

Investor Insight: Amit Wadhwaney

Moerus Capital's Amit Wadhwaney and Michael Campagna explain why they often run toward proverbial fires, what's interesting to them in long-time area of interest metals and mining, why they take an asset-based valuation approach, and what they think the market is missing today in Natura, Arcos Dorados, Cromwell Property and Hammerson Plc.

INVESTOR INSIGHT



Amit Wadhwaney
Moerus Capital

Investment Focus: Seeks companies that face near-term challenges, risks and uncertainties that appear excessively discounted in their current share prices.

Humans have developed a keen sense for avoiding danger, which is for the most part a very good thing," says Amit Wadhwaney. "But when that carries over to investing and prioritizes the safety of the herd, we'd argue that's not helpful."

Trained as a contrarian by Third Avenue Management's Marty Whitman, Wadhwaney founded Moerus Capital in 2016 to invest in deeply out-of-favor companies outside the U.S. The firm now manages close to \$900 million and its Worldwide Fund has earned a net annualized 11.7% since inception, vs. 8.4% for the MSCI All Country World Index (ex US). Areas of particular interest today include beauty products and fast-food restaurants in Latin America and real estate companies in Australia, the U.K. and Hong Kong.

You recently wrote about your strategy under the heading "Trouble Is Opportunity." Explain how that informs your investment approach.

Amit Wadhwaney: We often invest in companies facing any number of challenges, risks and uncertainties. Their industries may be transitioning, due to consolidation, regulatory changes or technological disruption. They may be impacted by broader macroeconomic or cyclical challenges. They may have complex corporate structures or accounting-related quirks or are going through a significant reorganization or restructuring. They may just be small and boring or ignored for some other reason.

Our approach is somewhat out of the norm today, when most of our competitors avoid these types of situations and want to buy only high-quality businesses at what they consider to be fair prices. Our contention is that the real bargains are only found when a company is widely perceived to not be of "high quality" and when the consensus outlook for the business is poor. That's when everyone is looking the other way, which we consider a necessary condition for finding something that is genuinely cheap.

As an example, in Italy in 2016 the country's entire banking system was, for lack of a better word, bust. The banks had balance sheets with assets carried at fictitious levels, that if marked to market would render them insolvent. First of all, that attracted our attention rather than scared us away. While we initially couldn't find anything that didn't appear too risky, as we were looking into it all the second-

biggest bank in the market, UniCredit [Milan: UCG], announced a massive rights issue for more than its then market cap and laid out a broad-based plan to sell off a number of far-afield businesses and start the long process of cleaning up the company. That was a starting point for our investment in it.

Michael Campagna: Our idea generation is driven by the intersection of two elements, accumulated knowledge of companies in pretty much every industry and country in the world combined with things that are hated in the current moment. In 2016 everyone hated Italian banks – for good reason, one out of every four loans on bank balance sheets were non-performing. While many saw in UniCredit a company on death's door, we were able to see the opportunity – which by the way took a long time to pay off – as the fundamentals of the business eventually improved.

Our investment around the same time in uranium producer Cameco [CCJ] was similar. Developed countries were shutting down their nuclear capacity and the Fukushima disaster in Japan was still recent enough that the appetite for building new nuclear plants in many parts of the world was non-existent. Indicative of how we look at the world, we thought all that was creating a supply-demand mismatch for uranium that would lead to cyclically higher long-term prices that would benefit Cameco. This also took a very long time to pay off, and we benefitted starting a few years ago from an increasing recognition that nuclear as a source of zero-emission power could play an important role in the global energy transition. Then it got

another jolt from the role clean nuclear power could play to help meet the power demands of AI data centers. We got out too early, but it was a very successful investment for us.

What prompted you to get out, in retrospect, too early?

MC: The thesis changed significantly. We were betting on a supply/demand mismatch leading to higher uranium prices. That played out well. Then the thesis became all about growth, growth, growth. That's not something we're willing to pay up for.

AW: It looks like there will be reasonably robust demand for uranium as a commodity going forward. What's much less clear to us is how that demand is met and at what prices. Cameco's stock has gone up a lot and the enthusiasm for the future is high. As Michael said, that's not usually when we're going to be interested. [Note: CCJ shares, now around \$114, are not far from their all-time high and are up 7x over the past five years.]

