



Fourth Quarter 2021 Report
English Translation

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Juno Continuation Fund Performance

The Juno Continuation Fund ended the fourth quarter on December 31 with a net asset value of €116.06 per participation, a +3.8% increase. Over the full year of 2021, the fund achieved a return of +5.4%.

The fund underperformed the MSCI Europe Mid Cap Index, which rose +21.6% last year. Over the fourth quarter, the MSCI Europe Mid Cap Index returned +6.1%.

Main developments in the portfolio

Investors were in a euphoric mood last year, with little regard for risks and longer-term considerations. To counteract the negative effects of the pandemic on the economy, governments launched support packages for both citizens and businesses and central banks printed huge amounts of "new money". In other words, an artificial economic growth was created that was financed with money that did not exist before. A significant portion of this new liquidity found its way to the financial markets, targeting short-term gains, particularly in the riskiest categories. In that context, the predictable and steady growth that characterizes our companies was not what investors were looking for last year.

The fund therefore had a disappointing result for the year 2021. The fund lagged relevant indices, but the annual return of +5.4% is also inconsistent with the excellent turnover and earnings growth that the companies in the portfolio showed in 2021. Although fourth quarter numbers are not yet available at the time of writing, we expect weighted earnings growth of approximately 20% for the portfolio as a whole.

For example, **ICON**, the fund's largest position during the year, strengthened its market share in the clinical research market for the development and launch of medicines and medical devices. The continued growth of this market led to a good year for ICON, with increasing profitability.

Teleperformance, the second largest position, supports companies in their interaction with customers and had another excellent year. Teleperformance's reputation as one of the most innovative and most reliable players in the market has translated into organic sales growth of

more than 20%, far exceeding expectations. **Soitec** saw its silicon-on-insulator technology further embraced; mobile phone applications in particular contributed to strong sales growth. The company is producing at full capacity and is 'sold out' for the coming quarters.

Developments at **JustEatTakeaway** were less positive. As discussed here last quarter, we reduced the position halfway through the year due to concerns about increasing competition. As the performance in the US in particular left much to be desired, we sold the remaining position in October. **Temenos**, a developer of banking software, reported revenues that were at the lower end of expectations and faces rising wages for its staff. The company launched an equity bonus program for 350 employees. We have reduced the weight in the portfolio, awaiting better sales figures.

We remain convinced that the return (price) in the long run follows the fundamental development (earnings). Over a shorter period of time, however, that correlation is much less evident. For example, some quality companies even saw their share price fall despite excellent fundamental developments. That can be the right time to enter or increase a position. An example of this is the German company Scout24.

Scout24 is the owner of, among other things, the website ImmobilienScout24 (IS24), which can most simply be described as the German equivalent of *Funda* in the Netherlands or *Zillow* in the US. Scout24 was founded in 1998 and already then started digitizing housing advertisements in the newspaper. The company has since developed considerably and operates several digital platforms that connect buyers, sellers, but also tenants and landlords. In this way, Scout24 is increasingly becoming the hub for the German housing market. For example, approximately 20,000 real estate agents, mainly in the private buying segment, have a subscription that entitles them to publish advertisements for real estate on a given website.

The emergence of platforms like IS24 is a result of the reallocation of real estate agents' marketing budgets from offline to online channels since the turn of the millennium. Although there are competing platforms in the German market, IS24 has taken a big lead over main rivals Immowelt and eBay Kleinanzeigen. The former is the clear number two in the market with significantly fewer advertisements, while eBay, in addition to a wide range of different advertisements, focuses on the rental market. IS24 meanwhile benefits from a strong

network effect, with both supply and demand being aggregated most effectively on the largest platform.

Scout24's turnover grew by some 9% in 2021 to approximately 385 million euros. The turnover is generated almost entirely in Germany, with a small part (3%) in Austria. The operational (EBIT) margin has been well above 40% for years. However, the company is continuously investing in a broader range of products for professional real estate agents, consumers in the rental segment and professional as well as private homeowners.

About half of the German housing market consists of rental housing, significantly more than other developed economies. In addition, a significant part is characterized as social rental housing. The aim of the new German government to pull the housing market out of the doldrums and increase mobility, offers opportunities for the underdeveloped owner-occupied market in the longer term, although for the time being the focus seems to be on boosting the construction of (social) rental housing. In the shorter term, the composition of the market, with a structural shortage of homes for sale and conservative mortgage financing of a maximum of 80% of the home value, provides a solid basis.

