



Welcome!

Quarterly update
Q1 2023

bonafide



Q1 2023

Quarterly update

UN Agreement on the Protection of the Seas

” “The ship has reached the shore!”
Rena Lee, President of the UN Negotiations

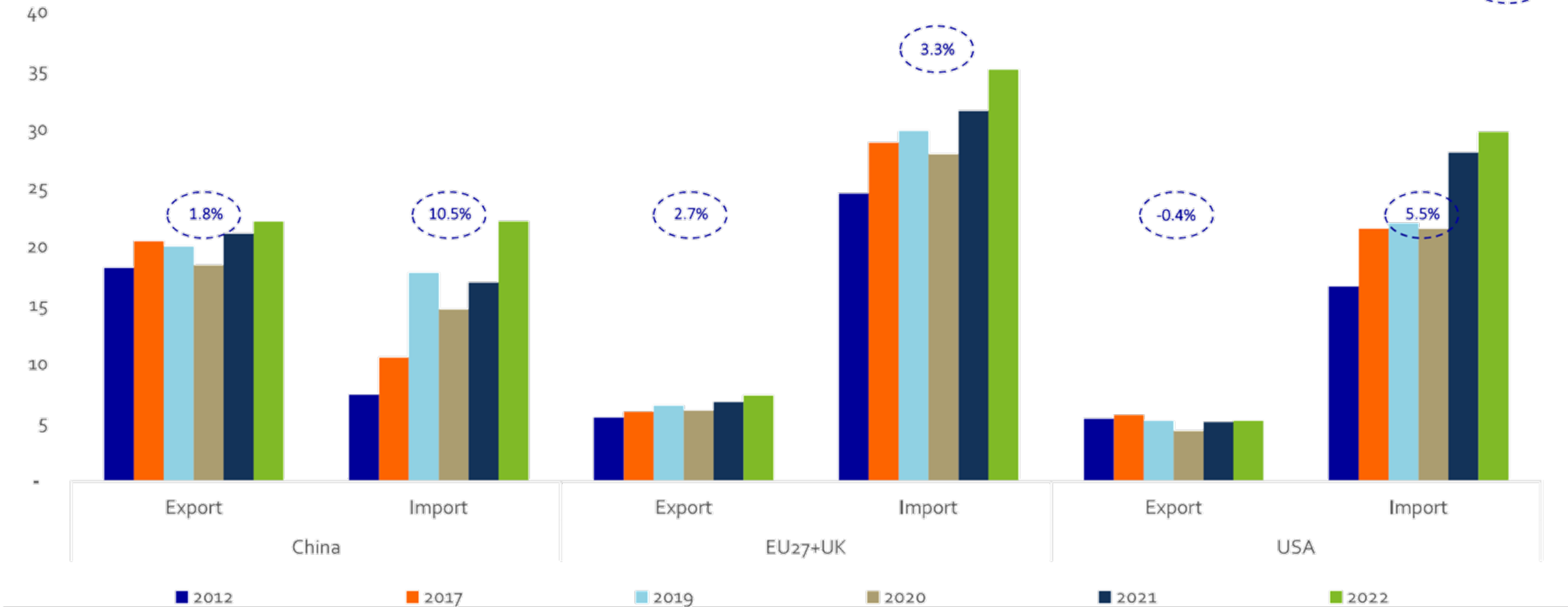
- **Target:** 30 per cent of the world's oceans to become protected areas
- Greenpeace speaks of a "**historic day for nature conservation**".



China is a net importer of seafood for the first time in 2022

Impots and Exports of the 3 biggest global economies

Trade value (USD billions)



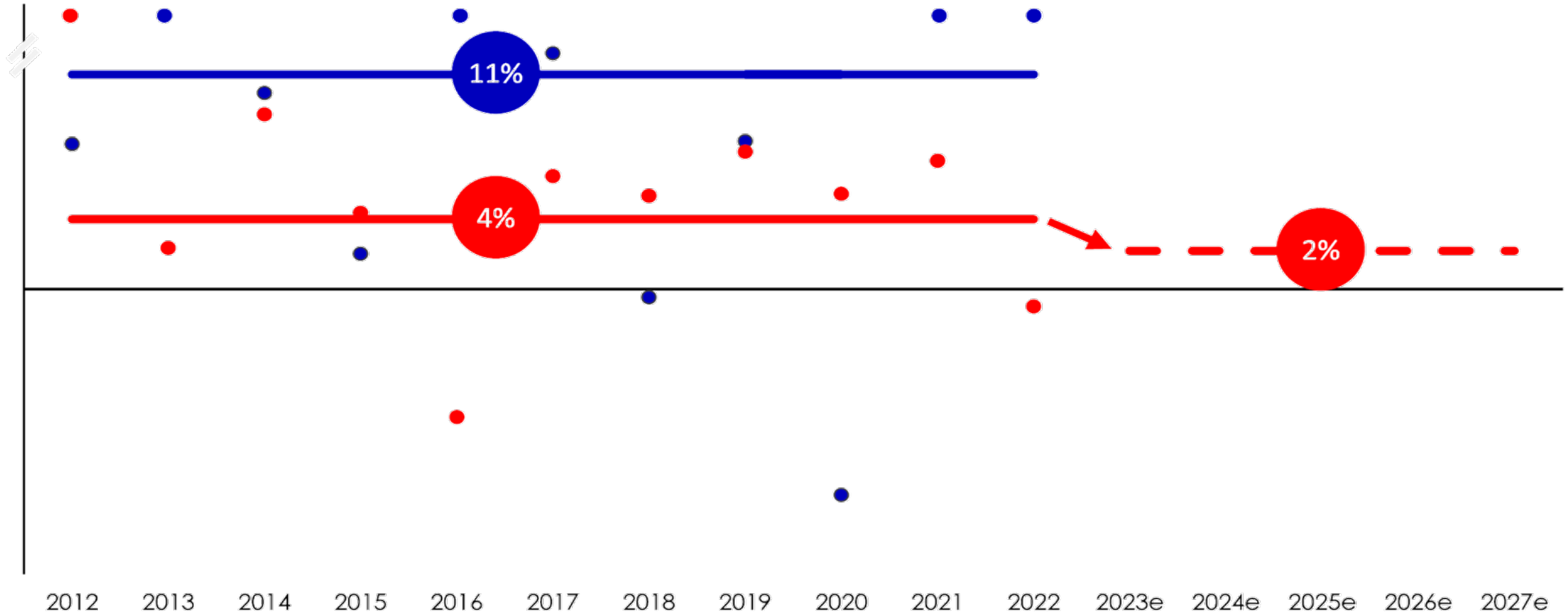
China is a net importer of seafood for the first time in 2022



- This trend is long overdue and China may well follow the European and US pattern
- The EU has a seafood trade deficit of \$28 billion, the US of \$25 billion
- **Aquaculture is urgently needed to meet the growing demand for seafood**

Source: Rabobank / Gorjan Nikolik reports

Imbalance between demand and supply will continue



— Demand growth avg (2012-2022e)
 — Supply growth avg (2012-2022e)
 - - - Supply growth avg (2022e-2027e)

● Demand growth p.a.
 ● Supply growth p.a.

Source: Mowi, North Atlantic Seafood Forum 2023, Presentation by CEO Ivan Vindheim

Atlantic salmon is a fantastic product with great product features

- **Scientifically proven natural superfood**
- Top appetising taste, look, texture and colour
- Versatile for traditional and evolving food occasions
- Appealing to people of all ages
- Most sustainably produced animal protein



