S. W. MITCHELL CAPITAL

Pan European equities

Long only managed account

July 2024

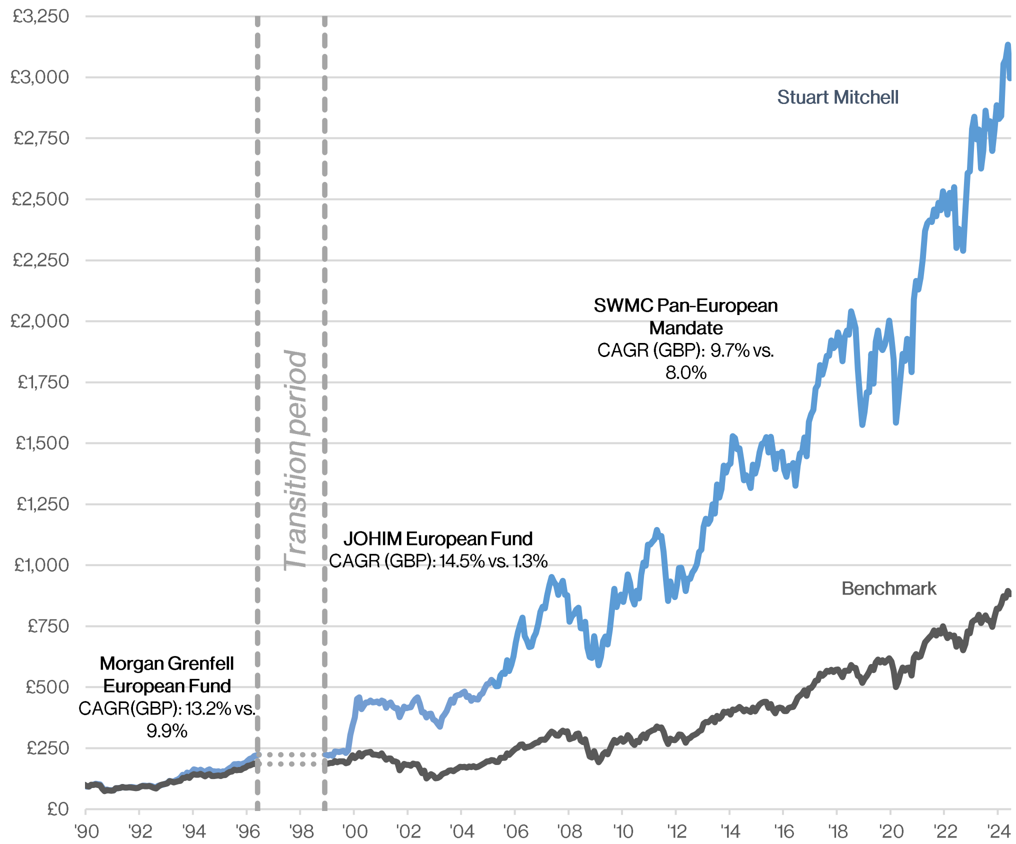
Contents

S. W. Mitchell Capital – who we are

Who we are

Who we are

- Long term investors
- One single focus: European equities
- Over 35 years' experience investing solely in Europe
- Long-standing team, who have spent most of their careers working together
- Bottom-up, fundamentally driven investment philosophy focused on unrecognised value
- We build unconstrained
  concentrated
  best ideas portfolios



All data sources: Waverton, FactSet as at 30 June 2024. All performance shown is cumulative and net of fees in GBP for Morgan Grenfell European Fund (January 1990 – June 1996), JO Hambro Investment Management European Fund (January 1999 – March 2005) and a typical S.W. Mitchell Capital Pan European equity mandate (April 2005 – current). From April 2005 the performance results presented are hypothetical, for informational purposes only, and are not intended to, nor do they, represent the actual performance of any one specific client or group of clients over the time period shown. There can be no assurances that the performance can or will be achieved. No guarantee of future performance can or will be made. Actual returns will vary depending on a variety of factors and conditions. Performance shown from April 2005 is for four chain linked typical Pan European Mandates that had a similar investment objective: the first from Feb 1999 until Aug 1999, the second between Sept 1999 and Dec 2011, the third from Jan 2012 to Jan 2019, and the fourth from Feb 2019 to current. Any further information required is available from the Investment Manager upon request.
Index: MSCI Europe

Our team

How our team works

- Low turnover, long term investors
  with independent and often contrarian views
- Ability to endure short term pain
  and remain steadfast in our convictions
- Over 30 years of experience
  dedicated exclusively to European equities
- Team that has worked together for most of their careers
- Research process
  captures the entire market capitalisation spectrum
- Investing only in the most attractive ideas
  without regard to size or benchmark constraints
- Hunting for ideas on the ground,
  not behind a computer screen

Meet the team

Julian Johnston
Investment Analyst
Nordics all cap
39 years' experience

Lukas Schmitz
Partner, Investment Analyst
Pan Europe all cap
11 years' experience

Stuart Mitchell
Managing Partner,
CIO and Investment Manager
Pan Europe all cap
36 years' experience

