Fidelity Capital Management

January 2023 Investment Letter

YTD 2023

	Sparrowhawk Fund (EUR)	**+6,37%**
	Royal Albatross Portfolio (USD)	**+0,57%**
	Kingfisher Portfolio (USD)	**+9,91%**

DJ Industrial Index	+2,51%
S/P 500 Index	+6,03%
MSCI World Index	+3,76%
Berkshire Hathaway	+0,34%
Gold	+5,67%
EUR/USD	+1,54%
Oil WTI	-0,53%

16.37%

In 1980, 42 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 $525 million at a rate of 16,37% annually.

“In a crisis be aware of the danger – but recognize the opportunity”

Last year was a rough one... Inflation surged, uncertainty prevailed, stocks and bonds both fell in bear market declines, interest rates surged, housing slowed, China opened and the war in Ukraine raged on.

None of the markets were exciting. In fact, the best market was gold, and it ended the year where it began. Stocks were hard hit with some of the previous tech darlings plunging between 29% to 65%.

So, as we enter 2023, we're cautious, but looking forward to a much better year ahead.

By all indications, it looks like it'll finally be gold and silver's year to take off. The fact they held firm in 2022 says a lot. And with the U.S. dollar becoming less appealing, it should be gold's turn to shine.

We know we've been saying this for a long time, but keep in mind, gold has been in a bull market for the past seven years. Granted, it hasn't been roaring by any means, but this suggests solid base building and it won't have much competition.

The Big Picture

What's happening in the economy?

There was so much uncertainty last year and it's still there as we move into the new year.

The Fed continues to target 2% inflation, which it struggled to achieve for a couple of decades. Finally, inflation rises to 7% to 8% and the global economy goes haywire. Why should we expect that the Fed will quickly reverse course and cut interest rates?

We are pleased that inflation has fallen from +8.6% in September down to +7.1% in November, but we remain very far from that Fed 2% target. We wouldn't call 10 to 20 bps of a decline (versus Street expectations) equal to a deflationary environment. In our opinion, inflation running in the high-single-digits isn't worthy of a celebration. Don't get us wrong. Lower inflation readings are a net positive, but the absolute level is unfortunately still troublesome. We hate to make a complicated subject so simple, but inflation running over 7% is still a Fed problem.

