INVESTMENT OBJECTIVE

The Sub-Fund seeks to achieve superior long term risk adjusted returns (i.e. returns adjusted for volatility) by investing primarily in equities and equity related securities of medium sized and smaller European companies over the recommended investment term (five years). Investors’ attention is drawn to the fact that the management style is discretionary. The portfolio composition will not attempt to replicate the composition of a benchmark index from a geographical or sectoral perspective. Even so, MSCI EUROPE MID CAP Net Return Euro Index may be used as an ex-post benchmark indicator.

PORTFOLIO MANAGERS COMMENTS

The fund invests in the attractive European mid cap segment. We aim to follow an approach of more for less: in other words, we seek to own good businesses with superior returns and prospects whilst remaining disciplined on valuations.

The performance of the fund year to date is 5.1% vs the benchmark -3.4%: The performance of the fund since inception is 54.16% vs the benchmark 31.69%.

In terms of positive performers, the strongest contributor came from mobile game company StillFront. The company is emerging as a powerhouse in mobile games and preferred acquiring for entrepreneurial mobile game studios seeking the expertise of a larger house. It announced another value creative acquisition and raised its medium-term objectives at a well-attended capital markets day.

We had the second takeover offer in consecutive months among our holdings. Last month it was the turn of UK car insurer Hastings group plc. This month US casino company Caesars Entertainment made an all-cash offer for gaming operator William Hill. Although the offer represents double our average purchase price and a 55% premium over the undisturbed price another buyer might yet emerge as William Hill is an interesting asset to gain access and expertise in the rapidly emerging US gaming market. This second takeover of a portfolio company in quick succession demonstrates that there is material hidden value in many of the modestly valued stocks held in the portfolio.

We seek to maintain the right balance between businesses that can trade very well through the current uncertain unusual economic environment. At the same time we remain selectively committed to business facing short term headwinds on the condition that they have strong balance sheets, proactive management teams that can come through these difficult times in better shape than competitors and emerge stronger to thrive in a more normal economic environment as the world eventually gets back to work. These are likely the businesses in the portfolio which have the most upside potential in the medium term view. In the short term many of these positions (e.g. Wizz Air, ABF, Informa etc) struggled last month as covid newsflow deteriorated in Europe.

Text completed on 05/10/2020.

Don FITZGERALD - Isaac CHEBARI - Julie ABAI - Maxime GENEVOIS

RISK AND REWARD PROFILE

The risk level of this fund is due to exposure to equity and/or fixed income markets.

MAIN CHARACTERISTICS

NAV €154.16
Estimated PER 2020 22.5 x
Estimated net yield 2019 1.90%

PER (Price Earnings Ratio) is the ratio of market capitalisation to net earnings. It is a way of estimating how expensive a share is. Net debt is gross financial debt adjusted for the cash pile.

NAV/EBITDA is the ratio between net debt and gross operating profit. It helps estimate a stock’s financial leverage.

EBITDA/EBIT is the ratio between enterprise value (market capitalisation + net debt) and gross operating profit. It helps estimate how expensive a share is.

SHARE PERFORMANCE

DNCA INVEST ARROW MID-CAP EUROPE (Share B) Cumulative performance

PERFORMANCE SINCE 24/06/2016

STILLFRONT GROUP AB 5.49%
HELFRISEH SE 4.16%
ALSOK HOLDING AG-REG 3.44%
DEHPHARM HOLDING SE 3.21%
D’EIFFER SA/NV 2.94%

MAIN HOLDINGS

STILLFRONT GROUP AB 5.49%
TRIKANO SA 2.60%
HELFRISEH SE 4.16%
WILLIAM HILL PLC 0.72%
MUSTI GROUP OY 1.06%

WORST CONTRIBUTIONS IN THE MONTH

DCI PLC 2.28%
WIZZ AIR HOLDINGS PLC 0.90%
KARNOY AB 1.60%
ON THE BEACH GROUP PLC 0.71%
SAES GETTERS SPA 1.15%

BEST CONTRIBUTIONS IN THE MONTH

MAIN INVESTOR PARTNERS

STILLFRONT GROUP AB 5.49%
TRIKANO SA 2.60%
HELFRISEH SE 4.16%
WILLIAM HILL PLC 0.72%
MUSTI GROUP OY 1.06%

BUYING POWER

STILLFRONT GROUP AB 5.49%
TRIKANO SA 2.60%
HELFRISEH SE 4.16%
WILLIAM HILL PLC 0.72%
MUSTI GROUP OY 1.06%

RISK AND REWARD PROFILE

The risk level of this fund is due to exposure to equity and/or fixed income markets.

