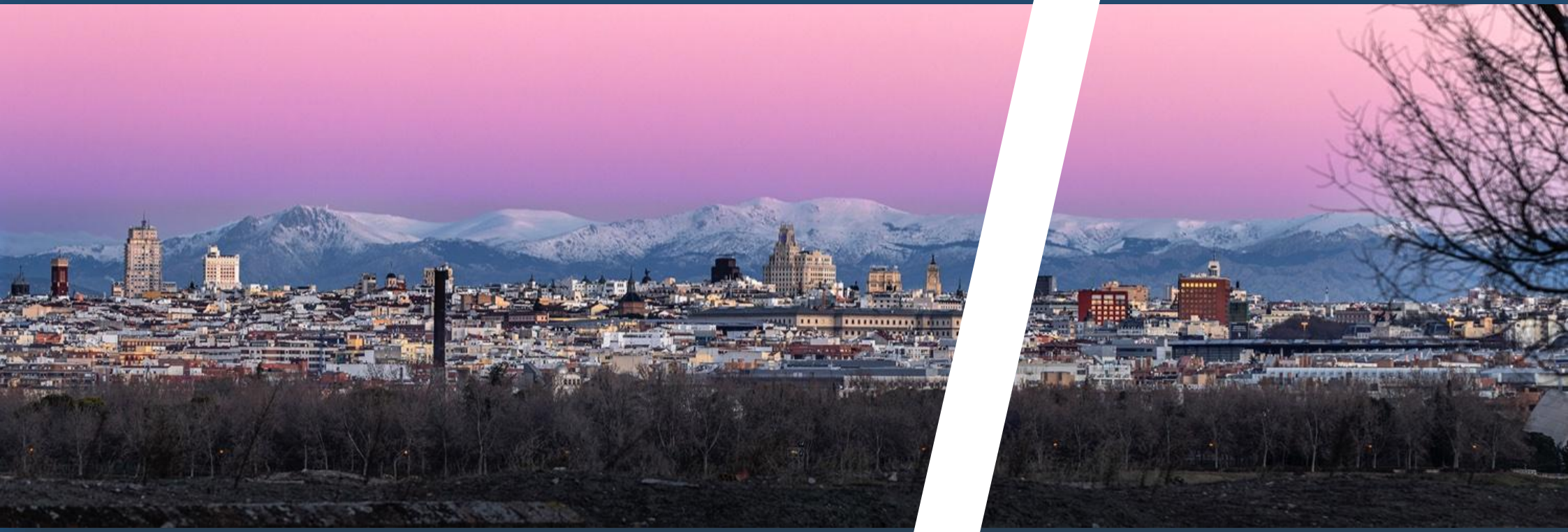
CIANCA CAPITAL



HERITAGE PROJECT

INVESTMENT STRATEGY

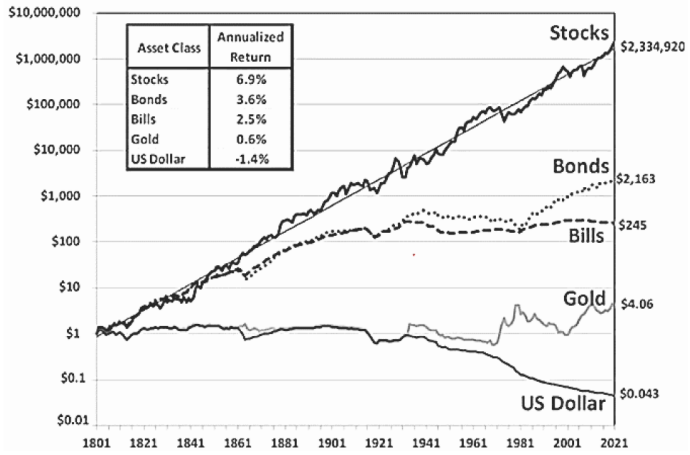


A. Equities

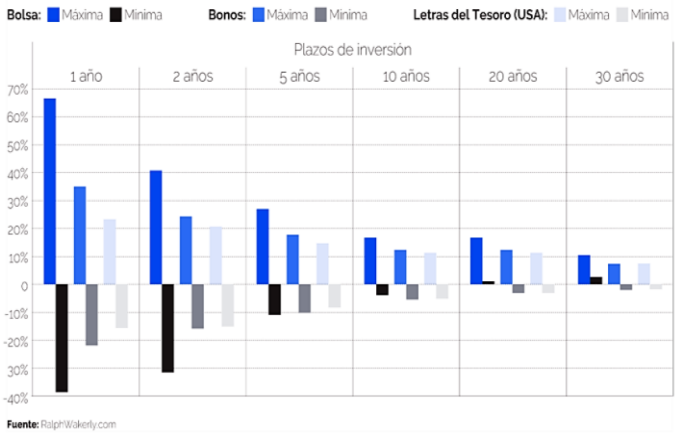
Compounding capital in the long term

Equities is the best real asset in terms of long-term profitability
Long-term equity investment as a differential factor to compound capital

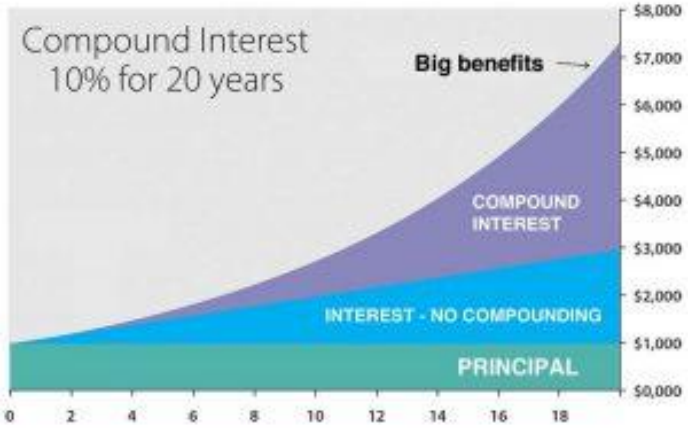
Real returns per asset (1801-2021)



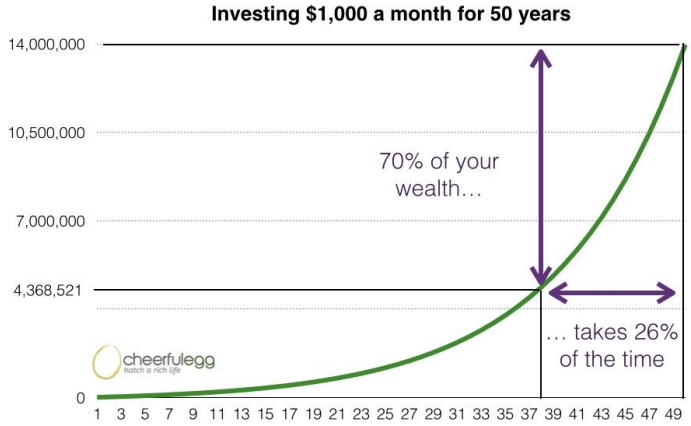
Risk returns per asset



Returns evolution: compound capital



Returns evolution: wealth creation



Comments

- **Investment in equities as the best real asset in terms of long-term profitability** as well as with less risk in long term investment periods

  - Real assets as value protection against inflation

