



Guardian Fund
&
Knight Tech Fund

INVESTOR PRESENTATION SEPTEMBER 2021

EXPONENTIAL

‘There are 2 kinds of companies in the world: Those who originate their own AI successfully, and everyone else. The top companies are AI dominate and running away from their Non-AI competitors. AI's competitive advantage is exponential, but nowhere to be seen on a Balance Sheet.’

Mark Cuban, August 21, 2021

The Funds

- ❖ **Guardian Fund:** started in 2010 and with investments in about 15 digital-native businesses
- ❖ **Knight Tech Fund:** started in 2018 with a highly concentrated selection of digital-native public & later stage private businesses
- ❖ Same strategy based on fundamental research and ownership mindset
- ❖ We invest in several thriving businesses and not in the 'stock market'
- ❖ A partnership mindset

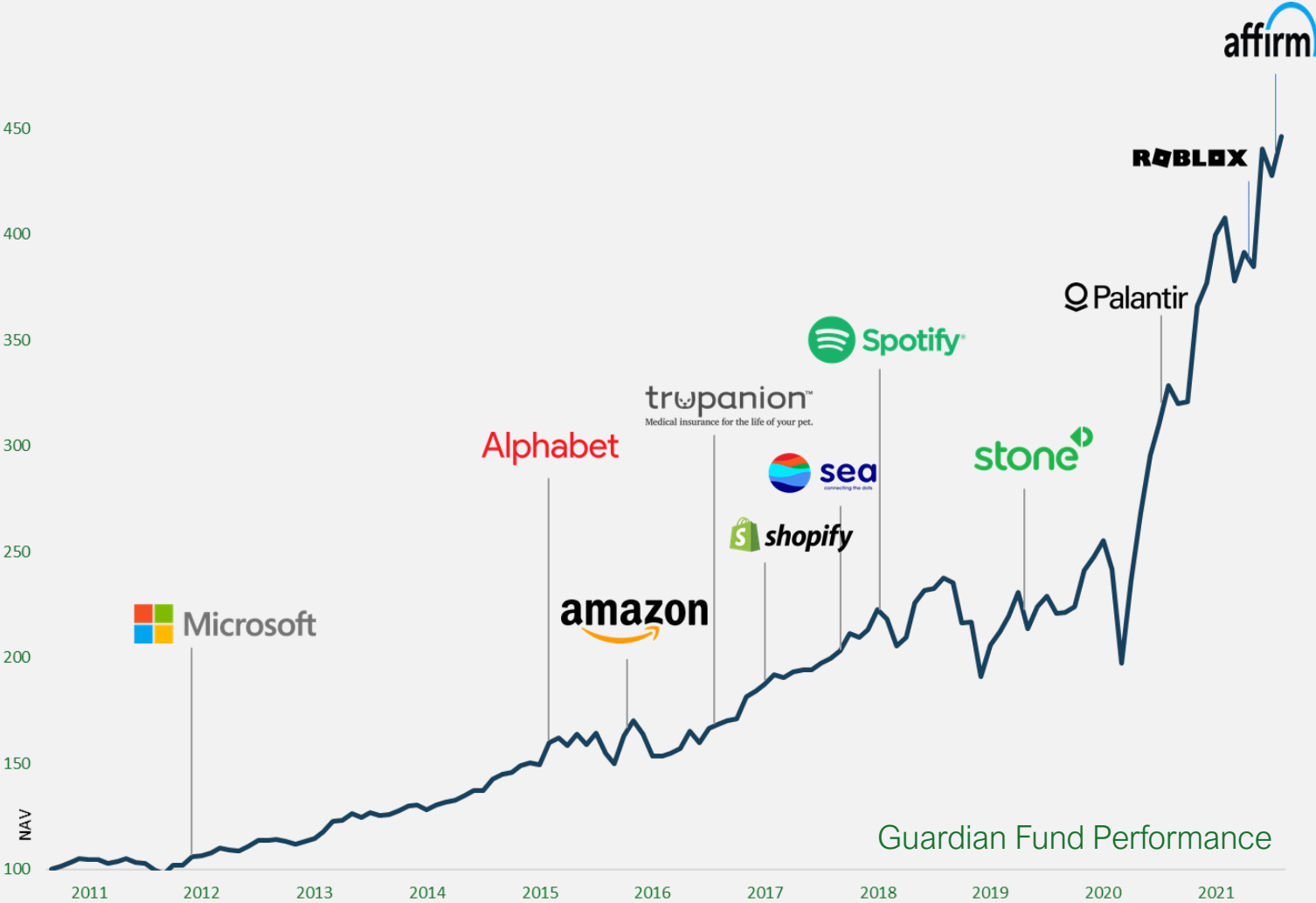
Thriving public & private tech businesses

In 2030, we will be surrounded by businesses with market valuations over USD 100 billion that are just small private companies today. Some have not been founded yet. The scalability of modern cloud-native architecture is impressive.

