

# Welcome to our webinar

Quarterly update  
2021 Q4



Bonafide – ocean of  
opportunities

bonafide

# In the business for 10 years, but still in the early stages of development

## Historical performance EUR tranche

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	1.26	4.62	4.05	-0.88	-2.41	0.09	-0.59	0.39	-1.99	2.63	-3.17	-0.82	2.90
2020	-1.36	-5.23	-17.87	12.54	5.69	-0.99	0.35	4.04	-2.72	-3.59	8.95	4.35	0.68
2019	5.42	0.91	-0.16	0.60	-1.42	1.47	3.23	-4.52	2.94	-0.84	4.04	1.46	13.49
2018	-1.57	2.35	-0.16	6.14	3.8	-0.25	0.27	1.74	3.17	0.62	0.10	-6.84	9.17
2017	0.72	1.36	-1.68	-1.16	1.71	-1.54	-0.33	-0.52	1.44	2.48	-4.60	1.41	-0.94
2016	-1.38	-0.07	3.96	2.46	2.47	0.41	3.20	-1.49	2.00	3.96	-0.40	1.96	18.24
2015	4.88	-0.27	0.65	0.25	2.65	-2.06	-1.41	-11.21	5.13	3.97	6.84	-1.44	6.90
2014	-0.9	-0.06	1.45	1.92	5.13	1.69	2.83	1.78	-0.31	4.59	-0.47	0.09	19.03
2013	5.08	4.19	-0.83	-0.56	3.21	-4.53	-0.19	-2.65	10.25	0.42	1.84	0.78	17.45
2012						2.28	0.72	2.89	-2.26	2.04	-3.10	0.95	3.40



A crystal ball sits on a sandy beach at sunset. The sun is low on the horizon, casting a warm orange glow over the scene. The crystal ball is in the foreground, reflecting the sunset colors. The background shows the ocean with gentle waves.

# Gazing into our crystal ball

The future prospects are promising

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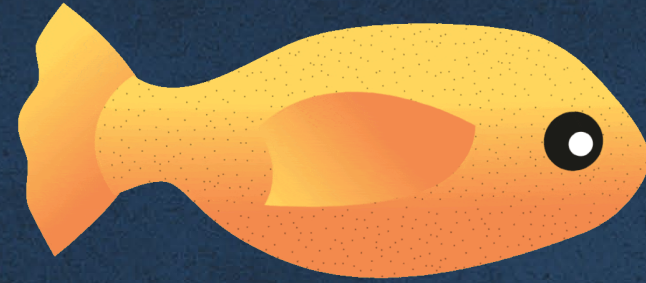
A photograph of a healthy meal on a white plate with a ribbed edge. The plate contains a piece of baked salmon, several florets of broccoli, sliced red onions, and sliced cherry tomatoes. The plate is set on a rustic wooden table. In the background, a clear glass filled with water is visible. A semi-transparent blue overlay covers the right side of the image, containing text and a profile picture.

# Can this diet save the world?

Our diet is one-third to blame for climate change – it must change radically to achieve net zero by 2050.

