

Real Fund

Semi-Annual

JUNE 30, 2022 (2022 年 6 月 30 日)

The Real Fund invests in assets exhibiting specific qualities that allow for long-term growth beyond inflation.

Real Fund 投资于表现出特定品质的资产，长期来看，这些资产能够实现超越通货膨胀的增长。

PERFORMANCE(表现)

The Real Fund had a net return of -14.9% in the first half of 2022. Inflation was 15.2% as measured by our custom cost of living index and 5.0% as measured by the Canadian Consumer Price Index (CPI).

Real Fund 2022 年上半年净回报率为 -14.9%。通货膨胀率按我们的消费者生活费用指数和加拿大消费者物价指数 (CPI) 计算分别为 15.2% 和 5.0%。

Performance						June 30, 2022	
	<u>2022 ytd</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	Annualized <u>5 Yr</u>	<u>Incpt*</u>
Pathfinder Real Fund	-14.9%	20.7%	6.5%	15.3%	-4.8%	4.8%	5.7%
<u>Inflation Measures</u>							
Custom Cost of Living Index*	15.2%	16.7%	0.7%	1.9%	-1.2%	7.3%	4.8%
CPI	5.0%	4.8%	0.7%	2.2%	2.0%	3.2%	2.3%

Source: Bloomberg Markets LP, Pathfinder Asset Management

The first half of 2022 saw a significant correction in asset prices. Directionally, global equities were down ~20%, global bonds were down ~15%, and popular new assets like cryptocurrencies and NFT's were down over 60%.

2022 年上半年，资产价格出现大幅回调。按不同资产类别来看，全球股票下跌了约 20%，全球债券下跌了约 15%，加密货币和 NFT 等流行的新资产下跌了 60% 以上。

Investor sentiment turned negative on several factors: 1) High inflation caused by disrupted supply-chains from the pandemic; 2) Even higher inflation caused by the sudden war in Ukraine; 3) A spike in interest rates caused by central



bankers aggressively raising interest rates to combat inflation; and 4) Recession fears caused by the perceived impact that higher interest rates may have on economies.

投资者情绪因以下几个因素变得消极：1) 疫情引起的供应链中断导致高通货膨胀；2) 突然爆发的乌克兰战争导致更高的通货膨胀；3) 央行为对抗通货膨胀而大幅提高利率，导致利率飙升；4) 由于人们认为更高的利率可能对经济产生的影响而导致的对经济衰退的担忧。

The Real Fund was not immune to the global decline in asset prices and our first half-year return was well behind inflation. Many of our assets declined based on the macroeconomic events noted above. When markets obsess over macroeconomic headlines, they tend to ignore bottom-up business fundamentals which can lead to individual asset mispricing. We believe this is the case today and we are finding attractive pricing for many of our companies. We comment on some of those companies below.

在这场资产价格的全球下跌中，Real Fund 也未能幸免，而我们上半年的回报远远落后于通货膨胀。由于上述宏观经济事件，我们的许多资产价值下跌。当市场沉迷于宏观经济头条时，它们往往会忽略自下而上的商业基本面，这可能会导致个别资产的错误定价。我们认为当今的情况就是这样，我们发现许多公司的估值越来越有吸引力。下面是我们对其中一些公司的看法。

ASSET ALLOCATION(资产配置)

COMPANIES: 87% WEIGHT (公司：87% 权重)

Below, we highlight the two portfolio companies that have declined the most in price this year. We also describe why we believe they are compelling opportunities today.

下面，我们会重点介绍投资组合中今年以来跌幅最大的两家公司。我们还会说明为什么我们认为两家公司现在极具吸引力。

- **Goeasy Ltd. (-43% in H1/2022)** provides leasing and lending services to non-prime Canadian borrowers. Shares have traded lower on concerns that the company will see much higher credit losses given the current economic headwinds. However, we believe GSY's credit portfolio has some immunity to the current environment: higher interest rates do not impact non-prime borrowers (they already pay very high rates), high job vacancies greatly benefit non-prime borrowers (easy to get employment income), commodity inflation is generally good for commodity producing countries like Canada, and overall non-prime lending standards have greatly improved since 2007. With this view, we see shares as attractively priced, a view shared by the company given aggressive recent share buybacks.
- **Goeasy Ltd. (2022 年上半年下跌 43%)** 向加拿大非优质借款人提供租赁和贷款服务。由于担心在当前的经济逆风下，该公司将面临更高的信贷损失，该公司股价下跌。然而，我们认为 GSY 的信贷组合对当前环境有一定的免疫力：利率提高不会影响到非优质借款人（他们已经支付了非常高的利率），高职位空缺率大大有利于非优质借款人（容易获得就业并赚取收入），大宗商品通货膨胀总体上对加拿大等大



