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1 General Overview

Monday, 5 July 2021

The notion that the desirability of a common stock was entirely independent of its price seems incredibly absurd. Yet the new-era theory led directly to this thesis... An alluring corollary of this principle was that making money in the stock market was now the easiest thing in the world. It was only necessary to buy 'good' stocks, regardless of price, and then to let nature take her upward course. The results of such a doctrine could not fail to be tragic.

– Benjamin Graham, *Security Analysis*, 1934

Dear Partners:

The Fund finished the second quarter of 2021 2,79% in the plus, versus +3,70% for the Eurostoxx 50 and versus +7,30% for the MSCI World Index. Year to date we are up 15,44%. It should be noted that the portfolio is more concentrated and that we expect more volatility going forward.

The Net Asset Value of the Fund is 256,03 (cf. part 2 for a more detailed Fund overview, for detailed return results and the NAVs of all series).

Returns % (in € - net of all fees)*

2021	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	ytd
Fund	-0,18	1,69	10,64	-0,84	0,86	2,78							15,44

*Please note that individual investor net returns will vary due to the timing of one's investment. The 2021 results reported above are unaudited estimates and may be subject to change.

Another quarter, another investment letter, but we have nothing new to add. The setting and the task remain the same: amidst the top-down (macro) craziness, we focus on and keep looking for bottom-up micro investment opportunities.

What?! (1)

"I've been interested by cryptography since the late 90s (OGs will remember the era of encryption being classifieds as munitions in some US export law and browsers outside of the US having weaker 40-bit encryption, and the PGP folks publishing their source code in a paper book to be protected by the 1st amendment) and so the technical underpinnings of blockchain have been an interest of mine since around 2013-2014.

But I've been disappointed by how few real-world problems are being solved by distributed blockchains (even fewer by private blockchains), at least in relation to the amount of attention and wealth in the space that comes from speculation (and building products that allow you to speculate more easily or in more leveraged ways).

I like people that solve hard problems and do cool things that make the world a better place. Maybe crypto will do that, but so far, I'm not seeing a ton of it. Would love to be proven wrong. And yeah, it's cool to have

digital money, but govt-backed currencies are pretty much digital too and nothing says fees & delays on transactions/transfers couldn't be reduced to almost nothing — it's not a forever technical limitation of that system, but rather is a legacy thing that may change over time through regulation or competitive pressures.

What I'm seeing is once people own some crypto coin, they immediately have an incentive to convince others to buy it, since increasing demand for a scarce asset should increase its value; so the thing has kind of a built-in decentralized marketing function that is very effective at creating an army of evangelists who will recruit others and make all kinds of claims about it. This greatly decreases the signal/noise ratio and makes it BS."

Source: <https://www.libertyrpf.com/p/130-asmls-manhattan-project-cagr>

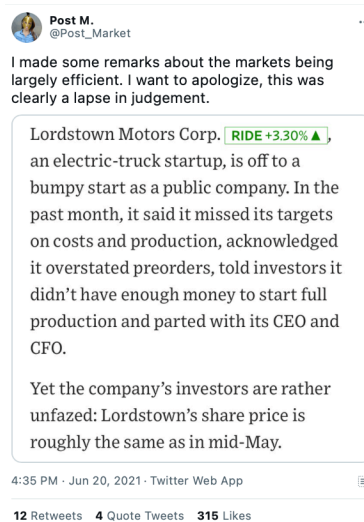
Also:

Matt Levine on the Federal Reserve's Cryptocurrency:

"The Federal Reserve absolutely does issue its own digital currency, which is called "the U.S. dollar" and which consists of entries on computer ledgers. And consumers absolutely do get the benefits of a stablecoin without the risk of a crypto exchange losing all of their money: They can keep digital U.S. dollars in an online bank account, and pay for goods and services electronically with credit cards or ACH transfers or Venmo, and the dollars in the bank account are always worth a dollar and are insured by the FDIC. Also you can actually use them to pay for goods and services, which is a lot more than you can say for Tether."

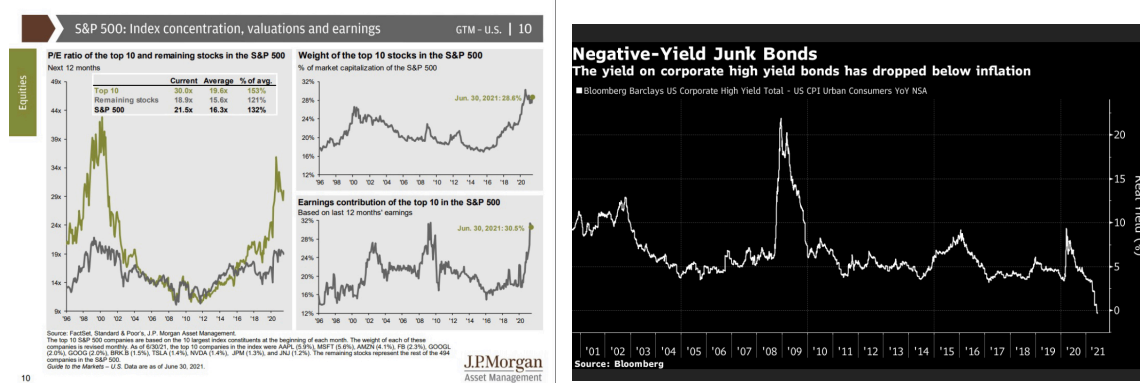
Source: <https://www.bloomberg.com/opinion/articles/2021-06-16/don-t-pay-gambling-debts-by-insider-trading>

What?! (2)



<https://www.wsj.com/articles/ev-startups-are-in-trouble-investors-dont-care-11624075431>

What?! (3)



What?! (4)

Always consider the context!