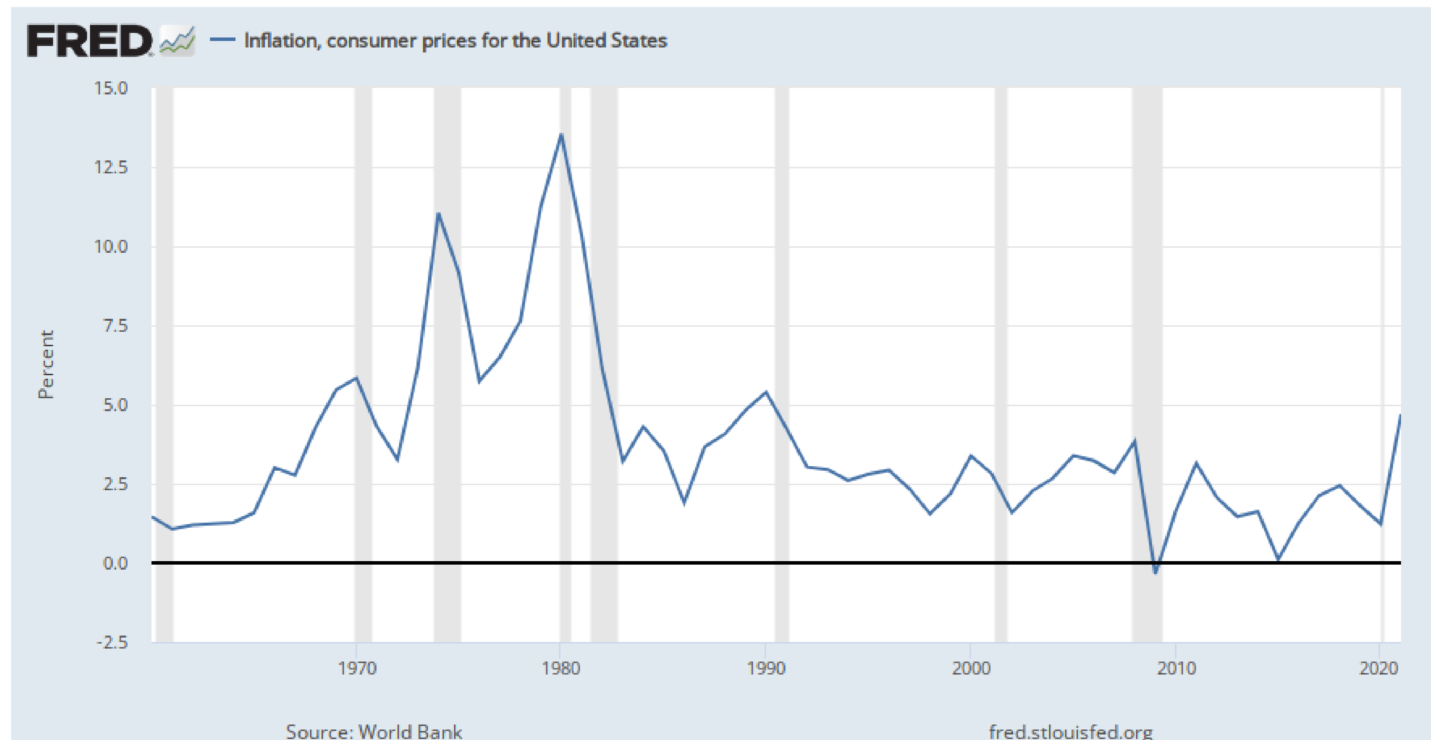
INFLATION IS TOP CONCERN

It's dominating most of the other markets, the Fed and much more.

Since inflation hasn't been around for the past 40 years, many people haven't experienced it. But some did, and if you went through a big inflation, you'd remember it. Prices were soaring,

there were long lines at the gas stations, your money didn't go as far as it did just the month before and so on.

Currently, it's interesting that many people think inflation just pops up, and then the Fed brings it down, and it doesn't last long.... But that's not the case.



The last Great Inflation, for instance, lasted about 20 years (see chart). This happened from the mid 1960s until it finally ended in the early 1980s. But that's not all...