In order to thrive, every business in any industry must have excellent software in its core and be data-driven. Our focus is on identifying leading companies with big markets, led by founders, defensible competitive moats, attractive unit economics, and a long runway of growth ahead.

Society will continue to experience an unprecedented shift of wealth, thereby creating big winners and losers. Enormous fortunes will be made in the hunting grounds in which we are active. You are welcome to join our journey.

The investor must evolve



Guardian Fund Performance

What we learn from the 2021 Q2 Earnings (1)

- ❖ **Growth Accelerating:** About 60% of companies we track surprised to the upside although expectations were high. Accelerating delta between the leaders and laggars
- ❖ **Scale:** No reverse to the mean in sight for the USD 1 trillion+ market caps
 - Software increasingly writing and monitoring software
 - Leaps forward; Google's MUM model is 1000x more powerful than BERT
 - Talent is the real edge; not money
- ❖ **Giant migrations:** Cloud, commerce, digital assets, metaverse
- ❖ **Metrics:** Sound modeling of moat; e.g. net retention rate; more seats & usage
- ❖ **Untapped Pricing Power:** Office 365, Spotify
- ❖ **Value is in communities:** Engagement creates network effects

What we learn from the 2021 Q2 Earnings (2)

- ❖ Pipeline: The VC pipeline is interesting
- ❖ Platforms are getting less concentrated: Roblox, Cloudflare, etc.
- ❖ Regulations: Scary in China, polarized in the US, out of touch with speed and reality in rapidly changing fields e.g. crypto, education, healthcare
- ❖ Valuations: Plenty firms trading from reasonable to cheapish
 - Big tech seems cheap; FB cheapest, Microsoft higher multiple & less regulatory risk; Amazon & Alphabet at lowest valuation in years
 - Embedded value: YouTube a USD 1 trillion value within Alphabet; AWS
 - The reopening trade seems expensive versus the tech winners
 - Regulatory risk seems discounted in the U.S.
 - Countless options embedded
 - Average mid-cap software firm around 15x EV/NTM Revenues and higher names around 60x, for example Snowflake.
 - Multiple companies likely are USD 10+ trillion market caps after 2030

The active investor

- ❖ **Competition:** Apple, Microsoft, Alphabet, Amazon, Facebook are 24% of S&P 500's value, earnings growing fast, therefore they are the real competition of the active investor
- ❖ **Opportunity cost:** Amazon & Co are likely to 2x over next 6 years so that's the opportunity cost of capital
- ❖ **Performance:** Most winners underperform the S&P 500 for a significant number of years
- ❖ **How do we compete?** Can Shopify, Stone, Roblox, etc. outperform? 20% of assets in Knight Tech Fund could be invested in private (Palantir)
- ❖ **Great companies can 10x within decade after listing:** The scalability of could-native businesses is stunning

Mindset

- ❖ Owners: Invest in founders
- ❖ Inflection: Most fortunes across history were built from change
- ❖ 10X: Versus incremental improvements
- ❖ Let the winners run: Keep investing in the winners
- ❖ Own businesses at full valuation: Great companies are often undervalued
- ❖ High quality investor base: Focus on long term value creation
- ❖ Our edge? Temperament, focus, emphasis on business and ignore macro noise

Hunting grounds

- ❖ **Cloud Infrastructure:** Faster, scalable, and cheaper access to compute. This digital infrastructure enables API-first companies which are amongst our favorites
- ❖ **Machine Learning:** Better information intelligence and powerful new models emerging; AlphaFold, GPT-3
- ❖ **Commerce:** Digital first and central operating platform
- ❖ **Metaverse:** Being inside the Internet; Immersive virtual environments where people can participate in many ways
- ❖ **Digital Payments:** Instant and secure tools to transact anywhere
- ❖ **Creator Economy:** USD 100bn+ value; creators have better tools to monetize their creations and engage fans

