



**Welcome!**

Quarterly update  
Q4 2022

bonafide

Q4 2022

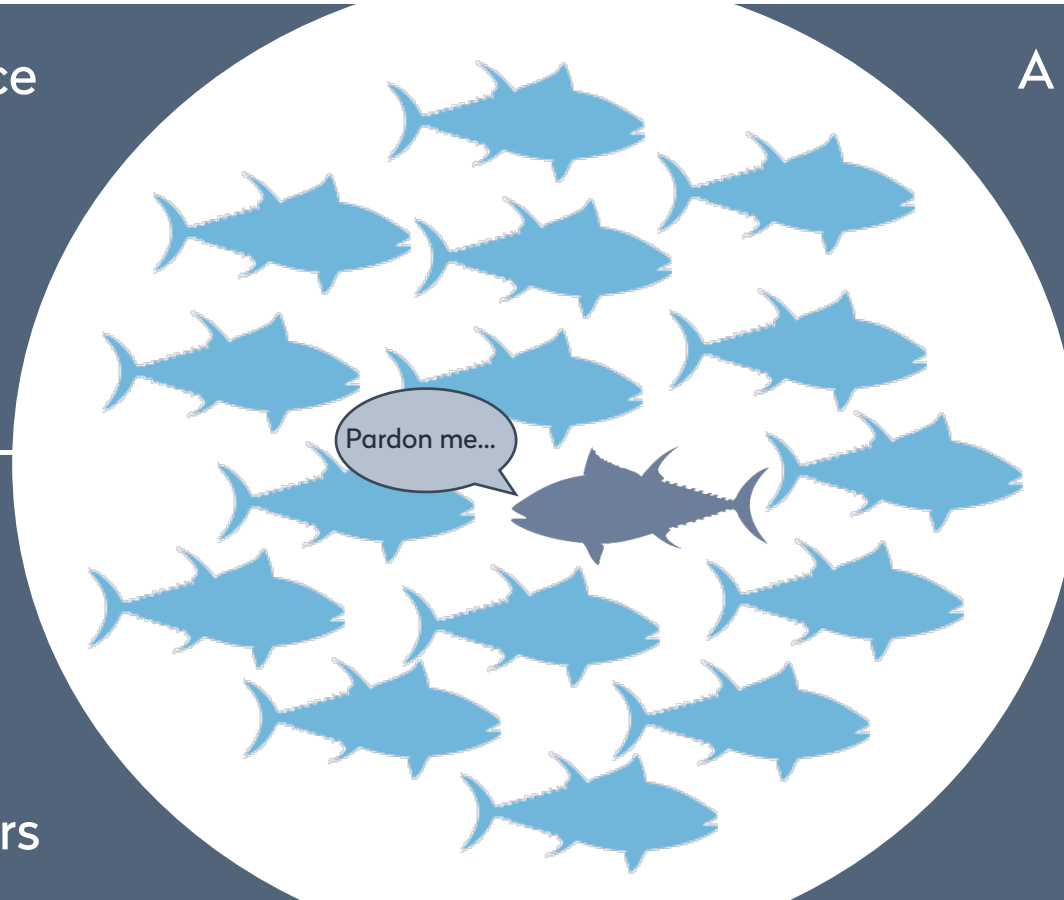
**Quarterly update**



# Swimming against the tide for the 11th time

Over 8% return p.a. since inception in 2012

A topic that strikes a chord with the times



Opportunities in various regions & sectors

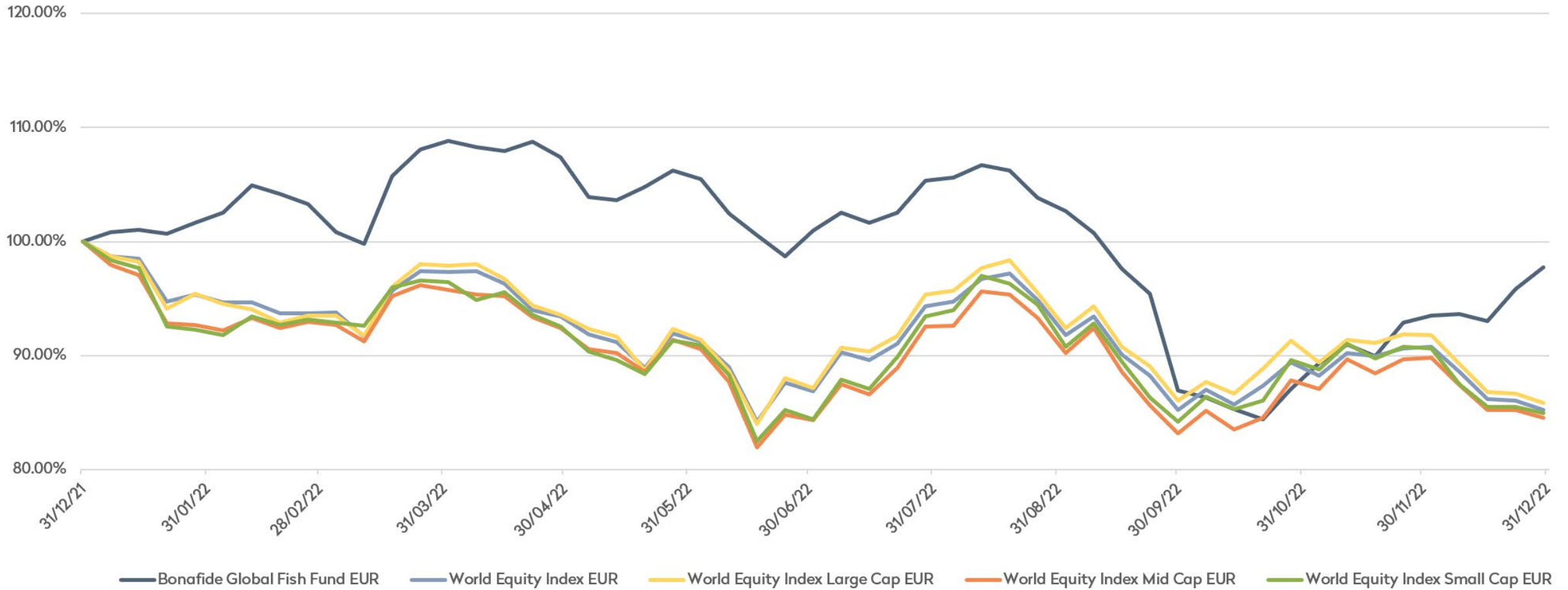
The "Age of Fish" has only just begun

A large circular aquaculture cage is visible in the foreground, partially submerged in the water. The cage is constructed from dark metal frames and is surrounded by a net. In the background, a wide expanse of water stretches towards a range of mountains under a soft, hazy sky at sunset. The sun is low on the horizon, casting a warm glow over the scene. A small yellow buoy is visible in the middle ground. The overall atmosphere is serene and industrial.

