JUNO

Continuation Fund

Third Quarter 2021 Report

English Translation

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Juno Continuation Fund Performance

The Juno Continuation Fund ended the third quarter on September 30 with a net asset value of €111.78 per participation, a -4.1% decrease. Over the first nine months of 2021, the fund achieved a performance of +1.5%. The index of European mid-sized companies, the MSCI Europe Mid Cap Index, increased by +0.2% in the third quarter. The Dutch AEX-index (dividends reinvested) increased +6.3%. Year-to-date the indices have performed +14.6% and +25.4% respectively.

Main developments in the portfolio

In Europe and the US, economic recovery is generating enthusiasm among consumers and producers. Demand is now significantly greater than supply in several sectors, all the more so as producers reduced their stockpiles in 2020 as a result of the COVID-19-pandemic. There are now significant shortages and as a result of disruptions in the supply chain, these cannot be replenished quickly enough. This is accompanied by significant price increases for finished products, components and also certainly transportation and energy. The rising price levels come at a time when central banks are providing the economy and financial markets with unprecedented amounts of stimulus, including the well-known "quantitative easing" programs, resulting in low interest rates worldwide.

As manager of the Juno Continuation Fund, we are aware of these developments, but they have a very limited impact on the way we construct the portfolio. There is, as always, too much uncertainty about which way these and other developments will go and what the impact will be on financial markets. When constructing our portfolio, we stick to our basic principle: to be a long-term investor in stable growing companies. Only where a specific portfolio company is directly affected by a macroeconomic development will we try to quantify this and then adjust the position of this company in our portfolio if necessary. We are convinced that this approach will lead to attractive returns in the long run, at a very acceptable level of risk. We try to further mitigate the risk that is inherent to investing by using a clear valuation method and acting accordingly consistently.

However, this long-term horizon together with the disciplined approach to valuation also mean that we do not achieve impressive returns in all market conditions. For example, there has been clear euphoria in the financial markets since the fourth quarter of 2020. Even in these circumstances we try to stick to our principles. We are not prepared to include inferior companies that exhibit a temporary upturn but which will sooner or later face a downturn. In addition to this, we are also not prepared to keep or include much less risky companies in the portfolio at any price.

As a result, the Juno Continuation Fund has shown a disappointing return in 2021. Many of our companies are not appreciated by the market this year and in several cases there are even negative price movements. We are convinced, also through experiences with similar circumstances, that the fundamental developments will ultimately outweigh the current sentiment.

The fund’s return this year does not at all reflect the excellent progress that the companies in the portfolio are making this year. Although the third quarter figures are not yet available at the time of writing, we believe that our portfolio companies comfortably meet our target of 10-15% annual earnings growth this year.

Teleperformance already had a good 2020, but most likely an even better 2021; the company continues to gain market share as it becomes increasingly clear that the investments made in technology translate into unparalleled knowledge and flexibility for its customers. Consumers increasingly want better customer service through various channels, including telephone, email and mobile apps. The lead that market leader Teleperformance has over its competitors appears to be growing at an accelerated rate.

ICON also had an excellent start to the year. The company reports that clients are responding very positively to the acquisition of PRA, which expands the range of ICON’s available services. In addition, the company is taking full advantage of the working method developed during the pandemic to bring patients and doctors together “virtually,” allowing continued remote service despite COVID-19-restrictions.

The technology developed by **Soitec** to improve the efficiency of semiconductors is gaining more and more recognition and is therefore well represented in the latest generation of iPhones. The company is currently producing at full capacity and has 'sold out' its capacity until the end of the year. Both **Logitech** and **GN Store Nord** have benefited from the working from home trend while the hybrid working environment appears to become increasingly embedded in corporate life. In addition, Logitech, and to a lesser extent GN Store Nord, is also benefiting from the growing popularity of gaming.

As discussed, the short-term considerations that dictate the market led to disappointing share price development of several positions in the fund. But also companies outside of our portfolio were -often unjustly- affected. As long as the underlying business developments remain solid, this may be an opportunity to initiate a position.

The French company **Ubisoft** was founded in 1986 in a suburb of Paris by five brothers from the Guillemot family. The family had a background in the service industry, but the brothers saw an opportunity in the early 1980s to diversify the family business by acting as a distributor of computer hardware and software, including video games. The brothers saw the rise of video games up close in the early years and decided to not just be a distributor, but to also focus on the actual development of games in-house. This led to the founding of Ubisoft with Yves Guillemot as CEO to today. The other brothers are also still actively involved in the business and jointly own more than 15% of the shares. Other employees own approximately 4% and the Chinese company Tencent is a strategic shareholder with a 5% stake.

Today, Ubisoft owns and develops some of the best known video game "brands" in the world, including Assassin's Creed, Far Cry, the Tom Clancy series, Rayman and Prince of Persia. In 1995, the company had its first major success on its own with the release of Rayman and in 1996 Ubisoft was listed on the stock exchange. With the capital raised game development studios were established across the glove including in Shanghai, Montreal and Milan. The focus today remains on developing new brands in-house and operating successful franchises with proven popularity, such as Assassin's Creed and Far Cry being the most notable recent examples. Both titles have sold tens of millions of copies over the years.

