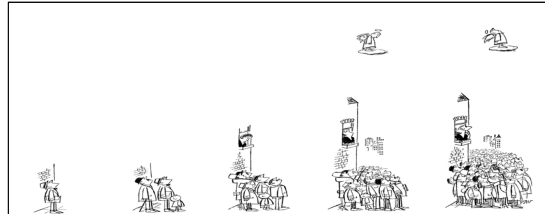


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1 General Overview

Wednesday, 6 October 2021

More data – such as paying attention to the eye colors of the people around when crossing the street – can make you miss the big truck.
– Nassim Taleb, Antifragile



source: punch cartoon

Dear Partners:

The Fund finished the third quarter of 2021 -0,73% in the min, versus -0,40% for the Eurostoxx 50 and versus +1,9% for the MSCI World Index. Year to date we are up 14,60%. We cannot reiterate enough that the portfolio is more concentrated than ever and that we expect more volatility going forward.

The Net Asset Value of the Fund is 254.15 (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	-2,35	0,74	2,42				14,60

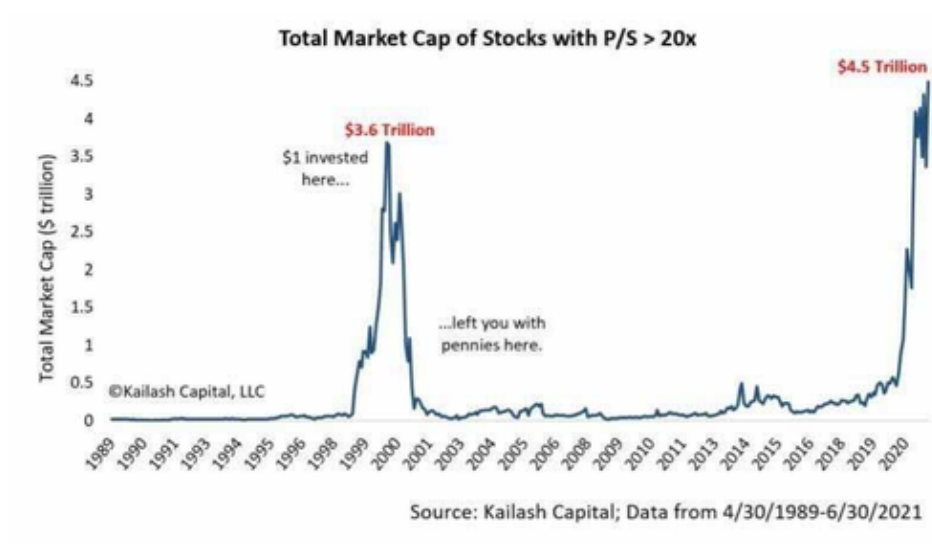
*Please note that individual investor net returns will vary due to the timing of one's investment. The 2021 results reported above are unaudited estimates and may be subject to change.

What?! (1)



Source: <https://www.zerohedge.com/markets/warning-signs-flash-record-stock-issuance-surpasses-dotcom>
& <https://www.gmo.com/europe/research-library/bubble-signs-stock-issuance/>

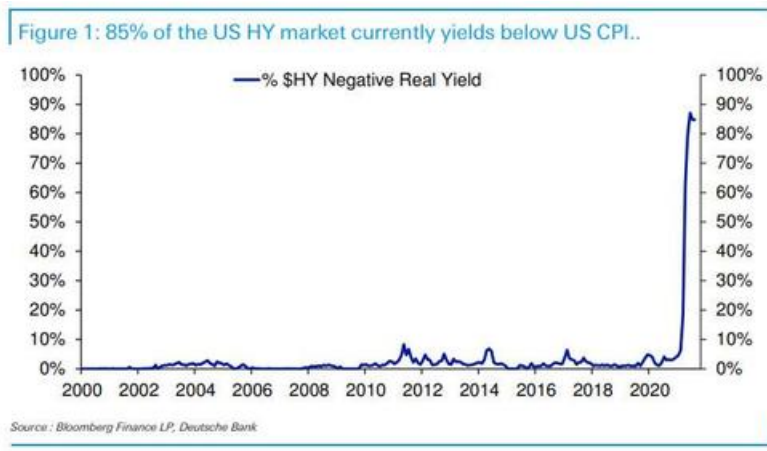
What?! (2)