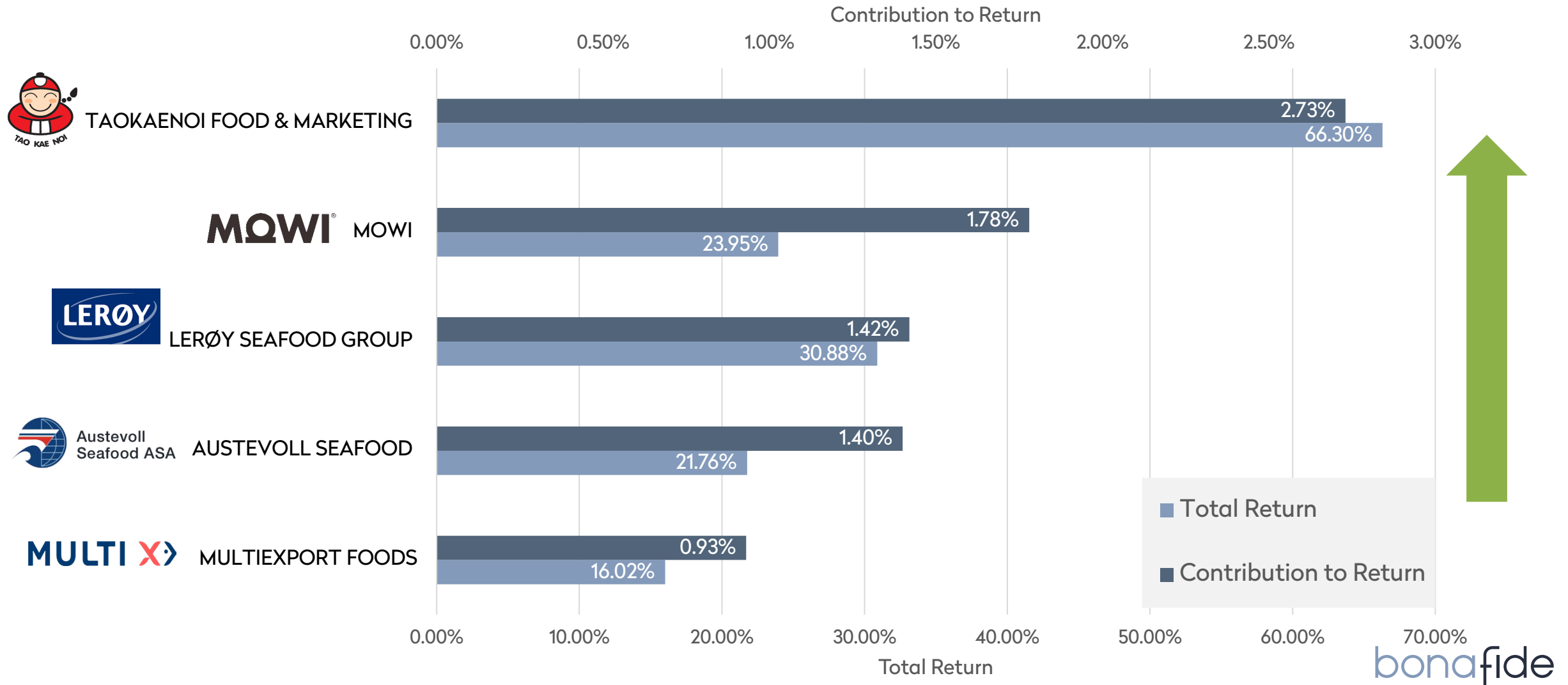
A global **revolution** is taking place beneath  
the surface of the water.

