Augmentum Fintech*

A great start

Joachim Klement
Head Investment Research

5 December 2018

Key details	
Bloomberg code	AUGM LN
Share price	99.10pps
Last NAV (30 September 2018)	104.0pps
Premium/(discount)	-4.7%
Market cap	£93.2m
Net assets	£97.8m

Source: Company, Bloomberg. Data as at 4 December 2018. *Current corporate client of Fidante Capital.
Each analyst individually certifies, in relation to each security or issuer referred to in this communication, that (1) the views expressed are an accurate reflection of his/her personal views and (2) no part of his/her compensation is linked directly or indirectly to the views so expressed in this communication.
This communication contains written material that a third party firm has engaged Fidante Partners Europe Limited (trading as "Fidante Capital") to provide on an ongoing basis. The third party firm has paid Fidante Capital to provide this communication. This communication is made available at the same time to any investment firms who wish to receive it and to the public on www.fidante.com. Accordingly, Fidante Capital is of the view that this communication constitutes a "minor non-monetary benefit". This communication has been disclosed to the third party firm or the relevant issuer and, where appropriate, included in this communication. This communication will not be regularly updated.

High growth rate and strong portfolio

On 26 November 2018, Augmentum Fintech (AUGM) presented its maiden interim report for the period from 19 December 2017 (inception) to 30 September 2018. The results were very positive with a NAV uplift compared to the IPO NAV of 5.1% putting the share price discount to NAV at 4.7%. The company is still in its initial phase, deploying cash from the IPO, but this first set of results looks very promising.

Most importantly, the seed portfolio of investments (Zopa, Seedrs, Interactive Investor, SRL Global and BullionVault) managed to achieve an annualised IRR of 30%, significantly above the long-term target IRR of 20%. The main drivers for this high IRR in the period to the end of September 2018 were the financing round undertaken by Zopa, which provided an uplift on the valuation of the existing stake of £3.5m. Additionally, the holding in Interactive Investor provided an investment return of £1.5m with a small additional investment of £0.2m.

The company management also deployed £15m cash in five new investments during the period:

- European challenger bank Monese (stake valued at £5.9m);
- SME bank Tide (stake valued at £3m);
- Instant payment services provider Previse (stake valued at £2m);
- Information provider DueDil (stake valued at £2m);
- Startup rent-to-own specialist Unmortgage (stake valued at £2.5m).

After these investments, the company is about 55% invested. AUGM holds £43.9m in cash and is on track to fully invest the portfolio by mid-2019. The company management has a promising pipeline with a total valuation of £260m from which to pick additional investments in the coming months.

In our view, the existing portfolio of investments is of high quality and has significant long-term upside potential. The results for the first six months following the IPO show that the management team is able to deliver high rates of return that translate into significant NAV upside in the short-term.

Despite the relatively high cash holdings for the portfolio at the moment, a 5% uplift on the net asset value of the total portfolio translates into a 10% uplift on the invested part of the portfolio in just six months.

New investments in the coming period are capable of providing a significant increase in return prospects for the overall portfolio and could trigger a revaluation of the share price towards the net asset value.

Potential triggers for revaluation

In our view there are several near-term triggers investors should be aware of:

- The IPO of stockbroker AJ Bell on 7 December 2018 will provide a metric for estimating the valuation of the stake in Interactive Investor. AJ Bell is looking at an IPO that values the company at up to £675m. Currently, AJ Bell manages £46bn and has c. 200,000 customers, while Interactive Investor manages c. £35bn but is valued much lower at £175m. Thus, it seems to us that in the next financing round for Interactive Investor, the valuation could jump.
- Both Tide and Monese are currently held in the portfolio at much lower valuations than rival challenger banks Starling Bank (valued at £1bn after the latest financing round) and Monzo (valued at £1.5bn). Monese is currently valued at £118m but has more than 500,000 customers signed up, compared to 200,000 customers signed up for Starling Bank. This indicates that there is potentially significant upside to these portfolio holdings in future financing rounds.
- The funds raised by Zopa will be deployed to enable their new bank initiative, which should lead to faster earnings growth for Zopa and a more diversified income stream justifying a lower risk premium in the next valuation round. On 4 December Zopa announced that the company has obtained a banking licence with restrictions. Zopa expects that this banking licence will become a full licence during the mobilisation phase. This announcement increases the visibility of future growth for Zopa, in our view.