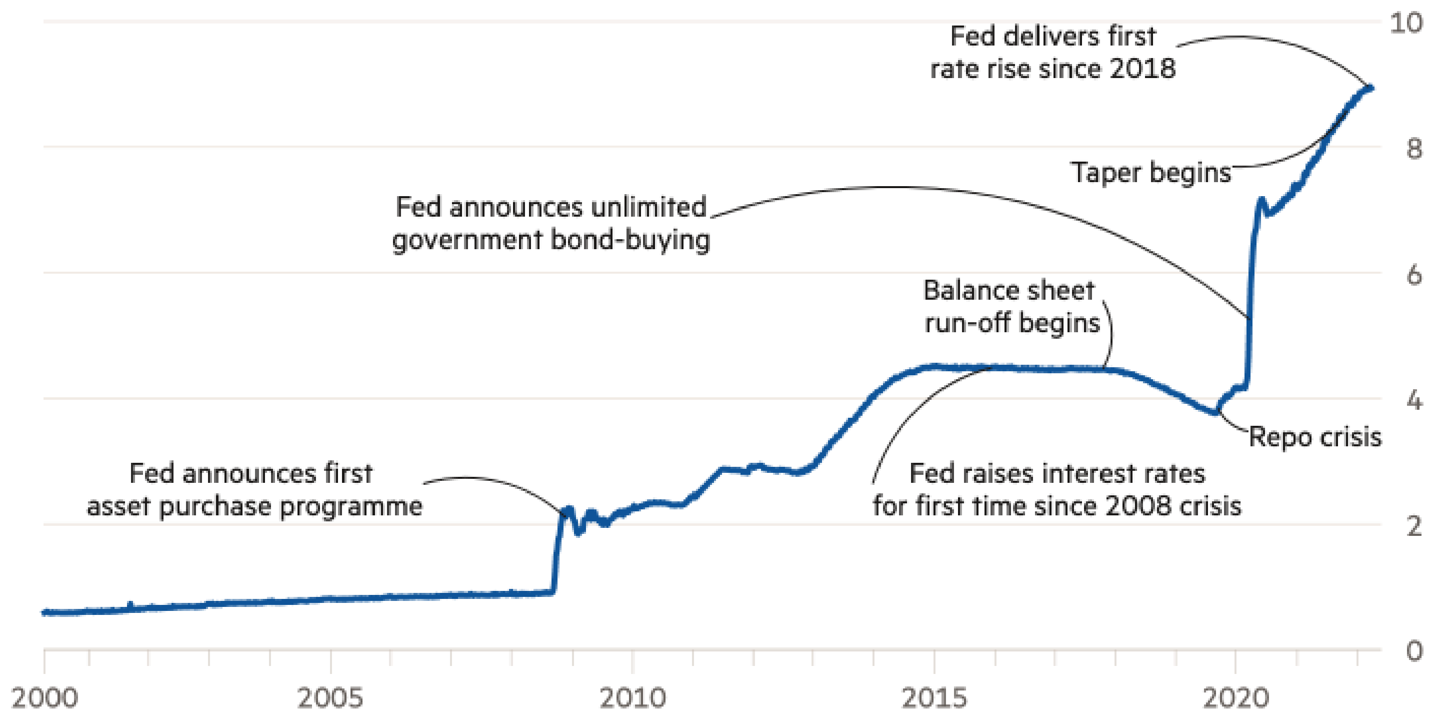
The entire experience consisted of three big inflationary waves. That is, the first inflation wave began in 1965 and it surged for five years. It then went down for two years, but it wasn't over, even though it seemed like it was in 1972.

But then inflation moved much higher for a couple of years in its second wave, peaking in 1974 near 12%. It then came back down again for a couple of years. But the third wave was a real shocker.

Once everyone thought inflation had been beaten in the mid-1970s, it came roaring back, hitting its final peak in 1980 near 15%.

At that point, it was a huge problem, and it took super extreme measures, like interest rates at 20%, to finally get inflation down and keep it down. Inflation then generally continued its downward path until 2020 and it's now been rising since then. This raises the question, what's next?

The monetary excesses over the past 15 years have been far greater than anything that's ever happened before (see the Fed's balance sheet since 2003 on the chart).



Note, in 2008 the balance sheet was less than $1 trillion. It soared from there, really taking off once covid arrived on the scene. And the result is that the Fed's balance sheet is still $10 trillion dollars more than it was in 2008.

This unprecedented boom in new dollars is the direct cause of the inflation that's currently in place. And since the cause was totally unprecedented, we believe the effect, which will be more inflation, will be unprecedented as well. This will also be very bullish for gold.

But what about the Fed and its new round of tightening? Won't that make a big difference?

Unfortunately, no...

As you can see, the Fed's balance sheet has barely turned down 3% over the past year. That's nothing and it won't eliminate inflation.
As we've often mentioned, to bring inflation down the Fed's going to have to raise interest

rates to levels that are several points above the inflation rate. And we just don’t see that happening.

For now, and assuming history repeats, we could see inflation slow down some this year. And if it does, it’ll likely coincide with a recession, which is the way it unfolded in the previous three inflation waves. Eventually, a recession will affect more people.

The Fed and other central banks would then step in and provide more easy money and inflation would again resurface.

There are of course no guarantees it’s going to happen this way, but we believe it’s a likely scenario.

While the speed at which the Fed has raised rates is significant, we are more interested in how long the Fed decides to hold rates at these levels. The slower the Fed acts, the chances that it overdoes this tightening and causes a major slowdown theoretically gets lowered. Maybe it comes down to how a pivot is perceived. In our opinion, a reduction in the pace of rate hikes is not a pivot. We continue to think that the Fed's quantitative tightening program will continue, especially since little has been accomplished with its enormous $8.6 trillion balance sheet. As the Fed continues to tighten (into a deeply inverted treasury yield curve), we believe it is best to remain conservative and expect elevated volatility.

