



Alejandro Estebaranz

Chief Investment Officer, True Value





TRUE VALUE COMPOUNDERS

Commercial Communication

October 2022

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True Value Investments SGIIC SA holds positions in the companies mentioned.

REMEMBER: Our mutual funds invest primarily in stocks.

Stocks do not have a known or even predictable return.

The behavior of an action in the past does not guarantee its future evolution.

The evolution of the share does not depend only on the company itself, but on external factors such as the economic situation, the evolution of other markets, interest rates, inflation, etc. That is why it may happen that some companies with good results in their businesses do not see their stock market value increase.

They have no expiration date, so the investment can only be disposed of by selling the shares.

Additionally, the target prices expressed in this presentation represent a subjective valuation value and are subject to the usual market risks, volatility and the execution of the companies in the portfolio. In no case do they represent an analysis or recommendation service and investors should not operate based on this information.



- **True Value COMPOUNDERS** is a Global Equity Fund managed by True Value Investments SGIIC SA (being José Luis Benito and Alejandro Estebaranz its main partners).
 - **Objectives:** True Value Compounders seeks to obtain long-term double-digit returns (7 years), and as a secondary objective to overcome the performance of the main indexes of variable income in the areas that the fund invests. In addition, the fund intends to obtain volatilities and drawdowns lower than these indexes, considering the volatility and market risks inherent to an equity fund.
 - **Equity strategy:** True Value Compounders is an investment fund that follows the philosophy of value investing, with a global approach, and with 90% of its assets in OECD countries. The fund invests in high quality assets, with a double-digit growth expectation, with low debt levels and an aligned board of directors.
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TRUE VALUE Investment Fund

YEAR	2014	2015	2016	2017	2018	2019	2020	2021
PERFORMANCE	+14,9%	+12,2%	+15,6%	+20,7%	-20,6%	+18,7%	+17,3%	+33,4%

- ✓ True Value has had an average volatility of 21% over the last 3 years
- ✓ TV Small Caps has had a 1-year volatility of 13%
- ✓ Past returns do not guarantee future returns

TRUE VALUE COMPOUNDERS

- ✓ It is better to pay PER 20x for a company that grows at 20% than to pay PER 10x for a company that grows at 10%







	Company A (20% earnings growth rate)	Company B (10% earnings growth rate)
Base Year	\$1.00	\$1.00
1	\$1.20	\$1.10
2	\$1.44	\$1.21
3	\$1.73	\$1.33
4	\$2.07	\$1.46
5	\$2.49	\$1.61
7	\$3.58	\$1.95
10	\$6.19	\$2.59

- Initially, company A trades at \$20.
- Initially, company B trades at \$10.
- But after 10 years, with the same multiples:
 - Company B would be worth \$26.
 - Company A would be worth \$120.

True Value Compounders



✓ TRUE VALUE Investment Fund EXPERIENCE








SHARE	PERFORMANCE	SIZE	GROWTH	TYPE	INSIDERS
	x8	Medium	+18%	Stable	High %
	x7	Medium	+30%	Stable	High %
	x4	Medium	+15%	Stable	Low %
	x4	Medium	+15%	Stable	Low %
	x8	Small	+13%	Special Situation	High %
	x5	Small	+12%	Stable	High %

Source: Own elaboration, from the date of the first investment of the fund in the companies mentioned below.

True Value Compounders



TRUE VALUE SMALL CAPS Investment Fund EXPERIENCE

SHARE	PERFORMANCE	SIZE	GROWTH	TYPE	INSIDERS
	x5	Small	+30%	Stable	High %
	x6	Warrants	-%	Special Situation	High %
	x4	Medium	5%	Value	High %
	x4	Small	+15%	Stable	Low %
	x4	Small	-%	Special Situation	High %
	x3	Micro	+25%	Stable	High %
	x3	Micro	-%	Special Situation	Low %

Source: Own elaboration, from the date of the first investment of the fund in the companies mentioned below

