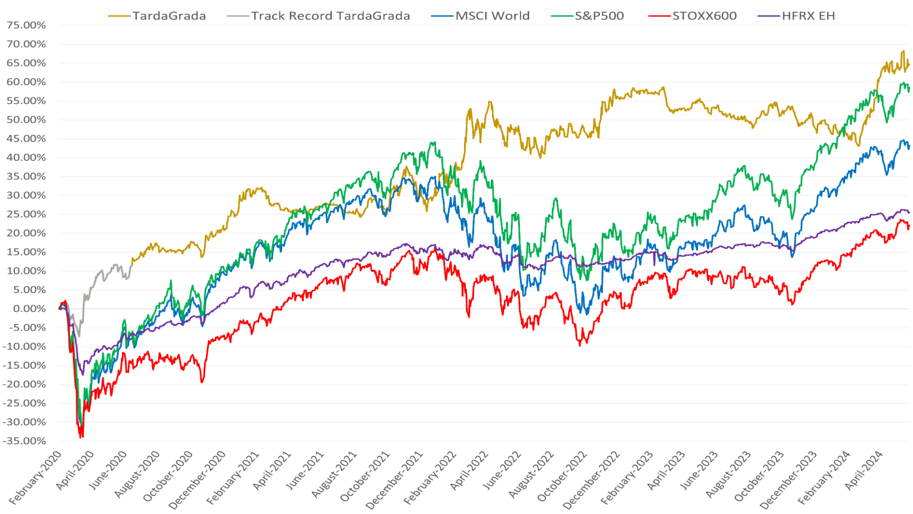
Clavis Partners - TardaGrada Strategy

May 2023

Investment Objectives

Our investment strategy is to find assets that outperform the MSCI World Index on a currency adjusted basis. TaradGrada invests in highly liquid financial assets worlwide, including Equities, Bonds and Commodities. Investment decisions are based on strict rules and follow a stringent selection process. The primary investment objective is to preserve investors capital at all time while providing sustainable long term capital appreciation through an active portfolio and risk management.

Daily Performance Since Inception Of The Strategy



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Performance

Track Record	2020	2021	2022	2023	2024	3MTD		6MTD		1YR			TR**
***TardaGrada**	**23.97**	**4.22**	**23.00**	**-5.12**	**11.59**	**16.16**		**9.68**		**8.29**			**64.58**
MSCI World	14.06	20.14	-19.46	21.77	8.71	3.24		13.94		23.02			43.27
S&P500	16.26	26.89	-19.44	24.23	10.64	3.56		15.54		26.26			58.59
STOXX600	-4.04	22.25	-12.90	12.74	8.17	4.76		12.25		14.70			22.10
HFRX EH	4.60	12.14	-3.18	6.92	3.85	1.79		5.51		9.19			25.51
TardaGrada	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YR
2020	-	-2.97	6.79	3.96	2.72	2.18	3.21	-0.71	0.30	-2.14	6.41	4.22	23.97
2021	4.38	-0.40	-2.64	-0.41	1.23	0.71	-2.01	1.21	0.29	2.44	2.29	-2.71	4.22
2022	2.41	7.76	5.53	1.23	-2.95	-3.93	3.79	0.74	-0.11	0.23	7.89	-0.93	23.00
2023	1.23	0.10	-3.63	1.33	-1.19	-1.23	-0.19	0.31	1.83	-1.33	-0.63	-1.71	-5.12
2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
TardaGrada	**-1.32**	**-2.66**	**9.24**	**5.05**	**1.22**								**11.59**
MSCI World	1.14	4.11	2.98	-3.83	4.23								8.71
S&P500	1.59	5.17	3.10	-4.16	4.80								10.64
STOXX600	1.39	1.84	3.65	-1.52	2.63								8.17
HFRX EH	0.66	1.36	1.35	-0.80	1.25								3.85

(Net of all fees and costs, * Performance since inception of the strategy on February 7th, 2020) **Total Return Since Inception

Rating

Standard & Poors:	A-
Fitch:	A+
Moody's:	Aa2

Profile

Currency	CHF
Management fee	1.25%
Performance fee	10.00%
Administration Fee	0.25%
Domicile	Switzerland
Liquidity	Daily

Performance Statistics

52 Week High / Low	155.30 / 130.10
Drawdown from All-Time High	-2.40%
Best Month / Worst Month	9.24% / -3.93%
Monthly Closing Price	151.58

