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Investment philosophy



Defining the area of interest



Screening for opportunities



Examining specific opportunities



Valuation

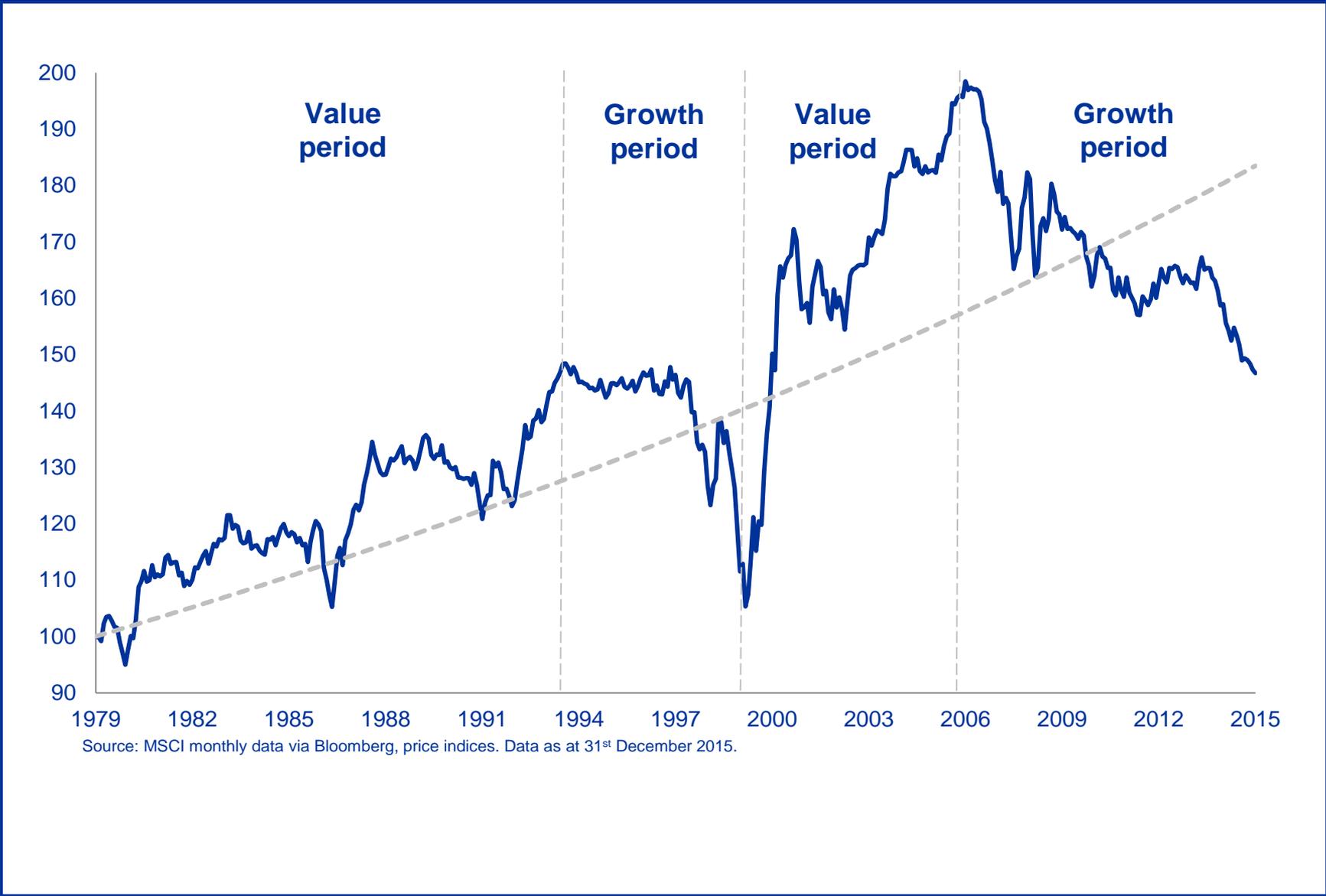


Accounting for risk

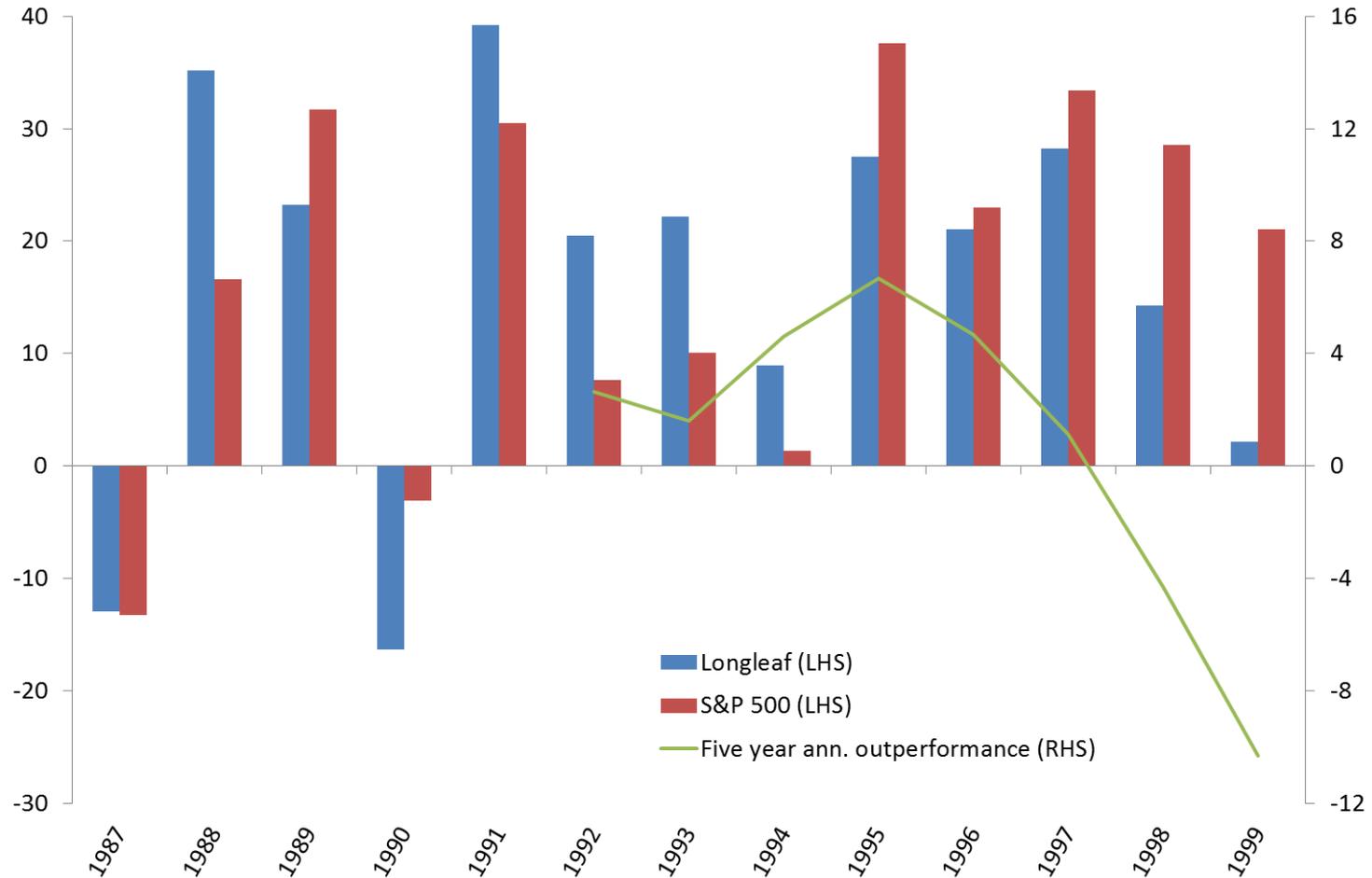


Investing and portfolio
construction

Value vs growth