Currently, the jobs numbers are strong. This tells us the economy isn’t as weak as it was previously. This also means the Fed can keep raising interest rates without worrying too much about hurting the economy. And this could help put some downward pressure on inflation as well, at least for the time being.

We’ll soon see. But one thing is certain, it’s going to be an interesting year and a profitable one. So, stay tuned.

Most investors are still watching interest rates closely. They’re trying to figure out what the Fed’s going to do next to plan accordingly.

Inflation, for example, has caused a real crush and most people are now living paycheck to paycheck. And even though inflation did slow down a bit, it’s still with us and it probably will be for a long time.

This means interest rates will likely stay high too. And that’s one of the main reasons why home sales have been dropping for the past 10 months and home prices are also declining.

Soaring mortgage rates have scared buyers away, and with reason. The 30-year mortgage rate is still near a 20 year high. This makes mortgage payments far more expensive than they were before, and for most people they’re simply unaffordable.

Does this mean the Fed could change its position and start lowering interest rates?

That's unlikely. If inflation stays in the driver's seat, interest rates may take a temporary pause, or the Fed could continue its moderate interest rate hikes, but a total change in policy to lower interest rates does not appear to be on the horizon.

What's happening is basically a global phenomenon. All the world's large Central banks are raising their interest rates. They know inflation is serious, and there's been too much easy money for too long, and they're all determined to slow inflation down. And if that means even higher interest rates, so be it.

We've been saying there are many signs pointing to stagflation, which is a combo of slow growth and inflation. That's essentially what we're currently experiencing. But with interest rates on the rise, they could keep slowing the economy, pushing it into a recession, like what happened last year, or worse.

WHAT ARE THE MARKETS TELLING US?

This year and last year seem like opposites. In 2021, the S&P 500 rose +29% and everybody was having success picking stocks. This year, the S&P 500 is down roughly (20%) and finding winners is much more challenging. In a year like 2022, when everything from crypto to equities to fixed income is down, it was hard to find a "place to hide.", Other than cash and energy, pretty much every asset class and geography went down this year.

The overall market EPS outlook will be lucky to be flat next year, but our free cash flowing companies should be able to produce high-single-digits earnings growth.
Last year, the S&P 500 peaked at a forward P/E of over 21x. Today, looking at 2023 (which is still too high) earnings, the market's P/E is roughly 17x to 18x. If we go back to the late 1970's, the P/E was in the single-digit range. We aren't saying valuations are "dirt cheap", but we are finding interesting "bargains" in some of our favorite names.

And it's important to remember that at the end of nearly every bear market most investors hate stocks. They're fed up with them, but that's exactly when you'll find real bargains... We're not there yet.

Another key factor to keep in mind, the stock market despises high interest rates, but they are still historically low.

The emerging markets, for instance, have clearly been weathering the global storm more than others. They were hit on several fronts, and many are already in recession, along with shortages in many necessities, including food.

China is a special case. Although it's not considered an emerging market, it's been acting like one and it's now trying to correct its awful situation.

You may remember several years ago China locked down due to its covid policy, but it stayed locked down for nearly three years. The citizens finally began to protest, and this gained momentum in a situation that hadn't been seen since the Tiananmen Square protest in 1989.

The story goes that when the soccer World Cup started, the Chinese saw all these people from all over the world out and about, not wearing masks and that's when the protest really gained steam. So, the Chinese government did a flip-flop and opened up, but this is now resulting in hundreds of thousands of covid deaths.

The 10-year yield in the 10 years from 1991 to 2000, held near a 5% base. When it broke 5%, it quickly tested 3% only to resist near 5% in 2007 for the last time, which coincided with the beginning of the financial crisis in 2008. This was also the start of a massive liquidity program.