大宗商品生产国有利，且总体非优质贷款要求自 2007 年以来已大幅度提高。基于这一观点，我们认为该公司股价具有吸引力，鉴于该公司最近大举回购股票，证明公司管理层也持相同观点。

- **AutoCanada Inc. (-42% in H1/2022)** is a multi-brand automotive dealership group operating in North America (Canada mainly). Shares have traded lower on concerns that current economic headwinds could drive much lower vehicle sales. However, new vehicle sales have already been low for a year given restrictions in producing new cars. Instead ACQ has been excelling in their repair/service, finance/insurance, and used vehicle divisions. We recently met management and believe that they have done a good job turning around operations, focusing on market competitiveness, recurring revenue, and profitability. While we share concerns on slower vehicle sales, we believe that risk is more than priced into shares, a view shared by the company given their recent proposal to buyback 15-17% of the company.
- **AutoCanada Inc. (2022 年上半年下跌 42%)** 是一家在北美（主要是加拿大）经营的多品牌汽车经销商集团。由于担心当前的经济下滑可能会导致汽车销量大幅下降，股票价格走低。然而，由于新车生产受到限制，新车销量低迷已有一年。相反，ACQ 在他们的维修/服务、金融/保险和二手车部门表现出色。我们最近会见了管理层，相信他们在扭转运营，专注于市场竞争力、可持续性收入和盈利能力方面取得了突出成绩。虽然我们都对汽车销售放缓感到担忧，但我们认为风险已经充分反映在股价上。该公司最近提出回购 15-17% 的股份，不难看出他们与我们持同样的观点。

HARD ASSETS: 6% COMMODITIES + 4% REAL ESTATE (硬资产：6% 商品 + 4% 房地产)

We have seen commodity inflation since the pandemic but none greater than natural gas. Natural gas prices are more than triple pre-pandemic levels in North America and 10x pre-pandemic levels in Europe and Asia.

自疫情以来，大宗商品价格出现上涨，但涨幅最大的是天然气。在北美，天然气价格是疫情前水平的三倍多，在欧洲和亚洲是疫情前水平的 10 倍。

- We own natural gas producers **Peyto Exploration & Development Corp. (+30% in H1/2022)** and **Advantage Energy Ltd. (+24% since Feb 2022 initiation)**. These are the two lowest cost producers of natural gas in North America given the quality of their wells and the ownership of their infrastructure. While shares have significantly appreciated over the last two years, we still find them attractively valued.
- 我们拥有天然气生产商 **Peyto Exploration & Development Corp. (2022 年上半年上涨 30%)** 和 **Advantage Energy Ltd. (自 2022 年 2 月开始持股以来上涨 24%)**。考虑到他们的天然气井的质量水平和基础设施的所有权，这是北美运营成本最低的两家天然气生产商。虽然股价在过去两年中大幅上涨，但我们仍认为其估值具有吸引力。

CURRENCIES/CREDIT: 0% CASH + 0% BONDS +3% MERGER ARB (货币/信贷：0% 现金 + 0% 债券 + 3% 合并套利)

- **Activision Blizzard Inc (+19% in H1/2022)** is in the process of being acquired by another portfolio company **Microsoft Corp (-20% in H1/2022)**. There is concern the deal may not close due to anti-trust issues. For this reason, ATVI shares trade at a discount to the proposed acquisition price, a discount we believe is too



large. As a result, we have maintained our ATVI position (we owned before the proposed acquisition), a thesis shared by Warren Buffett who recently bought 10% of the company.