SWOT analysis

Strengths	Weaknesses
▪ Largest portfolio holding, Zopa, is on a growth trajectory that may lead to additional valuation expansion in the near-term. ▪ The management team, together with the advisory panel, has extensive experience making fintech/venture capital investments and creating value at the invested companies. ▪ The management team has strong relationships within the industry and is close to the management of companies seeking venture capital funding. ▪ AUGM's investment objective and policy allows it to target early stage fintech opportunities, potentially exploiting the best risk-adjusted opportunities. ▪ Augmentum Capital has a good track record running its first fintech fund, as detailed in our last company note. ▪ AUGM has strong backing from the management team and the advisory panel, providing alignment with shareholders. ▪ The investment trust structure, with its 'permanent capital' attribute, is better suited to the invested companies' needs than the more common GP/LP structure, because early stage companies can stay 'private for longer'. ▪ AUGM follows a growth strategy in one of the few genuine growth sectors.	▪ One large investment, Zopa (22.5% of the NAV), is expected to drive NAV performance in the near-term. ▪ Relatively large exposure to cash (currently around 44% of the NAV) in the early stages of the company's life is having a dampening effect on NAV performance. ▪ Limited liquidity in the trading of AUGM's shares due to relatively low market capitalisation.

Opportunities	Threats
▪ As the only listed investment company investing solely in fintech, AUGM has first mover advantage and may potentially be able to capture the best opportunities. ▪ Well-developed pipeline of investment opportunities, in a range of diversifying sectors, gives confidence that further investments will be made such that AUGM will be substantially deployed within 12 months of admission. ▪ There are a wealth of fintech investment opportunities in the UK and Europe, in part due to the funding gap that exists between seed and later stage funding.	▪ Potential over-crowding in the fintech sector over time, leading to increased competition and pricing, making new investments more difficult while maintaining a disciplined investment approach. ▪ Current expectations of future growth of fintech companies, for example in terms of market share, are not met.

Source: Fidante Capital. Past performance is not a reliable indicator of future outcomes.

Valuation update of portfolio companies

We value AUGM on a sum of the parts basis using a three-stage discounted cash flow (DCF) model for each portfolio company except BullionVault (which is valued using a multiple approach). The three-stage DCF model assumes an initial growth rate for cash flows that is in line or somewhat lower than historical growth rates for early stage businesses in the same industry. After year three, growth rates decline towards a steady-state in year ten. The growth rate in the steady state is given by the range of long-term growth rate expectations for traditional listed companies in the same industry. The discount rate for the future cash flows are determined based on the recommendations of the AIFM (Frostrow Capital) who calculates the discount rates using a CAPM model.

For each seed portfolio investment, we calculate the valuation in three scenarios. Details of these scenarios and the potential upside/downside to the NAV of AUGM are given in the Appendix (Fig. 8 to 11) of this report.

For the new portfolio companies invested since the IPO, we provide a detailed valuation analysis below. For each of these investments we use a uniform set of assumptions in our DCF model:

- We use a steady state growth rate after year ten of 15% in the optimistic case, 10% in the base case, and 5% in the pessimistic case, for all five new investments. These steady state growth rates are in line with our assumptions for Zopa and Interactive Investor.
- For the younger companies that are at an earlier stage of their development (i.e. Previse, Unmortgage, and Tide) we use a higher discount rate of 12.65% in line with the discount rate used for SRL Global and reflecting a higher risk premium than the one used for more established businesses. For the lower risk businesses (i.e. Monese and DueDil) we use a discount rate of 11.1% in line with the discount rate used for Zopa.
- The initial growth rate assumptions for the first three years depend on the maturity of the company. For fast growing, younger companies like Previse and Unmortgage we use a growth rate of 40% in the optimistic case, 30% in the base case and 20% in the pessimistic case. For more mature businesses (i.e. Monese) we use 20% growth in the optimistic case, 10% in the base case and 0% in the pessimistic case.