“In a discussion with Patrick O’Shaughnessy, Gavin Baker mentioned a kinda mind-blowing fact about Sam Walton: He waited 18 years after opening his first store before expanding outside of Arkansas (“Niche dominance”).

It’s probably mentioned in his bio, but I had forgotten it (damn weak, biological leaky memory). My devil’s advocate background brain-process couldn’t help but think that without a control group, it’s hard to know if he wouldn’t have been *even more successful* if he hadn’t waited as long.

This isn’t really about Walton. It’s a more general point: it’s easy to assign successful people’s success to the things they did, but their success is in fact a mix of:

- Succeeding **because** some of the things they did, and;
- Succeeding **despite** some of the things they did.

Another thing that I think probably happens pretty often — and I’m not saying it’s what’s happening here — is that successful people make decisions based on a specific context, and people later copy the decisions without taking that context into account.

For example, let’s pretend that Sam Walton didn’t expand because it was very hard to find any risk capital at the time, and he had to self-fund expansion, and the environment was particularly uncertain with the oil shock and stagflation of the 1970s so he wanted to be extra-careful, or something like that.

A modern founder who looks back and only gets from that “you better wait a while before you expand out of your niche because Sam Walton did it” may be doing something very different from what a young Sam Walton would be doing if he was starting again in today’s different context.”

Source: <https://www.libertyrpf.com/p/145-what-is-your-nvidias-generalization>

Changes in the Fund's Portfolio (cf. 2.2. Fund Positions for more details)

At the beginning of the quarter, our small (1,4% of the Fund) investments in two preferred shares (Atlantic Power Corporation & Avid Bioservices) were redeemed at an average return of approximately 20%. These preferred shares were one of the very few remaining high yielding instruments in a world of historically low yields across the whole investment spectrum (cf. supra junk bond yields).

Must reads

Whatever problem you're struggling with is probably addressed in some book somewhere written by someone a lot smarter than you.

- Ryan Holiday

A must read about the optimal amount of hassle in business and investing (cf. infra the ultimate superpower):

<https://www.collaborativefund.com/blog/the-optimal-amount-of-hassle/>

A must read about the ultimate superpower in investing, i.e. suffering:

<https://compoundadvisors.com/2021/the-ultimate-superpower-in-investing>

A must read about 16 unbelievable facts about the financial markets:

<https://awealthofcommonsense.com/2021/06/16-unbelievable-facts-about-the-markets/>

A must read about how, even after the financial craziness of last year, "investment" manias have become even more unpredictable:

<https://www.nytimes.com/2021/06/23/technology/no-end-to-whiplash-in-meme-stocks-crypto-and-more.html>

A must read about a particular example, i.c. bitcoin, of all the financial market craziness:

<https://doomberg.substack.com/p/a-drunken-saylor>

Administration and the next update

You should receive the next investment letter by the middle of October at the latest.

If you have any questions, please call or email us.

We hope you all have a carefree summer...

The Tartaros Team

2 Fund Overview

2.1 General Overview (end of Q2 2021)

2.2 Fund Positions

	Asset Class
Equities	79,11%
Corporate Bonds	6,22%
Cash (Equivalents)	14,67%
	100,00%

	Currencies
USD	61,28%
EUR	0,19%
CAD	13,29%
YEN	13,93%
AUD	3,96%
PLN	5,05%
ILS	1,09%
MXN	1,10%
HKD	0,11%
	100,00%

	Industry (as % of Fund)
Materials	12,79%
Industrials	8,77%
Consumer Discretionary	1,10%
Consumer Staples	9,28%
HealthCare	2,09%
Financial Services	7,70%
InfoTech	3,62%
Communication Services	9,39%
Real Estate	9,37%
Energy	15,01%

We have no short positions and no leverage. We are invested long in 26 positions.

<i>Position</i>	<i>% of portfolio</i>
Investment 1	15,01%
Investment 2	9,37%
Investment 3	9,28%
Investment 4	4,81%
Investment 5	4,48%

It should be noted that all numbers are approximations.

2.3 NAV Series

TARTAROS FIS SCA GLOBAL VALUE C1 A CAP	256,03
TARTAROS FIS SCA GLOB VALUE C7 CAP 311219	114,57
TARTAROS FIS SCA GLOB VALUE C8 CAP 310320	134,28
TARTAROS FIS SCA GLOB VALUE E1 CAP 300420	125,25
TARTAROS FIS SCA GLOB VALUE E2 CAP 301020	120,53

2.4 Return Overview

Below are the results of the Tartaros Global Value Fund for 2021; also shown is the return of two major market indices (we would like to stress that there is no specific benchmark for the Fund; the comparison to the market index is only provided as an indication to the broader market context):

Returns % (in € - net of all fees)*

2020	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	ytd
<i>Fund</i>	-0,18	1,69	10,64	-0,84	0,86	2,78							15,44
<i>Msci world</i>	1,14	2,46	5,17	2,03	-0,30	4,54							15,90
<i>Eurostoxx 50</i>	-2,52	4,45	7,78	1,42	1,63	0,61							13,80

*The MSCI World is a stock market index of "world" stocks. It is maintained by M.S.C.I., formerly Morgan Stanley Capital International. The index includes equities from 23 countries and has been calculated since 1969.

* The EURO STOXX 50 Index, Europe's leading Blue-chip index for the Eurozone, provides a Blue-chip representation of supersector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries.

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