

Quercus TFI

4Q21 standalone net profit in line with expectations.

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Quercus TFI released 4Q21 figures with the following highlights:

- **4Q21 standalone net profit** of Quercus TFI came in at PLN 11.6m (21% r/r, 181% kw/kw) and was broadly in line our estimates (PLN 12.4m).
- According to our estimates **fixed fee** in 4Q21 (pro-forma) amounted to PLN c. 17.3m (54% Yoy, 3% Qoq) and was in line with our expectations. Average margin on AUM (pro-forma) came in at 1.70% vs. 1.73% in 3Q21 (and vs. 1.67% in 4Q20). In 4Q21 share of Ochrony Kapitału assets in total AUM declined to 28.6% on average (vs. 30.5% in 3Q21) and share of higher-margin Quercus Global Balanced grew to 11% (from 8%, respectively) and of Quercus Agresywny remained broadly flat (13% in 4Q21 vs. 13% in 3Q21).
- **Success fee** came in at PLN 18.3m (vs. PLN 18.6m provision after 9 months and vs. PLN 12.8m in 2020) and was in line, with our expectations. The fee was earned mainly by Quercus Global Balanced (PLN 4.5m), Quercus Agresywny (PLN 2.5m), Quercus Stabilny (PLN 1.7m) and Quercus Multistrategy FIZ (PLN 1.9m).
- **Distribution costs** came in at PLN 10m (61% Yoy, 13% Qoq) and represented c. 59% of pro-forma fixed fee (vs. 54% in 3Q21 and 56% in 4Q20).
- At the end of 4Q21 **AUM** of Quercus TFI amounted to PLN 4,438m (55% y/y, 9% q/q). Y/y growth was driven by rising assets of QRS Global Balanced (302% y/y), QRS Agresywny (128% y/y), QRS Dłużny Krótkoterminowy (74% y/y) and QRS Stabilny (278% y/y). On a quarterly basis, growth of AUM of QRS Global Balanced (46% q/q), QRS Ochrony Kapitału (4% q/q) and QRS Obligacji Skarbowych (29% y/y) was partly offset by declining AUM of QRS Dłużny Krótkoterminowy (-9% q/q) and QRS Agresywny (-5% q/q).
- **Telco** with CEO will take place today, March 29, at 15:00 through MS Teams.

Our view: NEUTRAL

4Q21 standalone net profit of Quercus TFI came in at PLN 11.6m and was broadly in line with our estimates (PLN 12.4m). Fixed fee increased 54% y/y supported by rising AUM and was in line with our estimates. Success fee of PLN 18m came as expected as well, but we note, that it was much better than in previous years. Having strong year behind the company to reported seasonally higher costs. While 2021 was strong for the company we point, that incoming quarters appear to be more demanding for fund managers, due to: 1) further regulatory changes related to fixed fee, 2) ESMA regulations, 3) more volatile equity markets, 4) negative rates of returns in bond funds, 5) more investment opportunities on the back of rising rates. At the end of Feb'22 AUM of Quercus TFI declined to PLN 4,209m (-5% YTD) and net flows came in at PLN -47m (vs. PLN +360m in 4Q21 and vs. PLN 1,302m in 2021).

Quercus TFI – P&L, PLN mn

	4Q20	1Q21	2Q21	3Q21	4Q21	y/y	q/q	Pekao	vs. Pekao
Fixed fee	12.9	13.7	16.0	18.4	18.9	47%	3%	19.3	-2%
Success fee	12.4	0.0	0.0	0.0	18.3	na	na	18.0	1%
Total costs	-8.4	-8.6	-9.6	-10.4	-19.6	134%	89%	-20.7	-5%
Profit from sales	11.0	2.4	3.6	5.3	15.0	36%	184%	15.3	-2%
EBIT	11.1	1.6	2.8	5.3	14.6	32%	176%	15.3	-5%
Net profit	9.6	3.1	3.5	4.1	11.6	21%	181%	12.4	-7%
AUM eop	2 949	3 448	3 806	3 943	3 933	33%	0%		
AUM (average)	2 708	3 207	3 561	3 888	4 089	51%	5%		

Source: Company, Pekao Equity Research

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