Fidelity Capital Management

April 2022 Investment Letter

YTD 2022

	Sparrowhawk Fund (EUR)	**-8,37%**
	Royal Albatross Portfolio (USD)	**-2,79%**
	Kingfisher Portfolio (USD)	**-6,18%**

DJ Industrial Index	-9,25%
S/P 500 Index	-13,31%
MSCI World Index	-13,49%
Berkshire Hathaway	+7,47%
Gold	+3,74%
EUR/USD	-7,28%
Oil WTI	+38,84%

16.63%

In 1980, 40 years ago, the investment manager launched the FCM Opportunity Fund (Sparrowhawk Fund as of 2009).

The value of the Fund has grown from $900.000 to $493 million at a rate of 16,63% annually.

"Greedy when everybody is afraid."

"Now is the time to buy" (W Buffett)

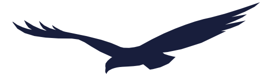
1Q 2022

1. A looming US government shutdown,
2. Rising interest rates,
3. Massive deficit spending,
4. 40-year highs in inflationary pressures,
5. A tight labor market,
6. And continuation of COVID difficulties (China).
7. Russian invasion of Ukraine.

Looking ahead, we think it is important to remember the path the market was on before this conflict started. The global economy was on track to re-open and accelerate sharply, with factory output surging, inventories lean, and the service sector rebounding. Despite today's turbulent and unsettling conditions, we believe a lot of risk is already priced into the marketplace. Sentiment seems downright depressed, and investor positioning is more weighted towards cash, than equities.

The managers of the Fund are long-term investors and will remain disciplined in their process, strategy, and philosophy. They have been managing money for over 40 years, and they had experienced cycles and periods like this before. They believe that investors should recognize the current uncertain environment but plan for and anticipate what the future holds. They focus the attention on modeling various scenarios and understand that reacting to today's crisis is almost always counterproductive (and costly). If the economy can deliver outcomes even barely better than most expect, stocks (and especially the Sparrowhawk Fund positions) are likely to respond positively. The equities market in 2022 may not have started out well, but it is set up nicely to perform.

US job openings are at a two-decade high.



The Big Picture

Before the war took over the news cycle, inflation was the largest concern for the market. Current price increases are running at the fastest pace in roughly 40 years. Unprecedented spending, more than $10 trillion of fiscal and monetary stimulus, clearly led to this inflation surge.
The Consumer Price Index (CPI) is one of the main indicators of economic inflation. It has steadily increased for each of the last six months. Back in December of 2021, it was at an alarming +7.0%. Fed Chairman Powell finally capitulated his “transitory” language, but still felt inflation would begin to decline. Then, in January of 2022, CPI came in at +7.5%. Now, in February of 2022, CPI rose to +7.9%, with energy accounting for over 30% of the entire increase. Some forecasts are for gas prices to go up another 20% from here.
The troubling aspect of all of this data is that it was calculated *before* the impact of the Russian invasion of Ukraine.

In September of 2020, the Fed approved a new approach to inflation, which would allow it “to run hotter in the interest of a full and inclusive employment goal.” This new approach was almost immediately followed by the worst inflationary environment since the early 1980’s, when Fed Chairman Paul Volcker increased interest rates to 19% to ultimately tame inflation. We highly doubt that today’s Fed has the stomach to be that aggressive fighting elevated inflation.

"If inflation does become too persistent, if these high levels of inflation get entrenched in our economy, and in people’s thinking, then inevitably that will lead to much tighter monetary policy from us, and it could lead to a recession, and that would be bad for workers," Fed Chairman Powell said.

The Fed is getting backed into a corner. The last time this happened was in the 1970s. At that time, Fed Chief Volcker raised interest rates to 20% to halt inflation. This resulted in two recessions and lower inflation.

Currently, despite what they say, there are no signs the Fed can or will do something similar. It would simply be devastating with many negative consequences, like a huge recession, bankruptcies, foreclosures and more. And it would result in social unrest, like we’re beginning to see in other countries.

Remember, low interest rates have been standard policy for the past 14 years. That’s also been the case with QE, which has essentially been creating money ongoing to keep the economy moving along. But then covid came on the scene and the situation intensified.

In reaction to covid, the economy plunged and the Fed printed way too much money. The Fed’s balance sheet soared nearly $4 trillion. This was more than the total accumulated over the past 100 years or so.

In other words, the Fed’s balance sheet doubled and it’s now $9 trillion.

Currently, the Fed is trying to bring this down by letting their bonds expire, which they bought during QE. This is a form of tightening and so are rising interest rates.

This is already putting downward pressure on stocks. Signs of recession are also beginning to emerge and no one wants a recession.

Fed raised interest rates by 50 basis points at the April meeting. This was the second increase since 2018.

In the 1970s, inflation was surging and so was the oil price, as well as the gold price. This is essentially what’s happening now. In the 1970s this led to a steep rise in interest rates and a recession.