- **Important to stay invested and compound its value in the long term**

  - Compound capitalization generates extraordinary returns in the long term by generating returns on previous returns

"Compound interest is the eighth wonder of the world" Albert Einstein

  - As a consequence of the above, most of the returns are generated at the final time of the investment

"The art of (not) selling" Chuck Akre

"Always invest for the long term: someone sits today in the shade of a tree planted a long time ago"
W. Buffett

Source: Jeremy Siegel, "Stocks for the Long Run" (2023), RalphWakerly.com

B. The Family Advantage

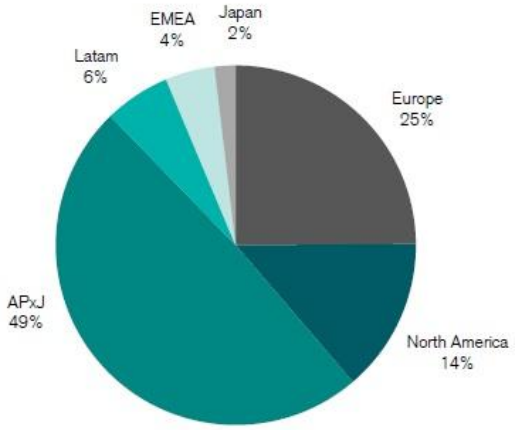
Family-owned alpha

Publicly traded family-controlled companies consistently generate greater long-term performance mainly due to a long-term investment focus, a greater aversion to risk and a heritage dimension

