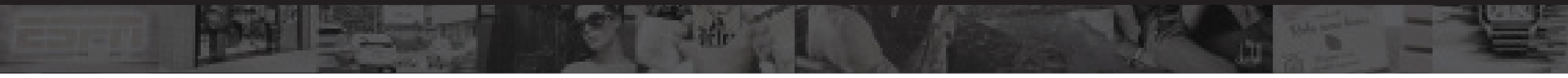
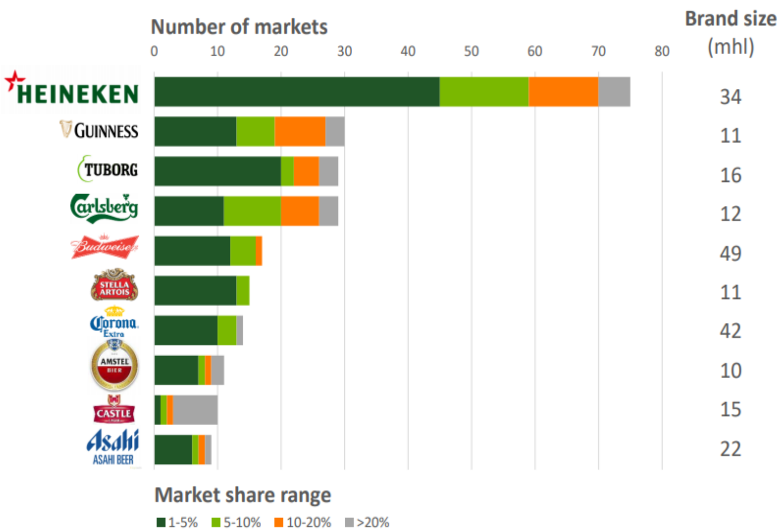
ELEVATION CAPITAL
GLOBAL SHARES FUND



HEINEKEN HOLDING NV

Heineken (Market Capitalisation €51,273.9m) is the world's most international brewer - employing more than 80,000 employees in over 70 countries - and the 2nd largest brewer by volume. Heineken owns, markets and sells more than 300 brands including premium market leaders such as Heineken, Tiger, Amstel, and Birra Moretti. Despite economic headwinds, Heineken have been the best performer of the large cap breweries over the past year - appreciating about 9.5% over the period. Heineken was an early mover in shifting its mix up-market (premiumisation), which is a key factor in offsetting declining beer consumption in developed markets. At the same time, Heineken has created an attractive long-term growth footprint in significant emerging markets like Vietnam that can help drive greater long-term growth. They have successfully positioned themselves in the highest growth markets, with a suite of high-margin premium brands and significant economies of scale, leaving us confident in their ability to capitalise on the economic recovery and increased frequency of social outings.

The #1 global beer brand



Heineken is the most trusted international beer brand in the world. Despite the backdrop of COVID-19, it outperformed the overall category - showing that consumers turn to brands they trust during difficult times.

Heineken's strategic focus is on being the #1 or #2 player in all markets in which they operate. They have achieved this through both greenfield developments and M&A.

Recent market entries include Colombia and Ecuador in 2019, Peru in 2020 and Australia in 2021. Each of these was via acquisition.

Company Highlights

1864	Gerard Heineken takes over the Haystack brewery in Amsterdam
1932	Tiger, Singapore's first locally brewed beer and future Heineken acquisition, is founded
1933	Heineken is the first imported beer in the USA after Prohibition is lifted, with exports growing 600% in the next four years
1939	Grand Metropolitan Hotels Ltd enters the brewing industry by acquiring Truman, Hanbury & Buxton Ltd
1968	Heineken increases its market share in the Netherlands to 55% when it merges with fellow Dutch brewer, Amstel
1975	Zoeterwoude brewery opens as the largest modern brewery in Europe, reaching a capacity of 3.5 million hectolitres
2003	Heineken acquires Brau Union, giving it leading market positions in Austria, Poland, Romania, Hungary, Slovakia, Bulgaria and Croatia
2010	Heineken acquires the beer businesses of FEMSA in Mexico and Brazil, boosting their emerging market presence
2013	Heineken acquires Asia Pacific Breweries for US$4.1 billion, and renames it Heineken Asia Pacific to reflect its role as Heineken's regional hub
2017	Heineken purchase Brasil Kirin's 12 breweries in Brazil for US$700 million
2017	Heineken's purchased the remaining 50% of Lagunitas, making it the sole owner