Source: <https://www.zerohedge.com/markets/what-were-you-thinking-price-sales-rocketship-moon>

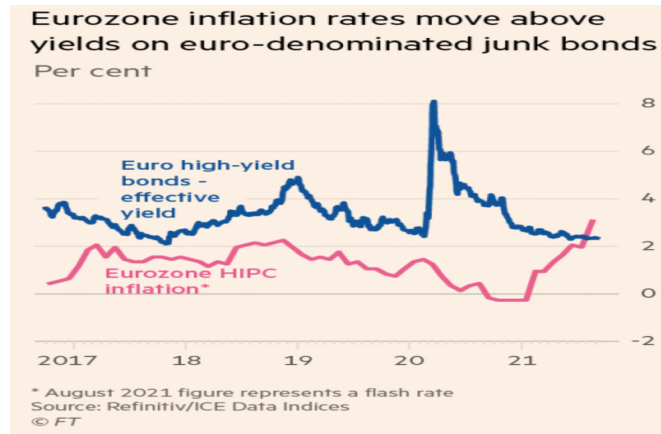
What?! (3)

--> 85% of U.S. junk bonds have a negative real yield:



Source: <https://www.zerohedge.com/markets/85-high-yield-bonds-have-negative-real-yield>

--> and real yields on European junk bonds go negative for first time:



Source: <https://www.ft.com/content/9110c6a8-69f6-4cc0-9ec5-bad5daeacfb7>

What?! (4)

James Montier on Bitcoin:

As mentioned in the main essay, Bitcoin et al. aren't financial assets. So, what are they? The closest thing I can come up with is that they are most like commodities. However, unlike most commodities where there is an underlying worth of some description set by their real-world demand and supply, cryptocurrencies are an entirely speculative commodity without any fundamental anchor (akin to works of art without the aesthetic appeal or the limited supply). Occasionally I hear that Bitcoin is digital gold, but gold has value through its demand for jewelry use – its biggest single source of demand – and its industrial use in the electronics industry. Bitcoin and its cousins have neither of these demand sources.

As Keynes warned, "Speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation". We need not be asked to imagine the situation where there is no enterprise at all, but simply a maelstrom of trading. We are in it.

Similarly, Seth Klarman relates, "There is an old story about the market craze in sardine trading when the sardines disappeared from their traditional waters in Monterey, California. The commodity traders bid them up and the price of a can of sardines soared. One day a buyer decided to treat himself to an expensive meal and actually opened a can and started eating. He immediately became ill and told the seller the sardines were no good. The seller said, 'You don't understand. These are not eating sardines, they are trading sardines'".

In part, the love of Bitcoin and its cousins may stem from the general sense of anti-establishmentarianism that seems pervasive today. The rise of social media in driving popular delusions should be clear for all to see. Indeed one of the many dangers of social media is the echo chamber effect it can so easily produce.

A Simple Thought Experiment

There is nothing to stop anyone creating his or her own currency. The problem, as Randy Wray has always opined, has been getting others to accept it. I could easily create 'Montinotes'. I could print 1 million notes

each saying ‘100 Monticoins’, and on each note I could print that the holder of the note has no legal claim against me.

Now, I could try to sell these notes against other currencies, say, the dollar. But what exchange rate should I set? Perhaps 1:1. But why would anyone be willing to spend \$100 on a piece of paper that has no intrinsic value and promises nothing? Thankfully, to help us answer that question we have the example of Bitcoin, which is also limited in quantity. (Remember, I printed only one million Montinotes.) By comparison, there is no limit on the quantity of government-created currencies. Thus, Monticoins could trade at a premium to state money.

Going further, I decide not to release all the Montinotes in one go. Instead I am only going to release them slowly over time using the following methodology. I will get together with a group of my colleagues once a week with each of us rolling six dice. If one of us rolls 6 ones, that person will receive 100 Montinotes. Over time I will reduce the number of notes that I issue for a winning roll, so in the second year of the game, for example, I will give out only 50 Montinotes for rolling 6 ones.

Now imagine that for some odd reason this game and the potential for winning Montinotes becomes more and more popular and my friends start to bring their friends to the weekly game. To counteract this increase in players, I raise the hurdle from rolling six ones on six dice, to rolling seven ones on seven dice, and I continue to do this as the number of players grows.