Price evolution (base 100)



Geographic breakdown (%)

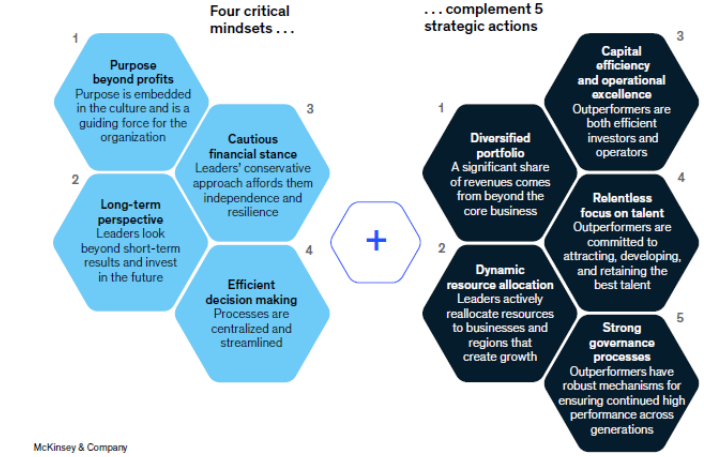


differential factors

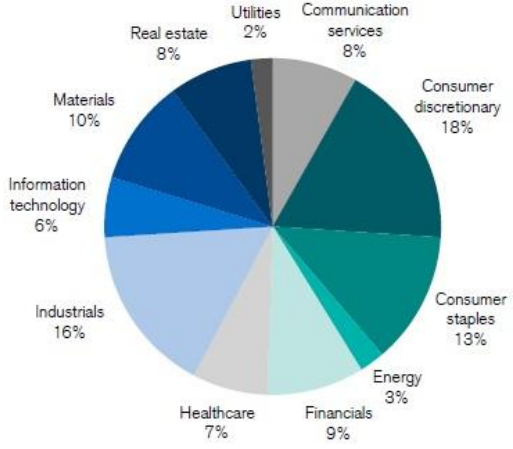
Main factors for which family companies generate a higher valuation vs. rest of the companies:

- ▲ **Long term investment focus**
- ▲ **Generate superior revenue growth, more profitable and higher cash flow generation**
- ▲ **Frugality**
- ▲ **Greater prudence in decision making and risk aversion**
- ▲ **Lower level of financial leverage**
- ▲ **Focus more and higher investment in Research and Development**
- ▲ **Heritage dimension**
- ▲ **Greater social responsibility** with its employees, customers, suppliers and other stakeholders
- ▲ **More effective general governance**
- ▲ **Talent retention**
- ▲ **Their name is often on the door!**

Creation formula



Sector breakdown (%)



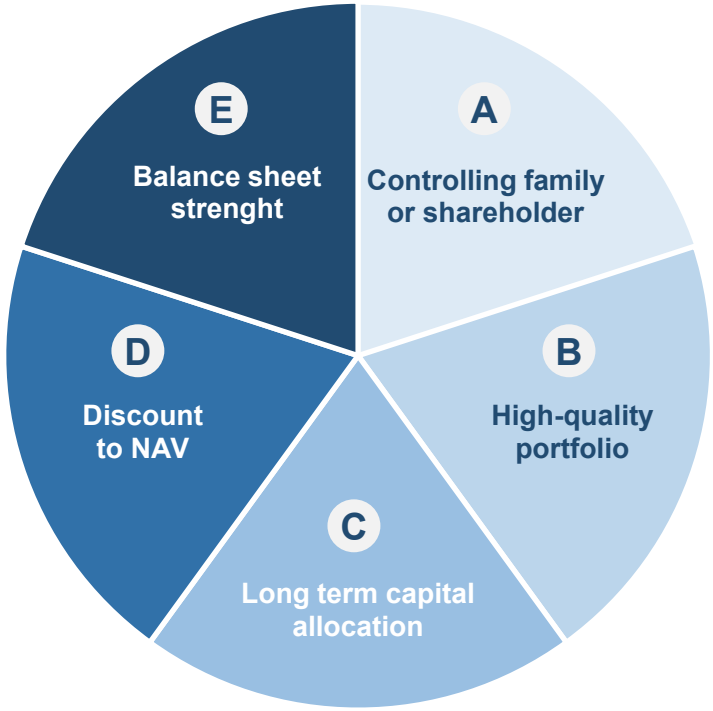
Source: Credit Suisse: "Family Business: Premium Performance" (Sep. 18 + updates), Credit Suisse: "Swiss Family business Model" (Sep. 17), UBS: "Why do Family controlled public companies Outperform" (Apr. 15), Harvard Business School: "What you can learn from Family Business" (Nov. 12), National Bank of Canada: "The Family Advantage" (commenced Oct. 15, latest Jun. 22)