Focus on big waves

- ❖ **Cybersecurity:** The cloud-native architecture requires secure exchange of information
- ❖ **Crypto Technologies:** All major financial platforms will provide access; transparent and secure management of digital assets; fintech for the unbanked (e.g. Cash App)
- ❖ **Broadband Access:** Starlink & Co will provide strong bandwidth to rural regions
- ❖ **Distributed Work:** Developers can join the team from anywhere
- ❖ **Digital Health:** Real-time monitoring of people's health
- ❖ **Genetics & Software:** Enormous progress in understanding of biology

Talent & Ownership

- ❖ **Mission:** Thrilling to find someone doing their 'life's work'. This attracts more talent as best people like to work on hard problems
- ❖ **Synchronized Team:** spirit to win together. Business is not a family but a team. Meritocracy based on data.
- ❖ **Execution:** Operational focus on tangible goals with insane timeline (e.g. Tesla)
- ❖ **Agile:** Faster decision making
- ❖ **Experimentation:** It's ok to try things and fail (e.g. Amazon)
- ❖ **Capital Allocation:** Opportunistic and long-term oriented

Tesla AI Day: One of most impressive things we've seen

- ❖ **Neural network:** ML in vector space; fusion images before detection so on all sensors combined; model not just vector space but also time to make plans; by moving the fusion earlier in the neural network the performance improves; use neural networks as heuristics just like they were used to play Go; align to reconstruct road from multiple vehicles
- ❖ **DOJO:** Training in data center of neural network, chips build in house, connecting a million nodes, can scale, world's most powerful neural network; data collection, labeling, retraining, deploying, and go to this loop infinite times to improve performance; this loop does not have a limit; DOJO can become an AI training-as-a-service
- ❖ **Data:** Label in vector space instead on 2D images; the more the fleet grows the stronger the performance; hardware integration; testing and debugging tools
- ❖ **Simulation:** When data is difficult to source, label
- ❖ **Tesla Bot:** The technology can be applied to much more than cars

Looking for exceptional businesses

We focus on companies with the following characteristics:

Large and Growing Markets

This allows our businesses to achieve scale and generate significant value in a winner-takes-most environment.

Multi-year Compounders

We look for companies that can deliver sustainable earnings growth and favor companies that create value through organic growth.

Ownership

We focus on companies with a mission-driven founder at the helm who holds a substantial part of his/her wealth in the company.

Competitive Moat

We look for companies with growing competitive moats and with the ability to reinvest large amounts of capital.

Favorable Unit economics

Growing recurring revenues must be driven by favorable unit economics.

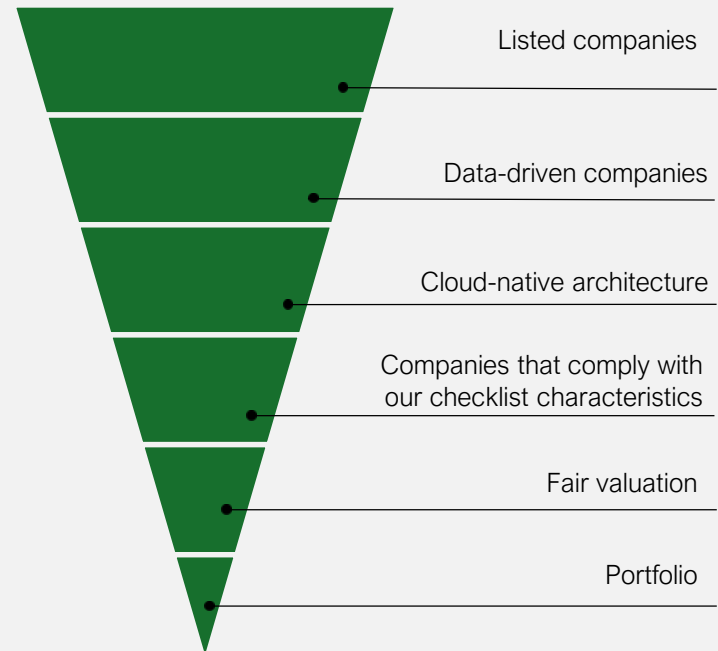
Investment process

Our focus is on internet-enabled businesses and we prefer to see a cloud-native architecture as well as a founder as the helm

Process

- Identification**
 - We continuously study new companies
 - A watchlist of about 50 companies
- Qualification**
 - Companies are qualified based on our checklist characteristics
- Valuation**
 - Qualitative factors are leading
 - Price should be fair