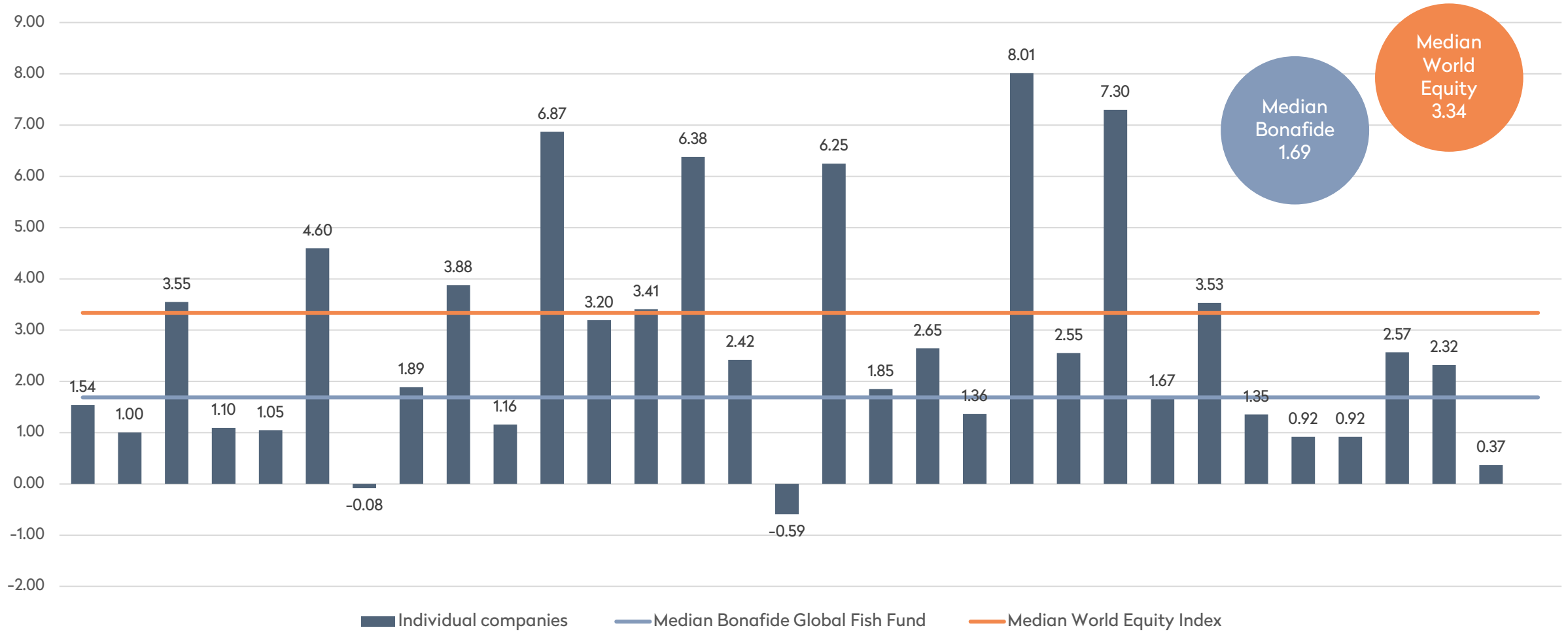
Multiple contraction leads to attractive valuations

Market Yields	Global Fish Fund	Global Equity ETF	Food-Multis (Ø)
Price-Earnings-Ratio expected 2023	13.15	16.37	20.41
Dividend Yield expected	3.70%	2.38%	2.67%
EV/EBITDA	7.85	11.05	13.60
P/B	1.29	2.56	3.85

Source: Bloomberg April 2023

- **Global Equity ETF:** Globaler Aktienindex-ETF, der Industrie- und Schwellenländer umfasst (Bloomberg-Ticker: ACWI US).
- **Food-Multis:** Unternehmen mit einer Marktkapitalisierung von über 5'000 Millionen, welche im Wirtschaftssektor der Basiskonsumgüter tätig sind und aktiv an der Börse gehandelt werden.

Bonafide Global Fish Fund: Net Debt to EBITDA ratios



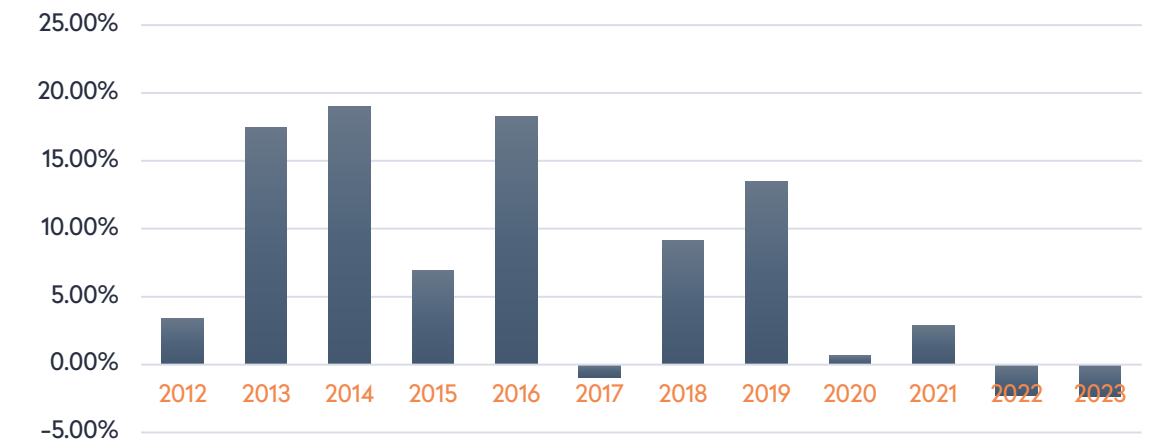
Source: Bloomberg

Q4 Top, Q1 Flop, where do we go from here?

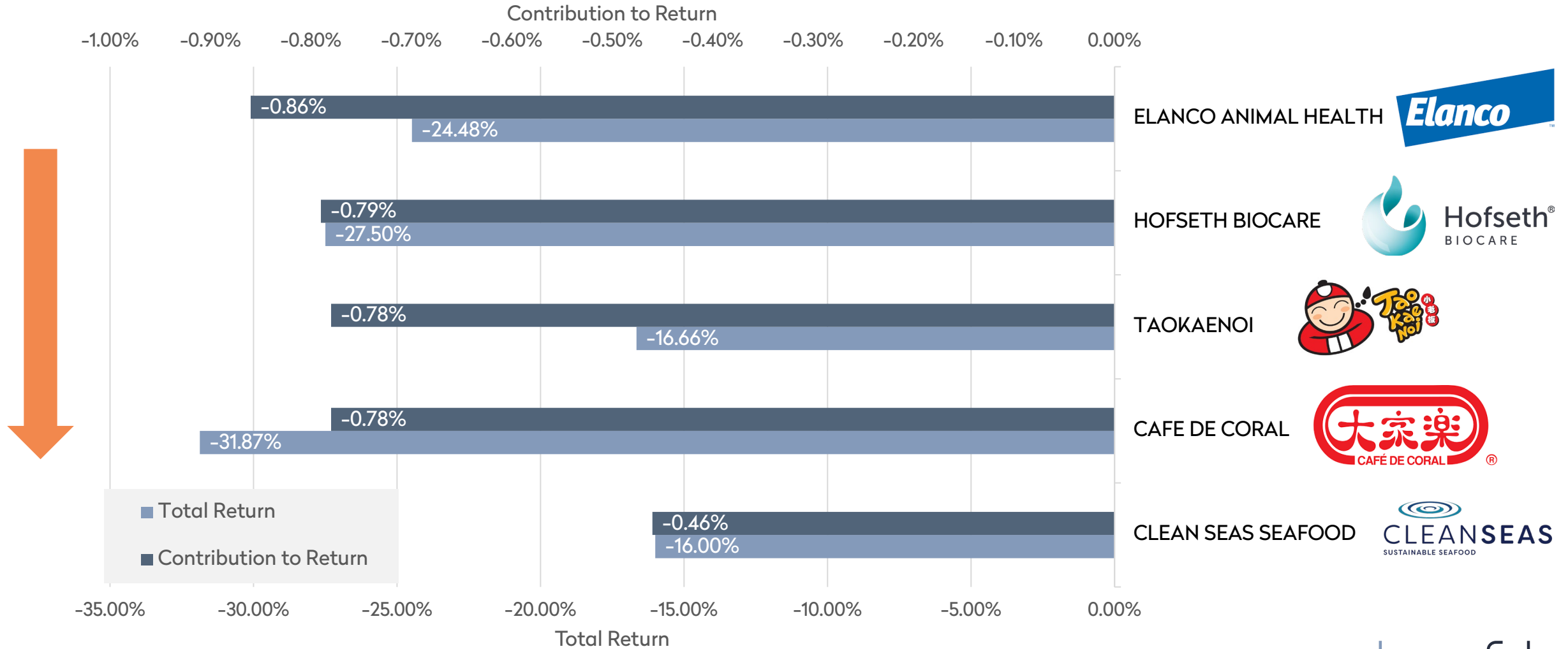
7.65%
p.a.

