

Quercus TFI

Close as of 04/10/2021: PLN 4.26

Analyst:

Łukasz Jańczak
+48 22 257 57 54
lukasz.janczak@erstegroup.com

3Q21E Results Preview

Quercus TFI is due to publish its 3Q21 results on 19th October.

We expect 3Q21 net profit of PLN 4.1m (+16% q/q, +44% y/y), driven by:

- **AuM and yield:** Average AuM reached PLN 3,888m in the quarter, what is 9% higher on a quarterly basis and +56% y/y. We estimate management fee yield will reach 1.81% in 3Q21.
- **Revenues:** As a result of abovementioned we estimate revenues from management fee amounted to PLN 17.6m (+11% q/q, +38% y/y).
- **OPEX:** We assume distribution costs to reach 8.7m, which is 49% of revenues (stable q/q). Other OPEX is expected to reach PLN 4.7m (flat q/q).

We assume company will not book **success fee** this quarter, but given continued strong performance we think that conditional revenues from success fee (potentially to be booked in Q4) will improve from PLN 14.8m as of end of 2Q21 to around PLN 17m as of end of 3Q21.

P&L	3Q20	2Q21	3Q21E	q/q	y/y	9M20	9M21E	y/y
Revenues	13.2	16.0	17.6	10%	34%	37.8	47.3	25%
Management fee	12.8	15.8	17.6	11%	38%	37.4	47.1	26%
Success fee	0.4	0.2	0.0			0.4	0.2	
OPEX	10.3	12.4	13.4	7%	30%	30.2	37.1	23%
Distribution	6.1	7.7	8.7	12%	41%	17.3	22.8	32%
SG&A	4.1	4.7	4.7	-1%	14%	12.9	14.3	11%
EBIT	2.0	2.8	4.2	52%	112%	6.3	8.6	36%
Net financial income	1.4	1.5	0.7			3.7	4.2	
Gross profit	3.4	4.2	4.9			10.0	12.8	28%
Tax	0.6	0.7	0.9			1.7	2.1	
Net profit	2.8	3.5	4.1	16%	44%	8.4	10.7	28%
Key figures	3Q20	2Q21	3Q21E	q/q	y/y	9M20	9M21E	y/y
Average AuM (PLN m)	2 490	3 561	3 888	9%	56%	2 436	3 530	45%
AuM (eop, PLN m)	2 605	3 806	3 943	4%	51%	2 605	3 943	51%
Management fee yield	2.05%	1.78%	1.81%	2%	-12%	2.05%	1.78%	-13%
Distribution / revenues	47%	48%	49%			46%	48%	
SG&A/ revenues	31%	29%	27%			34%	30%	
Effective tax rate	17.1%	17.0%	17.4%			16.7%	16.6%	

