



RWC Continental European Equity Fund

31st December 2020

Fund Aim

To provide capital return and income to investors by investing primarily in Continental European equity securities.

Fund AUM €17.9m

Team AUM €391.5m

Firm AUM €19,363.5m

Fund Details

Managers	Graham Clapp Russell Champion
Launch Date	14th December 2017
Structure	UCITS IV Lux SICAV
Domicile	Luxembourg
Share Classes	EUR, GBP
Minimum Investment	
Share Class B	10,000,000
Share Class R	25,000
Annual Management Charge	
Share Class B	0.80%
Share Class R	0.80%
Distribution Frequency	Semi-Annual
XD Dates	30 Jun, 31 Dec
Pay Dates	13 Jul, 14 Jan
Dealing - Subscriptions	Daily
Dealing - Redemptions	Daily
Dealing Cut Off	13:00 CET
Administrator	Brown Brothers Harriman
Auditor	PricewaterhouseCoopers (LUX)

Fund Codes

Share Class	ISIN	Sedol	Bloomberg
B EUR	LU1697531488	BF8F669	RWCEBEC LX
B GBP	LU1697531561	BF8F6R0	RWCEBGC LX
R GBP	LU1697531728	BF8F744	RWCERGC LX

Cumulative Performance - Class B EUR



Cumulative Performance (%)

	NAV per Share	1M	3M	YTD	1Y	3Y	SI
B EUR	134.92	4.90	12.93	14.22	14.22	34.72	34.92
MSCI Europe ex UK Net TR		2.15	10.45	1.75	1.75	15.28	14.48

Discrete Monthly Performance - Class B EUR (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	-1.35	-6.04	-15.99	11.60	7.83	1.60	0.39	3.62	2.12	-5.84	14.32	4.90	14.22
2019	8.00	3.42	-0.34	5.41	-7.49	7.07	0.50	0.29	2.02	3.36	4.73	2.44	32.52
2018	4.13	-0.73	-1.62	4.95	-0.12	-0.60	2.58	-1.34	-0.70	-7.59	-3.30	-6.47	-10.99

Historic Annual Returns (%)

2017	0.15
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Commentary

European equity markets continued their recovery in December, with the MSCI Europe ex-UK Index rallying a further 2.15%, bolstered by further vaccine developments and supportive monetary and fiscal stimulus. The fund outperformed, rising 4.90% driven by both positive sector allocation and stock picking. Consumer discretionary was the greatest source of outperformance, whilst industrials also contributed strongly.

HelloFresh rose a further 28% in December. The company released guidance for 2021 and mid-term ambitions well ahead of market expectations at its capital market day, which was taken well by investors. The company has been a clear beneficiary from Covid-19, with consumers trapped at home with restaurants closed and hence demand for its meal kits has risen significantly, with revenue roughly doubling in 2020, and profits even more due to significant operating leverage. Some analysts had recently become negative on the company's prospects, forecasting that this tailwind would reverse as restaurants and economies reopen, leading to declining revenues. We believe that Covid-19 has acted to accelerate this adoption, and with market penetration still low there is scope for further growth. With huge market share dominance and significant economies of scale over competition we believe HelloFresh has cemented itself as the Amazon of meal kits with an unsurmountable lead over competition.

Prada was one of our top performers of the month, rising 30%, as further evidence of improving brand heat led to more optimism surrounding the brand turnaround. We view Prada as a sleeping giant in the industry with a strong heritage and global presence creating a competitive moat that few others in the industry can achieve. Prada has been fixing the brand through various strategic measures, such as repositioning its handbags, relaunching iconic lines, focusing on sustainable fabrics and rationalising the wholesale channel which has resulted in signs of improving momentum. There remains plenty of upside potential for the company if this turnaround comes through.

Ipsen fell -16% in December after a poor reception from investors to its capital markets day update. The company is facing a number of uncertainties to both revenues and costs in the coming year which makes forecasting operating margins difficult. On the revenue side, Ipsen is facing headwinds from generic Somatuline, however the timing of this remains uncertain, and management conservatively guided to a faster decline than we forecast. On the cost side, management incorporated extra R&D expenses for likely future M&A assets that are yet to be acquired, without any additional benefits to revenues, directly diluting profits. As such we expect the company to outperform this margin guidance and positive revisions to consensus earnings expectations. The company remains attractively valued trading below 10x forward earnings and beating margin expectations should help close the valuation gap to peers.

