# STILL EQUITY FUND

**Marketing communication**

**Data as of July 31, 2022**

**Investment objective**

The Fund employs a disciplined value approach to select stocks of companies that are poorly covered by the sell-side analyst community. This lack of coverage may result in poor investor understanding of the investment case and mispricing of the company stock. This approach is research intensive and Fund assets will be concentrated in 15 to 20 high conviction positions. Risk is identified not in terms of volatility or index deviation but is a function of overpaying or overestimating a company's prospects. The Fund employs a high degree of conservatism on both these fronts. The Fund will invest primarily but not exclusively in European listed securities and retains the flexibility to opportunistically hedge against general market declines. The fund may also hold cash as a natural market hedge. The Fund is actively managed.


**NAV per share**

| | |
|---|---|
| A-Class | 87,24 |
| B-Class | 100,09 |

| **Top 5 Holdings** | *% of NAV* |
|---|---|
| Glenveagh Properties PLC | 8,9% |
| Dalata Hotel Group PLC | 8,0% |
| Subsea 7 SA | 7,4% |
| Cairn Homes PLC | 6,9% |
| C&C Group PLC | 6,7% |

| **Performance (%)** | **Month** | **Ytd** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
|---|---|---|---|---|---|---|---|---|---|
| Shareclass A* | 4,15% | -12,90% | 21,84% | -7,58% | 14,07% | -20,61% | 2,42% | 4,00% | -4,01% |
| Shareclass B*** | 4,24% | -12,32% | 23,08% | -6,65% | | | | | |
| Benchmark Index**** | 7,56% | -9,60% | 25,04% | -3,95% | 26,39% | | | | |

***Past performance does not predict future returns. Data is retrieved from the Administrator or Bloomberg.***

* Inception in March 2015 **data since January 1, 2019 significant market cap focus change *** Start on January 1, 2020. **** The benchmark index represents the MSCI Europe Total Return Index (NDEEE18 Index, EUR) from Bloomberg. The benchmark is used to evaluate the results of the Fund on a risk adjusted basis only. The Fund does not seek to mirror the positioning of the benchmark and exposures can therefore materially deviate from the benchmark.

| **Market Capitalization (EUR)** | *% of NAV* |
|---|---|
| > 10bn | 0% |
| 1 < 10bn | 26% |
| < 1 bn | 52% |

**Fund Terms**

| | **Class A** | **Class B** |
|---|---|---|
| ISIN | NL0011055249 | NL0014130445 |
| Inception | March 31, 2015 | January 1, 2020 |
| Managment fee | 1,25% | 0,25% |
| Mpartners | 1,00% | 0,00% |
| Privium | 0,25% | 0,25% |
| Ongoing Charges Figure | 1,57% | 0,57% |
| Min. subscription | EUR 10,000 | EUR 10,000 |
| Dealing frequency | Monthly | Monthly |
| Redemption | 10d notice | 10d notice |
| Benchmark | NDEEE18 Index* | NDEEE18 Index* |

* MSCI Europe total return Index

| **Exposure** | % of NAV |
|---|---|
| Euro area | 38% |
| Norway | 7% |
| United Kingdom | 33% |
| USA | 0% |
| Market Index hedges | 0% |
| Cash | 22% |

| **Sector Exposure** | *% of NAV* |
|---|---|
| Industrials | 9% |
| Consumer Disc | 29% |
| Consumer Staples | 17% |
| Materials | 10% |
| Real Estate | 0% |
| Financials | 4% |
| Technology | 0% |
| Energy | 7% |
| Healthcare | 0% |
| Cash | 22% |

**Service providers**

| | |
|---|---|
| Investment Manager | Privium Fund Management |
| Investment Advisor | M partners |
| Depositary | Darwin Depositary Services |
| Custodian | ABN AMRO Clearing Bank |
| Administrator | Apex Fund Services |
| Auditor | Ernst & Young Accountants |
| Legal Advisor | Van Campen Liem |
| Fiscal Advisor | STPtaxlawyers |

| **Concentration** | *% of NAV* |
|---|---|
| Top 5 | 38% |
| Top 10 | 65% |

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July Review

The Fund posted a gain of +4.1% (Class A shares) in July as global equity markets rebounded from a difficult first half performance. Trading activity in the portfolio was limited to the exit from the position in HealthBeacon which was sold following a disappointing sales update. This was the only meaningful detractor from overall portfolio performance. In a more lenient macro environment, we may have been tempted to hold on to the position given the still valid growth potential of the business and the sharp drop in the share price. However, in the current environment of declining investor liquidity and rising interest rates we are staying extremely disciplined in selecting and holding only top-quality franchises supported by strong balance sheets.

