

26th October 2017

QUAERO CAPITAL 'invests away from the crowds' and backs 'New Europe' into the UK

QUAERO CAPITAL has introduced Arrash Zafari's 'New Europe' equity fund into the UK.

The introduction of Zafari's New Europe fund, extends QUAERO CAPITAL's existing European small and mid (SMID) cap capabilities to include companies from Eastern Europe, as well as other 'peripheral' states, such as Greece, Turkey and Russia.

Zafari joined the QUAERO CAPITAL's SMID team - run by Philip Best and Marc St John Webb - three years ago and has since been nurturing a New Europe strategy which seeks to take advantage of significant under valuations in East European stocks.

Typically, stocks in Eastern Europe feature single digit price/earnings ratios, price-to-book values of less than one, and dividend yields of more than 5%. As with QUAERO CAPITAL's wider European SMID strategy, Zafari will be seeking quality companies which are often unrecognised by the market and not covered by analysts.

Zafari has been travelling extensively in Eastern Europe, including in Russia, for the past three years, and has been developing a strong sense of what makes a quality company in a part of Europe that some investors have found difficult to penetrate.

Zafari said: "There are a significant number of high quality, small businesses across Eastern Europe. Among them are those which offer all the advantages that we see from companies in more mature markets but are simply ignored by those more inclined to go for the big names. In my view, these large East European companies are the ones most prone to external risks, including political risk, and that has coloured investor sentiment for the wider market.

"Smaller Eastern European companies are left alone to get on with what they do best, and many are seeking to develop along the same lines as their western European counterparts. I therefore believe that the opportunities offered by New Europe will provide a new dimension to our European small and mid-cap strategies, and a new dimension for investors in the UK."

In making the case for New Europe Zafari also points to the significant investment currently being undertaken by the European Union particularly in Poland which is receiving over €70 billion of support in the 2014 to 2020 budgetary cycle. Smaller nations such as Estonia, Hungary, the Czech Republic and Bulgaria are also receiving significant levels of support from the EU in a bid to stimulate economic growth.

More/...

Yet despite such significant levels of investment New Europe – particularly Eastern Europe - remains largely off the radar of mainstream investors. It has experienced the highest proportion of fund closures of any geography worldwide. Since 2008 total number of funds has reduced by some 35% and until recently capital market activity has been stunted for many years.

"Western Europe still has some orphan stocks, but Eastern Europe has some orphan markets," comments Zafari.

QUAERO CAPITAL's New Europe fund is highly concentrated with its 20 top holdings representing some 70% of the portfolio.

Since June 2014, the New Europe stocks, managed by Zafari as a 'sleeve' within QUAERO CAPITAL's European SMID strategy, grew some 41% against the FTSE Eastern Europe index, which grew just 7.32% over the same period, and against the MSCI Emerging Europe index, which was down 4.55%, and the STOXX Eastern Europe 50, which was down 7.3%.

In his peer group Zafari calculates that the performance of the New Europe 'sleeve' - were it to have been a fully-fledged mutual fund since June 2014 - puts it ahead of all 72 funds in the Morningstar Emerging Europe Equity All Sector index.

Notes to Editors

About QUAERO CAPITAL

QUAERO CAPITAL is an independent, specialist asset manager which brings together independently minded investment managers who use original research to provide highly actively managed strategies for clients in the institutional and wholesale markets. It therefore adopted the catch line, '**Investing away from the crowds**'. QUAERO CAPITAL was founded in 2005 in Geneva, it is 100% employee-owned with its founding partners taking an active role in its investment processes. The firm is a team of 44 individuals including 24 experienced investors who enjoy working in an investment focused environment. QUAERO CAPITAL offers a range of high conviction investment strategies spread across 13 Luxembourg UCITS funds, one Luxembourg SIF, two Swiss regulated funds and one French regulated fund. If you would like more information about QUAERO CAPITAL then please go to www.quaerocapital.com

Regulatory Notes:

This is a marketing document and is intended for informational and/or marketing purposes only. This document is confidential and is intended only for the use of the person(s) to whom it was delivered. It is neither directed to, nor intended for distribution or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This document is neither an offering memorandum, nor should it be considered as a solicitation to purchase or to invest in Quaero Capital Funds (Lux). Any offer to purchase shares in the funds based on this document will not be capable of acceptance. The Prospectus, KIID, articles, annual and semi-annual reports (the "legal documents") may be obtained free of charge at the address mentioned below. Please read the legal documents before investing and take note of the risk factors listed in the fund's prospectus that are not intended to be reproduced in full in this document. No guarantee can be provided that the funds presented will attain their objectives. The value of an investment may decline as well as increase and shareholders risk to lose part or all of their investment. In addition, any performance data included in this document does not

take into account fees and expenses charged on issuance and redemption of securities nor any taxes that may be levied. Changes in exchange rates may cause increases or decreases in your return. All persons interested in investing in the funds presented are recommended to seek advice from independent legal and tax financial advisors in order to ascertain whether the investment is appropriate to their own objectives. The information and figures here-in are valid on the here-of- there is no obligation to update them.

Quaero Capital Funds (Lux)

Notice for Swiss investors: the legal documents may be obtained free of charge in French from the Swiss representative of the fund. Swiss representative: Fundpartner Solutions (Suisse) S.A., Route des Acacias 60, CH-1211 Geneva, Switzerland. Swiss paying agent: Banque Pictet & Cie S.A. Route des Acacias 60, CH-1211 Geneva, Switzerland. Latest prices are available on www.fundinfo.com.

Notice for UK investors: the legal documents may be obtained free of charge in English from the UK representative of the fund: Quaero Capital (UK) LTD 33 St James's Square SW1Y 4JS London.

Notice for other investors: the legal documents may be obtained free of charge in English at the registered office of the fund 15, Avenue J.F. Kennedy L-1855 Luxembourg.

You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

For further information:

John Morgan
Fortuna Asset Management Communications
Tel: +44 (0) 7769 262272