bonafide

# Global Fish Fund EUR vs. World Equity Indices



# Best Performers

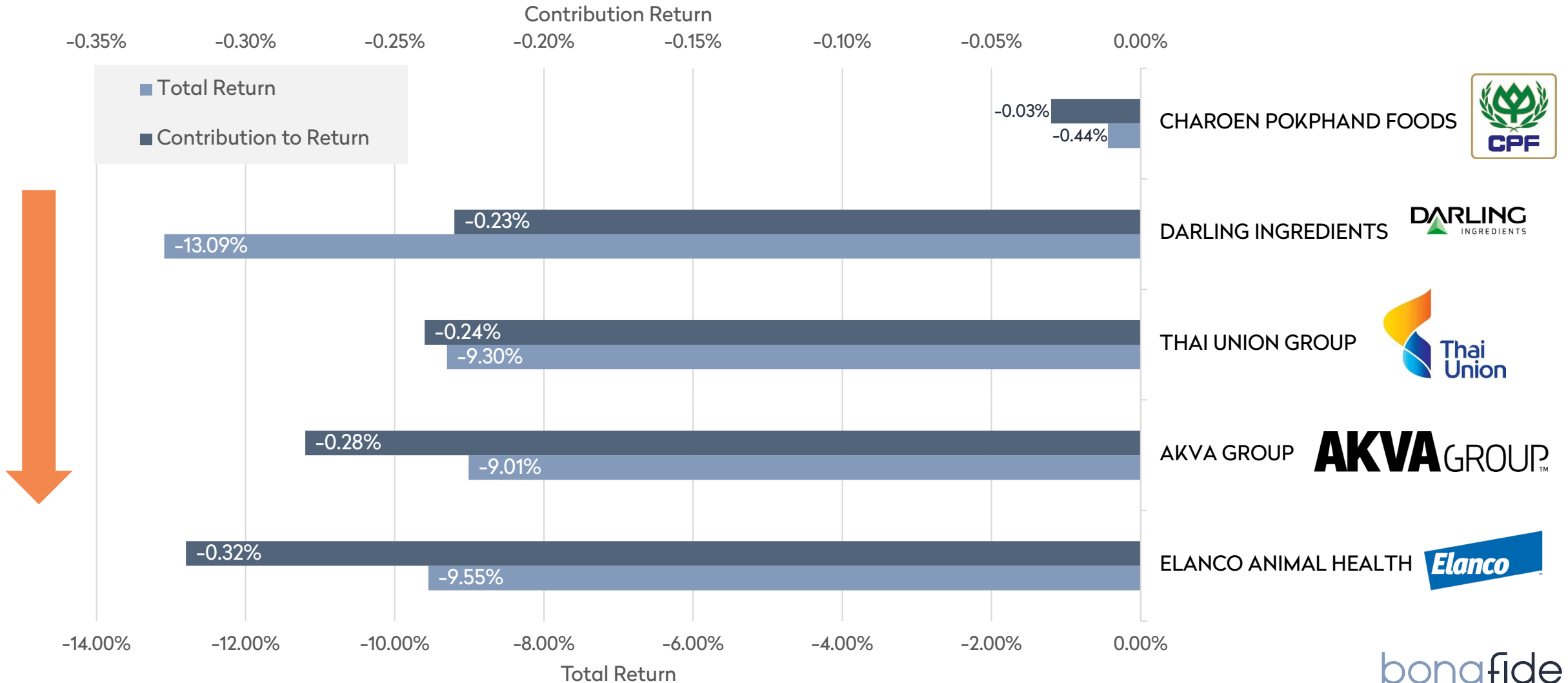


**“The intelligent investor is a realist who sells to optimists and buys from pessimists.”**

Benjamin Graham



# Worst Performers

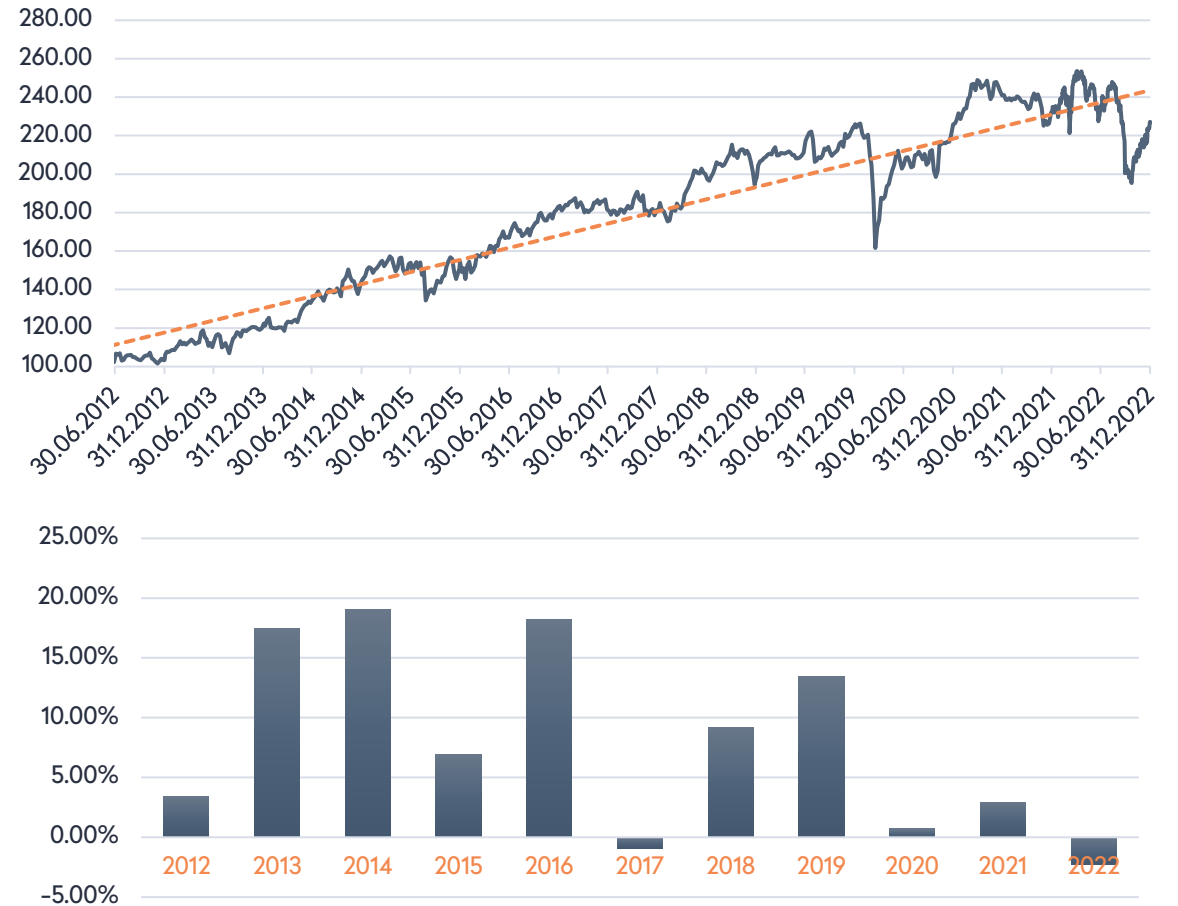




# Track record of more than 10 years

## Historical performance EUR tranche

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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



# The opportunity is real

Market Yields	Global Fish Fund	Global Equity ETF	Food-Multis (Ø)
Price-Earnings-Ratio expected 2023	<b>13.44</b>	15.56	20.20
Dividend Yield expected	<b>3.47%</b>	2.57%	2.64%
EV/EBITDA	<b>8.04</b>	11.02	14.07
P/B	<b>1.38</b>	2.41	3.80

Source: Bloomberg January 2023

- **Global Equity ETF:** Global equity index ETF comprising developed and emerging markets (Bloomberg ticker: ACWI US)
- **Food-Multis:** Companies with a market capitalization of over 5,000 million, which are active in the consumer staples sector and are actively traded on the stock exchange.

# Our 10 predictions for 2023



## Demand

### **Demand continues to rise**

Higher salmon prices and inflation will not slow down fish consumption.

## Focus markets

### **Norway & Chile in focus**

In Chile we expect double-digit dividend yields, while in Norway a compromise solution for the resource tax will be found.