C. A Unique Investment Philosophy

Publicly traded family-controlled companies

Our investment universe are publicly traded family-controlled holding companies with investment portfolios of high-quality listed and/or unlisted companies, a strong track record of capital allocation, trading at a discount to fair value and with a solid balance sheet

Investment criteria



Investment characteristics

- Characteristics to consider in the universe of publicly traded family-controlled companies as an investment:

A. **Presence of a controlling family or shareholder** with a long-term vocation and strategic vision

B. **High-quality portfolio of listed and/or unlisted companies** with the potential for sustained, above average, long-term growth

C. **Strong track record of capital allocation** with returns in excess of broader equity markets

D. **Investment in companies trading at a discount to their net asset Value**, preferably with a catalyst to reduce the discount

E. **Solid balance sheet** with limited financial indebtedness

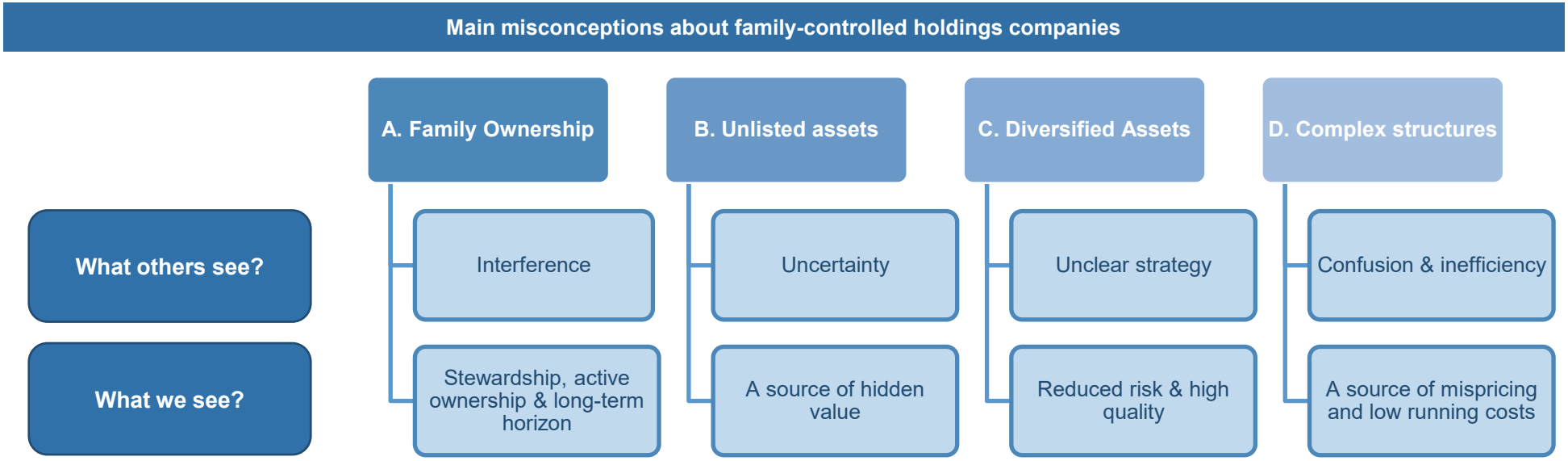
\+ **The combination of a portfolio of high-quality companies managed by long-term capital allocators** create the potential for superior asset value growth