Bear in mind that if I were to move this game into the digital world nothing would fundamentally change. Rather than handing out notes, I would credit them to a virtual account. Non-players could potentially open up accounts to allow them to purchase Monticoins from dice game players. I can even get rid of the real-world game, replacing it with a virtual version.

Thus far there is one big difference between Monticoins and Bitcoin. Monticoins has a central ledger. That is to say that I am keeping a record of all the people who hold Monticoins and the amount they hold, acting as an accountant for the system. Bitcoin uses a distributed ledger. Effectively, this is a decentralized form of ledger that is spread out across different locations and people – everyone within the system can see ‘pages’ of this ledger. There is, of course, nothing to stop me from setting up a distributed ledger for Monticoins, effectively removing myself from the system completely.

The distributed ledger allows everyone to see that Bob received 100 Monticoins from Sally. But because all transactions are recorded, one could also see that Sally received the Monticoins from Harry, who originally won them in the virtual dice-rolling game. A combination of ‘public key’ (encryption for anonymity) and ‘private key’ (think PIN code) is used to allow transfers to occur, just as they do with Bitcoin. All of this obscures my very existence – I have managed to remove myself entirely from the process.

However, nothing has fundamentally changed, Monticoins are still completely worthless and have no claim on any service or utility. They are ‘trading sardines’ at their finest. Yet the collective delusion (think “The Emperor’s New Clothes”) can mean they have a significant price despite having an intrinsic value of zero. I can think of only two groups that might want to use Bitcoin or one of its cousins. The first are those engaged in essentially illegal activity – the encryption embedded means that users are free from public scrutiny. The second are the deeply paranoid who expect the collapse of the fiat money system. Of course, this group also likes to buy guns and tins of baked beans, and probably prefers hoarding real physical gold (just in case of an EMP attack).

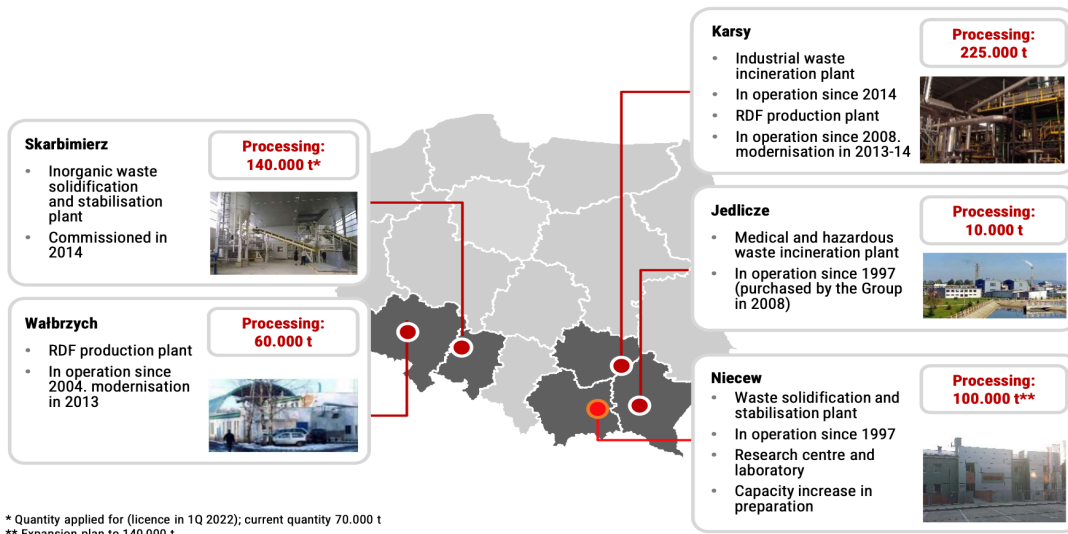
If you are a fan of cryptocurrencies you may still like the idea of limited supply. However, whilst this may be true for any individual crypto, supply isn’t limited across all forms of crypto as my simple thought

experiment shows – anyone can create his or her own crypto. Witness the plethora of cryptocurrencies available, with more appearing with steady frequency. (Dogecoin anyone?) The limited supply argument evaporates in aggregate.