You've long been active in metals and mining stocks. Now that such stocks are far more popular with investors has your level of activity waned?

AW: We are still active, but I would say in companies – namely Wheaton Precious Metals [WPM], Dundee Corp. [Toronto: DC.A] and Major Drilling Group [Toronto: MDI] – that we don't consider bets on the pricing of the underlying commodities.

Wheaton provides financing for mining projects primarily at developed, long-lived operating mines and then earns a royalty on the revenues of the project's output. As a result they clearly benefit from increases in underlying gold or other precious metals prices, but they also profit from production growth across a diversified portfolio of multiple miners, geographies and projects, without taking much speculative mining risk or having to make additional capital commitments beyond what they commit to in the first place. That means

they can have a cut of a resulting large project's output without having to pay for all the incremental capex to make it a large project.

I hesitate to use the term, but while the shares are rarely on sale, this business has been quite a compounder over time. Since the start of 2017, around the time of our first investment, the stock has returned an annualized 24%, significantly outpacing the metals themselves or an index of gold miners. If metals prices go down I expect the stock price [now around \$125] will fall

ON ASSET-BASED VALUATION:

The value of tangible assets can give us confidence the company will make it to a time when things are a lot better.

as well, but that would mean funding for new projects will dry up too and Wheaton will have the opportunity and ability to put money to work in what should – if history is a guide – be highly cash-generative projects. This is not something we've been overly inclined to trade around based on volatility in precious-metals prices.

We first invested in Dundee Corp. in 2020 after it had fallen on hard times as an investment holding company that had over-diversified well beyond management's historical expertise in investing in early-stage mining companies. The stock had fallen by more than 90% from its highs and at the time was a classic net-net, trading at a fraction of our estimate of its intrinsic value.

Over the past several years the company has sold off almost everything beyond mining, which included businesses involved in investment banking, real estate, fisheries, cattle farming and casinos. Those asset sales plus the monetization of certain of their mining holdings has raised cash that management has used to redeem preference shares, pay down other liabilities, and expand equity stakes in promising mining companies in need of funding.

This is what we believe they are good at and they still have a significant cash balance – currently accounting for more than one-half of the current market cap – that we expect them to put to good use, if for nothing else than repurchasing their own shares. At the current share price [of around C\$4.20] the shares trade at a nearly 40% discount to our current estimate of net asset value.

Major Drilling is a long-tenured holding of ours which provides drilling services to mining companies, the largest component of which are gold miners. They are very shrewd players, historically using an excellent balance sheet to buy assets from distressed competitors during what can be prolonged periods when drilling activity is subdued.

The company has expanded its footprint beyond Canada and the U.S. into Latin America and Australia by making acquisitions at modest prices, and as precious metals have come back into favor and its customers enjoy improved access to financing after a decade-long drought we believe it is well-positioned to benefit from a revival in drilling demand. We originally bought the stock at what we thought was a significant discount to the value of its assets, and while the shares [trading recently at C\$15.50] have done well, we're comfortable owning them given the demand outlook for what they do.

You often refer to valuation relative to asset values rather than earnings. Describe generally your valuation approach.

MC: We do take more of an asset-based approach to valuation. That doesn't mean we're afraid of businesses that can grow, but because we're leery of our – or anyone's – ability to have superior insight into the future, we want to pay as little for those growth prospects as we can. Even when the future proves relatively benign for a business, if it falls short of lofty expectations priced in at the time of purchase we're exposed to considerable downside risk in the share price. We'd much rather invest where expectations are overly pessimistic, which we think subjects us to less

downside risk because the bear case is already priced in, to good upside potential if the future is even reasonably OK, and to excellent upside potential if the future actually turns out to be positive for the business.