This time around we could see a recession but we don’t believe interest rates will rise sharply. The Fed is being very cautious, despite what they say. For example, you can’t fight 15% (real) inflation with a one quarter or one half point rise in interest rates. It’s meaningless and it appears as though the Fed doesn’t want to rock the boat.

Inflation is at a 40 year high and it's happening worldwide. Inflation is above 7% in over half of the developing world.

The war in Ukraine has fueled a big rise in commodity prices, which is putting even more upward pressure on inflation. At the same time, the U.S. economy is drowning in $87 trillion in debt. Just the interest on this debt is astronomical.

This puts the Fed in a very tight spot. As inflation surged, the Fed left interest rates too low for too long and kept QE going, which was the main cause of inflation to begin with.

The economy depends on super low interest rates. If the Fed wants to seriously bring inflation down, it would have to raise rates to well over 10%, and the economy and stock market would collapse. The bottom line is, the Fed was slow to react and it simply can't raise rates much further. Their hands are tied as they balance fighting inflation and keeping the stock market afloat.

Coming soon the Fed's going to have to ease up on rates and return to QE, and low interest rates, like it's been doing for the past 14 years. This will likely be triggered by a scare i.e. more recession signs, and bond prices will rise sharply.

Nevertheless, recession hangs over the world. In China, for instance, covid lock downs continue and this alone will lead to more global stress. Plus, Fed Chairman Powell warned the war in Ukraine could impact the economy as well.

Keep in mind, if the Fed is able to see 2% on the Fed funds rate, it'll force interest payments on the Fed debt to rise over $1 trillion. The resulting political feedback would force the Fed to retreat and throw the credibility of Treasury debt and the dollar into doubt.

The war.

When Vladimir Putin put Russia's nuclear forces on high alert and its military caused a fire at the nuclear Chernobyl site, the world truly became spooked. Diplomatic discussions have not led to any material progress, and a cease-fire still seems unlikely.

The priority of the US and NATO today should be to force a cease fire, insist on negotiations, discussions, arrange some kind of diplomacy in order to make Putin believe he has won and got what he really wants. Rather than escalating the war by pouring in military arms into Ukraine and prolong this war.

Otherwise, the war will go on for a long time, with a total destruction of Ukraine and the Ukrainians. Because Putin will wreck the country rather than abandon or lose.

Clearly, the invasion of Ukraine by Russia is causing tremendous human and economic hardships.

As usual during a crisis, there is always some that is profiting.
"Drilling economics in the US today are better than they've ever been since the shale revolution started." Production will probably continue to ramp up, but management teams may look to employ less leverage than in the past. The key will be if these companies can kickstart production and have enough labor and key resources to meet their goals.

The Russian economy makes up only 2% of global GDP. For S&P 500 companies, combining both Ukraine and Russia accounts for only 1% of revenue and profit.

During a time when oil, gas, and metals markets are experiencing tight supplies and surging demand, disruptions from Russian output is driving up prices. With concerns that rising oil prices could kill the economic expansion and bull market, many investors are wondering if their investments are prepared for what might come.

As this chart from the EIA (US Energy Information Administration) shows, the global oil supply is quite diverse. Russia, the world's largest exporter of natural gas, is the third-largest oil producer. The US is the largest, followed by Saudi Arabia.

Global Oil Supply By Country

Posted on The Daily Shot 16-Mar-2022
@SoberLook

Total Global Oil Production [2020]

94 million barrels per day

All Other Countries (28%)
26.4 million barrels per day

USA (20%)
18.6 million barrels per day

Saudia Arabia (12%)
10.8 million barrels per day

Russia (11%)
10.5 million barrels per day

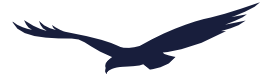
Canada (6%)
China (5%)
Iraq (4%)
UAE (4%)
Brazil (4%)
Iran (3%)
Kuwait (3%)

Source: US Energy Information Administration (EIA), 2020

chartr

We have seen estimates that oil and gas exports account for roughly 40% of Russia's revenue and 60% of its exports. According to Bruegel think tank, the EU imported 45% of its natural gas from Russia last year. European dependence upon natural gas from Russia makes banning importation almost unbearable.

When the Soviet Union invaded Hungary in 1956, Western Europe continued to trade with it. When the USSR invaded Czechoslovakia in 1968 and Afghanistan in 1979, trading still occurred. German Chancellor Olaf Scholz recently halted the certification of the Nord Stream 2 pipeline, owned by Russia's state-backed energy company Gazprom, but



somewhat reluctantly. Germany's government stated: "It would take three years to become independent of Russian gas."

Russia's army has initiated a "military" war against Ukraine, and the world has responded with "economic" warfare against Putin, his allies, and Russia's economy. In the past, sanctions have targeted small or isolated countries, like Cuba, Iran, and Myanmar. Russia is twice the combined size of any economy that the US has ever embargoed. The potential disruption from recent sanctions is only beginning to be understood.

