Hoofddorp, the Netherlands, 4th of April 2024

Dear Investor,

We have officially turned one-year old! We are proud to say we are growing, both through the fund's performance as well as through new investors finding our fund. Combined we have grown over 50% last year and have a view on another 20% growth. Clearly our proposition is valued and people recognize last years' outstanding performance. **Our February and March was a continuation of this, with the fund appreciating 4.6% in both months.** In both months we outperformed all benchmarks we tracked, so there's quite a lot to cheer about!

THESE MONTHS' PERFORMANCE IN DETAIL

The FED left interest rates unchanged, as was expected since January when inflation came in higher than expected. Markets still went up after the FED surprisingly repeated their expectation of three rate cuts this year. I would not be surprised if we end up with a no-cut year, and it seems markets aren't fully trusting the FED by their word either. In any case, strong undercurrents pushed markets up, and the fund benefited from this as well. The fund's outperformance was mainly caused by Jackson Financial's well-deserved multiple contraction (going from a fwd P/E of 1.5 to 5 now), Peugeot Invest essentially sacking their CEO (finally) and Alphawave catching up after their admirable earnings in January.

Last two months saw the bulk of our portfolio having earnings. Most of these were uneventful, but some warrant some extra attention. The company that moved the most after earnings was Basic Fit. In my view, there was nothing particularly interesting about the earnings themselves. There were even some pleasant surprises, with energy cost expectations even below my calculations. However, the stock declined by over 15% that day, even after it had already declined over 10% following a downgrade from

Barclays. While many reasons were given by analysts, all these reasons were already known before the earnings release. The decline was likely caused by an earlier decision to sell from one of their biggest shareholders, OLP Capital holding 10%. Since size like this impacts the market, they probably hoped to find a bit of (buying) volume by timing it on the earnings day itself. We will dive deeper into Basic Fit in our 'Company In Focus' item.

Peugeot Invest had their earnings as well, where they declared over 400 million euro in write-downs on real estate investments. While expectations of current management were already rock-bottom with the fund trading at a 60% to NAV (as explained in our December Investor Letter), this was still a nasty surprise and caused a 5% lag in the stock. Still, the current CEO made a valiant effort to make it seem as if they were doing a great job. He explained NAV had risen to a record high, while last year's market was 'difficult'. Let me take this opportunity to put it into perspective: Markets went up over 20% last year. A singleton asset manager like myself managed to make 14% for investors after fees starting [after] the market went up over 10% in January. Peugeot Invest, however, managed to essentially make 0 money on their entire non-Stellantis portfolio, underperforming even savings accounts! Even the Peugeot family couldn't look away from this, and in February it was announced the CEO will join the chairman in leaving the company this summer. The press release was celebrated on the stock market with the share price appreciating over 6%. It should however be clear that the problems are much broader than just the CEO. Last decennium shows the entire company would have been better off having their investments being determined by darts-throwing monkeys instead of highly paid suits. Peugeot Invest has stated their mission of being an attractive option as manager of funds. That dream is currently in shambles. To revive this dream, I would advise to explore the following options:

1. Request Euronext permission for a reduction of open interest below their thresholds, so more stock buybacks can be done. A portfolio trading at 60% discount to NAV is the easiest and most attractive investment available to Peugeot Invest, period. This should be pursued as a first priority. If the required permission is not granted:
2. Spin-off the Stellantis portion of the portfolio. This will make the discount-to-NAV of the non-Stellantis part more pronounced and trading the Stellantis-part easier. Both will substantially reduce discount to NAV.
3. Simplify the portfolio by switching to investment in diversified ETF's and/or quit making non-exchange listed investments. Both will reduce the chance of overpaying for investments and improve visibility, both of which should reduce the discount to NAV.

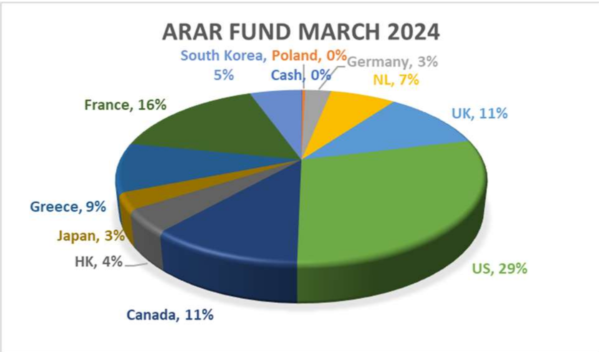
If all else fails, why not take the Holding private? Why share the failures with the world and open yourself up to the bi-annual verbal abuse from shareholders? With a 60% discount to NAV, it was no surprise the questions after their Q4-presentation were solely about what their plans were to reduce the discount.

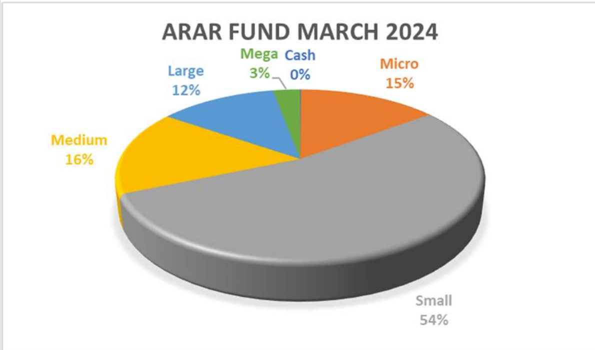
Nobody even asked about their curious change of focus towards ESG-investment. I say 'curious' not because it is an obvious attempt to distract from their underperformance, but because the 'G' stands for Governance. With over half of management being Peugeot family members, I'd like to know what they think ESG-cognizant investment means with regards to their own company.

