



Robotti Value Equity

3Q20 Quarterly Review



Agenda

1. Firm Update
2. Review of the Quarter
3. Portfolio Changes
4. Position Analysis
5. Outlook & Conclusion

1. Firm Update

Firm Update

- In adherence with health and safety guidelines, we continue to have a limited number of employees work from our offices on a restricted, rotating basis.
- We maintain our focus on what we have been doing best for the past ~40 years - sourcing and vetting under-followed, often contrarian, investment ideas.
- The institutional Separately Managed Account Strategy is progressing, and we hope to have the first accounts open by the end of the year.

2. Review of the Quarter

3Q20 in Review:

- Outperformed the benchmark, but more of the same
 - Bifurcated markets continue to be bifurcated
 - We continue to believe that risk is accurately priced into the companies we hold, but the opportunity is not
 - Industries are in flux – a seasoned stock picker's friend
 - Uncertainty is still a driving force

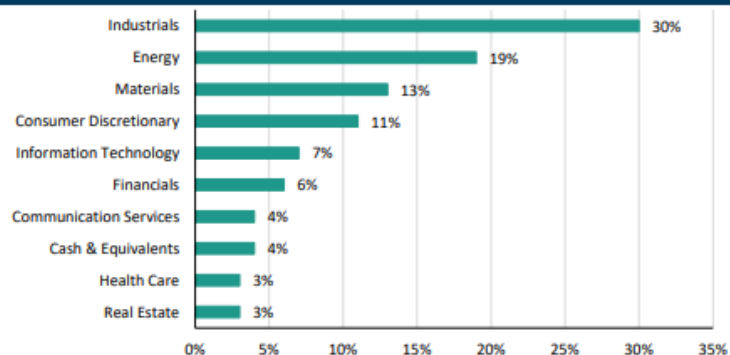
source: WSJ, Bloomberg, CNBC, Barron's

3Q20 Review: Robotti Value Equity (RVE)

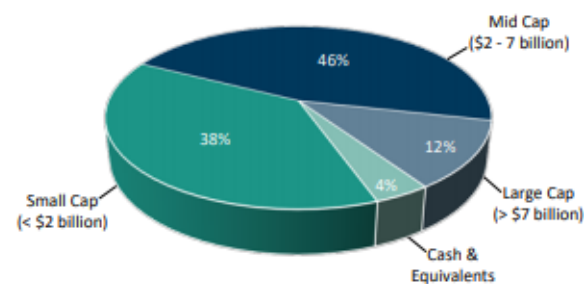
Top 5 Positions (excluding cash)			
Company	Weight	QTD	YTD
Builders FirstSource, Inc.	9.6%	57.6%	28.4%
Subsea 7 S.A.	9.5%	14.1%	-40.0%
Norbord Inc.	5.9%	29.6%	10.3%
Westlake Chemical Corporation	5.1%	17.8%	-9.9%
LICT Corporation	4.0%	1.2%	-5.0%

	PERFORMANCE ³			TOP HOLDINGS & CASH ²	
	MTD	QTD	YTD		
RVE	(3.20%)	10.09%	(21.78%)	Top 5:	34%
Benchmark	(3.85%)	3.54%	(18.39%)	Top 10:	50%
S&P 500	(3.80%)	8.93%	5.57%	Cash & Equivalents	4%

SECTOR EXPOSURE²



MARKET CAP EXPOSURE²



3. Portfolio Changes

Our Approach: Measured

- **As we have reiterated since the beginning of the pandemic, we are taking a measured approach to portfolio changes**
- **In the quarter we added to our positions in Canadian Solar, Aercap Holdings, and Berkshire Hathaway**
 - **CSIQ**
 - **AER**
 - **BRKB**