Strategy Commentary

There have been only minor changes in the portfolio allocation during the past month. The materials sector weight slightly increased due to the rise in the allocation of Holcim. Biggest change has been the increase of Swiss Franc exposure, which reached almost 100%. The rate cut by the SNB has led massive bets against the currency, with speculative net short positioning matching the record high of 2018. We fully believe that this trade is not only excessive, but also wrong. As it has become a crowded trade during the past weeks, the odds are high that we will be right with this assessment. The overweight in commodities did not work well, as we are seeing the return of outperformance in the technology sector. While we fear that this could escalate in the coming weeks, we are unable to make investment decisions on emotions. Even if we see more weakness in the metals sector, the medium to long-term outlook remains good. It could well be, that the commodity sector undergoes a period of consolidation, but will start to perform well during the second half of the year. We once again face a similar situation, where metals are trading in wide ranges, where nothing happens, but portfolio volatility picks up. This means short term risk-management may be necessary, without a medium to long term trend change. The Index hedges did not work as well as during the past 2 months. The question we are asking is, how much potential equity indices have from the current level and if it is worth trading. The decision to remain short stems from the reappearance of the "Hindenburg Omen" especially in the Nasdaq. This setup is confirming a narrowing market, but also an unhealthy rally, that is getting more vulnerable for corrections. The big driver for the US stock market remains the ongoing P/E expansion, which is moving equities towards very expensive levels. The index short positions may be very much contrarian, but we are very close in markets, where an investor must become a contrarian. Howard Marks uses to say, good investing is inherently contrarian. Our expectations are that the current market cycle could well last into 2025. But looking at the secular trend, this means that we are in the 9th inning of a 12-year trend. During the last stage of a super cycle, markets become choppy. Early cycle, technology performs best. Late cycle, commodities perform best. If we get a classic continuation of the business cycle remains to be seen. But the odds are intact that it is going to be so. As a result, the plan going forward will be to manage the possible volatility risk in commodities while constantly measuring the upside potential for indices. The current environment is not the one the strategy can substantially outperform, but the coming years will certainly be a great turf to do so.

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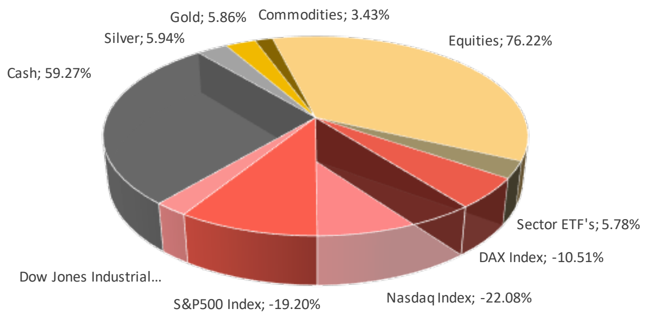
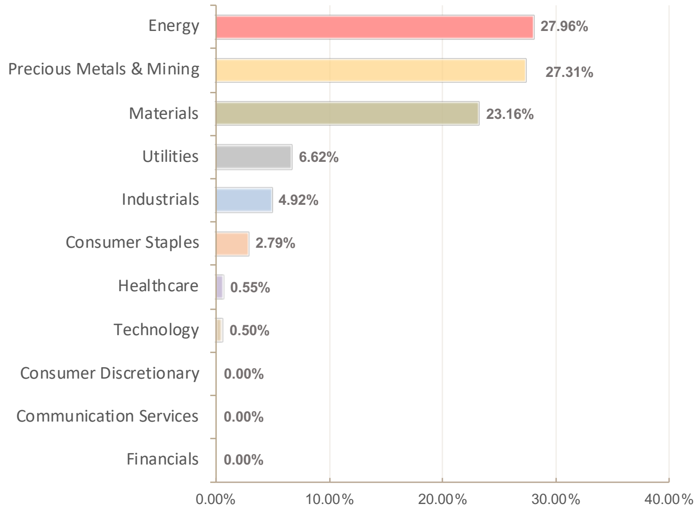
Asset Allocation



