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1 General Overview

Thursday, 6 July 2023

“People don't pay attention. And then one day there's an accounting. And after that, nothing is the same.”
- Cormac McCarthy, No Country for Old Men

Dear Partners:

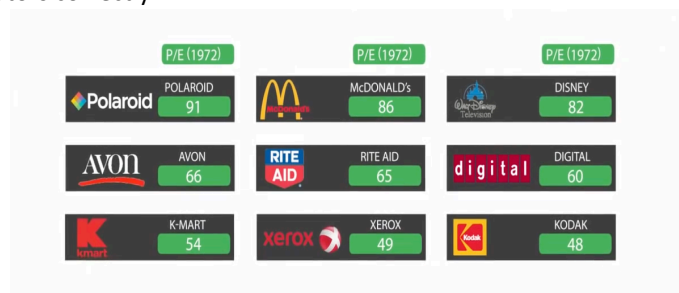
The Fund finished the second quarter of 2023 2,51% in the min. Ytd we are up 1,16%. It should be noted that the Fund's portfolio is very volatile, since we were up almost 3% ytd after just one trading day in the third quarter. The Net Asset Value of the Fund is 276,28 (cf. part 2 for a more detailed Fund overview, for detailed return results and the NAVs of all series).

Returns % (in € - net of all fees)*

2023	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	2023
Fund	3,51	0,70	-1,65	-3,89	0,34	2,33							1,16

*Please note that individual investor net returns will vary due to the timing of one's investment. The 2023 results reported above are unaudited estimates and may be subject to change.

If we would have had a crystal ball at the end of 2019 and we could have foreseen all the “craziness” such as the pandemic, the Ukraine war, rapidly rising inflation followed by historically steep interest rates rises, digitally enabled bank runs, etc. coming, we would have gone all cash or even – god forbid – shorted the market at that time. Now everybody has been predicting a recession. We will repeat – what we always say – to throw away the crystal ball and just focus on the micro / invest bottom-up. The greatest investors are successful because they found – occasionally! – compelling investment opportunities, not because they forecast macro indicators correctly.

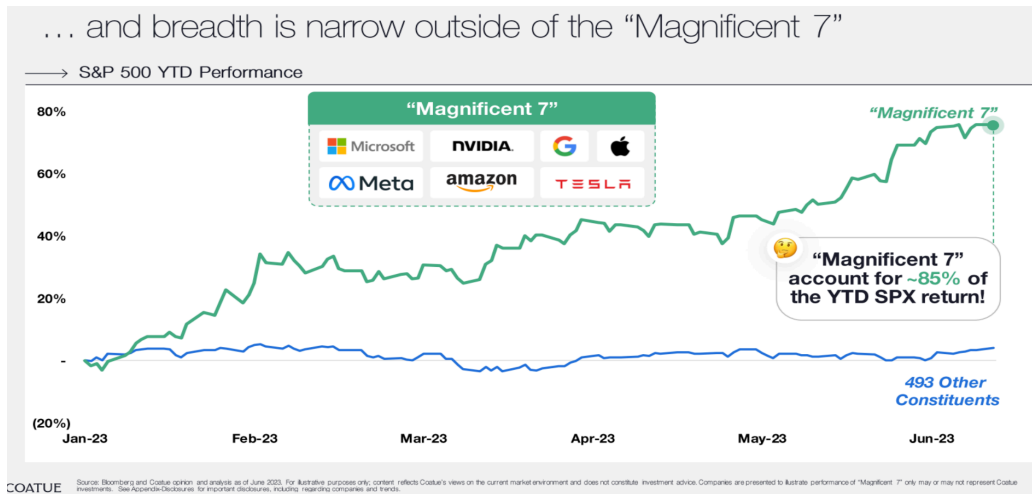


The Nifty 50 were the top 50 "one-decision buy-and-hold" stocks in the 1970's; the most common characteristic by the constituents were solid earnings growth for which these stocks were assigned extraordinary high p/e ratio's: 40 – 50 P/E vs 19 P/E for S&P 500. Eventually, during the 1973-1974 stock market crash, the Nifty Fifty got shot one by one!