We put most of our emphasis on the “here and now,” a big part of which is often the value of tangible assets that support the investment case today and give us confidence the company will make it through the current period to a time when things might be a lot better. We’ll talk about this in most of the ideas we discuss later, but a simple example was our buying at the onset of Covid a position in Latin American online travel agent Despegar.com when its market value was \$400 million and it had nearly \$250 million in cash. Because the pandemic sunk its business temporarily, we were paying only \$150 million for an established, high-potential business that was generating \$1 billion annual revenue. [Note: Despegar.com was acquired in an all-cash deal by Prosus in late 2024 for \$1.7 billion.]

AW: We currently own Fairfax India Holdings [Toronto: FIH.U], which is a good example both of an asset-based idea and of the type of unusual company we invest in from time to time. The firm was founded in 2014 by Fairfax Financial’s Prem Watsa and is headquartered and traded in Toronto, but it is a holding company focused exclusively on long-term investments in businesses in India. The current holdings include several industrial businesses, a bank, a specialty finance company, and what we consider by far to be the crown jewel, a 75% stake in Bangalore International Airport.

This is an absolutely spectacular airport in a high-tech city that is expected to double its annual number of passengers served from 40 million to 80 million over the next six to seven years, which will likely make it one of the ten-busiest airports in the world. The airport doesn’t currently trade publicly but there are plans to take it public in the not-distant future. Fairfax India's stock already trades at a 20% discount to book value, but if we value the

Bangalore airport based on publicly traded market comps that discount would be far, far higher.

Describe your broader investment case for Brazil-based beauty-products company Natura [Sao Paolo: NATU3].

AW: This is a company with an interesting history. Natura Cosméticos was founded as a bricks-and-mortar store in Sao Paulo in 1969, selling its own beauty and personal-care products that were formulated in an environmentally sensitive and sustainable manner. The business grew con-

sistently and well, the marketing strategy shifted primarily to direct sales, and the company expanded broadly throughout Latin America. The biggest market today remains Brazil, accounting for roughly 50% of revenues, with Mexico #2 at 15% of sales and Argentina right behind that with 13%.

As often happens when a business becomes very successful, Natura started making acquisitions to expand geographically and through company-owned stores. They made a bite-sized acquisition in 2013 of Aesop, which sold similar but much higher-end products and had a good

INVESTMENT SNAPSHOT

<p>Natura (Sao Paolo: NATU3)</p> <p>Business: Develops, markets and sells a broad range of beauty and personal-care products throughout Latin America branded as natural and environmentally sensitive.</p> <p>Share Information (@4/29/26, Exchange Rate: \$1 = 5.02 Brazilian reais):</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Price</td> <td style="text-align: right;">BRL 10.10</td> </tr> <tr> <td>52-Week Range</td> <td style="text-align: right;">BRL 7.13 – BRL 11.30</td> </tr> <tr> <td>Dividend Yield</td> <td style="text-align: right;">0.0%</td> </tr> <tr> <td>Market Cap</td> <td style="text-align: right;">BRL 14.03 billion</td> </tr> </table> <p>Financials (TTM):</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Revenue</td> <td style="text-align: right;">BRL 21.82 billion</td> </tr> <tr> <td>Operating Profit Margin</td> <td style="text-align: right;">8.2%</td> </tr> <tr> <td>Net Profit Margin</td> <td style="text-align: right;">(-8.2%)</td> </tr> </table>	Price	BRL 10.10	52-Week Range	BRL 7.13 – BRL 11.30	Dividend Yield	0.0%	Market Cap	BRL 14.03 billion	Revenue	BRL 21.82 billion	Operating Profit Margin	8.2%	Net Profit Margin	(-8.2%)	<p>Valuation Metrics (@4/29/26):</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: center;">NATU3</th> <th style="text-align: center;">S&P 500</th> </tr> </thead> <tbody> <tr> <td>P/E (TTM)</td> <td style="text-align: center;">38.6</td> <td style="text-align: center;">25.4</td> </tr> <tr> <td>Forward P/E (Est.)</td> <td style="text-align: center;">11.4</td> <td style="text-align: center;">21.8</td> </tr> </tbody> </table> <p>Largest Institutional Owners (@12/31/25 or latest filing):</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Company</th> <th style="text-align: right;">% Owned</th> </tr> </thead> <tbody> <tr> <td>Dynamo Internacional</td> <td style="text-align: right;">8.8%</td> </tr> <tr> <td>Pzena Inv Mgmt</td> <td style="text-align: right;">5.4%</td> </tr> <tr> <td>BlackRock</td> <td style="text-align: right;">5.1%</td> </tr> <tr> <td>Baillie Gifford</td> <td style="text-align: right;">5.0%</td> </tr> <tr> <td>Wasatch Adv</td> <td style="text-align: right;">3.0%</td> </tr> </tbody> </table> <p>Short Interest (as of 4/15/26):</p> <table border="0" style="width: 100%;"> <tr> <td>Shares Short/Float</td> <td style="text-align: right;">n/a</td> </tr> </table>		NATU3	S&P 500	P/E (TTM)	38.6	25.4	Forward P/E (Est.)	11.4	21.8	Company	% Owned	Dynamo Internacional	8.8%	Pzena Inv Mgmt	5.4%	BlackRock	5.1%	Baillie Gifford	5.0%	Wasatch Adv	3.0%	Shares Short/Float	n/a
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NATU3 PRICE HISTORY