Dominic Peppiatt
Investment Analyst
2 years experience

Oliver Kelton
Ardtur Fund Manager
23 Years Experience

Pascal Hautcoeur
Investment Analyst
Pan Europe all cap
36 years' experience

Cristina Hall
Investment Analyst
France all cap
33 years' experience

Piers Nestler
Investment Analyst
Central Europe all cap
38 years' experience

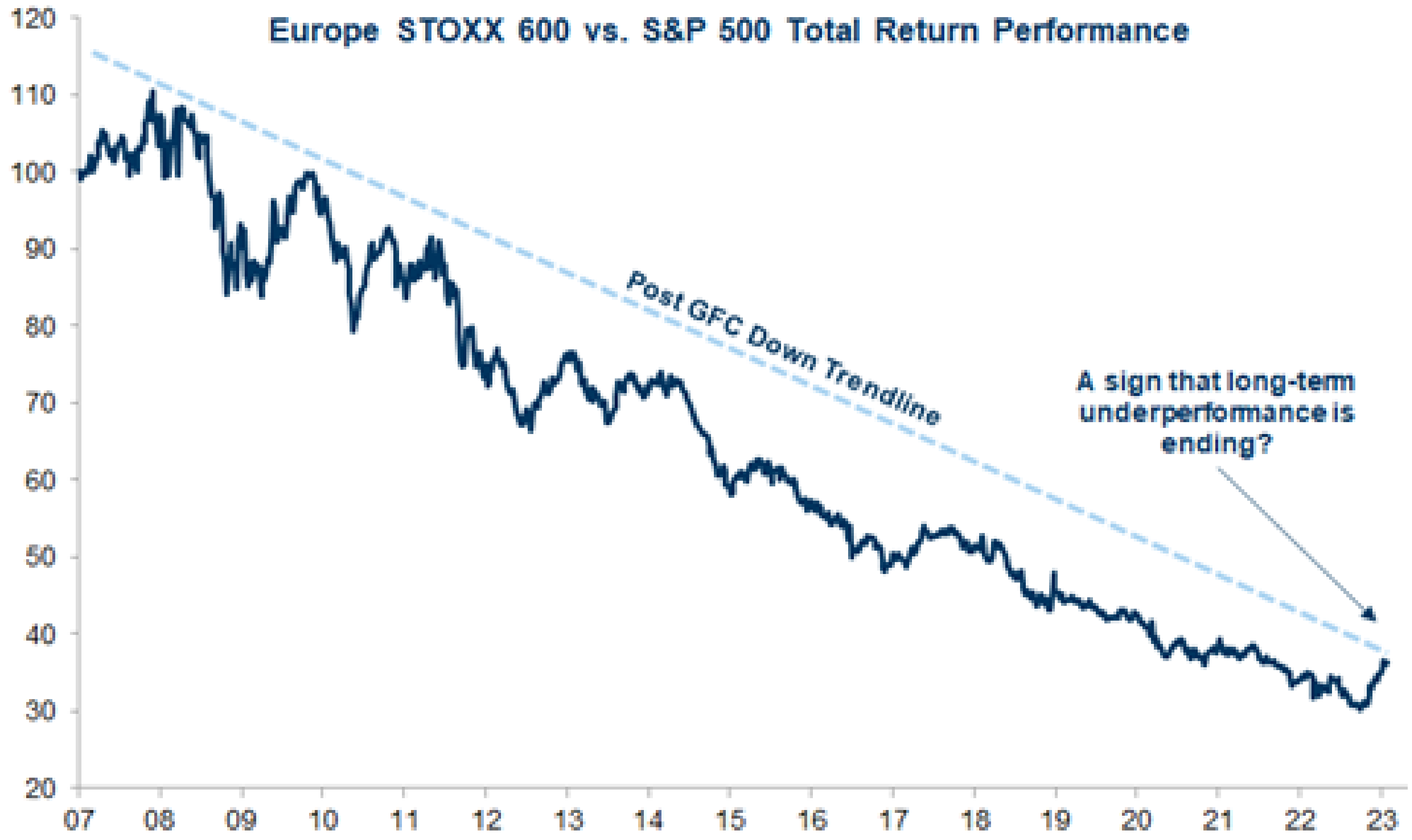
Europe – the opportunity

When was the last time you saw a portfolio trading at ten times earnings?

	2025 (e)		
	PER (X)	Price/Book Value	Dividend Yield
S.W. Mitchell Capital	10.0	1.2	3.7

