

# Quarterly Report

June 2025

Conventum - Alluvium Global Fund

### Introduction

We start writing this with the US market closed for Independence Day, and the “Big Beautiful Bill” having just been passed. Everything’s “Hunky Dory”. Forget tariffs - that’s yesterday’s news, it’s *as if it never happened*... That’s the expression we have found ourselves constantly repeating over the last few years - whether it be the pandemic, debt crisis, Russia/Ukraine war, Middle East and Asian conflicts, and now “Trump tariffs”. And it appears that the market is continuing to rise on news that new tariff deals have been struck. But we thought the June rally had already signified the end of tariff uncertainty.

We wrote about the euphoria post Trump’s election win in our December 2024 report and noted the stellar returns of growth indices, as well as the 47.7% return from Bitcoin for that quarter.<sup>1,2</sup> Since then Trump has, amongst other things, demonstrated erratic policy, threatened the independence of the US Federal Reserve and bombed Syria. Yet those euphoric levels of December have well and truly been surpassed. Why is this so?

The only explanation we can come up with is a market increasingly focussed on higher levels of stimulus. To a certain extent this is understandable, given the Big Beautiful Bill’s tax cuts, and the pressures of the Trump Administration on the US Federal Reserve. It seems of these two opposing forces (uncertainty, political interference vs stimulus), the latter is winning the battle.

The only thing that make sense to us in all this is the repricing of the USD. But forecasting currencies is an activity outside our scope. We accept that sometimes there will be headwinds, and sometimes tailwinds. And just like during the March quarter, the weakening USD was a significant headwind.

Accordingly, although the Fund was up 8.5% in USD terms (and 3.1% in AUD terms), it was down 0.1% in EUR terms.<sup>3</sup>

### Snapshot

- Dick’s Sporting (down 1.2%) announced a surprising acquisition. Despite our wariness (with Dick’s paying a 66% premium for Foot Locker), it makes sense to us and the immediate market reaction triggered a buying opportunity.<sup>4</sup>
- There was other corporate action amongst our investee companies. Charter Communications (up 10.9%) announced it had agreed to combine with Cox Communications. A sensible move in our view, and with nice ramifications for Liberty Broadband (up 15.1%).
- Linamar, the Canadian autoparts and industrial equipment manufacturer, was up 30.6%. In the face of Trump’s changing tariffs, it now seems the market erred when marking this stock down 11.8% in the March quarter.
- Ryanair continued its stellar run, and returned 29.0%. Not only did its full year results impress, its inclusion into the MSCI indices undoubtedly prompted some buying. It is now our largest position at 7.9% of the Fund.
- The portfolio did have its share of poor performers. Most notably, Robert Half, (the recruiter), is still awaiting a rebound in business confidence. Its shares were marked down by 23.8%.
- LyondellBasell, the plastics producer, was down 15.7%. It continues to struggle in a tough market. Pleasingly, it is ridding itself of problematic assets which will improve margins and cash flows over time. We bought more.
- Also detracting from returns was our holding of a fair bit of USD cash.
- Partly as a result of the declining USD, and partly as a result of performance, the Fund’s two largest investments (Ryanair and Universal Music) which together account for 15.6% of the Fund, are European based businesses.
- We hold the same 20 positions and ended quarter with 15.1% cash.