THE BOTTOM LINE

After reversing a misguided acquisition spree, the company is set up to prosper in "wobbly" but generally growing markets with good demographics and a propensity to spend on the products it sells, says Amit Wadhwaney. He thinks the business can grow its EBITDA at a low-double-digit rate and its stock should not trade at only 6x EV/EBITDA.

Sources: S&P Capital IQ, company reports, other publicly available information

presence in Asia and Europe. In 2017 they bought The Body Shop, the U.K.-based beauty brand known for its ethical, cruelty-free products, for \$1.2 billion from L’Oreal. They upped the stakes even higher in 2019, buying the non-U.S. operations of Avon for \$2 billion in stock and the assumption of \$1.7 billion in debt.

Making a long story short, after an initial period in which everything went more or less fine, The Body Shop and Avon businesses started running into trouble and the combination of falling EBITDA and the increased debt taken on to make the acquisitions put the company at some risk, causing the stock price to crash in short order. Shares that traded above 55 Brazilian reais in 2021 were below 15 reais a year later.

This forced the start of a process to sell off the previously acquired assets. Aesop was sold in 2023 at a huge gain. The Body Shop was also sold that year, at a huge loss. Last year the company sold parts of its Avon business, also at a large loss, while retaining the Avon operations in Latin America.

So today the company is mostly back to its original form. Its core Natura business pattered along through all the upheaval in the company, but it is still an exceptional, market-leading brand that is now investing in product development and marketing efforts that probably haven’t been getting the attention they deserved. It has been a challenge to fully integrate Avon with Natura in Latin America, but much of the heavy lifting has been done to better integrate what have been separate sales and marketing efforts. We believe that sets the company up well to succeed in sometimes wobbly but generally growing markets with good demographics and a propensity to spend on beauty and personal-care products.

How are you looking at valuation with the shares trading recently at 10.10 reais?

AW: Financial results have been noisy as new management cleaned up the mess, but on our current-year estimates the stock trades at only 6x EV/EBITDA. We con-

sider that quite unchallenging for a business that can reasonably grow EBITDA at a low-double digit rate over the medium to long term. If that happens and investors begin to see this as the good organic growth business it is rather than the self-made mess it was, there’s no reason the stock can’t trade for twice the current multiple. Global peers today actually trade at closer to 19x EV/EBITDA, as has Natura in the past. While we would never build our valuation based on multiples like that, it’s not a big stretch to imagine the stock trading within the next few years at 30-40 reais per share.

Staying in Latin America, what do you think the market is missing in Arcos Dorados Holdings [ARCO]?

AW: Arcos Dorados is the largest franchisee of McDonald’s in the world, owning the master franchise for Latin America, where it is by far the largest quick-service restaurant in the region. As is the case with Natura, Brazil, Mexico and Argentina are its three largest markets and in many countries it is twice the size of the next-largest competitor.

The business continues to grow quite rapidly. Revenues grew at a compound

INVESTMENT SNAPSHOT

Arcos Dorados

(NYSE: ARCO)

Business: Owns and operates McDonald’s restaurants through a master franchise agreement covering Latin America; its three top markets are Brazil, Mexico and Argentina.