- **Activision Blizzard Inc (2022 年上半年上涨 19%)** 正在被另一家公司 **Microsoft Corp (2022 年上半年下跌 20%)** 收购。有人担心，由于反垄断问题，这笔交易可能无法完成。因此，ATVI 股票的交易价格低于拟议的收购价格，我们认为这个折扣太大了。因此，我们维持了我们的 ATVI 持股（我们在拟议收购前就已持有），沃伦·巴菲特也持相同观点，他最近购买了该公司 10% 的股份。

INVESTMENT OUTLOOK (投资展望)

THE INFLATION, INTEREST RATE, AND ASSET VALUATION SHIFT (通货膨胀、利率和资产估值的变化)

What we saw in the first half of 2022 was the emergence of an economic scenario we feared: structurally higher inflation, leading to structurally higher interest rates and structurally lower asset valuations. A scenario where all assets rationally decline in price and where there is little or nowhere to hide. It's important to reiterate how we have been describing the investment environment:

我们在 2022 年上半年看到了我们担心的经济情景出现：结构性通货膨胀上升，导致结构性利率上升和结构性资产估值下降。在这种情况下，所有资产的价格都在下跌，几乎无处可藏。有必要重申一下我们对投资环境的描述：

- 1) **All assets are expensive relative to history.** Interest rates are inversely correlated to asset valuations (lower mortgage rate = higher house price), interest rates have dropped from a secular high of 40 years ago and have been at historic lows for a prolonged period. This means that all assets trade expensive relative to history: Equities trade at higher P/E's, bond's yield less interest, and real estate have lower cap rates.
所有资产相对历史来说都是昂贵的。利率与资产估值呈负相关（较低的抵押贷款利率 = 较高的房价），利率已经从 40 年前的长期高点下降，并在很长一段时间内处于低点。这意味着所有资产价格相对历史来说都是昂贵的：股票以较高的市盈率交易，债券收益率变得更低，房地产的资本回报率不断下降。
- 2) **We're (likely) about to find out where interest rates will go.** With inflation high for the first time in decades we're (likely) about to find out where long-term interest rates will go. Structurally higher inflation could lead to structurally higher interest rates and structurally lower asset valuations. On the other hand, if inflation turns out transitory and we survive all this chaos, it likely means low interest rates are here for a long-time.
我们（可能）很快就会知道利率的去向。随着通货膨胀率几十年来首次达到高位，我们（很可能）将会发现长期利率的走向。结构性的通货膨胀上升可能导致结构性利率上升和结构性资产估值下降。另一方面，如果通货膨胀最终只是过渡性的，并且我们挺过了这一切的混乱，这可能意味着低利率将持续很长时间。

While we feared a shift to this environment, we had no idea if, when, or how it would happen. It took a global pandemic, a ~2-year shutdown of productive capacity, and a war between commodity rich countries to spark



inflation, not the most predictable of equations. The relevant question now is: where do we go from here? Looking forward, **we are more optimistic than most:**

尽管我们担忧经济环境会转变到如今情况，但我们不知道它是否会发生、何时发生、如何发生。通货膨胀是由全球疫情大流行、大约 2 年的产能关闭、大宗商品富裕国家之间的战争引发的，这不是最可预测的方程式。现在相关的问题是，我们将何去何从？展望未来，**我们比大多数人更乐观：**

- 1) Many of the macroeconomic risks are now well known and priced into valuations: we have already seen a major correction in prices across multiple asset classes.
许多宏观经济风险现在已经众所周知，并已反映在估值中：我们已经看到多个资产类别的价格出现重大回调。
- 2) We are finding attractive pricing for many of our companies, many of which have not seen a deterioration in business fundamentals.
我们发现许多公司的定价具有吸引力，其中许多公司的业务基本面还没有恶化。
- 3) Those same companies are buying back shares at the most aggressive pace we have ever seen, meaning they agree with our assessment of the value embedded in their shares.
这些公司正在以我们所见过的最积极的速度回购股票，这意味着他们认同我们对其股票蕴含价值的评估。
- 4) The above is typically a good setup, and our outlook is more positive than it was six months ago.
上述情况是典型的良好态势，我们对未来的展望比六个月前更加乐观。

When investing for the long-term, recessions and bear markets are normal, healthy, and usually unpredictable as to when they will occur. They typically represent valuation resets that setup healthier returns for the future. We work with clients to immunize short-term spending requirements so that invested capital can retain a long-term and unemotional outlook, and stay the course.