The yield then collapsed below 3% reaching 1.50% in 2012. It fluctuated between 1.50% and 3% for many years until the pandemic caused a waterfall decline in 2020.

The unthinkable then happened when the 10-year yield dropped below 1.50% to reach the unprecedented .50% level.

Most fascinating now is the massive liquidity, which brought inflation to the front. The 10-year yield bottomed out at these incredible lows in 2020 and began to rise moderately. It wasn't until the last quarter of 2021 that the yield rose above 1.70%.

That is, it was only a year ago that the yield began to soar, eventually jumping above 3% and approaching the 5% level for the first time since the financial crisis in 2008. This crazed move was fueled to fight inflation.

Currently, however, the rise is overdone, and interest rates are softening in a downward correction and could get back down to 3%.

So far, with inflation and interest rates easing, the real interest rate (adjusted for inflation) is still well below 0%

But the question still remains, will this downward correction be a pivot to lower interest rates again, or not? And this is probably the most important question of the day.

Even though all points to ongoing high rates for the months and year ahead, the Fed could always surprise us with an about-face. Say, for example, if recession signs gain momentum and intensify, the Fed could reverse course as it has so often in the past. So, nothing is set in stone.

Inflation is still in the driver's seat. That's where the Fed is focusing, and that's what counts.

THE STOCK MARKET

It's been a tricky market... The rebound rise that's been in force since last month moved even higher this month. Dow Industrials was the most impressive.

This led many investors to believe the bear market bottom was in, and it was time to jump back into stocks. And many people did, mainly because of the popular view that the Fed would soon be easing up on its interest rate hikes, which have been bad for stocks.

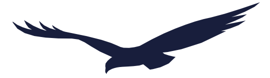
An easing, on the other hand, would boost the market higher.

We are never going to be market timers, but we are going to follow our disciplined investment philosophy and be prepared for when a market rebound emerges. Many have been warning of a coming US and global recession. On JP Morgan's 3rd quarter conference call, CEO Jamie Dimon said storm clouds will arrive in the next 6 to 9 months and "very serious" headwinds were looming. The IMF just stated that "the worst is yet to come," and the US economy will "stall" in 2023. Instead of grand proclamations, we prefer to understand how our companies will perform in different scenarios. Will they be able to pass along higher prices? Will they adjust their expense base for a new environment? Are management teams properly allocating capital?

The most important is the historical fact that the market starts to rise when the mainstream is believing the worst is yet to come.

Warren Buffett once said "Rule #1 is never losing money. Rule #2 is never forgetting rule #1." While we strive to always make money, the unfortunate truth is we sometimes get a stock wrong – shocker! For us, we define success as "generating excellent long-term returns and limiting a material loss of capital." In the 1960's, growth stocks had a massive rally, with the Top 50 companies becoming the "Nifty 50". Those "sure things" led investors to pay unheard of valuations (50x forward earnings). By the end of that decade, Mr. Buffett had become so frustrated at the exuberance of the market that he dissolved his investing fund and simply moved to the sidelines. We weren't that frustrated with equity markets last year, but we appreciate this principle. By 1973, with an oil embargo and runaway inflation, Mr. Buffet re-emerged and began to put his cash to work. He was quoted in Forbes saying he felt "like an oversexed guy in a harem." While we aren't about to say 2023 is that enticing, we continue to selectively put additional capital to work.

We are modeling in a continued sluggish environment, where companies with cash flow and dominant franchises will perform, while less capitalized (i.e., weaker) competitors fail. If the Fed were to reverse course and suddenly get accommodative, it would likely mean the



economy has performed remarkably well. If that's the case, our market-leading companies should post excellent returns and results.

1. Equity markets generally rise over time.
2. For long-term investors, equities are still the best way to grow capital.
3. Interest rates are still relatively low,
4. A focus on quality companies can help buffer against the effects of inflation.
5.