Share Information (@4/29/26):

Price	8.66
52-Week Range	6.50 – 9.75
Dividend Yield	3.1%
Market Cap	\$1.82 billion

Financials (TTM):

Revenue	\$4.68 billion
Operating Profit Margin	8.0%
Net Profit Margin	4.5%

Valuation Metrics

(@4/29/26):

	ARCO	S&P 500
P/E (TTM)	8.6	25.4
Forward P/E (Est.)	11.8	21.8

Largest Institutional Owners

(@12/31/25 or latest filing):

Company	% Owned
Lazard Asset Mgmt	10.2%
Pzena Inv Mgmt	5.1%
SPX Equities	3.6%
Moerus Capital	1.7%
Morgan Stanley	1.7%

Short Interest (as of 4/15/26):

Shares Short/Float	2.7%
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ARCO PRICE HISTORY



THE BOTTOM LINE

The Latin American company’s shares trade at a striking discount to those of its U.S. parent despite it having stronger competitive positions and a longer growth runway, says Michael Campagna. Earnings growing as he expects and the valuation gap closing even modestly would result in an excellent return for shareholders from today’s price, he says.

Sources: S&P Capital IQ, company reports, other publicly available information

18.9% per year over the five years through the end of 2025. That actually understates the growth in local-currency terms because the company reports in U.S. dollars and those currencies have generally depreciated against the dollar over that period. For perspective, the U.S. parent company over the last five years grew sales at 6.8% per year. India was almost as good, at 17.9%. In Japan that number was 0%.

The growth prospects for Arcos remain quite attractive in our opinion. It has been taking market share from competitors like Burger King, and the addressable market also grows nicely as consumers in countries with growing middle classes eat out more and gravitate from literal mom-and-pop food stalls and food carts to chain restaurants like McDonald's. There's little risk of a rupture in relations with the parent company, as the master franchise agreement was renewed at the beginning of 2025 for another 20 years, with very fair terms and conditions.

Investors appear not to like that the company has two share classes, giving voting control to Woods Staton, the founder and current Executive Chairman. I'd rather not have that as well, but it's much less of an issue when you have a controlling shareholder that has proven to be proactive and constructive in building the value of the business over time. With Woods Staton, we believe that's very much the case here.

How cheap do you consider the shares at the recent price of around \$8.70?

MC: The stock trades at less than 9x trailing earnings and only 6x EV/EBITDA. If you backed out a conservative estimate of the value of the real estate the company owns, those numbers would be a few turns lower.

We compare that directly with the parent-company McDonalds [MCD] in the U.S., which trades at 24x trailing earnings and 16x EV/EBITDA. That is a striking premium in valuation over Arcos Dorados, which we think has stronger competitive positions in its markets and a much

longer runway for secular growth. We're not counting on it, but we also believe there's potential upside for Arcos from the U.S. dollar weakening after a long period of appreciation relative to Latin American currencies.

We wouldn't argue that Arcos should re-rate immediately to 16x EV/EBITDA, but the gulf between 6x and 16x is very large. If earnings grow at a double-digit rate, which is not an unreasonable expectation, if the valuation gap closes even moderately that should result in a very attractive return for shareholders from today's price.

From restaurants to real estate, describe your interest in Australia's Cromwell Property Group [Sydney: CMW].

AW: This is another company that has been on quite a journey over the past several years. It was a successful owner and manager of office buildings in Australia and New Zealand, a majority of which were leased to governmental or quasi-governmental organizations. Then it did a number of crazy deals with a variety of different ownership structures through an asset-management platform it bought in Europe. They were invested in retail busi-

INVESTMENT SNAPSHOT

Cromwell Property Group
(Sydney: CMW)

Business: Owns and manages commercial office buildings in Australia and New Zealand; fund-management business also invests third-party capital in similarly located assets.