### Contribution

Table 1: Contribution Details

Stock	June 2025	Quarter			Last 12 Months		
	End Weight	Beg. Weight	Return	Contribution	Beg. Weight	Return	Contribution
Liberty Broadband	5.1%	4.3%	15.0%	0.7%	5.4%	79.1%	3.9%
Ryanair	7.9%	6.0%	29.0%	1.9%	4.6%	52.4%	2.8%
Group 1 Automotive	3.6%	3.5%	14.4%	0.5%	4.1%	47.4%	1.9%
HCA Healthcare	6.1%	7.9%	11.0%	0.8%	8.3%	20.3%	1.8%
McKesson	7.0%	6.9%	9.0%	0.6%	7.1%	25.9%	1.5%
Visa	4.5%	4.3%	1.4%	0.1%	0.0%	33.3%	1.3%
Agnico Eagle Mines					3.8%	24.2%	1.0%
Alibaba	3.3%	4.2%	-12.8%	-0.6%	2.6%	34.1%	0.9%
Samsung Electronics	2.1%	2.0%	3.5%	0.1%	3.4%	-25.6%	-0.9%
Robert Half	2.1%	2.4%	-24.1%	-0.6%	2.7%	-34.2%	-1.0%
Capri Holdings					3.1%	-21.8%	-1.3%
LyondellBasell	4.5%	4.1%	-15.6%	-0.7%	4.6%	-34.9%	-1.8%
<b>Subtotal Equities</b>	<b>46.2%</b>	<b>45.6%</b>		<b>2.8%</b>	<b>49.7%</b>		<b>10.1%</b>
Other Equities	38.7%	35.5%		3.6%	35.0%		1.2%
Cash, Currency & Fees	15.1%	18.9%		-6.5%	15.3%		-8.3%
<b>Total (EUR)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.1%</b>	<b>-0.1%</b>	<b>100.0%</b>	<b>3.0%</b>	<b>3.0%</b>

Returns are time weighted, include dividends, withholding tax, trading costs and are expressed in local currency.

Therefore, they may differ from the stock returns quoted in the text, which are local currency total returns.

### Activity

Table 3: Quarterly Purchases

Quarterly Purchases	
LyondellBasell	Increase Position
Dick's Sporting	Increase Position
Alphabet	Increase Position
Mastercard	Increase Position

Table 4: Quarterly Sales

Quarterly Sales	
HCA Healthcare	Decrease Position

### Performance Review

The big news came from the management team of one of the Fund's largest investments. **Dick's Sporting**, (down 1.2%) announced its USD 2.5b acquisition of Foot Locker, the mammoth sports footwear retailer with 3,266 stores globally. The claimed rationale was as usual; earnings accretion (but does this come with extra risk); and cost synergies (in the medium term). Ordinarily we would be *extremely* skeptical, but with Dick's management team having been conservative and consistently delivering above expectations over the last 7 years, we are only *mildly* skeptical. Foot Locker has appeared on our radar in the past. Its share price had fallen from the low to mid \$20's late last year to \$12.87 at the time of Dick's \$24.00 offer (which was cash with option of scrip). Given this perspective, the "premium" paid is perhaps not so high as it appears. And in any case, of far more relevance, the acquisition multiple is a reasonable 6.1 times adjusted 2024 EBITDA. On the same day, Dick's announced preliminary first quarter results which were inline with our expectations. Not unexpectedly, the market was more than *mildly* skeptical about the merger and Dick's was down 14.6%. Intuition was telling us that, whilst the direction of market movement was appropriate, the extent of it was a little too drastic. We bought more. Not long later Dick's reported official first quarter results and re-affirmed its guidance. We made some minor tweaks to our numbers. On our analysis this business is generating returns on total capital in the high 30% range, and trades at an owner's earnings yield of 6.5%. We are happy to maintain our 6.8% position.

Let's now move on to the main movers and shakers.

Last quarter we noted **Linamar**, the industrial manufacturer, was particularly hard hit by the tariffs. That conclusion, logical at the time, now appears incorrect after Trump's Executive Order of April 29.<sup>5</sup> So the price more than rebounded - it was up 30.6%. And not only is it now expected that there be no direct tariff impact, because Linamar's products are United States-Mexico-Canada Agreement (USMCA) compliant (and the US is still respecting this), it is now seeing opportunities to become a North American supplier for customers that are currently buying from Asia and Europe (thereby enabling those customers to avoid a 25% tariff). Whilst all this is surely a positive, it doesn't address the broader issue, which is the slump in auto production. Whilst first quarter results were impressive (with strong market share growth) it is far from being immune. We are cautious, but Linamar is not expensive, trading at a free cash flow yield of 16.2%. It represents 3.6% of the Fund.