MAIN CHARACTERISTICS

NAV €154.16
Estimated PER 2020 22.5 x
Estimated net yield 2019 1.90%

PER (Price Earnings Ratio) is the ratio of market capitalisation to net earnings. It is a way of estimating how expensive a share is. Net debt is gross financial debt adjusted for the cash pile.

NAV/EBITDA is the ratio between net debt and gross operating profit. It helps estimate a stock’s financial leverage.

EBITDA/EBIT is the ratio between enterprise value (market capitalisation + net debt) and gross operating profit. It helps estimate how expensive a share is.
PERFORMANCE (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0.70%</td>
<td>4.54%</td>
<td>4.45%</td>
<td>5.07%</td>
<td>2.66%</td>
<td>-0.67%</td>
<td>0.24%</td>
<td>-0.98%</td>
<td>4.23%</td>
<td>1.30%</td>
<td>-2.25%</td>
<td>1.82%</td>
<td>22.16%</td>
</tr>
<tr>
<td>2018</td>
<td>1.72%</td>
<td>-2.55%</td>
<td>-3.45%</td>
<td>4.65%</td>
<td>-1.24%</td>
<td>-0.59%</td>
<td>-1.54%</td>
<td>-0.63%</td>
<td>-0.46%</td>
<td>-9.77%</td>
<td>-1.84%</td>
<td>-5.46%</td>
<td>-20.03%</td>
</tr>
<tr>
<td>2019</td>
<td>7.75%</td>
<td>3.96%</td>
<td>0.48%</td>
<td>4.75%</td>
<td>-4.87%</td>
<td>3.99%</td>
<td>1.46%</td>
<td>-0.82%</td>
<td>2.58%</td>
<td>1.89%</td>
<td>4.59%</td>
<td>2.42%</td>
<td>31.40%</td>
</tr>
<tr>
<td>2020</td>
<td>-0.39%</td>
<td>-7.07%</td>
<td>-15.00%</td>
<td>12.67%</td>
<td>8.65%</td>
<td>3.45%</td>
<td>0.37%</td>
<td>3.33%</td>
<td>1.91%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5.10%</td>
</tr>
</tbody>
</table>

Past performance is not a guarantee of future performance.

CHANGES TO PORTFOLIO HOLDINGS

IN
- ENENTO GROUP OYJ
- KAMUX CORP

OUT
- NONE

BREAKDOWN BY SECTOR

- Industrial Goods and Services: 18.7%
- Personal and Household Goods: 16.3%
- Technology: 13.0%
- Health Care: 12.0%
- Retail: 10.7%
- Food and Beverage: 9.0%
- Financial Services: 4.5%
- Travel and Leisure: 3.7%
- Construction and Materials: 2.4%
- Utilities: 2.3%
- Media: 1.0%
- Chemicals: 1.0%
- Banks: 1.0%
- Insurance: 0.8%
- Real Estate: 0.7%
- Cash and equivalents: 2.0%

BREAKDOWN BY COUNTRY

- United Kingdom: 17.5%
- Germany: 17.2%
- Sweden: 16.4%
- France: 11.9%
- Ireland: 7.7%
- Switzerland: 6.7%
- Netherlands: 3.9%
- Finland: 3.6%
- Belgium: 2.9%
- Italy: 2.6%
- Spain: 2.5%
- Greece: 1.9%
- Portugal: 1.5%
- Luxembourg: 1.4%
- Norway: 1.0%
- Cash and equivalents: 2.0%

CURRENCY BREAKDOWN

- EUR: 56.7%
- SEK: 16.6%
- GBP: 16.5%
- CHF: 9.9%
- NOK: 1.0%
- USD: 0.0%

E-mail: dnca@dnca-investments.com - www.dnca-investments.com - dedicated intranet site for independents
An investment management company authorized by the AMF (Financial Market Authorities) under number GP 00-030 on 18 August 2000. Non-independent investment advisor as stipulated by the MiFID II Directive.