\+ **Investing in companies that trade at a discount to their Net Asset Value** provides an additional source of return

Investment Strategy

Competitive advantage

Our competitive advantage is supported on general misconceptions about family-controlled holdings companies



- Holding companies structures attract inefficiencies and general misconceptions, among others:
  - A. Family involvement fundamentally under-appreciated despite record of value creation & outperformance
  - B. High quality nature of assets (listed and unlisted) missed due to holdings structures
  - C. Asset diversification is preferred to be done directly by the investor vs. holdings companies
  - D. Family-controlled holdings companies are under-researched, over-looked and inefficiently priced

Investment Strategy

Additional differental layer: HoldCos + Serial Acquirers

Additional characteristic of this investment universe is that comprises mainly serial acquirers HoldCos with an unrelated business portfolio

Buckets of serial acquirers				
Type	**Roll-up**	**Platform**	**Accumulator**	**HoldCo**
Degree of Integration	High			Low
Characteristics	Non-differentiated products Scale driven synergies targets	Product differentiation, Susidiary clustering Shared operational excellence programs	Product differentiation, Little to no integration Shared operational excellence programs	**Diversified business portfolio** **Influence only-via board representation**
Examples	▪ Berry Global ▪ Johnson Service ▪ Waste Management	▪ Assa Abloy ▪ Danaher ▪ Lifco ▪ Roper	▪ Addtech ▪ Constellation Software ▪ Judges Scientific ▪ Vitec Software	▪ **Berkshire Hathaway** ▪ **Fairfax Financial** ▪ **Investor AB**

Source: [x]

INVESTMENT STRATEGY: CURRENT PORTFOLIO

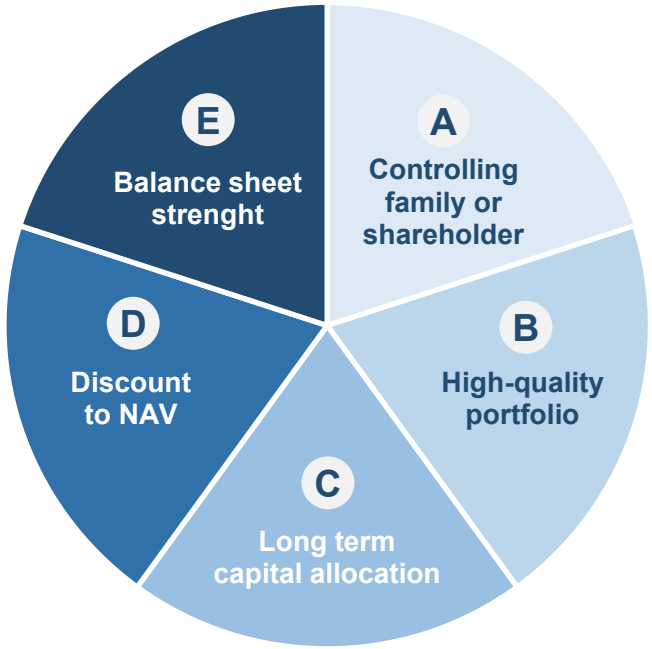


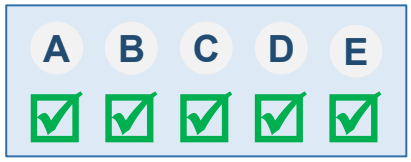
Investment Strategy: Current Portfolio

Brief Summary

The current portfolio complies with the invest criteria set on our investment strategy

Investment Criteria	Current Portfolio





investor · Brookfield · Berkshire Hathaway Inc. · Markel Group

Fairfax Financial Holdings Limited · LE · Latour

Investment Strategy: Current Portfolio

A. Controlling family or shareholder

The philosophy is to invest in publicly traded family-controlled holdings with a long-term vocation and permanence in the capital…

Publicly traded family holdings

investor	Brookfield	Berkshire Hathaway Inc.	Markel Group
Foundation: 1916 **Wallenberg Family**	**Foundation:** 1899 **Management**	**Foundation:** 1839 **Buffett Family**	**Foundation:** 1930 **Markel Family**
Fairfax Financial Holdings Limited	LE	Latour	
Foundation: 1985 **Watsa Family**	**Foundation:** 1944 **Lundberg Family**	**Foundation:** 1985 **Douglas Family**	