**Ryanair**, the European budget airline, was up 29.0%. It released full year results. The same theme continues - with its low cost position strengthening, but its expansion being hindered by Boeing delivery delays. Interestingly, management has revealed plans to open two engine maintenance facilities at a likely cost of USD 600m. We expect its reasoning is to control this critical business function. By doing so, it will no longer be privy to the third party service agents (perhaps its recent experience with Boeing was a catalyst). Ryanair is also buying back shares, management proposed a 20% dividend increase, and its foreign ownership restrictions were lifted. This led to MSCI inclusion in the end of May, which was likely a contributing factor to the strong share price performance. Ryanair has grown to be the Fund's largest position (7.9%). We're comfortable with this. As we updated our analysis, our estimate of maintainable owners earnings increased as did our valuation, and it trades at a slightly lower price than that conservative valuation.

Both our auto dealerships performed well. **Autonation** was up 22.7% and **Group 1 Automotive** was up 14.5%. Just like nature abhors a vacuum, markets commentators like to attribute cause to price movements. We can't oblige in this case. All that has happened from our perspective is that these businesses continued their accession from cheap investments to those that are more fairly priced (to reach a level which is still far from expensive). Together, they account for 7.6% of the Fund.

**Thor** (up 18.1%), the recreational vehicle producer, released third quarter results which highlighted strong margins and cash flow, and management reassuringly maintained guidance. It also announced reauthorization of its share buyback, and that it had recently bought in the order of USD 25m. Thor operates in a cyclical industry which has been at the bottom of the cycle for a prolonged period. Our valuation is largely predicated on "mid-cycle" maintainable owner's earnings. Thor trades at 10.9 times that level and offers a 9.1% free cash flow yield. We do not see it as expensive.



### Performance Review

We have discussed in prior reports that **Liberty Broadband** (up 15.1%) trades at a discount to its implied price under the agreed deal with **Charter Communications** (up 10.9%). We didn't expect this to be corrected so soon. The catalyst was the Liberty deal being brought forward as a result of a different Charter deal - its proposed USD34.5 bn merger with Cox Communications. Charter's Cox acquisition makes perfect sense. Cox is a major player in cable infrastructure - with over 40,000 miles of fiber across 24 states. Acquiring Cox at a multiple of a little over six times expected 2025 EBITDA, the acquisition is immediately accretive to Charter's earnings. And in this case, the synergies are apparent - even to blind Freddy. It increases passings to 69.5 million (up 21.5%) and customers to 37.6 million (up 19.7%). Irrespective of the Cox deal proceeding, this sped up the Liberty consolidation. And so the discount referred to above narrowed from 8.9% to 1.4%. Meanwhile, back on Liberty turf, remember that its Alaskan operations (GCI) are not part of the Charter consolidation. Liberty's management provided some indication as to how it sees GCI on a standalone basis. And its Chairman, John Malone, proffered his thoughts that it should trade at a premium to Charter's earnings multiple, and to expect active management to pursue small bolt-on acquisitions in special situations (possibly distressed sales) focused on and around the communications industry. We are monitoring closely. Liberty represents 5.1% of the Fund.

Turning to the "not so good" performers.

**Robert Half**, the recruitment and out placement specialist, was a small position at the start of the quarter. Despite us buying a little more, after falling 23.8% it is an even smaller position now (2.1%). There's not much we can elaborate on from last quarter's report. All we can do is point to what appears to be a dichotomy. Whereas the general price levels of equities does not seem to imply too much of a deterioration in economic conditions, Robert Half's share price seems to imply a prolonged downturn. Our valuation, which we think is conservative, is based on a level of maintainable earnings not much higher than its average over an extended period of 10 years. And it trades at a 27% discount to it. Despite that, we fully recognise we may be missing something, and we anxiously await an imminent update as we write this.

**LyondellBasell** (down 15.7%) continues to struggle in the tough plastics market. In March management announced the shutdown of its Propylene Oxide Styrene and Monomer operations at Maasvlakte (the Netherlands), incurring a USD 117m cost to rid itself of a loss making operation. Similarly, in the June quarter it announced the "sale" of four European assets. It is not really a sale. It involves contributing funds to the assets in return for an earnout, and getting rid of liabilities associated with them. By doing so, LyondellBasell is absolving itself of future capital spending requirements (which are somewhat unknowable), resulting in better cash conversion and higher margins (by around 3% at the EBITDA level). We like it! Some assets are better held in private entities. And it is a preferable option to the alternative - shutting them down. Although the net impact of these deals is undoubtedly positive to earnings and cash flow, we remain conservative and have not factored this into our valuation. Amongst the tariff turmoil, LyondellBasell was heavily sold off. It looked too cheap to us, (trading at a 20% discount to our valuation) and we bought more to end the quarter with a 4.5% position.

