

Valuable People and Value Investing

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UCITS DO NOT HAVE GUARANTEED PERFORMANCE AND PAST RETURNS DO NOT ENSURE FUTURE ONES

3K Investment Partners

- Active in the Greek market since 1990
- Formerly ING Investment Management Greece following Management Buyout 2014
- Key representative of NNIP in Greece and Cyprus

ESG

As of March 2021,

The company's policies are in line with the new institutional framework of the European Commission (EU Sustainable Finance Reporting Directive, the EU Climate Change Taxonomy) and the specific specifications concerning the integration of sustainability risk assessment criteria in the process of making investment decisions and designing new products, the provision of investment advice, as well as the relevant information to investors

3K Greek Value

(Authorization: Decision 240/13.05.2015 of HCMC)



3K Greek Value Retail share class Evolution of fund's NAV versus Benchmark



Source : Bloomberg

3K Greek Value

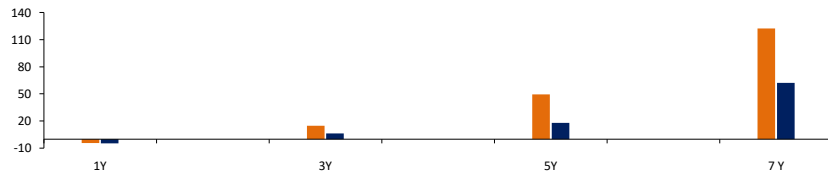
Retail share class

Date of reference: 31.08.2022

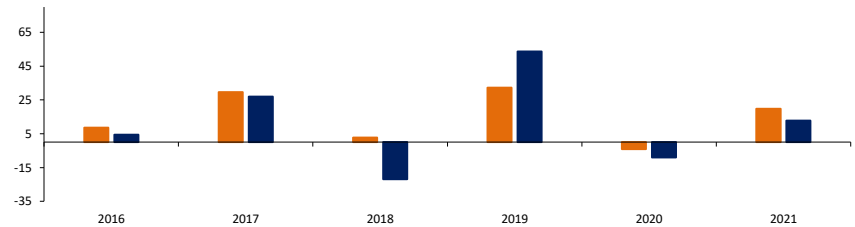


Past returns do not ensure future ones

Cumulative Performances



Annual Performances



EUR	1Y	3Y	5Y	7 Y
● Fund	-4,38	14,95	49,63	122,34
● Benchmark	-4,67	6,31	17,93	62,19

EUR	2016	2017	2018	2019	2020	2021
● Fund	8,55	29,64	2,68	32,36	-4,10	19,74
● Benchmark	4,52	27,05	-21,97	53,64	-9,03	12,69

Cumulative returns have as reference point the end of the most recent calendar month.

3K Greek Value

Risk Profile

Synthetic Risk and Reward Indicator (SRR)

Lower Risk-Typically lower rewards
rewards

Higher Risk-Typically Higher



Historical data may not be a reliable indication of the future performance of this fund.

There is no guarantee that the risk indicator will remain unchanged, it may shift over time.

The lowest category of risk (1) does not mean that the investment is risk-free.

The mutual fund is in category (7) because it invests mainly in stocks which may fluctuate considerably. Hence the risk level is considered high.

The material risks associated with the mutual fund are the following:

Market risk, i.e. the risk of decline in market prices and the consequent fall in prices of some of the securities contained in the mutual fund's portfolio is high given that the fund invests in equities.

The expected credit risk (the risk of an issuer being unable to discharge its obligations) is low, because the mutual fund invests only slightly or not at all in debt securities.

The mutual fund's liquidity risk is low. Liquidity Risks arise when a specific underlying position is difficult to be liquidated, causing possible difficulty to redeem your investment from the mutual fund.

Investment Philosophy

- We buy pieces of companies run by people we respect
- Market price maybe different than the intrinsic value of a company. We have long term investment horizon and a lot of patience
- Given that we do not control the companies and there could be uncertainties we demand an adequate margin of safety

Definition of Value Investing

[Graham and Dodd book: SECURITY ANALYSIS]

“An investment operation is one which, upon thorough analysis, promises safety of principal and a satisfactory return. Operations, not meeting those requirements, are speculative”

“The concept of safety can be really useful only if it is based on something more tangible than the psychology of the purchaser”

“An investment operation is one that can be justified on both qualitative and quantitative grounds”