Filters



Investments

The fund owns about 15 businesses. 5 key positions are:



Largest commerce platform in SE-Asia



Cloud and security



Winner in streaming to the TV



Leading commerce operating platform



Largest audio streaming ecosystem

Case Study // Sea



Sea is the largest Internet platform of South East Asia and owner of Shopee, the main commerce platform and Garena, a gaming business

Company Overview

- Shopee is the largest e-commerce platform in South East Asia and Garena a profitable gaming business
- E-commerce penetration is rising rapidly
- Forrest Li is the founder and CEO of Sea and still holds a significant percentage of Sea

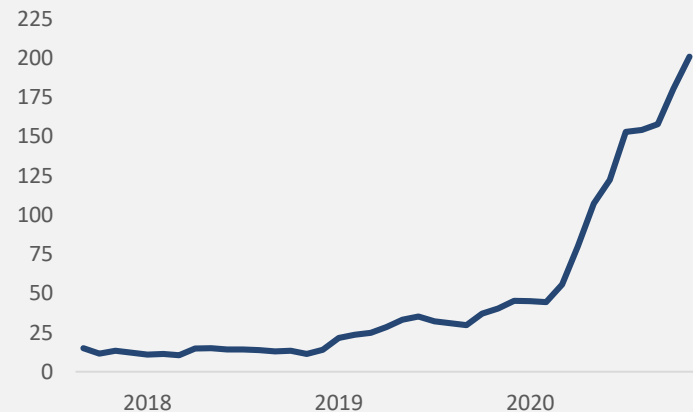
Investment Performance

First investment date:	September 2017
Entry share price:	USD 12
Entry market cap:	USD 5 billion
Current share price:	USD 330
Current market cap:	USD 180 billion
Investment result to date:	x 27

Company Performance

- Commerce revenue growth of 144% YoY
- Digital entertainment revenue growth of 75% YoY
- Paying user growth of 124%
- GMV growth of 103%
- Upside in payments, e-health, education

Share Performance



When do we sell

Factors that drive the decision to sell an investment:

Loss of
competitive edge

If the moat is shrinking due
to competitive pressure

Better allocation of
capital

A sale is often driven by a
new investment that is likely to
be a superior allocation of
capital

Acquisition

We have owned shares in
companies such as
Livongo that have been
acquired

Environmental, Social, and Corporate Governance (ESG)

The fund does not promote environmental or social factors, nor does it have sustainable investing as its objective as defined in the SFDR.

ESG factors are a valuable part of our investment process. We assess both the material ESG risks and opportunities of our investments.

It is an active pursuit to invest in areas and companies that are best positioned to solve the world's biggest challenges. We take environment, social, and corporate governance (ESG) issues into consideration to discover visionary and future-proof companies.

We believe that companies with strong ESG credentials are generally better managed, more efficient, more innovative and better able to attract and retain talent. This gives them a financial edge as well as being a net positive for society.

We aim to constantly adjust and improve our ESG policy as understanding of sustainability issues in the market changes and improves.

Questions

- ❖ **S&P 500:** If this is your benchmark, do you own it? Nasdaq 100? BRK.B?
- ❖ **Opinion on firms:** Did you listen to the Tesla AI Day? Did you read Bezos' letter?
- ❖ **Big Tech:** Did you study the earnings of Alphabet, Microsoft, Amazon?
- ❖ **Valuations:** What is the average P/E of the S&P 500? Of the top-50? How do the valuations of Colgate/Coco Cola/Nestle compare to Alphabet, Facebook, Amazon? How are software investments expensed?
- ❖ **Digitalization:** How are you participating in the shift of wealth?
- ❖ **Risk:** Why Amazon's, Alphabet's, etc., so low compared to the SPX, 10-year rate, and those of for example Nestle, Colgate, Coca Cola?

We aim to keep our winners for a long time. The common mistake is to sell a great business based on the argument that the valuation is high.

You're welcome to join our journey

Investment Team

We have a dedicated investment team that applies a fundamental value investing mindset on innovative and growing businesses

Georg Krijgh

Lead Portfolio Manager

Georg founded the Guardian Fund in 2010 and previously worked as an equity analyst at Rabobank and holds a MSc in Economics from the Erasmus University in Rotterdam.

Martin Krijgh

Portfolio Manager

Martin previously worked in corporate finance at ABN Amro Bank and previously as a corporate lawyer at De Brauw Blackstone Westbroek. Martin holds a LLM in Law from the University of Amsterdam.