**Alibaba** was down 12.8%. Bear in mind, this comes off a stunning 55.3% March quarter return. Alibaba reported full year results, and by all accounts they were pretty good. Market chatter suggests some were disappointed by the Cloud revenue, but with 18% growth over the last year, we are not complaining. We liked the continuation of share buybacks, noting that for the year ended 31 March 2025, it bought back over 5% of its shares. Our Alibaba holding accounts for 3.3% of the Fund. We wrote last quarter that we were closely monitoring the position (hinting toward selling). We chose not to act, largely because we see it as one of the cheaper and most direct ways for the Fund to benefit from AI initiatives and Cloud infrastructure growth, and at the same time it provides geographic and economic diversity.

We ended the period with the Fund investing in 20 businesses and holding 15.1% cash.

### Closing Remarks

We hate to harp on about it, but the level of exuberance for growth and speculative businesses continues to amaze us.

**The way I describe the stock market at the moment is it's a market in which people invest in companies in which they've never heard of, recommended on the internet by people that they've never met, sometimes with money that they don't have.”**  
– John Hempton, Bronte Capital, 21 July 2024<sup>6</sup>

This quote is now over a year old. We had thought it was coming to a head back then. Boy were we wrong!

Perplexed, we asked our definitive source on the matter, the Alphabet owned Gemini, which concluded:

**“the global markets, particularly the US stock market, are exhibiting significant signs of exuberance and overvaluation in late July 2025. Key indicators like stretched valuations, speculative activity in meme stocks and unprofitable companies, high retail investor risk-taking, and the pervasive AI narrative all point towards a heated market environment.”<sup>7</sup>**

And it's not just the retail punter driving the market. We are hearing reports of institutional investors now requiring their “active” managers to restrict their underweight positions in recent outperforming stocks. And JP Morgan Chase is now considering offering loans backed by crypto. The circularity of it all. Ponzi schemes work well - until they don't!

The S&P 500 trades at a forward P/E multiple of 23 times and the Nasdaq Composite Index trades at 30.5 times.<sup>4</sup> Meanwhile, back at the “value” ranch, solid businesses generating reliable cash flows NOW, rather than expected cash flows in the distant future, are still trading in the range of what we consider to be cheap to fair value.

By way of example, and applying broker consensus figures for comparability, only four of the Fund's businesses trade at multiples near or exceeding those levels of the general market. They are Universal Music Group at 28 times (refer [here](#)), McKesson at 20 times (refer [here](#)), and Mastercard at 35 times and Visa at 30 times (refer [here](#)). We consider these to be very high quality businesses with resilient and growing cash flows. Although they trade at multiples that, in times past, we would have refused to pay, our current feeling is that given the strengths of their franchises, they are reasonably priced at current levels. Together these four businesses account for 21.6% of the Fund.

Moving on to other Fund investments, they typically trade at forward P/E multiples of between 10 and 18 times. For example, Alphabet trades at 17.8 times, HCA Healthcare at 14.6, Dick's Sporting at 13.8, Alibaba at 12.5 times, Ryanair at 11.8, and our Auto Dealers trade at 10.3 times.

It is true that their share prices have failed to keep up with the hot stocks of the era. But their business fundamentals are sound, and we are confident in their future earnings capacity. The effect of *the tide not lifting all boats* is that at these prices and implied earnings multiples, our businesses are becoming cheaper and cheaper in a relative sense.

We wish you all the best and thank you again for your continued interest.