Fig. 1 to 6 provide details about the model assumptions and valuations for each of the new portfolio companies as well as Seedrs which we model here for the first time.

Fig 1: Valuation scenarios for Monese

	Optimistic case	Base case	Pessimistic case
Current valuation	£5.9m	£5.9m	£5.9m
Earnings growth years 1 to 3	20.0%	10.0%	0.0%
Terminal growth after year 10	15.0%	10.0%	5.0%
Ending valuation	£16.0m	£6.9m	£3.0m
Multiple on current valuation	2.7x	1.2x	0.5x
Upside	172%	17%	-49%
Uplift on AUGM NAV	10.3%	1.0%	-3.0%

Source: Fidante Capital.

Fig 2: Valuation scenarios for Tide

	Optimistic case	Base case	Pessimistic case
Current valuation	£3.0m	£3.0m	£3.0m
Earnings growth years 1 to 3	20.0%	10.0%	0.0%
Terminal growth after year 10	15.0%	10.0%	5.0%
Ending valuation	£15.2m	£6.6m	£3.0m
Multiple on current valuation	5.1x	2.2x	1.0x
Upside	407%	120%	0%
Uplift on AUGM NAV	12.5%	3.7%	0.0%

Source: Fidante Capital.

Fig 3: Valuation scenarios for Previse

	Optimistic case	Base case	Pessimistic case
Current valuation	£2.0m	£2.0m	£2.0m
Earnings growth years 1 to 3	40.0%	30.0%	20.0%
Terminal growth after year 10	15.0%	10.0%	5.0%
Ending valuation	£8.5m	£3.8m	£1.7m
Multiple on current valuation	4.3x	1.9x	0.8x
Upside	327%	89%	-18%
Uplift on AUGM NAV	6.7%	1.8%	-0.4%

Source: Fidante Capital.

Fig 4: Valuation scenarios for DueDil

	Optimistic case	Base case	Pessimistic case
Current valuation	£2.0m	£2.0m	£2.0m
Earnings growth years 1 to 3	20.0%	10.0%	0.0%
Terminal growth after year 10	15.0%	10.0%	5.0%
Ending valuation	£8.6m	£3.7m	£1.6m
Multiple on current valuation	4.3x	1.8x	0.8x
Upside	327%	83%	-20%
Uplift on AUGM NAV	6.7%	1.7%	-0.4%

Source: Fidante Capital.

Fig 5: Valuation scenarios for Unmortgage

	Optimistic case	Base case	Pessimistic case
Current valuation	£2.5m	£2.5m	£2.5m
Earnings growth years 1 to 3	40.0%	30.0%	20.0%
Terminal growth after year 10	15.0%	10.0%	5.0%
Ending valuation	£7.3m	£3.2m	£1.4m
Multiple on current valuation	2.9x	1.3x	0.6x
Upside	193%	29%	-44%
Uplift on AUGM NAV	4.9%	0.8%	-1.1%

Source: Fidante Capital.

Fig 6: Valuation scenarios for Seedrs

	Optimistic case	Base case	Pessimistic case
Current valuation	£1.9m	£1.9m	£1.9m
Earnings growth years 1 to 3	40.0%	30.0%	20.0%
Terminal growth after year 10	15.0%	10.0%	5.0%
Ending valuation	£4.9m	£2.2m	£0.9m
Multiple on current valuation	2.6x	1.1x	0.5x
Upside	157%	14%	-51%
Uplift on AUGM NAV	3.0%	0.3%	-1.0%

Source: Fidante Capital.

