



Strategic European Silver Stars Fund

August 2023 Fund Commentary



Bertrand Faure
Portfolio Manager



Citywire Rating: The rating is based on the Fund Manager's three-year risk-adjusted performance to 31/07/2023.

Investment Approach

We believe the Fund's competitive advantage and its key differentiator between it and its peers is the ability to focus on target companies from every angle and leverage the network of relationships and corporate access provided by a number of stakeholders, including founding partners to provide a real understanding of the market share and performance of the investee companies that results in the totality of the investment research being generated internally.

Investment Objective

To outperform small and medium capitalisation firms in the European equity markets.
A sub-fund of E.I. Sturdza Funds plc.
Registered in Ireland.

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August was a highly volatile month with seasonal weakness in most major benchmarks that were further amplified by low summer trading volumes; the fickle voices within financial markets currently appear to be full of caution despite the risks previously being well publicised.

Markets were hit by the perfect storm, amid surging rates, worsening economic data in China, poor summer liquidity and a buyers' strike. The Fund's benchmark recovered to finish the month down 2.8% after going as low as -5.69% on 21st August. The Fund returned -1.98%* in August.

The largest contributors to August's performance were TeamViewer (+0.44%), Verallia (+0.34%) and RVRC (+0.27%). Just Eat Takeaway.com was the largest detractor during the month (-0.71%), followed by Boozt (-0.69%) and Akwel (-0.25%).

TeamViewer delivered strong Q2 results in August beating market expectations by 3-5% on billings and adj. EBITDA. This was a rare set of positive results in what has proved to be a tough Q2 reporting season for Global Tech companies. TeamViewer saw a re-acceleration in billings growth to +13% (from +8% in Q1), aided by both a sustained solid performance in the small and medium business segment, and a slight recovery in the enterprise segment as some deals that slipped in Q1 were closed last quarter. The solid Q2 helps de-risk the FY23 revenue guidance, while continued cost control sees TeamViewer tracking ahead of its full year margin target. Confirmation of the full year guidance, and a lowered risk to the outlook, helped the shares end up 9% on the day of the release and 11% for the month.

As mentioned in last month's newsletter, Verallia announced great H1 results in July with a new record in absolute EBITDA for the group, which led to it being the top contributor for July. August was another great month for the company, and the fund, again making the top contributors list after multiple broker upgrades in target prices, following the company results; combined with feedback from recent roadshows which displayed an upbeat message, not only for H2 2023, but more importantly for 2024 and beyond.

The RVRC Holding displayed a decent performance in a tough trading environment. Current trading remains strong, as sales growth in July and early August exceeds the 14% reported for fiscal Q4 (calendar Q2). Over the longer term, pushing growth in new markets and broadening its categories are important pillars to keep growing well ahead of the overall Outdoor market.

Just Eat Takeaway posted a strong 18% beat for H1 on the Adj EBITDA, which came in at €143m vs €121m expected. The company also posted a lower-than-expected cash burn. JET is a prime quality asset in the Food delivery industry, as almost half of the company's orders are driven by the Marketplace, which explains why the company has vastly superior unit economics compared to its main competitors UberEats and Deliveroo. It should be the only company in the industry to achieve real profitability in 2023, while its progress towards profitability has been much quicker than that of the competition. Despite the good results, the company traded down over the month, in our opinion, mostly for thematic rather than company specific reasons. The stock price weakness has been used to reinforce the position.

In a similar token, Boozt received a broker downgrade before the company announced the Q2 results, on the basis that Q2 should be fine, but the analyst was more cautious about current trading, given the site traffic slowdown in July (-17% according to SimilarWeb). The stock price immediately nosedived from SEK 127 to SEK 100 ahead of the results.

Boozt's Q2 results proved to be effectively good, and on the conference call the CEO mentioned that "we are more confident in our guidance. We know we have almost eight months of the year

* A EUR Class; for detailed performance information based on complete 12-month periods since inception, please refer to page 3.



in the books. The weather is quite good for selling all the winter season items. And to be honest, when people have been looking at similar websites to predict our performance or traffic, we think that is quite misleading.” Contrary to the broker report, the CFO at a conference late August made a very confident presentation and reiterated the company’s financial targets for the full year. She seemed certain that its growth would accelerate in H2, despite exceptionally tough comparisons from Q4 (22). The stock price today is still suppressed due to the broker downgrade, which we have grasped as a good opportunity to increase the position size at a cheaper valuation.

There is not much to say about Akwel; it was one of the top contributors last month and gave back part of its gains in August in tougher market conditions.

H1 results in our universe confirmed the views already expressed in our June commentary. 2023 has so far been a year of extreme and unusual market polarisation within global and European financial markets. Many high-quality companies have been impacted, despite being well managed and as a result are currently trading at very reasonable multiples based on attractive free cash flow yields.

For us, as active and fundamental investors, it is a comfortable position to be in as this statement is true for every constituent of the Fund’s portfolio today, but also for a number of other names that are monitored as part of our proprietary analysis. The waiting list has rarely been so crowded!

As always, we invite investors and prospective investors to contact us should they wish to understand our views on the current situation and the positions held in the portfolio.

Ratings & Awards



Morningstar Sustainability Rating



Awards Disclaimer

The Strategic European Silver Stars Fund - A EUR share class has a Morningstar rating of 4 stars overall and 5 stars over 3 Years. Morningstar Rating™ as of 31/07/2023.

