April 26th, 2021

Dear co-investor:

First and foremost, we sincerely hope that you and your families are well. After some difficult months for all of us, there is evidence that makes us think we may be getting gradually closer to a sense of normality.

A few days ago we held our 6th Annual Investors Conference without being able to meet any of our investors in order to comply with the health protocol regulating public events. However, it gave us the opportunity to organise our Conference at the headquarters of Kinepolis one of the companies in our portfolios (the conference venue was one of the movie theaters of the Kinepolis complex in Alcobendas). In doing so, we tried to generate the same feel online as we have done in previous years when you were able to attend our annual meetings in person. In spite of being forced to go online, our intention remained the same – to ensure we remained as accountable to all our co-investors as we have been in the past. We hope that on future occasions, we will be able to welcome you physically in the auditorium. The full conference video in English and the complete Q&A is available on our website at this link.

During the conference we shared our strong conviction in the current portfolio, with solid companies, well prepared to withstand any market circumstances we may encounter. After a remarkably difficult 2020, our companies have reaffirmed the good reasons why we decided to invest in them, and not only survived a complicated situation, but also delivered returns which had not previously surfaced. From today's perspective, having weathered a "perfect storm", we envision an attractive horizon for our businesses which continue to offer very attractive returns for all of us as shareholders in absolute terms, and even more so in relative terms, compared to most market alternatives. In the following paragraphs we detail, for each fund, the value and price levels on which we base these assertions.

With regard to the Azvalor team, we continue to incorporate new talent to complement and strengthen the existing team. We expect two new hires this quarter and probably one more before the end of the year, who will work from our analysis office in London, ready to grow after more than three years of operation and very satisfactory outcomes. All of this will result in a progressively greater contribution of all team members to investment decision making, in our effort to consolidate a team, an investment philosophy and a company culture that reflects the vision and work embedded in Azvalor's DNA.

In terms of capital inflows into our funds, during this 1Q21 we had net subscriptions (including our Luxembourg SICAV), a trend that has continued in April. Azvalor's co-investors continue to show strength and conviction, not only by maintaining investments in difficult times, but also by increasing their commitment, as evidenced by the figures for the first months of the year.

Portfolios

Our International, Iberian, Blue Chips and Azvalor Managers funds have continued to climb through the first quarter of 2021 (+16%, +13%, +18% and +24%, respectively). This is the fourth consecutive quarter with significant increases. However, as we emphasized in our annual conference, we believe it is reasonable to expect a period of several years of returns outperforming the market. This is precisely what has happened on previous occasions throughout our investment history, when the starting point of valuations was, as it is today, so attractive relative to the general equity indices.

Iberian portfolio

We have only added one new company to the Iberian portfolio this quarter (Grifols preferred stock). This is a family-owned company and a world leader in plasma-derived medicines. At our purchase price we paid 11 times normalized estimated 2022 earnings, a very attractive level considering the entry barriers of this sector.

We sold our position in Arcelor Mittal, Acerinox, Bankinter and Indra following their sharp increases and consequently lower potential. As a result of these sales, the fund's cash position has improved significantly. Although Azvalor Iberia is a fund exclusively focused on Spanish and Portuguese companies, it has the flexibility to invest (up to a maximum of 10%) in non-Iberian companies. Our intention is to make use of this at very specific moments when the cash position is very high.

Between January and March there have been no substantial changes in the value of the fund's companies, whose **estimated value stands at EUR 203 per stake.**[1]

International portfolio

The first quarter gave us the opportunity to enter several new companies. We discuss below those in which the position taken exceeded 0.5% of the fund.

Arch Resources is a leading producer of metallurgical coal used in steelmaking. At our entry price, Arch shares were trading at a discounted price of USD 133 per ton of metallurgical coal; we consider this price to be insufficient. At our estimated capital intensity for this business, the industry would need a price closer to USD 150 per ton to generate a 10% return after taxes. If our forecast is correct, Arch Resources stock is worth more than double our purchase price.

Gold mining companies have been bearish for months. This has allowed us to buy back **Gold Fields** shares a third cheaper than we sold them just a few months ago. We have also acquired a block of shares in **Kinross Gold**, a company we have been following for more than 7 years, at a very attractive price that gives us a free cash flow yield of 14%, using the spot price of gold. We have also entered **Endeavour Mining**, another gold mining company, at a very attractive price, less than 10 times our estimated profit level, also using the spot gold price.

These purchases were mainly financed with the total sales of our position in **Golar LNG** and **Meliá.** In the case of **Meliá**, we made the exception of buying a Spanish company for our global fund due to the very attractive price (average exchange rate of 3 EUR /share) of its stock at the height of the pandemic. The shares of the company had increased in value by more than 130% when we sold it. Although we still see potential (and maintain it in our Iberian fund), at EUR 7/share the exception is less attractive. We sold **Golar** after a slight decrease in the target price which resulted in a lower upside potential than other alternatives. We also sold **Uranium Royalty**, **Serco**, **Valaris** and **Diamond Offshore**, all positions below 20 basis points.

There were no significant changes in the value of our investments during the quarter. However, our daily monitoring activity prompted us to lower the target prices of International Seaways, Cabot Oil

[1] *The upside potentials indicated in this document have been obtained as a result of the difference between the estimated value of each of the underlying assets of the portfolios, based on our internal valuation models and the prices at which each of them is currently traded on stock markets.*

&Gas, Borr Drilling and Petrofac accordingly. Nonetheless, all of them continue to have high upside potential.

The estimated value of the fund on the date of this letter stands at EUR 261 per stake. Thus, despite the spectacular rallies from the COVID lows (+108% since March 2020), we believe that our turnover strategy (selling what is expensive, buying what is cheap) and the very attractive level of valuation at the end of 1Q21, allow us to expect above-market returns in the coming years.

Azvalor Blue Chips

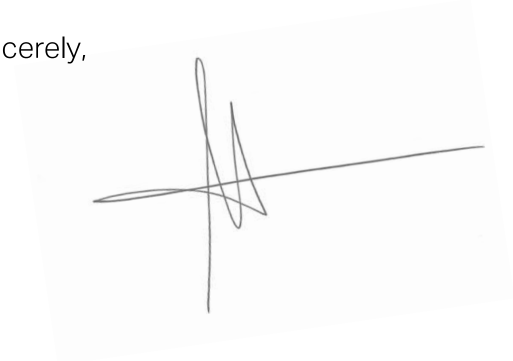
The value per stake stands at EUR 216. The portfolio of this fund is very similar to the Azvalor Internacional. The difference is that it is made up of larger stocks (EUR 20 billion average weighted capitalization), has fewer companies (40 vs. 70) and is more concentrated (the top 15 account for almost 60% vs. 50% in Azvalor Internacional).

Azvalor Managers

After a 113% surge from lows, we believe the fund is still undervalued. The four managers who make up this fund have carved out a long and brilliant investment track record and all of them continue to see very interesting potential for their companies despite the recent hikes. The founding partners have in this fund approximately 10% of their assets invested in Azvalor (which is, in turn, more than 90% of their total financial investments). This would be the adequate exposure for us.

We would like to conclude this letter thanking you again for your trust and reminding you that you may contact our Investor Relations team for any questions you may have.

Sincerely,



Azvalor Team