Azvalor.

May 11th, 2021

Dear co-investor,

Azvalor Managers returned +24.6% in the first quarter of 2021. From the trough in March 2020 (when NAV fell as much as 50%) to quarter-end, the fund has appreciated by +113.9%, bringing performance since its inception in late 2018 to +10.45%.

The events of the last twelve months have reminded us an important lesson: not to be carried away by market noise and panic at times when it seems that "the world is coming to an end". This is extremely complicated from an emotional point of view and, in our opinion, the only way to achieve it is relying on **managers who have the right temperament, have experience in this type of situations, and have the anchor of knowing very well the investments made**; the objective and thorough analysis on the companies (financial situation, business development, competitive environment, management team quality, valuation) allows to apply a solid investment process consistently. Our Managers have successfully weathered periods of extreme market stress during their lengthy careers, and instead of panicking, they seized this situation as a unique opportunity, separating chaos from investment opportunity (see letter to Azvalor Managers' investors dated March 18th, 2020).

However, despite the strong recovery in the fund's net asset value, the fact of the matter is that recent returns are typically not very (if at all) good indicators of the quality of a fund, or its future performance. We are in the first miles of the marathon, the finish line is still a long way off, and it does not matter whether you are first or last at this point; the key is how prepared and fit you are for what lies ahead. In other words, going back to the fund, what is **important is the investment model, the process and the team of managers** behind it.

What can we expect from here?

The investments of the Azvalor Managers fund are on the right track: companies without significant financial difficulties, businesses evolving favorably, and those where the business suffered most during the global slowdown already seeing a clear recovery. Companies' cash flows are evolving very positively, which means that, **despite recent price appreciation, the portfolio continues to trade at very attractive prices**; the price to cash flows or price to earnings at the aggregated portfolio level is less than half of that of the MSCI AC World index (Morningstar data as of March 31st, 2021). In short, we are investing in **solid companies, with good businesses, strong management teams, and which are trading at more than a 50% discount** relative to the global equity market. Consequently, we believe that the fund is in an ideal stance to outperform the market in coming years.

The US investment management firm AQR, in its recent presentation "Value Investing: A Historic Opportunity?", commented that the **valuation divergence between expensive and cheap stocks is at levels only seen in three occasions in the last 35 years**. Although the "Value factor" has made a significant comeback since the second half of 2020, this expensive-cheap divergence remains at extreme levels (90th percentile) and is not justified by companies’ fundamentals. In other words, there is still a long way to reaching a reasonable valuation level; **it has only just begun**.

The following chart from Goldman Sachs shows the magnitude and duration of the underperformance of Value stocks versus Growth-style equities~~,~~ since 2008, which helps to put into context the extent of Value’s outperformance in recent months.

Chart Source: Goldman Sachs Global Investment Research

In the same vein, the report “Value versus Growth stocks: The coming reversal of fortunes” published by Vanguard in April 2021 argues the following: “We expect value to outperform growth over the next ten-year period by as much as 5% to 7% per year, and perhaps by even more over the next five years”.

In terms of **risk management**, we are comfortable with the companies in our portfolio and the margin of safety they provide. Our Managers’ emphasis is on protecting against the most relevant risks: paying high prices for the companies, relative to the cash-flows they generate, or disruption risk.

As always, we reiterate our utmost commitment to Azvalor Managers, and rest assured that **we will continue to manage the fund as if it were our own capital because, in fact, it is**. Azvalor’s partners and employees are, as a group, the fund’s largest investor.

We would like to conclude this letter thanking you again for your trust and reminding you that you may contact our Investor Relations team and/or Javier Sáenz de Cenzano, Head of Azvalor Managers, for any questions you may have.

Sincerely,

Azvalor Team

APPENDIX I

Below there is a brief description of the Managers selected for the fund. They are the same since the fund's inception in late 2018; we follow them very closely and maintain full conviction on all four:

DS | DONALD SMITH & COMPANY

Firm founded in the early 1980s by Donald Smith, a former student of legendary investor Benjamin Graham, Warren Buffett's intellectual father. Richard Greenberg is now Co-Chief Investment Officer and has managed portfolios alongside Donald for nearly four decades. The investment team is rounded out by four other people, including Jon Hartsel, who joined the firm in 2003 and has nearly 25 years of experience. Its portfolio consists of small- and micro-cap companies in the US.

