May 24th, 2025

Dear Owner,

This was the performance of the funds in 2024:

Fund	Profitability 2024
Conviction F *	20,74%
Conviction V	30,33%
Resilience	17,11%
Focus	42,72%

(~6months)

Annualized 5 year potential	
Focus → Conviction →	>20%
Resilience →	15-20%
	10-15%
	5-10%
	<5%

These companies have been the biggest contributors and detractors of each fund:

CONVICTION		RESILIENCE		FOCUS	
ClearPoint +8,8%	StoneCo -4,1%	CrowdStrike +3,0%	MTY Food -0,8%	ClearPoint +26,9%	Stone Co -5,2%
Sea Ltd +6,7%	PDD Holdings -2,3%	RH +2,3%	Ryman Hc -0,7%	Sea Ltd +6,7%	PDD Holdings -1,8
Meituan +4,4%	Smartrent -1,7%	Brookfield +2.2%.	Dino Polska -0,4%	51 Talk +4,5%	Smartrent -1,4%

Let's look at some of them in more detail:

Sea Ltd (SE), was founded by **Forrest Li** in 2009 as **Garena**, a **video game** development company. In 2015 it launched **Shopee**, **Southeast Asia**'s leader in **e-commerce**. It's a region with a lot of potential where more than 600 million people live and is developing rapidly. Shopee has established itself as the leader in the region after years of fighting with its main competitor Lazada, a subsidiary of Alibaba. It has achieved this through greater local knowledge and a culture of hard work. In 2014 it launched SeaMoney (now **Monee**), a **payments** subsidiary, following in the footsteps of MercadoLibre with Mercado Pago, Alibaba with Alipay or Shopify with Shop Pay. It is a good move as a payments company has many synergies with an e-commerce one. In the free money era during COVID, they tried to grow too fast by opening too many marketplaces. In 2023 they slowed growth, *slimming down* the company, cutting costs and closing the least interesting markets. **In 2024, growth resumed at a good pace**. We took the opportunity to increase the position in early 2024 when it fell to 35$ per share and reduced it as it got closer to 90$ -120$ per share.

Meituan (3690 HK) is the **world's largest food delivery company**. It was founded by **Wang Xing** in 2010. The business model has evolved into a ***superapp*** with which, apart from ordering food, you can buy movie tickets, book a hotel room or make an appointment at the hairdresser. **They have used the loyalty generated**

by the recurrence of food deliveries to cross-sell other less recurrent, but higher margin products such as travel reservations and local services. This is a company we have known for some time as we first invested in January 2019 at HKD45 per share. We sold most of the shares at 150-200 HKD per share. When it fell to around HKD 70 per share in early 2024, we took the opportunity to buy again. We sold the position last October when it went back up to 200 HKD per share.

This is another advantage of investing in listed companies that is not often talked about. Moreover, it is rare that it happens when you invest in other types of assets. **The stock market can give you the opportunity to benefit several times from the same value creation**. In the case of Meituan, the company has increased its value per share from HKD 70 to HKD 200 only once, but as Owners, we have benefited from that value creation twice.

Restoration Hardware (RH) is a leader in **luxury furniture in the USA**. Its CEO and largest shareholder (20%) **Gary Friedman** has had a unique career. After a difficult childhood, he became the **youngest manager in the history** of the clothing company Gap. In his next stint at Williams Sonoma, he grew the **Pottery Barn** home furnishings brand **from $50M to $1 billion** in revenue. Disappointed at not being elected CEO after being promised it, he left the company leaving $50M in stock options on the table. In 2001, the founder of Restoration Hardware, a furniture and decorating company on the verge of bankruptcy, called him to take over and turn it around. And turn it around he did. In these 24 years he has grown RH to sell more than $3 billion a year and positioned it as a luxury brand. It has a **different business model** in which it offers very discounted prices to members (everyone who buys at RH becomes a member since it only costs $200 a year) and includes free decoration projects. With this they intend that their customers avoid the expense of decorators, who usually take a commission of 20-50% of the cost of the furniture in this type of projects.

It is an interesting time for the company as, apart from benefiting from an eventual **recovery of the American real estate market**, it is starting to **expand in Europe**. If you are curious, you can visit their Madrid store in Plaza del Marqués de Salamanca. In their larger galleries they have restaurants that bring traffic to stores that otherwise people would only visit every few years when they move or renovate their homes. Friedman does one thing we love. He is one of the most **aggressive CEOs when it comes to buying back company stock when the price is low**. In 2016-2018 for example, he repurchased over 40% of the company when the price had fallen 70%, generating a ton of value for shareholders. Before Trump's tariff turmoil, the market was paying $450 per share for the company. We were able to buy more shares at $144 per share.

Stone Co (STNE), the Brazilian **financial solutions** company **for SMEs** was founded by **André Street** in 2012. It has more than 3 million customers to whom it provides **payment** transactions**, banking, credit and software** services. Its strong service culture and distribution network covering the entire country make it **number 1 in customer satisfaction** in its sector. Since we first invested in 2020, it has had **several execution problems**. In 2021 they had to suspend the credit operation as they had a very high level of defaults. They also acquired the retail software company Lynx, with which they planned to cross-sell their financial services. The integration did not go as expected and they are considering selling it, probably at a lower price than they bought it 5 years ago. Because of all this, the board of directors decided to **change the management team** and put **Pedro Zinner** in charge in 2023. The execution has been good since then, but we don't like the fact that founder Street has almost completely disengaged from Stone's day-to-day business. It's a company where it's not clear to us that we want to still be shareholders in 10 years' time. We are holding it for the time being because the share price is well below the value we estimate. We want to see how the new management evolves and if they continue to execute. They also have a share buyback program in place that will add a lot of value at these prices.

Crowdstrike (CRWD), the cybersecurity firm we already talked about in the 2023 annual letter, didn't have much weight in the funds at mid-2024. If you traveled by plane in mid-July, you'll remember that there were a couple of days when many flights were cancelled and airports jammed. The problem came from a software update from Crowdstrike that had a bug in the code. This bug caused many Windows computers to not function properly. **CRWD recognized the bug and quickly corrected it**. Within a couple of days everything was fixed. What happened to the company's stock price? It dropped more than 40%. At the time, we thought it was a **temporary blip that did not affect the company's long-term value creation,** so we took advantage of the drop to buy at levels of 220-260$ per share. Today it is trading at over $440 per share. The market often overreacts to events that do not affect the long term, and we must take advantage of this.

The **value** of our investment will continue to grow at the rate at which the value of our companies grows. In the short term, **prices** will continue to do extreme things (up and down) but in the long term they will always end up following value. **We continue to take advantage of the enormous benefit that this distortion creates**.

Finally, Rolnik was the **fund manager with more than one fund with the highest returns in Spain in 2024**, with a weighted average return of 38.5%. This places us for the second consecutive year among the 3 most profitable.

Save, multiply, wait and enjoy.

Jaime Carrasco Houston
CEO/CIO