4. Position Analysis

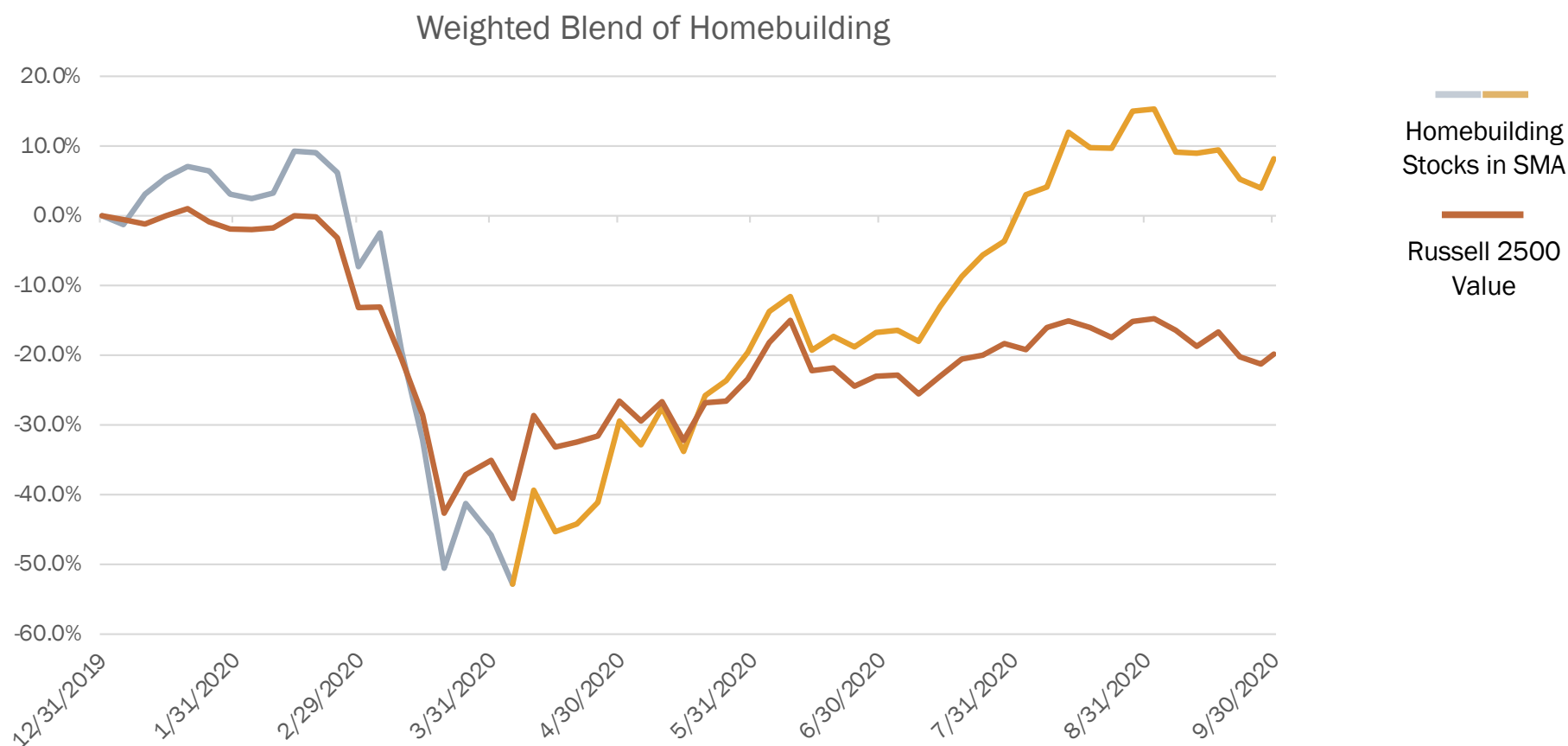
Top Performance Drivers

Top 5 Contributors to Performance		
Company	Weight	QTD
Builders FirstSource, Inc.	9.6%	57.6%
Norbord Inc.	5.9%	29.6%
Subsea 7 S.A.	9.5%	14.1%
Westlake Chemical Corporation	5.1%	17.8%
Toromont Industries Ltd.	2.6%	20.7%

