



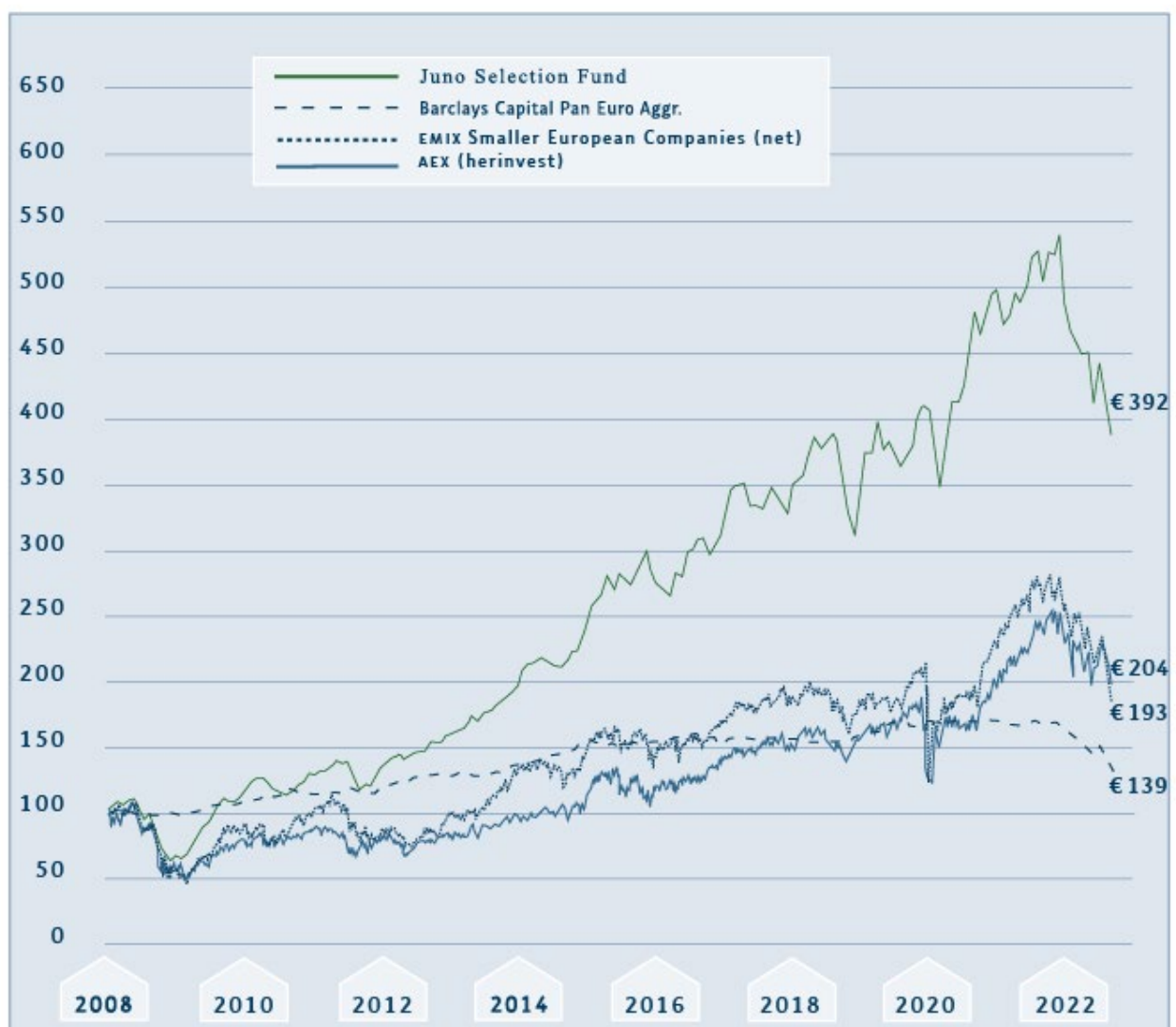
Third Quarter 2022 Report

English Translation

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Juno Selection Fund Performance

We ended the third quarter on September 30, with a net asset value of **€392.24** per participation. Significant share price movements over the last months resulted in a -5.2% performance for the quarter. This brings the overall return for 2022 to date to -27.8%. The index of European small and medium-sized companies, the EMIX Smaller European Companies Index, showed a substantial loss of -9.2% over the third quarter and is now at -30.6% for the year. The Dutch AEX index (with dividend reinvested) recorded a decline of -2.2% over the past three months, and -18.3% for the year 2022.



