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A UK focused Turnaround Value Investment Partnership

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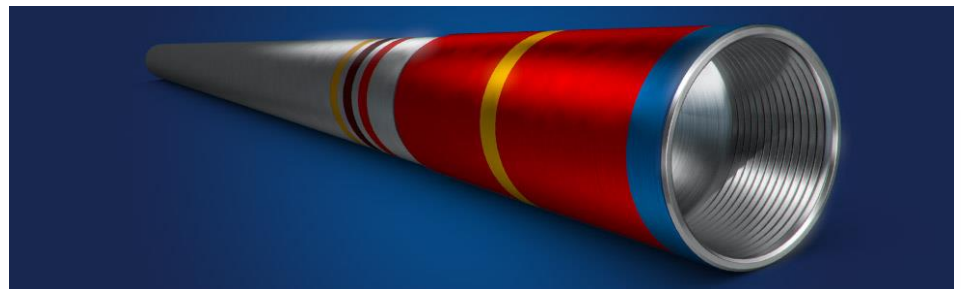
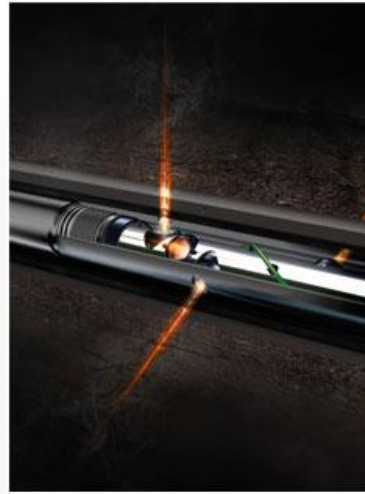
# TODAY'S TOPICS

1. Portfolio Update
2. Economic Consequences of Russia-Ukraine War
3. What to watch out for – Depression signals

# 1. PORTFOLIO UPDATE

# 1. PORTFOLIO UPDATE - HUNTING

- Sold 1/3 of position
- Market cap now \$700mio, 0.8 book value, \$600mio EV (reached my initial target price)
- Energy crisis and geopolitical situation could lead to premium valuation
- EBITDA positive, \$50mio operating cash flow in 2022 my estimate
- ...despite energy crisis, I also expect a recession/depression in 2022, hence looking to sell rest of position into end-March/April as governments announce their energy plans



# 1. PORTFOLIO UPDATE – JAMES FISHER & SONS

- Sold position on Friday
- £180mio market cap (target £300mio), £320mio EV, £28mio operating profit, £50mio operating cash flows
- Did I make a mistake? Potentially, if not, on Tuesday's investor call I will find out and perhaps buy it back
- My thesis was: Recovery in sight due to energy crisis, more ship-to-ship transfer, more oil & gas extraction
- But... none of that was mentioned in results & CEO said on analyst call "not enough oil and gas reserves in North Sea", made jokes after a question from someone called Andy Murphy, "is this Andy Murray, the tennis player", while shares were down 25%