Bettina Weber – Tagesanzeiger





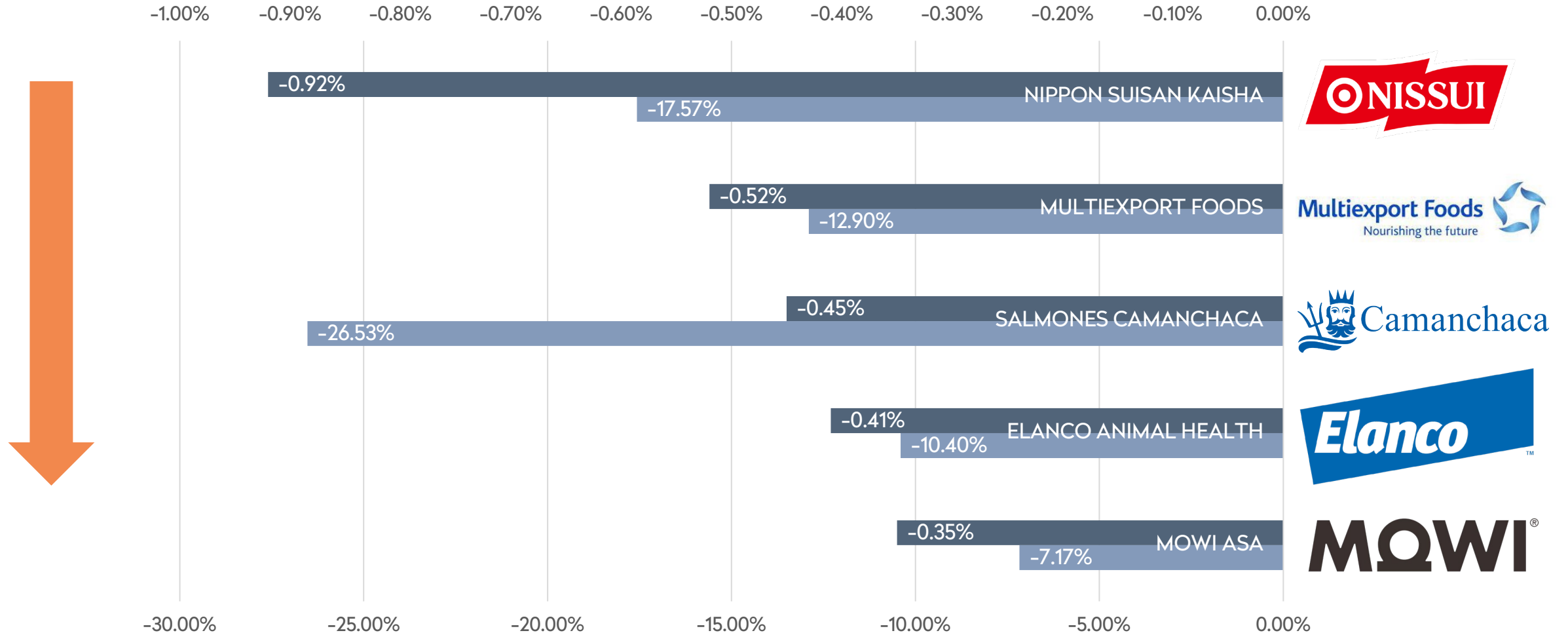
# Q4 2021 Overview

# Change of valuation interval and a split (1:10)



- The Bonafide Global Fish Fund has been **tradable on a daily basis** since 1 January 2022.
- The fund can now be used as a fund savings plan. To make this possible, a split (1:10) of the valuation price was carried out as of 1 January.
- Softclose has been dissolved
- Information on the funds is available at any time: [www.bonafide-ltd.com](http://www.bonafide-ltd.com)

# Worst Performers



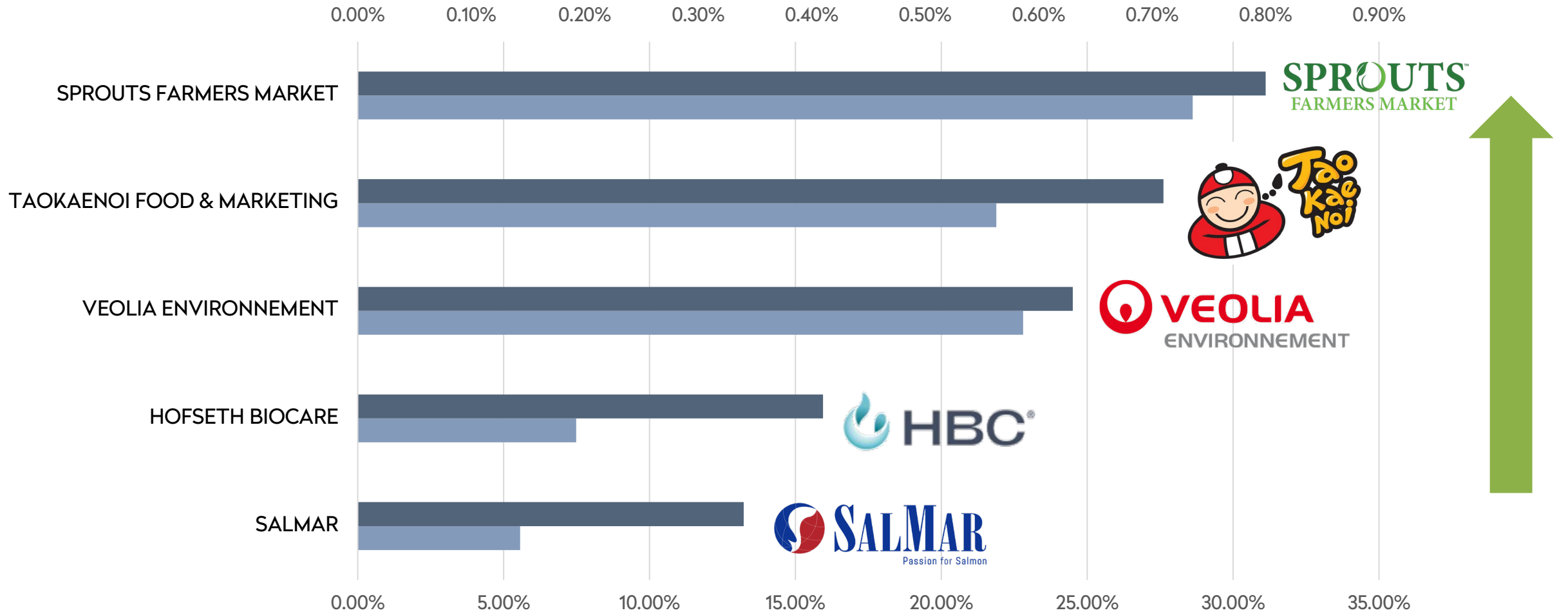


«Behind every stock is a company. Find out what it's doing.»

Peter Lynch



# Best Performers



# Bonafide is developing further



- Funds awarded **second star** in 2022 FNG label
- Significantly higher transparency on fund information and in the area of sustainability
- Despite the pandemic, Bonafide is investing in **three new financial talents** who will join the team during this year

Category	FNG label 2021	FNG label 2022
Institutional credibility	★★☆☆	★★★★
Product standards	★★☆☆	★★★★
Selection process	★★☆☆	★★★★
Dialogue	☆☆☆☆	★★☆☆
Key performance indicators	★★☆☆	★★☆☆
<b>Overall result</b>	★★☆☆	★★★★



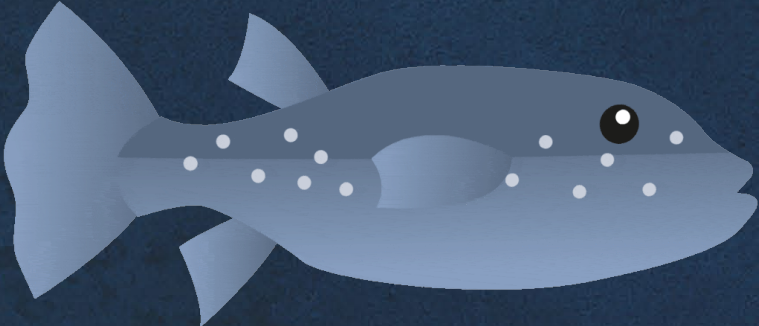


**«The ocean unites all of us on this blue planet. That's why it's our shared responsibility to care for the health and future of the oceans.»**