Disclaimer

This investment research (the "Document") has been prepared by Erste Group Bank AG or any of its consolidated subsidiaries (together with consolidated subsidiaries "Erste Group") independently and objectively for the purpose of providing additional economical information about the analyzed company or companies. The Document is based on reasonable knowledge of Erste Group's analyst in charge of producing the Document as of the date thereof and may be amended from time to time without further notice. It only serves for the purpose of providing non-binding information and does not constitute investment advice or investment recommendations. This Document does not constitute or form part of, and should not be construed as, an offer, recommendation or invitation to subscribe for or purchase any securities, and neither this Document nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or inclusion of a security or financial product in a trading strategy. All information, analysis and conclusions provided herein are of general nature. This Document does not purport to provide a comprehensive overview about any investment, the potential risks and results nor does this Document take into account any individual needs of an investor (the "Investor") in relation to proceeds, tax aspects, risk awareness and appropriateness of the security or financial product. Therefore, this Document does not replace any investor- and investment-related evaluation nor any comprehensive risk disclosure; any security or financial product has a different risk level. Performance charts and example calculations do not provide any indication for future performance of the security or the financial product. Information about past performance does not necessarily guarantee a positive development in the future and investments in securities or financial products can be of risk and speculative nature. The weaker the Company's credit-worthiness is, the higher the risk of an investment will be. Not every investment is suitable for every investor. Therefore, Investors shall consult their advisors (in particular legal and tax advisors) prior to taking any investment decision to ensure that – irrespective of information provided herein – the intended purchase of the security or financial product is appropriate for the Investor's needs and intention, that the Investor has understood all risks and that, after due examination, the Investor has concluded to make the investment and is in a position to bear the economical outcome of such investment. Investors are advised to mind the client information pursuant to the Austrian Securities Supervision Act 2018. Investment research is produced by Erste Group's division for investment research within the framework provided by applicable laws. The opinions featured in the equity and credit research reports may vary. Investors in equities may pursue different interests compared to those of investors on the credit side, related to the same issuer. The analyst has no authority whatsoever to make any representation or warranty on behalf of the analyzed Company, Erste Group, or any other person. While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Erste Group (including its representatives and employees) neither expressly nor tacitly makes any guarantee as to or assumes any liability for the up-to-dateness, completeness and correctness of the content of this Document. Neither a company of Erste Group nor any of its respective managing directors, supervisory board members, executive board members, directors, officers or other employees shall be in any way liable for any costs, losses or damages (including subsequent damages, indirect damages and loss of profit) howsoever arising from the use of or reliance on this Document. Erste Group, associated companies as well as representatives and employees may, to the extent permitted by law, have a position in the securities of (or options, warrants or rights with respect to, or interest in the financial instruments or other securities of) the Company. Further, Erste Group, associated companies as well as representatives and employees may offer investment services to the Company or may take over management function in the Company. This Document has been produced in line with Austrian law and for the territory of Austria. Forwarding this Document as well as marketing of financial products described herein are restricted or interdicted in certain jurisdictions. This, in particular, applies to the United States, Canada, Switzerland, Australia, Korea and Japan. In particular, neither this Document nor any copy hereof may be taken or transmitted or distributed, directly or indirectly, into the United States or to US Persons (as defined in the U.S. Securities Act of 1933, as amended) unless applicable laws of the United States or certain federal states of the United States provide for applicable exemptions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction. Persons receiving possession of this Document are obliged to inform themselves about any such restrictions and to adhere to them. By accepting this Document, the recipient agrees to be bound by the foregoing limitations and to adhere to applicable regulations. Further information may be provided by Erste Group upon request. This Document and information, analysis, comments and conclusions provided herein are copyrighted material. **Erste Group reserves the right to amend any opinion and information provided herein at any time and without prior notice. Erste Group further reserves the right not to update any information provided herein or to cease updates at all.** All information provided in this Document is non-binding. Misprints and printing errors reserved. This document is only made to or directed at investment professionals (as that term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial promotion) Order 2005 ("FPO")) or to persons for whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this document.

If one of the clauses provided for in this disclaimer is found to be illicit, inapplicable or not enforceable, the clause has to be treated separately from other clauses provided for in this disclaimer to the largest extent possible. In any case, the illicit, inapplicable or not enforceable clause shall not affect the licitness, applicability or enforceability of any other clauses.

Contacts

Group Research

Head of Group Research

Friedrich Mostböck, CEFA +43 (0)5 0100 11902

CEE Macro/Fixed Income Research

Head: Juraj Kotian (Macro/FI) +43 (0)5 0100 17357
Katarzyna Rzentarzewska (Fixed income) +43 (0)5 0100 17356
Malgorzata Krzywicka (Fixed income, Poland) +43 (0)5 0100 17338
Katarina Muchova +43 (0)5 0100 17336

Croatia/Serbia

Alen Kovac (Head) +385 72 37 1383
Mate Jelic +385 72 37 1443
Ivana Rogic +385 72 37 2419

Czech Republic

David Navratil (Head) +420 956 765 439
Jiri Polansky +420 956 765 192
Michal Skorepa +420 956 765 172

Hungary

Orsolya Nyeste +361 268 4428
Janos Nagy +361 272 5115

Romania

Ciprian Dascalu (Head) +40 3735 10108
Eugen Sinca +40 3735 10435
Dorina Ilasco +40 3735 10436
Iulian George Misu +40 758484043

Slovakia

Maria Valachyova (Head) +421 2 4862 4185
Matej Hornak +421 902 213 591

Major Markets & Credit Research

Head: Gudrun Egger, CEFA +43 (0)5 0100 11909
Raif Burchert, CEFA (Sub-Sovereigns & Agencies) +43 (0)5 0100 16314
Hans Engel (Global Equities) +43 (0)5 0100 19835
Margarita Grushanina (Austria, Quant Analyst) +43 (0)5 0100 11957
Peter Kaufmann, CFA (Corporate Bonds) +43 (0)5 0100 11183
Heiko Langer (Financials & Covered Bonds) +43 (0)5 0100 85509
Stephan Lingnau (Global Equities) +43 (0)5 0100 16574
Carmen Riefler-Kowarsch (Financials & Covered Bonds) +43 (0)5 0100 19632
Rainer Singer (Euro, US) +43 (0)5 0100 17331
Bernadett Povazsai-Romhild, CEFA (Corporate Bonds) +43 (0)5 0100 17203
Elena Statelov, CIIA (Corporate Bonds) +43 (0)5 0100 19641
Gerald Walek, CFA (Euro, CHF) +43 (0)5 0100 16360