Felicia Groenewoud

Portfolio Manager

Felicia previously worked as an equity research analyst at Van Lanschot Kempen and ABN Amro Bank. She holds a BSc in International Business Administration from the VU University in Amsterdam.

Fund Characteristics Guardian Fund

Track Record of the Guardian Fund

Increased performance in more recent years due to focus on investments in digital innovation

Net performance of the Guardian Fund:

11-year

14.6%

CAGR

5-year

21.5%

CAGR

3-year

23.4%

CAGR

Fund Structure of the Guardian Fund

Administrator	<ul style="list-style-type: none">• Circle Investment Support Services B.V.
Auditor	<ul style="list-style-type: none">• Ernst & Young Accountants LLP
Custodian	<ul style="list-style-type: none">• BinckBank N.V.
Depositary	<ul style="list-style-type: none">• Darwin Depositary Services B.V.
Fund Manager (AIFM)	<ul style="list-style-type: none">• Privium Fund Management B.V.
Legal Counsel	<ul style="list-style-type: none">• Van Campen Liem
Legal Owner	<ul style="list-style-type: none">• Stichting Juridisch Eigendom Guardian Fund
Legal Structure	<ul style="list-style-type: none">• Fonds voor Gemene Rekening (FGR), tax transparent for Dutch tax purposes

Key Terms of the Guardian Fund

Target Return	15% CAGR
Minimum Investment	General Class A - € 101,000 Institutional Class A - € 10 million Institutional Class B - € 20 million Institutional Class C - € 30 million Initial Class 1 - € 100,000 (soft closed)
Subscription fee	€ 1,000 (General Class A), no subscription fee applicable for the other classes
Subscription frequency	Twice per month
Redemption fee	3% in case of early redemption (within 3 years), declining on a linear basis.
Redemption frequency	Monthly, 20 Business days notice period
Target # of Holdings	15-20
Management Fee	General Class A - 1.2% Institutional Class A - 1% Institutional Class B - 0.90% Institutional Class C - 0.90% Initial Class 1 - 1.1%

Key Terms of the Guardian Fund (continued)

Variable Fee

General Class A - 25% above 5% annual hurdle
Institutional Class A - 25% above 5% annual hurdle
Institutional Class B - 20% above 5% annual hurdle
Institutional Class C - 20% above 6% annual hurdle
Initial Class 1 - 25% above 6% annual hurdle

ISIN Codes

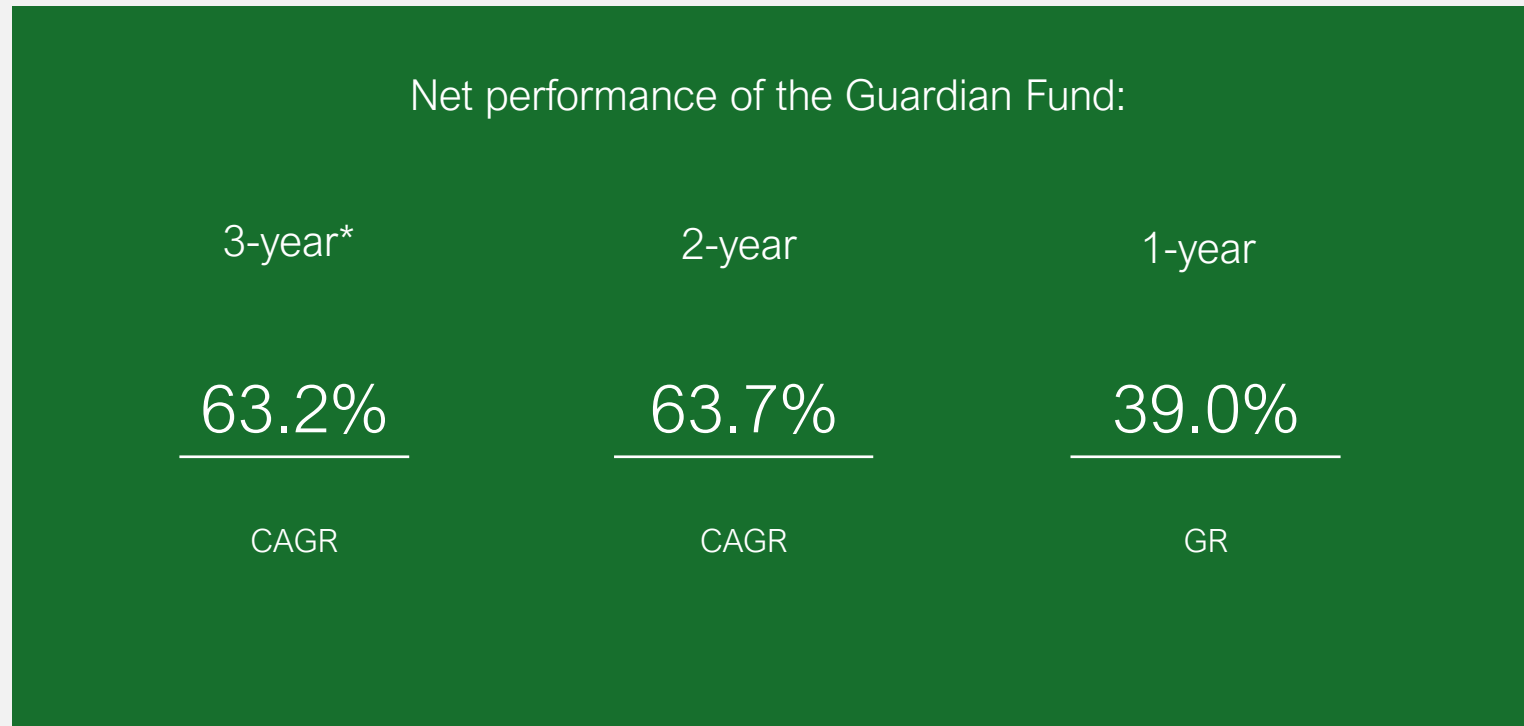
General Class A - NL00150003M4
Institutional Class A - NL00150003L6
Institutional Class B - NL00150003K8
Institutional Class C - NL00150003J0
Initial Class 1 - NL0013019383