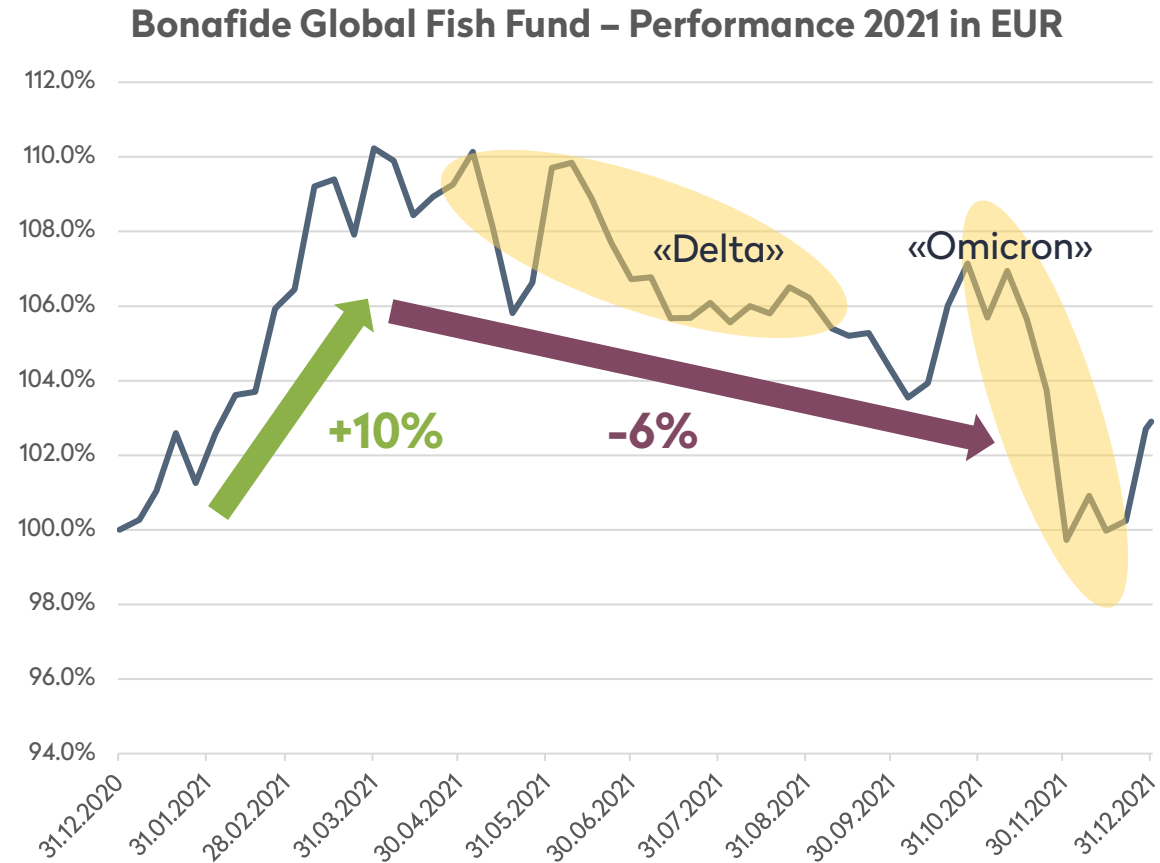
**Peter Thomson, UN Special Representative for the Oceans**

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Q & A



# Valuation development in step with pandemic news

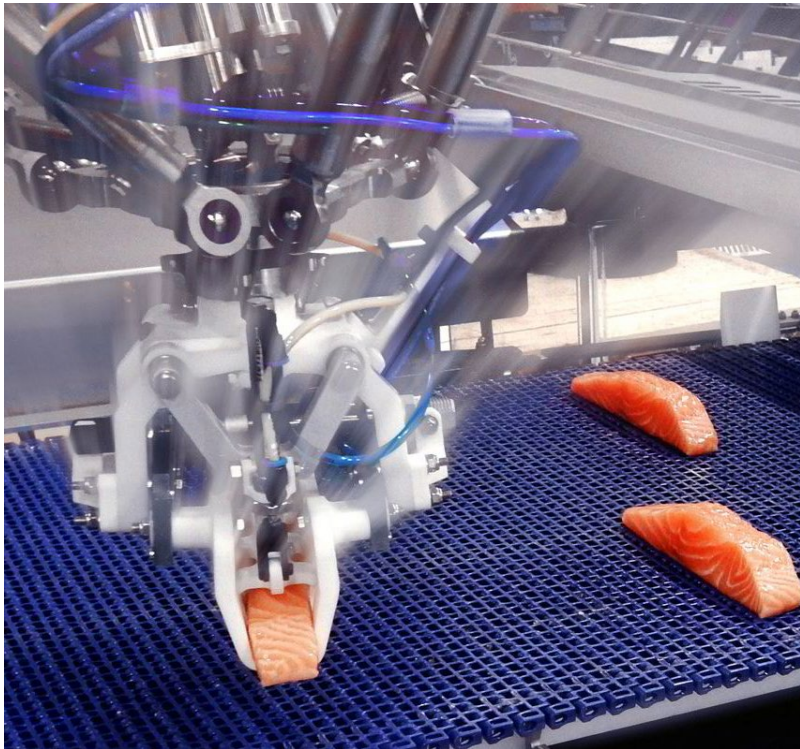


Source: Bloomberg, Bonafide

- ➔ Broad **portfolio recovery** in early 2021 driven by «recovery trade» especially among fish producers
- ➔ In early summer, the **new** virus variant "Delta" was discovered
- ➔ Short recovery in autumn until the **discovery** of «Omicron»
- ➔ **Disappointment sales** as a result of a «never-ending story»?