Historical performance EUR tranche

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	3.92	-4.95	-2.33										-2.33
2022	2.05	1.29	3.55	0.34	-1.91	-4.47	4.67	-3.13	-14.84	2.68	4.65	4.66	-2.25
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



Worst Performers



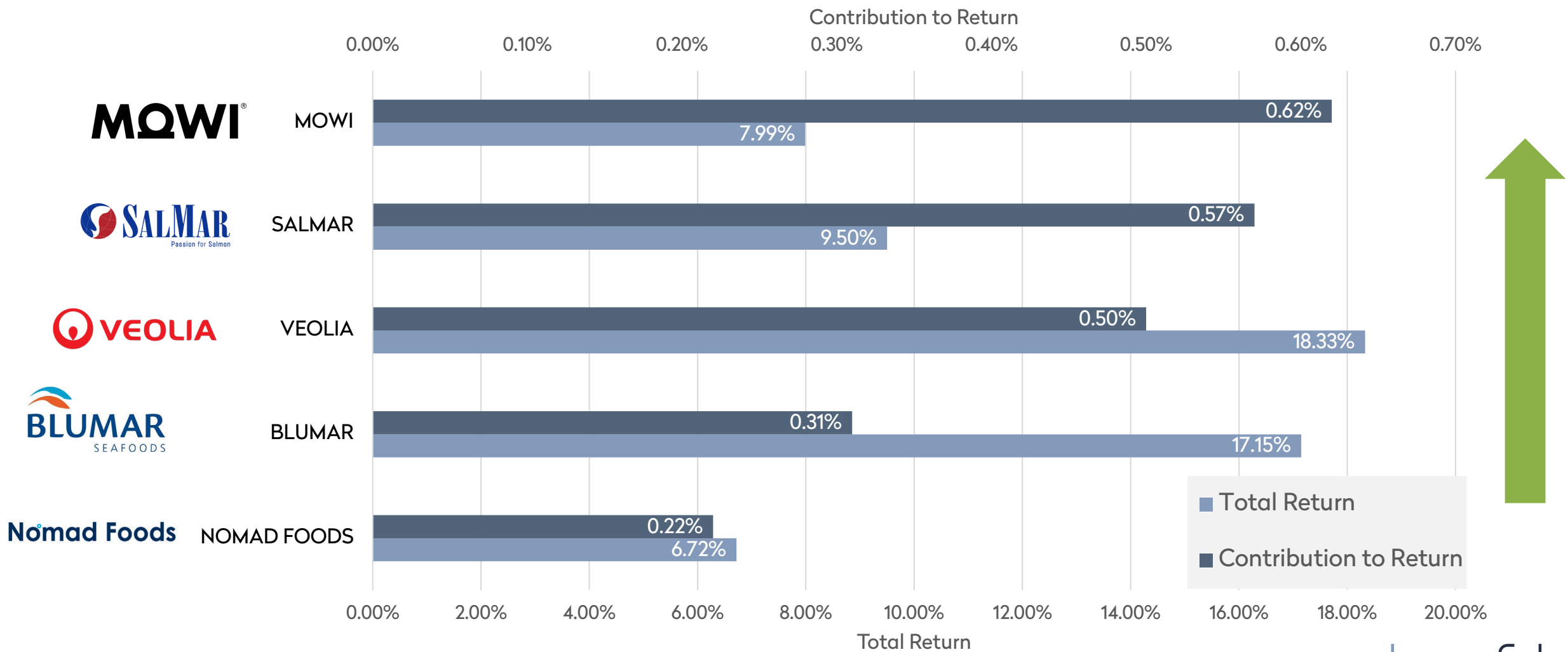


«What we know is a drop, what we don't know is an ocean.»

Isaac Newton

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Best Performers



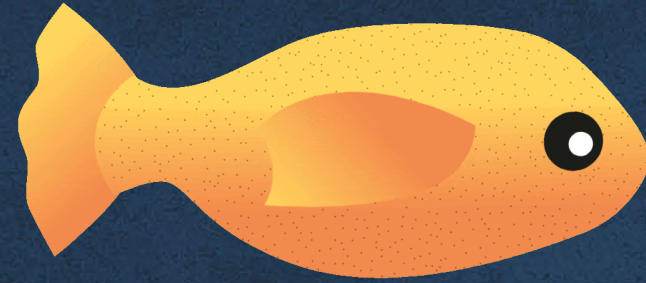
An aerial photograph of a salmon farm in a fjord. The water is a deep blue, and the sky is a pale, hazy blue. In the background, there are large, forested mountains. In the foreground and middle ground, several circular and rectangular wooden cages are floating on the water. Some cages are marked with red buoys, while others have yellow buoys. The overall scene is serene and expansive.

A global **revolution** is taking place beneath
the surface of the water.

bonafide

Research / Portfolio management






2020 until 2022



3 years wasted time? Not at all!

31.12.2019: Everything goes like clockwork...

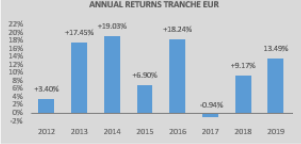


BONAFIDE GLOBAL FISH FUND

Monthly report as of December 31, 2019





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	5.42	0.90	-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	3.80	-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	3.95	-0.40	1.96	18.24
2015	4.88	-0.27	0.65	0.25	2.65	-2.06	-1.41	-11.21	5.33	3.97	6.84	-1.44	6.90
2014	-0.90	-0.06	1.45	1.52	5.13	1.70	2.83	1.78	-0.31	4.59	-0.47	0.09	19.03
2013	5.08	4.19	-0.70	-0.56	3.21	-4.53	-0.19	-2.65	10.25	0.42	1.84	0.78	17.45
2012					2.26	0.72	2.89	-3.26	2.04	-3.10	0.95		3.40



ANNUAL RETURNS TRANCHE EUR

Year	Return (%)
2012	+3.40%
2013	+17.45%
2014	+19.03%
2015	+6.90%
2016	+18.24%
2017	-0.94%
2018	+5.17%
2019	+13.49%



NAV DEVELOPMENT TRANCHE EUR

FUND STATISTICS

Tranche	reinvested	NAV per 31.12.2019	EUR	2242.41
Tranche EUR-A	distributed	NAV per 31.12.2019	EUR	1166.11
Tranche CHF	reinvested	NAV per 31.12.2019	CHF	1495.20
Tranche CHF-A	distributed	NAV per 31.12.2019	CHF	1161.76
Tranche USD	reinvested	NAV per 31.12.2019	USD	1294.11
Total fund volume			EUR	280 472 605.00

AT A GLANCE

A look at the past and future
 The initial situation for the 2019 investment year was classified as difficult by experts. Experience shows that low expectations leave more room for positive news. The Bonafide Global Fish Fund was able to perform well in a volatile market environment. As in the previous year, good returns on investment were achieved. Investor interest in the Bonafide Global Fish Fund has significantly increased. The fish and seafood investment topic is of great interest to investors and is becoming a more prolific part of investment portfolios. The global discussion on the subject of climate change led to greater awareness of the Bonafide Global Fish Fund. The influx of new money exceeded our expectations. As a result, we were able to announce a soft close on 31 August 2019. Investors recognised that the fund is a key component for making their own portfolios more climate-friendly. The focus of the fund is also on reducing ecological footprint.

Oceans and aquaculture don't bite each other
 A new understanding and the importance of sustainable ocean management means an adequate supply of healthy fish and seafood can be provided for a growing population. Under Norway's leadership, the key topic of sustainable ocean and aquaculture industry is being driven forwards. Norway is currently a global leader in many areas of the fishing industry. This position could not have been achieved without learning the hard way. This has led to Norway investing lots of money in research and development.

The greatest potential for increased sustainable food production from the ocean lies in combination with aquaculture. Increased fish and seafood production can be achieved with a smaller ecological footprint than many other food sources.

Aquaculture the driving force for growth
 As previously mentioned, aquaculture is an important source of food. Not only is this significant on a global level, but also on a local level. Great potential, economic growth and job creation all lie in aquaculture.

We would like to warmly thank you for your loyalty and trust. We wish you personal prosperity, private happiness and lots of fun with the unique Bonafide Global Fish Fund in the coming year.

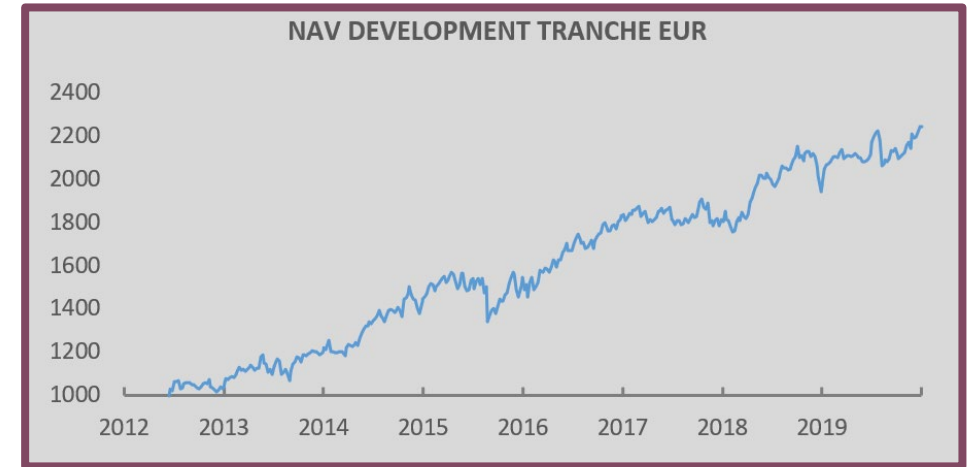
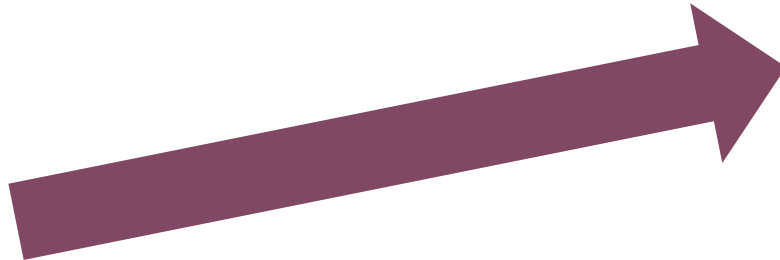
Your Bonafide Team.