Warren Buffett and COMPOUNDERS

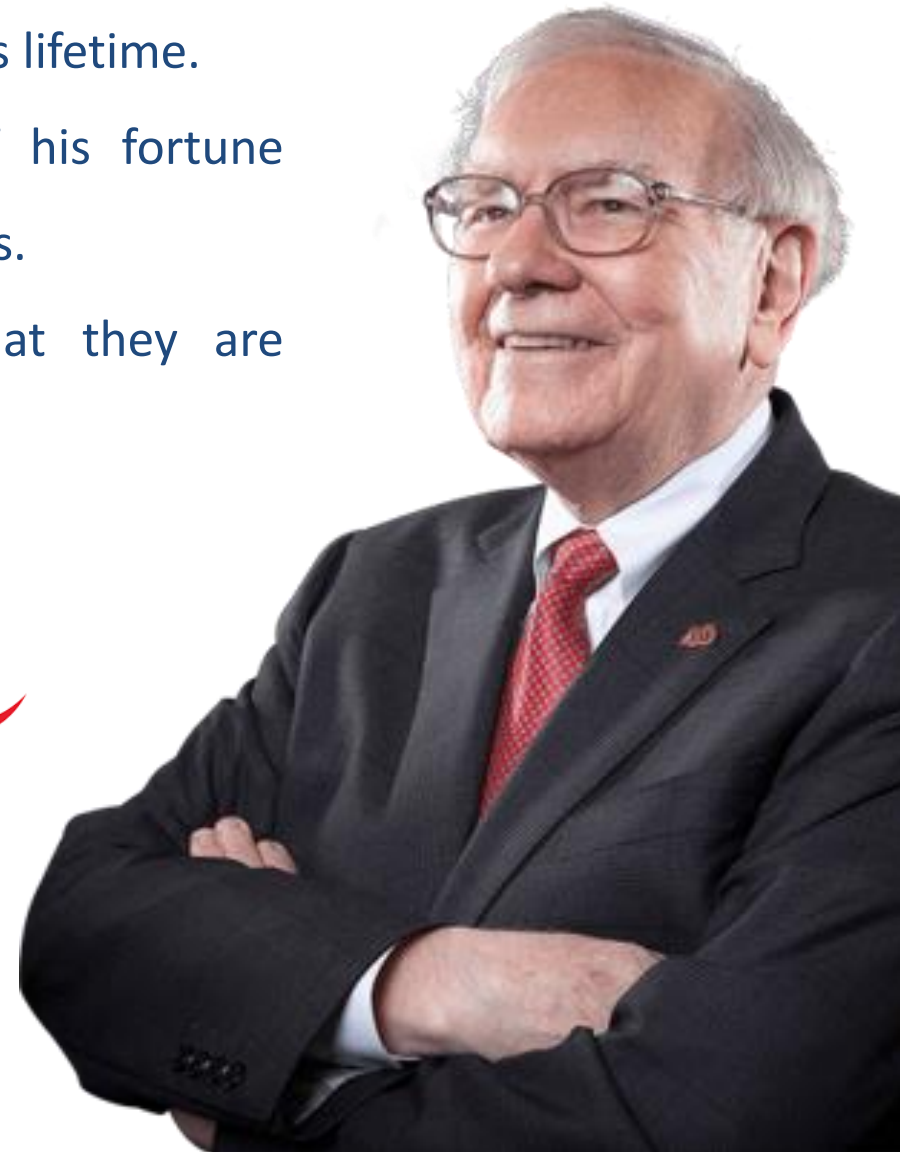
True Value Compounders



- ✓ Warren Buffett has publicly stated that he has invested in more than 500 stocks in his lifetime.
- ✓ However, he has said that 95% of his fortune comes from a select group of 20 stocks.
- ✓ ALL of them have in common that they are COMPOUNDERS.

Gillette *Coca-Cola*

**AMERICAN
EXPRESS**



True Value Compounders



✓ Warren Buffett's top investments

SHARE	PERFORMANCE	SIZE	GROWTH	TYPE	INSIDERS
The logo for the Washington Post, featuring the words "Washington Post" in a black, serif font.	X100+	Medium	+18%	Stable	Low %
The logo for GEICO, featuring the word "GEICO" in a bold, blue, sans-serif font.	X100+	Medium	+15%	Stable	Low %
The logo for Wells Fargo, featuring the words "WELLS FARGO" in a yellow, sans-serif font on a red background.	X20	Medium	+15%	Stable	Low %
The logo for Coca-Cola, featuring the word "Coca-Cola" in a red, cursive font.	X20	Large	+12%	Stable	Low %
The logo for Gillette, featuring the word "Gillette" in a bold, blue, sans-serif font.	x15	Medium	+13%	Stable	Low %
The logo for American Express, featuring the words "AMERICAN EXPRESS" in a blue, sans-serif font.	x10	Medium	+15%	Special Situation	Low %

Source: published reports and own elaboration

Portfolio Positions

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56,30 € ↑1.580,60 % +52,95 MÁX.