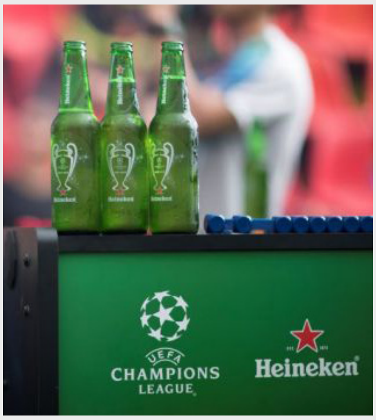
Diversified Product Offfering

Heineken has established a three-tiered approach to growing its market share globally, which are categorised under:

- **Heineken:** their global brand and star performer, it is the world's most valuable beer brand;
- **International Brands:** sold internationally utilising universally adored brewing methods;
- **Local Champions:** draws on the diversity of tastes, trends and expertise on a regional and local level.

Within Heineken are some of the strongest brands in the world, underpinned by Heineken's leading marketing spend and brand alignment with many of the world's most famous athletes, personalities and events.

Heineken

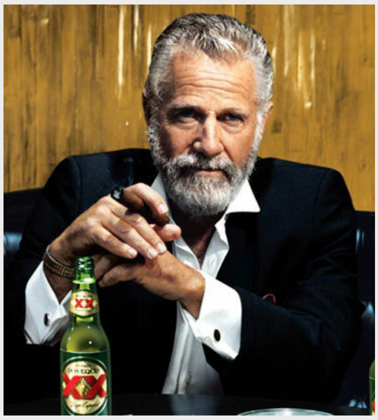


Win value share, everywhere

International Brands

Scale and replicate success

Local Champions



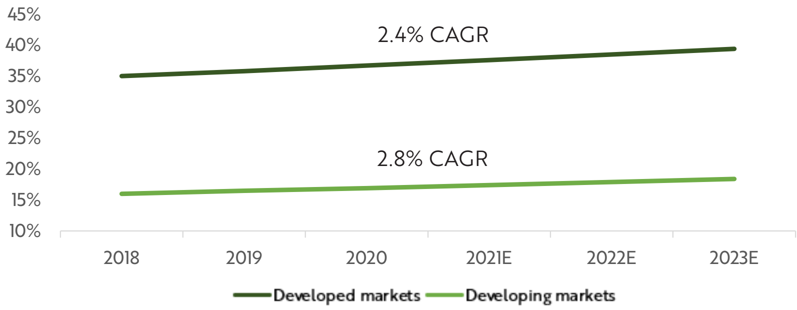
Fewer, bigger bets

Premiumisation allowing for growth at stable volumes

Heineken was one of the first breweries to embrace premiumisation in earnest. In 2016, Heineken received more than a third of its revenue from products in premium/super-premium categories, and that mix has since grown to beyond 40% (around 43%), including a meaningful presence in non-alcoholic beers (about 6% of volume).

Why is this important? The mass-market beer category is receding, with annual volume declines stretching back quite a while now. While the bottom-end discount/value market has held pretty steady, the margins are poor. At the premium/super-premium levels, though, there is still some consumption growth and considerably more pricing power.

