Hoofddorp, the Netherlands, 4th of December 2023

Dear Investor,

We are one day away from celebrating Sinterklaas, a tradition where the Dutch write poems for each other and trade gifts. While writing our Investor Letter in rhyme would be a bit too much, there is plenty to be festive about. After a scary October, this month delivered the goods, with our portfolio appreciating +12.94%, substantially outperforming all benchmarks we try to beat (ACWI EUR: +5.8%, MSCI Equal Weight: +6.5%). This was the result of macroeconomic developments, our strategic emphasis on small caps, and several prior position shifts that seem to be working out amazingly. The performance was further buoyed by positive news from various companies in our portfolio.

THESE MONTHS' PERFORMANCE

Past two months have been volatile. Long-term interest rates such as the 10-years Treasury Rate moved up to 5%, but have since retreated to 4.25%. While October was dominated by headlines from Jamie Powell indicating further hikes, the US CPI (inflation) being 0.10% lower than expected was enough to make the market turn 180 degrees. As long-term interest rates rose, markets went down. As has been the theme for the last 24 months, the less liquid small caps went down faster than their larger cap counterparts, and are now playing catch up as markets reverse.

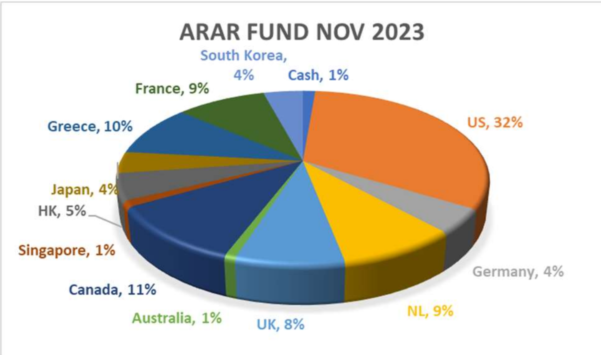
For our portfolio, we have been welcomed by the news that former CEO and founder of Oekoworld has announced taking steps to 'ensure the integrity of Oekoworld'. Will it mean he will lock up the shares he and his allies already control? Will he increase his own stake even further? Will it mean he will ask for more stock buybacks to increase his ownership percentage? Is he lobbying for a leveraged buyout? While his veiled press release could mean many things, all interpretations indicate either less sellers or more buyers for the stock.

None of the companies released earnings that wildly altered our valuations for the shares, except Jiutian Chemical: After Q2 earnings had given reason for optimism, Q3 showed this to be too premature. Jiutian trades well below its net cash position, but is absolutely bleeding money right now. The stock has gone down in line with our valuation, making it a tough position to liquidate. Despite timely reducing our position somewhat in May, we still hold enough to regret we didn't fully liquidate the position.

2023	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Full Year	Cum
ARAR Fund*	-	-	2.5%	-4.4%	0.4%	8.7%	4.7%	-6.3%	-4.2%	-6.9%	12.9%	-	5.7%	5.7%
MSCI World ACWI ETF**	-	-	0.2%	0.0%	2.3%	3.6%	2.6%	-0.9%	-1.7%	-3.4%	5.8%	-	8.5%	8.5%
MSCI Equal Weight EUR	-	-	-1.7%	-0.4%	-0.7%	3.3%	3.5%	-2.4%	-2.0%	-4.7%	6.5%	-	1.1%	1.1%
AEX Total Return	-	-	0.5%	0.9%	-0.8%	3.4%	2.4%	-5.4%	-2.4%	-1.0%	6.9%	-	4.1%	4.1%

*This shows the performance after *all* fees and costs for the A-Class of the ARAR Fund, which is (still) available to new investors.
**This is the Euro denominated MSCI ACWI ETF (IUSQ), which follows a market cap weighted index consisting of ~80% Developed Market and 20% Emerging Markets Stocks. We believe this represents the most prudent and most likely alternative to investing in the ARAR Fund.

PORTFOLIO COMPOSITION



The current portfolio consists of 20 stocks and a 1.3% cash portion. Since our last Investor letter we have trimmed four names, while there are two new entries. While every stock we hold has good upside, we are looking to replace some of the stocks that have converged significantly towards our estimated fair value (such as Interfor in our last letter). Fortunately, we continue to see very attractive stocks available, especially on the 'Value' part of the market: low P/E's in combination with attractive balance sheets.

Not much movement between sectors. Financials has grown a bit due to Jackson Financial performing admirably.