Index	2023 Peak	YTD
Hang Seng	11.44%	11.44%
CAC 40	9.42%	8.07%
DAXK	9.07%	7.97%
Shanghai	5.68%	5.68%
FTSE 100	5.36%	4.28%
S&P 500	4.16%	3.47%
Nikkei 225	2.67%	1.76%
BSE SENSEX	8.64%	-0.36%
As of Jan 20, 2023		

The Sparrowhawk Fund has a return of an annual +16,37% since 1980 or +58.000%

Which areas do we believe will perform the best? Themes like Payment Industry, Media, Materials (copper) Cybersecurity, Water and Clean Energy have a strong representation in the Fund. We have not been overly optimistic for almost 2 years but believe now is a good time for investors to add equity exposure to their investment portfolios. The recent drop in the US dollar and dips in the markets create opportunities.

The energy transition is going to be dependent much more on copper than the current energy system. There has just been the assumption that copper and other minerals will always be there…. Copper is the metal of electrification and by 2050 the demand will reach more than 53 million metric tons. That's more than all copper consumed in the world between 1900 and 2021. Copper needed for EVs, wind, solar and batteries will triple by the middle of next decade.

If we look at where some of the valuations are, it could be a good time to look at clean energy. The pullbacks we've seen have created better values, but more importantly, we see this as a long-term option.

The Royal Albatross Portfolio YTD +0,57% (a multiasset long-neutral only strategy)

The portfolio strategy is neutral in US stocks, Global stocks, Bonds and Real Estate and Natural Resources.
Fully invested in the Gold +5,65% YTD.
The Cash position is at 90%.

The Royal Albatross Portfolio's major strategy is to preserve capital. This multi-asset strategy has had two negative years since 1973, which was in 2015 resulting in minus -2% and 2022 resulting in -4%.

US Dollar

The U.S. dollar has been a favorite safe haven for over one year. But its glory days may be coming to an end.

CENTRAL BANKS CONTINUE MOVING OUT OF DOLLARS

The central banks of the world have been leading the way. They've been moving out of dollars, slowly but surely.

It actually started with Russia. It's been buying more gold and diversifying out of dollars for quite a while now. But this trend has spread and it's now gaining strong momentum.

More and more countries appear to be losing confidence in the U.S., primarily because of their ever growing debt load. Japan and China, for example, have been the U.S.'s biggest lenders for many years. They have essentially been financing a big portion of the U.S. debt by buying massive amounts of U.S. Treasury bonds, far more than other countries.

But this past year, things changed and it's an important, fundamental change. China's holdings of U.S. Treasuries dropped to a 12-year low and it's been below $1 trillion for the past six months. Japan and the U.K. also cut back.

At the same time, however, the world's central banks are buying and holding gold at the fastest pace in nearly 60 years. This is a huge deal and it's reinforcing what we've often discussed...

Gold is real money. It always has been, and it always will be. Gold has a 5,000-year track record for maintaining its purchasing power. Paper money does not.

It just seems to be built into our DNA. And this is exactly why the central banks are accumulating gold and eliminating their dollars. They are moving to the tried and true, and away from potential trouble.

They're also telling us that the U.S. dollar is likely headed lower.

The main reason why we say this is due to the U.S.'s massive debt load. It's basically skyrocketing and that surely does not instill confidence.

So sooner or later, corporations and the public will follow the lead of the central banks and opt for other safe havens, rather than the dollar. And when they do, the dollar will likely fall hard.

If this happens, it would be a continuation of the dollar's mega downtrend that's been in process since 1971 when the dollar went off the gold standard.

This is the most powerful trend and the odds are in favor that it'll continue, both technically and fundamentally.

If so, the dollar will then resume its mega decline and it'll likely drop down to new record lows. This would actually coincide with the inflation that's currently in force as well, which would be normal.

Another way to benefit is by buying UDN. This ETF rises as the dollar falls and basically, you'll profit as the dollar declines. So, this is a good way to offset the setbacks of the dollar's weakness... but not now.

This will not happen soon, as there are no alternative currency that can replace the global reserve status of the dollar for the moment.

For now, however, the dollar is still bullish, and you should continue to keep your cash in dollars. But if that changes, then we'll want to go for some of these alternative routes, but still maintaining safety in our cash position. Stay tuned.