TOP HOLDINGS

Austevoll Seafood	7.20%
Hofseth BioCare	5.80%
Nomad Foods	5.50%
Thai Union Group	4.60%
Nippon Suisan Kaisha	4.60%

COUNTRY-ALLOCATION

Norway	28%
Japan	21%
USA	17%
Thailand	10%
Chile	8%
Australia	7%
Europe	4%
Canada	3%
Denmark	2%
Other countries	0%



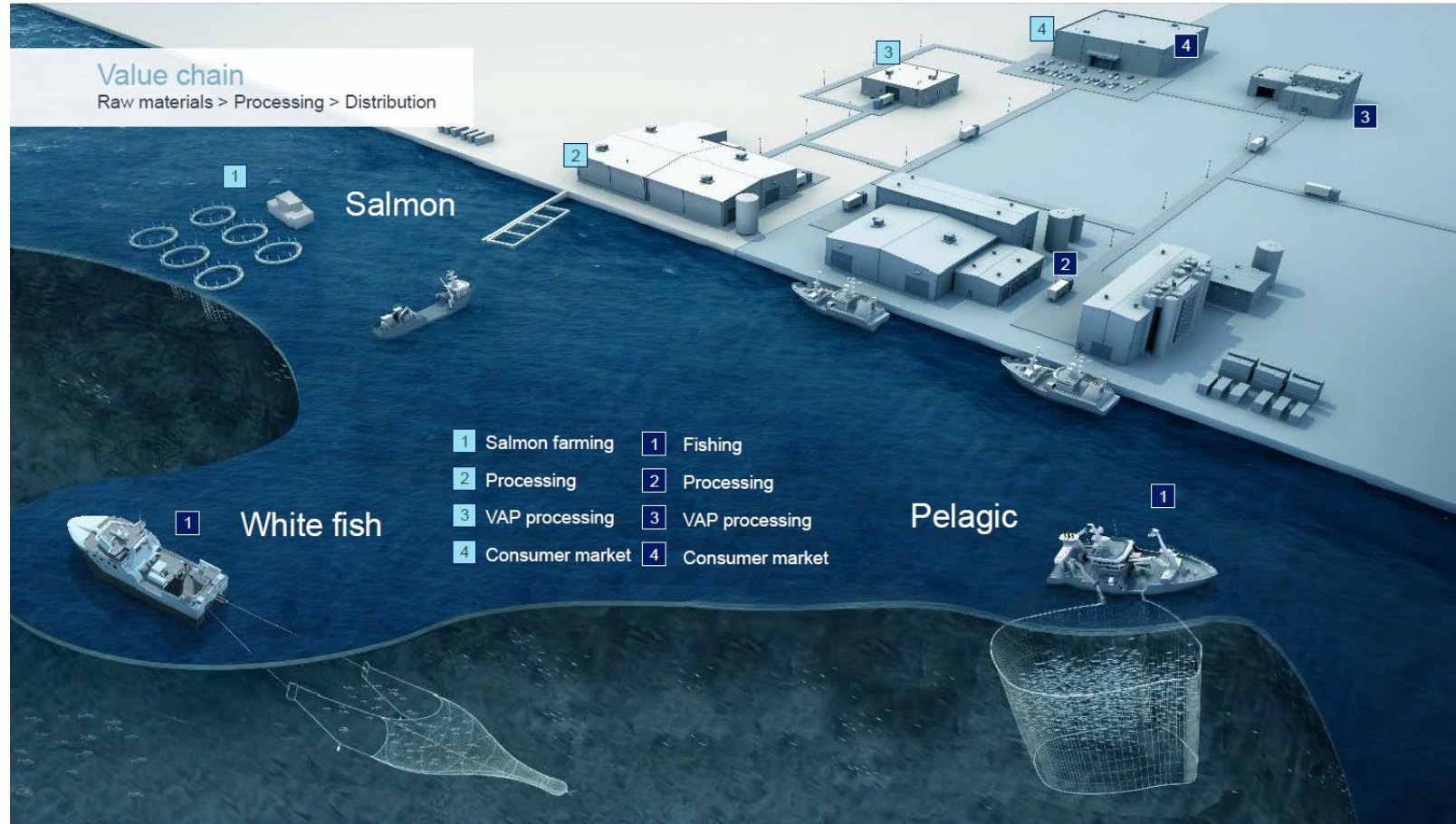
TOP HOLDINGS	
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Nomad Foods	5.50%
Thai Union Group	4.60%
Nippon Suisan Kaisha	4.60%

Sideways movement fundamentally explainable?



Source: Bonafide

Top Holding No. 1 - Austevoll Seafood



Austevoll Seafood ASA

AUSTEVOLL SEAFOOD GROUP	
PELAGIC FISHING	350,000 - 450,000 MT of pelagic fish caught annually (26 vessels)
PELAGIC PROCESSING	1.6 – 2.0 Million MT of raw material annually 33 Processing plants
WHITEFISH	90,000 - 110,000 MT of whitefish (10 vessels) 8 Processing plants
SALMON	200,000 - 220,000 MT of salmon
SALES	Wholesale with global sales & distribution

Top Holding No. 1 - Austevoll Seafood

<i>in NOK</i>	2019	2022	Change	2023E	2024E
Turnover (million)	23'312	31'150	34%	32'538	35'056
EBITDA (million)	3'914	6'972	78%	6'809	7'468
Earnings per share	6.22	12.10	95%	10.67	12.45
Dividend per share	2.50	5.50	120%	5.44	5.54
Book value per share	60.84	75.34	24%		
Stock price	90.05	88.80	-1%		
Net debt/EBITDA	1.4	1.0	-26%		
Price-earnings ratio	14.5	7.3	-49%	8.3	7.1
Price-to-book ratio	1.5	1.2	-20%	n.a.	n.a.
Dividend yield	2.8%	6.2%		6.1%	6.2%



Well-managed through times of crisis



What led to the multiple contraction?



Resource tax Norway implemented in estimates 2023/2024



Investor will be compensated with more than 6% dividend from 2023 (with a pay-out ratio of 40-50%)

Source: Bloomberg / Bonafide

Top Holding No. 2 - Hofseth BioCare



Top Holding No. 2 - Hofseth BioCare

<i>in NOK</i>	2019	2022	Change	2023E	2024E
Turnover (million)	68	119	75%	220	275
EBITDA (million)	-52	-98	88%	-16	39
Earnings per share	-0.29	-0.37	28%	-0.13	0.01
Dividend per share	0.00	0.00		0.00	0.00
Book value per share	0.29	0.08	-72%		
Stock price	8.99	3.29	-63%		
Net debt/EBITDA	0	0			
Price-earnings ratio	n.a.	n.a.		n.a.	275
Price-to-book ratio	31.0	41.1		n.a.	n.a.
Dividend yield	n.a.	n.a.		n.a.	n.a.



Share had quadrupled in 2019 (too early stock market optimism)



The opening of new sales channels during the pandemic impossible ("people's business")



At the same time, production capacities were expanded ("state-of-the-art" plant in Midsund), which significantly increased production costs

Source: Bloomberg / Bonafide

Top Holding No. 3 - Nomad Foods



Top Holding No. 3 - Nomad Foods

<i>in EUR</i>	2019	2022	Change	2023E	2024E
Turnover (million)	2'324	2'940	27%	3'054	3'132
EBITDA (million)	392	603	54%	525	549
Earnings per share	1.23	1.68	37%	1.52	1.69
Dividend per share	0.00	0.00		0.00	0.00
Book value per share	11.25	15.10	34%		
Stock price	22.37	17.24	-23%		
Net debt/EBITDA	3.0	3.9			
Price-earnings ratio	16.2	9.6	-41%	11.3	10.2
Price-to-book ratio	1.8	1.1	-40%	n.a.	n.a.
Dividend yield	n.a.	n.a.		n.a.	n.a.