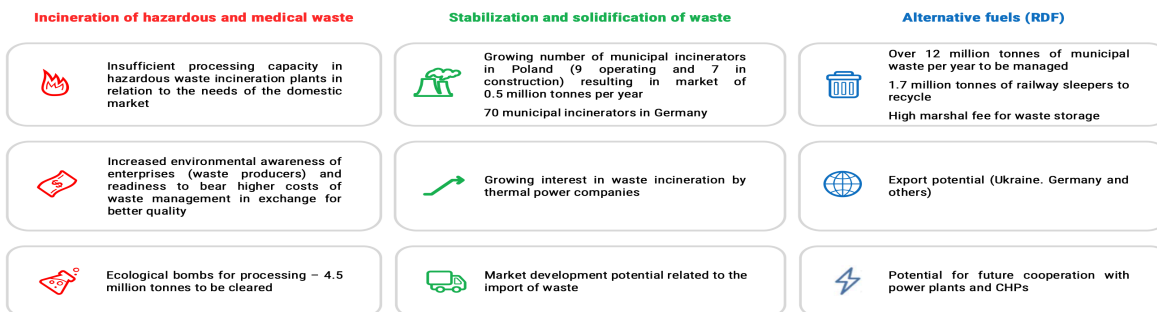
To me, cryptocurrencies are the finest example of the inefficiency and insanity of markets. They aren't even assets. At best they are commodities without the benefit of any real-world use (unlike, say, copper) and boast an intrinsic value of zero. Does that mean that they will crash tomorrow? Of course not. But those involved in this 'market' cannot call themselves investors. This is classic trading sardines speculation: a sign of the times!

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

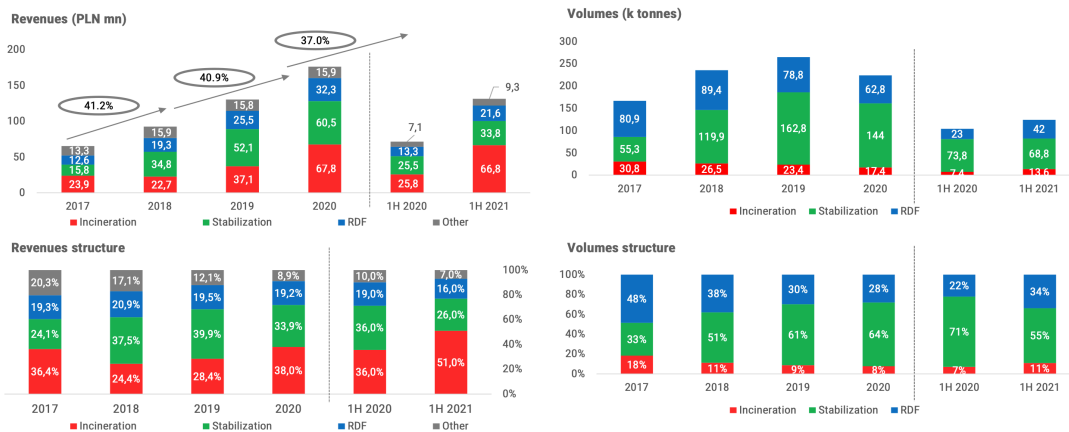
Mo-Bruk is a leading industrial waste management company in Poland with estimated market share of 20%. The company operates six waste disposal facilities in southern Poland with combined annual capacity of over 500.000 tonnes (in 2020 the facilities were running at approximately 50% capacity).



Mo-BRUK operates in three complementary areas of waste management: solidification and stabilization of wastes, incineration of industrial and medical waste, and production of refuse-derived fuel.



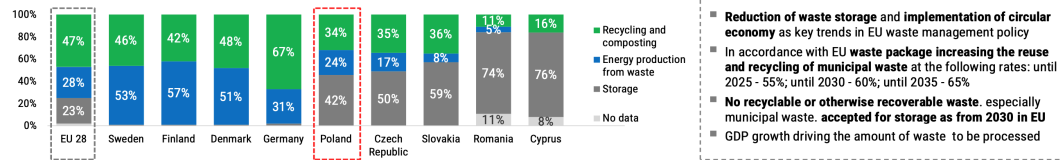
	2016	2017	2018	2019	2020	LTM
Total Revenues	53.23	65.61	92.67	130.57	178.46	238.28
% Change YoY	17.7%	23.3%	41.2%	40.9%	36.7%	33.52%
% Gross Margins	49.4%	52.2%	35.4%	45.8%	57.9%	63.3%
Operating Income	5.86	10.48	26.52	50.91	95.23	134.23
% Change YoY	148.0%	78.8%	153.1%	92.0%	87.0%	40.9%
% Operating Margins	11.0%	16.0%	28.6%	39.0%	53.4%	56.3%



