# Quercus TFI

## Strategic agreement with Franklin Templeton

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- Today morning Quercus TFI informed, that signed a **strategic agreement with Franklin Templeton**.
- The agreement assumes merger of Quercus TFI and Templeton Asset Management Poland with Franklin Templeton receiving 0.7m shares of Quercus TFI for Franklin Templeton Poland. Additionally Franklin Templeton will purchase 4.0m shares for cash at PLN 10.0/share to increase its stake to 9.0% (4.7m of shares). Franklin Templeton is also obliged not to participate in a buy-back in 2026, to increase its stake to c. 10%.
- At the moment of merger Franklin Templeton Poland will have PLN 7m of cash and equivalents.
- The deal is expected to be finalized in 4Q25.
- The agreement needs **approval of AGM** and **Antimonopoly Office.**

### Our view: POTENTIALLY POSITIVE

*Franklin Templeton Poland is a very small TFI in Poland with AUM – according to IZFiA – at PLN 187m as of end of March (PLN 104m Franklin Elastycznego Dochodu, PLN 64m Franklin Zmiennej Alokacji and PLN 18m Franklin Zdywersyfikowany Akcji). Quercus offered 0.7m of shares for the company with PLN 7m cash and equivalents on the balance sheet. Thus, in our opinion, the deal shall not have any material direct impact on the company's financial results in short term. However - as Quercus has attracted a strong global asset management company as a shareholder – it may be better positioned for negotiations with banks in terms of distribution.*

### Quercus TFI vs. Franklin Templeton Poland – AUM

*PLNm*

| | Dec-24 | Jan-25 | Feb-25 | Mar-25 |
|---|---|---|---|---|
| **Quercus TFI** | **5 915** | **6 220** | **6 487** | **6 611** |
| **Templeton Asset Management (Poland) TFI** | **181** | **188** | **187** | **187** |
| - Franklin Elastycznego Dochodu | 100 | 105 | 105 | 104 |
| - Franklin Zdywersyfikowany Akcji | 17 | 18 | 18 | 18 |
| - Franklin Zmiennej Alokacji | 64 | 65 | 64 | 64 |
| **Templeton as % of Quercus TFI** | **3.1%** | **3.0%** | **2.9%** | **2.8%** |

*Source: IZFiA, Pekao Equity Research*

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| Analyst | Position | Financial instrument | Number of instruments | Exposure (long/short) | Average transactions price | Transactions dates |
|---|---|---|---|---|---|---|
| Michał Fidelus | Expert, Analyst | Quercus TFI | 0 | | | |

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## METHODS USED TO FORMULATE OUR RECOMMENDATIONS:

Our company valuations are based on two valuation methods selected from among the following: discount model, multiples-based model or asset-based valuation method.

**Discount models** are characterized by simultaneous and comprehensive consideration of key determinants of intrinsic value, e.g. operating cash flow, capex, cost of capital (WACC). They are theoretically appealing and provide a direct computation of intrinsic value. However, discount model valuations are highly sensitive to changes in assumptions, particularly the risk free rate and terminal growth rate. Moreover, projections cannot be stated with certainty; unforeseen future events can cause income or earnings projections to be invalid.

**Multiples-based models** are based on the analysis of the valuation multipliers of a given company in relation to other similar companies in the industry. Among strengths of multiplier models we can highlight their simplicity, as they are easy to compute as well as to understand. Moreover, only the key statistics for investors are chosen for valuation. On the other hand, multiples are based on historic data or near-term forecasts. Valuations based on multiples will therefore fail to capture differences in projected performance over the longer term. Finally, it may be problematic to select a suitable peer group.

**Asset-based models** can be used even if a company has a brief record of earnings or its future existence is uncertain. However, it may be challenging to determine market value of some assets, particularly intangibles. Additionally, asset-based models do not take into account future changes in financial results, nor do they include non-balance sheet items, such as know-how.

Valuation models are dependent on macroeconomic factors, such as interest rates, exchange rates, raw materials, and on assumptions about the economy. Furthermore, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Our recommendations and target prices derived from the models might therefore change accordingly.

The investment ratings generally relate to a 12-month horizon. They are, however, also subject to market conditions and can only represent a snapshot. The ratings may in fact be achieved more quickly or slowly than expected, or need to be revised upward or downward. In the tables and charts throughout this report, we designate the years with an “E” to denote that the figures presented are forecasts and estimates.

### Definition of ratings used in our publications:

We currently use a three-tier recommendation system for the stocks in our formal coverage: Buy, Hold, or Sell (see definitions below):
A **Buy** is applied when the expected total return over the next twelve months is higher than 15%.
A **Hold** is applied when the expected total return over the next twelve months is within the range of 0% to 15%.
A **Sell** is applied when the stock's expected total return over the next twelve months is negative.

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**Restricted:** A rating and/or financial forecasts and/or target price is not disclosed owing to compliance or other regulatory considerations such as blackout period or conflict of interest.
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**Not rated:** We do not issue company-specific recommendations and we do not plan to issue them in the foreseeable future.

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P/E – „Price/Earnings” is the ratio of the financial instrument price to the net financial result for the issuer of the financial instrument.
P/B – „Price/Book Value” is the ratio of the price of the financial instrument to the issuer’s equity capital.
EPS – „Earnings per Share”, i.e. net profit per share.
BVPS – „Book Value per Share”.
FWD – „Forward” - stands for the ratio (eg. P/E) calculated on the basis of the expected results.
DPS – „Dividend per Share”.
DY – “Dividend Yield”, a ratio calculated as dividends per share divided by the current share price.
EBIT – „Earnings Before Interest and Taxes”.
EBITDA - „Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization”.
EV/EBITDA – “Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization” is the company's market capitalization (price x number of shares) increased by the value of net financial debt and the value of minority shareholders divided by the operating result increased by the value of the company's asset depreciation.
AGM – Annual General Meeting