# Stock markets are forgetting important aspects...

## Adaptability of the companies



## Consumer market

Fish & Seafood was and is consumed continuously

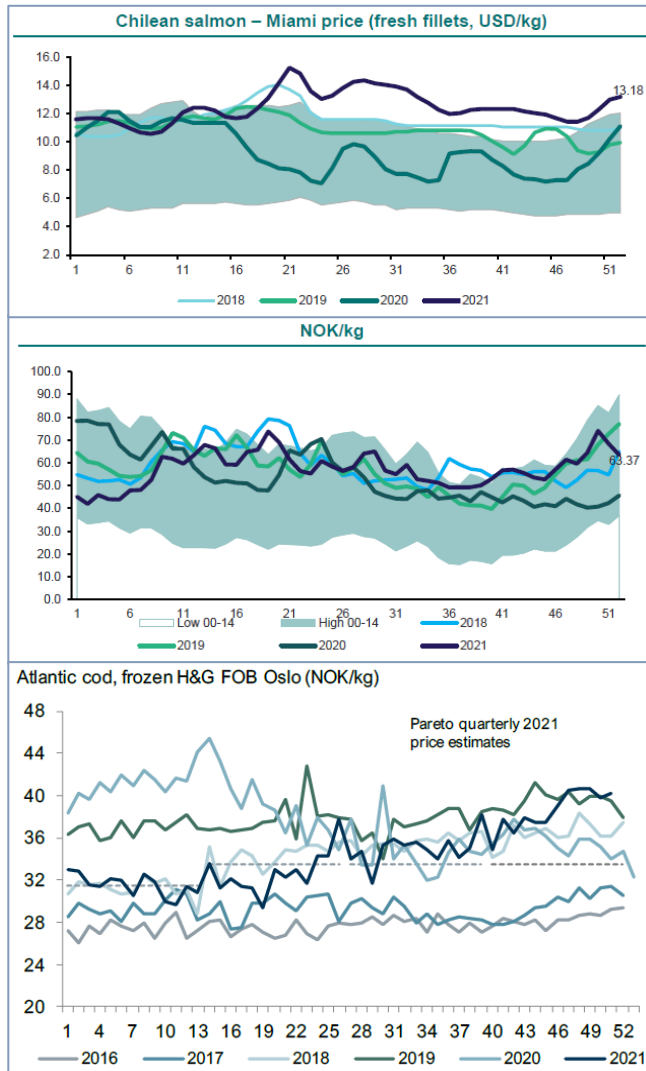
Consumer markets were always in balance except for March 2020

Environment for rising volumes & profits intact

## Adaptability of the consumers



# Fundamental development 2021



- Ironically, fish & seafood **prices have been recovering** since the emergence of the "delta" variant in spring 2021
- Good to very good salmon price in Norway from Q2-Q4, while Q1/2021 was affected by Europe-wide lockdowns
- In Chile, salmon producers achieved a **record year** in prices, but apparently nobody cares on the stock market
- Even "restaurant-sensitive" fish like cod ended the year at **record prices**
- However, there was/is one negative development: **commodity inflation**

Source: DnB, Pareto



# Commodity inflation

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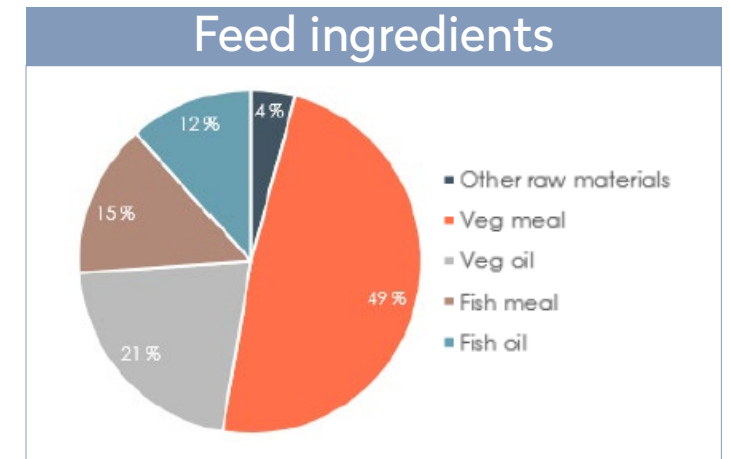
Three questions for **assessing** commodity inflation in the fish & seafood sector:

1. How **much** are production costs **rising**?
2. How **much** are production costs **increasing** compared to **other proteins**?
3. Can the **higher costs be passed on** to consumers?