## 2. ECONOMIC CONSEQUENCES OF RUSSIA-UKRAINE WAR

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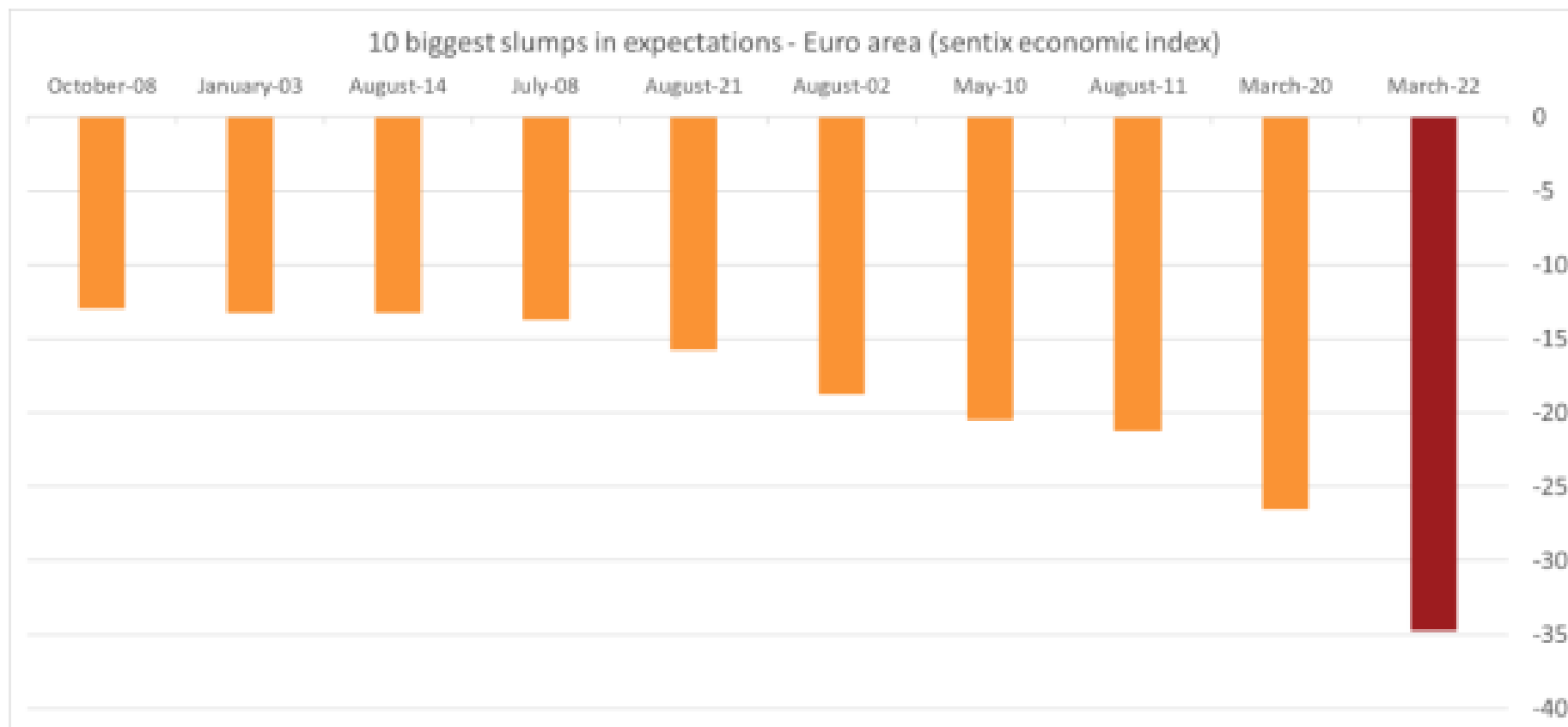
- Energy: Russia produces 18% of world's natural gas, 11% of oil, 6% of uranium, 5% of coal (IEA, EIA)
- Metals: Steel (Evraz, Ferrexpo – 3<sup>rd</sup> largest iron ore pellet producer), nickel (7% of production, 17% of high quality), aluminium (6%), diamonds (30%)
- Food: Russia & Ukraine export 12% of the world's food calories, 34% of wheat, 20% of corn, 18% of maize, 27% of barley, 24% of sunflower, 73% of sunflower oil (IFPRI)
- Semi-conductors: Ukraine provides 50% of gases needed for semi-conductors
- Supply chains: 10% of seafarers are Russian, 4.5% are Ukrainian (1 in 5 want to fight in the war)
- Security & defence: Russia provides security and defence to many countries around the world ([The Re-Entry into a bipolar World.pdf](#) ([aazorastep.com](#)))





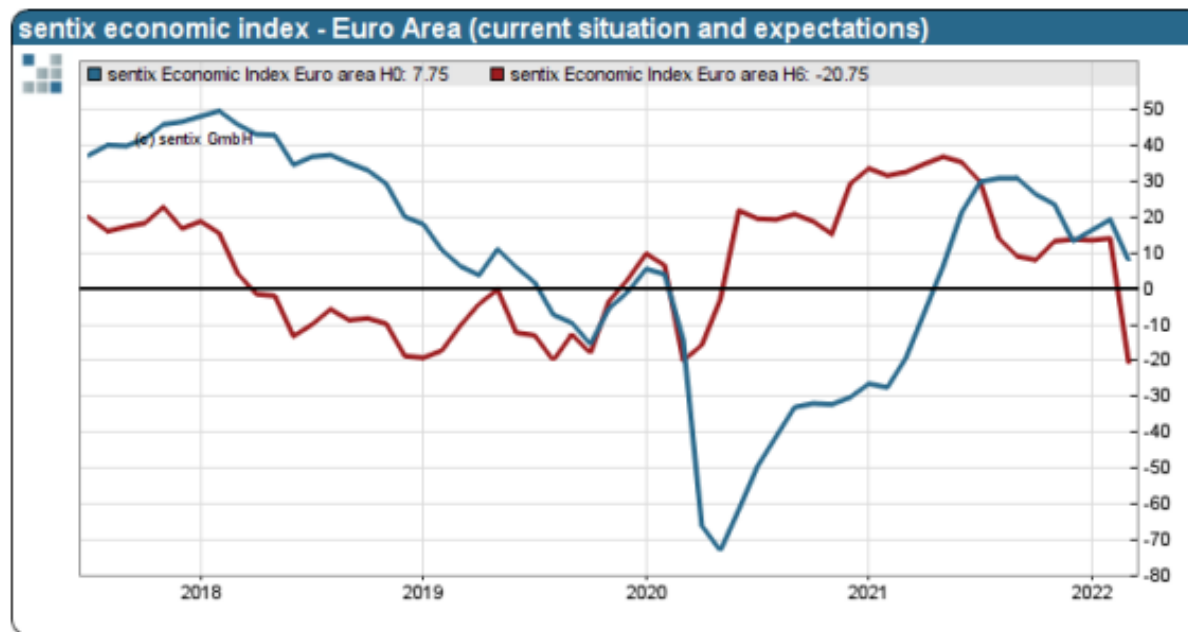
### 3. WHAT TO WATCH OUT FOR – DEPRESSION SIGNALS