Prerequisites to calculate the Intrinsic Value

- Projection of Cash Flows
 - Assessment of the company's assets & moat
 - How the business is run
 - How the capital is allocated
-
- People – Management Teams - CEOs determine to a great extent the future cash flows

Character comes First

The banking legend J.P. Morgan: “The first thing (in credit) is character... before money or anything else. Money cannot buy it”



Character comes First

Graham (and now Buffett) used to ask students to wonder who from their colleagues they believe will succeed and think which are the qualities they hold

Deep Value investments need an effective CEO to release value

Dempster Mill - Harry Bottle

Great companies could go bankrupt when management is not adequate

GEICO, Graham's and Buffet's best investment

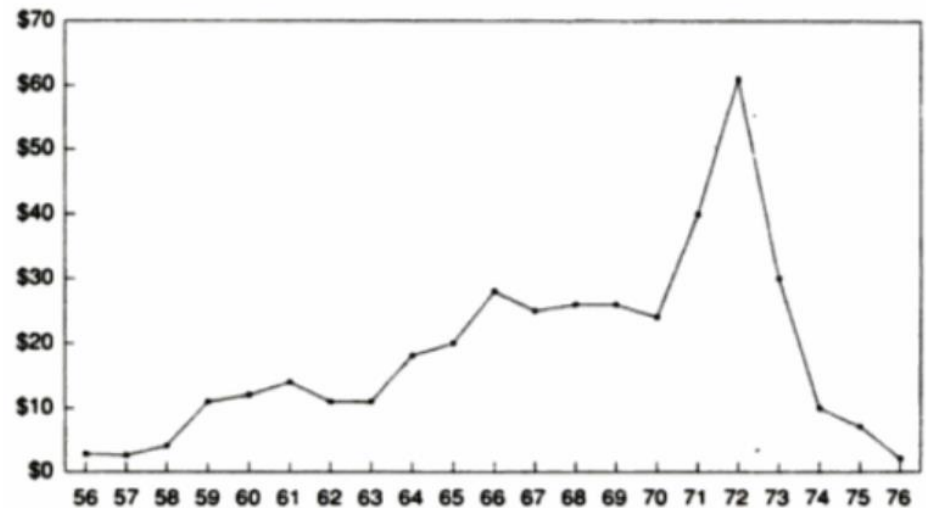


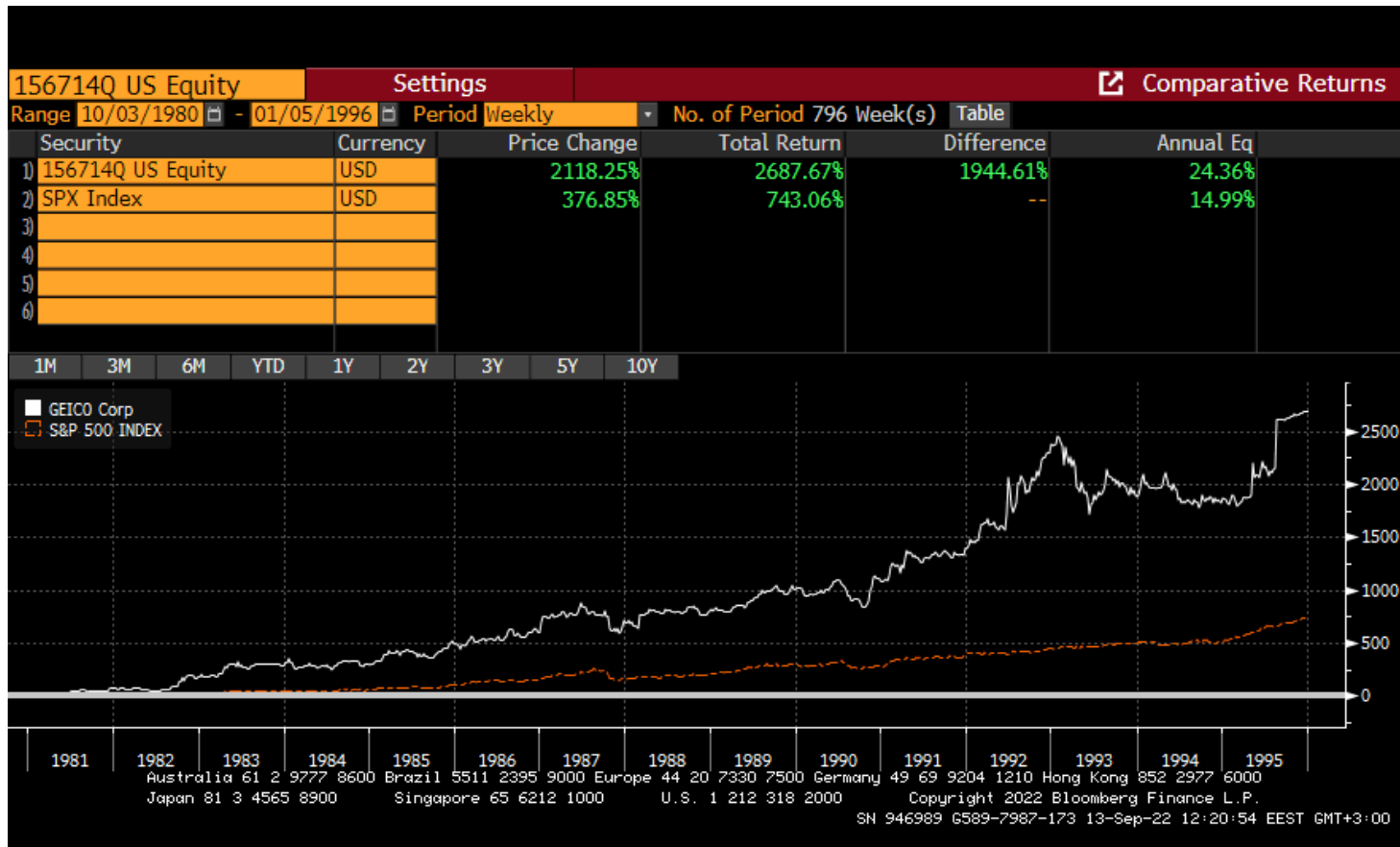
Figure 5.5. The rise and fall of **GEICO** share price, 1956–1976.