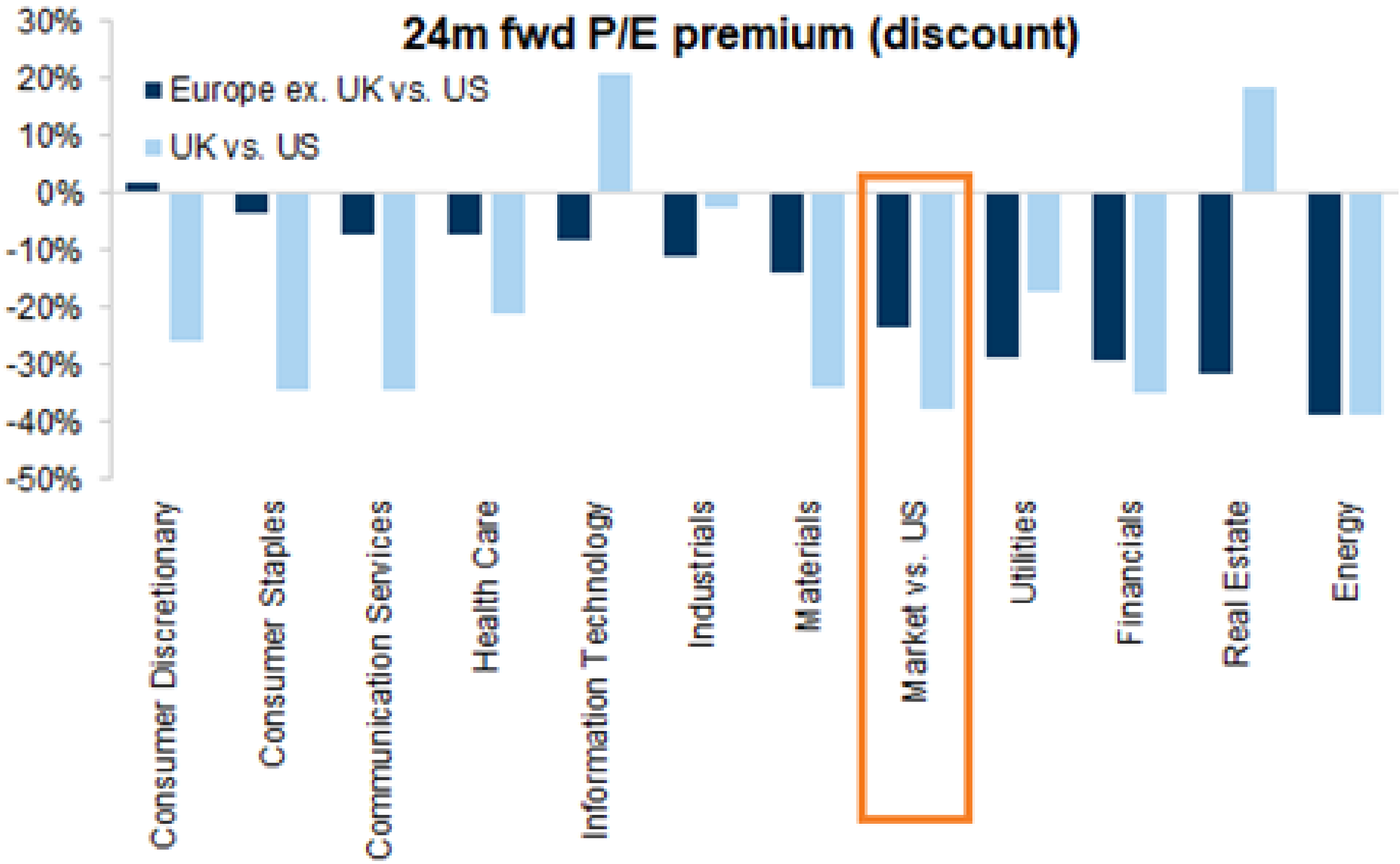
Source: S.W. Mitchell Capital, FactSet

Old world European companies derated



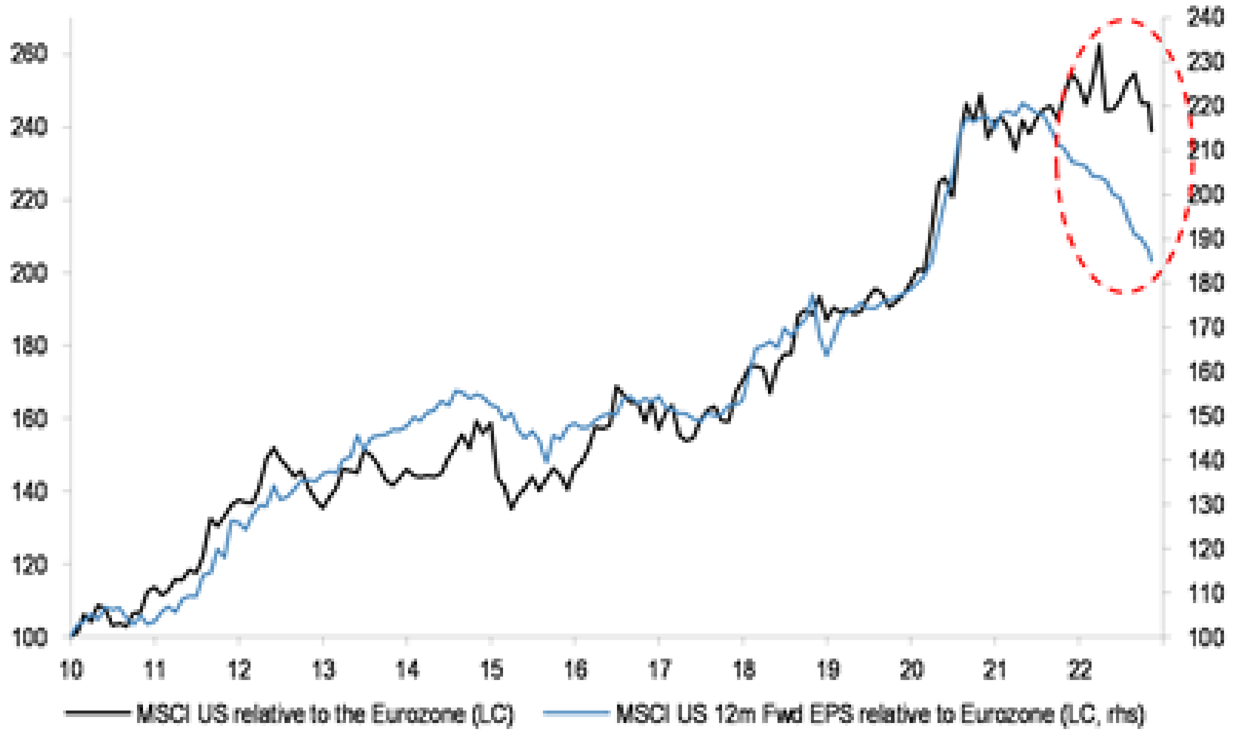
Source: Goldman Sachs

Every European sector trading at a discount to the American market



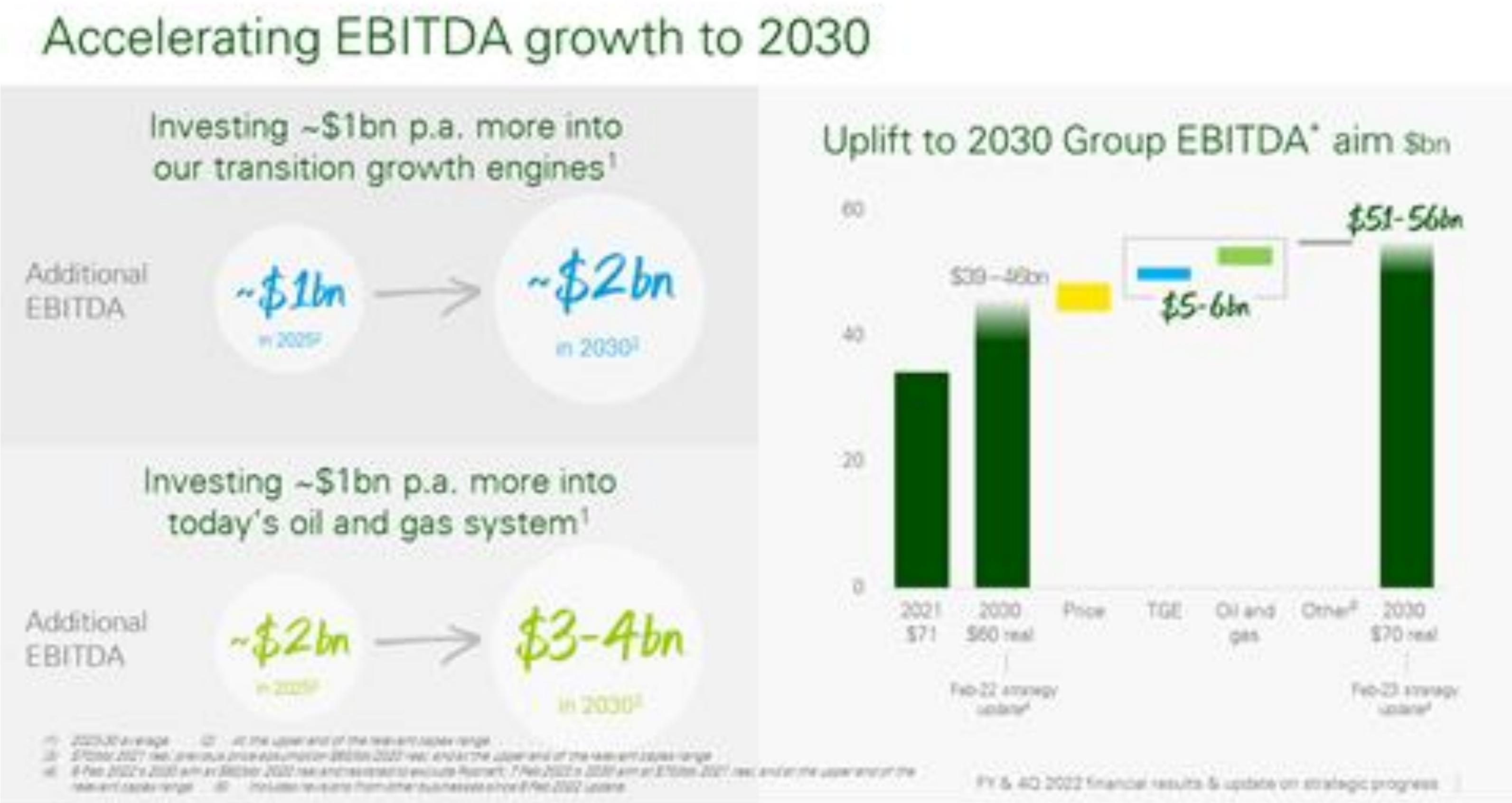
Source: Goldman Sachs

European companies significantly beat American earnings



Source: JP Morgan

European cyclicals start to look like growth stocks



Source: BP

Our investment process

Investment approach

Sustainable earnings → mispriced growth

Companies able to generate faster and more durable growth than the market understands

- Underappreciated market position because other investors are more short term or macro led
- Cash generation and reinvestment into the business at high returns
- Growing market share and/or sustainable competitive advantage creating high barriers to entry
- High quality, often niche businesses in under-researched corners of the market
- Superior management teams aligned with shareholders

Underappreciated change → mispriced value

Companies and industries undergoing significant yet underappreciated transitions

- Cyclical industries near an inflexion point with attractive margin of safety
- Restructuring and corporate simplification (including spinoffs)
- Changing of industry dynamics through supply/demand disruptions
- Regulatory change
- Product innovation
- New management team or improved shareholder-aligned incentives

Investment philosophy

Sustainable earnings example: Soitec

- Invested in 2017 at €37. Share price currently €116
  (as at 16 July 2024)
- Manufacturer of Silicon-On-Insulator (SOI) which boasts greater electricity and energy efficiency than traditional silicon
- Explosive demand on the back of 5G rollout. Silicon carbide for the automobile industry could provide a significant new opportunity for the group
- Revenues should grow at 20-30% per annum over the next few years. Trading at a discount to similar types of businesses in the U.S.

Underappreciated change example: Danone

- The world's largest fresh dairy and plant based drinks company. Number 2 in infant nutrition and packaged water
- We believe that organic growth will be faster than expected driven by continued 15% growth in plant-based drinks
- Infant nutrition should grow faster than anticipated underpinned by good growth in the ultra-premium category in China
- The stock trades at a 30% discount to peers

Investment process...

Before we buy

Idea Sourcing

- Ideas can come from anywhere: companies, industry contacts, blogs, third party research etc.

Company meetings – the core of our process