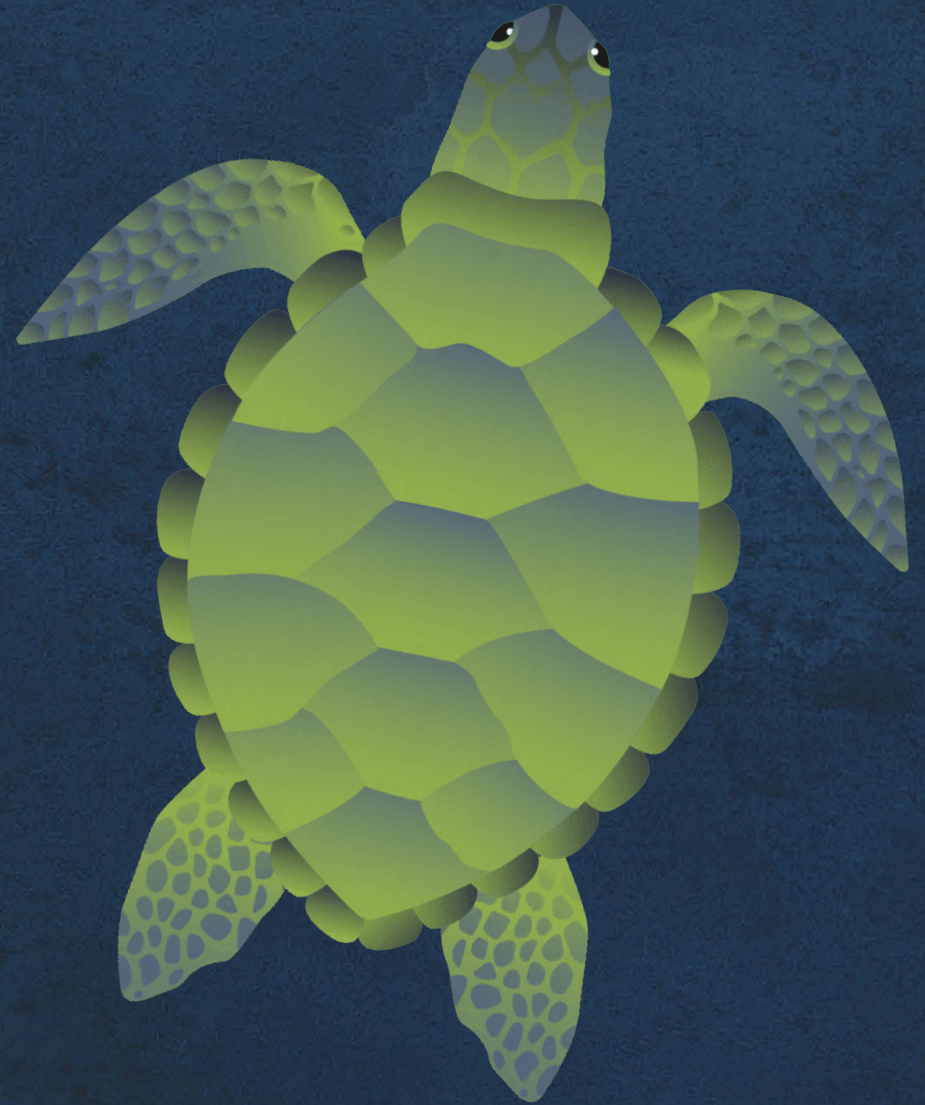
## Innovation

### **Innovation & cash flows**

A new cage technology hits the market, while the first land-based aquacultures achieve positive operating cash flows.

**Our blog:**  
[bonafide-  
ltd.com/blog](https://bonafide-ltd.com/blog)

# Research / Portfolio Management



# Resource Tax: Information on our website

## Blog

### Price plunge in Norway's salmon stocks: One-time buying opportunity

Philipp Hämmerli | September 28, 2022



## Market commentary

28 September 2022

bonafide

### Price plunge in Norway's salmon stocks: One-off buying opportunity for Bonafide Market commentary / Sept 28, 2022

In order to reduce the 2023 budget deficit, the Norwegian centre-left government today submitted a proposal to the parliament to impose an additional 40% resource tax on aquacultures that farm salmon in Norwegian waters. The introduction is planned for 1 January 2023, but the proposal has yet to be approved by parliament. The share prices of the main fish farmers – SalMar, Lerøy Seafood, Grieg Seafood and Co. – plummeted by up to 30% on the news.

#### Our assessment

- In light of the already existing tax rates and licence costs, the planned additional tax burden for fish farmers seems unjustified. Since the current year, salmon farmers have been paying a new production tax of NOK 0.40/kg, which, when decided two years ago, was already seen as a compromise solution between the industry and the government to let the population participate in the profits.
- We see the disruption in the market as a buying opportunity. The scenario of tax increases has already been largely priced in and the current price declines represent a clear overreaction of the market. In view of the very attractive risk/return profiles, which have not prevailed for a long time, the sector allocation to producers in Norway was immediately increased.
- Fundamentally, the outlook for salmon producers remains bright despite fears of a global recession. Salmon prices of over NOK 80/kg are already being paid for 2023, while on the cost side input prices are sending signs of easing.

#### What are the arguments for introducing this tax?

The government justifies the resource tax by saying that the Norwegian fjords offer the best climatic conditions for salmon farming. However, the fjords are owned by the population, so they are entitled to a share of the profits. In the same official communication, resource taxes for energy companies (including wind and water power) are also introduced or increased.

## Webinar



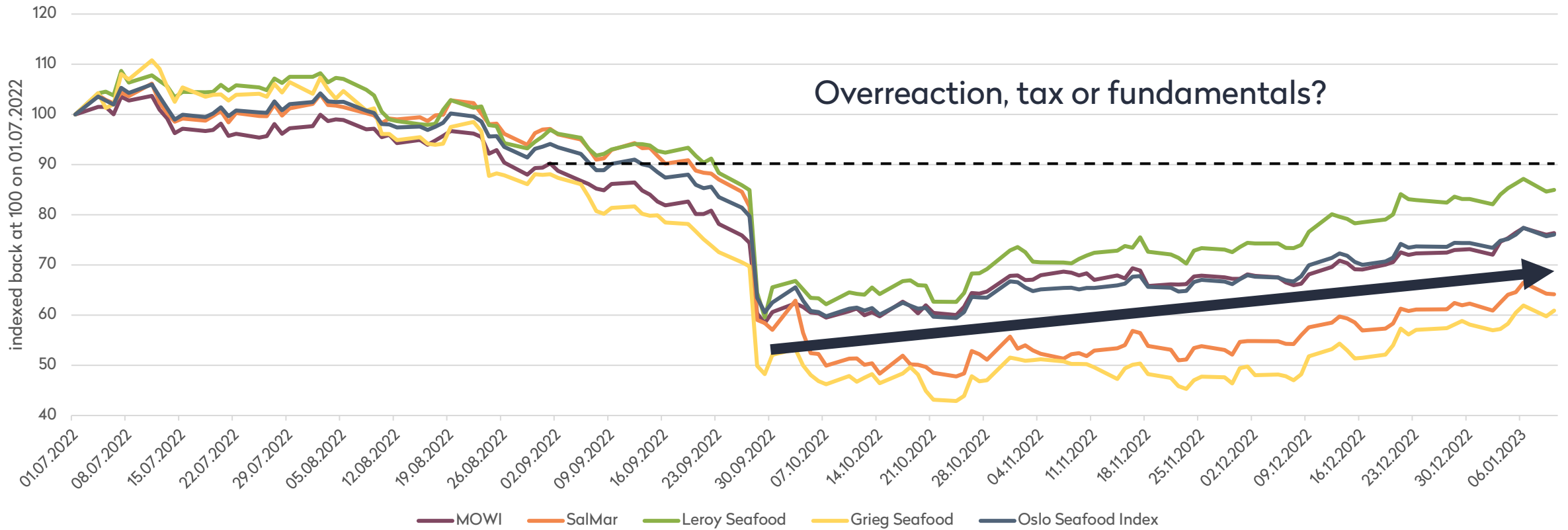
October 18, 2022

### Bonafide Quarterly Webinar Q3 2022

The defensively positioned Fish & Seafood sector was able to maintain the relatively stable result of the first half of the year until mid-September. However, the last two weeks of the quarter were marked by heavy losses.