Industries from oil to media to consumer brands have severed or suspended operations in Russia, and the burden to act is now spreading to the food businesses. McDonald's temporarily closed all of its Russian locations (9% of total revenue, 3% of total operating income), as did Starbucks, Coca-Cola, Pepsi and Yum Brands (Kentucky Fried Chicken, Taco Bell, Pizza Hut, etc).

FedEx and UPS suspended transportation and shipments into Russia. Intel and AMD have suspended chip shipments into Russia, and Goldman Sachs and Morgan Stanley have also ceased operations. BP has done business in Russia for three decades, but it decided to divest its 19.75% stake in Russian oil company Rosneft, leading to a whopping $25 billion charge. Unfortunately, all of these actions will impact the innocent Russian people, as opposed to penalize their ruthless dictator.

What are the Markets telling us?

The war has taken a shocking humanitarian toll, and an economic one as well. This is affecting the rest of the world, fueling uncertainty, more inflation and it's hurting economic growth.

The longer it lasts, these factors will intensify, which are all affecting the markets in one way or another. This goes for stocks metals, commodities, currencies and interest rates.

The world is getting more nervous about the covid surge in China. Dozens of cities are in lockdown, civil unrest is growing and it's now hitting Beijing too. This in turn is making the supply chain situation worse, leading to higher prices. It's also going to result in lower demand for resources, commodities and other products. And since China is the second largest economy in the world, this will likely slow the global economy, fueling stagflation.

Uncertainty continues to cause a flight to safety

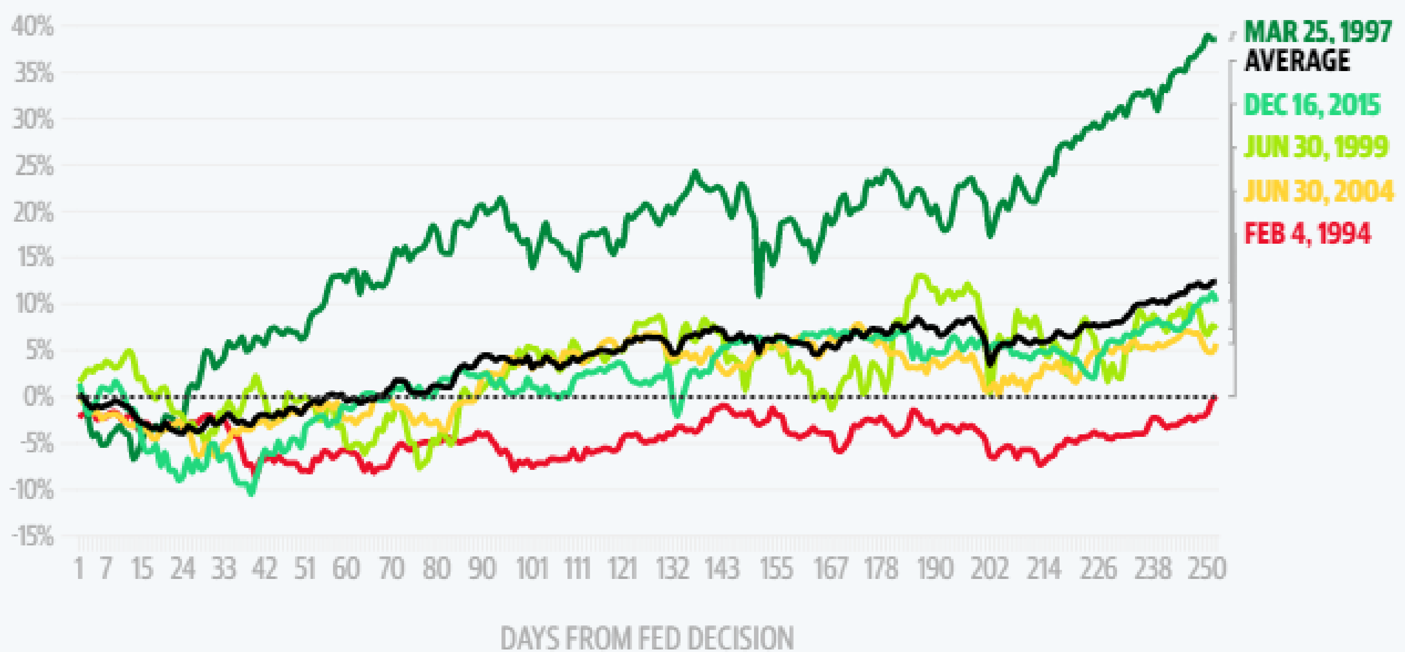
The market is already pricing in several more interest rate hikes this year and next. Will one meeting get 50 basis points versus a more traditional 25 basis point increase? The last 50-basis point hike came in 2000, but we might see another one at the May FOMC meeting. Does it really matter whether we get three or four or even five interest rate increases in 2022?

The war in Ukraine is clearly rattling markets. Market volatility is always expected when there are geopolitical and regional conflicts. Add rising inflation, and certain analysts begin to call for a recession.