Although the aforementioned move from offline to online advertising has almost been completed - approximately 80% of German real estate agents are active IS24 customers - there is still sufficient room for further growth. In the coming years, Scout24 will focus on developing new products for real estate agents and tapping into new customer groups, such as private clients looking for a new home (either to buy or to rent) and private and professional homeowners. The aim is to evolve from an advertising portal to providing a broader range of services related to the real estate transaction and the subsequent phase of owning the house.

Where real estate agents sell a home with relatively little effort in the current tight housing market, the challenge is to find houses to put up for sale. To this end, Scout24 has developed so-called lead generation tools, which identify potential home sellers at an early stage.

In recent years, efforts have also been made in the private market for both purchase and rent, where consumers can maintain a directory of verified documentation to respond quickly and easily to new advertisements via Scout24. Subscribers get priority access to specific newly

advertised properties on the website. The number of subscribers for the rental product ("MieterPlus") has already risen to over 200,000.

In addition, IS24 is developing products for private landlords, who together own more than 15 million homes. To this end, Scout24 took over the Vermietet.de portal in 2021, which serves as a 'CRM' system for landlords with the ability to, among other things, determine the market rent, draw up rental agreements, store documentation and invoices digitally and, for example, gain access to and give insight in the energy bill.

During the covid period, the German real estate market has proven to be very resilient. At the beginning of 2020, Scout24 proactively approached customers for temporary discounts and the option of deferring payment on the subscription costs. However, the subscription costs for IS24, for example, are not high and therefore proved easy for the average broker to pay and access is, after all, essential for their business. Virtually no customer has had to rely on the latter offer. The power of the platform makes it possible to make future price increases again in line with real estate inflation or even higher as the product palette is rolled out and its importance for brokers further increases.

In December 2021, the company presented its medium-term strategy and objectives. For example, there is an ambitious target of double-digit sales growth. In 2022, Scout24 will continue to invest in, among other things, the development capacity to achieve the abovementioned growth, and from 2023 onwards, the already significantly high profitability should increase further. Scout24 is conservatively financed and has a healthy net cash position thanks to the sale of the AutoScout24 activities at the end of 2019.

We visited the company for the first time in Munich in 2019. Since then, our confidence in the company's market position and in its management has continued to grow, but the valuation prevented us from buying the shares for a long time. The weak share price performance in 2021 gave us the opportunity to build up the position and Scout24 now represents approximately 6% of the portfolio of the Juno Continuation Fund.

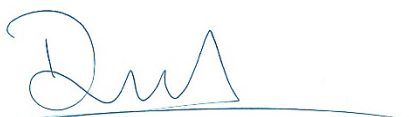
Outlook

The euphoria in the financial markets mentioned earlier faded during the quarter. The inflation feared by investors turned out to be higher and more persistent than many expected. In addition to higher costs for energy and logistics, which may be temporary in nature, there are also longer-term trends such as increasing protectionism, deglobalization and focus on sustainability. These all drive up prices. This leads to reduced purchasing power for consumers and declining profitability for companies.

Central banks, which previously spoke of temporary inflationary pressures, are now putting the brakes on and reduce the monetary support. The dilemma facing central banks and governments is clear: keep interest rates low with persistent inflation that may lead to a wage-price spiral or raise interest rates at the risk of the economic recovery stalling.

The European (family-owned) businesses selected by Juno are once again in good shape, having ended 2021 with an expected 20% earnings growth. Due to the essential nature of the services and products they provide and their strong competitive position, they are largely able to pass on inflation to customers and continue to grow structurally, regardless of economic developments. Our view that this earnings growth will drive share prices in the long term remains unchanged and we look to 2022 and beyond with confidence.

On behalf of Juno Investment Partners,

A handwritten signature in blue ink, appearing to be 'Rob Deneke', with a long horizontal line extending to the right.

Rob Deneke

A handwritten signature in blue ink, appearing to be 'Duncan Siewe', with a circular flourish and a long horizontal line extending to the right.

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%
Q4 2021	+4%	+6%	+4%	0%
2021	+5%	+22%	+30%	-2%
Since Inception*	+16%	+28%	+40%	-1%
CAGR	8.1%	13.6%	19.3%	-0.5%

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

Top 5 Positions

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

Disclaimer:

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