Gold and Natural Resources

Gold is starting the new year with a bang by closing at a new high. Gold shares and silver are even much stronger. Platinum and copper are also doing very well.

Gold's now up over 15% in two months and it's at a seven-month high. Silver and gold shares are more impressive. Silver has gained 35% while gold shares gained 40% from their fourth quarter of 2022 lows, using the HUI index.

Gold shares are outperforming gold coming out of the "gate" and they're poised for a good year.

This year looks brighter for the precious metal as sentiment around the Fed, economic growth, and rates shift. U.S. job growth slowed modestly in December while wage pressures are coming down, which is a sign that inflation is cooling a bit.

Global uncertainty and already heightened geopolitical tensions could also create a "worldwide war economy" that prioritizes local supplies and caps prices.

This will continue to boost precious metals. Gold ended the year essentially unchanged, which was one of the better outcomes in 2022. It was a hard year for most markets and investors, and its little surprise to see Goldman Sachs, for example, will lay off 3,000+ employees this month, mainly in trading and banking units, following other companies.

Meanwhile, this past year has seen central banks accumulate gold at the fastest pace since the 1960s.

Almost 400 tons of gold were bought by central banks in the third quarter of last year, which was quadruple the amount acquired in the same period a year earlier.

December has seen significant bullish interest continue. China, for instance, reported buying an additional 30 tons of gold in December, following its November purchase of 32 tons of gold.

Large central banks want to diversify their reserves away from their heavy dependence on the U.S. dollar. And these purchases have helped to keep the gold price stable. The World Gold Council also said a stable gold market will make it a strategic asset in 2023 as the year will be filled with uncertainty.

Meanwhile, gold shares have been much stronger than gold. Many favorite gold shares are reaching new highs... HL, RGLD, WPM, GDX, GDXJ, AUY, AEM and GOLD. They look great, and even second tier ones, FNV and PAAS are on the rise.
For example, since the lows in the fourth quarter, many have risen over 40%

Silver has been stronger than gold. It's risen 35% since its October lows, and even though it's been resisting for a few weeks now at $24.25, it's still the best precious metal.

Silver is in short supply. Some think COMEX could be out of physical silver for delivery. London vaults also saw huge outflows of silver by the end of September. It was reported that Western vaults were drained of silver to meet soaring demand from India. By the end of November Indian silver imports for 2022 were over 8,000 tons, which was about a 78% increase from 2021 (and it had a month to go).

The point is silver is used in industry and as a precious metal, and it'll be more in demand as green energy and technology grows. **Platinum** rose to its March highs in a 37% rise since

September. Its rise is overall bullish for the gold universe, and it'll remain in a solid rise above $1000.

Copper, is on the rise, bouncing up, gaining 27% since its late September low. Building around the world continues to grow and we recommend keeping copper producers.

The strongest has been Freeport McMoran FCX. It's the world's largest copper mining company. This is one of the best ways to take advantage of a copper investment.

The next best performers are BHP and RIO. But all positions are doing fine. IVPAF, GLNCY and CLF are bouncing up. Keep them and buy new positions on downward corrections.

Crude oil has been weak in recent months on slowing demand. But China is opening up, sparking optimism for an impressive demand outlook. China issued a fresh batch of crude oil import quotas, which shows it's gearing up to meet higher demand.

This is good news for energy. But the pressure for now is still down, and there's room it could decline further this year. The big picture of crude since1946 shows the massive rise it's had since then. But it wasn't until mid-2000 when it skyrocketed. It soared past $40 and has essentially stayed above it since then. The 2020 pandemic crash was the only quick fall below it.

And as you can see, crude has been holding near highs since 2008. With crude today above $70, it shows strength compared to the past. And this means even if oil declines a bit further, its price would still be strong in the big picture.

CRYPTO

Bitcoin is bearish and it's been down for a year now, well before the FTX's collapse. This major upset is shaking the crypto world, and it seems like countries are looking at this as a good time to start a digital currency, backed by the government.

We'll see how this all unfolds, but for us investors, it's best to watch the outcome from the sidelines.