Stuart Pearce  
Principal

30 July 2025



Alexis Delloye  
Principal

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June 2025 | Quarterly Report

## Profile

Table 5: Fund Overview

Cash	15.1%
Top 10 holdings	58.4%
Number of holdings	20
Weighted average mkt cap (USD m)	225,610

Table 8: Regional Diversity

United States	55.8%
Continental Europe	15.6%
Asia (ex-Japan)	5.4%
United Kingdom	4.5%
Canada	3.6%
Australia/NZ	0.0%
Cash	15.1%

Table 6: Sector Diversity

Consumer Services	25.0%
Retail	14.4%
Health	13.1%
Technology - Platforms	8.1%
Airlines	7.9%
Manufacturing	5.5%
Process Industries	4.5%
Technology - Hardware	4.3%
Other	2.1%
Cash	15.1%

Table 7: Top 10 Holdings

Ryanair	7.9%
Universal Music	7.7%
McKesson	7.0%
Dick's Sporting	6.8%
HCA Healthcare	6.1%
Liberty Broadband	5.1%
Alphabet	4.8%
LyondellBasell	4.5%
Visa	4.5%
Autonation	4.0%

Table 9: Portfolio Pricing, Risk and Quality Metrics (weighted average)<sup>8,9</sup>

	Dec-2019	Dec-2020	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Jun-2025
Enterprise level yield (EBIT/EV)	9.8%	6.0%	8.7%	8.8%	6.3%	6.4%	6.0%
Earnings yield (NPAT/mkt cap)	8.6%	3.4%	6.7%	8.0%	6.5%	6.5%	5.7%
Free cash flow yield (FCF/mkt cap)	6.1%	7.4%	5.6%	4.6%	4.0%	1.9%	3.2%
Fixed charge coverage (median)	8.6x	12.7x	8.7x	8.5x	10.0x	9.8x	8.6x
Sales growth (3 year average)	4.9%	7.4%	5.9%	10.2%	10.6%	10.2%	10.6%
ROIC (8 year average)	29.7%	26.9%	26.0%	21.9%	20.6%	23.0%	21.9%

## Performance

Table 10: Fund Returns<sup>3,10</sup> (Past performance does not predict future returns)

	Quarter	Year to date	Year	3 Year (p.a)	4 Year (p.a)	5 Year (p.a)	Inception
EUR	-0.1%	-2.6%	3.0%	10.6%	5.9%	11.2%	6.7%
USD	8.5%	10.4%	12.8%	14.9%	5.6%	12.2%	8.7%
AUD	3.1%	4.3%	14.9%	16.8%	9.2%	13.3%	7.1%

Inception is 1 January 2015 for AUD, 30 January 2019 for EUR, and 15 October 2019 for USD.

### Facts

#### Inception

31 January 2019

#### Size (EUR, as at 30 June 2025)

64.2m

#### Strategy

Unhedged, long only, value oriented global listed equities invested.

#### Objective

Generate attractive returns over the long term via active management of a concentrated equity portfolio, without regard to a specific benchmark and with an emphasis on capital preservation.

#### Holdings

Typically around 20 positions

#### Investment Manager

Alluvium

#### Management Company

Banque de Luxembourg Investments, acting under the name Conventum Third Party Solutions

#### Administrator

UI efa S.A.

Alluvium (Australian Fund)

#### Custodian

Banque de Luxembourg S.A.

Alluvium (Australian Fund)

#### Auditor

PricewaterhouseCoopers Société Coopérative

#### Unit Pricing & Liquidity

Bi-Monthly

Monthly (Australian Fund)

#### Fees

Management: 1.15% p.a.

Estimated other expenses: 0.30% p.a.

#### Bloomberg Identifiers

CONALGI:LX

AGF0911:AU (Australian Fund)

### Investment Team

As Principals of Alluvium, our aim is to develop a leading funds management business that has a reputation for authenticity, fairness, honesty, transparency, and disciplined investing in accordance with our beliefs and values.



Stuart Pearce, CFA

Stuart has over 30 years experience across institutional asset management and corporate advisory. Prior to Alluvium, he was a Senior Portfolio Manager at Perennial Investments, where he was responsible for the analysis of European investment opportunities. Previously he was a Portfolio Manager at Colonial First State Investments and he spent four years with KPMG Corporate Finance.

