 19.8x (31/12/2020). Within the last twelve months, our portfolio increased in value from just 13.0x to 13.5x. The net valuation difference almost doubled (!). The expected dividend yield for the global equity index decreased from 2.6% to 2.1% during the grading, while it increased from 2.9% to 3.1% for our portfolio. We continue to predict positive expected growth of the fish and seafood sector over the next decade. The portfolio considers various new species and product categories with imminent large-scale development on the horizon. With the Bonafide Global Fish Fund portfolio, you are purchasing a future-oriented, profitable and (still) modestly valued investment. The signs for attractive profits remain very good.

Performance contributions are shown in EUR.

Sustainability

First-ever awarding of the FNG seal

In the fourth quarter of 2020, the Bonafide funds were awarded the FNG seal for the first time. The seal is the quality standard for sustainable investment funds in the German-speaking region with around 750 participating funds.



Both the Bonafide Global Fish Fund and Bonafide Investment Fund – Best Catches I were awarded one of three possible stars in the rating system. The criteria reviewed as part of the assessment process is summarised in the graphic below. Further information on the FNG seal can be found [here](#).

Joining the FAIRR Investor Network

FAIRR is an international network of investors with USD 27 trillion in AuM which has set itself the objective of improving corporate sustainability along the protein supply chain through community projects.



In response to a critical point of the FNG seal, Bonafide decided to undertake new opportunities for dialogue with companies in the form of collaborative engagements and join FAIRR.

We are confident that the ongoing exchange between companies and investors will bring about further successful sustainability changes and seafood companies can remain a [leader](#) among animal protein producers, regarding sustainable production.

Structure of the FNG Label methodology



Source: FNG

Legal notices

No offer

The information contained in this publication does not constitute a solicitation, offer, or recommendation to acquire or sell investment instruments, conduct other transactions or to enter into any form of legal transaction. The information in this publication shall not represent any guidance for decisions. Please consult a qualified expert before making any investment decisions.

Sales restrictions

The content of this publication is not intended for persons subject to a legal system which forbids the publication of or access to the investment funds listed (due to the nationality of the affected person, their place of domicile or other reasons). Persons in possession of this publication should inform themselves of any potential restrictions and comply with these. In particular, the units of the investment funds described in this publication have not been registered in accordance with the United States Securities Act of 1933; accordingly, fund units may not be offered, sold, resold or transferred, directly or indirectly, in or into the United States of America, nor to or for the account or benefit of citizens in the United States or persons residing in the United States, corporations or other legal entities organised or administered under the laws of the United States, except in combination with a transaction that does not violate this law. The term "United States" comprises the United States of America, all of its state, territories and possessions, as well as all areas subject to its jurisdiction.

Risk warning

Please note that the value of an investment can both increase and decrease. Past performance is no indication of the future performance of investments. Foreign currency investments are subject to additional currency fluctuations. High-volatility investments can be subject to extreme market fluctuations. These market fluctuations may amount to the value of the invested amount or even surpass this. The preservation of invested capital therefore cannot be guaranteed.

Fund documents

The acquisition of investment funds should take place after carefully reviewing the corresponding sales prospectus and previous annual report (and semi-annual report if this is up to date) along with the usual legally applicable documents (regulations and contract conditions, statutes and simplified prospectus if applicable). These documents can be obtained free of charge for the investment funds in Liechtenstein listed in this publication from the IFM, Independent Fund Management AG, Landstrasse 30, 9494 Schaan or from Bonafide Wealth Management AG, Höfle 30, 9496 Balzers.

No insurance or guarantee

All information provided by Bonafide Wealth Management AG is compiled with the greatest care. The information and opinions published are provided by Bonafide Wealth Management AG from reliable sources. Nevertheless, Bonafide Wealth Management AG accepts no liability for the accuracy, completeness and relevance of the information contained in this publication. The content is subject to change at any time, with Bonafide Wealth Management AG under no obligation to update previously published information.

Disclaimer

To the extent permitted by law, Bonafide Wealth Management AG shall not be liable for any losses or damages (both direct and indirect damages and consequential damages) of any nature that arise in connection to the use of this publication.

Additional information

Additional information about our publications is available at www.bonafide-ltd.com. We will also be happy to provide additional information free of charge in paper format.

Responsible for the creation of this publication

Bonafide Wealth Management AG, Höfle 30, 9496 Balzers, Liechtenstein

Supervisory authorities

- The supervisory authority in the Principality of Liechtenstein is the Financial Market Authority (FMA Finanzmarktaufsicht Liechtenstein) Landstrasse 109, PO Box 279, 9490 Vaduz, www.fma-li.li
- The supervisory authority in Switzerland is the Swiss Financial Market Supervisory Authority (FINMA), Laupenstrasse 27, 3003 Bern, www.finma.ch
- The supervisory authority in Austria is the Austrian Financial Market Authority (FMA), Otto-Wagner-Platz 5 Vienna (www.fma.at)