# Resource Tax: Buying opportunity

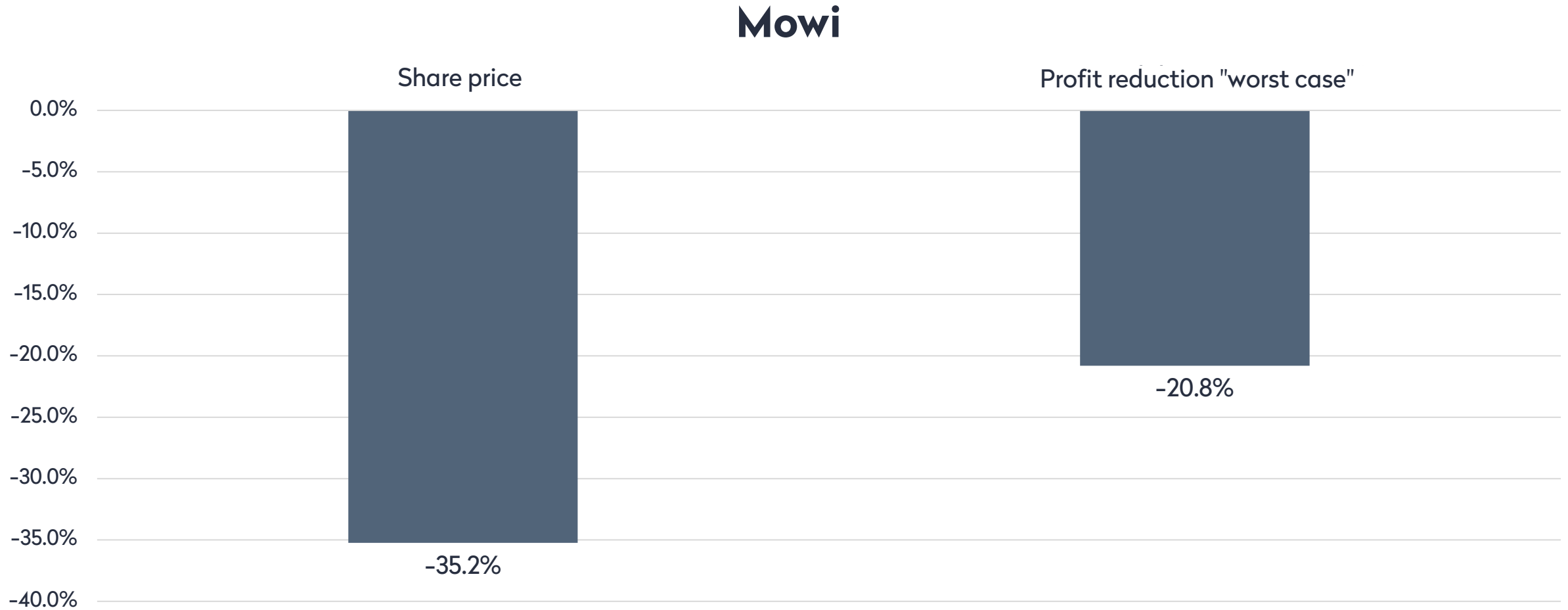
Share price development of resource tax affected seafood stocks



Overreaction, tax or fundamentals?

Source: Bloomberg, 10 January 2023

# Resource Tax: Overreaction?



Source: Bloomberg & Bonafide, 11 January 2023

# Resource Tax: Political developments

- Heated, partly personal debates
- "Hearing" phase ended on 4 January 2023 (412 written responses)
- Government politicians get entangled in their own statements (covering budget deficit vs. long-awaited resource tax, "tax the rich")
- **No groundbreaking news overall**
- Stock markets still pricing in pessimistic scenario (close to "worst case")

### Hearing response

Filter the consultation responses by consultation body

All hearing bodies ▼

- > 1st deputy to the Storting, Guro Holm Skillingstad
- > A - Frøya municipality
- > Aamund Reich
- > Abelvær Filetfabrikk AS
- > Abyss Group AS
- > Law firm Schjødt AS
- > Law firm Thommessen AS
- > The Bar Association
- > Agder county municipality
- > Aina Nilsen
- > AIPCE-CEP EU Fish Processors and Traders Association
- > Air Cargo Logistics AS
- > The academics
- > Aker Solutions As
- > The shareholders' association
- > AKVA group ASA
- > Alsaker Fjordbruk AS
- > Alstahaug municipality
- > Alta municipality
- > Alver municipality
- > Anders Fretheim
- > ANFACO-CECOPECA
- > AQS AS
- > Aqua Kompetance AS
- > Arne Byrkjeflot
- > AS Bolaks
- > Astorplast AS
- > Aud Skrudland
- > Aukra municipality
- > Aukra Cycling Club
- > Aure municipality
- > Austevoll municipality

Source: regjeringen.no



# Resource Tax: Fundamentals (supply and demand)

**Pareto Securities** | Pareto Securities AS  
Equity Research

Seafood Weekly  
9 JAN 2023

[CLICK HERE FOR THE FULL REPORT](#)

**Salmon prices with a strong start to the year**

The spot prices are **starting the year at very high levels and now reaching the 90's**. With some further **downside to our current 23e/24e supply estimates**, we argue that the **prices will remain at these high levels**, especially moving into H1 23e. Last week was a strong week for all the names within the sector. The Seafood Index ended up 4.1%, while the OSEBX was down 0.3%. Of other news, BAKKA, SACAM and NOHAL has now published trading updates, with all names delivering **volumes somewhat on the soft side**.

