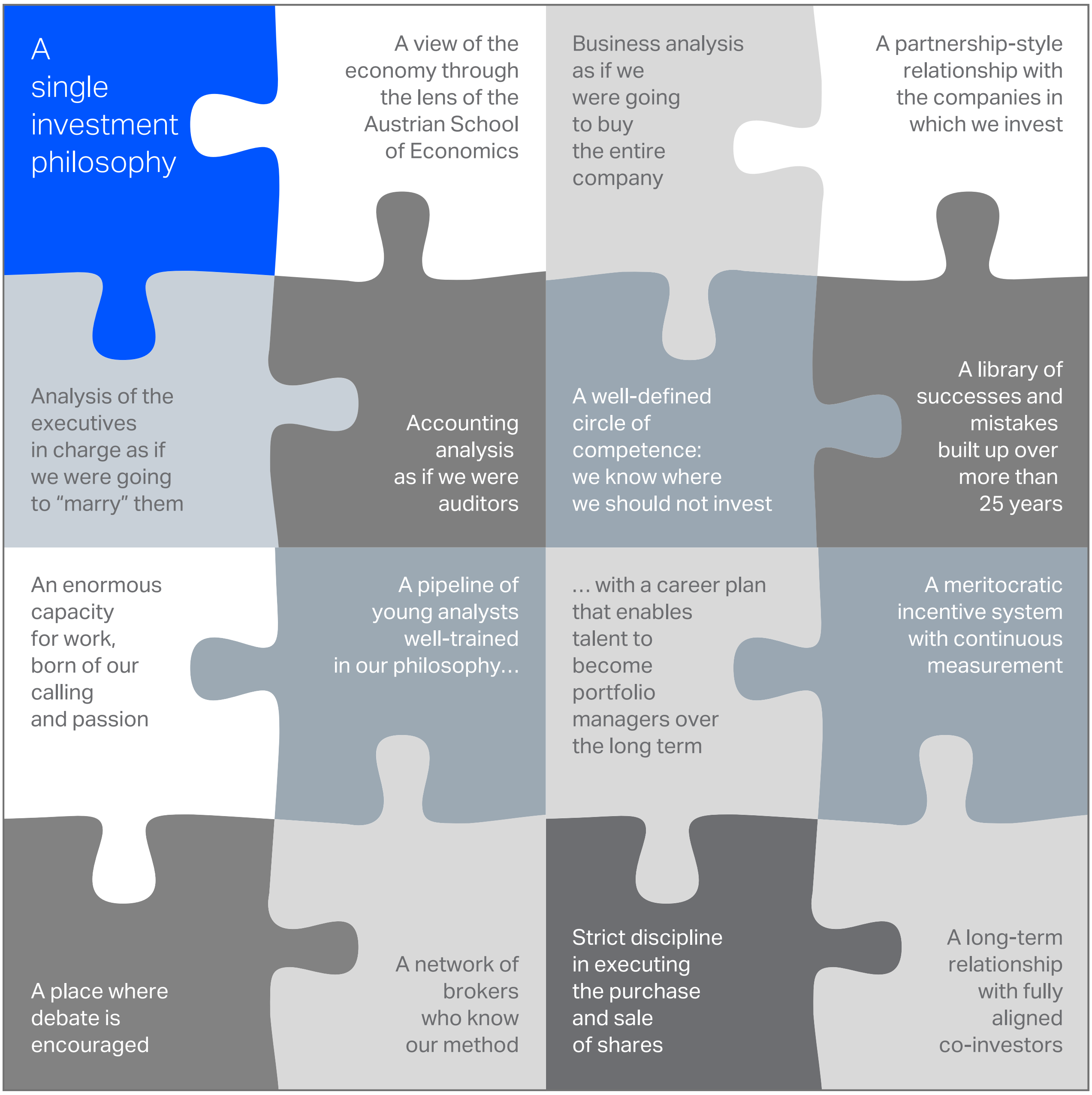
The Azvalor Method

We follow the value investing philosophy, the foundations of which are general and shared with others. But no two value investors are the same: all have different portfolios and, logically, different results.