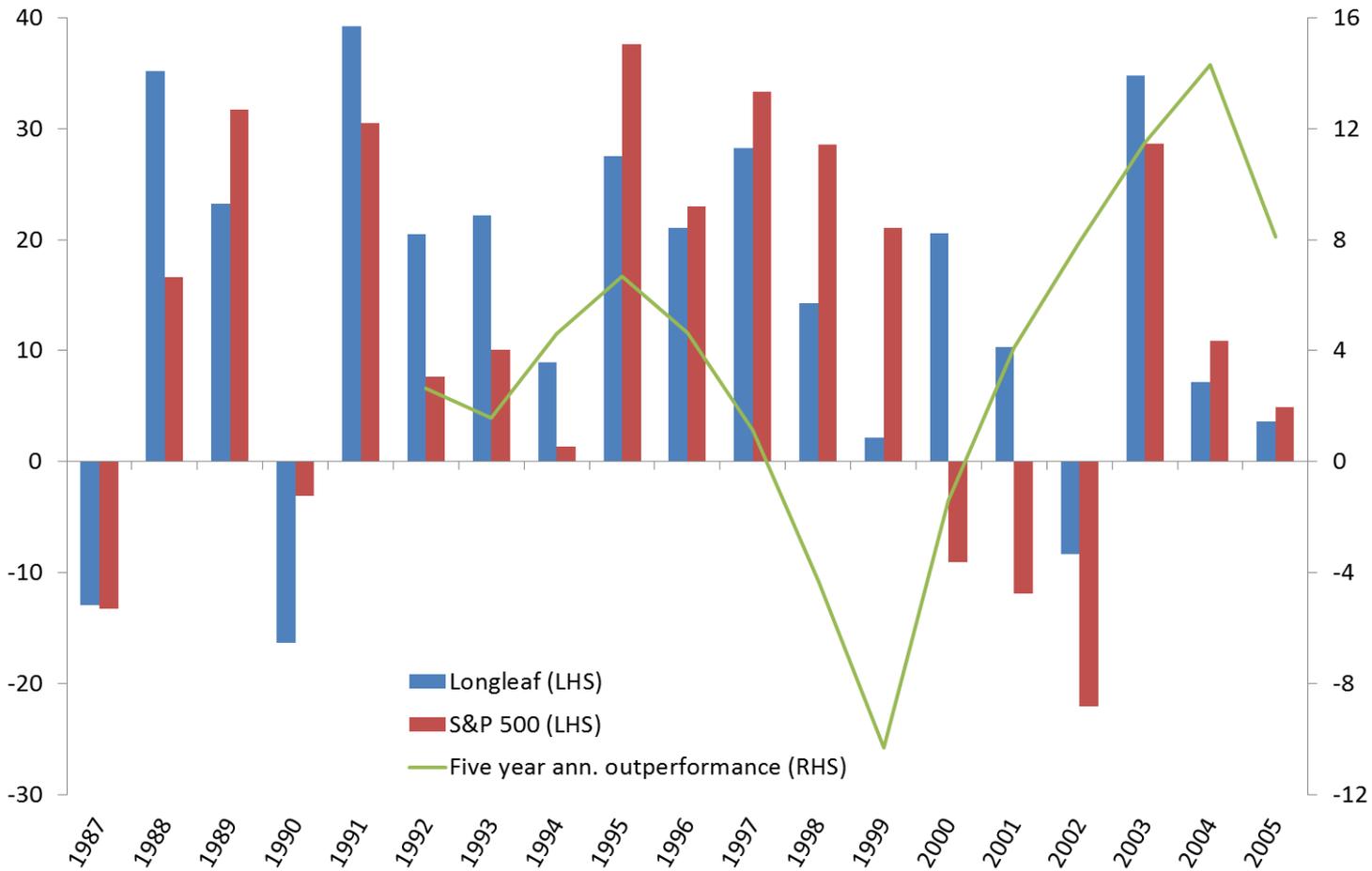
Longleaf Partners 1987* - 1999 annual returns (\$)



*Inception August 1987.

Assuming \$100 invested at inception:
Longleaf = \$626 at end 1999
S&P 500 = \$710 at end 1999

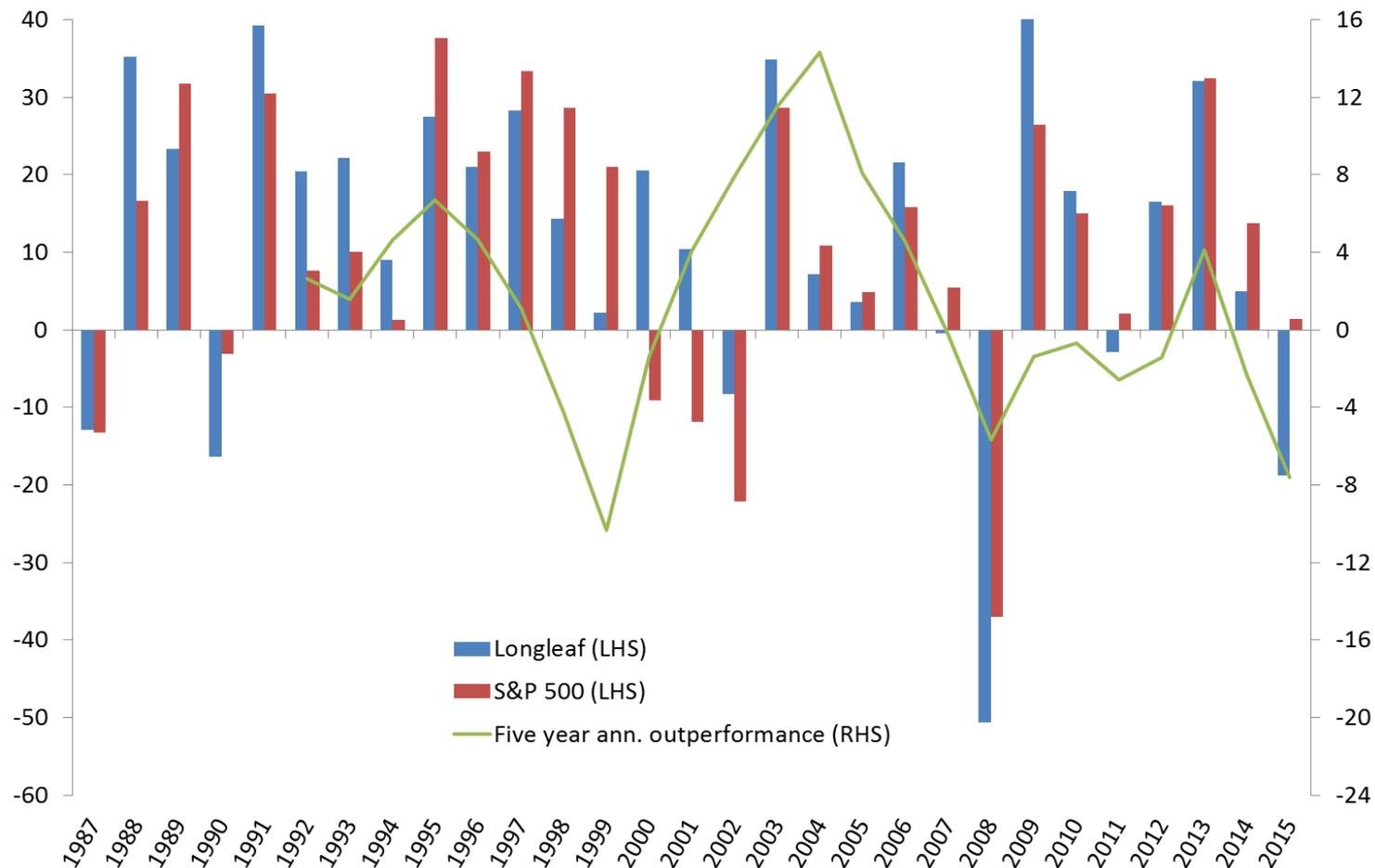
Longleaf Partners 1987* - 2005 annual returns (\$)



*Inception August 1987.