- 1,000 meetings with 400 companies per year generate unique angles and insights into industry and company dynamics
- Meet with competitors, suppliers, clients to open up new angles and perspectives
- Seek access to non-finance members of the management team, such as head of research or head of sales

Valuation work

- Cash generation ability, growth potential, reinvestment opportunities and return on capital

Portfolio construction

- Analysis of overall portfolio fit

While we hold

Ongoing monitoring meetings

- We aim to speak to all of our portfolio companies once a quarter
- We speak to competitors, suppliers and clients

Ongoing reevaluation of the investment case

- Incorporating new insights and developments

Portfolio analysis

- Continuous reassessment of the overall positioning of the portfolio

...investment process...

Why we sell

We were right

- Our investment case played out as planned and we now judge the stock to be fully priced

We were wrong

- Our investment case turned out to be incorrect

Investment case has changed

- Material new developments change the investment case and we no longer think it an attractive investment

We found something better

What we build

Benchmark and style agnostic, unconstrained, bottom up research - driven portfolios

- 20-30 stocks
- 20% p.a. turnover
- 7-9% tracking error
- 90%+ active share

...investment process

Team interaction

Team structure designed to promote interaction

- Open plan office. Real time discussion of ideas
- All members are European generalists
- Potential and existing holdings are met and analysed by multiple members of the team
- Weekly investment team meetings; monthly fund reviews
- Company meeting and research notes distributed through entire investment team

ESG – a natural part of bottom-up analysis

Signatory of:

PRI | Principles for Responsible Investment

ESG

Fully integrated in the investment research process

- Proprietary ESG scoring tool used as a part of our in depth, bottom-up analysis

Flexible and nuanced

- We focus our research on the most material topics for any given stock/ industry

Relationships and engagements

- We value building long lasting, strong relationships with our portfolio companies
- We are not activist investors but encourage best in class behaviour and disclosures

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Managing risk

Managing risk

Operational risk

- Reviewed in quarterly meetings of the Risk Committee
- Partners' Meeting reviews and discusses Risk Committee output
- Disaster recovery plan constant system backups
- Independent review, via external compliance consultant

