

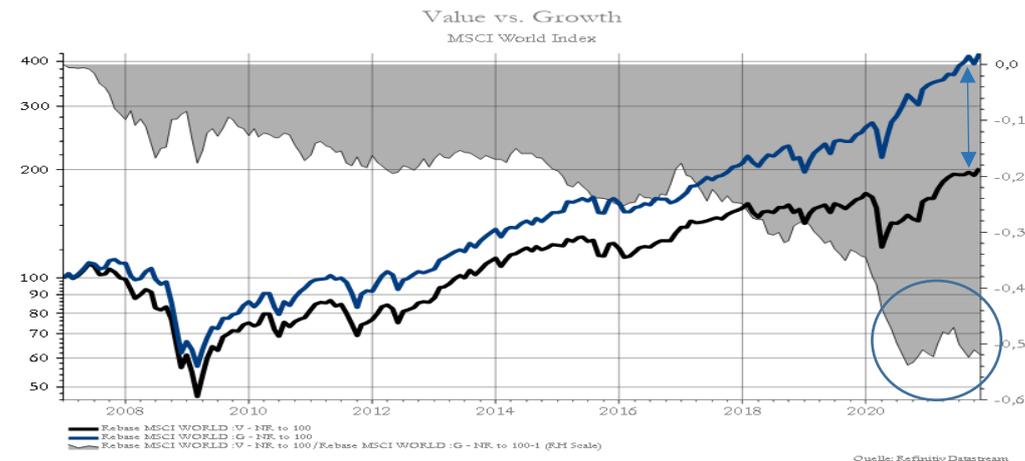
Has the value rally started yet?

Dear Investors and friends of Fidecum,

Value funds have performed well since the onset of the sector rotation in November 2020. In particular, as per end of October 2021, the **Fidecum Contrarian Value Euroland Fund's NAV** increased by **+90%** during those **12 months**.

While one may have the impression that the **Value-Rally** has been **fully exploited**, it may be **rather worthwhile discussing the question, whether the Value Rally has actually started yet?**

The chart below indicates that **Value** has **historically underperformed Growth since 2008** and has continuously widened the valuation gap.



The latest development merely shows a bottoming out. Hence, speaking of a value rally would be an extreme exaggeration.

Quite the contrary, looking at the **current price to book-multiples**, **value** still appears to be **inexpensive**. Particularly, the **Fidecum Contrarian Value Euroland Fund** appears to be **moderately priced**, with a **pbv of 0.6 times on average** for the portfolio. With a **pbv of 1.9 times**, the benchmark is **three times as expensive!**

Should the current **elevated level of inflation** prove to be **sustainable** and should this lead to **lasting higher interest rates** in turn, a **distinct rise in relative attractiveness of Value vs. Growth** should be the consequence. While the **current net present value** of the future earnings stream of growth stocks might be **attractive due to a current discount rate of zero**, this **NPV will swiftly drop** with higher interest rates, to the disadvantage of formerly attractive growth stocks. In addition, a **renaissance of - currently modestly priced - „old economy“-stocks** cannot be excluded.

The **Fidecum Contrarian Value Euroland Fund** is **well positioned** for such a scenario. The already **favorable year to date-performance** is **primarily a consequence of the strictly model consistent management style** and an **unchanged Contrarian Value approach**. The **stock selection based on facts** leads to a **concentrated and focused portfolio** and offers an opportunity to **participate above average** in a potential relative **recovery of Value stocks**.

Together with the **portfolio manager Hans Peter Schupp**, we are looking forward to discuss in more detail the portfolio's exposure and the key facts of the Contrarian Value investment approach in a **Telco or a Zoom-Meeting** at your convenience. Please do not hesitate to get in touch.

Kind regards

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