Reichmuth Bottom Fishing – P – EUR

H2 2024

YTD +9.8%

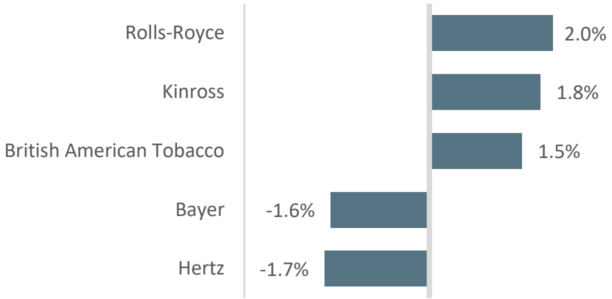
Challenging Second Half of the Year

After a strong first half, the performance of Reichmuth Bottom Fishing moved sideways in the second half of the year, which proved challenging for value strategies, particularly in Europe and Asia.

Divergent Stock Performances

The portfolio's individual stock performance was mixed. Among the largest positive contributors were **BATS** and **Philip Morris**. Both companies had previously been avoided by many investors due to growth challenges and ESG concerns. However, their product portfolios have adapted to new trends, such as snus and heated tobacco products, which, coupled with very attractive payouts, have led to higher market valuations.
Our position in **Kenvue**, a spinoff from Johnson & Johnson, also performed well. Kenvue operates in the consumer health sector, offering products ranging from oral care and skincare to over-the-counter medicines. Following a rise in its share price, we sold the position and shifted into a more attractively valued European counterpart.
On the negative side, **Anheuser-Busch** delivered disappointing results. While we view the management as disciplined in capital allocation, and despite a significant reduction in the debt incurred from the SAB Miller acquisition, announcements regarding increased dividends and share buybacks have been absent. This, combined with weak beer volume trends, weighed on the stock price. Despite these operational challenges, we believe the stock remains attractively valued on a normalized basis.

The five largest holdings in Reichmuth Bottom Fishing at the end of the quarter were Shell, BATS, Man Group, Roche, and Chevron. The portfolio's dividend yield stands at 4.1%.



(largest contributions in 2024)

Money Flows-Dominated Environment

The market environment continues to be shaped by significant capital flows, particularly from active managers into ETFs and from Europe and Asia into the U.S. This dynamic has primarily favored U.S. tech companies while weighing on value strategies.
In response, we are increasingly focusing on companies that repurchase their own attractively valued shares. Looking ahead, I anticipate an exciting 2025 with potential unforeseen developments and shifts in trends, whether it be an end to the war in Ukraine, higher long-term interest rates, or a political awakening in Europe.
A globally diversified portfolio of attractively valued, off-the-radar stocks offering compelling payouts and modest expectations appears well-positioned for such a landscape. Thank you for your continued trust.

Silvan Betschart
Portfoliomanager

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