Top 5 Detractors from Performance		
Company	Weight	QTD
Western Digital Corporation	3.1%	-17.2%
GrafTech International Ltd.	2.7%	-14.3%
AerCap Holdings N.V.	1.2%	-18.2%
Methode Electronics, Inc.	1.8%	-8.8%
Cavco Industries, Inc.	1.9%	-6.5%

source: S&P Capital IQ, Yahoo! Finance

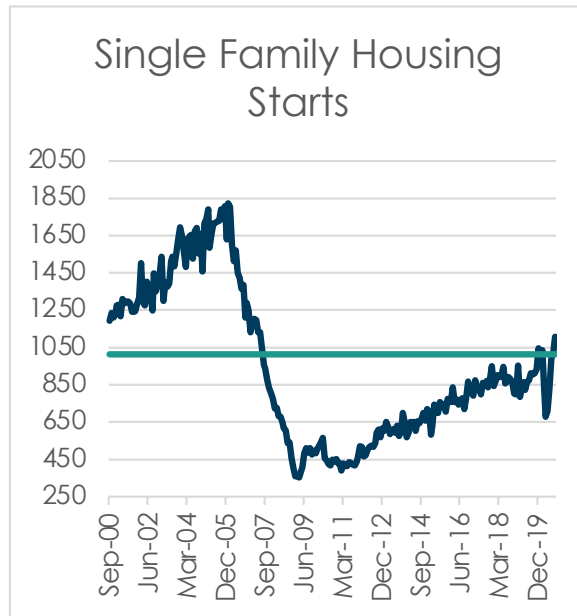
Analysis: Homebuilding



source: S&P Capital IQ, Yahoo! Finance

Homebuilding stocks in SMA are weighted average of BLDR, OSB, UMH, CVCO, SKY, LEGH, BMCH, NOBH

The Housing Recovery



source: FRED

- September 2020
total housing starts
of 1.415 mm
highest since 2011

THE WALL STREET JOURNAL

Home World U.S. Politics Economy **Business** Tech Markets Opinion Life & Arts Real Estate WSJ Magazine

BUSINESS

Builders FirstSource, BMC Stock to Combine in an All-Stock Deal

By [Cara Lombardo](#)
Updated Aug. 27, 2020 7:47 am ET

The companies, which manufacture products used in residential construction, would have a combined market value of about \$5.5 billion

Homebuyers' Wallets Hammered as Prices for Plywood Substitute Spike

By [Marcy Nicholson](#)

October 21, 2020, 10:30 AM EDT Updated on October 22, 2020, 12:30 PM EDT

- ▶ Prices of oriented strand board surge as lumber, plywood fall
- ▶ Norbord among firms set for windfall as builders' costs rise

BNN
Bloomberg

Oct 6, 2020

Lumber, panel prices expected to remain elevated despite recent declines

CALGARY - Forest product market analysts expect prices for lumber and building panels in North America will remain strong for several years despite recent price declines after an unprecedented surge to record high levels over the summer.

Patience, Persistence, Conviction

Robotti & Company Advisors, LLC – Q3 2014 Letter
Page 2 of 6

When stock prices fall sharply, we often find opportunity - *so long as our conviction in our long-term view remains solid*. Opportunity is exactly what we see today in a number of our portfolio investments. This holds particularly true for our housing-related investments, including Ainsworth Lumber, Norbord, Gibraltar Industries, Cavco Industries and UMH Properties. Builders FirstSource provides us with a timely example to illustrate what we mean.

For the better part of 2013, investors were feeling confident about a recovery in the domestic housing markets. News headlines echoed this optimism and by November 2013, single-family housing starts reached an annualized pace of 710,000, the highest level since March 2008.

But the recovery did not continue on a straight path up. Economies rarely progress in a linear fashion – a fact that does not sit well with many academic theories and formulas. Single-family housing starts dropped 4.9% in December and another 13.6% in January, falling to an annualized level of 583,000 units and rattling investor confidence¹.