- ➔ Organic growth and growth through acquisitions
- ➔ Pandemic winner ("Frozen Foods" for home consumption)
- ➔ Plant-based food profitable
- ➔ What led to the multiple contraction?
- ➔ High debt level costs, but free cash flow solid and rapid repayment possible

Source: Bloomberg / Bonafide

Top Holding No. 4 - Thai Union



Top Holding No. 4 - Thai Union

<i>in THB</i>	2019	2022	Change	2023E	2024E
Turnover (million)	126'275	155'586	23%	162'352	170'049
EBITDA (million)	9'412	14'076	50%	14'802	15'809
Earnings per share	0.85	1.51	78%	1.55	1.71
Dividend per share	0.47	0.84	79%	0.86	0.86
Book value per share	10.15	16.05	58%		
Stock price	13.50	16.90	25%		
Net debt/EBITDA	6.0	3.4			
Price-earnings ratio	15.9	11.2	-30%	9.4	8.5
Price-to-book ratio	1.3	1.1	-21%	n.a.	n.a.
Dividend yield	3.5%	5.0%		5.9%	5.9%



Pandemic winner with products for home consumption and large pet food business



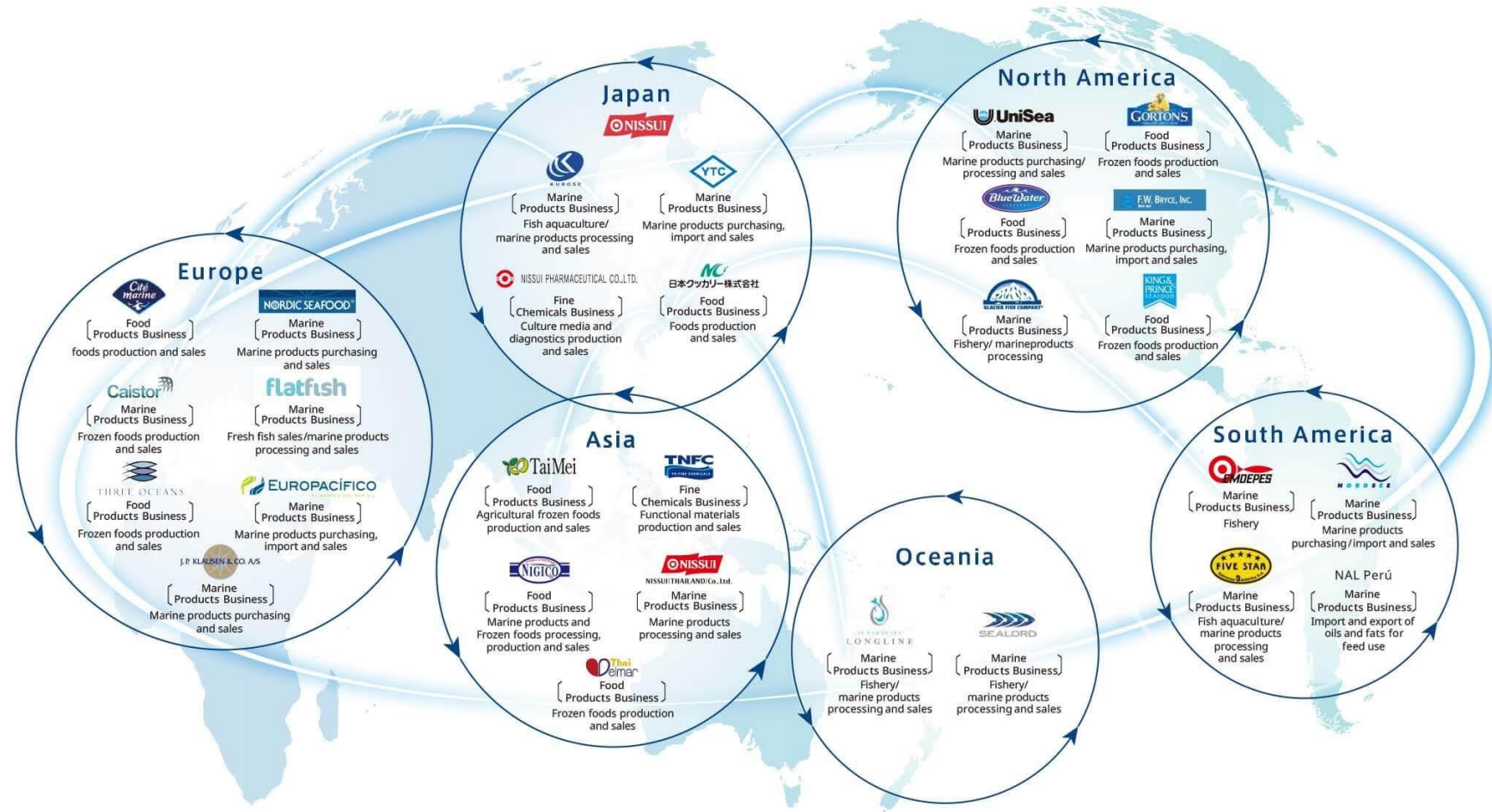
What led to the multiple contraction?



Investor is compensated with 5.9% dividend and is a "free rider" in the listed subsidiary for the "Pet Food Business"

Source: Bloomberg / Bonafide

Top Holding No. 5 - Nissui



Top Holding No. 5 - Nissui

<i>in JPY</i>	2019	2022	Change	2023E	2024E
Turnover (million)	696	747	7%	750	771
EBITDA (million)	40	46	14%	50	52
Earnings per share	50.38	63.39	26%	68.46	71.50
Dividend per share	8.50	16.00	88%	18.00	20.00
Book value per share	497.29	704.76	42%		
Stock price	652.00	549.00	-16%		
Net debt/EBITDA	5.2	4.6	-11%		
Price-earnings ratio	12.9	8.7	-33%	8.1	7.8
Price-to-book ratio	1.3	0.8	-41%	n.a.	n.a.
Dividend yield	1.3%	2.9%		3.2%	3.6%



Integrated business model(s) balances the advantages and disadvantages of pandemic and commodity inflation



What led to the multiple contraction?



Steady increase in dividend payout now leads to almost 3% yield (with low pay-out ratio of <25%)

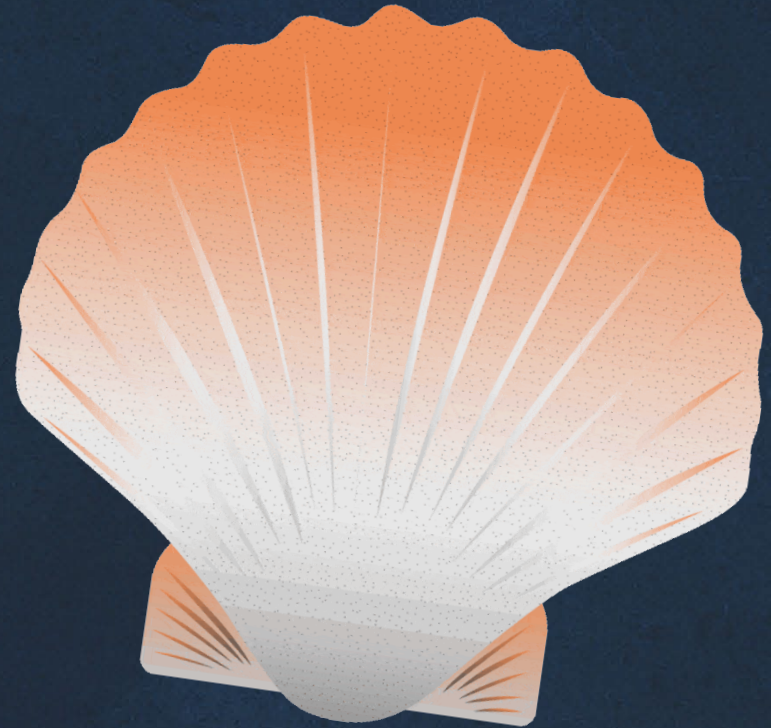
Source: Bloomberg / Bonafide

3 years wasted time? Not at all!

- Four out of five companies presented have created value on a fundamental basis and successfully weathered crises
- However, companies were punished with a multiple contraction on the capital market
- The question of "why" is greater than ever, especially since food producers generally have very defensive and long-term business models ("people always eat").
- All companies are still represented in the Global Fish Fund, but not all of them are among the top positions, as there are more attractive investments (e.g. Chile).
- Shareholders will be lavishly compensated with dividends or share buybacks in 2023, share prices do not necessarily have to rise to achieve attractive returns
- Downside risk in the fund is at an all-time low given valuations

«Patience is the investor's
supreme virtue.»

Benjamin Graham, «Father of Value Investing»



Resource tax Norway Update



Update resource tax

- Industry consultation period ended in early January 23
- Contradictory statements by government representatives sent share prices on a rollercoaster ride
- Government proposal was published on 28 March 23: Reduction of the tax rate to 35% (previously 40%) and minor adjustments => no relevant change in the initial situation.

