Azvalor.

30th of November 2021

Dear co-investor:

November marks the third year anniversary of the Azvalor Managers fund. It has currently over 500 co-investors and more than 40 million euros under management. **We wish to thank all the co-investors for their trust** and for making the fund's consolidation possible.

Since our last letter in September the fund has delivered a significant return, in line with that seen earlier in the year, and the cumulative return since inception in late 2018 stands at +34.22% (data as of latest NAV, Nov 25th 2021). Looking beyond past returns, the most relevant matter is where **the fund currently stands in terms of valuation,** and consequently what the performance expectation is for coming years. Before delving into this question, we must mention several recent developments at the portfolio level:

- Many of the companies in our portfolio whose share prices recently increased are benefitting from significant **growth in earnings and cash flows**, which makes their valuation multiples still appealing.

- In other cases, the portfolio managers **sold off companies whose share prices had risen significantly and got closer to fair value.** They used the proceeds to take advantage of new opportunities that still offer hefty discounts, thus keeping the portfolio in a constant state of "rotation", in order to maintain its upside potential.

- Lastly, **numerous companies in the portfolio were targeted for takeovers** at much higher prices than our average cost. This capital was used to buy companies whose share prices remained far from fair value, in line with the aforementioned "rotation."

Consequently, the fund's valuation ratios still reflect a discount of **over 50% to the global equity market.** According to Morningstar data the **Azvalor Managers fund is trading at 9.26 times earnings** (index at 18.16 times) and **1.08 times book value** (index at 2.63 times). The following table puts these valuation ratios into historical perspective, showing how the ratios looked like in previous years:

	CURRENT	2020	2019	2018
P/E (TTM)	9.26	9.97	10.97	9.32
P/BV	1.08	0.8	0.77	0.81

Source: Morningstar

As it can be observed, P/BV has mildly increased lately but P/E has seen little change or is even slightly lower. Although this is just a basic way of assessing the aggregate market valuation of the portfolio, we believe it **reveals the significant discount at which it is still trading.**

It must be noted that **many of the portfolio companies had been materially penalised in price over the last five and ten years.** A case in point: The average share prices of the portfolio companies at this time are 47% below the highs they have respectively registered at some point in the last decade. **The recent upturn in price is just a partial recovery of what the portfolio managers estimate is their fair value, so**

there is still significant room to deliver returns. In summary, with a long-term perspective we think the portfolio offers a margin of safety to generate solid returns and to outperform the market in coming years.

But, how are the Managers able to find such undervalued opportunities in a market where certain indices are at all-time valuation highs? The main reason is that our Managers evaluate **companies that are not widely known** (75% of the portfolio is in small and micro-cap companies), and they have a contrarian mindset through which they look into unpopular **segments of the market**, applying investment processes that have been successfully proved for decades. In a context in which the divergence of valuation between over-priced and under-priced companies remains at an extreme (see chart below), we think this is the most prudent way of investing for the long-term. The last time this divergence was so wide (in the late 1990s), it marked the **onset of several years of value investing beating the market.**

As of 9/30/21 | Source: GMO
Composite Valuation Measure is composed of price/sales, prices/gross profit, price/book, and price/economic book

We manage the fund as if it were our own capital because, in fact, it is. Our commitment to the fund is reflected in the fact that Azvalor's team and their families hold 18% of the fund's assets.

Lastly, see here an article about the Azvalor Managers fund recently published on the financial journal Expansión. Once again, we thank you for your trust and we welcome any questions or comments to our Investor Relations team.

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:

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 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).

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.

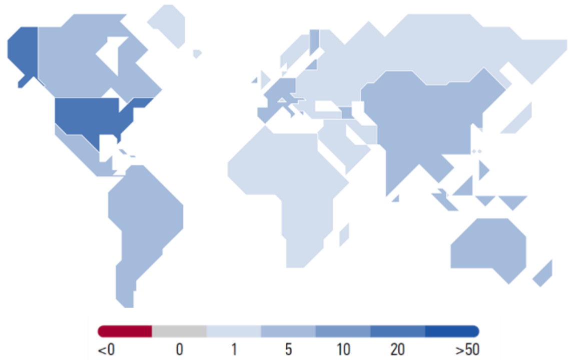
MITTLEMAN BROTHERS, LLC
INVESTMENT MANAGEMENT

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.

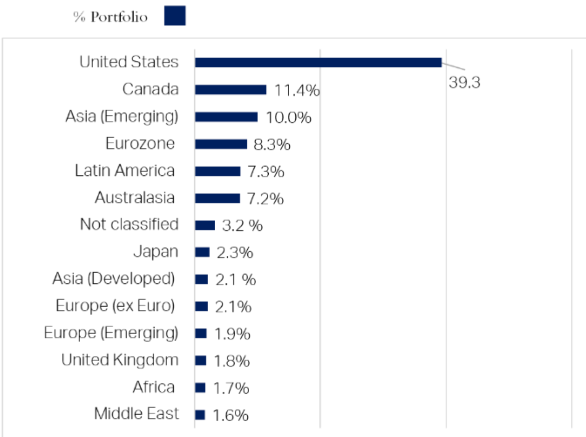
APPENDIX II

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

COMPANY REVENUE WORLD MAP

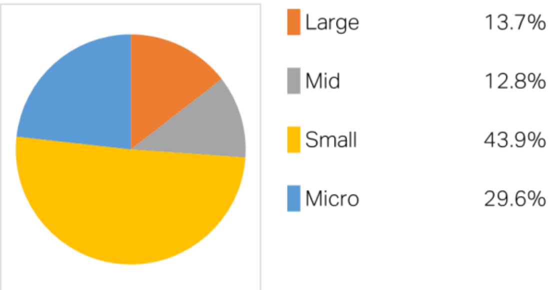


REVENUE EXPOSURE

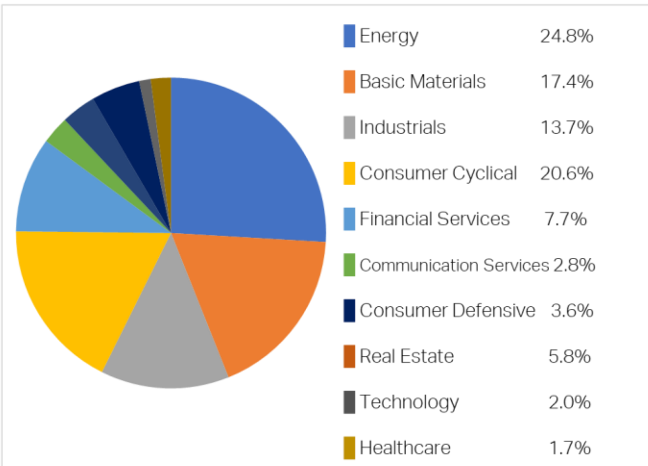


Note: The chart shows the fund's regional exposure (%) on the basis of generation of revenues of the companies in the portfolio; Morningstar data as of 30th of September 2021.

MARKET CAP EXPOSURE



SECTOR EXPOSURE



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