

## Quercus TFI

### 2Q22 net profit broadly in line with expectations

**Michał Fidelus**

michal.fidelus@pekao.com.pl

Quercus TFI released 2Q22 figures with the following highlights:

- **2Q22 net profit** of Quercus TFI came in at PLN 3.3m (-8% y/y, -27% q/q) and was 7% below our estimates (PLN 3.5m). Slightly better revenues (+8% above our estimates) were more than offset by higher costs (+12% above our forecasts).
- **Fixed fee** in 2Q22 amounted to PLN c. 12.3m (-11% q/q) and was broadly in line with our expectations (4% above). We remind that starting in Jan'22 fixed fee was additionally limited by 2.0% cap. In 2Q22 share of low margin debt funds in total AUM decreased to 49% on average (from 50% in 1Q22).
- **Total costs** in 2Q22 came in at PLN 20m (-6% q/q) and were 12% above our estimates. Distribution costs dropped -14% q/q, but staff costs, external services and other costs increased 4% q/q. D&A remained broadly flat q/q.
- At the end of 2Q22 **AUM** of Quercus TFI amounted to PLN 3,283m (-14% y/y, -15% q/q). Y/y drop was driven by declining assets of QRS Dłużny Krótkoterminowy (-43% y/y), QRS Agresywny (-39% q/q) and QRS Obligacji Skarbowych (-22% y/y). The drops were only partly offset by rising assets of QRS Global Balanced (17% y/y) and Acer Aggressive FIZ (170% y/y). Quarterly drop of AUM was driven by declining assets of QRS Global Balanced (-31% q/q), QRS Ochrony Kapitału (-16% q/q), QRS Dłużny Krótkoterminowy (-24% q/q) and QRS Agresywny (-21% q/q).
- After very strong 2021, with **net flows** at PLN +1.3bn, 1H22 saw material deterioration with outflows at PLN -399m in 1Q22 and PLN -304m in 2Q22 (PLN -184m from QRS Ochrony Kapitału, PLN -60m from QRS Global Balanced and PLN -89m from QRS Dłużny Krótkoterminowy). July saw continuation of trends observed in recent months with total outflows at PLN -98m. We note though, that July was a third month in a row with positive flows to QRS Obligacji Skarbowych.
- **Teleconference** with CEO takes place today, August 12, at 14:00 via MS Teams.

#### Our view: NEUTRAL

2Q22 reported net profit of Quercus TFI came in at PLN 3.3m and was 7% below our estimates (PLN 3.5m). Slightly better revenues were more than offset by higher than expected costs. While we see the 2Q22 numbers as neutral, we point, that environment for future quarters remains demanding, in our view. Fund managers are facing not only a cap on fixed fee and ESMA regulations, but also difficult equity markets and very strong competition from retail Treasury bonds and banking deposits. What we see as positive is that July was a third month in a row with positive flows to QRS Obligacji Skarbowych. Given improving rates of return in bond funds, further inflows could mitigate potential outflows from equity-related products.

#### Quercus TFI – P&L, PLN mn

	2Q21	3Q21	4Q21	1Q22	2Q22	y/y	q/q	Pekao	vs. Pekao
Revenues	16.0	18.4	37.2	27.8	23.5	47%	-15%	21.9	8%
Fixed fee	16.0	18.4	18.9	13.8	12.3	-24%	-11%	11.7	4%
Total costs	-9.6	-10.4	-19.6	-21.5	-20.2	109%	-6%	-18.1	12%
EBIT	2.8	5.3	14.6	6.3	3.4	21%	-47%	3.8	-12%
<b>Net profit</b>	<b>3.5</b>	<b>4.1</b>	<b>11.0</b>	<b>4.5</b>	<b>3.3</b>	-8%	-27%	<b>3.5</b>	<b>-7%</b>
AUM eop	3 806	3 943	4 438	3 874	3 283	-14%	-15%		
AUM average	3 561	3 888	4 108	4 234	3 586	1%	-15%		

Source: Company, Pekao Equity Research

## SECTOR ANALYSTS

### Director & Chief Analyst Mining, Construction

Tomasz Duda  
+48 727 418 628  
[tomasz.duda2@pekao.com.pl](mailto:tomasz.duda2@pekao.com.pl)

### CEE Banking & Financials

Jerzy Kosiński, CFA  
+48 602 123 598  
[jerzy.kosinski2@pekao.com.pl](mailto:jerzy.kosinski2@pekao.com.pl)