# How much are production costs rising?



- **Volatility** in the commodity market is **nothing new**. Supply and demand play, while speculation with financial products makes it more extreme in both directions
- First indications from fish producers point to a (temporary?) **cost increase of 5-7%**



Source: Bloomberg, Mowi

# How much are production costs increasing compared to other proteins?

## 3.2.2 Resource-efficient production



Protein retention	28 %	37 %	21 %	13 %
Calorie retention	25 %	27 %	16 %	7 %
Edible Yield	73 %	74 %	73 %	57 %
Feed conversion Ratio (FCR)	1.3	1.9	3.9	8.0
Edible Meat per 100 kg fed	56 kg	39 kg	19 kg	7 kg

- Fish, as «cold-blooded» animals, have a **relative cost advantage** over chicken, pork and beef
- **Less feed** to grow a kilo means **less cost** to produce a kilo (see FCR and Edible Meat)
- For identical feed, the cost per kilogram increases **7x more** for beef than for salmon!
- Farmed fish would thus become **relatively cheaper** for consumers in supermarkets

# Can the higher costs be passed on to consumers?

Figure 3: CPI Food-at-Home by Category and Sub-Category – Heat Map

red = sequential deceleration in Y/Y growth, green = sequential acceleration in Y/Y growth

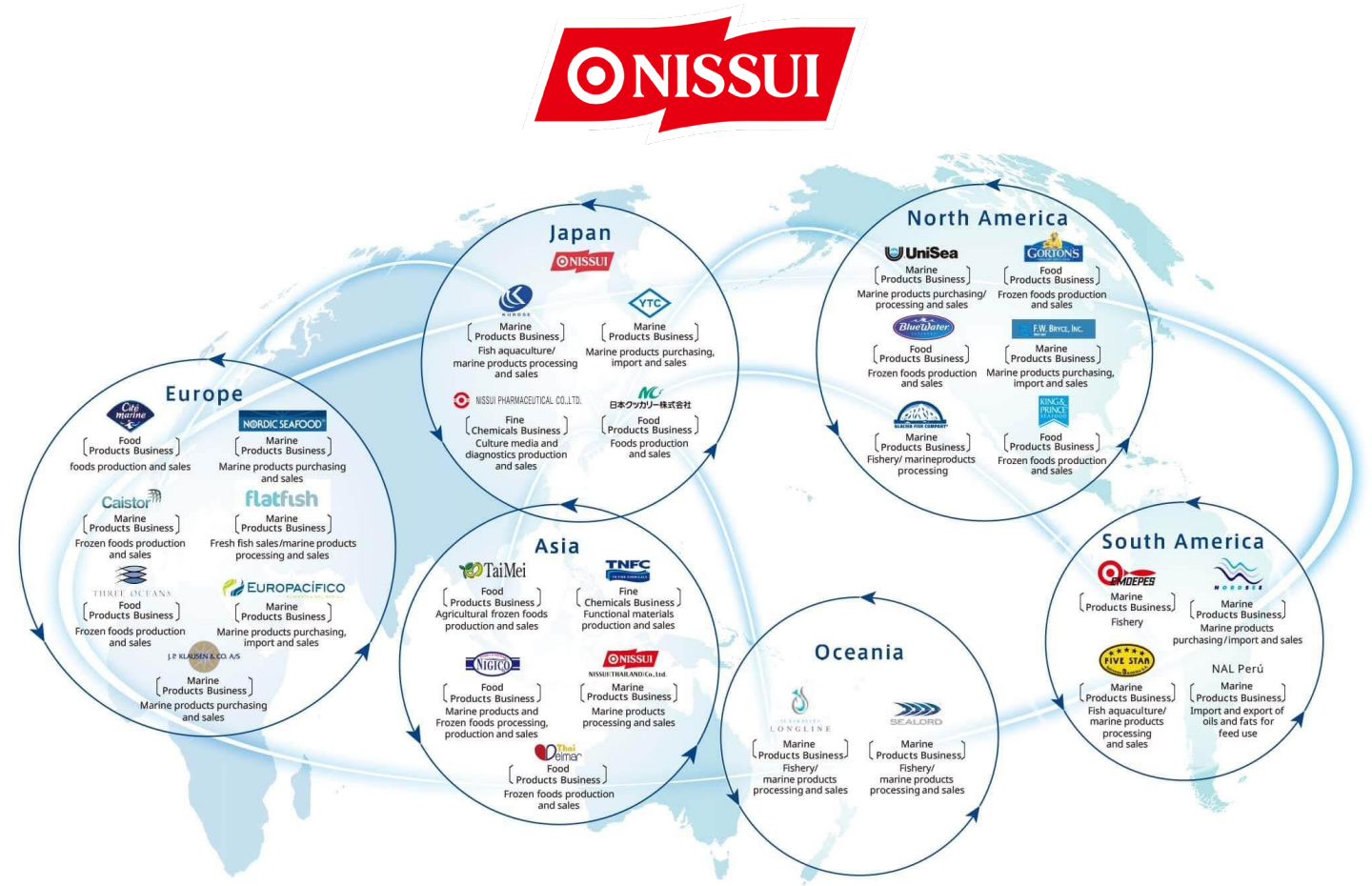
	One-Year Y/Y			Two-Year		
	Sep-21	Oct-21	Nov-21	Sep-21	Oct-21	Nov-21
<b>Cereals and Bakery Products</b>	<b>2.7%</b>	<b>3.5%</b>	<b>4.6%</b>	<b>5.3%</b>	<b>6.6%</b>	<b>7.1%</b>
Cereals and Cereal Products	1.4%	3.1%	4.4%	4.0%	5.9%	7.2%
Bakery Products	3.2%	3.6%	4.8%	5.9%	6.9%	7.1%
<b>Meats, Poultry, Fish, and Eggs</b>	<b>10.5%</b>	<b>11.9%</b>	<b>12.8%</b>	<b>17.4%</b>	<b>18.7%</b>	<b>19.5%</b>
Meats	12.6%	14.5%	16.0%	20.3%	22.1%	23.0%
Poultry	6.1%	7.5%	8.4%	14.6%	14.6%	16.0%
Fish and Seafood	7.1%	7.5%	8.0%	12.1%	12.1%	13.1%
Eggs	12.6%	11.6%	8.0%	12.7%	15.7%	12.7%
<b>Dairy and Related Products</b>	<b>0.6%</b>	<b>1.8%</b>	<b>1.6%</b>	<b>5.6%</b>	<b>5.6%</b>	<b>5.3%</b>
Milk	1.8%	4.3%	4.6%	9.2%	8.8%	9.2%
Cheese	-1.0%	-0.6%	-0.3%	4.7%	3.9%	3.3%
Ice Cream	0.3%	3.5%	0.7%	4.8%	5.3%	3.3%
Other Dairy	1.5%	1.2%	1.4%	3.3%	4.7%	4.8%
<b>Fruits and Vegetables</b>	<b>3.0%</b>	<b>3.0%</b>	<b>4.0%</b>	<b>6.1%</b>	<b>5.6%</b>	<b>7.0%</b>
Fresh Fruits	5.0%	3.9%	5.8%	6.2%	4.5%	7.8%
Fresh Vegetables	1.6%	1.7%	2.2%	5.6%	6.0%	5.8%
Processed Fruits and Vegetables	1.8%	3.5%	3.7%	6.7%	7.5%	8.0%
<b>Beverages</b>	<b>3.7%</b>	<b>4.5%</b>	<b>5.3%</b>	<b>8.1%</b>	<b>9.1%</b>	<b>8.5%</b>
Juices and Nonalcoholic Drinks	3.9%	4.5%	5.3%	9.6%	10.3%	9.9%
Coffee	4.0%	4.7%	7.5%	4.7%	7.0%	6.2%
Other Beverages, including Tea	2.5%	4.0%	1.3%	4.1%	4.5%	2.9%