CEE Equity Research

Head: Henning Eßkuchen +43 (0)5 0100 19634
Daniel Lion, CIIA (Technology, Ind. Goods&Services) +43 (0)5 0100 17420
Michael Marschällinger, CFA +43 (0)5 0100 17906
Nora Nagy (Telecom) +43 (0)5 0100 17416
Christoph Schultes, MBA, CIIA (Real Estate) +43 (0)5 0100 11523
Thomas Unger, CFA (Banks, Insurance) +43 (0)5 0100 17344
Vladimira Urbankova, MBA (Pharma) +43 (0)5 0100 17343
Martina Valenta, MBA +43 (0)5 0100 11913

Croatia/Serbia

Mladen Dodig (Head) +381 11 22 09178
Anto Augustinovic +385 72 37 2833
Magdalena Basic +385 72 37 1407
Davor Spoljar, CFA +385 72 37 2825

Czech Republic

Petr Bartek (Head) +420 956 765 227
Jan Safranek +420 956 765 218

Hungary

József Miró (Head) +361 235 5131
András Nagy +361 235 5132
Tamás Pletser, CFA +361 235 5135

Poland

Cezary Bernatek (Head) +48 22 257 5751
Konrad Grygo +48 22 257 5753
Krzysztof Kawa +48 22 257 57 52

Romania

Caius Rapanu +40 3735 10441

Group Institutional & Retail Sales

Group Institutional Equity Sales

Head: Brigitte Zeitberger-Schmid +43 (0)5 0100 83123

Cash Equity Sales

Werner Fuerst +43 (0)5 0100 83121
Josef Kerekes +43 (0)5 0100 83125
Cormac Lyden +43 (0)5 0100 83120

Institutional Equity Sales Croatia

Damir Eror +385 72 37 28 36

Institutional Equity Sales Czech Republic

Head: Michal Rizek +420 224 995 537
Pavel Krabicka +420 224 995 411
Martin Havlan +420 224 995 551
Jiri Feres +420 224 995 554

Institutional Equity Sales Hungary

Levente Nándori +361 235 5141
Balázs Zánkay +361 235 5156
Krisztián Kandik +361 235 5140

Institutional Equity Sales Poland

Jacek Jakub Langer (Head) +48 22 257 5711
Tomasz Galanciak +48 22 257 5715
Wojciech Wysocki +48 22 257 5714
Przemyslaw Nowosad +48 22 257 5712
Grzegorz Stepien +48 22 257 5713

Institutional Equity Sales Romania

Liviu George Avram +40 3735 16569

Group Markets Retail and Agency Business

Head: Christian Reiss +43 (0)5 0100 84012

Markets Retail Sales AT

Head: Markus Kaller +43 (0)5 0100 84239

Group Markets Execution

Head: Kurt Gerhold +43 (0)5 0100 84232

Retail & Sparkassen Sales

Head: Uwe Kolar +43 (0)5 0100 83214

Corporate Treasury Prod. Distribution

Head: Christian Skopek +43 (0)5 0100 84146

Group Securities Markets

Head: Thomas Einramhof +43 (0)50100 84432

Institutional Distribution Core

Head: Jürgen Niemeier +49 (0)30 8105800 5503

Institutional Distribution DACH+

Head: Marc Frieberthäuser +49 (0)711 810400 5540
Bernd Bollhof +49 (0)30 8105800 5525
Andreas Goll +49 (0)711 810400 5561
Mathias Gindele +49 (0)711 810400 5562
Ulrich Inhofner +43 (0)5 0100 85544
Sven Kienzie +49 (0)711 810400 5541
Rene Klases +49 (0)30 8105800 5521
Christopher Lampe-Traupe +49 (0)30 8105800 5523
Karin Rattay +43 (0)5 0100 84118
Michael Schmotz +43 (0)5 0100 85542
Klaus Vosseler +49 (0)711 810400 5560