Main developments in the portfolio

Early September, we traveled to Stockholm to visit 'PDXCON', the Swedish computer game developer **Paradox Interactive**'s annual players conference. The event was hosted in physical form for the first time since 2019. Amidst many fans of the (historical) strategy games, we were given the opportunity to play upcoming content, such as the game Victoria 3, which will be released on October 25th. This is Paradox's first big new game in almost two years. In the game, the player guides a country, its population and economy through the great changes of the 19th century: emerging industrialization, liberalization, and nationalism. The fans have high expectations that, based on our first playing experiences, will certainly be fulfilled. In addition to trying out Victoria 3, the opportunity to speak extensively with various members of Paradox's management team in a relaxed environment was one of the main reasons for us to travel to Sweden.

Paradox had a disappointing 2021. Demand was not the issue: after all, the number of active players grew steadily. However, the supply side fell short of expectations: the production of new games and game expansions was both too low in quantity and quality. This can partly be explained by the lower productivity caused by 'working from home', but also by the fact that Paradox's developers were spread too thinly over too many projects. Founder and major shareholder Fredrik Wester felt compelled to return as CEO and to try to bring the balance back into the organization. He scrapped several less attractive projects and put part of the developers team to work on expansions for existing games. He also attempted to shorten the communication lines in the organization by removing several unnecessary layers of management from the organization. The main goal was to improve both the frequency, also known as cadence, and quality of Paradox's gaming content.

The first results of Fredrik Wester's interventions are already becoming visible. In 2022, Paradox has released twice as many game expansions as in 2021. The quality is also clearly higher than before, based on higher scores and positive reviews given by players. The fans are happy, and so are we as shareholders. The first half of 2022 was the most profitable half in the company's history and the outlook for the second half is even better. An annual revenue of 200 million euros against an operating margin of close to 50% is on the horizon. This means that we expect net earnings for 2022 to triple compared to 2021.

In our discussions with management at PDXCON, we mainly addressed the long term. In addition to continuing to focus on improving the cadence and quality of game

expansions, we believe that Paradox should now be able to release two to four major new games each year. The organization has also learned from the mistakes of the past. Blinded by great successes, they had overconfidently invested outside their own successful niche, where the company had little or no competitive advantage. The required capital discipline, the CEO assured us, has since been tightened considerably. For example, exotic endeavors to other game genres, as well as games for mobile phones will now only be made if the costs, and thus risks, remain very limited. If there are no attractive investments to be made within its own core competencies, the excess capital will be paid back to shareholders.

The current dark clouds over Europe's economy have little impact on the demand for computer games. Converted to euros per hour, gaming is one of the cheapest forms of entertainment. In the past, it has therefore even turned out to be slightly countercyclical. Paradox's long-term plans, its tight cost and investment discipline and its very attractive business model, have led us to give it the highest weight in our fund's portfolio.

In 1998, a PhD student named Jonathan Milner, in collaboration with his professor at Cambridge, England, founded **Abcam**. He was driven by his frustration with ordering antibodies online during his PhD research. In addition, no publications were available of which antibody was used in which study and what the researcher's experience was with the quality of the antibody used. With Abcam he sought to combine the search engine, the rating agency, and the convenience of online ordering.

In its early days, Abcam was primarily a reseller of third-party antibodies, but as the demand for more specific antibodies increased, Milner recognized that it would be better to have in-house production to cope with this shift in demand. The transformation to in-house production of antibodies began in 2012 with the acquisition of Epitomics, the American manufacturer of very high-quality antibodies. When the current CEO, Alan Hirzel, took over from Jonathan Milner in 2014, sales of the proprietary antibodies represented less than 15% of sales. Not entirely coincidentally, Juno bought its first shares in Abcam in 2014.

Since that year, Abcam has acquired technology through various acquisitions to further improve the production and qualitative properties of the antibodies they produce themselves. In addition, significant investments were made in the company itself. Regional expansion took place, including in Southeast Asia and China, IT systems were renewed, the supply chain was revised and its quality was improved. The share of the company's own production now stands at about 66% of its revenue. The margin on proprietary products is also considerably higher than on the resale of third-party products.

The traditional buyer of Abcam's antibodies is the scientific researcher into human cells. There are 800,000 of these scientists worldwide. and all, Abcam claims, know the company. An important driver of growth are the citations in the scientific publications of the antibodies used. For example, Abcam's antibodies are the most cited worldwide and this number grew again last year by 50,000. This creates a flywheel effect, as publications on existing research are often the starting point for new research by future PhD students, who first check which antibodies have been used by peers in previous studies.