Portfolio valuation

We value the overall portfolio of AUGM as the sum of its parts. With the current cash holdings of around £44m assumed to offer no return, we calculate the upside to the net asset value of the portfolio in the absence of any new investments in each of our three scenarios. As cash will be invested in coming months, the return potential will increase. Fig. 7 summarises the potential upside for the AUGM portfolio under these assumptions in the optimistic, pessimistic and base case scenarios. The last line in Fig. 7 compares the newly calculated upside to NAV with our previous estimates before the investment in the five new companies.

The additional investments have a positive effect on the upside potential of the portfolio for the coming years in the optimistic and the base case. The upside potential of the NAV in the optimistic case increases from 78.1% to 120.1% while the upside in the base case increases from 27.4% to 34.8%. As we have stated above, given the series of potential triggers for a revaluation of the portfolio, this upside may be realised within the next one to three years.

Once cash is invested, the upside in the positive scenario increases, as does the downside in the negative scenario. However, the downside in our pessimistic scenario is 8.4% from current valuations, which in our view is a moderate downside given the potential return in the base case or even the optimistic case. Overall, in our view, the return profile of AUGM remains skewed heavily to the upside.

Fig 7: Valuation scenarios for AUGM

	Optimistic case	Base case	Pessimistic case
Cash holdings	£43.9m	£43.9m	£43.9m
Current investments	£171.5m	£88.0m	£45.9m
Total	£215.5m	£132.0m	£89.9m
Uplift on AUGM NAV	120.1% (prev. 78.1%)	34.8% (prev. 27.4%)	-8.2% (prev. -0.7%)
Share NAV in pps	228.9	140.2	95.5

Source: Fidante Capital.

Summary

The maiden interim report of AUGM confirmed that the company management is able to deliver high rates of return through investments in fast-growing companies. With an IRR of 30% for the seed IPO portfolio, AUGM got off to a flying start.

The management is still in the process of deploying the net IPO proceeds but the five acquisitions made in the first six months after the IPO appear to be of high quality and our scenario analysis shows that the valuation upside for these new portfolio companies is potentially significant. Additionally, competitor companies for Interactive Investor, Monese and Tide are valued much higher than the current valuation in the AUGM portfolio, indicating that future financing rounds could trigger a significant uplift in NAV for AUGM.

The company intends to deploy its remaining cash by mid-2019 and has opportunities valued at up to £260m in the pipeline. The long-term track record of Augmentum, together with the experience over the first six months following the IPO indicate to us that with these additional investments, the return prospects for AUGM could get even more skewed to the upside than they already are.[1]

In the light of these considerations we think the current share price discount to NAV of AUGM shares is unwarranted and potentially a reflection of current market weakness in listed technology companies. As listed markets normalise, the share price discount to NAV of AUGM could narrow as well.

[1] Past performance is not a reliable indicator of future outcomes.

Appendix: Valuation of other portfolio companies

The valuation for the portfolio companies shown below remain unchanged and we add them here for completeness. Investors who are interested in the details of each valuation model are referred to our company report published on 14 June 2018.

Fig 8: Valuation scenarios for BullionVault

	Optimistic case	Base case	Pessimistic case
Current valuation	£8.4m	£8.4m	£8.4m
Book value growth over next 3 years per annum	25.0%	12.5%	7.5%
Ending PB-ratio	3.0	2.4	2.0
Ending valuation	£20.9m	£12.2m	£8.9m
Multiple on current valuation	2.4x	1.4x	1.0x
Upside	144%	42%	4%
Uplift on AUGM NAV	12.8%	3.8%	0.3%

Source: Fidante Capital.

Fig 9: Valuation scenarios for Interactive Investor

	Optimistic case	Base case	Pessimistic case
Current valuation	£4.7m	£4.7m	£4.7m
Earnings growth years 1 to 3	45.0%	40.0%	35.0%
Terminal growth after year 10	31.6%	22.0%	14.5%
Ending valuation	£11.4m	£5.4m	£2.7m
Multiple on current valuation	2.4x	1.2x	0.6x
Upside	143%	16%	-43%
Uplift on AUGM NAV	6.8%	0.8%	-2.1%

Source: Fidante Capital.