Assuming \$100 invested at inception:
 Longleaf = \$1,143 at end 2005
 S&P 500 = \$663 at end 2005

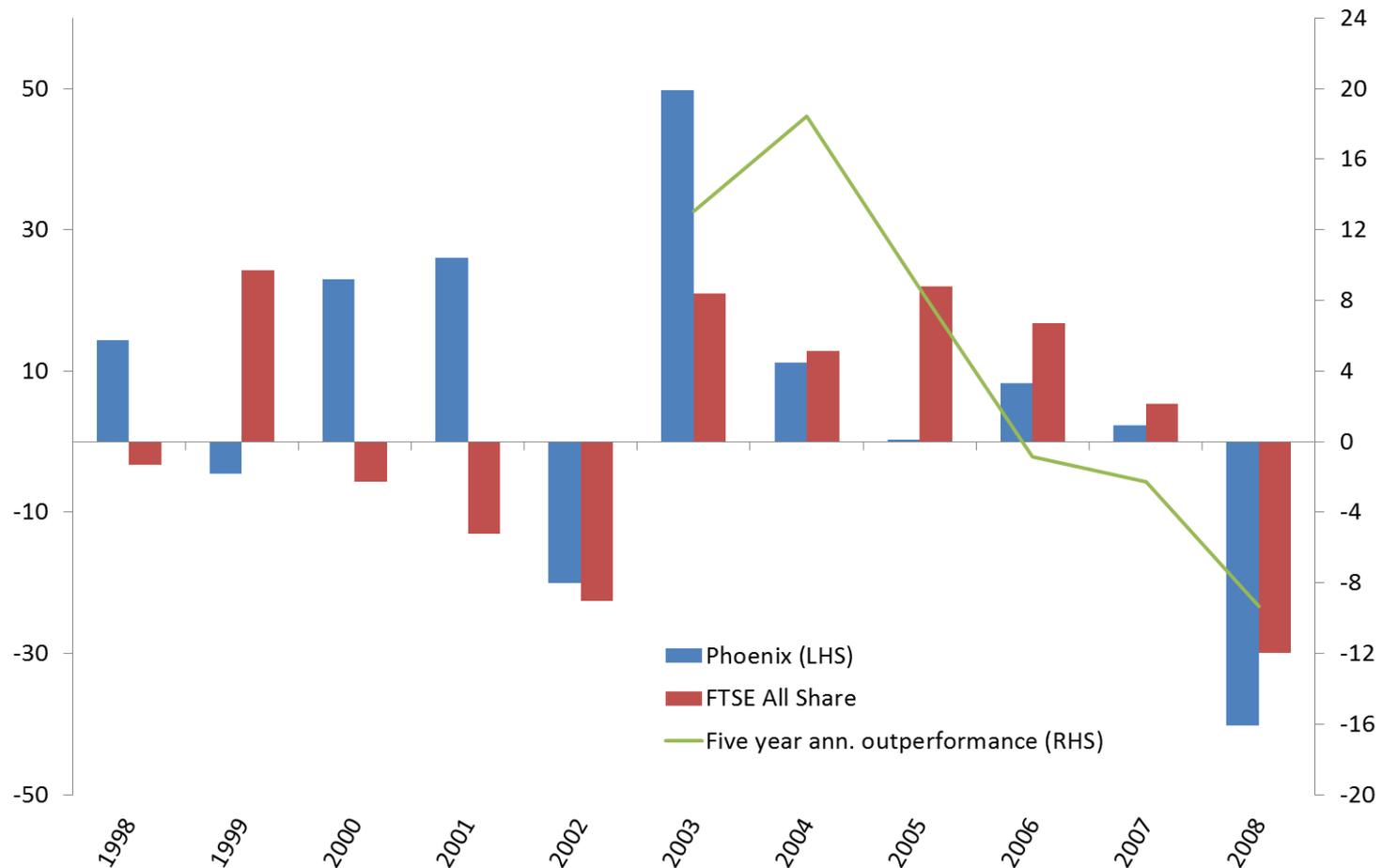
Longleaf Partners 1987* - 2015 annual returns (\$)



*Inception August 1987.

Assuming \$100 invested at inception:
 Longleaf = \$1,577 at end 2015
 S&P 500 = \$1,341 at end 2015

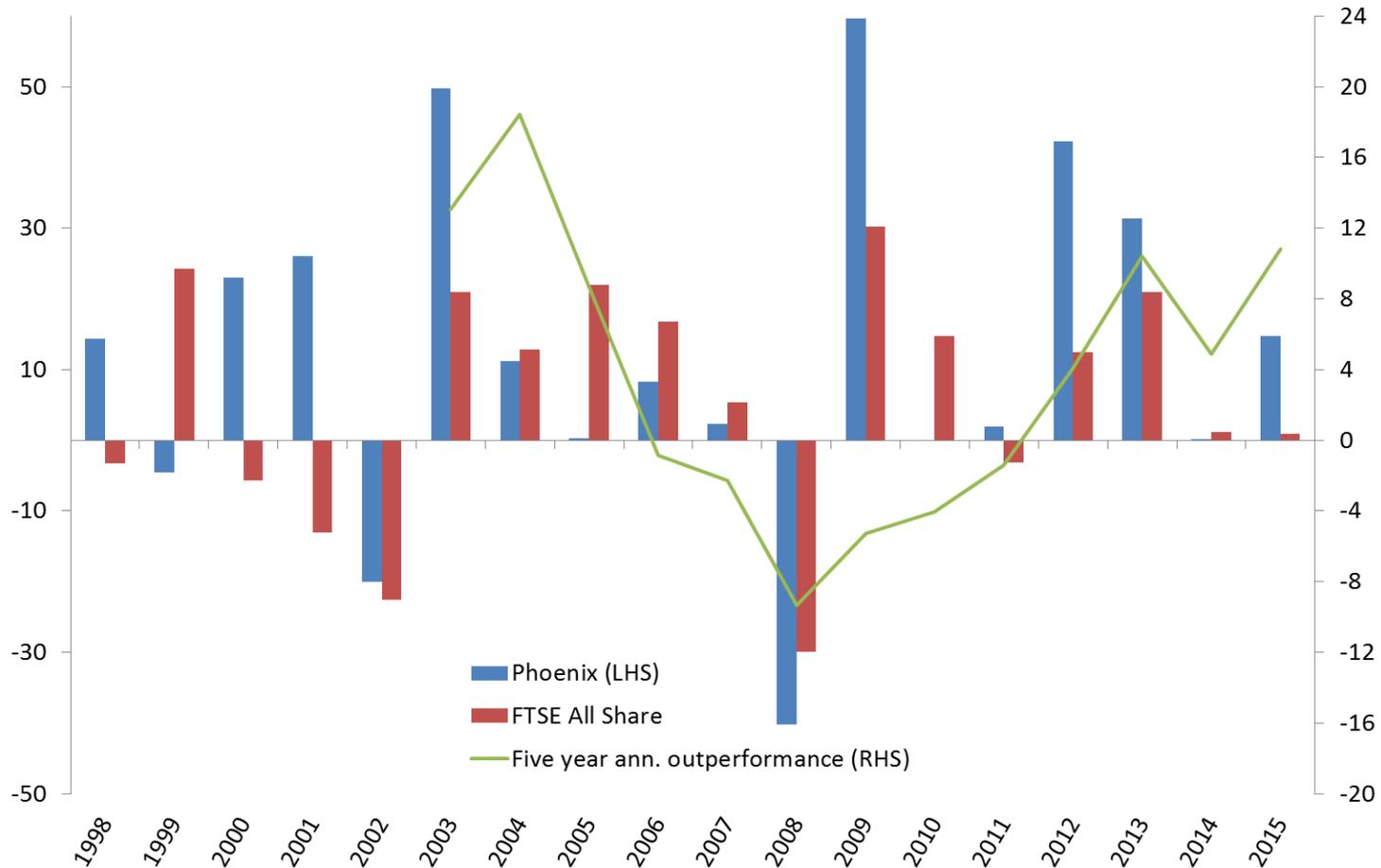
Phoenix UK 1998* - 2008 annual returns (£)



*Inception May 1998.