Those companies that reported during the month were the top contributors to overall portfolio performance. Glenveagh (+16%) and Cairn Homes (+7.5%) both bounced strongly on the back of strong H1 numbers posted by Cairn which demonstrate the continued strong outlook for Irish housebuilding. Cairn Homes released a robust H1 trading update in which it reiterated its current year and medium-term guidance. Against a difficult macro backdrop of rising input prices, a combination of product mix, operational efficiency, and house price inflation ensures that the company can protect its strong margin guidance provided at the beginning of the year. As the two largest housebuilders in Ireland, both companies are ideally positioned to take advantage of the fragmented and undersupplied Irish housing market and make further progress towards their respective medium-term volume, margin and returns targets. Cairn Homes is expected to return a significant amount of cash to shareholders over the next few years. The current dividend yield is circa 6% and we expect that approximately 50% of the company's market cap will be returned to shareholders via dividends and buybacks between 2022 and 2024. This is clearly not reflected in a stock trading below book value.

Subsea 7 was the worst performer in the portfolio in June as it preannounced a profit downgrade on the back of project write-downs in the renewables segment of its operations. In July the shares reacted positively (+10.3%) to the publication of a strong Q2 result in its conventional business (highest Q2 profit since 2017), more than offsetting the pre-announced loss in renewables. More importantly, the positive tone of the results continues to strengthen, with the company seeing high tendering activity coupled with improved pricing and reduced risk allocation to contractors. The order backlog is currently at 7-year highs (back to 2014 levels) and management further reiterated the guidance for Subsea and Conventional margins to improve from 2023 onwards. This, we believe, is setting the company up for a significant profit recovery and with a robust balance sheet, the company is indicating further returns to shareholders.

The share price of Breedon, the UK heavy construction materials business, has suffered as a vacuum of company specific news flow has been filled by macro concerns over the impact that rising inflation and a weakening UK economy may have on its profit outlook. The stock reacted positively to the company's H1 report which showed 12% revenue growth and an operating profit advance of +17% (both ahead of expectations). Management expressed its optimism for the remainder of 2022, giving guidance for underlying EBIT to be at the top end of consensus and stating that customer order books are healthy. Despite the company consistently demonstrating its quality in performance relative to peers in all market conditions, the stock has been harshly derated, now selling for a single digit earnings multiple.

Looking ahead, it is easy to predict continued equity market volatility amid all the uncertainty over interest rates, inflation, and economic growth. In our judgment, the portfolio now offers an ultra-attractive risk reward profile as many of the holdings have experienced a price decline that far supersedes the change in profit outlook – even in the context of higher interest rates and a rapidly slowing economy. The median expected profit growth of the companies in the portfolio is more than +16% and this is currently available at an overall single digit earnings multiple. In addition, we are finding more attractively valued, strong franchises in which to invest and do expect our current high cash weighting to diminish as the year progresses.

**DISCLAIMER:**

Do not run any unnecessary risk. Read the Key Investor Information Document and the Prospectus. This communication is neither an offer to sell nor a solicitation to invest. The value of investments and any income generated may go down as well as up and is not guaranteed.

The Fund and its manager, Privium Fund Management B.V., are held in the register of Dutch Authority for the Financial Markets (www.afm.nl). The prospectus of the Fund and the Key Investor Information Document can be downloaded via the manager's website, www.priviumfund.com. The performance overviews shown in this communication have been carefully composed by Privium Fund Management B.V. No rights can be derived from this communication.