(Note: \$1,000 invested in 1948 was worth \$47,500 in 1958.)

Source: Wedgewood Partners

Turnarounds need effective CEOs

GEICO : 1980 till the acquisition by Berkshire Hathaway

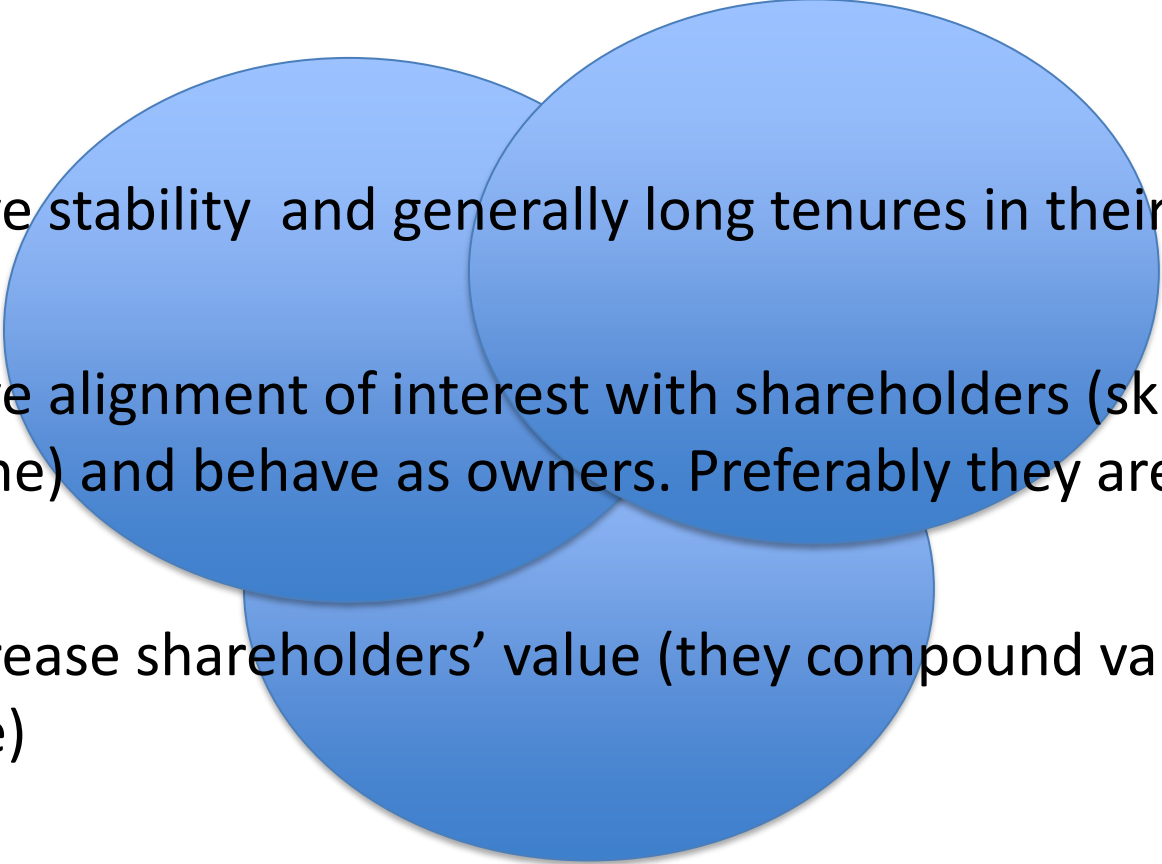


Source : Bloomberg

Management /CEOs must be assessed

- CEOs create/ destroy value
- Reliability of the CEO increases our conviction
- In car racing we pay importance on the car and on the driver as well

We search for CEOs who

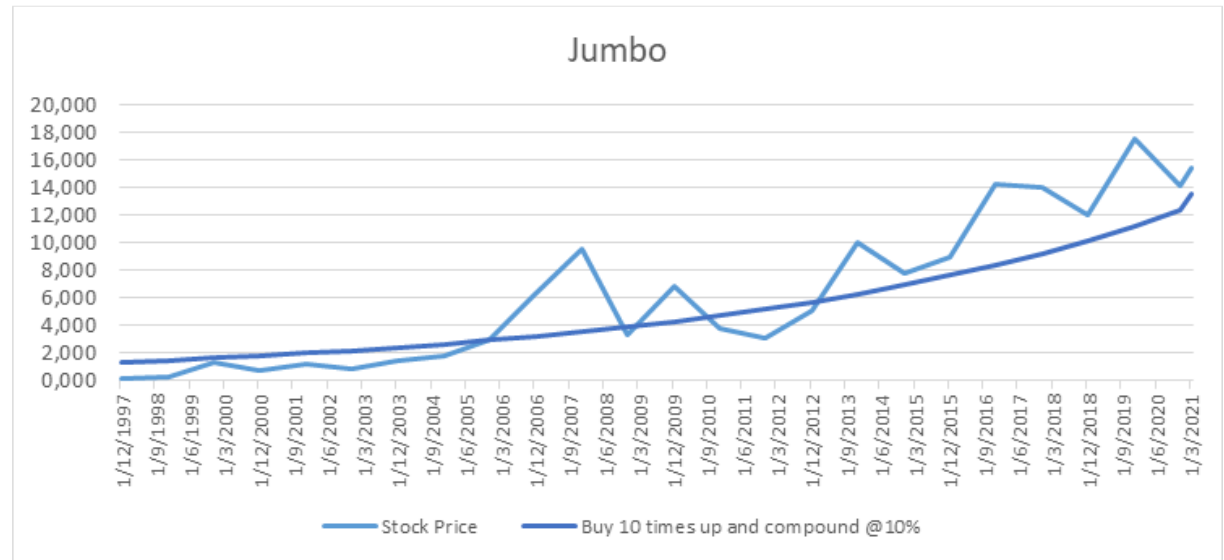
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- Have stability and generally long tenures in their positions
 - Have alignment of interest with shareholders (skin in the game) and behave as owners. Preferably they are founders
 - Increase shareholders' value (they compound value at a high rate)
 - Act with Integrity & [Business] Ethics

Jumbo - Vakakis

From 1998 to 2021

- Book Value €12mln-> € 1.3bln [23%]
- Earning Power €1.5mln-> €216mln [25%]

The adjusted price that Jumbo entered Athens Stock Exchange was €0.16.
If someone had bought it 10 times higher would still get annually more than 10%



Source : Bloomberg – 3K IP

Some Greek Compounders

	CEO Tenure that can be assessed		Book Value *	Net Profits *
Jumbo	1998-2021	Founder	23,00%	25,00%
Papoutsanis	2011-2021	MBO	3,11%	25,89%
InterLife	2002-2021	Founder	15%	14%
Kri Kri	2003-2021	Family Business	13,00%	12,98%
Creta Plastic	1999-2021	Family Business	13,90%	11,52%
Autohellas	2000-2021	Family Business	12,53%	7,84%

* Annualized figures

Source: Bloomberg – 3K IP

Conclusions

- People – Leaders make the difference
- Good companies could turn to bad ones under poor leadership and vice versa
- Leadership must be assessed

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