Portfolio risk

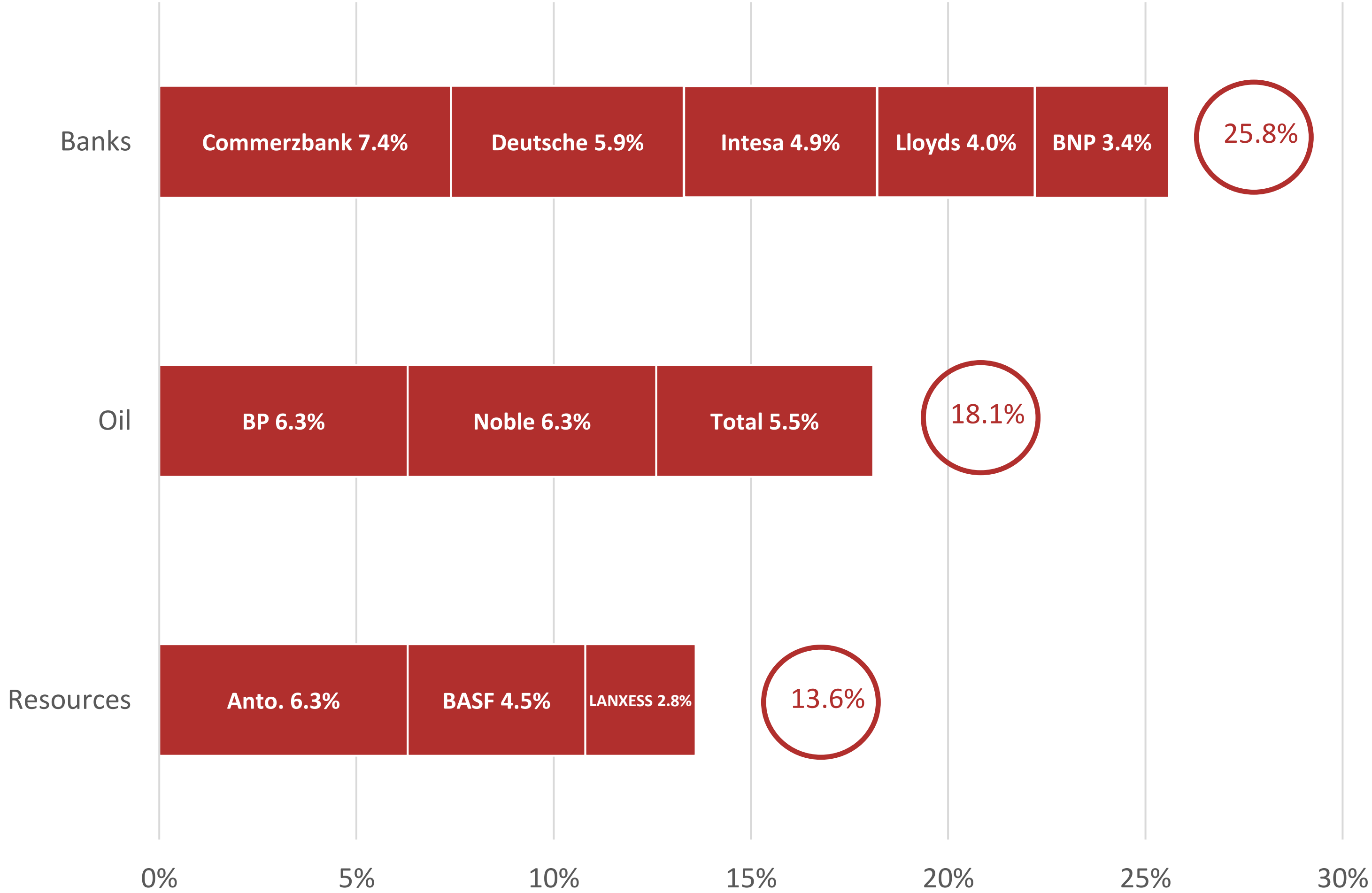
- Real time portfolio monitoring, including cash levels and sector/country exposures
- Portfolio composition constantly reviewed by investment manager, and discussed in weekly stock meeting. More formal discussion in monthly review meetings
- Constant monitoring of liquidity both at the stock and portfolio level
- Bespoke dealing system hardwires fund restrictions
- Daily reconciliations for open trades. Cash, stock and fee reconciliation twice a month

Stock specific risk

- Overriding concern is to avoid a permanent loss of capital
- Volatility and risk are not synonymous: short term patience can achieve outsized long term returns
- Detailed balance sheet analysis for all our holdings (e.g. gearing, Z-scores)
- Ongoing rigorous company meeting and monitoring programme

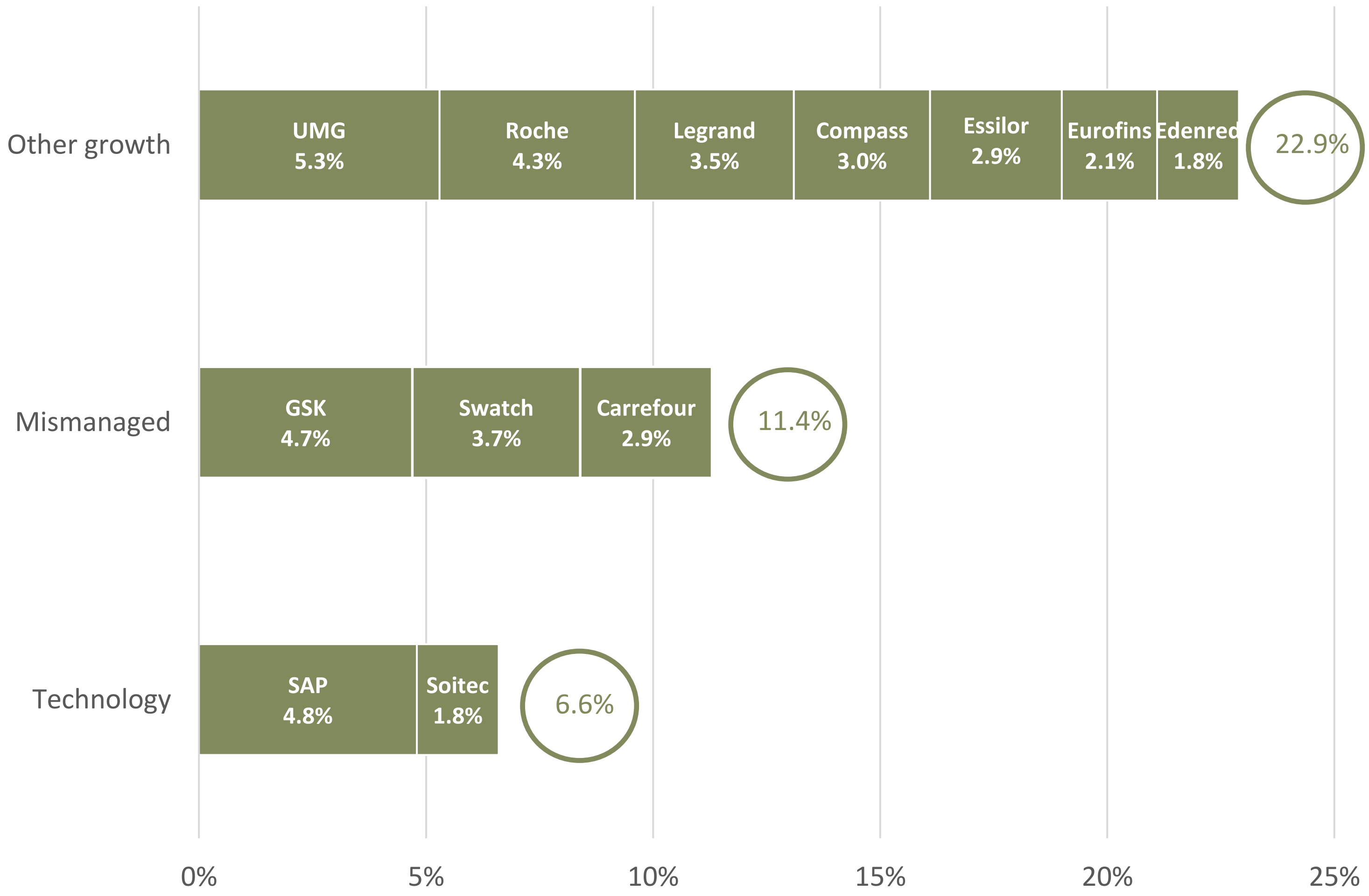
Typical pan European mandate characteristics