This investment universe is often off the radar of other funds, usually due to their unconventional structures, size and/or illiquidity

Investment Strategy: Current Portfolio

B. High-quality portfolio

…that owns a high-quality portfolio of listed and/or unlisted companies with the potential for sustained, above average, long-term growth

High-quality portfolio of companies owned by publicly traded family holdings

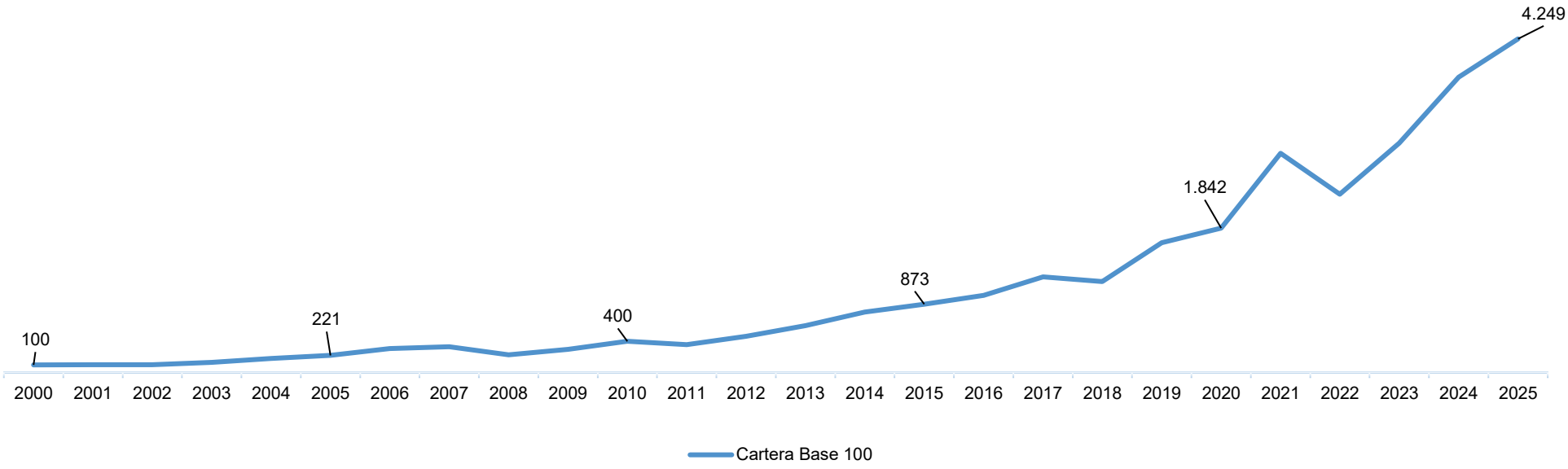


Investment Strategy: Current Portfolio

C. Capital allocation

Strong historical track record of capital allocation, generating substantially higher returns (CAGR 00-25: 16.18% / MoM: +42.5x since year 2000 with dividends)

Historical evolution (2000-2025) of current portfolio (equal weighted) (Base 100)



	Investor	Brookfield C.	Berkshire H.	Markel	Fairfax	Lundberg	Latour
CAGR 00-25	14,3%	22,9%	9,9%	10,4%	12,2%	13,1%	15,4%
2020-2024	20,0%	24,6%	16,8%	15,8%	45,8%	3,9%	4,0%
2015-2020	18,1%	17,7%	11,9%	3,2%	(6,0%)	14,4%	22,8%
2010-2015	22,4%	15,4%	10,4%	18,5%	12,6%	15,2%	24,1%
2005-2010	5,2%	15,3%	6,3%	3,6%	21,7%	10,6%	18,7%
2000-2005	6,8%	43,4%	4,5%	11,9%	(5,5%)	22,1%	8,7%