In early 2014, shares of Builders FirstSource hit a 52-week-high of \$9.40. By the end of September, less than six months later, Builders FirstSource's stock dropped 45% marking a 52-week low of \$5.10². A prescient headline from CNBC.com on September 22 read "Investors Leaving Housing High and Dry." Clearly, investors are running for the exits. The obvious question is: Should we be running along with everyone else?

Housing in 'Early Stages' of Multiyear Recovery: Trulia

Paul Toscano | @ToscanoPaul
Wednesday, 1 May 2013 | 1:45 PM ET



Confidence at Five-Year High as U.S. Housing Climbs: Economy

By Joanna Smialek and Lomono Woodcock | May 29, 2013 4:00 PM ET

ECONOMIC REPORT

Home-builder confidence hits seven-year high

Published: June 17, 2013 10:55 a.m. ET



Bloomberg Businessweek Markets & Finance

The Housing Rebound Stalls

By John Gittelsohn and Prashant Goel | May 01, 2014

Housing market could be facing another bubble: Shiller

Tuesday, 31 Dec 2013 | 9:54 AM ET



TheStreet | MARKETS | BANKRUPTCY | COMMODITIES | CORPORATE GOVERNANCE | CURRENCIES | EMERGING

Stock Building Supply Merger Creates a \$1.5 Billion Company

LOU WHITEMAN - JUN 3, 2015 11:53 AM EDT

THE WALL STREET JOURNAL.

English Edition | Print Edition | Video | Podcasts | Latest Headlines

Home World U.S. Politics Economy Business Tech Markets Opinion Life & Arts Real Estate WSJ Magazine

BUSINESS

Builders FirstSource to Buy ProBuild Holdings for \$1.63 Billion

Deal will position company to capitalize on the housing market recovery

By Chelsey Dulaney

Updated April 13, 2015 8:40 am ET

THE WALL STREET JOURNAL.

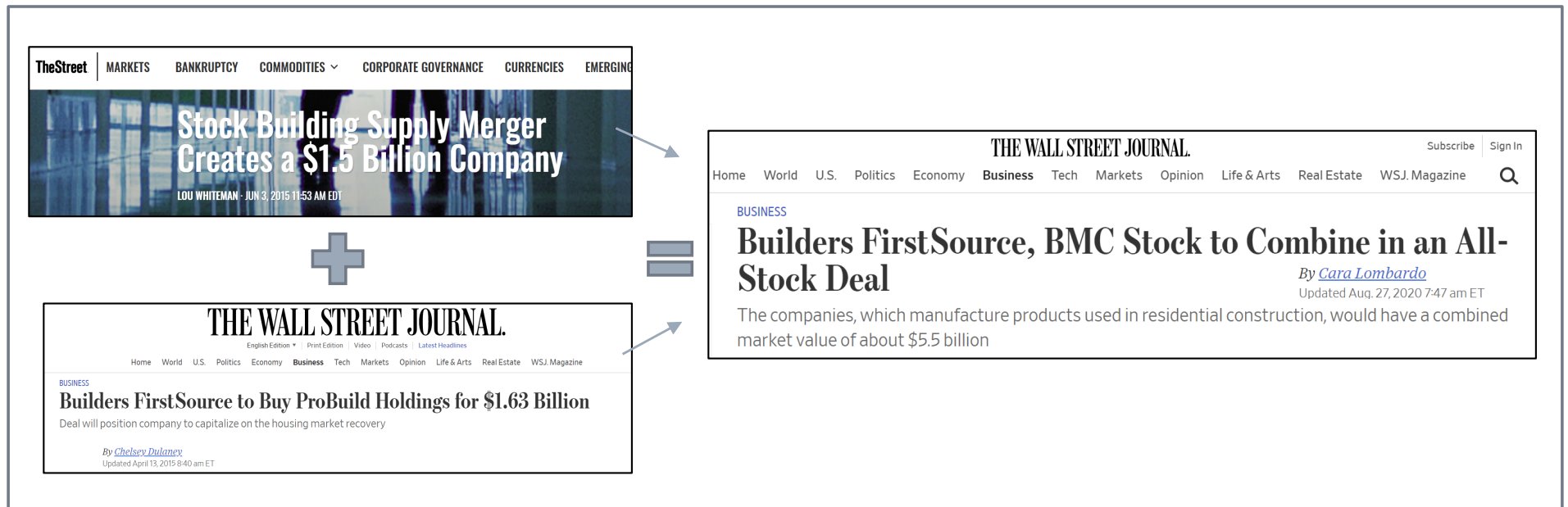
Norbord to Buy Ainsworth Lumber in All-Stock Deal