Share Information
(@4/29/26, Exchange Rate: \$1 = A\$1.41):

Price	A\$0.40
52-Week Range	A\$0.33 – A\$0.50
Dividend Yield	7.6%
Market Cap	A\$1.05 billion

Financials (TTM):

Revenue	A\$249.3 million
Operating Profit Margin	67.0%
Net Profit Margin	42.2%

Valuation Metrics
(@4/29/26):

	CMW	S&P 500
P/E (TTM)	10.2	25.4
Forward P/E (Est.)	9.8	21.8

Largest Institutional Owners
(@12/31/25 or latest filing):

Company	% Owned
Vanguard Group	5.8%
Dimensional Fund Adv	1.0%
Moerus Capital	0.8%
Norges Bank Inv Mgmt	0.8%
Spheria Asset Mgmt	0.6%

Short Interest (as of 4/15/26):
Shares Short/Float n/a

CMW PRICE HISTORY

THE BOTTOM LINE

The company has greatly simplified what it does and gone from over-levered to under-levered and capable of putting capital to work in expanding its fund-management business, says Michael Campagna. At today's share price that high-potential business is "more than free," he says, while shareholders are earning a better than 7.5% annual dividend yield.

Sources: S&P Capital IQ, company reports, other publicly available information

nesses in Poland. There were logistics assets in Italy. They listed a REIT in Singapore. It was a bit of a mess.

We first got interested in Cromwell when a real estate asset manager we respect in Singapore, ARA Asset Management (which has since been acquired and is now owned primarily by Starwood Capital) took a large stake in the company and then fought for some time to replace the management and board and reverse a number of the ill-conceived expansion efforts that had thrown the balance sheet out of kilter. While ARA's eventual attempt to acquire Cromwell never came to pass, it did ultimately gain control of the board and the resulting overhaul of the leadership resulted in the company doing much of what ARA originally suggested in the first place.

MC: What you have today is a much simpler business with a balance sheet that has gone from over-levered to under-levered. The primary asset is the in-place portfolio of owned and managed office buildings in Australia and New Zealand, with overall 97% occupancy and a stable, long-term base of tenants. They also have a growing fund-management business that manages A\$2.8 billion in third-party capital invested in commercial real estate, also in Australia and New Zealand. They're putting capital to work to expand that business, including a just-announced transaction to buy a 20% stake in a portfolio of logistics properties in Australia that it will manage and use to seed a new fund offered to outside investors. They have the balance-sheet capacity to make a number of new investments like this going forward.

The stock hasn't done that well since the reset. How attractive do you consider it at a recent 40 Australian cents per share?

MC: The value of the company's net tangible assets as of the end of last year was 58 Australian cents per share. That uses cap rates on the in-place real estate owned of 7.5%, which we consider reasonable for their markets. That net-assets

estimate doesn't include anything for the fund-management business, so at today's price you're getting a 30% discount to net assets and the fund business is more than free. In addition, this is a REIT that has to pay out 90% of its earnings, which translates today into a dividend yield of just over 7.5%. We don't really think about it this way, but you're being paid to wait, so to speak, for value to be realized in each of the businesses.

What makes you high on the investment prospects for U.K. real estate company Hammerson Plc [London: HMSO]?

MC: This is a REIT that owns prime retail and mixed-use properties in large urban areas in the U.K., Ireland and France. We first invested in this pre-Covid, when the general consensus was that e-commerce would be a death knell for bricks-and-mortar retail and we thought the best malls and shopping streets might not fare as badly as was commonly believed.

That obviously wasn't a timely position to take as the world shut down in 2020 due to the pandemic. The company had to do a rights issue in mid-2020, at which point we doubled our stake in it at half the price we originally paid. Not unlike what

INVESTMENT SNAPSHOT

Hammerson Plc (London: HMSO)		Valuation Metrics (@4/29/26):	
Business: Real estate investment trust based in London that develops and owns prime retail and mixed-use properties in center-city locations in the U.K., Ireland and France.		HMSO	S&P 500
Share Information (@4/29/26, Exchange Rate: \$1 = £0.74):		P/E (TTM)	7.2
Price £3.26		Forward P/E (Est.)	14.6
52-Week Range £2.45 – £3.74		Largest Institutional Owners (@12/31/25 or latest filing):	
Dividend Yield 4.9%		Company	% Owned
Market Cap £1.73 billion		Stichting Pensioenfonds	17.2%
Financials (TTM):		Coronation Fund Mgrs	10.0%
Revenue £264.3 million		Vanguard Group	5.6%
Operating Profit Margin 52.1%		Public Inv Corp	5.1%
Net Profit Margin 87.8%		BlackRock	5.0%
		Short Interest (as of 4/15/26):	
		Shares Short/Float	n/a