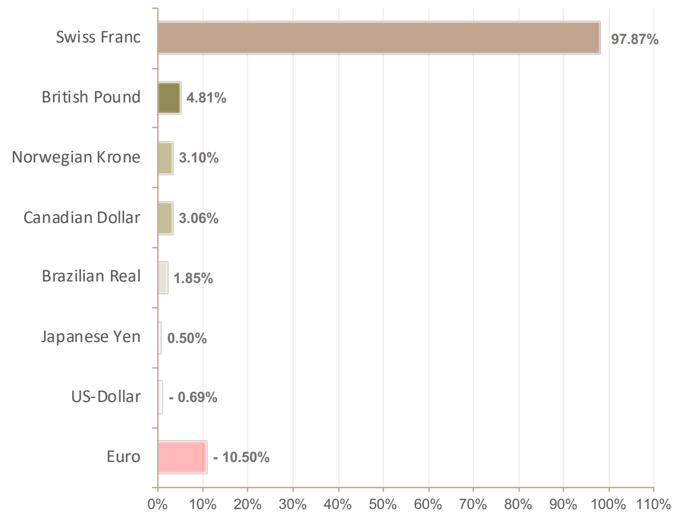
Largest Portfolio Holdings

iShares Silver Trust
SPDR Gold Shares
Teck Resources Ltd.
Ivanhoe Mines Ltd.
Range Resources Corp.
Wheaton Precious Metals Corp.
Candadian Natural Resources Ltd.
Alamos Gold Inc.
Holcim AG
Sprott Physical Uranium Trust
Harmony Gold Mining Co. Ltd.
Vitesse Energy Inc.
Subsea 7 SA
HEICO Corp.
Suncor Energy Inc.
Denison Mines Corp.

Portfolio Sector Allocation



Portfolio Currency Allocation



Market Commentary

High conviction is leading to big bets. To quote Mark Twain: “It ain’t what you don’t know that gets you in trouble. It’s what you know for sure that just ain’t so.” Excessive certainty is your enemy in investing, as it is an incentive to take above average risk. Beginning May, we have seen a continuation of excessive risk-taking in Gold, Silver and Copper. Especially speculative money had a high conviction that commodities will join the meteoric rise of AI stocks. Unfortunately, that expectation did not materialize, and buyers of the past 4 weeks are now sitting on considerable losses. While some of the big bets have been cut, there is still too much exposure, especially in the copper market, and those bets need to get washed out. Physical tightness will emerge in the next 6 – 12 months but copper needs a new bottoming phase, which is usually accompanied by washouts. The big drop in the price of crude oil has sharply reduced the crowd which believed in an escalation of the war in the middle east. Bullish bets on Brent have dropped to a multiyear low. While equity markets looked more balanced by the end of April, the past month has seen a slow return of “more of the same” of what investors have witnessed since the beginning of the year. On a relative basis, all sectors once again are losing ground against technology, and there is a clear danger that this behavior will accelerate into June. The demand for large cap technology companies stems not only from above average return expectations but also from the continuous bid from passive investors. To replicate the S&P500, it is sufficient to strongly overweight a few large cap companies. The synthetic trade is buying fewer and fewer stocks. Finally, the “narrow trade” is getting additional demand from retirement money, that is on the same autopilot as passive investors. George Soros stated in his theory of reflexivity that in situations that have thinking participants, the participants’ view of the world is always partial and distorted. That is the principle of fallibility. The other is that these distorted views can influence the situation to which they relate because false views lead to inappropriate actions. That is the principle of reflexivity. Simply speaking, price can affect fundamentals and vice-versa. The concept of reflexivity has also been labeled as a self-fulfilling prophecy or the bandwagon effect. This can lead to extreme price trends in financial markets, where price completely decouples from reality, which in the end leads to market bubbles. Currently, we see early signs of such a behavior, where solid and relatively cheap companies are left behind. The autopilot system we currently witness poses an extreme danger for the US stock market. It seems to work well for now, but once the trend reverses it will become a source for extreme losses. From 1990 to 2000 the Nasdaq was looking at a tenfold performance. Since the beginning of the bull market in 2011, the Nasdaq once again is looking to do the same. There is still some juice left in the tank, but it is obvious that the market for technology companies is moving towards an end game. The current bifurcation in the stock market, where some few are doing extremely well while the biggest part remains left behind, could well be problematic for a central bank`s decision making. Contemplating the current US stock market would lead to the conclusion that the economy is doing extremely well, while in the end, the performance is driven only by a few.

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