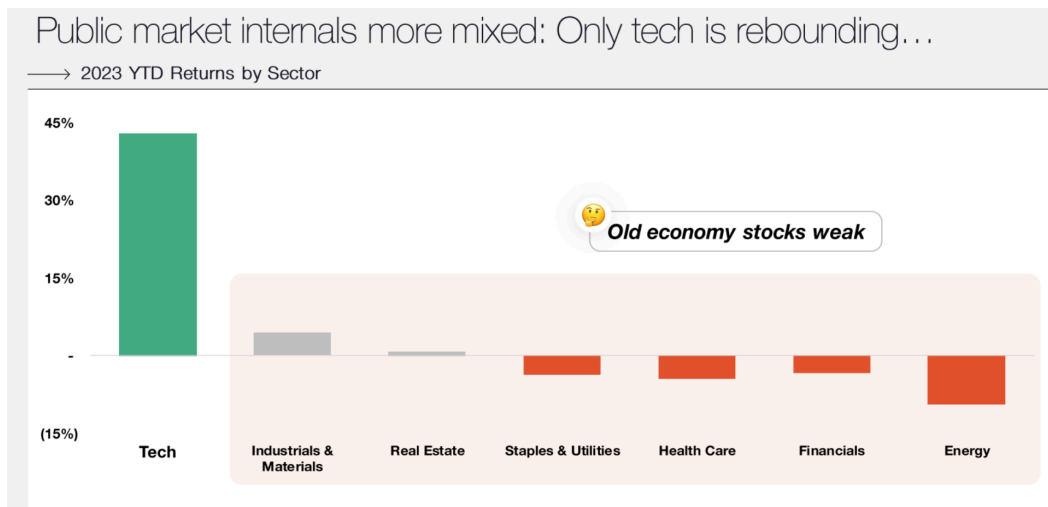


And of course, history never repeats itself, but we do wonder if it will rhyme this time once again. Today, the top 10 stocks of the S&P 500 consist of about 30% of the index and many comments have been made about the effect of the magnificent 7 (cf. supra) on the overall U.S. stock market index.

In Europe, the 10 of the biggest expensively – pun intended – priced luxury stocks from LVMH to Ferrari, have accounted for unmatched share of this year’s European stock market returns.



In particular, the rebound in technology stocks since late fall 2022 has caught most of the investment world by surprise, and it is to the point where essentially the market is experiencing a kind of echo version of 2022, but only powered by the magnificent seven.

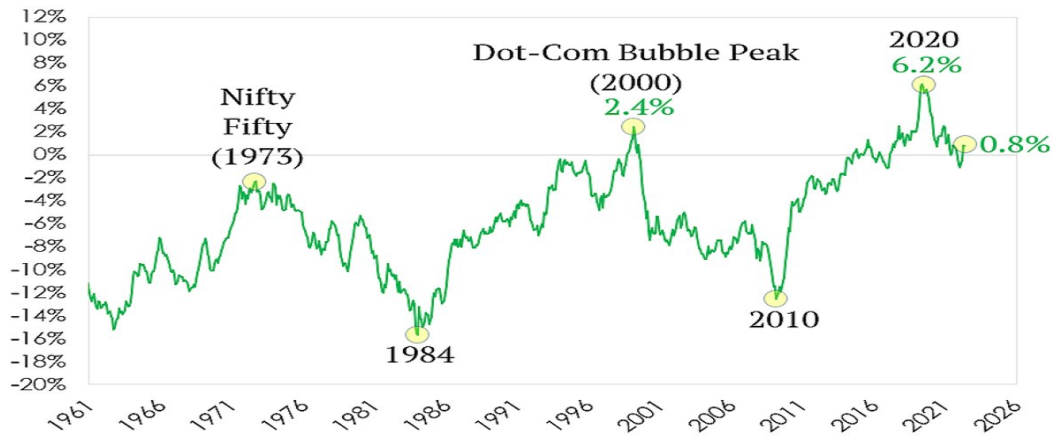


So certain parts of the market (mainly large tech) seem borderline euphoric (again!). But other parts of the market are trading at prices as if expecting an imminent deep recession. Small caps, and especially low p/e small caps, have been absolutely destroyed by large caps over the past two years and deep value – according to research from www.gmo.com – is trading historically cheap. This is confirmed, albeit anecdotally, by some of the valuations we are finding: there are investment opportunities out there.

What?! (1)

High P/E stocks beat Low P/E by more in the 10 years to 2020 than in the 10 years to the peak of the dot com bubble. Even now, after last year's give back, the chart is at extremes rarely seen in the historic record.