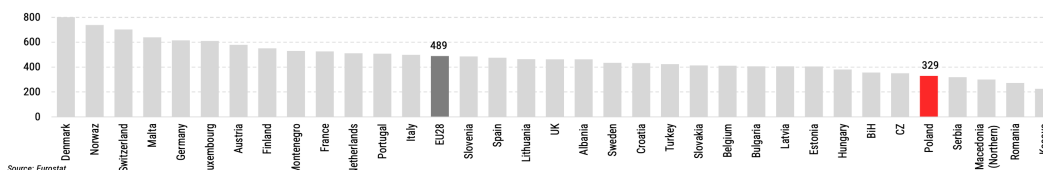
With rising importance of climate change regulation, and a growing focus on waste reduction and prevention, the European Union, as part of its broader Climate Action Plan, has called on member states to increase the proportion of municipal waste that can be recycled instead of landfilled or burned to 65% by 2035.

So, under the EU's Circular Economy Package, member states will have to recycle 55% of their municipal waste by 2025, rising to 60% in 2030 and 65% in 2035. In Poland today 43% of waste is sent to landfills compared to countries like Sweden, The Netherlands, Belgium, and Germany, where landfilling has been virtually eliminated.

Disposal methods for municipal waste in selected EU countries (2018)



Waste amount (kg/per capita) in EU countries (2018)



Over the past year the Fund has been building an investment position in Mo-bruk. It is currently the 4th largest Fund position, preceded by Whole Earth Brands, Shinoken and a still undisclosed largest Fund position. The Polish company, operating within big legal barriers to entry, is trading at approximately 12x this fiscal year's earnings, with no debt and a 5,45% dividend yield. Meanwhile the company should very likely have a very high top- and bottom-line growth in the coming years, as the company is a big beneficiary of structural waste management changes in Poland.

Thus, the micro (cheap valuation) is here aligned with a macro tailwind (a.o. increased regulatory driven demand of value-added waste treatment solutions beyond landfilling → cf. supra municipal waste treatment graph).

source / for more information: <https://mobruk.pl>

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 cryptocurrency mania:

<https://www.nytimes.com/2021/08/05/business/hype-coins-cryptocurrency.html>

A must read about myths in the value vs growth debate:

<https://www.gmo.com/europe/research-library/2q-2021-gmo-quarterly-letter/>

Administration and the next update

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

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

Thank you for your continued trust and support!

The Tartaros Team

2 Fund Overview

2.1 General Overview (end of Q3 2021)

2.2 Fund Positions

	Asset Class
Equities	78,92%
Corporate Bonds	6,15%
Cash (Equivalents)	14,93%
	100,00%

	Currencies
USD	62,16%
EUR	0,68%
CAD	11,94%
YEN	12,76%
AUD	4,38%
PLN	5,70%
ILS	1,32%
MXN	1,06%
	100,00%

	Industry (as % of Fund)
Materials	12,17%
Industrials	10,08%
Consumer Discretionary	1,01%
Consumer Staples	7,70%
HealthCare	0,95%
Financial Services	8,49%
InfoTech	2,70%
Communication Services	8,57%
Real Estate	9,26%
Energy	17,99%

We have no short positions and no leverage. We are invested long in 24 positions.

<i>Position</i>	<i>% of portfolio</i>
Investment 1	17,99%
Investment 2	9,26%
Investment 3	7,70%
Investment 4	5,70%
Investment 5	4,38%

It should be noted that all numbers are approximations.

2.3 NAV Series

TARTAROS FIS SCA GLOBAL VALUE C1 A CAP	254,15
TARTAROS FIS SCA GLOB VALUE C7 CAP 311219	113,72
TARTAROS FIS SCA GLOB VALUE C8 CAP 310320	133,29
TARTAROS FIS SCA GLOB VALUE E1 CAP 300420	124,33
TARTAROS FIS SCA GLOB VALUE E2 CAP 301020	119,64

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	-2,35	-0,74	2,28				14,60
<i>Msci world</i>	1,14	2,46	5,17	2,03	-0,30	4,54	1,71	2,84	-2,55				18,14
<i>Eurostoxx 50</i>	-2,52	4,45	7,78	1,42	1,63	0,61	0,62	2,62	-3,53				13,34

*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.

*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.

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