When Russia began its invasion on February 24th, 2022, global stock markets suffered, and market volatility followed. But based on history, the markets will breathe a sigh of relief, return to the fundamentals of corporate earnings, and benefit from economic growth.

Last year, even after doubling in price, natural gas remained one of the world's cheapest forms of energy. In the US, natural gas trades at roughly 1/10th of the price that Europe pays. The US is currently exporting about 10% of its daily output, in the form of LNG (liquefied natural gas). In January, the US passed Russia as Europe's leading LNG exporter, and that number is expected to grow by 50% by 2027.

At the end of last year, shale producers had a break-even cost of $37 per barrel. With oil trading 3x those levels, there is ample profit to be made, and the incentive to come back online is high. In the Permian basin, shale exploration and rig activity are already back to about 70% of pre-pandemic levels. In fact, with technology advancements, oil production in this region is close to crossing an all-time high, above 5 million barrels per day. In the Haynesville (known for its natural gas), activity is already at its highest level in a decade. US oil production in February was over 8.5 million barrels per day, which is close to the all-time record production set in November of 2019.



The thought that rising interest rates hurt stock returns is simply not a thesis based in data. Over the last five rate cycle increases, the S&P 500 has experienced an average increase of +12%. As long as higher interest rates are due to strong economic conditions, the equity market tends to perform nicely.

Only during the stagflationary environment of the early 1970's did the S&P 500 not show a positive response to higher interest rates. During that time period, the United States was mired in a deep recession and dealing with an oil embargo. Conditions today are much better than they were during that era.

Fed Raising Rates by 200 bps	Fed Funds Rate change (over the period)	S&P 500 Index change (over the period)
July 1954 to October 1957	2.7%	+33%
May 1958 to November 1959	3.4%	+32%
May 1967 to September 1969	5.2%	+5%
February 1972 to July 1974	9.6%	-26%
January 1977 to July 1981	14.4%	+28%
February 1983 to August 1984	3.0%	+13%
March 1988 to March 1989	3.3%	+14%
December 1993 to April 1995	2.7%	+33%
June 2004 to July 2006	4.2%	+12%
November 2015 to January 2019	2.3%	+30%

A month or two ago, most traders were focused on Fed interest rate changes in 2022 and 2023. Today, traders are occupied by crude oil, natural gas, and commodity swings. CME has the most diversified set of tradeable contracts, spanning interest rates, equities, foreign currencies, commodities, agricultural products, energy, and metals. A couple of dominant products traded on the ICE are Brent crude oil and natural gas contracts.

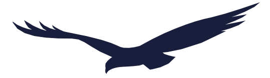
Stock Market.

The war in Ukraine and rising interest rates have been the primary driving forces. When the war situation intensifies, for instance, stocks fall as investors dump stocks and turn to the safe havens

Few individuals knew the current geopolitical events were going to occur, and even fewer understood the ramifications of a Russian invasion. But the end result is often the same: a material increase in the number of trades that occur in these important commodities.

Instead of investing or speculating on highly volatile commodities, it is preferably to invest in the exchanges where those products trade. With exposure to the exchange industry, you benefit from skyrocketing volumes, without any material clearing or counterparty risk. As volatility explodes higher, you can be confident that exchanges positions are navigating these turbulent times and also generating excellent free cash flow.

Index	2021 Peak	YTD
FTSE 100	3.90%	2.17%
BSE SENSEX	5.12%	-2.19%
Nikkei 225	1.88%	-6.85%
Hang Seng	6.70%	-9.87%
CAC 40	3.12%	-10.17%
S&P 500	0.64%	-12.82%
DAXK	2.44%	-13.75%
Shanghai	0.00%	-16.28%
As of May 2, 2022		



When talking heads on TV say to immediately put 100% of your portfolio in cash or rush to Treasuries and safety, it reminds us to focus on March of 2009, or March of 2020, or today – March of 2022.

The environment in late 2008 and early 2009 was maybe the most unsettling years on Wall Street. The markets were under tremendous stress, and financial entities, banks, and brokerages seemed to be failing daily. March 9th of 2009 was the peak of despair and worry. The S&P 500 declined by more than (50%). The fear was palpable.

After a year-long bear market, particularly harsh on the Financial sector, the stock market began a massive rally. The S&P 500 has increased by more than +500% since the Financial Crisis. Those who remained patient and did not panic have materially benefitted. The way forward is never clear or obvious. During periods of stress, one must adhere to a disciplined strategy and process. That is what the Sparrowhawk Fund do each and every day.

Today, inflation is simply too high, but there are numerous reasons for this. Over the next one to two years, the Fed will raise interest rates and decrease the size of its balance sheet. These tightening decisions should not materially alter the positive underlying fundamentals of the US robust economy. Corporate earnings remain resilient, the labor market is exceptionally strong, household incomes are solid, and consumer demand is sound.

A few months ago, the press would have been filled with items and metrics regarding the sharp, economic rebound. Instead, we spent too much of our attention on the war, sanctions, and other uncertain items. But rest assured, this will eventually pass, and the good news that is being overlooked right now will soon become the market's focus.