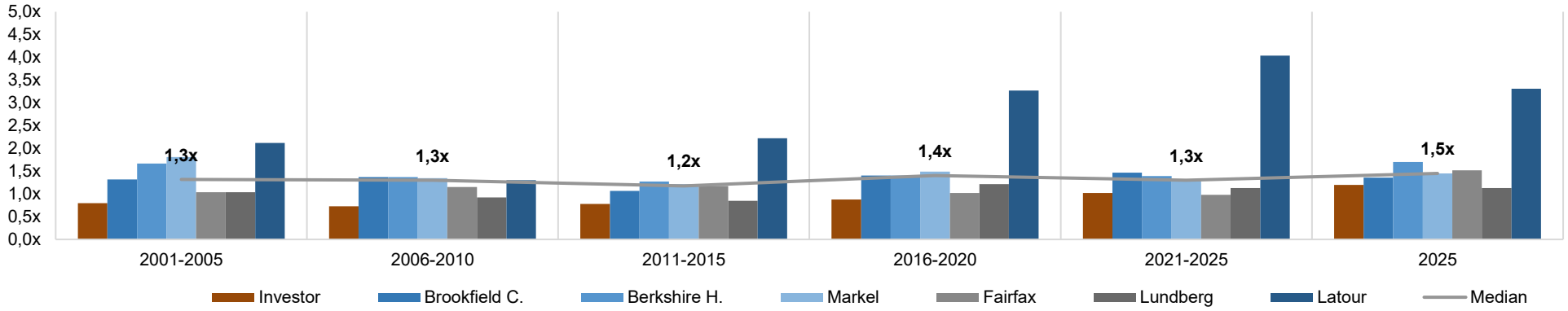
Source: Bloomberg

Investment Strategy: Current Portfolio

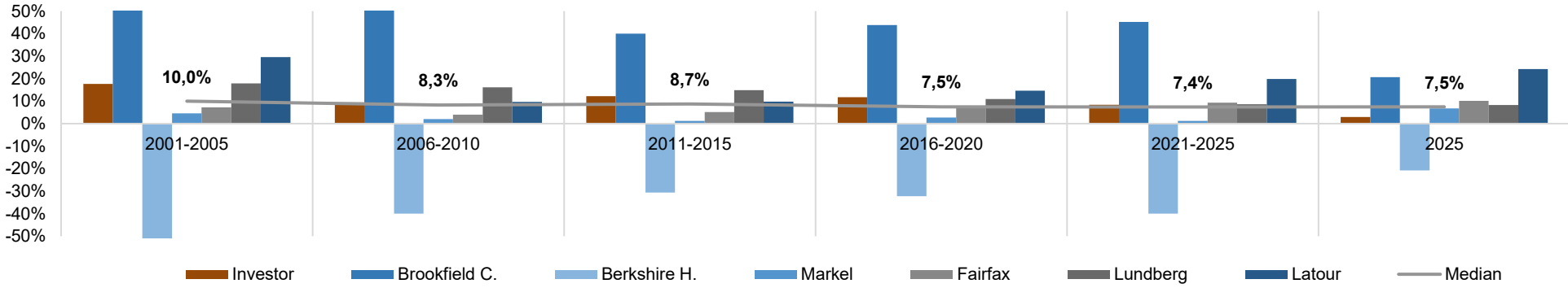
D+E. Discount to NAV + Financial strength

Substantilly historical higher equity returns mainly due to the positive evolution of financial fundamentals, given that valuation multiples (price-to-book value) continue to be at reasonable / historical levels. Financial soundness investment portfolio at consolidated HoldCo level with an average historical Net Financial Debt to Total Assets lower than 10%

Price-to-Book Value (2001-2025)



Net Financial Debt / Total Assets Ratio (2001-2025)



This strong financial leverage implies not only a margin of safety for their shareholders base but also a strong cash firepower deployment when attractive investment opportunies arise

Source: Bloomberg

INVESTMENT PROCESS & MANAGEMENT PORTFOLIO



Investment Process

Portfolio selection & construction

Our value investment process emphasizes bottom-up fundamental research, using both quantitative and qualitative techniques

1 Screening

- The value investing process emphasizes fundamental research, using quantitative and qualitative techniques
- The selection process focuses on examining an investment universe consisting of global family holdings
- We are screening about 50+ companies in this universe, tracking share prices and earnings information