The seafood companies: - The government has listened with deaf ears

News of **the editorial office** - 28 March 2023

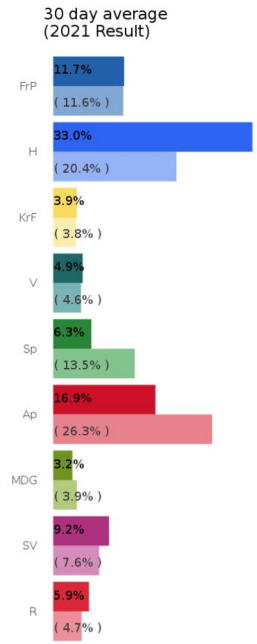
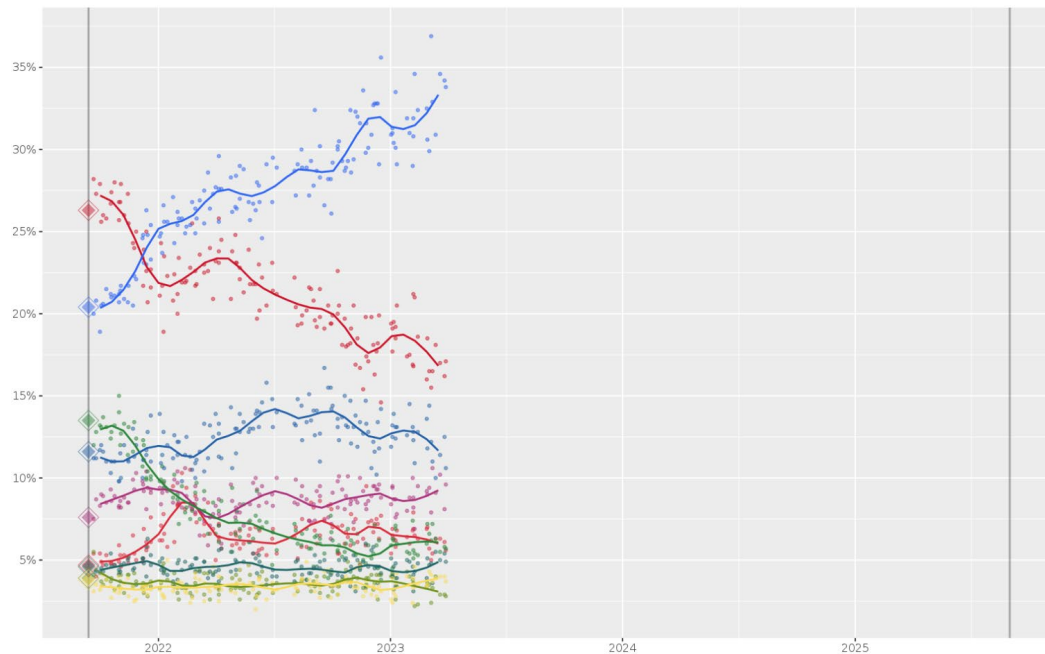
The proposal for ground rent tax that was put forward today shows that the government has had zero intention of listening to the industry and the coast's population. Støre and Vedum's ears have been deaf, says Robert Holmøy Eriksson, CEO of Seafood Companies.

'With this proposal, there is no more money left': Mowi CEO slams Norway's updated salmon farming tax proposal

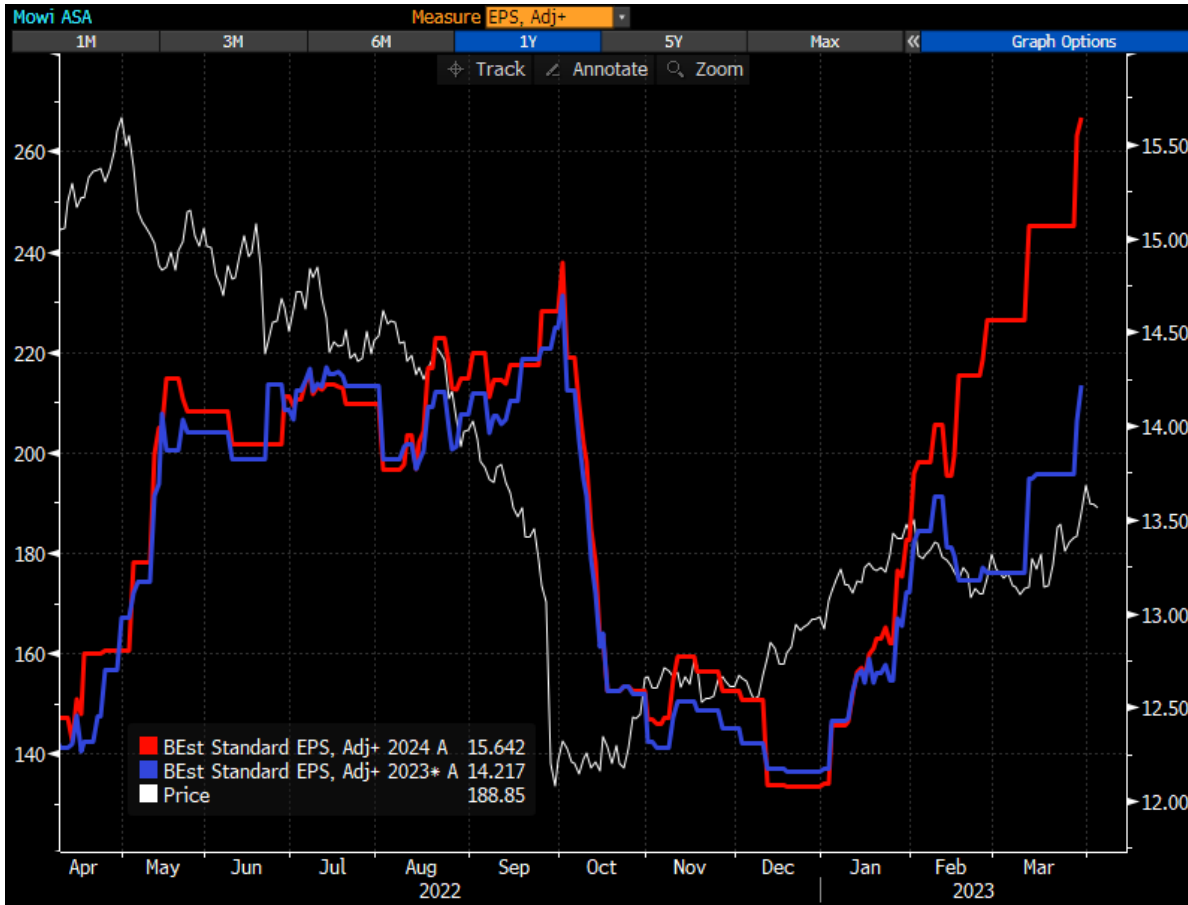
The executive reiterated that the tax will have major negative consequences for the Norwegian aquaculture industry, including for the local job market.

Outlook resource tax

- ➔ Debates in parliament in the coming months, vote expected in June 23
- ➔ Certain parties clearly oppose the model of the planned resource tax
- ➔ Government parties lose support



Resource tax: cause and effect on profit estimates

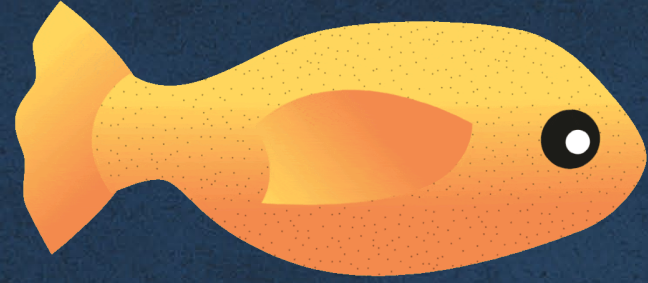


- Consensus earnings estimates in NOK for Mowi already higher than before resource tax announcement
- Even lower supply growth leads to higher prices («higher for longer»)
- Higher prices compensate for higher costs (resource tax)
- Salmon farmers outside Norway the biggest winners (e.g. Chile)