Assuming £100 invested at inception:
Phoenix = £150 at end 2008
FTSE All Share = £109 at end 2008

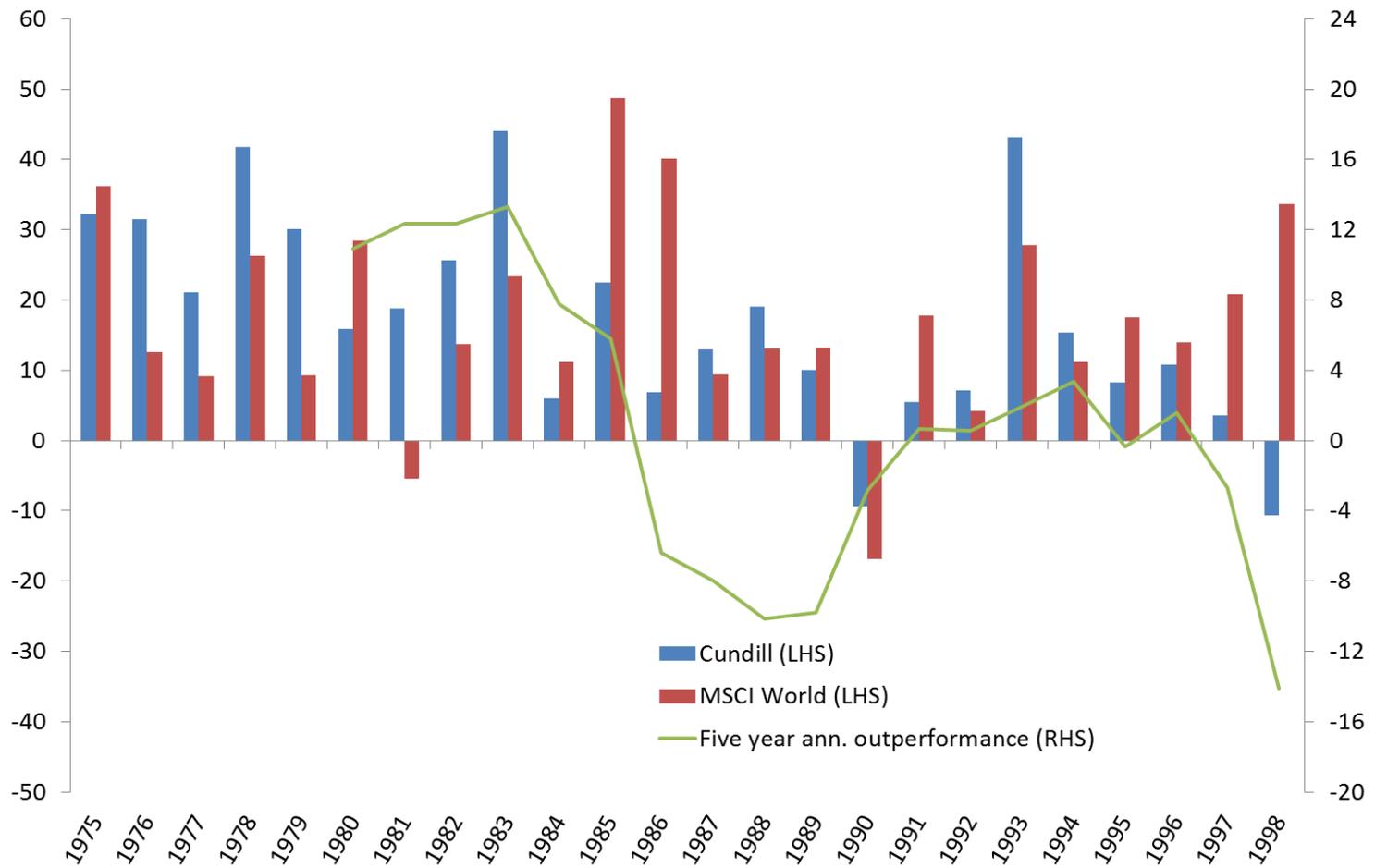
Phoenix UK 1998* - 2015 annual returns (£)



*Inception May 1998.

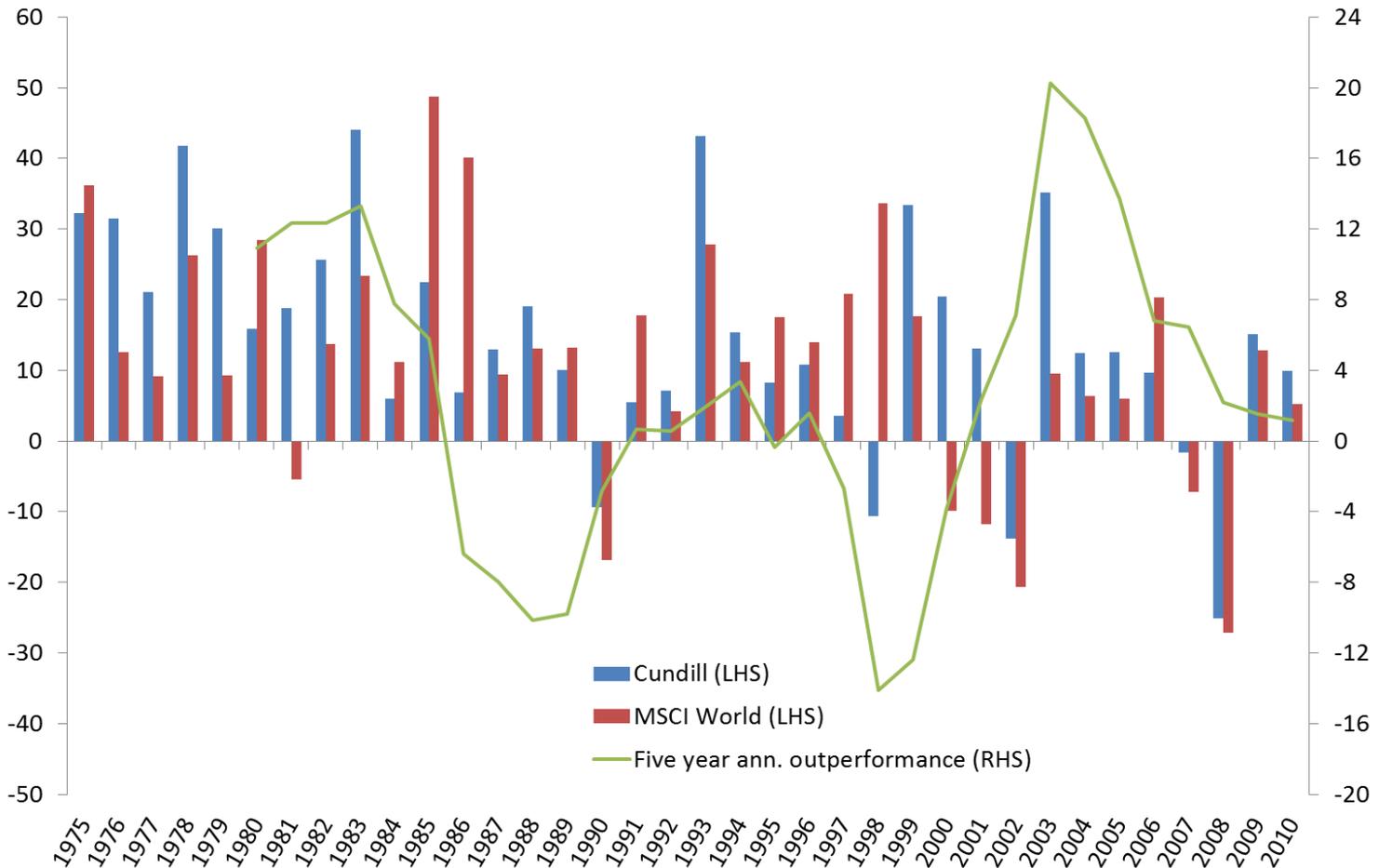
Assuming £100 invested at inception:
Phoenix = £522 at end 2015
FTSE All Share = £220 at end 2015

Cundill Value 1974 - 1998 annual returns (C\$)



Assuming \$100 invested at inception:
 Cundill = \$3,716 at end 1998
 MSCI World = \$4,006 at end 1998