The Strategic European Silver Stars Fund received a Morningstar 5 Globe Sustainability Award. Sustainability Rating as of 30/06/2023. Out of 804 Europe Equity Mid/Small Cap funds as of 30/06/2023. Based on 96.29% of AUM. Historical Sustainability Score as of 31/05/2023. Sustainalytics provides company-level analysis used in the calculation of Morningstar’s Historical Sustainability Score. Data is based on long positions only.

The Strategic European Silver Stars Fund received a Morningstar Low Carbon Award. Carbon Metrics as of 30/06/2023. Based on 89.38% of AUM. Data is based on long positions only.

The Morningstar® Sustainability Rating™ is intended to measure how well the issuing companies of the securities within a fund’s portfolio holdings are managing their financially material environmental, social and governance, or ESG, risks relative to the fund’s Morningstar Global Category peers.



Performance Data As at end of August 2023

Annualised Return %

	1M	3M	1Y	3Y	5Y	SI
B EUR Class	-1.98	2.65	12.23	13.05	9.04	8.44
SESF Benchmark	-2.80	1.79	7.70	5.19	3.27	2.83

Calendar Year Return %

	YTD	2022	2021	2020	2019	2018	SI
B EUR Class	0.36	-7.87	27.56	28.63	24.41	-24.86	96.35
SESF Benchmark	7.54	-20.71	24.91	-1.99	26.82	-10.77	26.11

12 Month Returns %

	01/08/2022 - 31/07/2023	01/08/2021 - 31/07/2022	01/08/2020 - 31/07/2021	01/08/2019 - 31/07/2020	01/08/2018 - 31/07/2019
B EUR Class	12.23	-16.37	53.89	15.31	-7.46
SESF Benchmark	7.70	-17.65	31.20	-1.29	2.25

SESF Benchmark: STOXX Europe 600 NR EUR Index to 31 December 2021, MSCI Europe SMID NR Index EUR to 20 July 2023 & Morningstar Developed Markets Europe Small Mid Cap Target Market Exposure NR EUR Index from 21 July 2023. Source of graphs and tables: Morningstar.

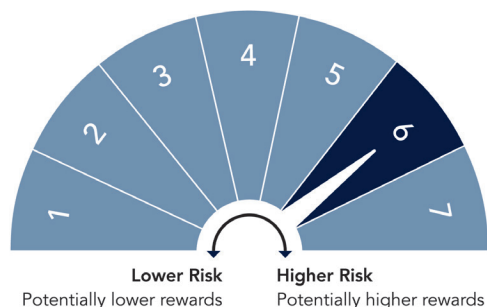
Past performance may not be a reliable guide to future performance. Returns could be reduced, or losses incurred, due to currency fluctuations.

The performances presented are shown after deduction of ongoing charges and performance fees. Any entry or exit fees are excluded from this calculation. Dividends reinvested. Benchmark: Same reference period as for the class: Net Return, dividend reinvested. The reference benchmark of this class is used for performance comparison purposes only. The performance of the benchmark is not indicative of past or future performance of the Fund. Reference periods:

- Annualised Returns as of the date of the reporting over the defined period. Data less than 1 year is not annualised.
- Calendar Year Returns: Annual Performance for the stated calendar year.
- 12 Month Returns: performance for the stated time frame.

When the currency presented differs from yours, changes in exchange rates may have an adverse effect on the value price or income of the product. Class currency hedging is used on non base currency classes aiming to reduce the impact of currency risk. The performance and NAVs of all classes may be obtained at ericsturdza.com. Please refer to the glossary at ericsturdza.com/glossary for further explanation on specific terminologies.

Risk & Reward Indicator ("SRRI") & Inherent Risks



The risk indicator is based on historical data and may not be a reliable indicator of the future risk profile of the Fund, is not guaranteed and may change over time. The lowest category does not mean risk free.

The risk indicator for the Fund is set as 6, which reflects the historic price behaviour of the Fund. The sub-fund may be subject to high volatility.

Factors that affect the indicator include: Investments in equity securities are subject to fluctuations in value dependent on market conditions which will directly affect the value of investments. The Fund invests with a focus on Europe and may hold a sizeable exposure to a single country which may increase the risk of investing when compared to a fund that invests in a globally diversified range of countries. The Fund invests in a concentrated portfolio that may potentially focus on one or more sectors or industries. The range of investments may increase the risk profile of the Fund compared to a more diversified portfolio across sectors and industries. Additional Risks: Currency, Custody and Settlement, Financial Derivatives, Liquidity, Market Capitalisation, Operational and Taxation risks.

For more information about potential risks, please refer to the Key Investor Information Document (KIID), the Prospectus and Supplement available at www.ericsturdza.com/literature/.

Awards Disclaimer continued

Bertrand is ranked 1st in the European Equities category and is ranked 6th overall out of all 250 managers, across all asset classes and regions including bond, property and Asian stocks. The data used covers the three years to 28 February 2023. Source and copyright Citywire 2023. Learn more about the Citywire Euro Stars at <https://ericsturdza.com/insights/bertrand-faure-citywire-selector-euro-stars/>

Citywire has awarded Eric Sturdza Investments a Gold rating in the Equity - European Small & Medium Companies sector for the period 30/06/2016 to 30/06/2023.

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