Fig 10: Valuation scenarios for SRL Global

	Optimistic case	Base case	Pessimistic case
Current valuation	£1.5m	£1.5m	£1.5m
Earnings growth years 1 to 3	25.0%	20.0%	15.0%
Terminal growth after year 10	13.5%	12.2%	10.3%
Ending valuation	£5.4m	£3.4m	£2.0m
Multiple on current valuation	3.6x	2.3x	1.3x
Upside	263%	125%	34%
Uplift on AUGM NAV	4.0%	1.9%	0.5%

Source: Fidante Capital.

Fig 11: Valuation scenarios for Zopa

	Optimistic case	Base case	Pessimistic case
Current valuation	£22.0m	£22.0m	£22.0m
Earnings growth years 1 to 3	33.0%	27.5%	22.0%
Terminal growth after year 10	14.3%	10.3%	3.8%
Ending valuation	£73.2m	£40.7m	£20.8m
Multiple on current valuation	3.3x	1.8x	0.9x
Upside	233%	85%	-5%
Uplift on AUGM NAV	52.3%	19.1%	-1.2%

Source: Fidante Capital.

The company in brief

Fig 12: Key attributes

Attribute	
Company name	Augmentum Fintech plc
Sector	Private equity - single manager specialist
Listing	LSE (premium segment of the main market)
Admission	13 March 2018
Domicile	Incorporated in England and Wales
Share class	GBP
Management	AUGM is internally managed with Augmentum Fintech Management, a wholly owned subsidiary of the company with the same employees as Augmentum Capital, appointed as the portfolio manager; independent non-executive board
Investment strategy	To invest in fast growing and/or high potential fintech businesses based predominantly in the UK and wider Europe
Investment objective	To generate capital growth over the long-term
Projected performance	Management track record in fintech: gross IRR of 20% from 2010 to 2017
Dividends/capital distributions	None
Capital returns	Will return annually up to 50% of the realised gains from disposals; may return capital if available cash is not expected to be substantially deployed within 12-18 months
Gearing	None for investment purposes
Fees	1.5% of NAV per annum (1.0% per annum for net assets over £250m). Carried interest: 15% of net realised profits, subject to a minimum IRR of 10%, with catch-up
Reporting	March year end; September interim results; semi-annual NAVs
Discount management	Share buybacks up to 14.99% of issued share capital; if NAV less than 70pps, board will consult shareholders and carry out a strategic review
Life	Unlimited
Board	Neil England (Chairman), Karen Brade, David Haysey; all board members are independent and non-executive
Website	www.augmentumfintech.com

Source: Fidante Capital, Company.

RESEARCH

Joachim Klement
+44 20 7832 0956
jklement@fidante.com

Martin McCubbin
+44 20 7832 0952
mmccubbin@fidante.com

Aliy Akbarov
+44 20 7832 0957
aakbarov@fidante.com

MARKET MAKING

STX 79411 79412

Mark Naughton
+44 20 7832 0991
mnaughton@fidante.com

Anthony Harmer
+44 20 7832 0995
aharmer@fidante.com

UK SALES

Daniel Balabanoff
+44 20 7832 0955
dbalabanoff@fidante.com

Max Bickford
+44 20 7832 0934
mbickford@fidante.com

Hugh Ferrand
+44 20 7832 0935
hferrand@fidante.com

Mike Rumbold
+44 20 7832 0929
mrumbold@fidante.com

Justin Zawoda-Martin
+44 20 7832 0931
jzawodamartin@fidante.com

INTERNATIONAL SALES

Christian Andersson
+46 8 1215 1360
candersson@fidante.com

Ian Brenninkmeijer
+46 8 1215 1361
ibrenninkmeijer@fidante.com

Trevor Barnett
+1 212 897 2807
tbarnett@fidante-us.com

Adam Randall
+1 212 897 2807
arandall@fidante-us.com

Yves van Langenhove
AAMYS* (Fidante Partners)
+34 468 29 08 04
yvanlangenhove@fidante.com