Underappreciated change → mispriced value



Source: FactSet: 30 June 2024.

Sustainable earnings → mispriced growth

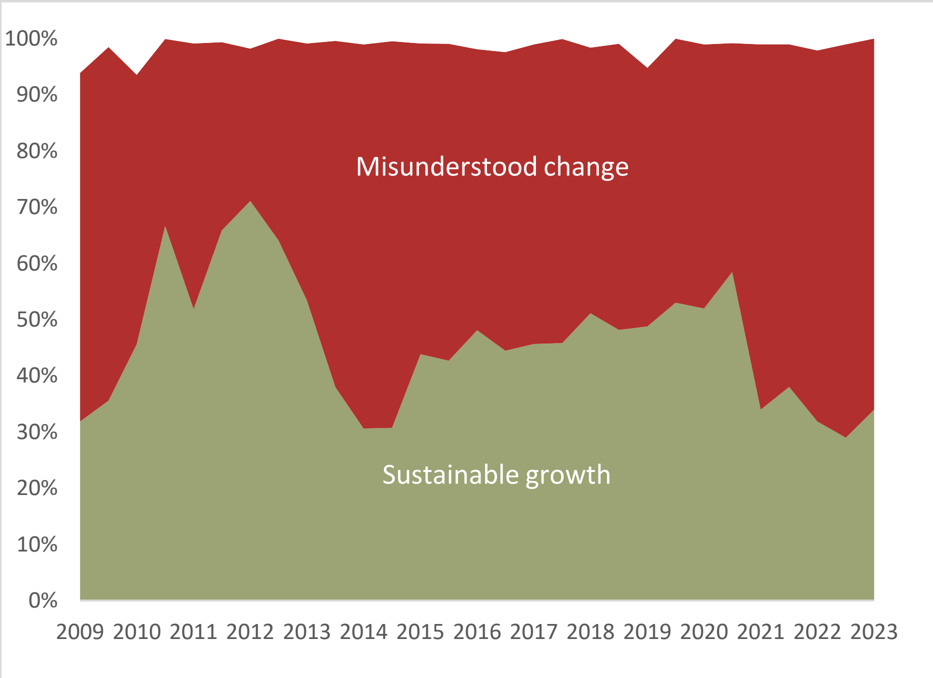


Source: FactSet : 30 June 2024.