Performance:

The Royal Albatross Portfolio YTD -2,79%
The Natural Resources sector +32,48%
The Gold sector +4%
The Cash position is at 60%.

The Sparrowhawk Fund is at -8,37% YTD.

Portfolio News:

As sanctions take hold and cause significant economic hardships inside of Russia, the rest of the world continues to migrate away (slowly but surely) from cash and towards card-based payments. For the first time ever, worldwide eCommerce sales will exceed $5 trillion this year. In New York City, over 2.4 million packages are delivered each and every day. Over the next five years, it is expected that $14 trillion of global consumer payments will migrate from cash to cards.
Current sales are nearing 2x the level of 2010. These transactions continue to occur with cards, as opposed to checks and cash.

Mastercard provides evidence of global retail spending trends. These are not just transactions on the Mastercard network, but measurements of all in-store and online retail sales, across all forms of payments.

One key trend remains: the migration away from cash towards digital forms of payments.

The Fund's fintech positions have said that they intend to purchase shares in the businesses they know the best and have the most confidence in – themselves.
For example, Visa just announced a $12 billion stock buyback, and Mastercard approved a $8 billion authorization. Instead of spending significant amounts of capital on uncertain M&A, these companies are re-investing back into their businesses, in the form of R&D and buybacks. If stock prices remain depressed, these buybacks should boost earnings growth.

US Dollar

The U.S. dollar is still the world's favorite currency. It continues to be the safe haven of choice during these volatile times.

As you'd expect, the war in Ukraine remains the primary focus. We believe this is going to be the most important influence on the dollar as long as the war lasts. And when it'll end is something no one knows.

When the situation looks like it's deescalating, the dollar tends to soften. But then the war keeps raging on, people get nervous and the flight to safety leads them to the U.S. dollar, driving it higher.

As you know, the U.S. dollar is the world's reserve currency, and that makes it special. Many people have commented on how the dollar is losing its global reserve status and it's true.

The percentage of global reserves held in U.S. dollars has declined over the past decade, especially in recent years.

China and Russia, for example, have been working on minimizing the amount of U.S. dollars in their reserves, opting instead for a variety of currencies and more gold. The dollar, however, is still the largest currency held by central banks, accounting for 60% of global reserves.

And look at what's happening now... everyone wants the U.S. dollar because the U.S. is the biggest global economy and it's the world leader. The war in Ukraine has sent this message out loud and clear.

So even though the U.S. is slowing losing its reserve status, this is something that happens gradually over the very long-term.

Plus, there is not a currency that could take the dollar's place. For now, the dollar is the big man on campus and it looks like it's going to stay that way for a good while.

The Japanese yen has been plunging. The main reason why is because Japanese policy makers keep printing money to keep the economy going. That's been even more so since the war began, combined with soaring prices. A cheap yen also makes Japanese exports more attractive, therefore, maintaining demand for inexpensive Japanese goods.

Western sanctions sent the ruble into a nosedive, with the currency tumbling over 40% to an all-time low versus the US dollar. In response, Russia's central bank more than doubled its interest rate to 20%, boosted liquidity, and ordered exporters to sell 80% of their hard currency revenues. In another bid to shield some of its assets, Russia partially re-opened its stock market, after a nearly month-long suspension of trading. This did little to protect Russia's largest bank, Sberbank, which has fallen by over 70%.

Interestingly, the Russian ruble has recouped from its big drop and it was the strongest currency versus the dollar last month, which you wouldn't expect considering what's happening in Ukraine.

But as we previously mentioned, Russia has taken several actions and they're making a difference...

Most noteworthy, Russia announced they would price their oil and gas in rubles. So buyers basically have to open an account at a Russian bank, buy rubles and pay for their oil and gas this way.

That's what boosted the ruble and it'll likely stay firm with these new policies in force.

Today's crisis, even prior to the Russian crisis, is a continuation of the original financial crisis in 2008. The monster debt has continued to jump higher with no end in sight, especially now with serious post-pandemic problems, ongoing uncertainty and unrest.

Gold and Natural Resources

The commodity bull market is in swing, and it has great potential for the years just ahead.

Gold, silver and the miners have been holding up and on the rise while the resource and energy sectors remain robust. The agricultures are on the rise as well.

Inflation is a big reason why, and in turn by rising, it causes a further rise in assets. The massive liquidity program during the pandemic was the start, as the government was set in seeing helicopter money reach the masses.

This got the ball rolling, and other major countries were doing similar liquidity programs. It's been a global phenomenon treating a global health problem. Meanwhile, interest rates fell to unheard of levels, which in turn continued to fuel the housing market, and refinancing was all the rage. This housing demand for materials pushed the natural resources to new highs thereby causing more inflation.

But one of the main inflation roots has been the global supply chain disruptions...

As the pandemic slowed down, and the world slowly opened up, the global supply chain disruptions became the next problem. Many products were unavailable due to shipping delays as demand grew. Then while supplies were still struggling to get back to normal from the pandemic, the supply chains took another knock.