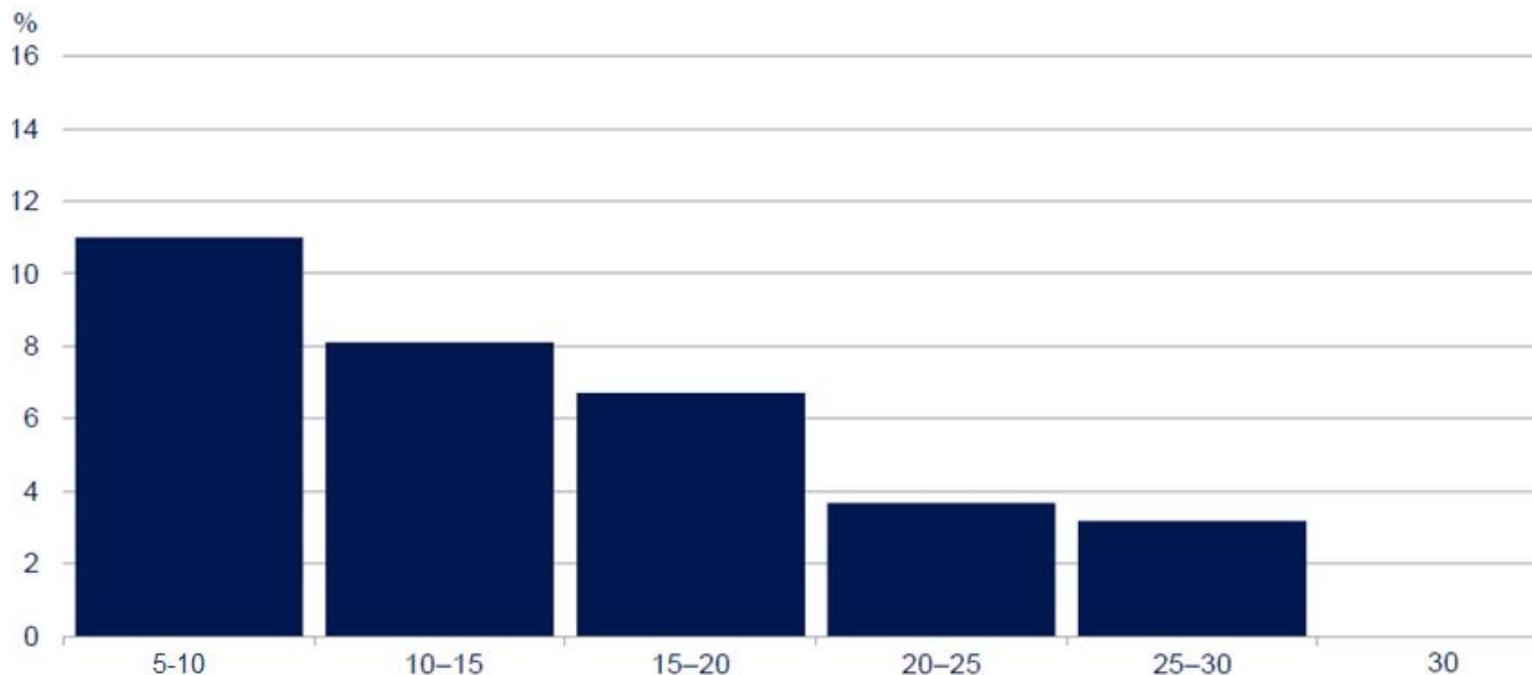
Cundill Value 1974 - 2010 annual returns (C\$)



Assuming \$100 invested at inception:
 Cundill = \$10,173 at end 2010
 MSCI World = \$3,531 at end 2010

Graham & Dodd P/E – prospective returns

10 year annualised return by starting Graham & Dodd P/E



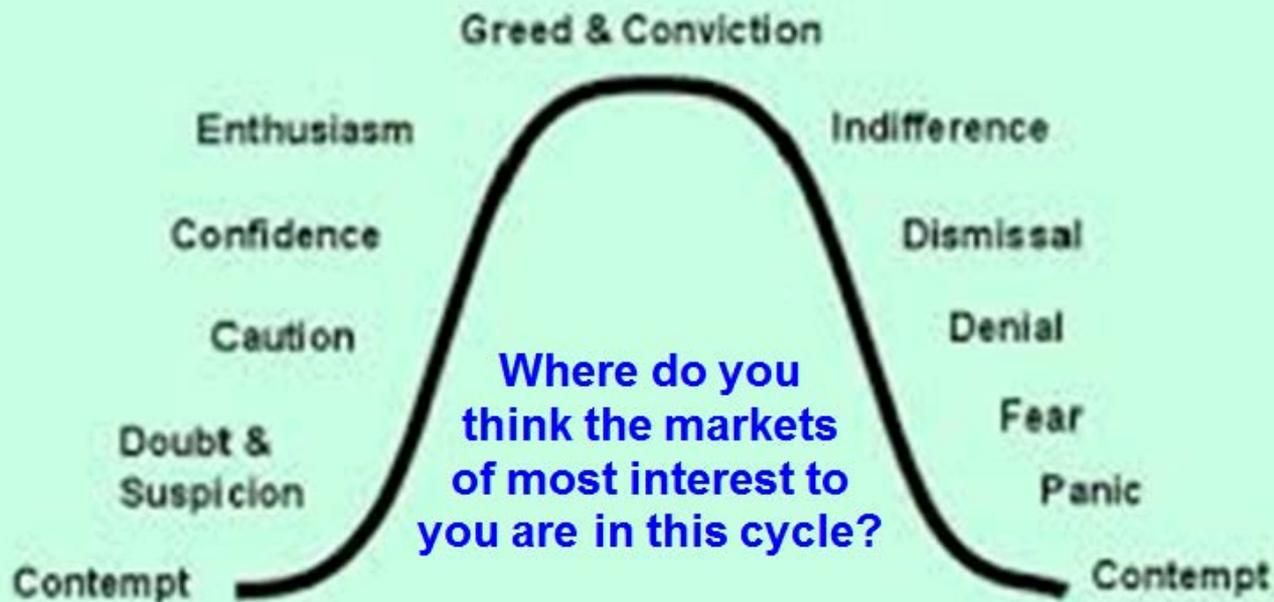
What you pay, not the growth you get, is the biggest driver of future returns

Source: Societe Generale, as at December 2009, based on US Equity market – since 1880