**DNB Markets**

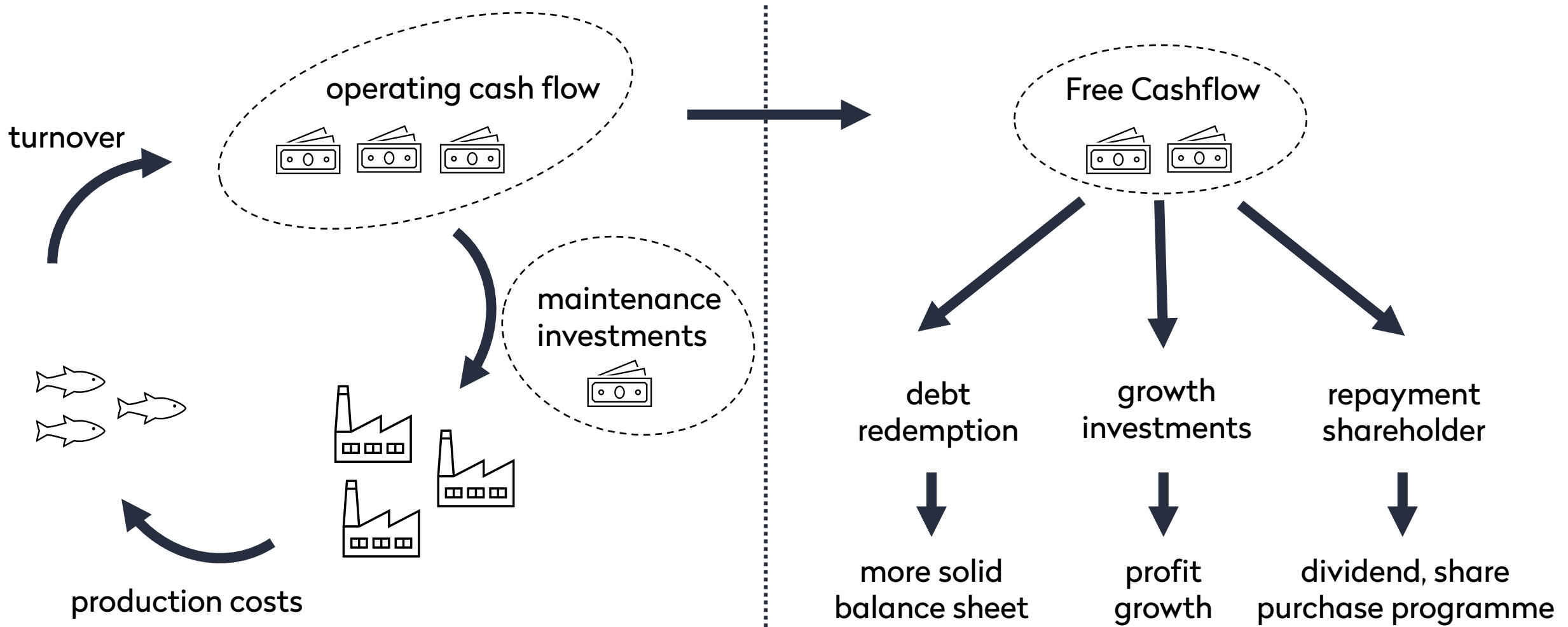
**2023 fundamentals looking healthy**

**We have lowered our 2023–2024 global supply growth forecasts to 2.4–3.0% (3.8–4.2%)**, largely based on lower standing biomass in the sea, unsold capacity in Norway's recent MAB traffic light auction, and high harvests in Q4 (due to sea lice) and the farmers trying to maximise profits to beat the proposed resource tax in Norway that is due to come in on 1 January 2023. **Alternative supply from land-based facilities and offshore units continues to lag behind initial estimates** and only looks likely to contribute meaningfully to supply growth beyond our 2025 forecast horizon. To that end, we set a **2025 global supply growth estimate of 3.6%**.

- Resource tax further tightens supply due to lack of investment in Norway
- Markets realise that supply growth will remain low for several years
- **Demand does not abate**; global salmon volumes remain low (3 million tonnes salmon vs. 72 million tonnes beef)
- "Higher for longer": Seafood analysts will have to make positive profit revisions

Sources:  
Pareto Seafood Weekly, 9 January 2023  
DNB Sector Report, 2 January 2023

# Fundamental cash flow in a business



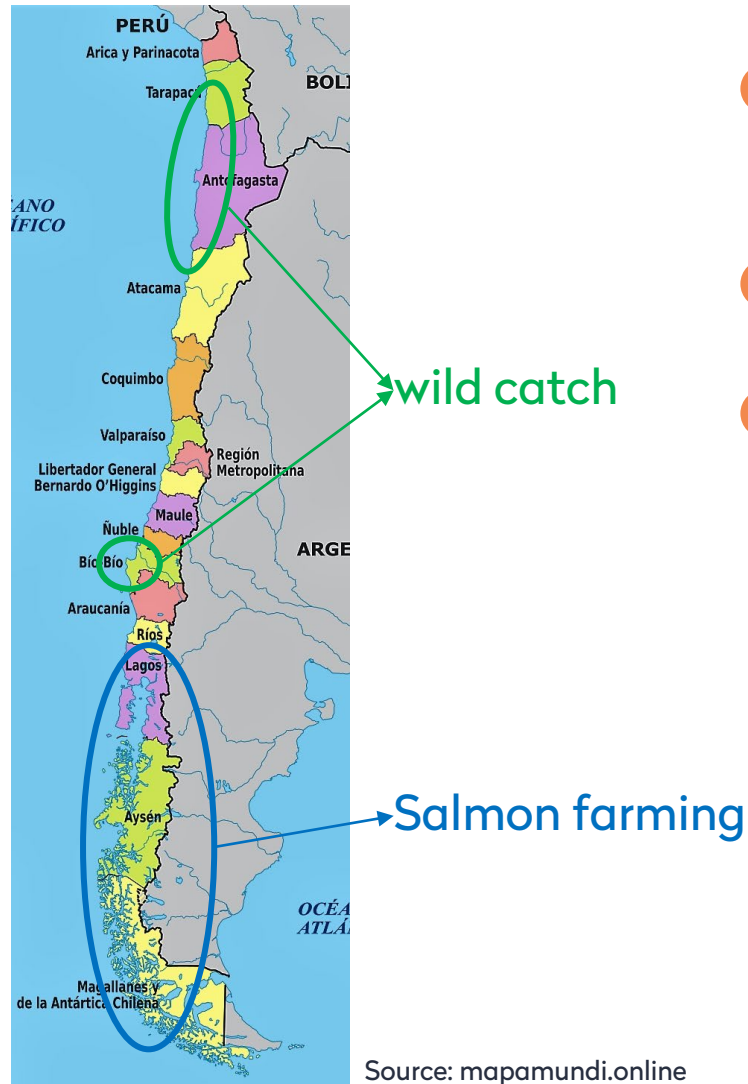
# Big picture on fundamental cash flows in the portfolio

## Main use of Free Cashflow

2020 (according to numbers set)				2023 (estimation)			
Portfolio companies	Debt repayment	Growth investments	Repayment shareholder	Portfolio companies	Debt repayment	Growth investments	Repayment shareholder
1				1			
2				2			
3				3			
4				4			
5				5			
6				6			
7				7			
8				8			
9				9			
10				10			
11				11			
12				12			
13				13			
14				14			
15				15			
16				16			
17				17			
18				18			
19				19			
20				20			
21				21			
22				22			
23				23			
24				24			
25				25			
26				26			
27				27			
28				28			
29				29			

- 20 out of 29 companies have spent their cash flow mainly on growth investments in the 2020 financial year
- 25 out of 29 portfolio companies are in a **"harvest cycle" of their investments** in the 2023 financial year
- Not only higher profits, but also **stronger balance sheets and higher profit distributions**, provided no new investments are announced
- Portfolio in a "risk-off" mode from an investment perspective