Portfolio composition - style and market cap

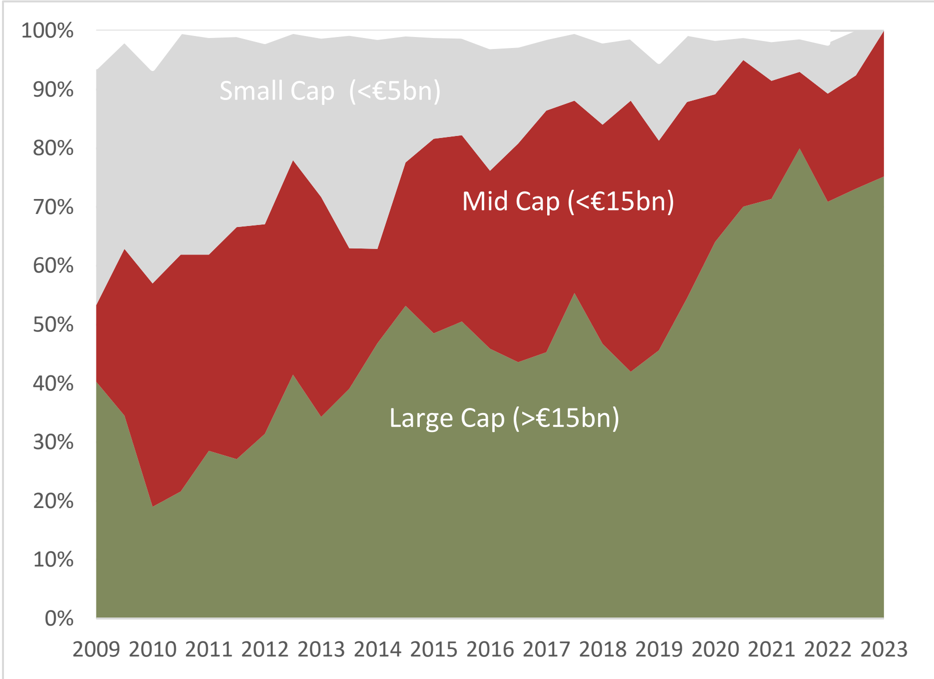
Historic composition by style factor

% share of portfolio



Market cap exposure

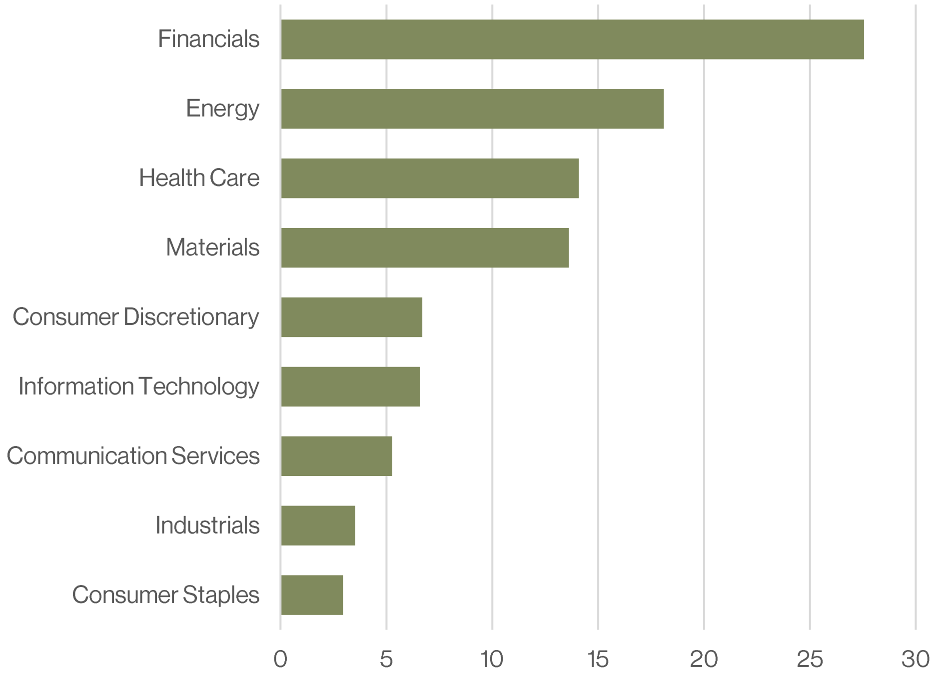
% share of portfolio



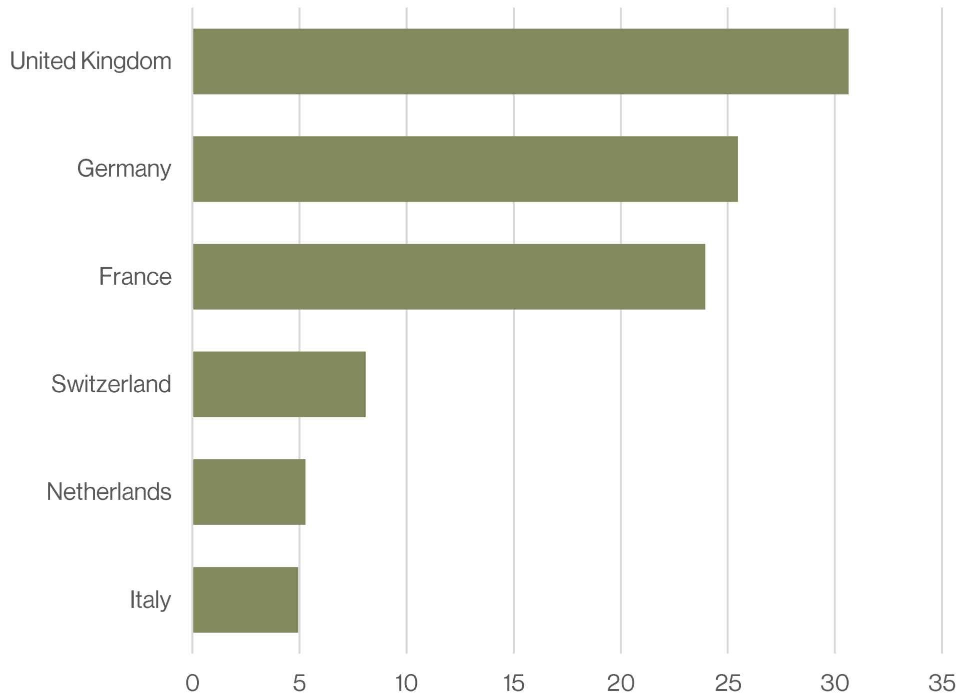
Source: SWMC, Thomson Reuters, 31 December 2023, updated every 6 months.

Positioning by sector, by market

Portfolio breakdown by sector (%)



Portfolio breakdown by country (%)



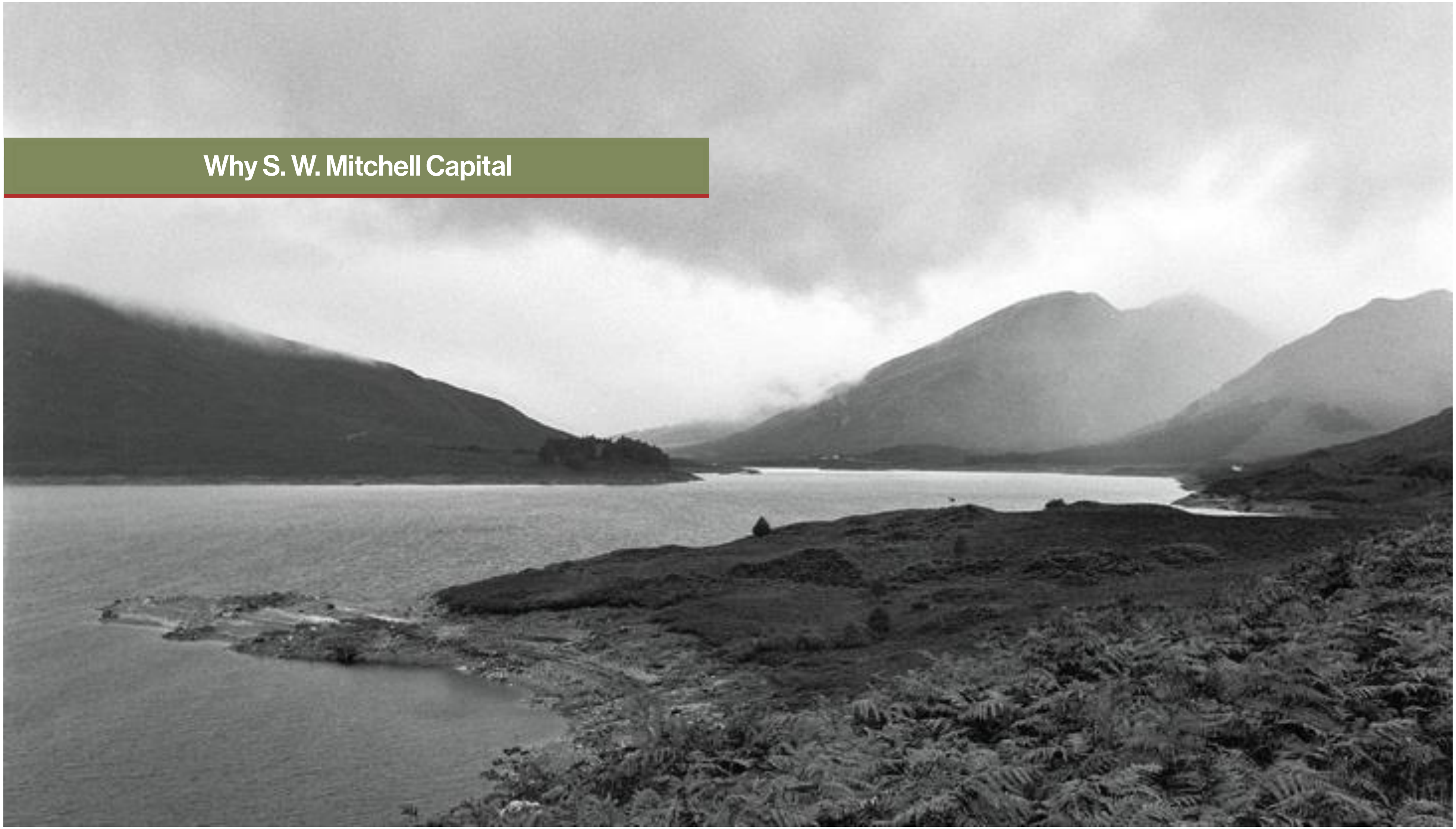
Source: Waverton, FactSet as at 30 June 2024