Fuller Treacy Money
Global Strategy Service
Empowerment Through Knowledge

The Investor Psychology Cycle



GMO

ARTICLE

March 2009

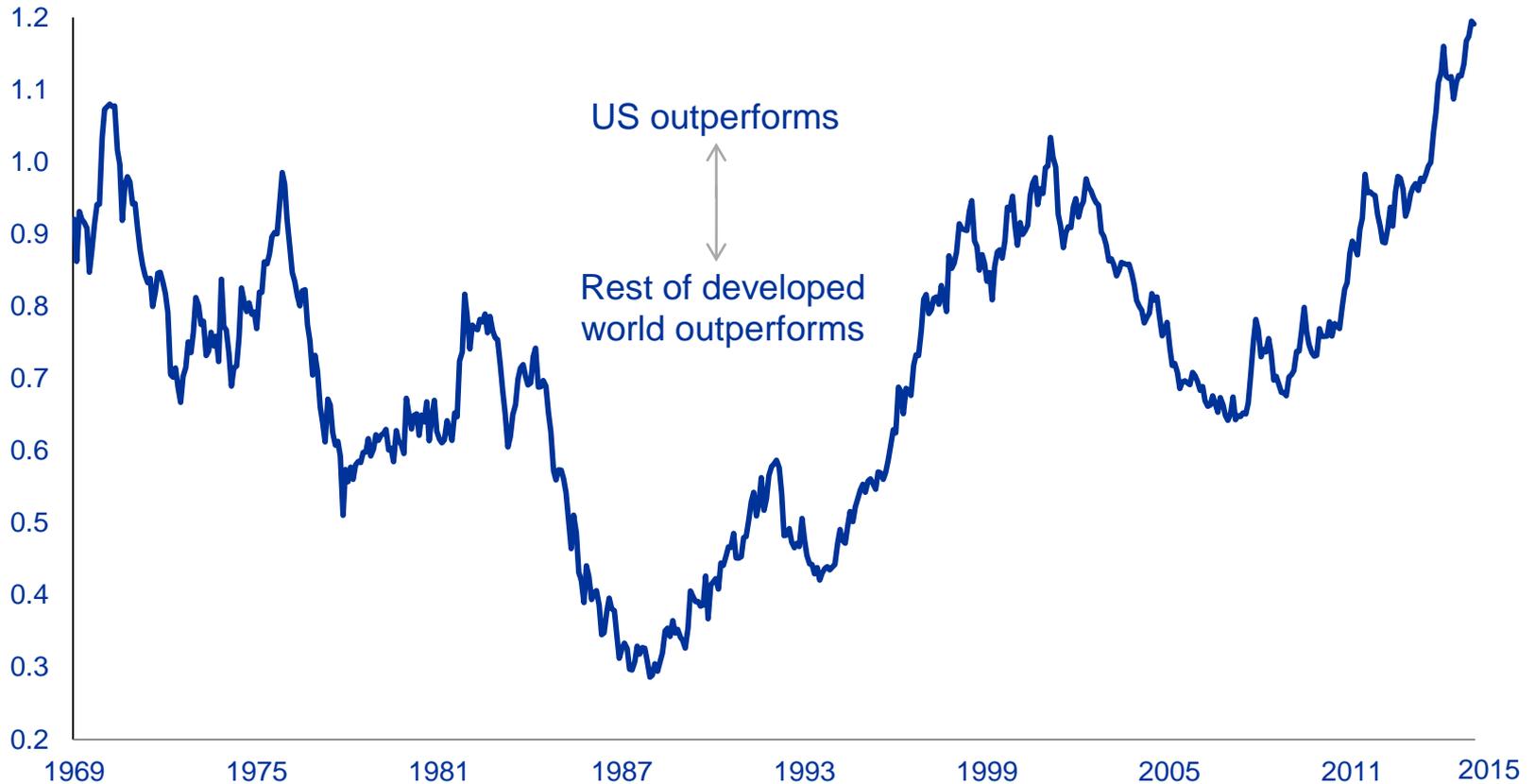


Reinvesting When Terrified

Jeremy Grantham



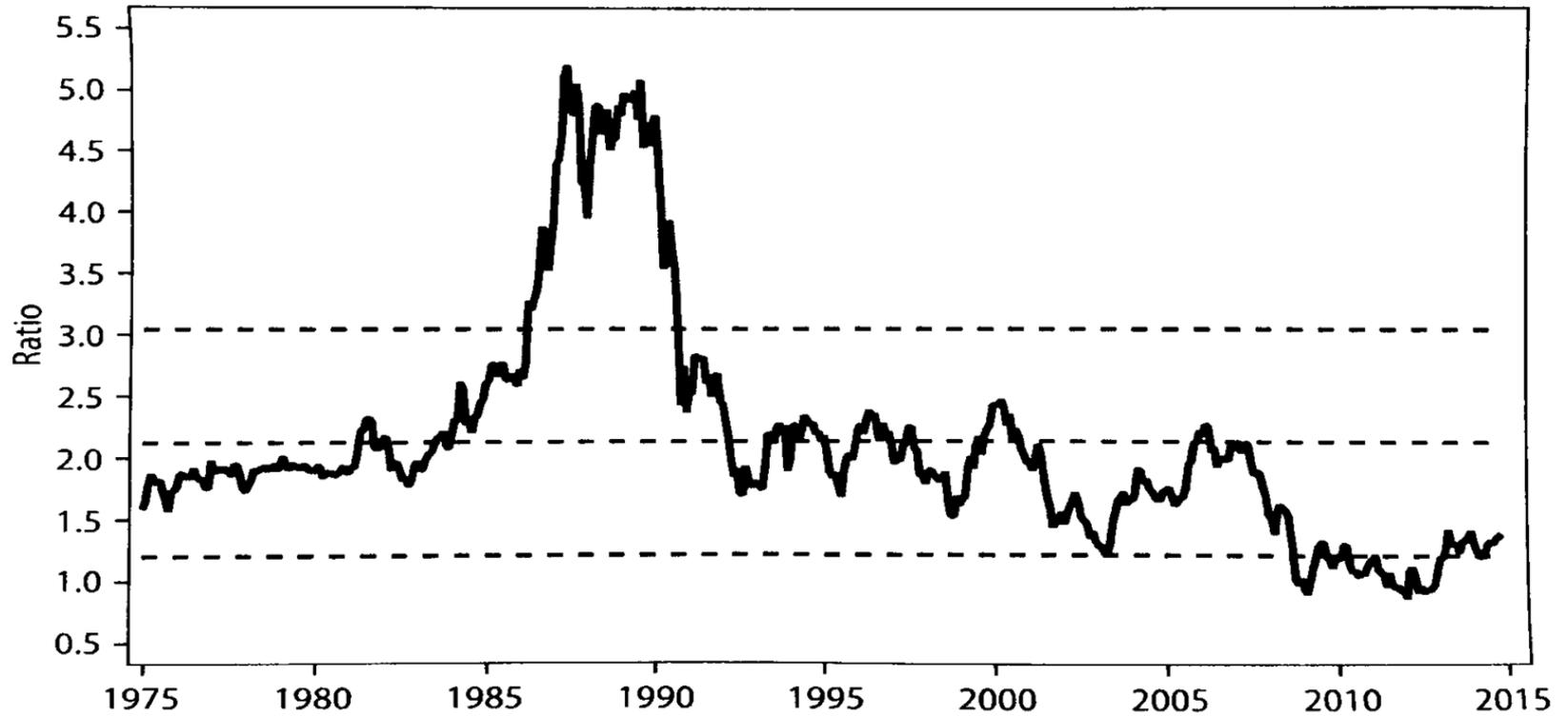
U.S. /rest of world performance



Source: Monthly data via Bloomberg, price indices. Data as at 31st December 2015.
US: S&P 500 Index
Rest of World: MSCI EAFE Index.