Please note Firm AUM includes emulation account values from the previous month-end.

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.

Total Fund returns are calculated on a NAV-NAV basis net income reinvested and are shown net of all fees.

Source: RWC

RWC Partners Limited - Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH

t. +44 (0)20 7227 6000 f. +44 (0)20 7227 6003 e. invest@rwcpartners.com

www.rwcpartners.com

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Exposure Summary (%)

Equities	97.2
Cash	2.8

Top Ten Long Positions (%)

HelloFresh SE	5.4
Novo Nordisk A/S Class B	4.7
Legrand SA	3.2
QIAGEN NV	3.2
Pandora A/S	3.0
TeamViewer AG	2.9
Avast Plc	2.9
Rheinmetall AG	2.9
Swatch Group Ltd. Bearer	2.9
Faurecia SA	2.9

Security Breakdown

Total No. of Securities Held	42
Top Ten Positions*	34.0

Market Cap Breakdown (% of NAV)

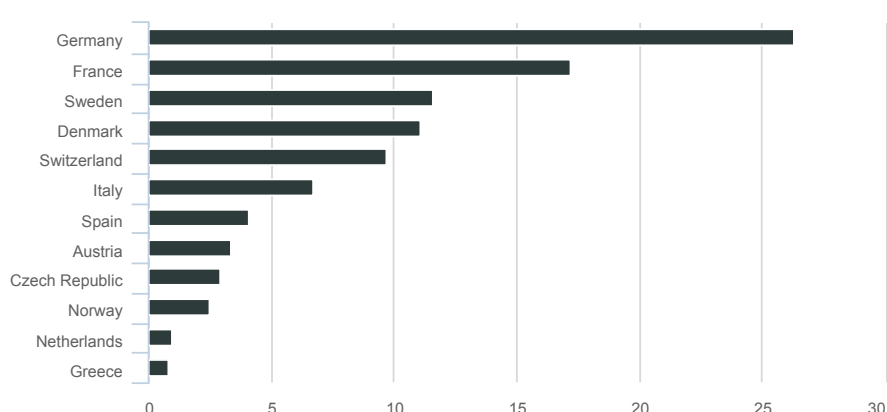
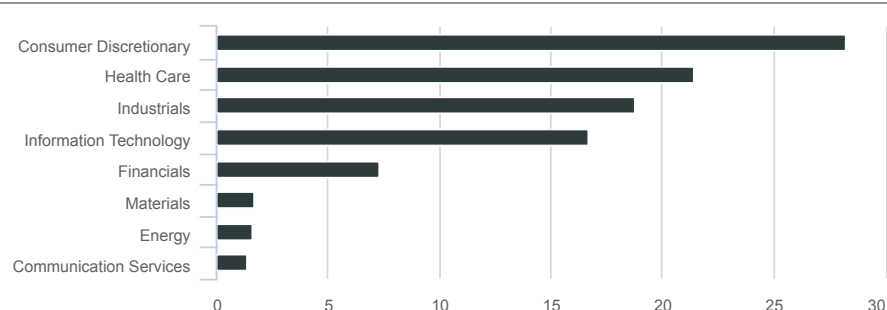
> \$25bn	11.7
\$10bn - \$25bn	37.8
\$1bn - \$10bn	46.9
< \$1bn	3.7

Statistical Analysis

	Fund
Active Share	94.8

Additional Share Class NAV & Performance

Share Class	NAV	1 Month (%)	YTD (%)
B EUR	134.92	4.90	14.22
B GBP	137.65	4.80	20.64
R GBP	131.37	4.79	20.60

Geographic Breakdown (%)

Sector Breakdown (%)


The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

*Percentage of NAV.

Source: FactSet (using GICS Sector Classifications via MSCI).

Country classifications differ from that of the index.

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