

14th of September 2021

Dear co-investor:

The fund has returned +3.73% since the end of the first quarter of 2021, delivering a +29.95% return year to date and +14.57% since its launch in late 2018 (data as of 31st of August 2021).

Small and micro-cap companies account for 70% to 75% of Azvalor Managers fund's portfolio, which also benefits from broad diversification across sectors and regions. Each company in the portfolio has been carefully selected by one of the four international investment-management boutiques that comprise the fund. It is worth noting that **three companies in the portfolio have been targeted for takeovers in recent months**. The targeted companies are in very different sectors and the bids were made at prices that significantly surpassed our average entry price:

- CAI International: company dedicated to intermodal container leasing and sales. The bid made by Mitsubishi HC Capital Inc. is 80% over our average cost.
- Verso Corp: North American producer of coated papers. The bid made by Atlas Holdings LLC is 50% over our average cost.
- American National Group: Insurance company. The bid made by Brookfield Asset Management is 130% over our average cost.

We believe this is a **logical consequence of our investment philosophy** of buying companies trading in the stock market at significantly lower prices than their estimated fair value, and then waiting patiently for the market to reflect said value one way or another.

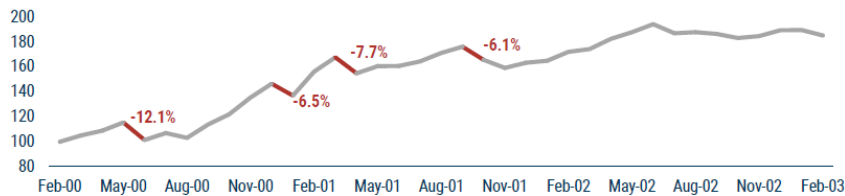
In this sense, although we can not predict short- or medium-term fluctuations in the share prices of the companies in our portfolio, taking a long-term perspective we do know that our stocks remain materially undervalued. **The fund's valuation ratios indicate discounts of over 50% relative to the global equity market** (source: Morningstar). **Seldom have we seen such substantial discounts since the fund's launch**, and we think this opportunity provides an ample margin of safety that will leave us well positioned to outperform the market in coming years, considering the financial strength of the companies in the portfolio and the positive progress of their underlying businesses in recent quarters. It is worth noting that there is practically no overlap of our portfolio with global equity indices.

Investors **should not expect to see the fund deliver positive returns or market outperformance in a straight and uniform line**, as this rarely happens in the investment world. In this sense, the recently released GMO report "*Value vs Growth Reversals: Never a Straight Line*" (see chart below) shows that, even the best three-year period in the history of the value factor vs. the growth factor (February 2000 to February 2003) included some of the all-time worst months for value vs. growth (since 1979).

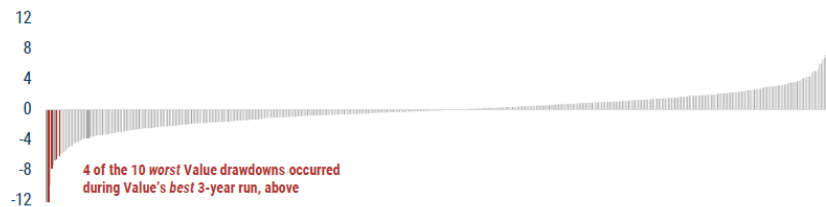
The report reads: “If any investors had lost their nerve during any one of these drawdowns, they would have also lost out on the trade of a lifetime.”

THE BEST 3-YEAR PERIOD FOR VALUE VS. GROWTH ALSO SUFFERED SOME OF ITS WORST DRAWDOWNS

Value vs. Growth: The Best 3-Year Period in History (U.S.), 2000 to 2003: Cumulative Return of 85.6%



Value vs. Growth: Monthly Returns, Worst to Best, 1979 to 2021



Source: GMO “Value vs Growth Reversals: Never a Straight Line”, July 2021

Lastly, we would like to report that Azvalor Managers was recently invited to take part on **Gurufocus Value Investing Live**, a leading global platform specialized in investments. Javier Sáenz de Cenzano and Chris Mittleman were honored to appear on a channel that has featured legendary portfolio managers such as Bruce Greenwald, Jean-Marie Eveillard and Mario Gabelli. The full video is available on Azvalor’s YouTube channel (link [here](#)).

As we have stated in the past, we are fully committed to Azvalor Managers, and we wish to reassure investors that **we manage the fund as if it were our own capital because, in fact, it is**. We continue to invest our personal savings in the fund, as anchor investors.

Once again, we wish to thank you for your trust and we welcome any questions or comments to our Investor Relations team and/or Azvalor Managers’ head, Javier Sáenz de Cenzano.

Sincerely,

Azvalor SGIIC

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 in all four:



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 co-CIO Jon Hartsel, who joined the firm in 2003 and has nearly 25 years of investment 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).