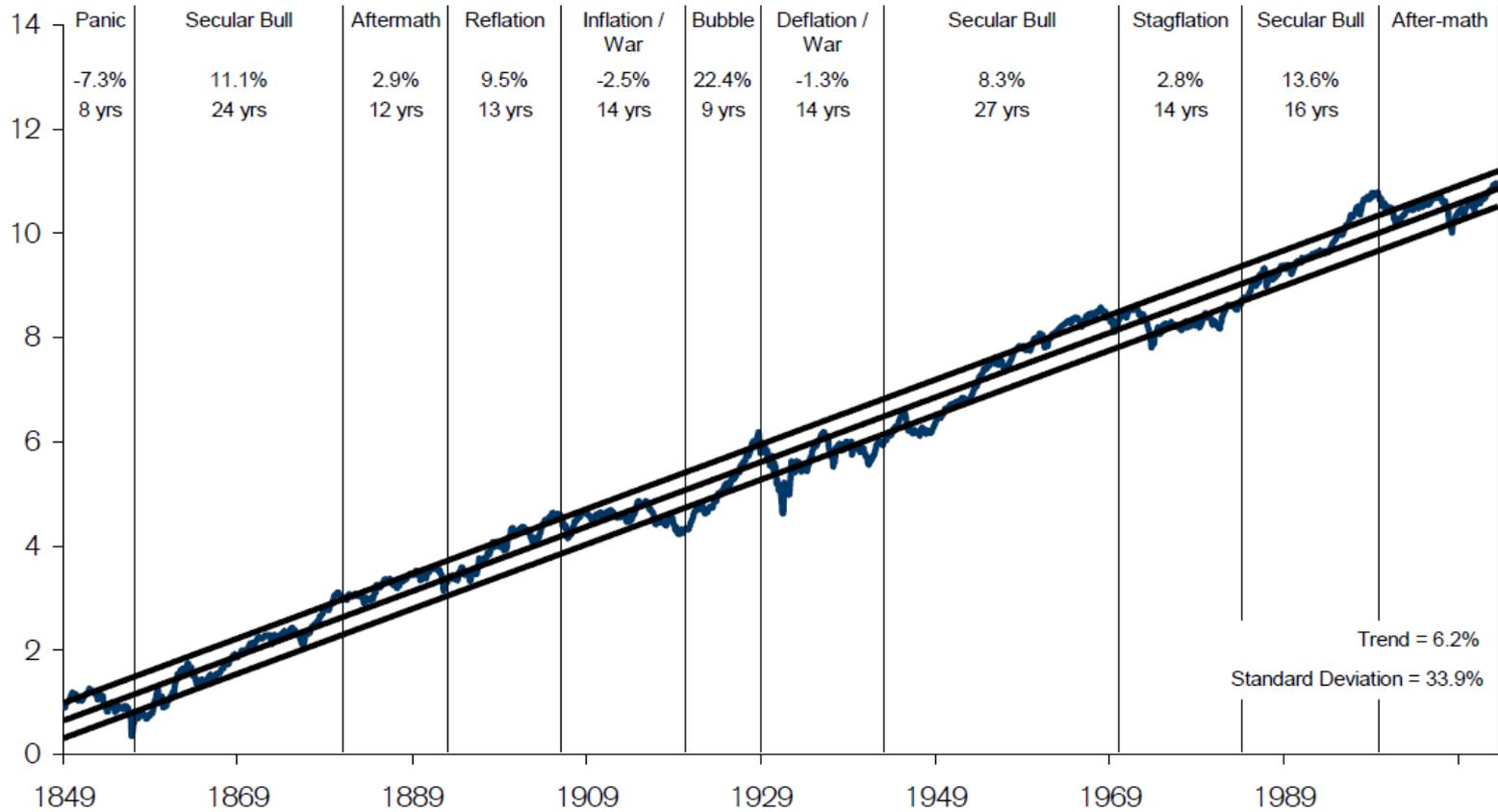
Japan valuation

Price to book value



Source: Gavekal Data/Macrobond.

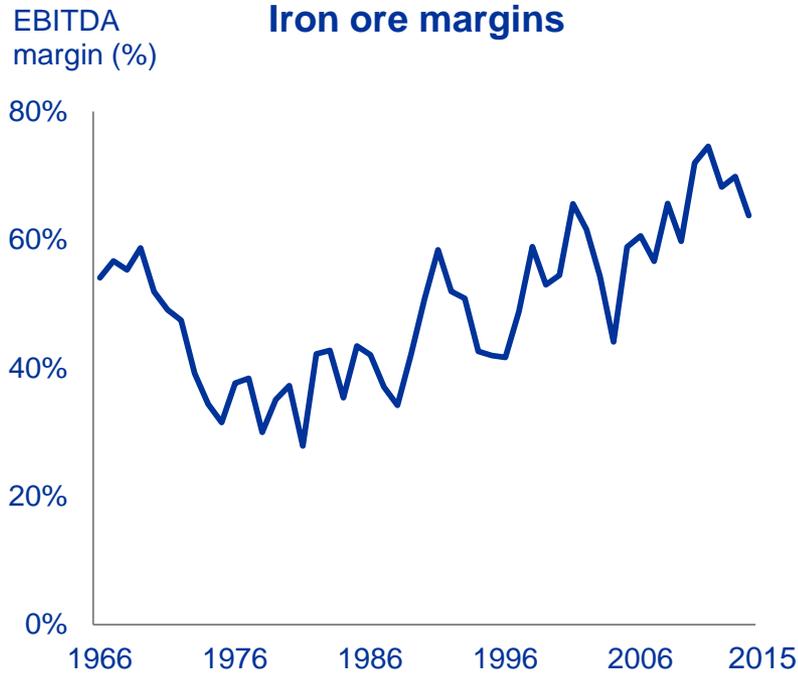
U.S. long-term real equity returns



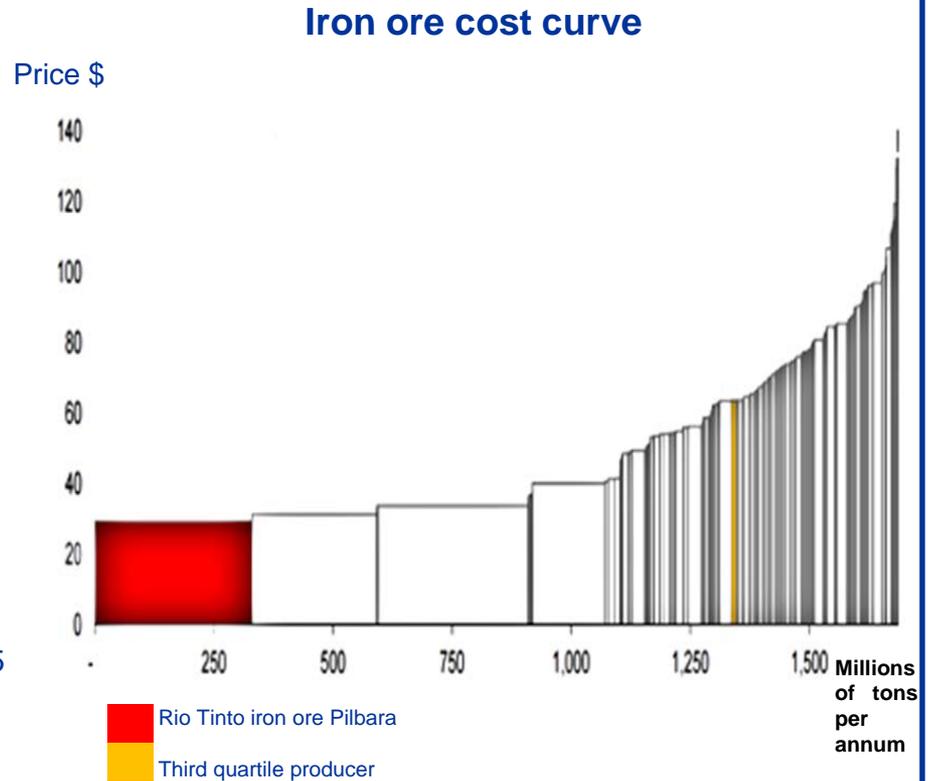
— US Long term Real Equity Returns (log level index - returns per annum)

Last data point: 23.06.2014

Source: Datastream, CS Global Strategy / IDC



Source: Rio Tinto. Data as at 18th November 2015.



Source: Rio Tinto.