HMSO PRICE HISTORY

THE BOTTOM LINE

With a clearer strategic focus and a stronger balance sheet, the company can now pursue development projects that were beyond its grasp for many years, says Michael Campagna. He expects the math of buying the current assets at a discount to book value and seeing that book value materially grow to work out well for shareholders over time.

Sources: S&P Capital IQ, company reports, other publicly available information

we described earlier with UniCredit, the rights offering brought in an entirely new management team and they spent the next four years systematically selling down far-flung assets to further improve the balance sheet. The last sale in mid-2024 was to get out of its Value Retail business, which was a non-controlling stake in a global portfolio of outlet malls. That left the company with a much clearer strategic focus and a much stronger balance sheet, allowing it the flexibility to pursue new investments that it hadn't been able to consider for several years.

Those investments primarily involve building out some of their existing center-city locations – often on underutilized space that is currently used for parking lots – to add office space, apartments, restaurants and entertainment venues. As one prominent example, Hammerson is redeveloping a significant amount of property it owns around its flagship Bullring & Grand Central mall in Birmingham, England to add hundreds of homes, office space, a hotel, and new public space including a boulevard. This type of development can be very value accretive in urban areas where land is valuable and scarce.

What upside do you see in the shares from today's £3.25 price?

MC: The stock currently trades at about a 15% discount to its reported book value. What's interesting about reported book value is that the property values being assigned by the independent evaluators are 40% below where they were pre-Covid in the U.K. and about 20% below in Ireland and France. We think that makes the current book value quite conservative and

subject to potential upward revaluation as markets eventually stabilize after a general period of weakness following Covid and then the impacts of the war in Ukraine and even more recently in Iran.

Given the long-term nature of this type of investment we avoid putting a precise price target on the shares, but our gen-

ON PATIENCE:

Patience has paid off handsomely for us in the past, even after a long period of no movement in the stock price.

eral view is that we're buying assets at a material discount to their current understated value, while the company is again investing in development projects that can materially increase book value over time. As that's happening we're earning a 5% dividend yield on the current share price. This is unlikely to be a quick trade, but the asset value is there and we like getting it at a discount.

You talked earlier about a number of ideas that took some time to work out. Update us on your thinking about Hong Kong real estate company Sino Land [Hong Kong: 83], whose stock since we first spoke about it more than 10 years ago [VII, November 30, 2015] has gone almost nowhere. Does hope spring eternal with it?

MC: The company develops residential real estate in Hong Kong and China, owns and manages commercial space adjacent

to its residential developments, and owns a small portfolio of hotels that are located in Hong Kong, Singapore and Australia. As has been reflected in the share price, residential development has been challenging for some time in Hong Kong as China has taken a firmer approach to managing what is technically a Special Administrative Region, as the residential real estate market in China has imploded, and in both places as Covid came and resulted in some of the strictest and longest-lasting lockdowns globally.

AW: The headline here is that Sino Land currently has net cash that makes up close to 45% of the current market cap. It is still owned 60% by insiders, and management has shown an ability in difficult markets to be opportunistic in buying new land for development when the market is distressed. We don't know when the residential markets are going to pick up again in Hong Kong and China, but we do believe that will happen and that when it does Sino Land should take full advantage. Its book value should grow and the shares should no longer trade at a material discount to that book value.