Premium volumes as % of total beer market



Premium brands drive incremental profit contribution

Category	EBIT Margin Index
Super Premium	3.0x
Premium	2.0x
Low Premium	1.5x
Mainstream	1.0x

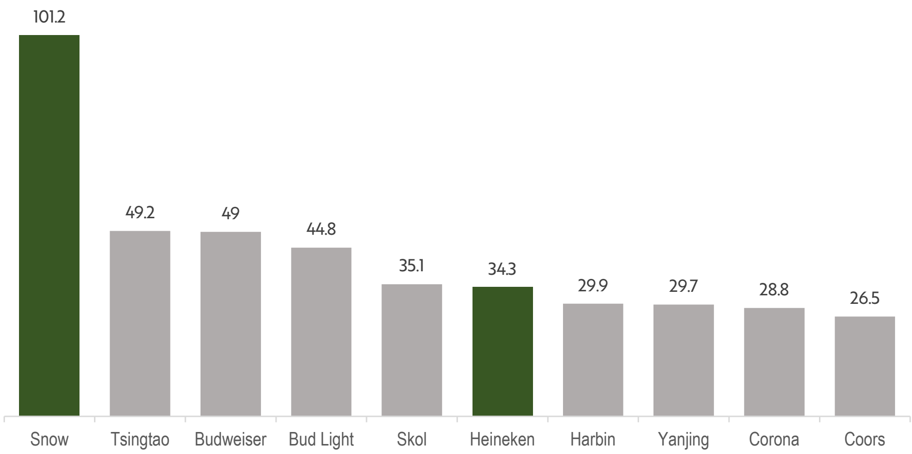
Opportunity lies in Asia and Africa

Following the formation of its joint venture with China Resources - the undisputed market leader in China - in 2018, Heineken now has access to best-in-class routes of a nationwide scale. This provides significant growth potential with China being the world's largest beer market and experiencing a growing middle class. In the APAC beer market, premium beer categories are relatively underdeveloped versus global standards. They are also anticipated to grow faster than the overall market in the region. In China, the premium beer category has been resilient to subdued economic growth as consumers increasingly seek out products that offer more in terms of flavor, strength, and variety. The trend of premiumisation is expected to increase the growth potential of the market in terms of both value and volume.

In Africa, major projects were completed successfully, bringing Heineken local production to Mozambique and Democratic Republic of Congo for the first time. These investments will further accelerate the growth of the Heineken brand. There has been a strong recovery in Nigeria, growing volume double-digits and winning market share. South Africa was disrupted by alcohol bans and capacity constraints, however still exhibits historical momentum and volumes were balanced through growth in Heineken 0.0. Heineken have also confirmed talks to acquire a majority stake of South African company Distell, a producer of liqueur, whisky, wine and cider.

Partnership-led approach to China

Global volume of beer sales in 2018 (hectolitres)



The combination of China Resources Beer and Heineken is complimentary, creating a winning partnership in China:

- CR Beer is the undisputed leader in the Chinese market with best-in-class RTM, nationwide scale, a strong portfolio of local brands and a deep understanding of the domestic market
- Together, CR Beer and Heineken will advance CR Beer's premiumisation strategy and unlock the full potential of the Heineken brand

As shown in the graph above, Heineken has ownership of two of the highest selling brands in the world. It's 40% stake has enabled it to reap the benefits of Snow's dominance as China's #1 beer, and has demonstrated a model for Heineken to follow in its growing integration into the market. Heineken also signed a brand licensing deal for the Heineken brand in China and a distribution deal. Thus, on top of the profit share from its 40% stake in China Resources, Heineken will also receive significant royalties from its most iconic brand, as it increases its distribution and relationships in China.

A balanced geographic footprint

Heineken has successfully diversified its portfolio not only with its customer segments but also geographic markets.

As detailed, Heineken generates most of its revenue from the Americas and European markets - where it has been established for much longer. However growth in its Asian and African markets should provide a significant source of volume growth as these markets still lag behind the well-established ones in terms of beer consumption per capita.