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DATAGROUP

Development of EBITDA

€m EBITDA 11/12 – 21/22(p)

Year to Date 10/21 – 06/22: € 58.3m

CAGR 11/12 – 21/22(p): 22,5% - 23,0%

EBITDA margin 11/12 – 20/21



Portfolio investment example



- ✓ IT CLOUD services sector
- ✓ Very resistant to crises (85% recurring income)
- ✓ Compounder at 15% of annual growth
- ✓ Organic growth and M&A (less than 3% market share)
- ✓ Insiders VERY aligned
- ✓ Very low dilution
- ✓ Trades at 7x EV/EBITDA and less than 10x P/FCF
- ✓ Market cap 480M€
- ✓ At 3-5 years, we observe a value of €25-€35
- ✓ IRR% higher than 15% per annum
- ✓ Trades at €55 (low debt)



DATAGROUP

	2022	2023e	2024e	2025e	2026e
FCF	40m	50m	55m	65m	75m
P/FCF 20x	75	110	125	150	175

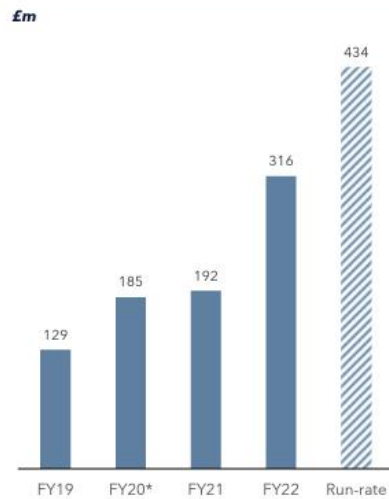
Source: published reports and own elaboration

MARLOWE P L C

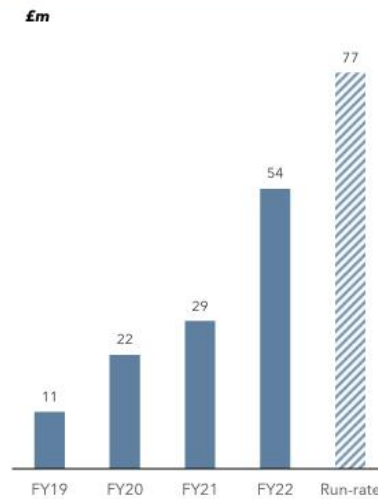
MARLOWE P L C

Five year growth

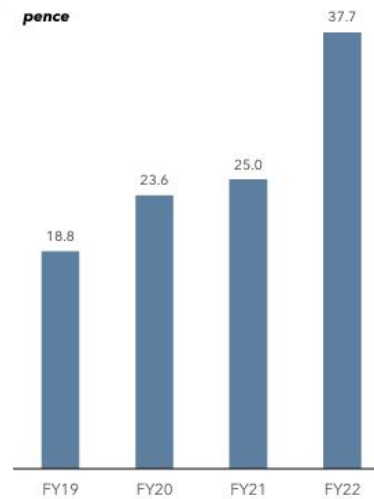
Revenue



Group adjusted EBITDA



Adjusted basic EPS



STRONG TRACK RECORD OF DELIVERING ORGANIC IMPROVEMENTS



Portfolio investment example



- ✓ Compliance, Industrial and Software sector
- ✓ Very resistant to crises (85% recurring income)
- ✓ Compounder at 20% annual growth
- ✓ Insiders VERY aligned (low wages and **15% minimum return**)
- ✓ Roll-up model (5% organic and M&A)
- ✓ Market cap 750M GBP
- ✓ Similar to others where we have had good results
- ✓ 3-5 years ahead we see a value of 20GBP-40GBP
- ✓ Expected IRR% higher than 20% per annum
- ✓ **Listed at 7.5GBP (low debt)**



	2023	2024e	2025e	2026e	2027e
FCF	50m	60m	70m	90m	110m
P/FCF 25x	12Gbp	15GBP	18GBP	22GBP	25GBP

Source: published reports and own elaboration

volati.