Slovakia

Šarlota Šípulová +421 2 4862 5619
Monika Sméliková +421 2 4862 5629

Institutional Distribution CEE & Insti AM CZ

Head: Antun Burić +385 (0)7237 2439
Jaromir Malak +43 (0)5 0100 84254

Czech Republic

Head: Ondrej Cech +420 2 2499 5577
Milan Bartoš +420 2 2499 5562

Croatia

Head: Antun Burić +385 (0)7237 2439
Zvonimir Tukač +385 (0)7237 1787
Natalija Zujic +385 (0)7237 1638

Hungary

Head: Peter Csizmadia +36 1 237 8211
Gábor Bálint +36 1 237 8205
Ádám Szönyi +36 1 237 8213

Romania and Bulgaria

Head: Ruxandra Lungu +40 373516562

Institutional Asset Management Czech Republic

Head: Petr Holeček +420 956 765 453
Petra Maděrová +420 956 765 178
Martin Peřina +420 956 765 106
David Petráček +420 956 765 809
Blanca Weinerová +420 956 765 317
Petr Valenta +420 956 765 140

Group Fixed Income Securities Markets

Head: Goran Hobljaj +43 (0)50100 84403

FISM Flow

Head: Aleksandar Doric +43 (0)5 0100 87487
Margit Hraschek +43 (0)5 0100 84117
Bernd Thaler +43 (0)5 0100 84119
Ciprian Mitu +43 (0)5 0100 85612
Christian Kienesberger +43 (0)5 0100 84323
Zsuzsanna Toth +36-1-237 8209

Poland:

Pawel Kielek +48 22 538 6223
Michal Jarmakowicz +43 50100 85611

Important Disclosures

THIS DOCUMENT MAY NOT BE TAKEN, TRANSMITTED OR DISTRIBUTED INTO THE UNITED STATES, CANADA, SWITZERLAND, AUSTRALIA, KOREA OR JAPAN OR TO ANY U.S. PERSON OR TO ANY INDIVIDUAL OUTSIDE CANADA, AUSTRALIA, SWITZERLAND, KOREA OR JAPAN WHO IS A RESIDENT OF THE UNITED STATES, CANADA, SWITZERLAND, AUSTRALIA, KOREA OR JAPAN OR TO THE PRESS IN THESE COUNTRIES.

General disclosures

All recommendations given by Erste Group Research are independent, objective and are based on the latest company, industry and other general information publicly available which Erste Group Research considers being reliable; however, we do not represent or assume any liability for the completeness of accuracy of such information or our recommendation. The best possible care and integrity is used to avoid errors and/or misstatements. No influence on the rating and/or target price is being exerted by either the covered company or other internal departments of Erste Group. Each research drawn up by an analyst is reviewed by a senior research executive or agreed with a senior analyst/deputy (4-eyes-principle). Erste Group has implemented extensive Compliance Rules on personal account dealings of analysts (please see "Conflicts of Interest"). Analysts are not allowed to involve themselves in any paid activities with the covered companies except as disclosed otherwise. No part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. Erste Group may engage in transactions with financial instruments, on a proprietary basis or otherwise, in a manner inconsistent with the view taken in this research report. In addition, others within Erste Group, including strategists and sales staff, may take a view that is inconsistent with that taken in this research report.

Conflicts of Interest

Disclosures of potential conflicts of interest relating to Erste Group Bank AG, its affiliates or branches and its relevant representatives and employees with respect to the issuers, financial instruments and/or securities forming the subject of this document are updated daily.

For an overview of conflicts of interests for all analysed companies by Erste Group in Equity Research please follow following link: <https://produkte.erstegroup.com/Retail/en/ResearchCenter/Overview/Disclaimer/index.phtml>.

Erste Group Bank AG ensures with internal policies that conflicts of interest are managed in a fair manner. The policy „Managing Conflict of Interest in Connection with Investment Research“ are provided under the following link: <https://produkte.erstegroup.com/Retail/en/ResearchCenter/Overview/Disclaimer/index.phtml>.

Erste Group rating definitions

Buy	> +20% to target price
Accumulate	+10% < target price < +20%
Hold	0% < target price < +10%
Reduce	-10% < target price < 0%
Sell	< -10% to target price

Our target prices are established by determining the fair value of stocks, taking into account additional fundamental factors and news of relevance for the stock price (such as M&A activities, major forthcoming share deals, positive/negative share/sector sentiment, news) and refer to 12 months from now. All recommendations are to be understood relative to our current fundamental valuation of the stock. The recommendation does not indicate any relative performance of the stock vs. a regional or sector benchmark.