10-Year Annualized Outperformance, High P/E Stocks vs. Low P/E

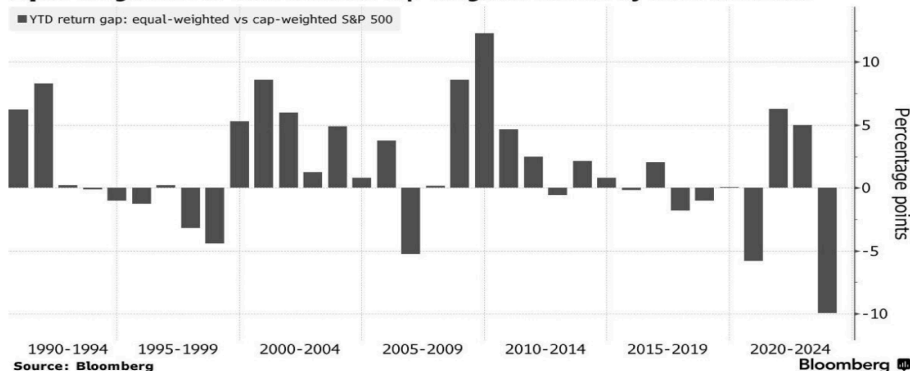


Source: Ken French Data Library, CRSP database, 07/31/1951 - 3/31/2023, with data for April 2023 using WisdomTree index attribution on the Russell 3000. Stocks separated into Top Quintile Minus Bottom Quintile. File #0177

What?! (2)

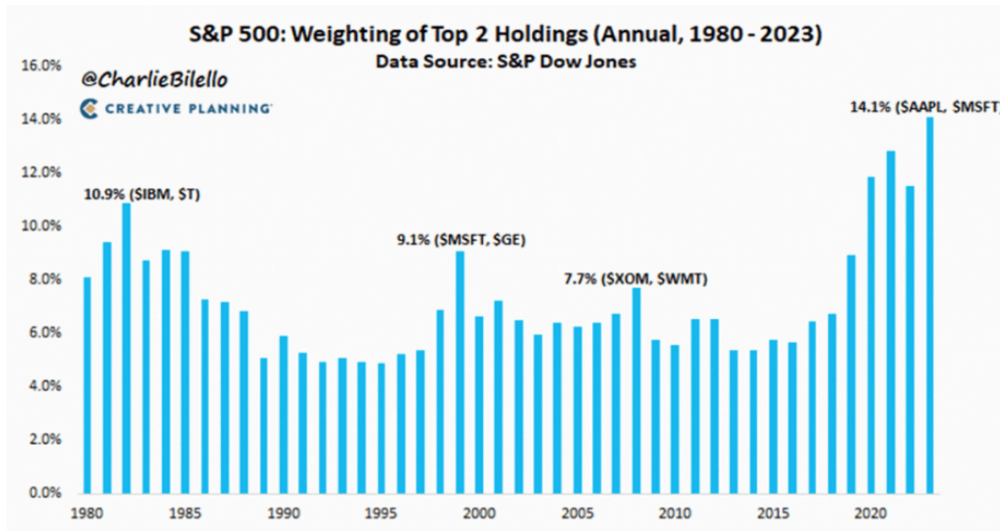
1999, 2007, 2020, 2023 📍 What a pattern. (BBG)

Market Breadth Has Never Been This Narrow
Equal-weighted S&P 500 trails its cap-weighted version by most on record