Stuart is a CFA Charterholder. He also has a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia, a Master of Tourism from the James Cook University of North Queensland and a Bachelor of Business in Property (Valuation) from the University of South Australia.



Alexis Delloye, CFA

Alexis has 15 years experience in the wealth management industry. Prior to joining Alluvium, Alexis worked as an investment analyst at Eight Investment Partners. From 2006 to 2012 he was an executive director of Invelios International, a French family office. Alexis also founded Private Reporting, an online reporting platform to track assets and investment performance. He started his career in Sydney as a credit analyst at BNP Paribas (Corporate Finance) in 2004.

Alexis is a CFA Charterholder. He also holds an MBA from Lubin School of Business in New York, USA (major in Capital Markets), and has a Graduate Diploma from Neoma Business School in Rouen, France (with a major in Corporate Finance).



### Definitions

#### General

Alluvium	Alluvium Asset Management Pty Ltd, ABN 69 143 914 390, AFSL 476067
Australian Fund	Alluvium Global Fund
Factset	Factset Research Systems, Inc.
Fund	Conventum - Alluvium Global Fund

#### Portfolio Metrics

Enterprise Value (EV)	The market value of equity plus the book value of debt
EBIT	Earnings before interest and tax
Earnings Yield	The most conservative result from four different calculations at the equity level
Free Cash Flow (FCF)	Cash flow from operations less capital expenditure
Mkt Cap	Market capitalisation
NPAT	Net profit after tax
Operating Assets	Total assets less total liabilities plus total debt (Alluvium adjusted)
Owner's Earnings	Operating cash flow, plus cash interest paid less assumed maintenance capital expenditure
Return on Invested Capital	Owner's Earnings as a percentage of Operating Assets

### Footnotes

1. Factset
2. The fund is not managed in reference to any benchmark index and any reference is solely for comparison purposes.
3. Source: UI efa S.A. (The Fund Administrator)
4. Company names have been abbreviated throughout this document in the interest of readability.
5. <https://www.whitehouse.gov/presidential-actions/2025/04/amendments-to-adjusting-imports-of-automobiles-and-automobile-parts-into-the-united-states/>
6. <https://podcasts.apple.com/au/podcast/risk-of-ruin/id1527018692?i=1000555410558&r=1235>
7. <https://gemini.google.com/>
8. Based on the most recently reported last 12 months earnings and cash flow data.
9. This is not a constant portfolio, it represents the portfolio as at different points in time.
10. Alluvium (for AUD series only).

### Disclaimer

Alluvium is solely responsible for the preparation of this document. This document has been prepared for institutional investors.

The Fund is a sub fund of Conventum. Conventum is an open-ended investment company (société d'investissement à capital variable, "SICAV") with multiple sub-funds incorporated under Luxembourg law, subject to Part 1 of the Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended. The SICAV has appointed BLI – Banque de Luxembourg Investments acting under the commercial name Conventum Third Party Solutions ( "BLI" or "Conventum TPS") as the Management Company in charge of the portfolio management, the central administration and the distribution of the SICAV. Conventum TPS has appointed Alluvium as the Asset Manager of the Fund. Relevant documents for the Fund are available via the following links: [Prospectus](#), Key Information Document ("KID").

Alluvium is the issuer of units in the Australian Fund, which is an unregistered managed investment trust available to Wholesale Clients as defined under Section 761G of the Corporations Act 2001 (Cth). The Australian Fund feeds into the Fund. An Information Memorandum ("IM") is available [here](#).

A person should obtain a copy of the Prospectus, the [KID](#), and/or the [IM](#) and should consider the documents carefully before deciding whether to acquire, or to continue to hold, or in making any other decision in respect of shares in the Fund or units in the Australian Fund.

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Investors are informed that Conventum TPS, acting as the distributor of the Fund, may decide at any time to cease marketing the Fund, subject to compliance with the applicable legal and regulatory provisions.

Investors are also informed that a summary of their rights as investors is available on the BLI website at the following address: <https://www.banquedeluxembourginvestments.com/fr/bank/bli/informations-legales>.