- Inflation data from the US market show a clear "yes"
- Meat proteins have increased in price by 10-13% in a 1-year comparison; in a 2-year comparison even by 17-20%
- Fish & seafood became cheaper relative to other meat proteins with an increase in price of only 7-8% and 12-13% respectively.

Source: JPMorgan, Bloomberg

# Nippon Suisan Kaisha (Nissui)

- Japanese **seafood conglomerate** with over 100 years of tradition
- Annual turnover of around **USD 6 billion**
- **Strongly integrated** seafood company with “Global Links”
- Wild catch and aquaculture in Japan, Australia, South America as well as processing & sales on all continents and fish oil refinement for various applications
- Operates under numerous **local brands** such as Cité Marine in France



Source: Nippon Suisan Kaisha

# Financial development of Nissui

Nippon Suisan Kaisha Ltd (1332 JP)										
In Millions of USD	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Last 12M*	FY14-FY21
<b>Cash from Operating Activities</b>										
+ Net Income	39.9	96.5	102.6	131.5	155.6	138.7	135.8	136.3	193.8	937.0
+ Depreciation & Amortization	184.5	157.8	143.5	160.2	162.6	167.2	181.3	187.4	184.1	1'344.6
+ Non-Cash Items	61.1	-5.8	25.7	13.2	-9.0	-5.5	-32.1	17.0		
+ Chg in Non-Cash Work Cap	-104.6	-39.8	39.9	-25.7	-53.5	-77.6	-112.3	92.3		-281.2
+ Net Cash From Disc Ops	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Cash from Operating Activities</b>	<b>180.9</b>	<b>208.8</b>	<b>311.7</b>	<b>279.2</b>	<b>255.7</b>	<b>222.7</b>	<b>172.8</b>	<b>433.1</b>		<b>2'064.9</b>
<b>Cash from Investing Activities</b>										
+ Change in Fixed & Intang	-108.6	-147.4	-167.9	-204.0	-244.0	-192.4	-259.7	-219.0		
+ Net Change in LT Investment	-21.7	18.4	-9.1	130.1	58.5	-7.1	-8.6	29.2		
+ Net Cash From Acq & Div	-5.2	-2.1	-6.8	0.0	-12.1	-0.1	-9.6	23.0		
+ Other Investing Activities	18.9	20.2	41.7	5.0	3.2	48.0	7.1	-2.9		
+ Net Cash From Disc Ops	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Cash from Investing Activities</b>	<b>-116.6</b>	<b>-110.9</b>	<b>-142.1</b>	<b>-68.9</b>	<b>-194.4</b>	<b>-151.6</b>	<b>-270.9</b>	<b>-169.8</b>		<b>-1'225.2</b>
<i>Net Investments (Inv. CF minus D&amp;A and Working Capital Change)</i>	<i>-36.7</i>	<i>7.1</i>	<i>41.3</i>	<i>65.6</i>	<i>-85.3</i>	<i>-62.0</i>	<i>-201.8</i>	<i>109.9</i>		<i>-161.9</i>
<i>Free Cash Flow (after Growth Investments)</i>	<i>64.3</i>	<i>97.8</i>	<i>169.7</i>	<i>210.3</i>	<i>61.2</i>	<i>71.2</i>	<i>-98.1</i>	<i>263.2</i>		<i>839.7</i>
<b>Cash from Financing Activities</b>										
+ Dividends Paid	0.0	0.0	-11.5	-14.8	-21.0	-22.5	-22.9	-25.0		-117.7
+ Cash From (Repayment) Debt	-114.3	-67.7	-177.5	-217.2	-41.0	-116.5	271.3	-386.2		-849.1
+ Cash (Repurchase) of Equity	0.0	0.0	0.0	128.7	0.0	-1.8	0.0	0.0		
+ Other Financing Activities	-4.3	-4.2	-3.9	-3.2	-11.5	-3.1	-9.8	-11.3		
+ Net Cash From Disc Ops	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Cash from Financing Activities</b>	<b>-118.6</b>	<b>-71.9</b>	<b>-192.9</b>	<b>-106.6</b>	<b>-73.6</b>	<b>-143.9</b>	<b>238.6</b>	<b>-422.5</b>		<b>-891.3</b>
<b>Total Debt</b>	<b>2'513.9</b>	<b>2'139.8</b>	<b>2'093.4</b>	<b>1'895.0</b>	<b>1'963.4</b>	<b>1'755.6</b>	<b>2'093.3</b>	<b>1'668.3</b>		<b>34%</b>