PRODUCT DEVELOPMENT

Tom Skinner
+44 20 7832 0953
tskinner@fidante.com

CORPORATE FINANCE

John Armstrong-Denby
+44 20 7832 0982
jdenby@fidante.com

Nick Donovan
+44 20 7832 0981
ndonovan@fidante.com

Will Talkington
+44 20 7832 0936
wtalkington@fidante.com

*AAMYS is a tied agent of Fidante Partners Europe Limited which is authorised and regulated by the Financial Conduct Authority of the United Kingdom and also trades as Fidante Capital

Important Information

This is a marketing communication and is not, and should not, be considered as independent investment research. It is issued by Fidante Partners Europe Limited ("Fidante Partners") which is authorised and regulated by the Financial Conduct Authority ("FCA"). Fidante Partners Europe Limited trades as "Fidante Partners" and "Fidante Capital". Fidante Partners Europe Limited is a wholly owned subsidiary of Challenger Limited, a company listed on the Australian Securities Exchange Limited.

This marketing communication is for persons who are Eligible Counterparties or Professional Clients (for the purposes of the FCA rules) only and it is not available to Retail Clients. It is being distributed (a) in the United Kingdom to, and is directed only at, persons who are (i) investment professionals as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Promotion Order") or (ii) are persons to whom this marketing communication may otherwise lawfully be issued or passed on or (b) outside the United Kingdom to, and is directed only at, persons to whom this marketing communication may be lawfully issued or issued without compliance with any filing, registration, approval or other requirement in the relevant jurisdiction, and in each such case without the inclusion of any further warnings or statements as required by the Promotion Order, or other applicable law or regulation, which are not included in this marketing communication (all such persons together being referred to as "relevant persons"). Neither this marketing communication nor any of its contents may be received by, acted on or relied on by persons who are not relevant persons.

No part of this marketing communication may be published, distributed, extracted, re-utilised or reproduced and any attempt to do so may be restricted or prohibited by law. Recipients are required to inform themselves of, and comply with, all such restrictions or prohibitions and none of Fidante Partners or any other person accepts liability to any person in relation thereto.

Fidante Partners does not produce independent investment research within the meaning of the FCA Handbook of Rules and Guidance. Accordingly, this marketing communication is non-independent research within the meaning of those rules, which means it is a marketing communication under the Markets in Financial Instruments Directive ("MiFID") and it has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. However, Fidante Partners has policies, internal organisational and administration arrangements and information barriers to prevent or manage the conflicts which may arise in the production of non-independent research, including preventing dealing ahead. This includes physical and electronic information barriers procedures and the operation of a cultural Chinese Wall. For further information, please view the following policies: Conflicts of Interest, Chinese Walls Policy.

Fidante Partners acts as a market maker, corporate broker and, from time to time, bookrunner to companies in the closed-end listed investment company sector. A list of all companies in relation to which Fidante Partners acts as market maker and/or corporate broker and/or bookrunner (and the relevant dates of any closing of any such capital raise) can be viewed here: Market Making Stocks (of which Fidante Partners acts as market maker and accordingly Fidante Partners may own net long or short positions exceeding 0.5% of the total issued share capital), Corporate Appointments. The Market Making Stocks will indicate any other equity interests held by Fidante Partners or a member of the Challenger Group.

Fidante Partners or a member of the Challenger Limited group may have an economic interest (for example, minority equity interest or fee entitlement) in investment managers of the funds of which it provides services (such as corporate finance, listing sponsorship, market maker, corporate broker, bookrunner and administrative and support services). The Corporate Appointments also indicates whether Fidante Partners or any member of the Challenger Limited group holds more than 5% of the total issued share capital of the issuer. Fidante Partners is remunerated by fees for services provided and may be entitled to a share of profits from these investment managers and third parties. There is no direct link between the remuneration of individuals at Fidante Partners and the recommendations or transactions tied to services provided by Fidante Partners. Fidante Partners does not produce buy, sell or hold recommendations with respect to specific securities. Unless otherwise stated, this communication will not be regularly updated.