Fund Characteristics

Knight Tech Fund

Track Record of the Knight Tech Fund

Strong performance due to high concentration



* From fund start on 1 November 2018

Fund Structure of the Knight Tech Fund

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Auditor	<ul style="list-style-type: none">• Ernst & Young Accountants LLP
Custodian	<ul style="list-style-type: none">• BinckBank N.V.
Depositary	<ul style="list-style-type: none">• Darwin Depositary Services B.V.
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Legal Structure	<ul style="list-style-type: none">• Fonds voor Gemene Rekening (FGR), tax transparent for Dutch tax purposes

Key Terms of the Knight Tech Fund

Target Return	20% CAGR
Minimum Investment	General Class A - € 101,000 Institutional Class A - € 10 million Institutional Class B - € 20 million Institutional Class C - € 30 million Institutional Class D - € 50 million
Subscription fee	€ 1,000 (General Class A), no subscription fee applicable for the other classes
Subscription frequency	Twice per month
Redemption fee	3% in case of early redemption (within 3 years), declining on a linear basis.
Redemption frequency	Monthly, 20 Business days notice period
Target # of Holdings	8-10
Management Fee	General Class A - 1.5% Institutional Class A – 1.2% Institutional Class B – 1.1% Institutional Class C – 1.0% Institutional Class D – 0.9%

Key Terms of the Knight Tech Fund (continued)

Variable Fee

General Class A - 20%
Institutional Class A - 20%
Institutional Class B - 20% above 4% annual hurdle
Institutional Class C - 20% above 5% annual hurdle
Institutional Class D - 20% above 6% annual hurdle

ISIN Codes

General Class A - NL00150008O9
Institutional Class A - NL00150008P6
Institutional Class B - NL00150008Q4
Institutional Class C - NL00150008N1
Institutional Class D - NL00150008R2

Disclaimer

Do not run any unnecessary risk Read the Key Information Document. This communication is neither an offer to sell nor a solicitation to invest. Past performance is not indicative of future results The value of investments and any income generated may go down as well as up and is not guaranteed.

Privium Fund Management B.V. (Privium) is authorized and regulated by the Dutch Authority for the Financial Markets (www.afm.nl) as an Alternative Investment Fund Manager. The Fund and its Fund Manager, Privium Fund Management B.V., are held in the register of Dutch Authority for the Financial Markets.

The Prospectus of the Fund and the Key Information Document can be downloaded via the website of the Fund (www.guardianfund.nl) and the Fund Manager (www.priviumfund.com). The performance overviews shown in this communication have been carefully composed. No rights can be derived from this communication.





www.guardianfund.nl