Russia's war against Ukraine caused the biggest commodity shock since 1973, which was the last time we faced an oil crisis.

Today's setback is also causing the worst disruptions to wheat supplies in a century.

Countries are banning food exports to ensure enough supply at home. And the West has been adding more sanctions against Russia in attempts to stop the aggression.

The global supply disruption is causing (forcing) countries to look elsewhere for their needs. Be it in Europe with the Russian crude dependency, or in many other countries facing vast supply disruptions. And just when you thought covid was over, China is in lock down once again due to many covid breakouts. Several key ports are closed, which is causing an even more severe supply restraint. In other words, demand will continue to be much higher than supply.

Russia's central bank recently announced that they are setting a fixed price for gold at 5,000 rubles per gram until July. In response to escalating sanctions, they announced that unfriendly countries would be required to pay for oil and gas in rubles or gold.

It seems Russia wants the value of the ruble linked to gold. And this is a first since the Great Depression when the U.S. dollar was linked to gold. This is a bit different but the idea is the same.

Gold has been holding very firm in face of the jump up in interest rates. This has caused many to wonder. But gold's performance is telling us it's unconvinced the Fed will be able to maintain its aggressive tightening throughout 2022.

If the Fed raises the Fed funds rate 50 basis points, which is what is being thought, it would take the rate to .83%. This level would still keep the steep negative yield down.

The bottom line is, it's all about high inflation. It's the driving force for gold.

Central banks continue to buy gold, and lots of it! It's really no surprise. We've been talking about this for many years now. Since 2011-12, at the start of the bear market, central banks switched and started buying gold each year since then. They own over 30,000 metric tons, which are some of the largest holdings in the world.

Remember, gold is a safe haven and it's been sought out for security for centuries. It's the best tangible asset to own to keep your purchasing power.

And that's exactly why central banks want to own it too. It's a protection against wild currency swings, and it's an insurance just in case they need to support their economy and currency. It's a safety net, a hedge against inflation and any other distortions.

Silver is in a wide range but the future shines bright as industrial demand grows. Two important demands will come from the solar power sector and the auto sector over the next three years. An electric car uses about 38 grams of silver, and with demand for electric cars up 72% compared to conventional internal combustion engines, silver will continue to have strong demand in the years ahead.

Bitcoin has had a rough four months since reaching a record high last November near $67,000. Since then it's been down 44%. Ethereum has been consistently stronger especially since 2021.

The Sparrowhawk Fund do not hold positions in any cryptocurrency.

Summary

The Sparrowhawk Fund manager continue to believe that fundamentals are the primary driver of equity returns. In perspective, the ability to generate free cash flow is critically important, especially in periods of stress and uncertainty.

Within the Fund portfolio, the weights are manageable. The managers are not making outsized bets on holdings and use a disciplined risk management system to keep the portfolio weights modest. The reality is that they never like to lose money and understand how hard it is to earn back that capital.

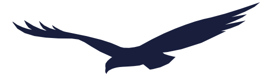
One of the key characteristics they are always looking for in a company is market share leadership. The holdings are market leaders, with enduring competitive advantages. Warren Buffett calls it "moat investing".

The Sparrowhawk Fund own a highly concentrated portfolio with companies that generate significant free cash-flow and that have sizable amounts of cash on their balance sheets. Also, many of the holdings dominate their industry and actually have businesses that benefit from this environment of uncertainty.

The stock market is pricing in what the US economy will look like in 12 to 18 months, not yesterday or even today. From the manager's perspective, they remain cautiously optimistic. They are staying patient and focused on the long-term.

When the political or social environment feels uncertain, the Fund maintain its discipline and focus on the 40-year investing strategy, process and philosophy. The manager make their investment decisions based on the fundamentals. This steady, patient, long-term-oriented approach, often leads to success.

The Sparrowhawk Fund's major strategy is usually to be fully invested (today 13% cash) in a highly concentrated portfolio with long-term holdings of quality companies, with solid balance sheets that generally enables the company to go through any recession.



Since 1980 the fund manager has generated + 50.574%, compared to the S/P500 +3.080% or 16,63% annually vs 8,65% for the S/P 500.

The conviction of the managers to spend time in the market and catch the immense strength of the long-term compounded returns is much more important than trying to time the market, which the manager believe cannot be done successfully.

How can you catch returns such as 77.000% (Microsoft since 1980) if you decided to sell this great company. There are a number of these companies that should be held for many years.

The Sparrowhawk Fund, a Long Global Theme Conviction Equity Fund that is actively managed based on views with a time horizon measured in years, not days, emphasizing fundamental, economical and geopolitical analysis and select those sectors that should benefit from these movements.

The Sparrowhawk Fund is donating part of its fees to WWF and to the Lewa Rhino Sanctuary.

We write this with the utmost appreciation. Thanks to our loyal friends and supporters around the world, we have raised an **amazing $64,051 (£51,513) in 22 days for conservation and community development**efforts in northern Kenya!