Natural Resource
Investors

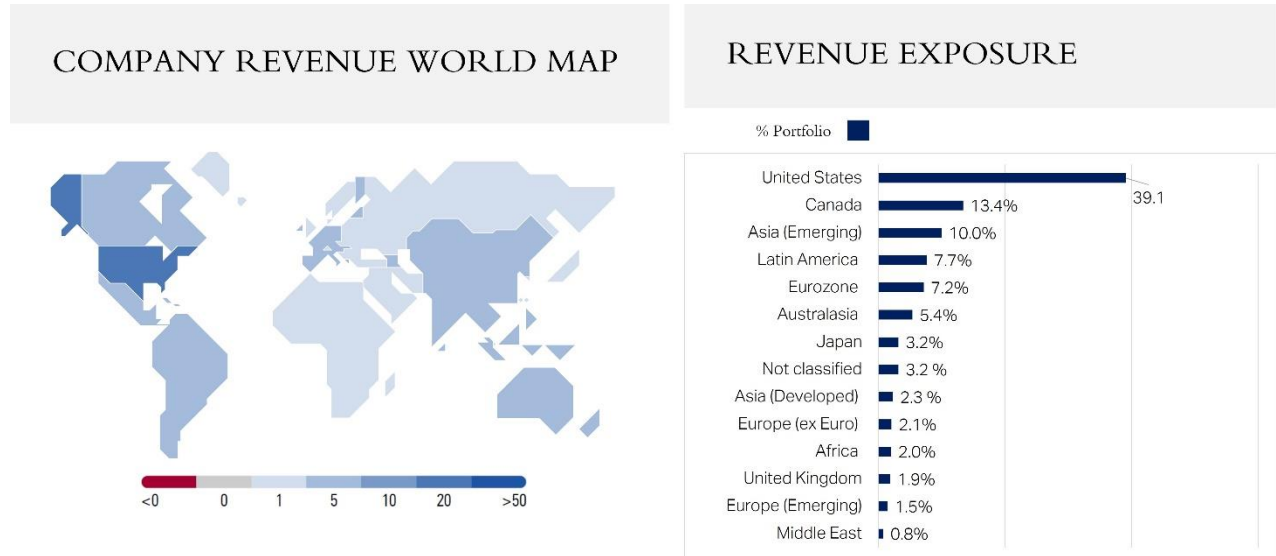
Firm founded in 2015 by Leigh R. Goehring and Adam A. Rozencwajg specializing in natural resource equity investments. Leigh started managing funds in this segment back in 1991, first at Prudential Jennison, and since 2005 at Chilton, where he started working with Adam in 2007, managing one of the world's 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

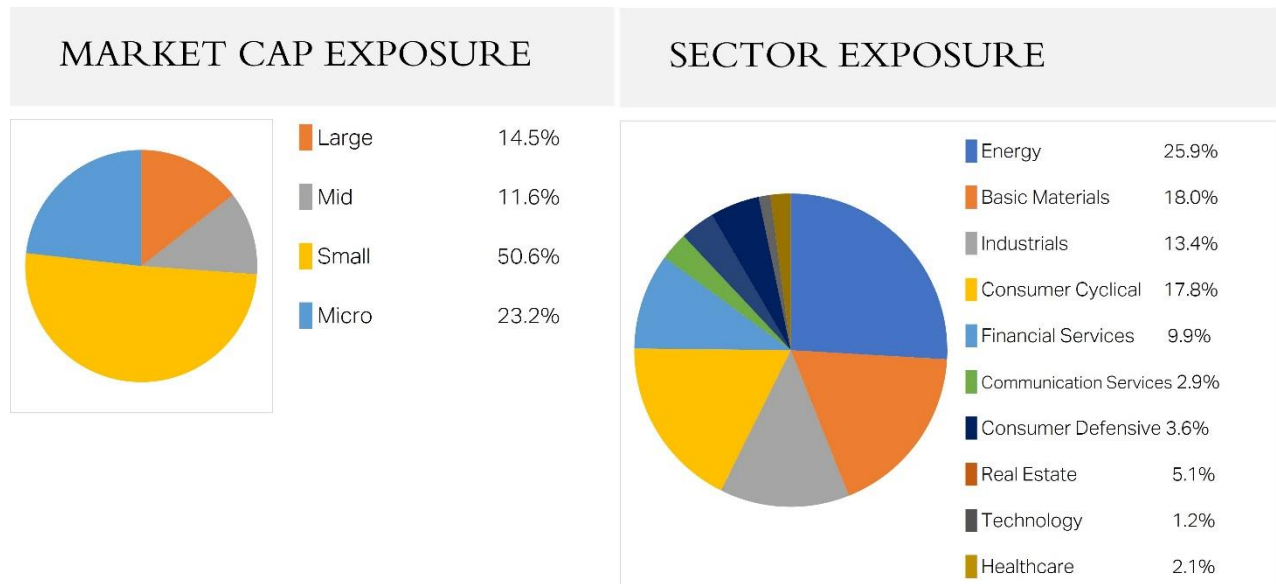
Chris Mittleman is the firm's Chief Investment Officer and boasts 30 years of experience. Chris founded the firm with his two brothers in 2002. The firm follows a "Private Equity" approach applied to the universe of public companies, performing a very exhaustive research process on each company, and 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 updated information on the fund's portfolio:



Note: The chart shows the fund's regional exposure (%) on the basis of generation of revenues of the companies in the portfolio; Morningstar data as of 30th of June 2021.



Note: Liquidity not included. Source Morningstar as of 30th of June 2021.