Transaction Represents 15% Premium to Ainsworth's 20-Day Volume Weighted Average Price

By Carolyn King

Dec. 8, 2014 8:59 am ET

The New Builders FirstSource

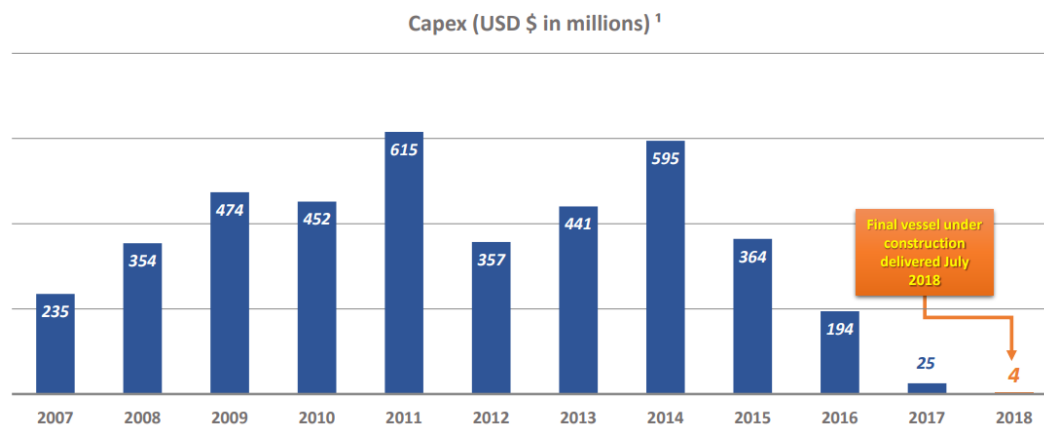


Analysis: Tidewater

At today's valuation, Tidewater (NYSE:TDW) is a compelling investment opportunity:

- Selling at a fraction of its replacement cost, maybe as much as a 90% discount
- Strong balance sheet with significant cash and access to cash

Fleet renewal program completed in 2018



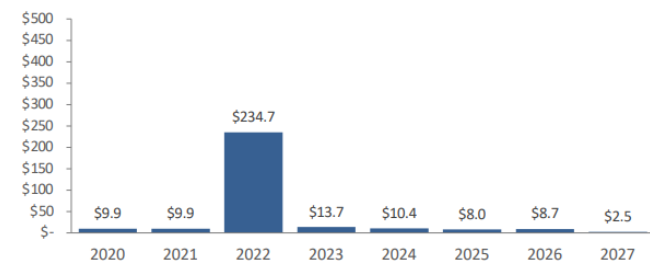
⁽¹⁾ Values presented are on calendar basis

source: Tidewater Presentations

Condensed Balance Sheet¹

Assets	\$mm	Liabilities & Equity	\$mm
Cash and equivalents	203,119	Current portion of debt	9,437
Other current assets	273,448	Other current liabilities	152,722
Current assets	476,567	Current liabilities	162,159
Property & equipment, net	839,912	Long-term debt	273,215
Deferred drydocking	74,585	Other noncurrent	90,301
Other noncurrent	27,411	Equity	892,800
Total Assets	1,418,475	Total Liabilities & Equity	1,418,475