The Azvalor Method | Operating principles



Azvalor 10 years

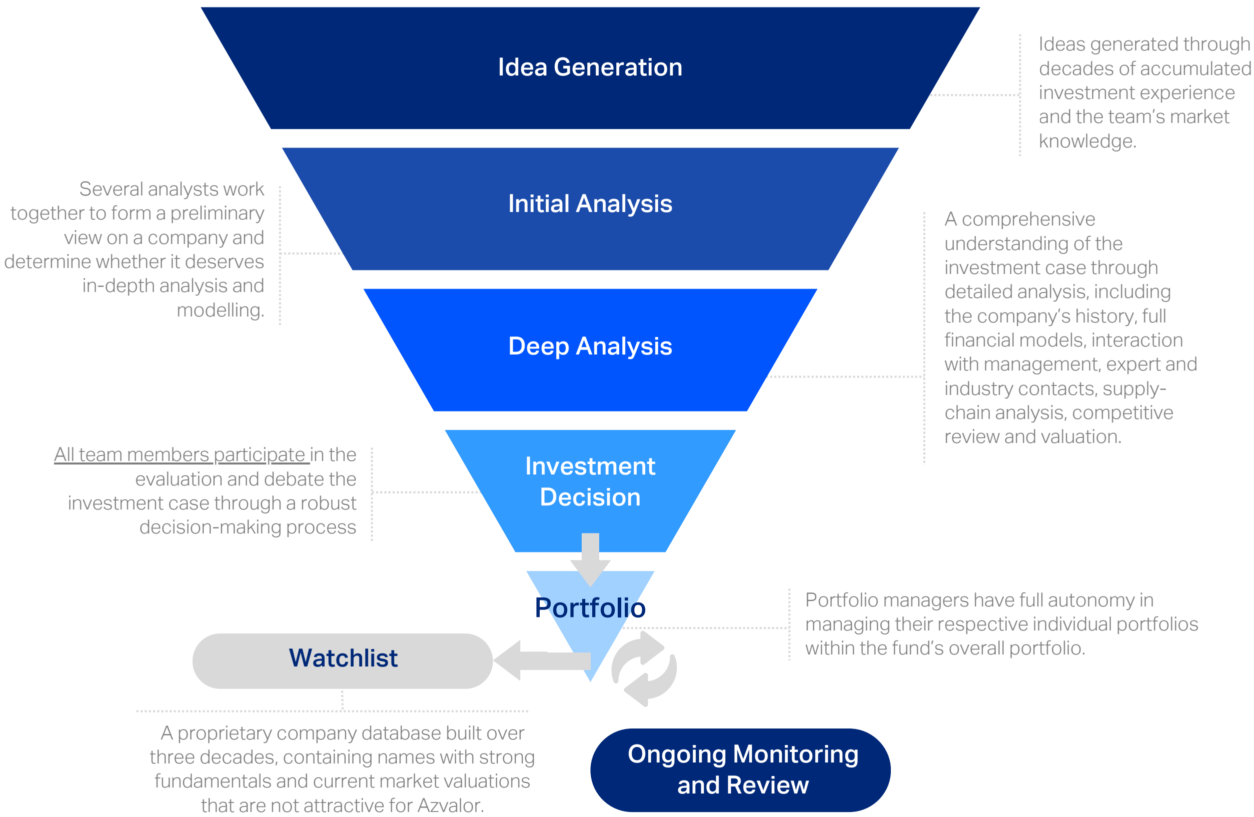
The Azvalor Method

Our investment model is not based on macroeconomic, top-down analysis, but on the individual selection of companies, with a clear focus on their fundamentals – a bottom-up approach. Consequently, exposure to different sectors, geographies or company sizes results from individual company selection, not from a predetermined decision.

Company analysis is the core of our activities. The team spends most of its time seeking to identify high-quality companies characterised by sustainable competitive advantages, high returns on capital employed (ROCE), strong cultures with management teams aligned with shareholders and a market price well below value. This process involves an exhaustive analysis of the company's historical development since inception, a detailed study of its business model and competitive environment, and the verification of information through direct interaction with the management team, expert networks and other relevant industry contacts. This is achieved through rigorous financial modelling to estimate the company's intrinsic value.

The Azvalor Method | Investment process

A rigorous investment approach combining deep analysis, independent judgement and discipline in decision-making.