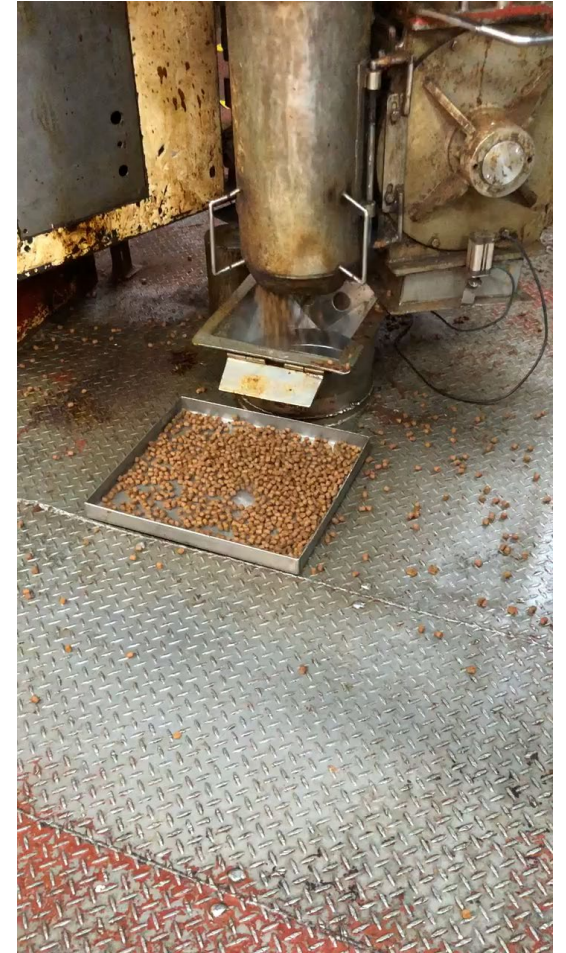
# Chile Research trip



Source: mapamundi.online

- Visiting companies along the value chain from the investment universe
- Maintenance and expansion of the network in the industry
- Expanding understanding of the Chilean market

# Supplier industry

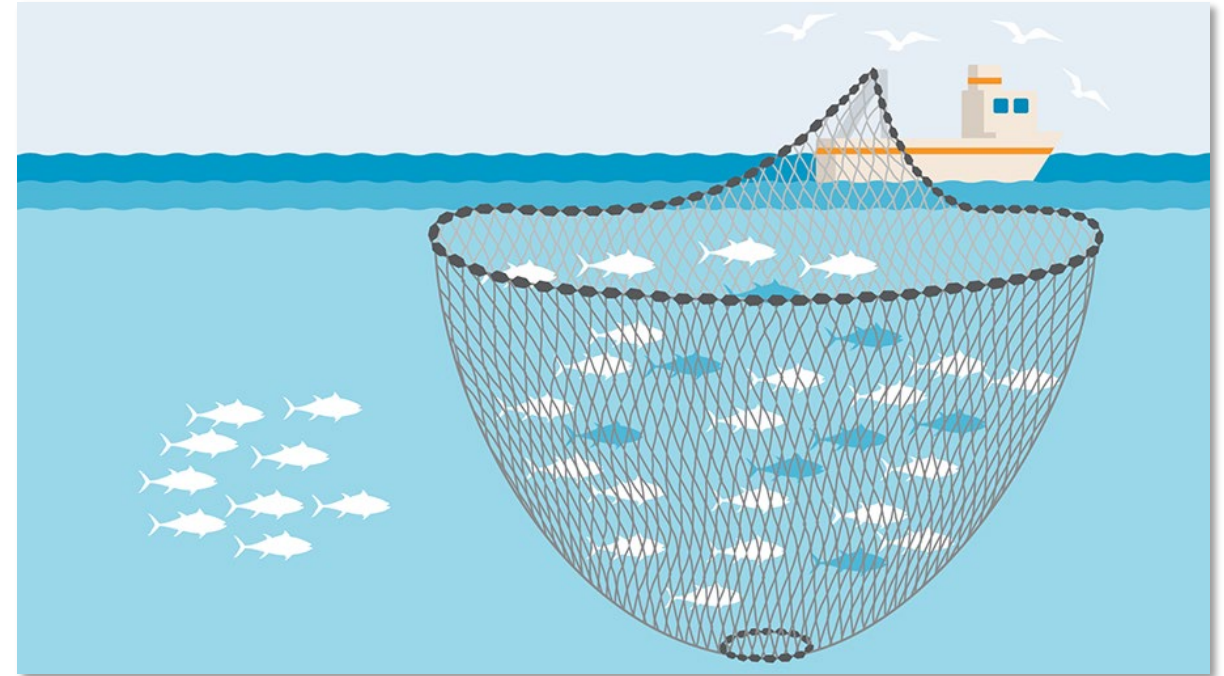


# Wild fishery Concepcion (1/3)



## Wild fishery Conception (2/3)

- Fishing method "Purse Seine" results in very low bycatch and no contact with the seabed