2 Filtering

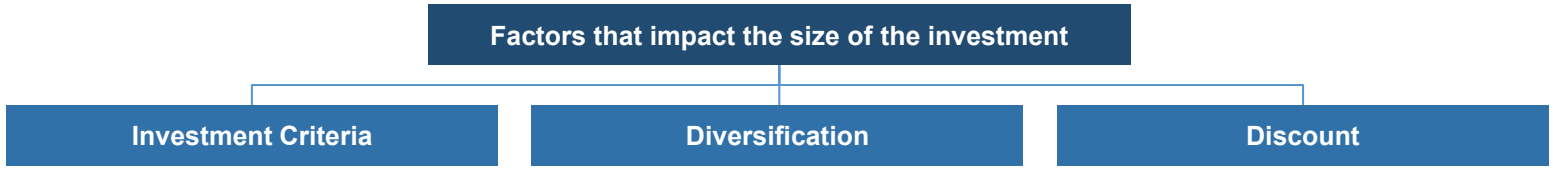
- Throughout the filtering process, following questions concern us: Is the stock trading at the wide end of its discount range? / Are we comfortable with the net asset value? / Do we like valuations? / Do we want to own the underlying companies? / Is the company run by a management team that is honest, intelligent, with a good track record and willing to engage with shareholders? / Does the company have a strong balance sheet? / Is the political and economic environment amenable?

3 Research

- Stock prices, earnings and balance sheets are tracked to identify good quality companies trading on a discount to their fair value which exhibit clear trends to create long-term value
- Research includes: in-depth analysis of company annual reports and files / bottom-up analysis of company's fundamentals, management and industry trends

4 Portfolio Construction

- The objective of the portfolio construction process is to end up with a concentrated portfolio of around 10-15 holdings, facilitating a clear monitoring process for the entire portfolio
- The objective is to select stocks that meet the investment criteria and aim for a minimum position size of approximately 7-10% of the portfolio. However, price evolution of the security vs. portfolio may cause the holding to be larger or smaller than the minimum size



Management Portfolio

Portfolio monitoring & risk management

The monitoring process strives to identify and mitigate downside risks of the portfolio

1 Portfolio monitoring

- Periodic review of a report showing the performance of all holdings, highlighting those that are above or below expectations
- Further analysis is carried out to assess if insufficient results are due to: NAV changes / discount changes / exchange rate
- Special attention is paid to larger holdings, which have a more significant influence on overall portfolio performance

2 Risk management

- The risk management approach uses various qualitative and quantitative processes
- Periodic review of the portfolio, with a view to view to reassess the current portfolio and to discuss current cash position as well as sector and geographic weighting

Company Risk	Portfolio Risk
Business risk	Currency risk
Balance sheet risk	Geographic concentration risk
Shareholder analysis	Sector concentration risk
	Stock concentration risk
	Liquidity risk
Monitoring of positions	**Reassessment of positions**

CIANCA CAPITAL



Cianca Capital

Investment Fundamentals

Our objective is to achieve long-term capital growth by investing in a diversified portfolio of quality companies through publicly traded family-controlled holdings companies trading at a discount to their Net Asset Value and applying a long term permanence strategy

Business

- **Search for unique portfolio companies, high quality, resilient businesses and difficult to replicate** including the following characteristics: (i) high return on capital business, (ii) attractive industry and (iii) great reinvestment opportunities and histories

Unique

- **A unique concentrated portfolio of family-controlled holding companies,** which is unlikely to find in other funds or indices
- **Thematic investment in a segment with limited coverage by other funds**

Engaged

- **Search for management with exceptional skill, integrity, and passion. Treat shareholders like partners**
- **Historical track record of value creation** where there is an alignment of interests between shareholders and mgmt. team



Asset

- **Provide diversfication in sectors and companies** through the portfolio of companies owned by holdings companies
- **Finding complex, inefficient and overlooked investment opportunities** seeking situations where there is an asymmetry in the risk-reward

Global

- **Investment selection by fundamentals and benchmark agnostic**, seeking the best equity opportunities
- **Greater focus on Europe and US**, where there is a wide universe of publicly traded family-controlled holding companies

Long term

- **Vocation of long-term permanence in the investment portfolio,** reducing the portfolio turnover and with the objective of capital compounding

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