Azvalor 10 years

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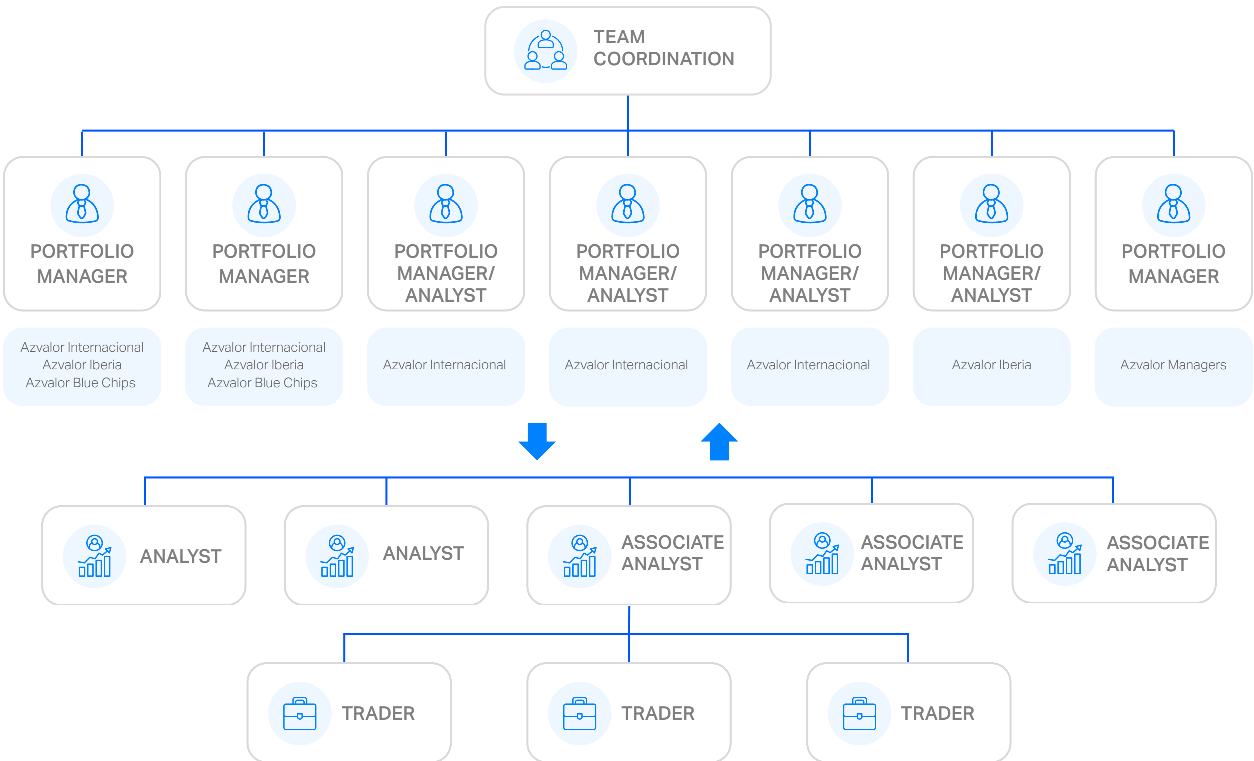
Once this work has been completed, the investment thesis is debated jointly by all team members, who try to "break" it by identifying potential weaknesses or risks. After that debate, each member forms an independent opinion and issues a recommendation as to whether the company is suitable for inclusion in the portfolio.

Subsequently, the team members with management responsibility (portfolio managers) decide, independently and autonomously, whether to invest part of the capital allocated to them in that company, comparing it with other available opportunities. Thus, investment decision-making at Azvalor today rests with a team of seven managers based in Madrid and London. This model aims to reduce individual biases, encourage diverse perspectives, and minimise the risk of error.

Ultimately, we believe this process gives the Azvalor Method an antifragile character: every team member is important, but none is indispensable. Our purpose is to sustain and replicate the good results we have achieved in the past, enabling us to meet our co-investors' financial objectives.

The Azvalor Method | Organisational structure

A structure that reduces individual biases, encourages diverse perspectives and minimises the probability of making mistakes.



Azvalor 10 years