In addition to the scientific researcher customers, antibodies are also developed for, and in collaboration with, the biopharmaceutical industry. For example, Abcam's antibodies are increasingly used in the diagnostic industry, and they serve as a basis for developing new medicines. The Biopharma industry currently accounts for 25% of Abcam's revenue and this segment of its market is also growing faster than Abcam's traditional activities.

Abcam's antibodies are unique; there are few alternatives. This puts Abcam in a good position to pass on increased costs in its selling price. Important for Abcam's growth are the budgets that are available for conducting scientific research. These budgets and grants are usually set for longer time periods and, in view of the importance of healthcare, remain in place even in difficult economic times.

In recent years, Abcam has invested significant amounts in personnel, systems, and locations around the world. Despite excellent annual revenue growth, its earnings growth was lagging as a result. Fortunately, this investment phase is now behind us and, as expected, we see a strong pick-up in underlying earnings growth. For this year, we expect a 20% increase in revenue to GBP 380 million with underlying earnings growth of 35% to GBP 70 million. Further margin improvement is on the horizon for the coming years, which means that earnings growth can grow faster than revenue growth.

Given the growing number of projects in the biopharmaceutical industry in which Abcam is involved, the improved geographical presence and the ever growing market share among scientists, we see very healthy and predictable revenue and earnings growth for the coming years, regardless of the economic climate.

Outlook

To shield the world economies from too great a downturn caused by the financial crisis and the pandemic, the interest rate instrument was frequently put to good use by central banks. It turned out to be a powerful medicine, which helped cushion an excessive economic downturn. However, with interest rates at or below zero, it was always clear that they also had to return to normal at some point.

The hope for small incremental steps in raising interest rates was quickly crushed, as supply chains, in a post-pandemic world, proved to be not ready for the sharp resumption of consumer demand. Moreover, following the Ukraine war, energy prices exploded. As a result, inflation sky-rocketed with unprecedented force, leaving central banks with no alternative but to use large doses of the increasing-interest-rate medicine to slow the economy and quell inflation. Investors are now very concerned as these significant step changes in the level of interest rates cause turmoil and unpredictability. This uncertainty translates into fear of further falling share prices of both bonds and equities alike. Where there are many sellers, but limited buyers, prices fall.

However, fear is a bad adviser, which causes shares of companies to be sold, that are in fact very capable of dealing with these uncertainties. Companies that recently raised their earnings expectations are not being rewarded through improved share prices. Companies with no debt, selling products and services that continue to grow, regardless of the economy, are like growth bonds: there is little risk of their economic engine, which produces 10-15% more earnings annually, stalling. Our frequent company visits and contacts with their management confirm this time and again. Today's decoupling of share prices and improving earnings at 'our' companies, gives us great confidence in future returns.

On behalf of the Juno Selection Fund's portfolio management team,



Frans Jurgens



Lennart Smits



Ernest van Tuyll

Juno Selection Fund: Historical Returns

	Juno Selection Fund	EMIX Smaller Europe Index (net)	AEX Index (reinvested)	Barcap PanEuro Index
2008 **	-33%	-49%	-47%	+1%
2009	+70%	+63%	+42%	+8%
2010	+12%	+17%	+9%	+4%
2011	+3%	-23%	-9%	+6%
2012	+19%	+27%	+13%	+11%
2013	+22%	+33%	+20%	+1%
2014	+19%	+5%	+8%	+11%
2015	+33%	+21%	+7%	+3%
2016	+2%	+2%	+13%	+2%
2017	+6%	+17%	+16%	0%
2018	-5%	-15%	-8%	0%
2019	+34%	+29%	+28%	+7%
2020	+21%	+7%	+5%	+4%
2021	+9%	+23%	+30%	-2%
Q1 2022	-16%	-11%	-9%	-6%
Q2 2022	-10%	-15%	-8%	-7%
Q3 2022	-5%	-9%	-2%	-6%
2022	-28%	-31%	-18%	-18%
Since inception *	+292%	+93%	+104%	+38%
CAGR	9.7%	4.6%	5.0%	2.2%

*) Inception of the fund: January 11, 2008

Top 5 Positions

Name	Country
Paradox Interactive	Sweden
Melexis	Belgium
Stratec Biomedical	Germany
Abcam	United Kingdom
Soitec	France

Disclaimer:

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