A history of all recommendations within the last 12 months is provided under the following link: <https://produkte.erstegroup.com/Retail/en/ResearchCenter/Overview/Disclaimer/index.phtml>.

Explanation of valuation parameters and risk assessment

Unless otherwise stated in the text of the financial investment research, target prices in the publication are based on a discounted cash flow valuation and/or comparison of valuation ratios with companies seen by the analyst as comparable or a combination of the two methods. The result of this fundamental valuation is adjusted to reflect the analyst's views on the likely course of investor sentiment. Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe. Risk factors include unforeseen changes in competitive pressures or in the level of demand for the company's products. Such demand variations may result from changes in technology, in the overall level of economic activity or, in some cases, from changes in social values. Valuations may also be affected by changes in taxation, in exchange rates, in the capital market sentiment and in regulatory provisions. Investment in overseas markets and instruments such as ADRs can result in increased risk from factors such as exchange rates, exchange controls, taxation, political, economic and social conditions.

All market prices within this publication are closing prices of the previous trading day (unless otherwise mentioned within the publication). Detailed information about the valuation and methodology of investment research by the Erste Group Bank AG is provided under the following link: <https://produkte.erstegroup.com/Retail/en/ResearchCenter/Overview/Disclaimer/index.phtml>.

Planned frequency of updates for recommendations

Target prices for individual stocks are meant to be 12 month target prices, starting from the date of the publication. Target prices and recommendations are reviewed usually upon release of quarterly reports, or whenever circumstances require.

Periodical publications are identified by their respective product name and indicate update frequency as such (e.g. Quarterly). Recommendations mentioned within these publications are updated in an according frequency, unless otherwise mentioned (e.g. a 12M TP is not updated on a monthly base, even when mentioned in summarizing monthly/quarterly product).

Links

Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Erste Group does not accept responsibility whatsoever for any such material, including in particular the completeness and accuracy, nor for any consequences of its use.

Additional notes to readers in the following countries:

Austria: Erste Group Bank AG is registered in the Commercial Register at Commercial Court Vienna under the number FN 33209m. Erste Group Bank AG is authorized and regulated by the European Central Bank (ECB) (Sonnenmannstraße 20, D-60314 Frankfurt am Main, Germany) and by the Austrian "Finanzmarktaufsichtsbehörde" (FMA) (Otto-Wagner Platz 5, A-1090, Vienna, Austria).

Germany: Erste Group Bank AG is authorised for the conduct of investment business in Germany by the Austrian Financial Market Authority (FMA) and subject to limited regulation by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

United Kingdom: Erste Group Bank AG will provide its cross-border service to its UK clients under the Overseas Persons Exemption (OPE) model. This research is only made to or directed at investment professionals (as that term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial promotion) Order 2005 ("FPO")) or to persons for whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this research.

Czech Republic: Česká spořitelna, a.s. is regulated for the conduct of investment activities in Czech Republic by the "Česká Národní Banka" (CNB).

Croatia: Erste Bank Croatia is regulated for the conduct of investment activities in Croatia by the "Hrvatska Agencija za Nadzor Financijskih Usluga" (HANFA).

Hungary: Erste Bank Hungary ZRT. and Erste Investment Befektetési Zrt. are regulated for the conduct of investment activities in Hungary by the Magyar Nemzeti Bank" (MNB).

Serbia: Erste Group Bank AG is regulated for the conduct of investment activities in Serbia by the Komisija za hartije od vrijednosti Republike Srbije" (SECRS).

Romania: Banka Comerciala Romana is regulated for the conduct of investment activities in Romania by the "Autoritatea de Supraveghere Financiară" (ASF).

Poland: Erste Securities Polska S.A. is regulated for the conduct of investment activities in Poland by the "Komisja Nadzoru Finansowego" (KNF).

Slovakia: Slovenská sporiteľňa, a.s. is regulated for the conduct of investment activities in Slovakia by the "Národná banka Slovenska" (NBS).

Switzerland: This research report does not constitute a prospectus or similar communication in connection with an offering or listing of securities as defined in Articles 652a, 752 and 1156 of the Swiss Code of Obligation and the listing rules of the SIX Swiss Exchange.

Hong Kong: This document may only be received in Hong Kong by 'professional investors' within the meaning of Schedule 1 of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under.

© Erste Group Bank AG 2021. All rights reserved.

Published by:

Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna
Erste Group Homepage: www.erstegroup.com