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- Housing market
- Employment (JOLTS, NFP)
- Consumer sentiment
- Inventories ex-autos
- GDP will grow by inflation
- CPI, PPI
- Insolvencies and potential insolvencies (Studio Retail Group, McColls Retail, McBride, Morses Club)



sentix Economic Index for the Eurozone: **current situation** and **expectations**

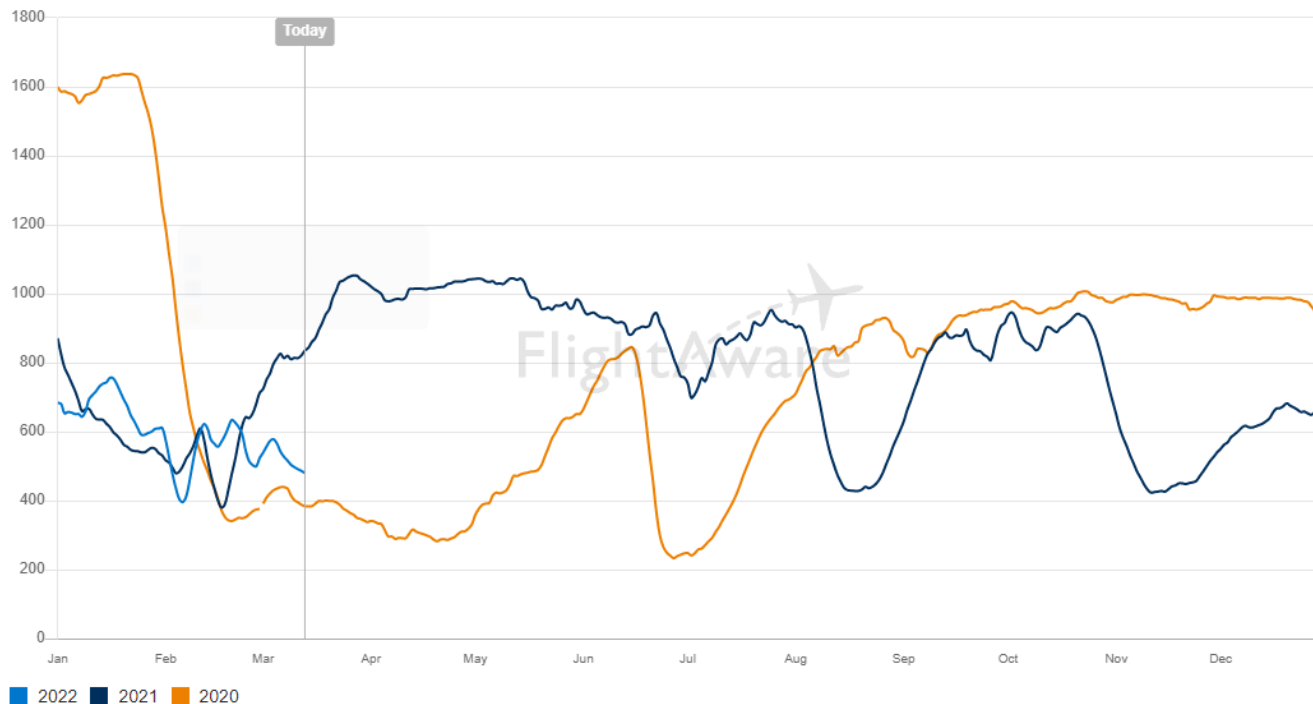
### 3. WHAT TO WATCH OUT FOR – DEPRESSION SIGNALS

- China reported over 3,400 Covid cases in one day – highest since March 2020

#### Beijing Flights

##### ZBAA AIRPORT ARRIVALS AND DEPARTURES\*

\*daily values reflect a trailing 7-day average



Last updated at 07:00PM EST

# 1920/21 – THE FORGOTTEN DEPRESSION

Yields and Inflation before, during and after the 1920/21 Forgotten Depression

