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Investor Letter Three 22 January 2018

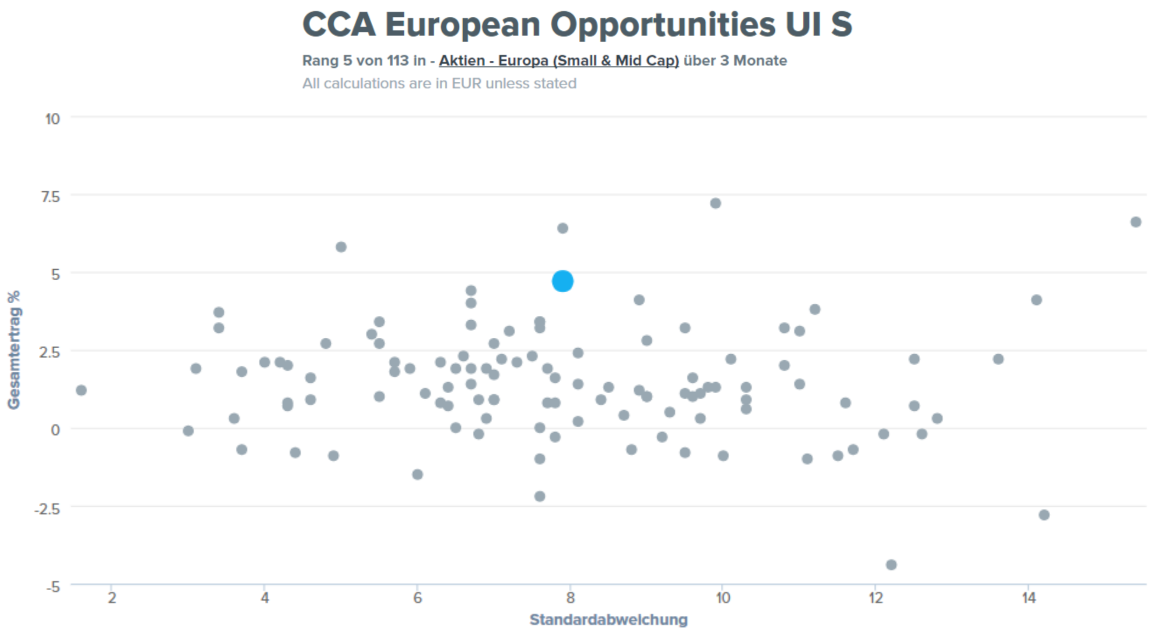
Dear investors,

We are bringing forward our quarterly letter to alert you to the upcoming effective closing of the seed share class and the simultaneous launch of a new institutional class. We are also pleased to update you on the fund's performance.

Share class changes. Starting on 1st March, the seed class of fund shares will charge a 5% upfront fee on all orders from new investors. Investors who acquired seed shares previously will not be affected and may top up without paying an upfront load. As we have consistently communicated, the highly preferential terms of the seed class were made available to the founders and early investors whose support was essential to launching the fund.

As of 1st March, a new institutional class ("I class") of shares will be available for a minimum initial investment of €200,000 and no upfront load. Combined with the existing retail class ("R class"), the fund will operate three share classes going forward.

Performance. We are pleased with the development of the fund since launch. Having launched with €8.5 million, fund AuM is currently c. €10 million. The fund debuted in the *CityWire* November rankings at #1 in its category of European small and mid-cap equity funds. For the three months ended 31/12/2017, the fund placed #5 out of 113 funds; the scatter chart below shows CCA (the blue dot) at the top of performance (y-axis) and in the middle of the pack for volatility (x-axis).



source: CityWire

While we are pleased with our initial performance out of the gate, our focus remains squarely on achieving exceptional long-term performance with moderate volatility.

At present, approximately 70% of AuM is invested in seventeen individual equities. Although we aim to be > 90% invested, we are currently balancing this goal with the need to retain sufficient fire power to act quickly and decisively when the market offers up unexpected opportunities to buy quality companies at reasonable prices.

Portfolio update. Since *Investor Letter Two* of 1 December 2017, the most notable portfolio event was the recovery of our one underperformer, IWG plc. On 19 October, IWG shares declined 32% after CEO Mark Dixon issued IWG's first ever profit guidance: flat (but below the City's expectations of growth). After the dip, we increased our IWG position based on our conviction that the private market value of IWG -- as evidenced by our LBO model -- was significantly higher. The recurring cash flow stream combined with IWG's global market leadership in a fast-growing sector gave us confidence to top up at the lower price level. In December, Brookfield and Onex made a non-binding offer to take IWG private at a 40% premium to the unaffected share price. Our PE-inspired investment analysis gave us courage where others fled.

Personnel. On the staffing side, we are pleased to announce the addition of two high caliber new members of the Conduction Capital team:

- Markus Weiss joins CCA as Head of Sales from Aquila Capital, where he held a comparable position. Previously an equity sales executive at Hauck & Aufhäuser, Markus is focused on expanding CCA's institutional investor base.
- Raphael Kneer joins in Compliance and Operations. Raphael is a Heidelberg University-educated lawyer. He previously worked at a German law firm.

The addition of Markus and Raphael adds complementary skills to the CCA team and enables Alex and Felix to spend more time finding great investments.

As always, please let us know if you have any questions.

Best regards,

Alex Nieberding
Felix Eisel

CCA GmbH