MOERUS CAPITAL MANAGEMENT

Firm led by renowned asset manager Amit Wadhwaney, who worked for two decades alongside legendary investor Marty Whitman in the US-based investment firm Third Avenue. Amit holds an M.B.A. in Finance from the University of Chicago as well as a B.A. in Economics. He also holds B.S. degrees in Chemical Engineering and Mathematics, and speaks six languages. The firm was founded by Amit in 2015 along with three former colleagues from Third Avenue: Michael Campagna, John Mauro and Benjamin Belfer. Its portfolio invests in companies of any size, sector and region (including emerging markets).

GOEHRING & ROZENCWAJG | Natural Resource Investors

Firm founded in 2015 by Leigh R. Goehring and Adam A. Rozencwajg specializing in natural resource equity investments. Leigh started managing funds in this segment back in 1991, first at Prudential Jennison, and since 2005 at Chilton, where he started working with Adam in 2007, managing one of the world's most successful funds in this area. They are one of, if not the most, experienced investment teams globally in the natural resources sector.

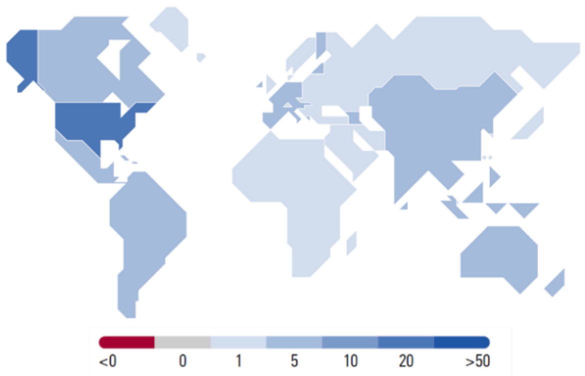
MITTLEMAN BROTHERS, LLC
INVESTMENT MANAGEMENT

Chris Mittleman is the firm's Chief Investment Officer and boasts 30 years of experience. Chris founded the firm with his two brothers in 2002. The firm follows a "Private Equity" approach applied to the universe of public companies, performing a very exhaustive research process on each company, and on some occasions taking an activist role. Its portfolio is concentrated in about 15-20 stocks of any region, sector and size, with a bias towards smaller capitalization companies.

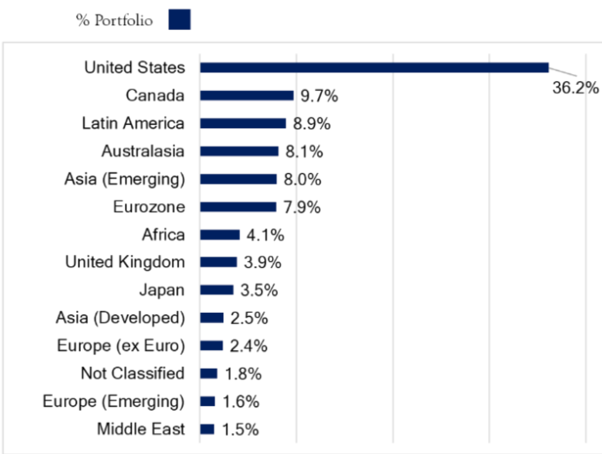
APPENDIX II

The following charts and tables provide further information on the fund's portfolio:

COMPANY REVENUE WORLD MAP

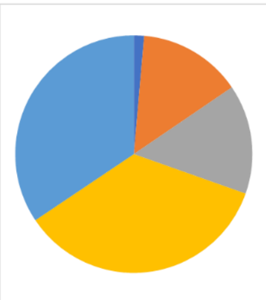


REVENUE EXPOSURE



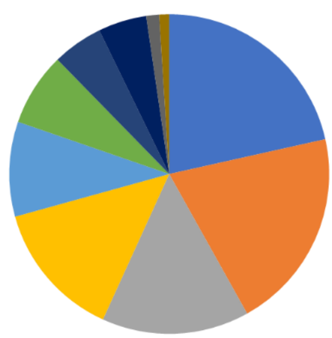
Note: the charts above show the regional exposure of the fund (%) based on the portfolio companies' source of revenue.
Source: Morningstar as of December 31st, 2020.

MARKET CAP EXPOSURE



Giant	0.7%
Large	15.9%
Mid	13.4%
Small	47.0%
Micro	22.9%

SECTOR EXPOSURE



Energy	21.5%
Basic Materials	19.5%
Industrials	14.9%
Consumer Cyclical	16.9%
Financial Services	9.9%
Communication Services	4,6%
Consumer Defensive	4.2%
Real Estate	5.2%
Technology	1.2%
Healthcare	1.9%

Note: excludes cash. Source: Morningstar, as of March 31st, 2021.