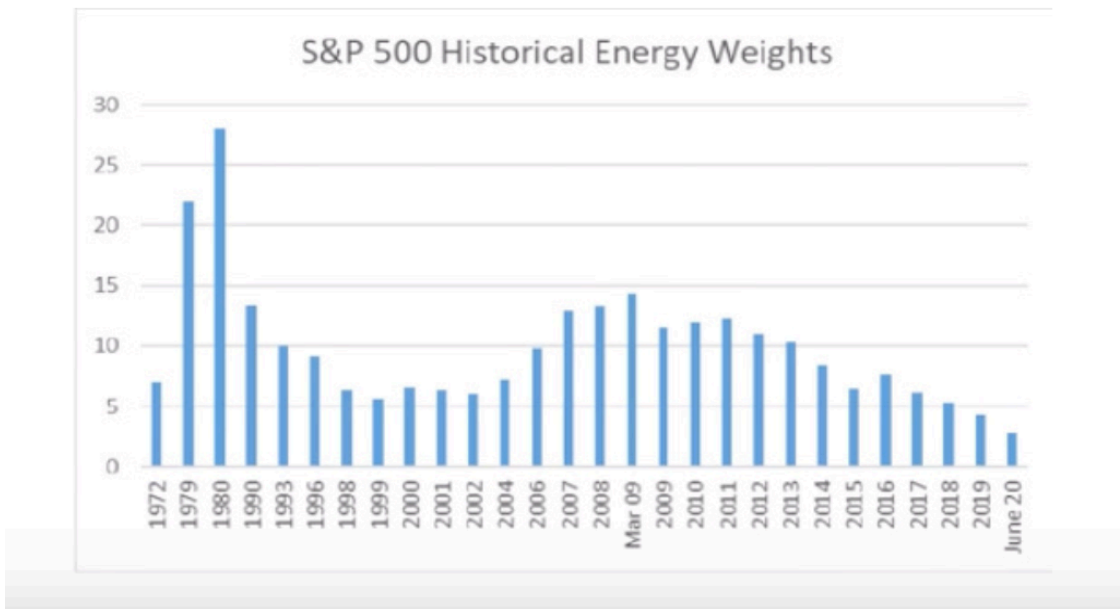


What?! (3)

It's absurd Apple and Microsoft currently represent 14.1% of the S&P500.



It made me think of this chart where in 1980, energy hit a high of 27% of the S&P500 before hitting a low of 1.8% in 2020.



Source: Trader Ferg

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

No specific comments this quarter.

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 new safety trade:

<https://thefelderreport.com/2023/05/02/the-trouble-with-the-new-safety-trade/>

Administration and the next update

It has been decided to appoint UI efa S.A. (formerly European Fund Administration S.A.) as the service provider for the provision of domiciliary, administrative, registrar and transfer agency services in replacement of Kredietrust Luxembourg S.A. (KTL) as of 1 July 2023. EFA already acts as sub-delegate of KTL for the administrative, registrar and transfer agency services for the Fund.

It should be noted that the change of domiciliary, administrative, registrar and transfer agency will have no impact for the shareholders of the Fund and will not increase the fees to be borne by the Shareholders.

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

Please email or call us with any questions you have!

Have a nice summer...

The Tartaros Team

2 Fund Overview

2.1 General Overview (end of Q2 2023)

	Asset Class
Equities	69,52%
Cash (Equivalents)	30,48%
	100,00%

	Currencies
USD	68,60%
EUR	5,51%
CAD	11,76%
YEN	2,56%
GBP	2,41%
PLN	4,69%
AUD	1,61%
MXN	1,59%
HKD	0,75%
ILS	0,52%
	100,00%

	Industry (as % of Fund)
Materials	13,78%
Industrials	17,96%
Consumer Discretionary	1,59%
Consumer Staples	5,24%
HealthCare	1,48%
Financial Services	9,27%
InfoTech	0,52%
Communication Services	7,09%
Real Estate	2,63%
Energy	9,95%

2.2 Fund Positions

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

Position	% of portfolio
Investment 1	9,24%
Investment 2	6,48%
Investment 3	5,20%
Investment 4	4,69%
Investment 5	4,07%

It should be noted that all numbers are approximations.

2.3 NAV Series

TARTAROS FIS SCA GLOBAL VALUE C1 A CAP	276,28
TARTAROS FIS SCA GLOB VALUE E3 CAP 31012022	97,01
TARTAROS FIS SCA GLOB VALUE E5 CAP 31032022	97,98
TARTAROS FIS SCA GLOB VALUE E6 CAP 30092022	101,62

2.4 Return Overview

Below are the results of the Tartaros Global Value Fund for 2023; 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)*

2023	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	2023
<i>Fund</i>	3,51	0,70	-1,65	-3,89	0,34	2,33							1,16
<i>Msci world</i>	7,58	-2,41	0,36	-0,05	2,28	3,54							11,53
<i>Eurostoxx 50</i>	9,75	1,80	1,81	1,03	-3,24	4,29							15,96

*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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Tartaros SICAV-FIS s.c.a.
11, rue Aldringen
L-1118 Luxembourg

Tartaros Investment Partners s.à.r.l.
7, route d’Esch
L-1470 Luxembourg