2024	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Full Year	Cum
ARAR Fund*	-1.6%	4.6%	4.6%	-	-	-	-	-	-	-	-	-	7.6%	23.0%
MSCI World ACWI ETF**	2.8%	3.7%	3.6%	-	-	-	-	-	-	-	-	-	10.4%	24.6%
MSCI Equal Weight EUR	1.1%	2.4%	3.8%	-	-	-	-	-	-	-	-	-	7.3%	14.2%
AEX Total Return	4.0%	4.0%	4.0%	-	-	-	-	-	-	-	-	-	12.4%	20.4%

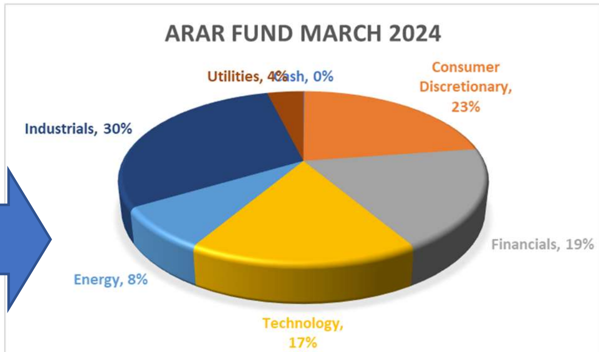
*This shows the performance after *all* fees and costs for the A-Class of the ARAR Fund, which is (still) available to new investors.
**This is the Euro denominated MSCI ACWI ETF (IUSQ), which follows a market cap weighted index consisting of ~80% Developed Market and 20% Emerging Markets Stocks. We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

PORTFOLIO COMPOSITION





The current portfolio consists of 18 stocks and a 0.1% cash portion. Since our last Investor letter we have exited five small positions. We have entered into two new positions, both in the Energy/Energy services space. We remain tilted towards small caps and energy/industrials.



There hasn't been a lot of movement between sectors. The biggest visual difference is that Peugeot has been moved to the Industrial bucket instead of the Financials bucket.

TOP 5 HOLDINGS:

Holding:	%	Adj P/E	Fwd P/E**	EV/adj EBITDA	Exp Rev Growth**
Jackson Financial (US)	16.1%	5.1	4.1	5.0	5%
Stellantis / Peugeot Invest (FR)*	12.5%	3.4	4.1	1.45	0.5%
Alphawave IP (UK)	11.1%	25.3	18.2	16.5	20%
OneWater Marine Inc (US)	10.2%	5.7	8.0	6.4	1%
BasicFit (NL)	8.4%	50	22.6	9.6	19%

*Now solely represented in our portfolio through a stake in Peugeot Invest.

**Based on Refinitiv consensus analyst estimates

COMPANY IN FOCUS: Basic Fit

Basic Fit has become a bit of a battleground stock, with opinions varying widely. Last three months brought some negative news that warrant further examination.

The first important news item was their indication on Capital Markets Day that they would slow down their pace of expansion. While the CEO still targets the same number of clubs by 2030, he now intends to open 175 instead of 200 clubs per year. With the fitness-industry being in a landgrab mode, this is unwelcome news. Locations that are left on the table will be picked up by competition, reducing the potential of expansion further along the line.

Secondly, in December it became clear Basic Fit has also started offering 20.00 Euro memberships again (only in France for now). This is disturbing, as we were hoping to see some pricing power through their dominant position in France and the Benelux, and this indicates the opposite.

The third ‘punch’ came when Planet Fitness, the largest Fitness Centre brand in the world, announced to enter Basic Fit’s market in Spain. Planet Fitness uses a franchise model and offers memberships as cheap as 9.99-14.99. Fortunately, Basic Fit has a clear first-mover advantage, and I’d be reluctant to enter as a franchisee into an environment with price war risk. Moreover, Planet Fitness’ ambitions are a bit soft on the expected pace. Still, it seems clear to me Basic Fit will need to move away from the single-price strategy and adopt a more flexible pricing approach, enabling the hike of fees in less competitive locations, while aggressively handing out discounts in locations where low-priced competition needs to be driven out. Small competitors will fold quickly, while Planet Fitness and its potential franchisees will receive advance warning against moving into Basic Fit’s primary markets.

While my personal thoughts on strategy are clear, management is trying a lot of *other* things. It is a good thing they are experimenting and innovating, but it clearly doesn’t look like they are comfortable in their current position. A feeling shared by stockholders, as is reflected by the current stock price.

So how do I feel about our position in Basic Fit? Well clearly it is not our best performer. With a decline of 40% y-o-y it is our largest detractor. However, in our estimates the Fair Value for Basic Fit has declined less than its stock price, while the other stocks we own are growing into their valuation. In our estimates, Basic Fit is at this moment nominally the biggest opportunity, and we have expanded our position after earnings despite its ugly momentum. While growth is set to decline coming year, this is not all bad: less club opening improves visibility on ‘real’ profitability. As the percentage of mature clubs will rise, the average number of members per club will rise, the number of incentivized starter-members will shrink and capex will be lower. These three effects will improve cashflows and the bottom line substantially.

And lastly, it’s not impossible Basic Fit will be acquired by another company: with Planet Fitness eying expansion in Europe it might make sense for them to make their life easier and bid for Basic Fit. It would be my course of action.

GENERAL MARKET COMMENTARY

Since our last investors letter, Markets have started pricing in less rate cuts. It all seems balanced on the surface, with the market slowly pricing out rate cuts but pricing in a more solid economy. With that, the US presidential election year again looks to be an attractive year for stocks in general. Personally, I am now focused on developments around the Defense industry and trying to grasp the true impact of AI in the next five years and beyond. Lastly, China remains cheap and should offer plenty of opportunities for upside. I continue to swirl around these topics without finding enough true (and timely!) conviction. Investing is hard sometimes.

Best Regards,

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