CONDUCTION
CAPITAL ADVISERS

CCA GmbH
Hasengasse 21
D-60311 Frankfurt am Main
t: +49 69 2649 0195
m: hello@conductioncapital.com
w: www.conductioncapital.com

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Dear investors,

CCA European Opportunities UI ("the Fund") invests in high quality public European small and mid-cap businesses with the goal of providing strong long-term performance with moderate volatility. We seek to use the market's inherent volatility to scale into attractive businesses at reasonable valuations.

We write to our investors on a quarterly basis to review developments in the fund. Given the Fund's fiscal year-end of 30 August, this letter represents our Q1 briefing and looks back on the first three months in the life of the fund.

As a regulated UCITS fund, we were given a maximum of eight weeks from launch to reach the 51% statutory minimum for a European equity fund. This qualification is valuable to German taxpayers who will benefit from a 30% deductible (*Freibetrag*) on investment income starting next year ("*Investsteuerreform 2018*"). Owning a qualifying equity UCITS becomes significantly more tax efficient than holding the same basket of shares directly.

We decided to fully utilise these first eight weeks to gradually scale into our most attractive opportunities. The NAV per share[1] ended the quarter at €102.21, up 2.21% since the launch on 8th September. Our equity portfolio is up 4.5%; the rest of the fund consists of cash and cash equivalents. Despite our cautious ramp-up phase allocation, the Fund still outperformed the MSCI European SMID Index over the comparable period.

At the time of writing, the Fund is currently 57% invested in equities. We aim to end 2017 between 60-65% invested. We are pleased with the 15 long positions in the portfolio and are confident in their potential for value creation. We have not initiated any short positions but are monitoring a handful of opportunities.

Our best performer so far is Brenntag AG, our 6th largest position at c. 4% of AuM. Brenntag is the world's leading chemicals distributor. Our investment thesis is based on the company's high density network, the ongoing tailwind of outsourcing, and management's proven ability to acquire and integrate bolt-on acquisitions. We entered the position at a favourable valuation in early September based in part on our belief that the North American market was inflecting and that management's restructuring in the region would begin to positively impact the P&L. The Q3 earnings release bore this out and the shares rallied. We remain optimistic that – assuming continuing global economic growth – Brenntag's network of highly local businesses will continue humming.

[1] *Any reference to "the Fund" refers to the S-Class of shares as this currently constitutes the bulk of the capital in the fund.*

Our worst performer was IWG plc ('international workspaces group'), our 8th largest position at c. 3.5% of the Fund. With an EV of GBP 2 billion, IWG is the Airbnb of office real estate, providing spaces that enable customers to work where, when, and how they want. With 3,000 centres in more than 100 countries and 1,000 cities, IWG is by far the global leader in the fast growing workspace-as-a-service sector. IWG's closest comp is WeWork, a $20 billion unicorn with 170 locations in 18 countries. Investors value IWG at $5,600 per desk and WeWork at $135,000 per desk. Our investment thesis is built on the long-term flexible workspace trend, IWG's global footprint, and the 25% average post-tax cash return on IWG's mature locations. After CCA established its position, IWG issued its first ever earnings guidance, setting the EBIT range for 2017 at GBP 160-170 mil, slightly below City expectations due to a combination of one-offs and an extremely weak September in London due to Brexit paralysis. The market's reaction was swift and harsh. Although we acknowledge the concentration risk (London at 13% of sales), we believe London will continue to be a vital global business hub; we also remain confident in management's ability to continue to capitalise on the flexible workspace trend globally.

Although in the medium-term we see the Fund invested over 90% in equities, we do not yet see the path there given the bottom-up analyses of our watchlist companies combined with our macro overlay. We are fundamental equity investors – not economists – but we do keep the larger market context in mind when allocating the Fund's capital. We believe the economic fundamentals in Euroland are intact and our outlook for 2018 is constructive. However, two factors could potentially lead to displacements in 2018 and beyond.

Firstly, markets are experiencing an unprecedented level of low volatility. Last month was the least volatile October in history and the third least volatile month ever recorded. These "quiet" markets spell complacency, and that is usually a cause for concern. Markets dodged every major 'risk bullet' in 2017, but they may not be so agile next year. As discussed with IWG above, previously theoretical risks such as Brexit are becoming commercial reality, impacting growth and earnings. Other potential geo-political risks include tensions with North Korea and the unpredictability of the American leadership.

Secondly, the impact of central bank tightening in the US and (less so) in Europe will be more pronounced in 2018 than it has been at any point since the financial crisis. This could create an increasing headwind for the further appreciation of risk assets and slow down the momentum trade that has lifted many securities above fair valuations. The renewed Euro strength could also be a headwind.

In summary, we believe that it is necessary to be invested going into what could be a very constructive 2018. Much of the portfolio is positioned in highly resilient business models given the dynamics described above. We are also maintaining sufficient liquidity to react to volatility when it returns. As they say in Game of Thrones, "winter is coming." We at CCA are ready for it.

Best regards,

Alex Nieberding
Felix Eisel

CCA GmbH