

May 13th, 2019



**Javier Sáenz
de Cenozo**

Head of Azvalor
Managers FI

Dear investor,

First of all, I sincerely appreciate your interest in [Azvalor Managers](#).

The fund's assets continue to grow steadily and currently stand at around 15 million euros. The 30% cash position with which we started the year slightly hampered the fund's performance relative to the index and peer group in the first quarter, especially in January's strong market, but since then the **portfolio** has increased its equity exposure to a point now where we consider the portfolio **fully implemented**, with a residual cash level.

From an operational standpoint, everything is running smoothly, and we can say that, after the fund's launch in November last year, it is now at cruising speed. In that context, at the beginning of March, we reduced the **minimum initial investment** to €5,000 (€500 for investors under 23-years old), in line with the rest of our funds. On the other hand, a clone fund in **Luxembourg** (Master-feeder structure) is pending approval and will be available very shortly.

A few weeks ago, we had the pleasure of having **Amit Wadhwaney**, founder of Moerus Capital, visiting us in Madrid, and please see [here](#) the interesting chat we had with him. Amit explained how he got started in the investing world, his experience working alongside Marty Whitman, and delved into the investment philosophy that led to spectacular returns in his nearly twenty years at Third Avenue, and which he continues to apply now at Moerus, together with his experienced team. In late 2018, we also had the opportunity to have with us two of our other Managers, [Goehring & Rozencwajg](#) and Mittleman Brothers.

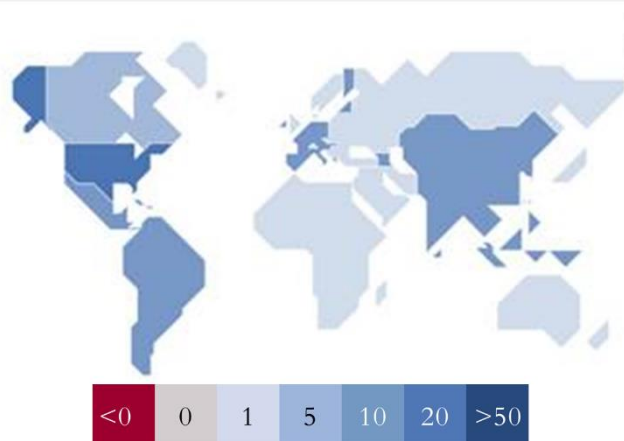
Despite the fast price appreciation of the portfolio (+11.20% year-to-date thru April 22nd), it continues to **trade at a substantial discount** both relative to the market and in absolute terms, with a price/earnings ratio of 9.3 times, and a price/book value ratio of 0.8 (Morningstar data as of April 22nd, 2019). In our regular discussions with each of the Manager, which this time included a visit to New York in early April, the overarching comments is that the fund's companies are in general in good shape, in terms of business' evolution and prospects, and investing in them at these prices makes us optimistic about the long term outlook of the fund; the **estimated upside potential** at the end of March is 117% (calculated from each Manager's respective estimated upside potential).

The portfolio is sector and geographically diversified, with **exposure to mostly all regions in the world**, including emerging markets, where it holds around 15%. On the other hand, the fund invests in companies of all market capitalizations, ranging from mega-cap stocks to micro-cap names. In aggregate, the fund owns 94 companies, so on average around 20-25 names per Manager. As usual, almost 100% of the portfolio is in companies that are not part of the index (the fund's active share is 99.42% relative to the MSCI AC World Index, as of the end of March); **the Managers invest in their best ideas**, wherever they may be.

The following charts provide further information on Azvalor Managers' investment portfolio:

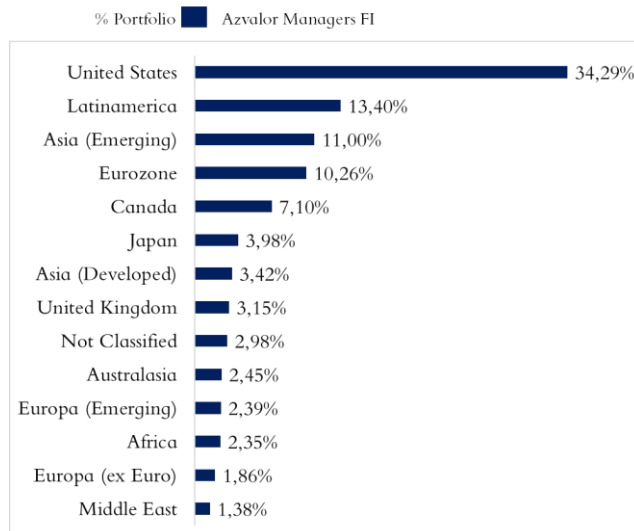
COMPANY REVENUE WORLD MAP

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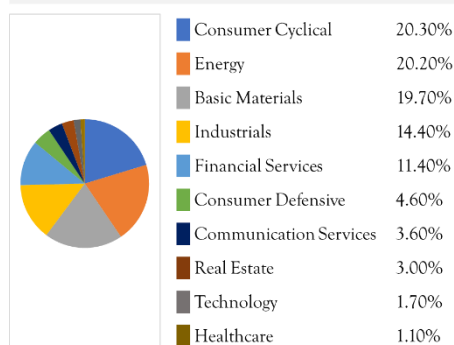
REVENUE EXPOSURE

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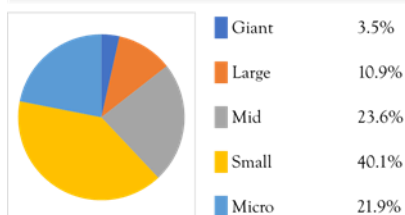


Note: the chart shows the regional exposure of the fund (%) based on the underlying companies' source of revenue.

SECTOR EXPOSURE



MARKET CAP EXPOSURE



TOP 10 HOLDINGS

Portfolio Weighting %	
Aimia Inc	5.50%
AMC Entertainment Holdings Inc Class A	2.66%
Revlon Inc A	2.62%
Clear Media Ltd	2.37%
Spectrum Brands Holdings Inc	2.37%
International Game Technology PLC	2.12%
Nutrien Ltd	1.98%
BR Properties SA	1.83%
Tidewater Inc	1.67%
Arcos Dorados Holdings Inc	1.67%

Note: excludes cash. Source: Morningstar, March 31st, 2019.

If you have any questions or comments about the fund, please do not hesitate to contact us.

Thank you for your support,

Javier Sáenz de Cenzano