Summary

The Sparrowhawk Fund manager continues 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.

We aren't looking for our companies to alter their capital allocation plans for the near-term, but we think excellent management teams can use free cash flow for re-investing back in their business, plus provide steady dividends and possibly even stock buybacks. Just because a

company generates more cash flow that it needs to grow does not mean it isn't innovative.

We know that volatility is the short-term price that equity investors must pay for long-term attractive returns. However, we choose to plan for the long-term and model in this type of volatility with quality, so we aren't surprised when it eventually arrives, because it will always arrive unexpectantly. We have stayed true to our research-intensive process and continue to spend all our time doing company-specific and theme-based analysis.

There are macro or top-down managers, that make decisions based on economic fundamentals. There are quantitative managers, using algorithms, machine learning and sometimes artificial intelligence to make trading decisions. There are arbitrage shops that look for opportunities with M&A disparities and technical managers making intra-day trading calls. Frankly, there are dozens and dozens of different types of asset managers.

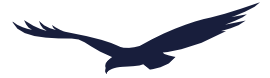
We don't make grand proclamations or forecasts on macro topics, as that isn't our area of expertise. We are not going to guess how many basis points the Fed will increase at their next meeting in February. We aren't going to provide an inflation target, a market guestimate for foreign currencies or make any bold commodity predictions. Instead of guessing where prices will go, we prefer to own strong cash flow companies for the long-term, companies that will not disappear due to recessions or crisis. We understand stock prices going down due to investor's nervous and scary attitudes, not because companies are nearing bankruptcy.

We would rather own solid high-quality companies benefiting from being leaders in their sector or theme, as opposed to speculating on the next leg up or leg down in various commodities, interest rates or any market.

The early days of a new bull market are extremely difficult to decipher and there will be plenty of experts, or believing they are experts, calling it a bear market rally. From 1942 to today, the average bear market lasted roughly 11.1 months with an average decline of (32%). Counter those bearish stats with that of the average bull market, which lasted for 4.4 years, produced an average return of +156%.

When pessimists try to ruin your holidays, simply tell them that "bull markets are longer and stronger than bear markets." We are more focused on looking forward, than looking backwards. We strive not to be influenced by the media, analysts or the so-called experts. There were few investors that properly called the bottom in March of 2009 and even fewer that perfectly timed it in March of 2020.

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”.

In conclusion, the management team understand that the short-term is impacted by negative sentiment and market timers. However, they will not stray from its disciplined investing philosophy and strategy. They remain true to its investing process and are taking advantage of this volatility and uncertainty. The manager remains a long-term investor, in a shortterm trading environment.

The Sparrowhawk Fund is 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 maintains its discipline and focuses on the 40-year investing strategy, process and philosophy. The managers 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 17% 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 + 58.000%, compared to the S/P500 +3.252% or 16,37% 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 believes cannot be done successfully.

How can you catch returns such as +100.000% (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, IUCN and to the Lewa Wildlife Conservancy.

Come and visit the rhinos.

2022 ends with a brighter outlook for Rhinos in East Africa

The Challenge

Tens of thousands of rhinos once thrived in Africa's landscape. Since the beginning of the 20th century, humans have pushed the species to the brink of extinction. In the 1960s, Kenya was home to an estimated 20,000 black rhinos, but just two decades later, poaching had reduced the population to less than 300.

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.

Lewa Wildlife Conservancy is home to a flourishing population on both black and white rhinos. The population now stands at 252 rhinos in the Lewa-Borana Landscape, one of the highest rhino populations in Africa, representing a 38% growth in the last five years.

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%**
2022	-3,61	-4,79	+2,57	-5,35	-1,97	-4,88	6,80	-2,67	-6,41	3,27	1,52		**-18,01%**	**-19,71%**	**-19,44%**
2023	6,37%												**10,20%**	**6,37%**	**6,03%**

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.

Audited YTD performance.
1980-2008 in USD
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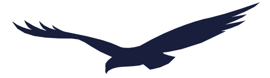
2009-today in EUR



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