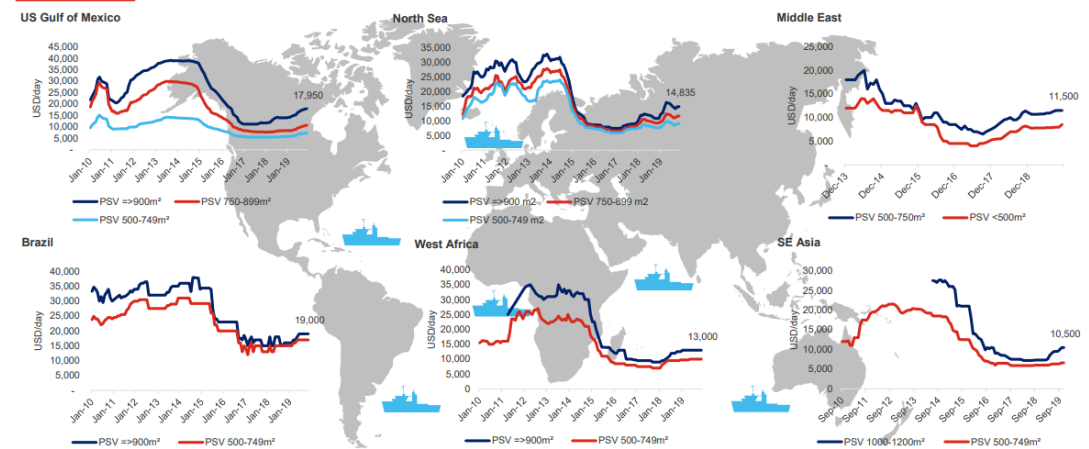
Schedule of Principal Payments



Analysis: Tidewater

- Positive operating cash flows covering most of CAPEX (including vessel reactivations)
- Board and management poised to use their position to capture opportunities
- Competitive landscape populated with financially struggling companies
- Opportunities abound

OSV dayrates have improved but remain far from cyclical peaks PSVs have gained traction across all geographies, especially on the larger vessels



source: Clarksons Platou

5. Outlook and Conclusion

Outlook

- **Stock picking is still important**
- **Change leads to mispricing of securities**
- **Outlook is strong, and companies are improving**
- **Business cycles still exist (despite governments' efforts)**
- **Valuation is still our guiding principle**

Disclaimers

FOR INTERNAL USE ONLY

Disclosures

Robotti & Company Advisors, LLC is an SEC registered investment adviser.

This presentation is for illustration and discussion purposes only and is not intended to be a recommendation, or an offer to sell, nor should it be construed or used as investment, tax, ERISA or legal advice. Any such offer or solicitation will be made only by means of delivery of a presentation, offering memorandum, account agreement, or other information relating to such investment and only to suitable investors in those jurisdictions where permitted by law.

The contents of this presentation should not be relied upon in substitution of the exercise of independent judgment. The information is furnished as of the date shown, and is subject to change and to updating without notice; no representation is made with respect to its accuracy and may not be relied upon for the purposes of entering into any transaction. In addition, certain information has been obtained from third party sources and, although believed to be reliable, the information has not been independently verified and its accuracy or completeness cannot be guaranteed.

A copy of the Advisors' Form ADV Part 2 is available upon request and is also available on the SEC's website at www.adviserinfo.sec.gov.

Any investment is subject to risks that include, among others, the risk of adverse or unanticipated market developments, issuer default, risk of illiquidity and loss of capital. Past performance is not indicative of future results.



Robotti & Company Advisors

60 East 42nd Street, Suite 3100

New York, NY 10165

www.robotti.com

Contact:

Lindsey Sichel Rubinstein

Managing Director, Marketing & IR

+1 (646) 442-6715

rubinstein@robotti.com