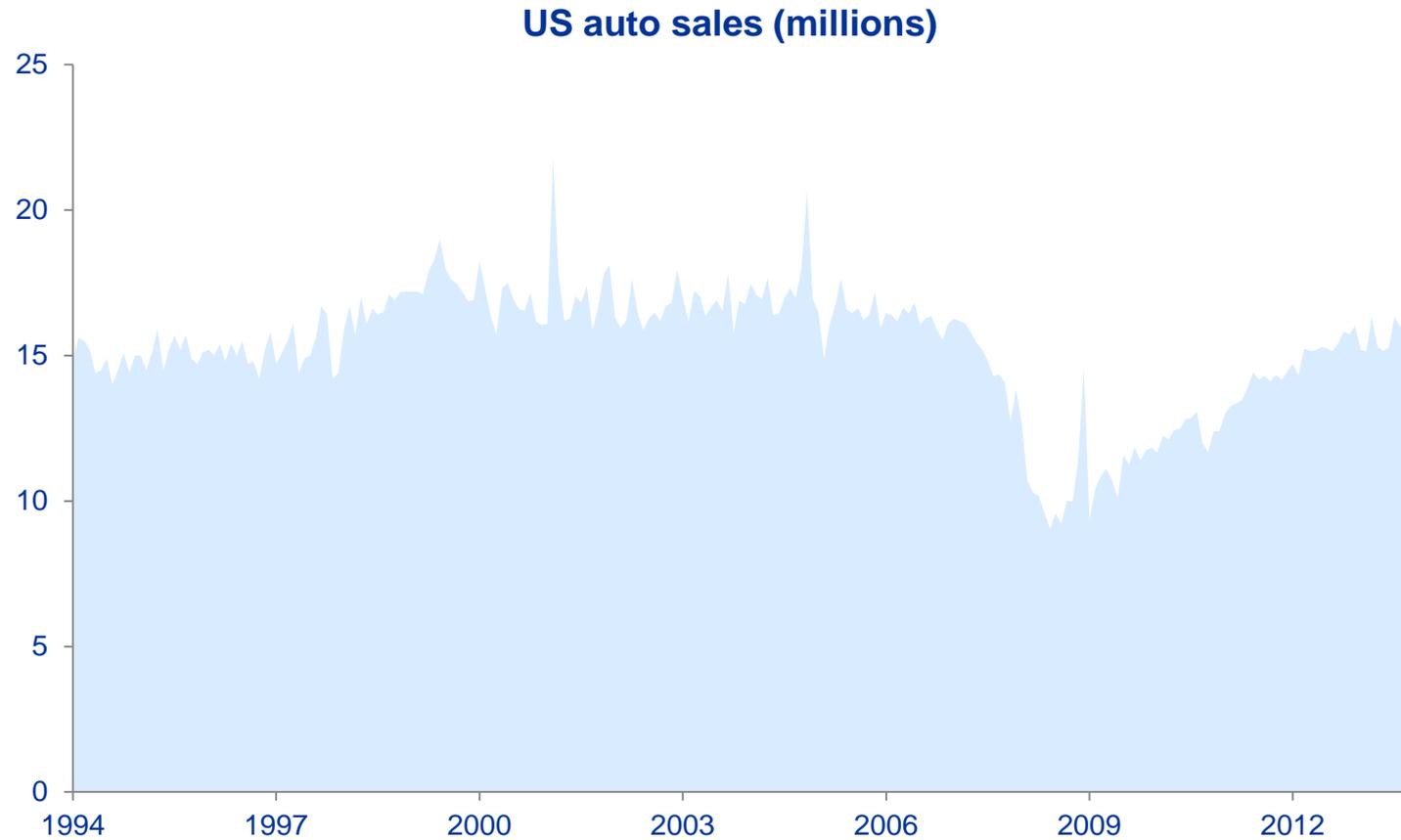
Fiat Group - the original purchase

Share Price (€)



Source: Oldfield Partners, Bloomberg

- Reversion to the mean and sell discipline



Source: Oldfield Partners, Bloomberg.
Data as at 30th June 2014.

Fiat Group – the original purchase

FIAT GROUP SOTP VALUATION

28th January 2010

| Division | Sales €m 2011E | Trading Mgn 2011E | Trading Profit 2011E | EV/EBIT Multiple | EV | Per Share |
|----------------------------------|-------------------|----------------------|-------------------------|---------------------|---------------|--------------|
| Fiat Auto - Brazil | 7,700 | 12% | 924 | 7 | 6,468 | 5.21 |
| Fiat Auto - RoW | 19,300 | -1.7% | (334) | 5 | (1,748) | (1.41) |
| Fiat Auto | 27,000 | 2.2% | 590 | 8 | 4,720 | 3.80 |
| Ferrari | 2,300 | 15.2% | 350 | 10 | 3,500 | 2.82 |
| Maserati | 530 | 5.7% | 30 | 8 | 240 | 0.19 |
| CNH | 10,500 | 8.1% | 850 | 10 | 8,500 | 6.85 |
| Iveco | 8,800 | 5.7% | 500 | 10 | 5,000 | 4.03 |
| Fiat Powertrain Technology (FPT) | 6,500 | 3.1% | 200 | 8 | 1,600 | 1.29 |
| Magneti Marelli (Components) | 4,400 | 2.7% | 120 | 8 | 960 | 0.77 |
| Metalurgic Products (Teksid) | 660 | 4.5% | 30 | 8 | 240 | 0.19 |
| Production Systems (Comau) | 1,170 | 0.9% | 10 | 5 | 50 | 0.04 |
| Other Business & Eliminations | (6,600) | | (100) | 9.3 | (926) | (0.75) |
| Total | 55,260 | 4.7% | 2,580 | 9.3 | 23,884 | 19.25 |

Chrysler (20% stake going to 35% for free)

???

| | | |
|---------------------------------------|---------------|--------------|
| Industrial Net Debt | (4,460) | (3.60) |
| Pension adjustment (post-tax) | (3,400) | (2.74) |
| Minority interest | (1,100) | (0.89) |
| Other equity stakes incl. FGA Capital | 1,867 | 1.51 |
| RCS Mediagroup | 85 | 0.07 |
| Target price | 16,876 | 13.60 |
| Current price | | 9.00 |
| Upside/(Downside) | | 51% |

Source: Oldfield Partners, Bloomberg.

Fiat SpA (post split) – the final sale

FIAT SPA SOTP VALUATION

7.48

| Division | Sales 2015E | Trading Mgn 2015E | Trading Profit 2015E | EV/EBIT Multiple | EV | Per Share | Implied PE Multiple | PE Multiple (Ex pension) | Implied value |
|-------------------------------|----------------|----------------------|----------------------------|---------------------|---------------|--------------|------------------------|-----------------------------|--|
| Mass markets - NAFTA | 48,565 | 5.5% | 2,671 | 6.0 | 16,026 | 12.82 | 6.1 | 10.4 | 8,618 |
| Mass markets - LATAM | 9,245 | 3.0% | 277 | 7.0 | 1,941 | 1.55 | 2.5 | 2.5 | 191 |
| Mass markets - APAC | 7,440 | 7.0% | 521 | 7.0 | 3,646 | 2.92 | 9.8 | 9.8 | 2,896 |
| Mass markets - EMEA | 18,661 | -0.5% | (93) | 3.5 | (327) | (0.26) | 11.2 | 9.4 | (8,230) |
| Mass market brands | 83,910 | 4.0% | 3,376 | 6.3 | 21,287 | 17.03 | 3.3 | 10.3 | 3,476 |
| Ferrari | 2,526 | 15.5% | 391 | 11.5 | 4,502 | 3.60 | 16.1 | 16.1 | 4,502 |
| Maserati | 2,820 | 10.0% | 282 | 6.0 | 1,692 | 1.35 | 8.6 | 8.6 | 1,692 |
| Components & Production | 8,080 | 2.4% | 194 | 6.5 | 1,260 | 1.01 | 9.4 | 9.4 | 1,060 |
| Other Business & Eliminations | (3,302) | - | (70) | 6.5 | (455) | (0.36) | 9.3 | 9.3 | (455) |
| FGA Capital | n.a. | - | 80 | 9.6 | 771 | 0.62 | 13.8 | 13.8 | 771 |
| Total | 94,034 | 4.5% | 4,253 | 6.8 | 29,057 | 23.25 | 6.7 | 11.2 | 11,046 |
| | | | Net Debt Adjustment | | (10,675) | (8.54) | | | - Consolidated Industrial debt only (YE 2014E) |
| | | | Pension adjustment | | (7,336) | (5.87) | | | - Consolidated new IAS 19 post tax |
| | | | Minority interest | | (446) | (0.36) | | | - value of 10% of Ferrari |
| | | | Listed stakes | | 1,170 | 0.94 | | | |
| | | | Equity Value pre cash burn | | 11,770 | 9.42 | | | |
| | | | Cash burn 15 | | (1,211) | (0.97) | | | - Cash burn for 2015 |
| | | | Alfa Romeo opportunity | | 516 | 0.41 | | | - Alfa Romeo opportunity |
| | | | Target price | | 11,075 | 8.86 | | | |
| | | | Average sale price | | | 7.48 | | | |
| | | | % upside | | | 18% | | | |

Source: Oldfield Partners, Bloomberg.

Fiat summary – what we got right and what we got wrong

- CNH
- Ferrari & Maserati
- Brazil
- Chrysler
- Auto cycle
- Equity financing / cash flow

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The Company is an open-ended investment company incorporated with limited liability under the laws of Ireland and is organised in the form of an umbrella fund with segregated liability between Funds. Its share capital may be divided into a number of Classes each representing interests in a Fund. The distribution of Prospectuses relating to Funds established by the Company is restricted in certain jurisdictions and accordingly it is the responsibility of any person or persons wishing to make an application for Shares to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.

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The foregoing summary list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors must read the entire Offering Memorandum of the Company and consult with their own legal, tax and financial advisers before deciding to invest in a Fund.

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