\* per 30.09.2021

Source: Bloomberg

- **Multi-year view of the cash flow statement - Cashflow doesn't lie!**
- **Nissui has a market capitalisation of 1.5 billion USD**
- **Over 2 billion USD cash flow generated in 8 years; USD 1.2 bn reinvested in business while reducing debt by 1/3**
- **Annual free cash flow of USD 200 million expected; only USD 25 million paid out as dividend so far**
- **Valuation of 8x P/E**

# Share price of Nissui



- Stock market obviously wants **further evidence** of newly achieved profit level
- Our analysis arrives at a **fair value of JPY 840/share**, which corresponds to more than 50% upside

# Multi X

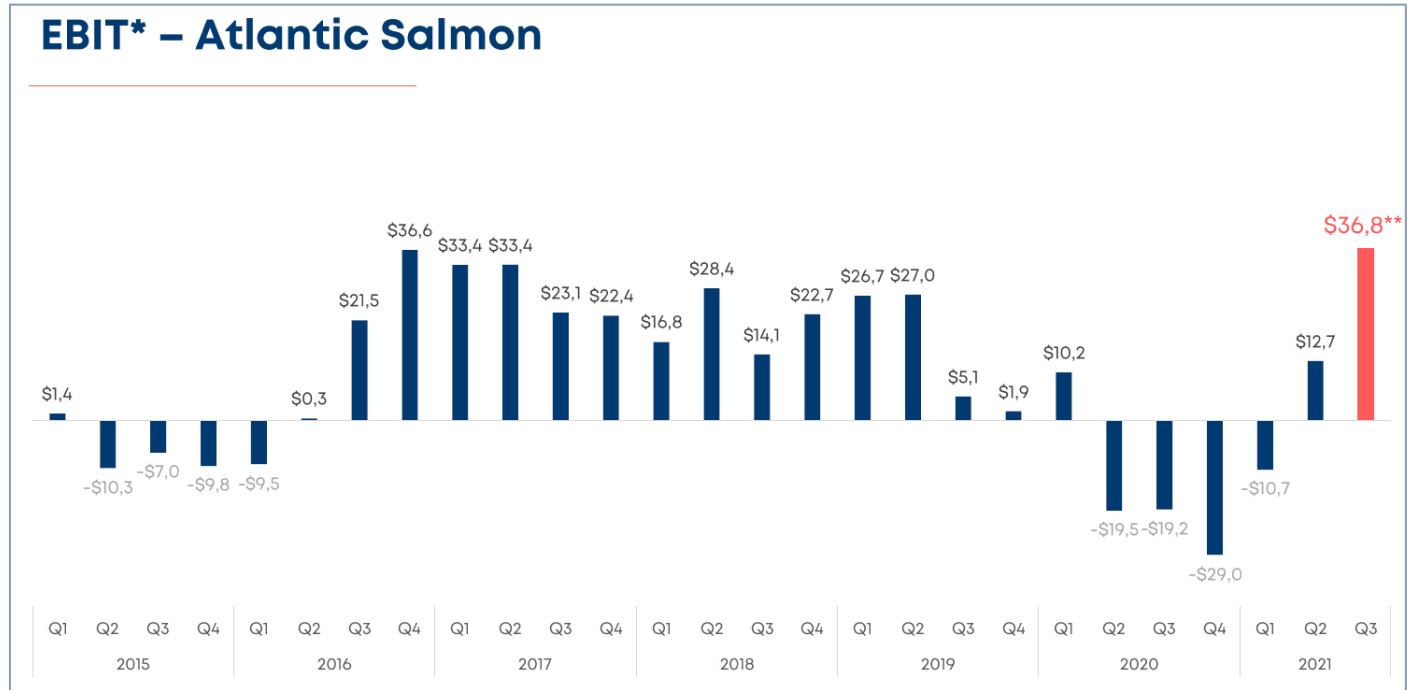
- Salmon farmer in Chile
- Farming sites in regions X, XI and XII
- Annual production volume of **100'000 tonnes**
- Company valued at 650 million USD by the stock exchange





# Fundamental data for valuation of Multi X

- Production costs of USD 4.9/kg WFE
- Salmon price currently between USD 6.0-8.0/kg WFE
- With a **conservative** margin of USD 1.0-1.5/kg, Multi X achieves an **EBIT of 100-150 million USD** on 100,000 tonnes of salmon output
- This results in an EV/EBIT multiple of 4.3-6.5x, while the world's largest salmon farmer Mowi is valued at 15x EV/EBIT
- Debt of only 200 million USD on the balance sheet, which would make the company **debt-free in 1-2 years**