The elephants, rhinos, Grevy's zebra and other wildlife we protect will be safer from human-wildlife conflict. Funds raised from this campaign will help Lewa continue to uplift the lives of over 60,000 people from surrounding communities through improved access to education, clean water, healthcare, sustainable agriculture and women's microfinance facilities. Rangers and security teams will make use and develop state-of-the-art technology to protect the landscape. Lewa Wildlife Conservancy will continue to be a catalyst for conservation, making a real impact for the wildlife and people of Kenya each and every day.

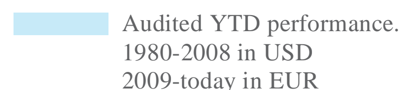
Lewa Wildlife Conservancy was previously a cattle ranch owned by David and Delia Craig, who together with Ana Mertz and Peter Jenkins, initially set aside 5,000 acres to protect and breed rhinos, whose population had dropped precipitously from 20,000 to less than 300 in the 1970′s. Within a decade, the success of the project drove demand for more space and, in 1995, the Craig's decided to dedicate their entire ranch to the conservation of wildlife.

Lewa has served as a catalyst for conservation across the region, stimulating the creation of numerous conservancies, both private and community-owned, increasing the amount of land under conservation management in northern Kenya to over almost 2 million acres since the mid-1990s.

As a result of conservation efforts, the black rhino population is steadily recovering and there are now over 600 black rhinos in Kenya. However, even with marked progress, the black rhino remains critically endangered.
Today, the survival of one of Africa's iconic species rests on long-term solutions that involve local people, securing its habitat and reducing demand for its horn.