Please click here for the Fidante Partners research policy.

This marketing communication does not constitute a personal recommendation or take into account the particular investment objectives, financial situation or particular needs of any specific recipient. It is not intended to provide the sole basis for any evaluation of an investment decision. Your attention is drawn to the date of issue of this marketing communication and of the opinions expressed herein. Before acting on any advice or recommendations in this marketing communication, recipients should consider whether it is suitable for their particular circumstances and, if necessary seek professional advice, including tax advice. Recipients of this marketing communication should note that: All investments are subject to risk; the value of shares may go down as well as up; you may not get back the full amount that you have invested; past performance is not a guarantee of, and cannot be relied on as a guide to, future performance; fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

This marketing communication is for informational purposes only and does not constitute, and should not be viewed as, an offer, invitation or solicitation in respect of securities or related other financial instruments nor shall it be construed as a recommendation for Fidante Partners to effect any transaction to buy or sell securities or related financial instruments on behalf of any recipient nor shall it, or the fact of its distribution, form the basis of or be relied upon in connection with, any contract or commitment in relation to such action. The securities that may be described in this marketing communication may not be eligible for sale in all jurisdictions or to certain categories of investors.

This marketing communication is based upon information which Fidante Partners considers reliable, but such information has not been independently verified and no representation is made that it is, or will continue to be accurate or complete and nor should it be relied on as such. This marketing communication is not guaranteed to be a complete statement or summary of any securities, markets, documents or developments referred to in this marketing communication.

Any statements or opinions expressed in this marketing communication are subject to change without notice. Neither Fidante Partners, any member of the Challenger Limited group nor any of their directors, officers, employees or agents shall have any liability (including negligence), however arising, for any error, inaccuracy or incompleteness of fact or opinion, or lack of care, in this communication's preparation or publication; provided that this shall not exclude liability which Fidante Partners has to a customer under the Financial Services & Markets Act 2000 or under the Rules of the Financial Conduct Authority.

This marketing communication contains certain forward-looking statements, beliefs or opinions. These statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", "may", "will" and similar expressions. Such statements reflect current views with respect to future events and are subject to risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. These forward-looking statements are based on current plans, estimates, projections and expectations. These statements are based on certain assumptions that, although reasonable at this time, may prove to be erroneous. No statement in this marketing communication is intended to be a profit forecast. No representations or warranties, express or implied, are given as to the achievement or reasonableness of and no reliance should be placed on, such statements, including (but not limited to) any projections, estimates, forecasts or targets contained herein. Fidante Partners does not undertake to provide any additional information, update or keep current information contained in this marketing communication, or to remedy any omissions in or from this marketing communication. There are a number of factors that could cause actual results, developments, financial targets and strategic objectives to differ materially from those expressed or implied by statements in this marketing communication. Fidante Partners, nor any other person intends, and no person assumes any obligations, to update information or statements set forth in this marketing communication. You should not place reliance on forward-looking statements which speak only as at the date of this document.

Where references to external resources such as internet websites are provided these are for reference purposes, and the external resources are not intended to be included as part of this publication; Fidante Partners plc has not checked and is not responsible for any external content, and makes no representation as to its reliability or accuracy.

Any dispute, action or other proceeding concerning this marketing communication shall be adjudicated within the exclusive jurisdiction of the courts of England. All material contained in this marketing communication (including in this disclaimer) shall be governed by and construed in accordance with the laws of England and Wales.

Fidante Partners Europe Limited

Authorised and Regulated by the Financial Conduct Authority

Fidante Partners Europe Limited trades as "Fidante Partners" and "Fidante Capital".

Registered Office: 1 Tudor Street, London EC4Y 0AH.
Registered in England and Wales No. 4040660.

FIDANTE
PARTNERS