INICIO > VOLO · STO

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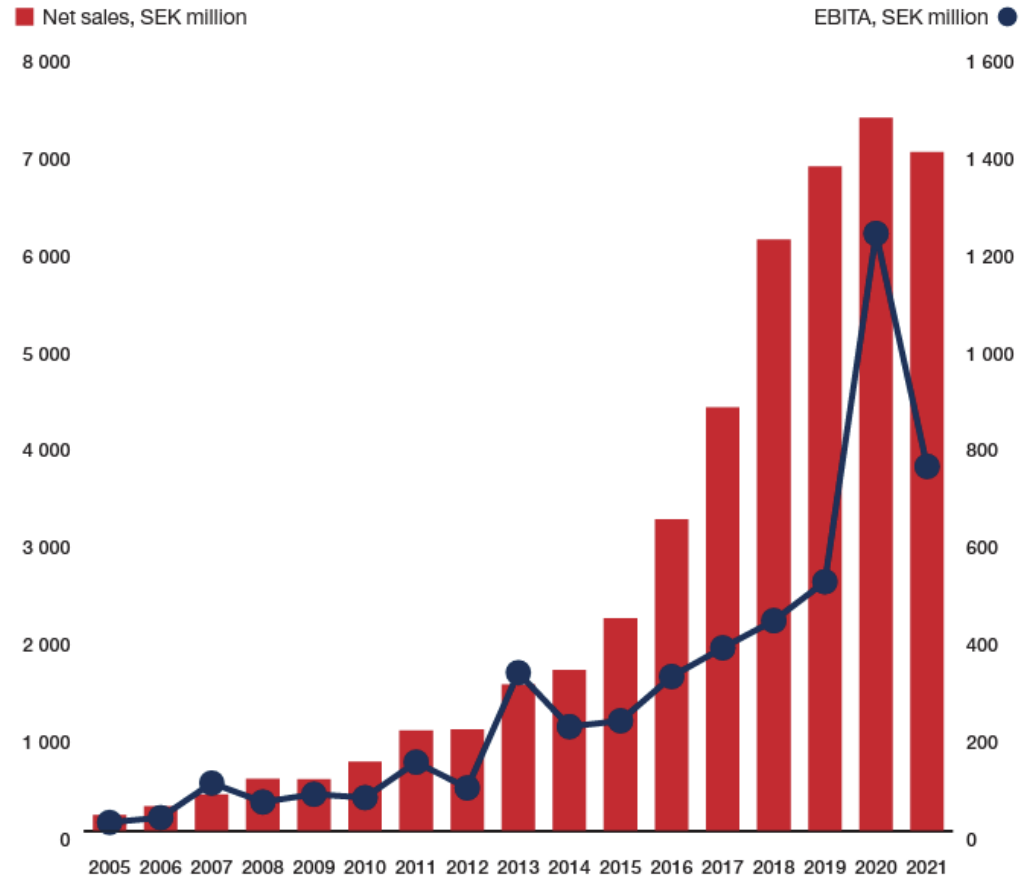
108,40 kr ↑69,38 % +44,40 MÁX.

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Portfolio investment example



- ✓ Stable industrial equipment company
- ✓ Highly resistant to crises
- ✓ Compounder at 25% annual growth (adjusted spinoff)
- ✓ Organic growth and M&A
- ✓ Insiders VERY aligned (65% ownership)
- ✓ Big market ahead. Average acquisitions at 6x EBITDA
- ✓ Comparables listed at 25x FCF and 15x EBITDA (with less growth)
- ✓ 18 consecutive years of growth
- ✓ IRR% higher than 15%
- ✓ Listed at 105 SEK (low debt)

volati.

	2022	2023	2024	2025	2026
FCF	6\$	8\$	10\$	12\$	15\$
P/FCF 20x	120	160	200	240	300

Source: Q1 2022 report, Volati annual report and own calculations

Q&A

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