Source: msc.org

# Wild fishery Concepcion (3/3)





# Salmon farms (1/2)



# Salmon farms (2/2)



# Salmon processing



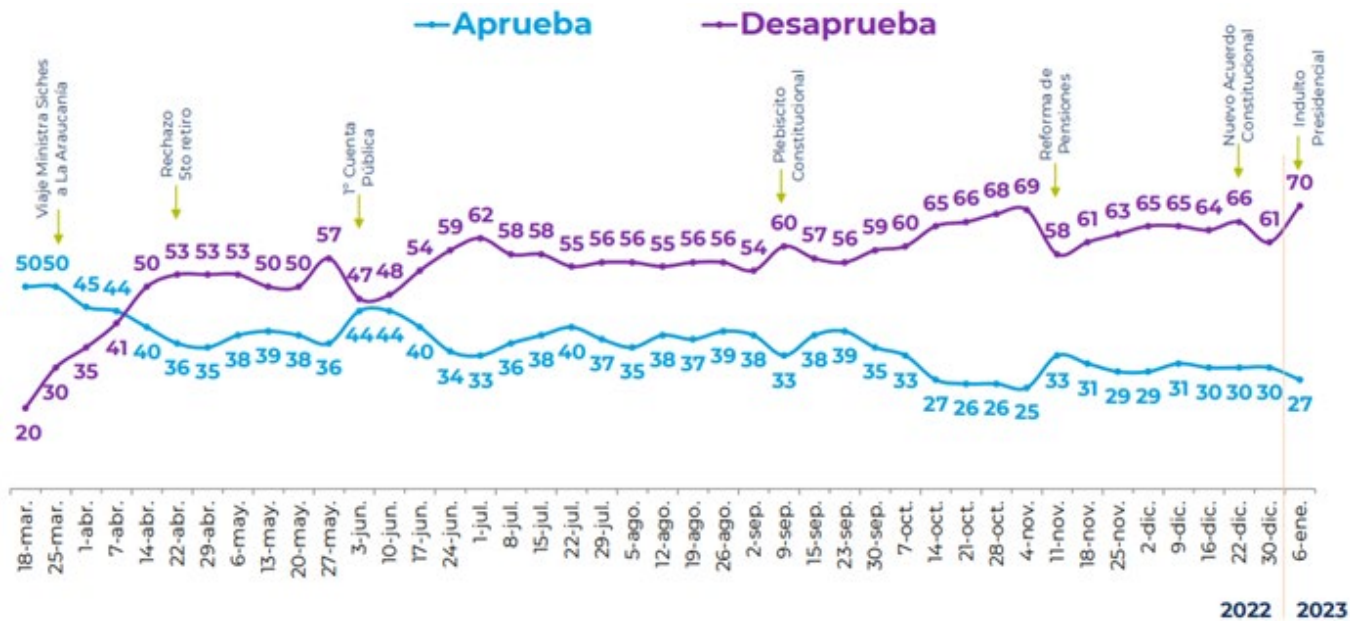
# Langoustines & Mussels



# Final products



# Political situation Chile



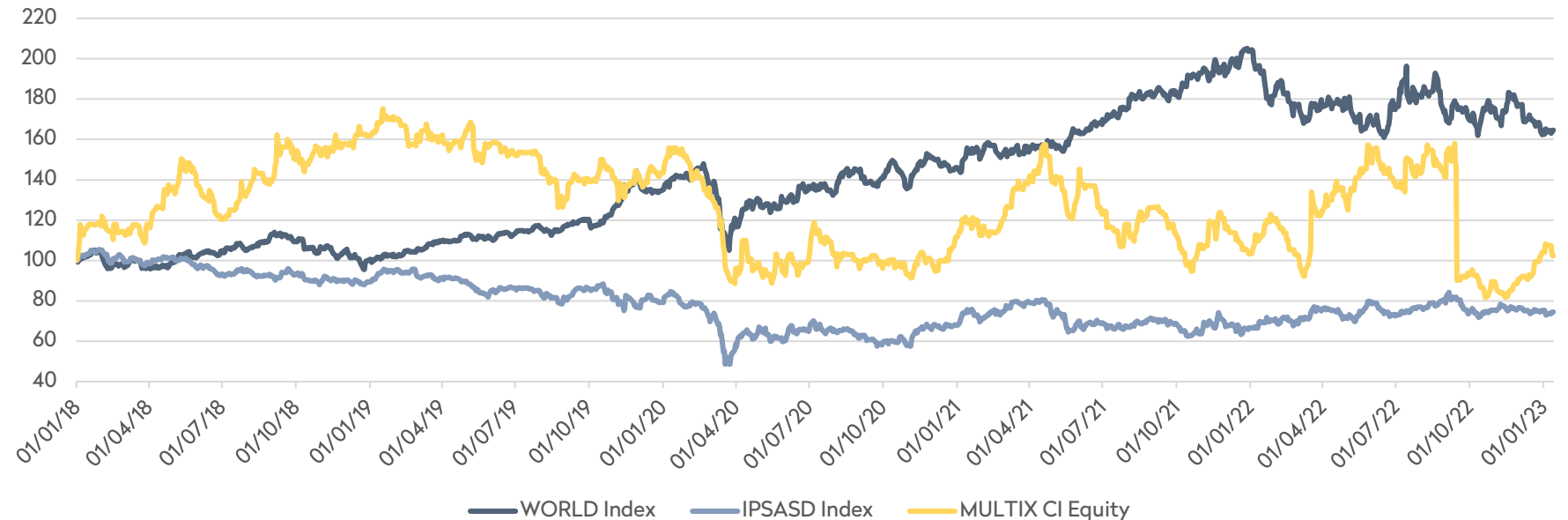
Source: cadem.cl, 12 January 2023

- Protests from 2019, at the end of 2021 the socialist Gabriel Boric (35-year-old) wins the presidential election, at the same time the **parliament remains conservative**
- Broad support for a **new constitution**, nevertheless the new version was **rejected in September 2022** (mandatory vote)
- Approval ratings for the president are at rock bottom (27% approval)

# Chile stock market

- The unrest and the leftward shift unsettled international investors  
→ Burden on stock market
- During the pandemic, citizens had the opportunity to withdraw pension fund assets  
→ Burden on stock market, fueling the inflation

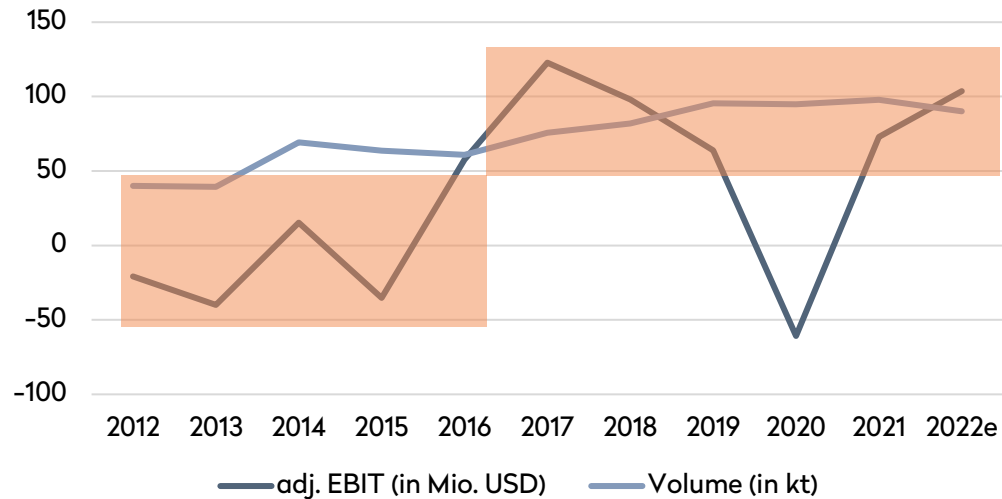
Low valuations lead to **dividend yields of over 10% in some cases**



# Example Multi X

- **Operational improvements, fixed contracts and robust salmon prices led to less volatile results**
- **Salmon industry brought tremendous growth and prosperity to previously sparsely populated regions**

Development Multi X



Source: Multi X, Bonafide



Source: Multi X



# Sustainability



# Artikel 8+ by consideration of PAIs?

---



Publication of a policy explaining how PAIs are considered



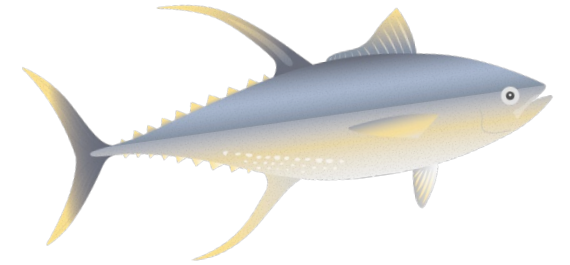
Practical implementation by engaging on binary PAIs



Adaptation of the fund prospectus

# Synthesis

- Compromise for resource tax expected
- Stock markets still pricing in pessimistic scenario
- The Global Fish Fund delivered a convincing 12.47% performance in the last quarter
- Portfolio companies are mostly in the "harvest cycle" of their investments in 2023
- Numerous markets and seafood companies offer investment opportunities for the new year



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



# Contact

---

Bonafide Wealth Management AG  
Höfle 30  
9496 Balzers  
Liechtenstein

+423 388 00 30

[info@bonafide-ltd.com](mailto:info@bonafide-ltd.com)



Christoph Baldegger



[cb@bonafide-ltd.com](mailto:cb@bonafide-ltd.com)



+423 388 00 31



Marco Berweger



[mb@bonafide-ltd.com](mailto:mb@bonafide-ltd.com)



+423 388 00 34

# 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.

## Additional information

Additional information about our publications is available at [www.bonafide-ltd.com](http://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