TOP 5 HOLDINGS:

Jackson Financial (US)	14.1%
OneWater Marine Inc (US)	11.8%
Stellantis NV / Peugeot Invest (NL)	9.2%
BasicFit (NL)	8.8%
Alphawave Semiconductors Group PLC (UK)	7.8%

COMPANY IN FOCUS: PEUGEOT INVEST

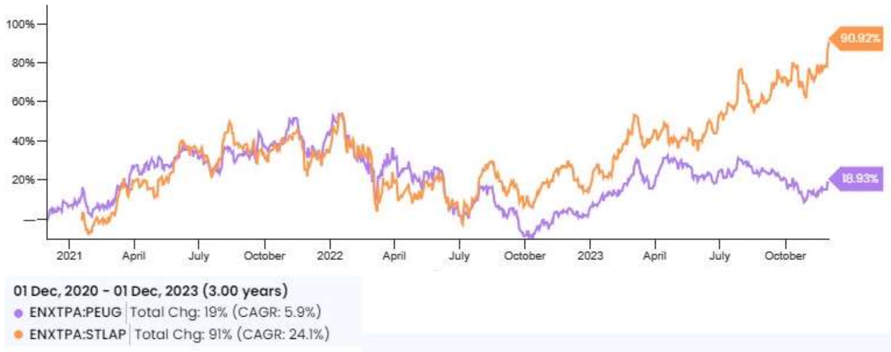
In our last Investor Letter we talked about Stellantis N.V., the merger between Chrysler, Fiat and Peugeot. This week it is time to put the discount in overdrive, as we will talk about the perfect holding company: Peugeot Invest.

Peugeot Invest is a publicly traded investment company that is the family toy of the Peugeot family heirs. As the car company Peugeot was sold, this holding company remained, with an enormous leftover stake in Stellantis, as well as a bunch of other minority stakes from various other companies, and investments in many private equity funds. One could compare it with something like Berkshire Hathaway, but with a catch: You have to contend with management that wouldn't be your first choice: Heirs of the Peugeot family, in this case.

In fact, Peugeot is one of many such listed funds: Dutch investors might be familiar with stocks such as Exor, Prosus and HAL, while internationally Peugeot is very similar to Porsche Holdings. What most have in common: They hold a large rump stake in a large cap company (Exor: Stellantis, Prosus: Tencent, Porsche: Volkswagen), smaller stakes in some small caps, and then a couple of billions in a bunch of adventure companies. And investors don't like them, at all. Prosus is valued >20% below the market value of their Tencent stake alone, for instance! And on top of that you even get stakes in various growth companies essentially for free. Porsche similarly gives you 'free' stakes in Bugatti and Porsche AG on top of their Volkswagen ownership. On the surface, that's a much better deal than ETF's and mutual funds, where you rarely get any significant discount relative to the value of their underlying assets. To be a shareholder in Warren Buffett's Berkshire Hathaway, you even have to pay more than the value of the stocks they hold!

However, there's a catch: These holding companies won't liquidate their position and hand out the money. They will incur management costs, while trying to be creative: invest in 'promising startups' for instance. Nothing embodies this risk better than Softbank, a company that invested early in Alibaba and Yahoo. These stakes made the stock value of Softbank explode. But instead of liquidating their AliBaba position and distributing it to shareholders, Softbank held on and even levered up to buy Nasdaq calls and stakes in companies such as WeWork. Hence the discount.

While the afore mentioned discounts sound appealing, none compare to the discount Peugeot Invest currently has to offer: The company trades at an astounding 60% discount to liquidation value (NAV). For each euro in Peugeot Invest, you get 1.40 euro in Stellantis stock! But you also get 0.36 euro in other publicly traded stocks, 0.80 euro in (co-)investments, 0.36 euro invested in Private Equity and even 4 cents in cash. It does come with a bit of debt (0.40 per euro market cap), but it remains an extremely cheap bargain. Best of all, its main holding is a stock we consider an opportunity in and of itself!



Peugeot Invest has underperformed Stellantis significantly last 12 months, creating a large gap between the stock price of Peugeot Invest and the value of its underlying positions (Stellantis+)

As these discounts put pressure on management, it is not uncommon for them to better their ways and take action to reduce the ‘discount to NAV’. Either they spin off their stakes to stockholders or they buy back their shares to push valuation towards the NAV. So there is a mechanic that can eventually push the holding company towards its fair value. And the larger the discount, the larger the eventual force put on it to converge upwards. We expect there will always remain some discount versus its NAV, but this discount will become much smaller in the near- to medium term. We switched the bigger part of our Stellantis stake into Peugeot Invest.

GENERAL MARKET COMMENTARY

As Long-term interest rates have come down quite a bit, we have become less fearful of a small exodus from stocks to bonds. While the markets as a whole remain a bit stretched, fears in 2024 will be more about a delayed and more severe recession, and a return of cyclicality. 2023 has shown how some sectors managed to expand their capacity beyond healthy, with the current supply & demand imbalances as a result. That being said, we are very confident in our larger positions and are looking forward to 2024.

Lastly, I would advise anybody to invest a bit of extra time in AI. While we are still looking for more opportunities next to Alphawave, the technology is in the process of turning our world upside down. While things like ChatGPT and Stable Diffusion are ‘neat’, the real impact is that their introduction has inspired hundreds of boardrooms to invest more in exploring and using AI. It is this investment that will drive the future.

Best Regards,

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