Sparrowhawk Fund
Monthly Performance Figures

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD (USD)	YTD (EUR)	S/P 500
1980							7,04	3,45	3,77	5,46	16,3	0,54	**41,70%**	**57,35%**	18,83%
1981	-3,78	-2,08	1,23	-5,70	0,53	-2,60	-4,00	-5,64	-3,98	3,55	-2,1	0,15	**-22,23%**	**-6,54%**	-9,73%
1982	2,70	-5,83	-0,88	3,63	-0,42	3,93	2,92	9,78	8,83	12,96	9,02	9,05	**69,77%**	**92,22%**	14,76%
1983	3,26	4,96	5,07	9,53	5,68	7,51	0,05	-1,77	-0,45	-2,86	0,18	-1,28	**33,20%**	**57,97%**	17,26%
1984	-2,67	-2,98	-0,35	-1,91	-3,04	0,82	0,33	10,61	-3,33	4,6	-0,12	7,42	**8,63%**	**25,61%**	1,38%
1985	6,11	0,16	-1,19	-0,4	7,38	2,93	1,15	1,31	-1,95	4,42	5,04	3,57	**31,95%**	**5,45%**	26,36%
1986	1,71	4,30	1,59	-0,54	4,23	1,47	-2,39	1,65	-4,40	2,42	0,41	-1,53	**8,89%**	**-9,69%**	14,62%
1987	6,80	2,35	1,09	-3,85	-0,23	-2,31	7,59	-1,12	-2,11	-20,52	-4,48	5,03	**-14,00%**	**-29,60%**	2,03%
1988	4,17	2,54	1,08	2,65	-3,62	3,53	0,10	0,18	1,82	0,76	0,82	1,75	**16,71%**	**30,43%**	12,39%
1989	1,99	1,44	-0,09	1,46	2,05	0,99	3,99	0,67	-0,52	-0,71	1,69	-2,08	**11,29%**	**9,62%**	27,25%
1990	-2,2	1,23	3,18	0,09	6,79	3,21	2,10	-5,39	-6,21	0,58	3,24	2,44	**8,64%**	**-5,29%**	-6,56%
1991	5,73	6,16	3,8	0,45	-1,06	4,12	3,45	0,62	-0,32	0,67	-2,53	8,10	**32,69%**	**35,65%**	26,30%
1992	2,88	4,53	-3,22	-1,73	-0,33	-2,42	0,52	-0,33	2,50	3,85	8,52	-2,77	**11,93%**	**24,27%**	4,47%
1993	1,31	3,11	3,08	2,39	8,59	0,57	1,89	1,91	0,33	3,48	1,61	3,52	**36,93%**	**48,19%**	7,06%
1994	5,00	1,94	-0,14	2,36	2,4	0,07	5,65	5,25	1,25	-1,21	-6,24	-0,86	**15,91%**	**5,15%**	-1,55%
1995	3,43	3,26	5,03	-0,22	1,55	2,76	11,64	1,77	0,80	-0,73	7,45	-1,47	**40,58%**	**35,01%**	34,12%
1996	5,67	6,01	-5,00	5,88	-0,38	-3,34	-6,79	5,56	5,67	-0,34	8,17	-1,27	**20,07%**	**22,34%**	20,26%
1997	7,63	-0,27	-2,94	4,23	9,81	1,87	11,37	1,75	0,95	-2,25	3,28	1,17	**41,93%**	**61,92%**	31,01%
1998	-2,25	16,05	5,26	0,82	-4,70	6,31	-1,19	-12,08	0,00	11,64	10,66	14,16	**49,43%**	**43,31%**	26,67%
1999	6,37	-5,14	8,10	1,87	0,24	7,37	-3,04	2,64	-2,51	7,09	3,53	10,54	**42,20%**	**61,76%**	19,53%
2000	-1,56	5,36	9,32	-8,22	-5,69	5,95	-1,98	17,36	-8,48	-9,31	-12,12	1,49	**-11,46%**	**-5,37%**	-10,14%
2001	3,32	-14,68	-2,93	12,31	-11,19	-3,55	1,56	-1,09	-4,28	2,4	3,72	-1,88	**-17,52%**	**-12,72%**	-13,04%
2002	-0,64	-5,42	2,56	1,33	1,15	2,13	6,73	-0,78	2,8	0,33	-6,24	2,93	**6,34%**	**-9,79%**	-23,37%
2003	-0,18	-2,24	2,61	0,00	2,40	-4,62	0,88	4,33	-4,38	5,5	3,16	4,44	**11,85%**	**-6,72%**	26,38%
2004	2,01	3,32	1,12	-4,67	2,07	2,02	-1,67	-1,75	0,95	2,53	4,35	1,2	**11,71%**	**3,70%**	8,99%
2005	4,71	10,78	-2,84	-4,9	3,00	2,41	6,54	3,85	3,78	-4,17	6,2	3,87	**37,24%**	**57,15%**	3,00%
2006	21,12	-4,49	9,06	8,97	-5,29	-5,14	-4,86	2,62	-4,86	-0,47	5,10	-1,61	**18,09%**	**5,95%**	13,62%
2007	5,72	-3,93	3,2	7,28	6,50	2,25	-1,57	-2,05	15,1	9,58	-2,69	3,46	**49,90%**	**35,58%**	3,53%
2008	3,31	9,14	-6,09	8,25	0,62	6,98	-8,8	-8,56	-11,02	-4,71	0,81	4,39	**-8,92%**	**-4,93%**	-38,48%
2009	-0,08	2,82	1,29	7,80	7,74	9,18	-9,41	9,63	3,71	3,34	-0,08	2,98	**48,08%**	**44.51%**	23,45%
2010	-9,79	3,43	7,78	-5,85	-6,39	-4,61	9,02	3,11	8,70	3,77	1,11	9,89	**7,71%**	**15,27%**	12,78%
2011	3,02	0,40	-7,01	0,94	-2,98	-2,73	5,63	-8,41	4,32	-7,97	2,70	-3,27	**-17.60%**	**-15,46%**	0,00%
2012	4,49	0,03	-1,33	-1,03	-2,91	-1,10	3,18	0,53	0,73	-0,96	-2,14	-1,86	**-0,73%**	**-2,60%**	13,41%
2013	2,81	2,24	0,99	-3,69	-0,88	-5,21	-2,3	0,25	-1,70	1,55	1,45	-0,25	**-1,36%**	**-5,31%**	29,60%
2014	-0,02	2,94	2,75	-0,86	1,22	-0,49	-0,53	3,01	-0,51	-0,32	-0,01	-0,02	**-5,71%**	**7,16%**	11,39%
2015	1.59	3,94	1,79	-2,84	1,21	-1,90	0,55	-5,42	-2,47	6,06	2,15	-3,39	**-9,62%**	**0,64%**	-0,73%
2016	-2,71	1,16	-0,99	-0,04	1,17	-0,10	2,72	-1,08	0,37	1,84	1,78	2,48	**3,28%**	**6,69%**	9,54%
2017	2,17	4,16	0,39	0,47	-1,09	-1,46	0,49	-2,76	0,25	4,39	0,53	0,64	**23,52%**	**8,33%**	**19,42%**
2018	5,79	-1,20	-4,80	2,80	5,69	2,22	2,05	4,28	1,65%	-5,05	0,40	-8,49	**-1,99%**	**2,47%**	**-6,24%**
2019	5,82	3,32	5,22	6,33	-7,29	2,94	3,68	-0,80	0,86	0,74	3,63	1,19	**24,59%**	**27,03%**	**29,30%**
2020	4,08	-3,18	-8,70	+12,05	+2,40	+3,90	+1,58	+5,58	-1,60	-2,05	+5,33	+1,16	**27,66%**	**17,19%**	**16,26%**
2021	-0,19	+6,22	-1,39	+3,08	-1,59	+4,31	-0,45	+2,00	-1,49	+3,46	-0,75	+1,56	**6,02%**	**13,90%**	**26,89%**
2021	-3,61	-3,50	+3,39	-4,18									**-5,40%**	**-8,37%**	**-13,31%**



Performance prior to January 2009 is based on the FCM Opportunity Fund (USD) which has been managed by the Investment Manager since 1980 using the same investment strategy and approach as the Sparrowhawk Fund.
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