It clearly can take much longer than we'd like for things to play out as we believe they will, but as long as we still believe the situation will improve and the upside when it does is worth it, we're fairly slow to give up on an idea. Being patient has paid off handsomely for us in the past, even after a long period of no movement in the stock price. VII

Trailing Returns (as of March 31, 2026)	Year to Date	One Year	Three Years	Five Years	Since Inception ¹
Moerus Worldwide Fund (Inst.)	5.23%	42.36%	27.79%	19.54%	11.67%
MSCI All Country World Index ex USA (Net) ²	-0.71%	24.91%	14.49%	7.02%	8.43%
MSCI All Country World Index (Net) ³	-3.20%	20.01%	16.58%	9.49%	11.36%

Gross Expense Ratios: Class Inst.: 1.31%; Class N: 1.56%

Net Total Expense Ratios*: Class Inst.: 1.26%; Class N: 1.51%

1. Inception date of the Moerus Worldwide Fund is June 1, 2016.
2. The MSCI All Country World Index ex USA (Net) is an unmanaged index consisting of 46 country indices comprised of 22 of 23 developed markets (excluding the US) and 24 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. The Index is shown solely for comparison purposes, and the underlying holdings of the Index may differ significantly from the portfolio. The Index is a trademark of MSCI Inc. and is not available for direct investment.
3. The MSCI All Country World Index (Net) is an unmanaged index consisting of 47 country indices comprised of 23 developed and 24 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. The Index is shown solely for comparison purposes, and the underlying holdings of the Index may differ significantly from the portfolio. The Index is a trademark of MSCI Inc. and is not available for direct investment.

**Moerus Capital Management ("Moerus"), as registered investment adviser of the Moerus Worldwide Fund, has contractually agreed to reduce its fees and/or absorb expenses of the Fund, until at least March 31, 2027, to ensure that total annual fund operating expenses after fee waiver and/or reimbursement (exclusive of any taxes, brokerage fees and commissions, borrowing costs, acquired fund fees and expenses, fees and expenses associated with investments in other collective investment vehicles or derivative instruments, or extraordinary expenses such as litigation) will not exceed 1.25% for Institutional Class Shares and 1.50% for Class N. Acquired fund fees are estimated to be 0.01% and are included in the net total expense ratio. Please see the current prospectus for additional information.*

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Returns are shown net of fees and expenses and assume reinvestment of dividends and other income. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Investment performance reflects expense limitations in effect. In the absence of such expense limitations, total return would be reduced. For performance current to the most recent month-end, please call 1-844-MOERUS1.

Current and future portfolio holdings are subject to change and risk.

Top ten holdings as of 3/31/26 as a % of the Fund's net assets: Natura Cosmetics (5.81%), Greenfire Resources Ltd (4.27%), Dundee Corp (3.60%), International Petroleum Corp (3.50%), Nutrien Ltd (3.14%), Aker ASA (3.12%), Exor NV (3.06%), Valterra Platinum Ltd (3.03%), Cromwell Property Group (3.02%), and Midland Holdings Ltd (2.88%).

Click here for a current Fund factsheet: www.moeruscap.com/literature/.

Moerus is not affiliated with Value Investor Insight.

Financial Definitions:

1. Dividend yield is the annual dividends paid per share divided by a stock's price per share.
2. Market capitalization is the value of a company based on the total dollar amount all of its outstanding shares are worth.
3. Operating Profit Margin is a company's operating profit divided by its total revenue.
4. Net Profit Margin is a company's net income divided by its total revenue.
5. Price-to-Earnings (P/E) is the price of a stock divided by its earnings per share.
6. Forward Price-to-Earning (Forward P/E) is the current price of a stock divided by its projected earnings per share over the next 12 months.
7. EV/EBITDA is the Enterprise Multiple, where Enterprise Value (EV), made up of a company's market cap and total debt minus cash, is divided by its Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA).

Risk Disclosure:

Investing in Mutual Funds involves risks including the possible loss of principal and there can be no assurance that any investment will achieve its objectives. International and, in particular, emerging country and frontier market investing involves

increased risk and volatility due to currency fluctuations, economic and political conditions, and differences in financial reporting standards. Value investing involves the risk that an investment made in undervalued securities may not appreciate in value as anticipated or remain undervalued for long periods of time.

You should carefully consider the Moerus Worldwide Fund's investment objectives, risks, charges, and expenses carefully before you invest. This and other important information about the Funds are contained in the prospectus, which can be obtained by calling 1-844-MOERUS1 or visiting www.moeruscap.com. The prospectus should be read carefully before investing.

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