Performance and risk characteristics

Performance and risk characteristics	
Annualised return	8.3% (Index = 5.4%)
Beta	1.0
Alpha annualised	3.3%
Tracking error	7.5%
Volatility	16.9%
Sharpe ratio	0.3
Information ratio	0.3
Up market capture	174.1%
Down market capture	101.0%
Active share	89.1%

All data sources: Waverton, FactSet as at 30 June 2024 unless otherwise stated. All performance shown is cumulative and net of fees for a typical S.W. Mitchell Capital Pan European equity mandate. The performance results presented are hypothetical, for informational purposes only, and are not intended to, nor do they, represent the actual performance of any one specific client or group of clients over the time period shown. There can be no assurances that the performance can or will be achieved. No guarantee of future performance can or will be made. Actual returns will vary depending on a variety of factors and conditions. Performance shown is for four chain linked typical Pan European Mandates that had a similar investment objective; the first from Feb 1999 until Aug 1999, the second between Sept 1999 and Dec 2011, the third from Jan 2012 to Jan 2019, and the fourth from Feb 2019 to current. Any further information required is available from the Investment Manager upon request. All risk metrics, other than up-market capture ratio, down-market capture ratio, annualised volatility tracking error, active share, are from inception. Up/down-market capture ratio %, annualised volatility and tracking error data from 1 January 2003 when the mandate used was valued on a monthly basis. Mandate was valued quarterly prior to this.
Figures are subject to rounding.
Index: MSCI Europe.
Changes in rate of exchange may cause the value of investments to fluctuate.

Why S. W. Mitchell Capital



Why S. W. Mitchell Capital?

Why S. W. Mitchell Capital

European experts

- Over 35 years of investing in Europe

Carefully structured to minimise noise

- Our team have worked together most of their working lives. Stable client base. Outsourced back office

Alignment with clients

- Stuart has the majority of his liquid worth invested in the firm

Outstanding performance over three decades

- 8.3% per annum for the Pan European Strategy since 1999 which is 2.9% per annum ahead of MSCI Europe

All data sources: Waverton, FactSet as at 30 June 2024 unless otherwise stated. All performance shown is cumulative and net of fees for a typical S.W. Mitchell Capital Pan European equity mandate. The performance results presented are hypothetical, for informational purposes only, and are not intended to, nor do they, represent the actual performance of any one specific client or group of clients over the time period shown. There can be no assurances that the performance can or will be achieved. No guarantee of future performance can or will be made. Actual returns will vary depending on a variety of factors and conditions. Performance shown is for four chain linked typical Pan European Mandates that had a similar investment objective; the first from Feb 1999 until Aug 1999, the second between Sept 1999 and Dec 2011, the third from Jan 2012 to Jan 2019, and the fourth from Feb 2019 to current. Any further information required is available from the Investment Manager upon request.
Figures are subject to rounding. Changes in rate of exchange may cause the value of investments to fluctuate.

Why our investment approach?

Why our investment approach

Deep insights into European management teams

- Over 1,000 meetings with companies every year

Flexible investment approach

- Portfolio able to take advantage of both growth and value opportunities

All cap, benchmark agnostic portfolio

- Stock-picking in the unexplored areas of the market

Concentrated, high conviction portfolio

- 20- 30 stocks

Disclaimers

This presentation has been prepared by S. W. Mitchell Capital LLP only for persons reasonably believed by it to qualify as Professional Clients or Eligible Counterparties under the rules of the Financial Conduct Authority ("FCA"), including appropriate institutional investors and intermediaries, to give preliminary information about the investment proposition described herein. This is a marketing communication and it is not intended for the use of and should not be relied on by any person who would qualify as a Retail Client. The information contained in this presentation is subject to updating, completing, modification and amendment.

This is a confidential communication, only for the use of those persons to whom it is addressed and is for information only. It does not constitute an offer to sell investments and may not be used to make such an offer. Therefore no person receiving a copy of this presentation may treat it as constituting an offer or invitation to him to buy investments, nor may he copy it for transmission to another person. If, however, an offer to sell investments is made in the future, it will be subject to information circulated at the time in a formal prospectus or equivalent document (the "Offering Circular") and not on the basis of the information contained in this presentation. Investment may only be made on the basis of the Offering Circular.

It is the responsibility of every person reading this document to satisfy himself as to the full observance of the laws of any relevant country, including obtaining any government or other consent which may be required or observing any other formality which needs to be observed in that country.

Past performance is not a reliable indicator of future results and will not necessarily be repeated. The value of investments and the income from them may fall as well as rise and is not guaranteed. The investor may not get back the original amount invested. Changes in rates of exchange may cause the value of investments to fluctuate.

This document is written for the benefit of the category of persons described above. It is not addressed to any other person and may not be used by them for any purpose whatsoever. It expresses no views as to the suitability of the investments described herein to the individual circumstances of any recipient.

S. W. Mitchell Capital LLP is a limited liability partnership incorporated in England and Wales (number OC312953), with registered address at Suite 3A, Princes House, 38 Jermyn Street, London SW1Y 6DN, United Kingdom. S. W. Mitchell Capital LLP is authorised and regulated by the Financial Services Authority.

S. W. Mitchell Capital LLP
Princes House, 38 Jermyn Street
London SW1Y6DN
T:+44(0)20 7290 3580

Visit our website

swmitchellcapital.com