Source: Multi X

# Share price of Multi X



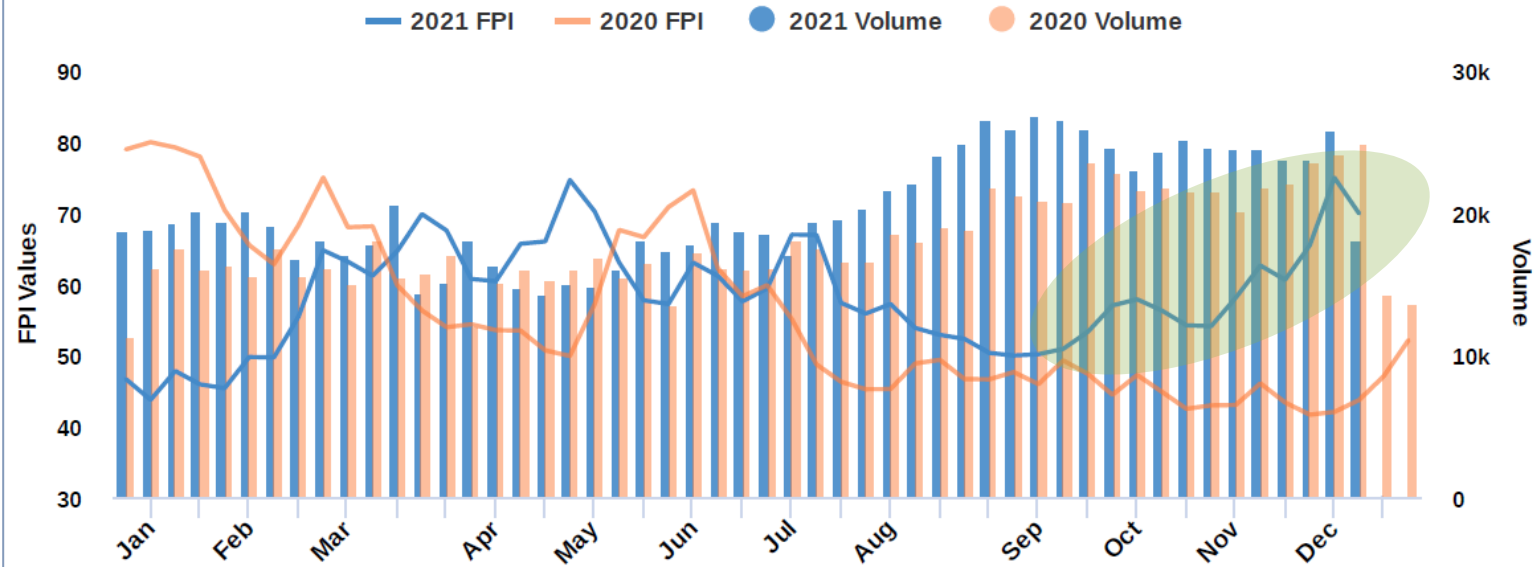
- Multi X achieves **record margins** while share price stands at COVID-19 level
- Our analysis arrives at a **fair value of CLP 611**, which represents an upside of 130%.
- If Multi X pays out the profit as a dividend, this alone **would yield 15-20% annually**
- «Deep value»-territory

# Bet on higher salmon prices

29.12.2021

## Fresh Salmon 3-6 kg FCA Oslo

Fish Pool Index™ - Spot market prices and export volume



- **Salmon price** picked up towards the end of the year as predicted (despite isolated, short lockdowns).
- But the expected supply shock has **not yet arrived!**
- The supply shock has **shifted again** (H1/22)
- Future prices point to **record year**
- **Excellent starting position** for seafood investors

# Clean Seas Seafood – Record Revenue, Volume, Receipts & Operating Cashflow

- Record YTD revenue of A\$31.3 million, up 40% on H1 FY21 and 28% ahead of H1 FY20
- Record YTD sales volume of 1,946t, up 35% on H1 FY21 and 38% ahead of H1 FY20
- Record YTD cash receipts of A\$32.2 million up 59% on H1 FY21 and 31% ahead of H1 FY20
- Prices increasing across key categories, with continued growth in revenue per kg to A\$16.06



# Clean Seas Seafood – Record Revenue, Volume, Receipts & Operating Cashflow

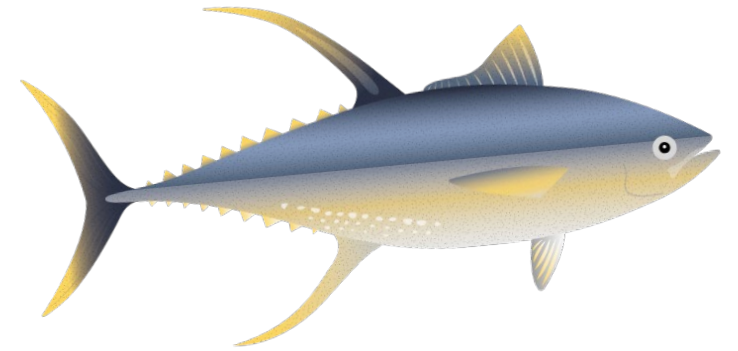


- Positive operating cash flow in H1 FY22 of A\$6.0 million, an increase of A\$8.6 million on H1 FY21, and of A\$7.7 million on H1 FY20
- Clean Seas has cash and unused working capital funding of A\$26.6 million, plus an additional A\$17.9 million of undrawn facilities to fund major capital works
- Stocking of new juvenile fish in the new full life-cycle Fitzgerald Bay (Whyalla) farm site has been completed. Activating this location has the potential to increase Clean Seas' total production to 10,000t per annum.

# The Bonafide Global Fish Fund offers you...

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- ... attractive valuations with significant catch-up potential
- ... deep-value companies, but in a growth market
- ... a sustainable investment that contributes to supplying the growing world population with healthy proteins
- ... excellent future prospects, our forecast for the fund indicates that **an average annual return of 10-20% will be achieved** over the next three years
- ... a unique investment that is easy to understand
- ... some "golden bullets" in the portfolio, excellent upside potential



**Helping to feed the world  
with healthy food out of  
the ocean.**



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