

Reichmuth Bottom Fishing – P – CHF

H1 2024

YTD +9.5%

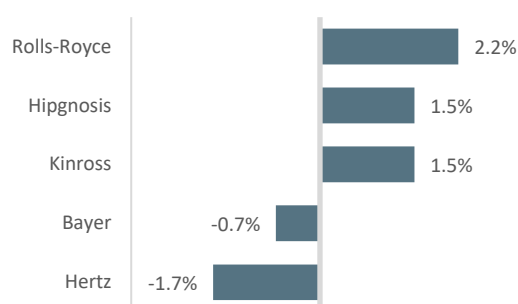
Good Start to the Year

After a mixed first quarter, Reichmuth Bottom Fishing achieved a strong performance in the second quarter, gaining 6.5% in value by the end of June. This occurred despite the portfolio not being exposed to AI-driven technology stocks, which performed particularly well during this period.

Positive Corporate Events

A closer look at the performance of individual positions reveals a very mixed performance in the first half of the year. Fortunately, we were able to benefit from several positive corporate events that made significant contributions to overall performance. Philips reached a settlement in the U.S. regarding its ventilator litigation, reducing uncertainty and leading to a positive market reaction. We see further upside potential and are holding onto this position. **Hipgnosis**, a company in the music rights sector, received a takeover offer at a substantial premium due to valuation issues with music catalogs and weak corporate governance. We sold our position. **Rolls Royce**, last year's big winner, continues to perform very well operationally, which is reflected in its ongoing positive stock price development. We have realized gains multiple times. The most painful mistake this year was our position in the car rental company Hertz, which we discussed in the annual report. The strategy to shift towards electric cars proved to be a major mistake, as the costs (maintenance, wear and tear) were higher than expected. The company is now selling its Tesla fleet, but the one-time costs are high and declining rental prices are impacting cash flow. A capital increase is likely. The position is very small after the correction and now has an optional character. The five largest positions in Reichmuth Bottom

Fishing at the end of the quarter are Shell, Rolls Royce, Chevron, Roche, and BATS. They account for around 21% of the portfolio.



(largest contributions in H1 2024)

Valuation Reflects Low Expectation

The portfolio of Reichmuth Bottom Fishing is currently trading at a 2025 P/E ratio of 10.5x, a dividend yield of 4.6%, and an annual earnings growth rate in the high single digits. We consider this very attractive, reflecting the low market expectations for the value stocks in the portfolio. Many market participants, particularly index investors, are focusing on the winners of recent years, including AI beneficiaries, and are overlooking value stocks. This creates opportunities for contrarian investors. Recently, we have made additional purchases in defensive sectors and basic materials stocks that have lagged behind. Thank you for your continued trust.

Silvan Betschart
Portfoliomanager



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