### Polish Banking & Financials

Michał Fidelus  
[michal.fidelus@pekao.com.pl](mailto:michal.fidelus@pekao.com.pl)

### Chemicals, Oil & Gas

Krzysztof Kozieł  
+48 664 420 126  
[krzysztof.koziel@pekao.com.pl](mailto:krzysztof.koziel@pekao.com.pl)

### E-commerce, Car Parts Distribution

Maksymilian Piotrowski  
+48 608 500 041  
[maksymilian.piotrowski@pekao.com.pl](mailto:maksymilian.piotrowski@pekao.com.pl)

### IT, Video Games

Emil Popławski  
+48 601 079 478  
[emil.poplawski@pekao.com.pl](mailto:emil.poplawski@pekao.com.pl)

### Utilities

Marcin Górnik  
+48 691 701 088  
[marcin.gornik@pekao.com.pl](mailto:marcin.gornik@pekao.com.pl)

Konrad Musiał  
[konrad.musial@pekao.com.pl](mailto:konrad.musial@pekao.com.pl)

Maciej Madej  
[maciej.madej@pekao.com.pl](mailto:maciej.madej@pekao.com.pl)

Bartłomiej Kempczyński  
[bartlomiej.kempczynski@pekao.com.pl](mailto:bartlomiej.kempczynski@pekao.com.pl)

## INVESTMENT ANALYSIS OFFICE

### Market Projections

Piotr Kaźmierkiewicz  
[piotr.kazmierkiewicz@pekao.com.pl](mailto:piotr.kazmierkiewicz@pekao.com.pl)

### Technical Analyst

Bartosz Kulesza  
[bartosz.kulesza@pekao.com.pl](mailto:bartosz.kulesza@pekao.com.pl)

## CONTACT AND PUBLICATION ADDRESS

### Pekao Brokerage Office

ul. Wołoska 18  
02-675 Warsaw  
Poland  
[bm@pekao.com.pl](mailto:bm@pekao.com.pl)

### Sales

Poland  
+48 22 586 23 99

### Sales Trading

Poland  
+48 22 586 28 83

### Internet

[www.pekao.com.pl/biuro-maklerskie](http://www.pekao.com.pl/biuro-maklerskie)

**DISCLAIMER**

Pekao Brokerage Office (BM) is an organizationally separated unit of Bank Polska Kasa Opieki S.A., based in Warsaw, ul. Wołoska 18, 02-675 Poland. Bank Polska Kasa Opieki Spółka Akcyjna with its seat in Warsaw, at ul. Grzybowska 53/57, 00-844 Warsaw, Poland, entered in the register of entrepreneurs in the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, KRS: 0000014843, NIP: 526-00-06-841, REGON: 000010205, share capital (entirely paid) in the amount of PLN: 262 470 034.

BM is supervised by Polish Financial Supervision Authority, ul. Piękna 20, 00-549 Warsaw, Poland and is subject to regulations issued by the Financial Supervision Authority as well as by certain other regulators in the European Union.

The investment analysis is addressed to clients who have entered into an investment research agreement with BM, it is not a general investment advice, nor an investment recommendation provided as part of the investment advisory service, nor a part of portfolio management service. The analysis is given without taking into consideration the needs and circumstances of the Client, in particular when preparing the analyses BM does not examine the Client's investment objectives, level of risk tolerance, time horizon as well as the financial situation of the Clients nor does it assess the suitability of the service.

The investment analysis is based on information obtained from, or are based upon public information sources that we consider to be reliable but for the completeness and accuracy of which we assume no liability. All estimates, projections, forecasts and opinions included in the report represent the independent judgment of the analysts as of the date of the issue. We reserve the right to modify the views expressed herein at any time without notice. Moreover, we reserve the right not to update this information or to discontinue it altogether without notice.

This investment analysis is for information purposes only and does not constitute an offer to buy, sell or subscribe to any financial instrument on any financial market. It is also not an advertisement.

BM is not responsible for the consequences of investment decisions made on the basis of the investment analysis. The investment analysis does not give any guarantee that a given strategy or price projection is appropriate for a specific Client, and when using it one should not resign from conducting an independent assessment and taking into account risk factors other than those presented. The securities discussed may fluctuate in price or value. Investors may get back less than they invested. Changes in rates of exchange may have an adverse effect on the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial instrument or security under discussion are not explained in their entirety. The use of BM services involves investment risk, described in detail on the website [www.pekao.com.pl/biuro-maklerskie](http://www.pekao.com.pl/biuro-maklerskie)