Source: Bloomberg

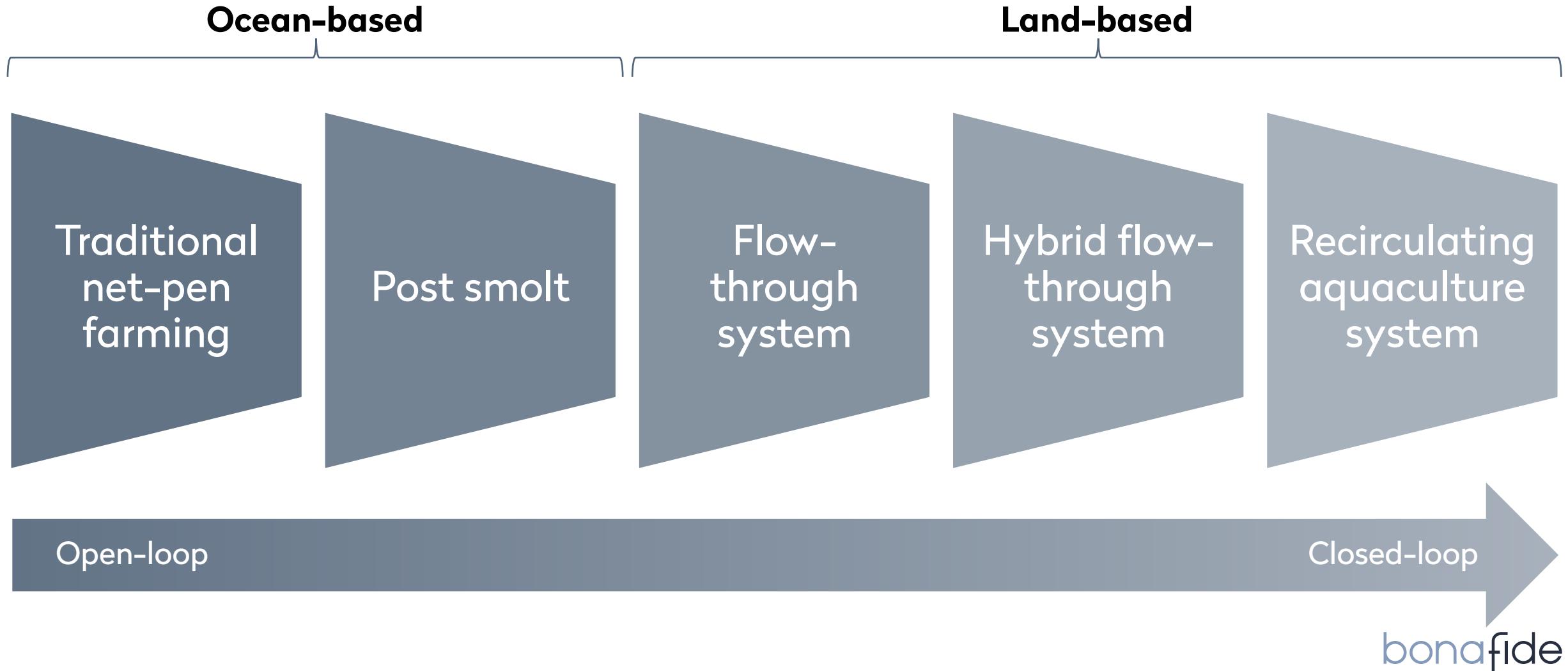
Sustainability



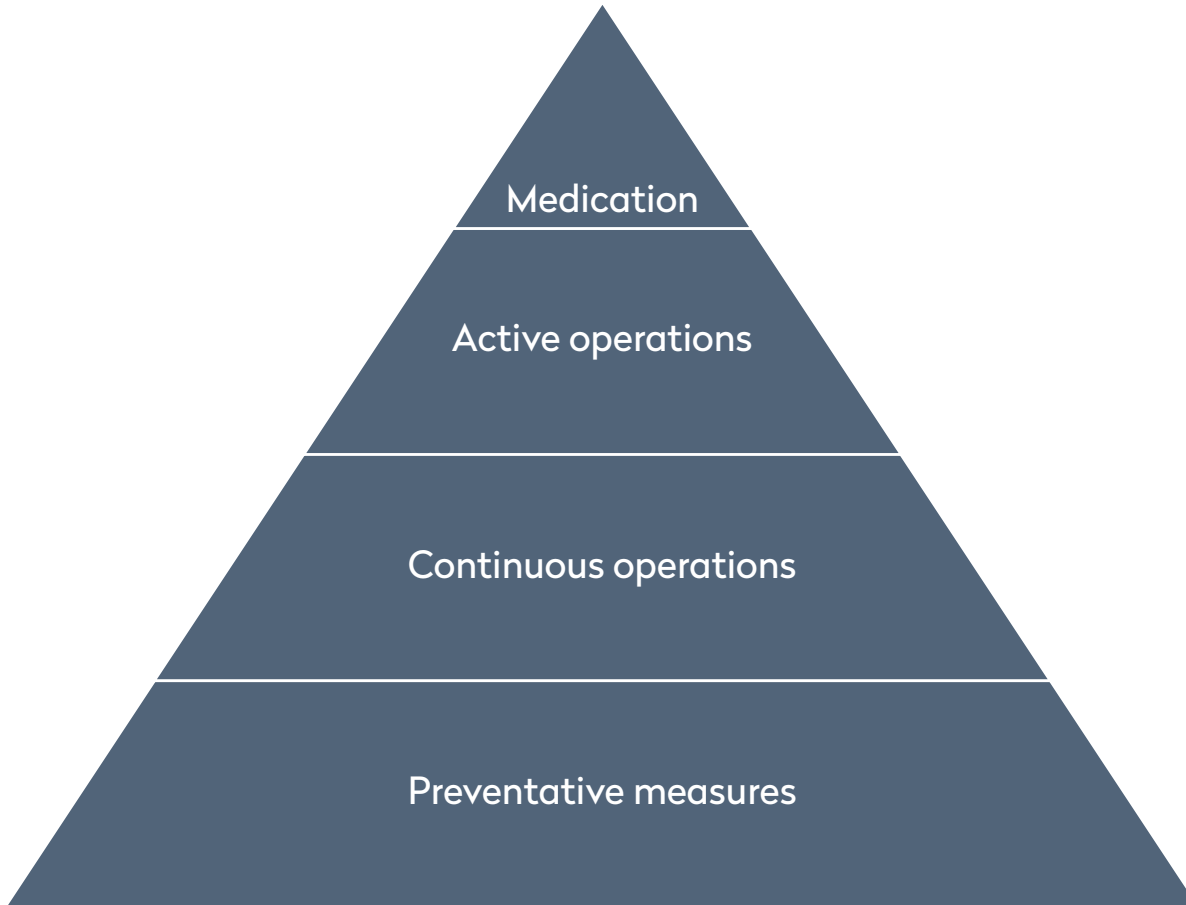


Land-based, the aquaculture of the future?

What is land-based farming?



+ No more sea lice or diseases



- Sea lice are a recurring problem for the industry
- In response, a plethora of treatment options has been developed
- But still, treatments remain stressful and should be avoided where possible

→ **Are physical barriers the solution?**

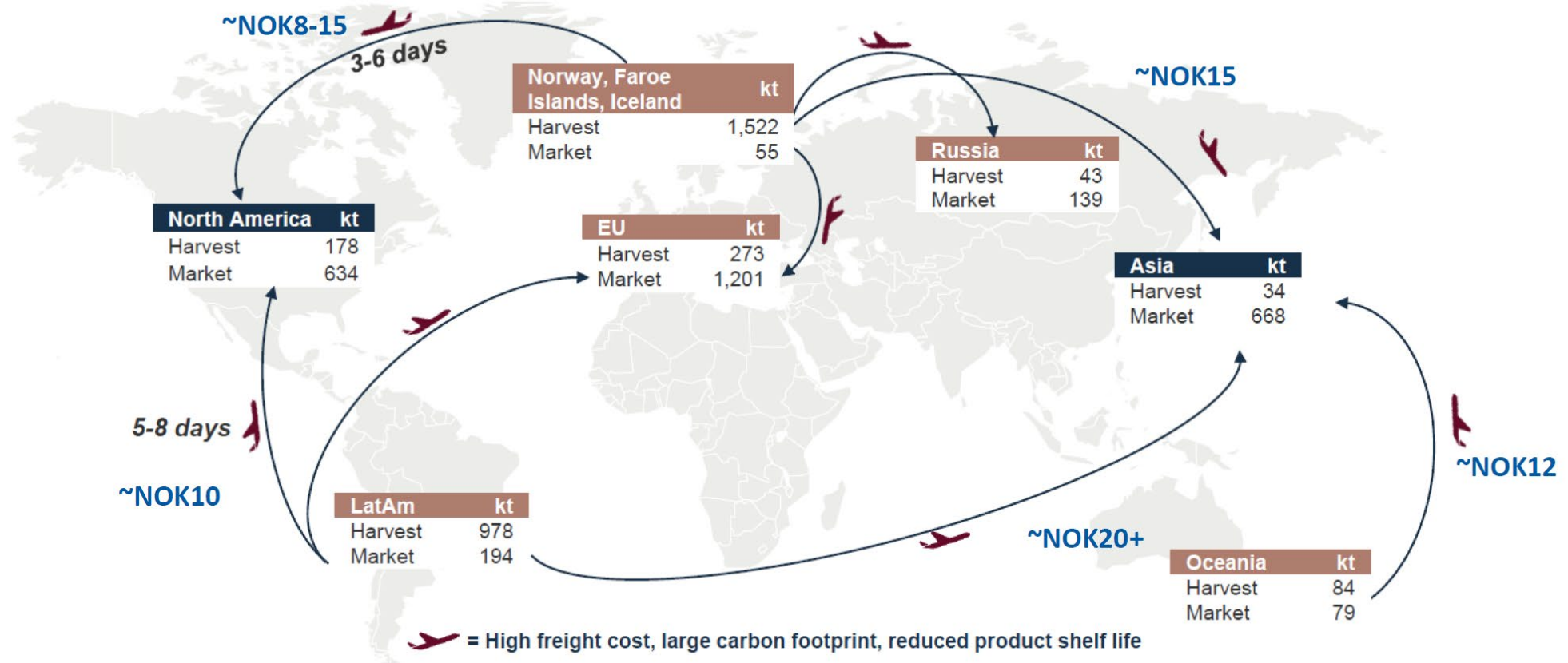
+ No impact on the local environment through waste or escapes