In the modern gaming era, Ubisoft's expertise includes building large, open worlds where players are given a lot of freedom to play out the narrative games as they see fit. The disadvantage of this type of game is the relatively higher development costs, but this is increasingly compensated because existing titles increasingly lend themselves to be provided with updates and expansions post release at a favorable margin. The turnover contribution from game expansions was already one-third of last year’s sales total.

The games’ increasing lifespan is also apparent from the sale of games from the so-called 'back catalog'; games and game add-ons released prior to the current year. These sales are also steadily increasing and in the past fiscal year already accounted for 58% of total turnover. The combination of existing titles that are supported for longer and a catalog that remains relevant longer reduces the dependence on only new games in the current year and makes the business model increasingly predictable. Ubisoft also has a broad portfolio of strong titles, with several new game releases in the pipeline each year, further reducing the dependency on a single game.

The outbreak of the COVID-19 pandemic has given the games industry a tailwind, with a rapidly growing audience spending more time at home than usual. However, the work-from-home model has limitations with respect to the creative industry which Ubisoft is a part of. As a result, Ubisoft has had to delay the launch of two titles by several months this year. Over the past year, there has also been a lot of attention for workplace transgressions in the games industry in general and Ubisoft too has recognized that their internal culture has not always lived up to its own company values. As a result, the internal company structure has been strengthened in several ways. At the board level for example, through the appointment of a board member who monitors the corporate culture and a reorganization of the human resources department. The aforementioned factors, among others, have resulted in a share price decline in the past year.

We believe the games sector is an attractive market as the number of players continues to grow year on year. The number of gaming hours and consumer spending has increased in congruence. In addition, the sector has undergone a wave of consolidation and Ubisoft is one of the handful of independent development studios that are able to develop "big name" titles. That ability doesn’t just depend on committing to large budgets, but also requires a deep pool of talent and (internally developed) technology. Finally, Ubisoft owns a deep library of ('dormant') intellectual property.

In spite of the good prospects, the stock has fallen sharply this year along with the broader games sector and also fell below the level of early 2020. That is why in September, after that share price correction, we took an initial position in Ubisoft of approximately 3.5%.

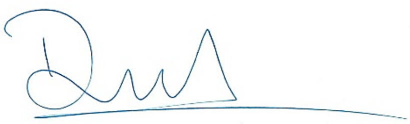
Outlook

Container transport costs have risen exponentially, gas prices increased sixfold, semiconductors are in continued high demand and its shortages are causing temporary shutdowns of factories. The reopening of the world's economies is not going by smoothly and is dampening recovery. In the meantime, market demand is pushing the prices of scarce products to unprecedented heights, causing inflation to peak. A dilemma for central banks, which wanted to start normalizing the artificially low interest rates. This will also enable them to curb the rising inflationary storm, but in doing so make the fragile economic recovery more difficult.

As long as interest rates rise steadily, there is no immediate danger to the stock markets. This changes when they are raised quickly and in large steps. Only if the economic recovery continues strongly, the markets can absorb a rise in interest rates. Due to the challenges in the logistics and production processes, it is currently unclear whether this economic growth can be achieved. Economists do not expect to return to 2019 levels before the end of 2023. That does not seem to be enough compensation for a rapid interest rate rise.

Since late 2020, investors have favored companies that can benefit from inflation and strong economic recovery. Juno's companies that show year-on-year earnings growth regardless of the state of the economy are either being praised to the skies and reach price levels that we can't justify, or alternatively we see investors taking profits after a number of strong years. On average, our performance has therefore hardly moved this year. Fortunately, if our companies' share prices do not rise, but their earnings do, they are in effect getting cheaper. Combined with the volatility in the markets, this offers opportunities to add attractively priced companies to the portfolio and thus selectively put our cash reserves to work. That gives us a high degree of confidence in the future value development.

On behalf of Juno Investment Partners,



Rob Deneke **Duncan Siewe**

Juno Continuation Fund: Historical Returns

	Juno Continuation Fund	MSCI Europe MidCap Index	AEX Index (reinvested)	Barcap PanEuro Index
2020*	+10%	+5%	+8%	+1%
Q1 2021	+3%	+7%	+12%	-2%
Q2 2021	+3%	+7%	+5%	0%
Q3 2021	-4%	0%	+6%	0%
2021	**+2%**	**+15%**	**+25%**	**-2%**
Since Inception*	**+12%**	**+20%**	**+35%**	**-1%**
CAGR	**6.9%**	**11.7%**	**19.8%**	**-0.6%**

*) Since inception of the fund: February 1, 2020

Top 5 Positions

Name	**Country**
ICON	Ireland
Teleperformance	France
SimCorp	Denmark
Elekta	Sweden
Logitech	Switzerland