在进行长期投资时，衰退和熊市是正常的、健康的，而且通常无法预测它们何时会发生。它们通常代表着估值重置，这为未来创造了更健康的回报。我们与客户合作，避免短期支出需求，使投入的资金能够保持长期和非情绪化，并保持下去。

FINAL REMARKS(结语)

While our financial outlook is optimistic, it is important to highlight that there are global scenarios for the world that are quite undesirable. We highlight some of these scenarios below:

虽然我们的展望是乐观的，但需要强调的是，全球有一些情况是相当不理想的。下面我们将重点介绍其中一些情况：

- 1) **Global high or even hyperinflation:** Supply-chains and global trade are in stress; labour is scarce, and people are trending to be less productive. An environment where many products and services become unavailable is not out of the question.
全球高通货膨胀甚至恶性通货膨胀：供应链和全球贸易面临压力；劳动力稀缺，生产效率也有下降趋势。众多产品和服务都无法获得的局面并非不可能出现。



- 2) **Civil War/Wars:** Current politics are extremely tribal. An environment where citizens are at war with each other is not out of the question.
内战/战争: 当前的政治是极度极端化的。公民互相争斗的情况并非不可能出现。
- 3) **World War 3:** Global tension has been heightened by the pandemic and Russia's invasion of Ukraine.
第三次世界大战: 疫情和俄罗斯入侵乌克兰加剧了全球紧张局势。
- 4) **Return of 10%+ interest rates:** Central banks may have to keep aggressively raising interest rates to combat inflation. If we return to early 1980's interest rates, it would be an ugly scenario for many industries and people who have become reliant on low interest rates.
回归的 10% 以上的利率: 各国央行可能不得不继续大幅提高利率以对抗通货膨胀。如果我们回到上世纪 80 年代初的利率水平，对于许多依赖低利率的行业和人们来说将是非常不堪的情况。

We consider the above scenarios unlikely and certainly unpredictable. However, while these were previously thought of as impossible outcomes, the current odds of occurrence are not 0%. We should all do our part to aide in the avoidance.

我们认为上述情况不太可能发生，当然也不可预测。然而，虽然之前我们认为这些情况不可能出现，但目前来看，它们发生的几率并不是 0%。我们都应该尽自己的一份力来帮助避免这样的结果。

Thank-you for investing!

感谢您的投资！

Christian Anthony, CFA | Portfolio Manager

Christian Anthony，特许金融分析师 | 投资组合经理

“You get recessions, you have stock market declines. If you don't understand that's going to happen, then you're not ready, you won't do well in the markets.” – Peter Lynch

“经济时有衰退，股市也会下跌。如果你不清楚之后将会发生什么，那么你就没有准备好，你就不会在市场上取得好的业绩。” — 彼得·林奇 (Peter Lynch)

Pathfinder Asset Management Ltd. | Equally Invested™

1450 - 1066 West Hastings Street, Vancouver, BC V6E 3X1

E info@paml.ca | T 604 682 7312 | www.paml.ca

Sources: Bloomberg, Pathfinder Asset Management Limited



Disclosure

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*All returns are time weighted and net of fees. Performance returns from the Real Fund are presented based on the Class C Master series. Inception and 2013 returns include the 10 months from inception in March 2013. Returns greater than one year are annualized. The custom cost of living and CPI provide general information and should not be interpreted as a benchmark for your own portfolio return. The custom cost of living represents an equally weighted (at inception) basket of Teranet-National Bank National Composite House Price Index™, UBS E-TRACS CMCI Food Total Return ETN ETF (FUD:NYSE), United States Gasoline ETF (UGA:NYSE) and Canadian import prices from Statistics Canada in Canadian dollars. We created the custom cost of living index to give investors another way to measure their cost of living. It has some differences versus CPI; for example, CPI measures shelter costs as the cost of renting a home versus the custom index which measures it as at the cost of purchasing a home. A bachelor may view renting as an accurate gauge of shelter costs. On the other hand, a mother and father who want to raise their family under the security of the same roof without the risk of forced relocation likely views home ownership as a more accurate gauge of shelter costs.

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