- Benthic impact already regulation by states and certification issuers
- Impact is limited to around 100m around farms
- The material is organic and decays during the fallow period

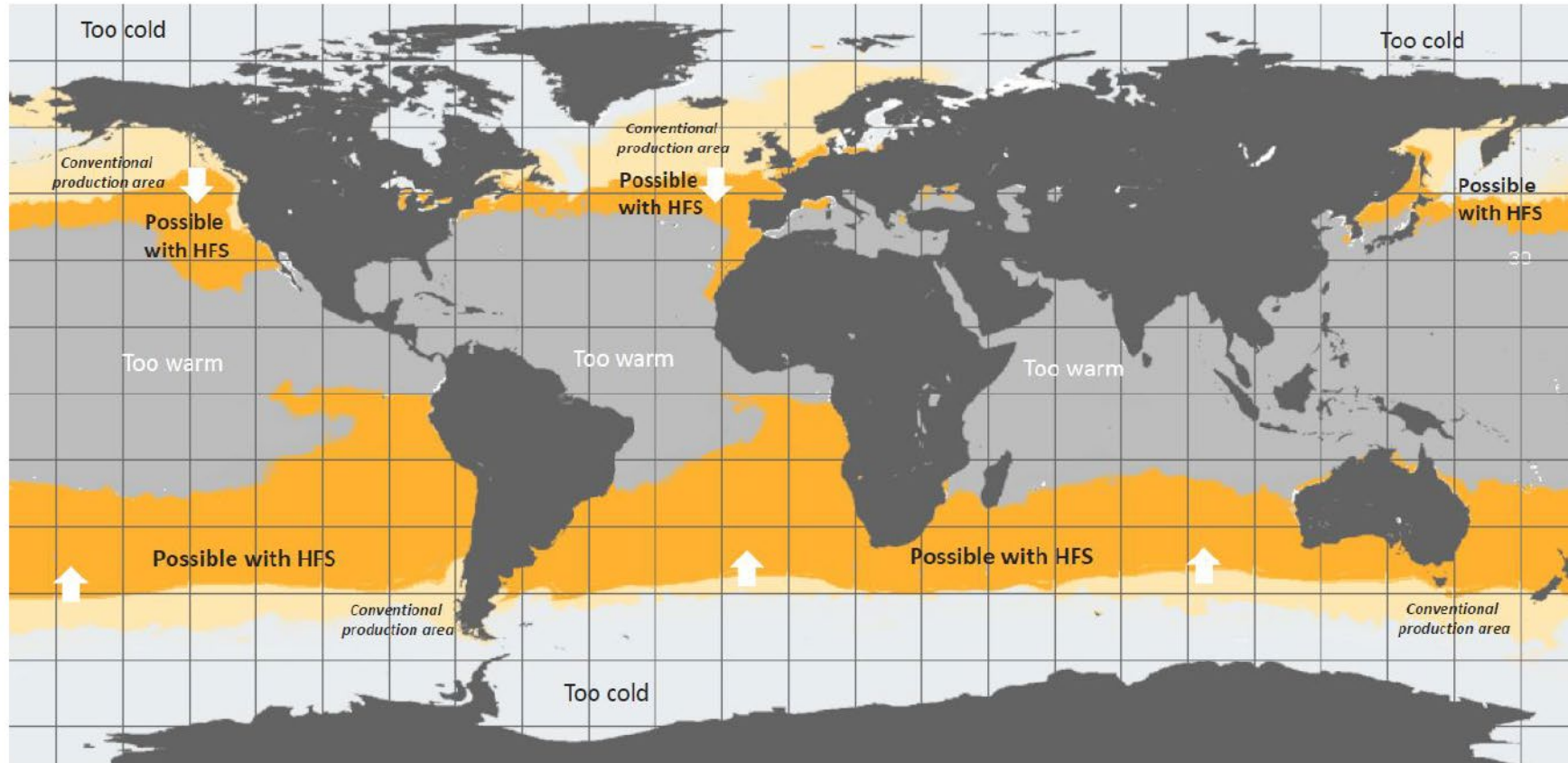


Source: Tasmanian Times

+ Closer proximity to the end consumer makes flying unnecessary



+ Unlimited growth opportunities



- Profitability still unproven



Source: Bloomberg

Opportunities are ripening



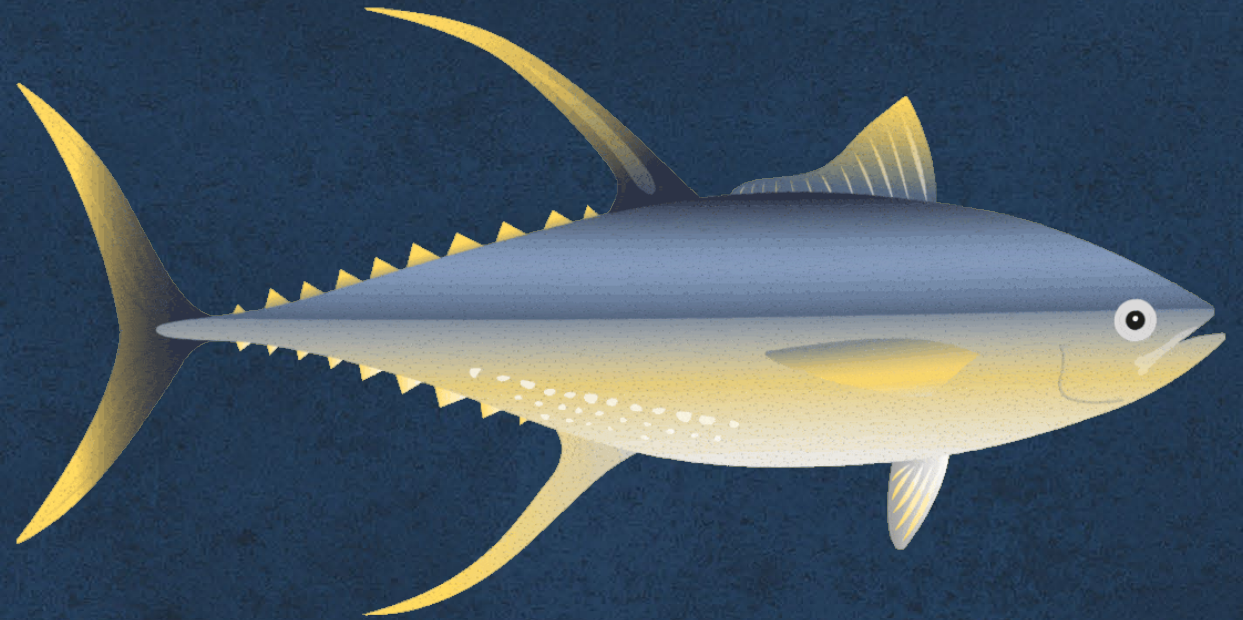
New active ownership report published



1. Executive summary
2. Thematic engagements
 1. Communication of exclusion criteria
 2. Improvement in the availability of ESG ratings
 3. Improvement in the quality of ESG ratings
 4. Engagement on binary PAIs
3. Collaborative engagements
 1. Support for the Business Coalition for a Global Plastics Treaty
 2. Investor letter on deforestation-free imports
 3. Collaborative engagement for sustainable fish feed – Phase 2
4. Company-specific commitments
 1. Clarification of the potential involvement of Veolia in the manufacture of controversial weapons
 2. Company visits and meetings with management
5. Conflicts of interest
6. Exercising of voting rights
 1. Voting behaviour at the level of the Bonafide Global Fish Fund
 1. Voting behaviour at the level of the Bonafide Investment Fund – Best Catches I
 2. Voting behaviour at the company level

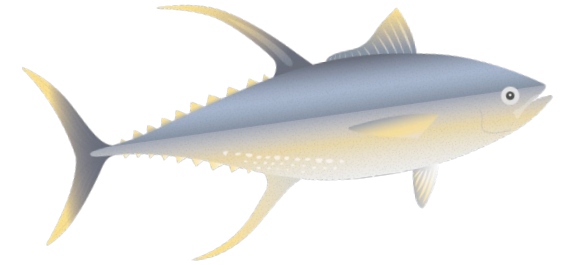
Summary

The most important in
a nutshell



Synthesis

- Historic UN agreement to protect the oceans
- China joins net importers in the fish & seafood sector
- “Higher for longer” - salmon prices will remain at a high level
- From a fundamental point of view, all top holdings from 2019 have created value, share prices are currently lagging behind.
- Land-based systems offer potential for the future, the "*proof of concept*" is currently still missing



Targeted investments in aquaculture herald a future that offers **greater food security**, **higher incomes for fishermen**, and **healthy proteins** for millions of people.

A GOOD CATCH FOR YOUR PORTFOLIO



bonafide

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