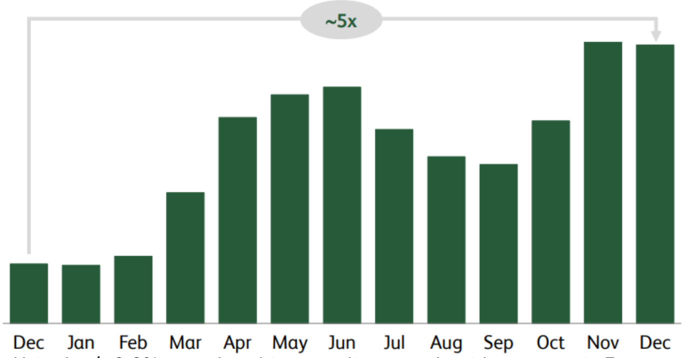
Finally, large scale brewing operations offer significant competitive advantages in terms of economies of scale and working capital efficiencies. Due to its larger size, Heineken has significantly improved its Cash Conversion Cycle - going from negative 25 days in 2004 to negative 108 days over the past twelve months.

Change of management brings strategic pivot

Heineken have farewelled its CEO of 15 years, Jean-Francois van Boxmeer, and CFO of 6 years, Laurence Debroux, after strategic reviews commissioned by the board in June 2020 and March 2021. Consequently, the incumbent CEO, Dolf van den Brink, announced a renewed strategic focus for Heineken. The new strategy featured three business priorities; which combined to enable Heineken to win in the marketplace, connect in a digital world and ensure the long-term sustainability of their business to create value for stakeholders.

1 Delivering top line growth

Heineken has one of the best track records in European consumer staples with a consistently good balance of volume and price mix. Despite COVID-19, Volume grew double-digits in more than 25 markets including Brazil, China, Nigeria, Singapore, Poland and the UK. Heineken 0.0 grew double-digits, and continued its expansion with launches in Brazil and 11 other markets, bringing its total roll-out to 84 markets. Heineken is also committed to developing solutions targeted at women, affluent, older and younger adults.



Heineken's 0.0% range has driven top line growth, with revenues in Europe increasing more than 5x from Dec 2019 to Dec 2020

2 Driving supply chain efficiency

Heineken continues to invest in the digitisation of their end2end supply chain. Their Connected Brewery platform is at the core of this, creating scale benefit in their global brewery network. Heineken increased the digital capabilities of connected breweries with applications that focus on performance management and energy saving. Despite lower volumes and big shifts in their portfolio due to the COVID-19 pandemic, Heineken improved performance in productivity, water usage and thermal electricity.

Heineken's connected breweries use state-of-the-art equipment to provide real-time data about brewery performance

3 Connecting in a digital world

Like all industries, the global alcohol beverage industry has had to re-imagine its distribution network to reach consumers at a time of global lock downs. The global e-commerce market for spirits and wine is grew by 42% from 2020-2021. China is currently the largest market for e-commerce alcohol sales, but the growth in the U.S. e-commerce alcohol market was 80% from 2020-2021. Beerwulf, its direct-to-consumer platform in Europe, nearly doubled its revenues in 2020, while in the UK, its revenues tripled.

Heineken organised the world's first fully immersive, 3D virtual street food festival, offering access to 88 local street vendors in Malaysia

Active approach to headwinds continues

Heineken has also recently announced its "EverGreen" cost reduction and productivity program. Heineken is targeting a 10% reduction in costs base (around EUR 2B), including a 10% global workforce reduction and lower related costs (travel, infrastructure). Offsetting these cuts, Heineken still views itself as a growth company and will be reinvesting in higher marketing spend and digital/IT, including investments in back-office systems, analytics, and consumer interaction. All told, management believes these moves will lead to an operating margin on par with pre-pandemic levels (around 17%), but with a growth rate above the average for the alcoholic beverage space. The actual margin leverage may prove to be higher, particularly if brand-building can drive stronger price/cost leverage and volumes.

Acquisitions driving impressive volume growth

Acquisitions allow Heineken to move resources to targeted growth segments within the drinks industry. Instead of needing to develop its own brands, Heineken can leverage its financial stability and balance sheet to acquire companies that already possess market share, and in a mutually beneficial transaction the target is provided with additional resources and enhanced distribution channels to fuel further growth. Since 2017, Heineken has announced three new acquisitions in high-growth drinks segments These acquisitions represent part of Heineken's broader strategy of expanding in scale and presence within the Asian market.

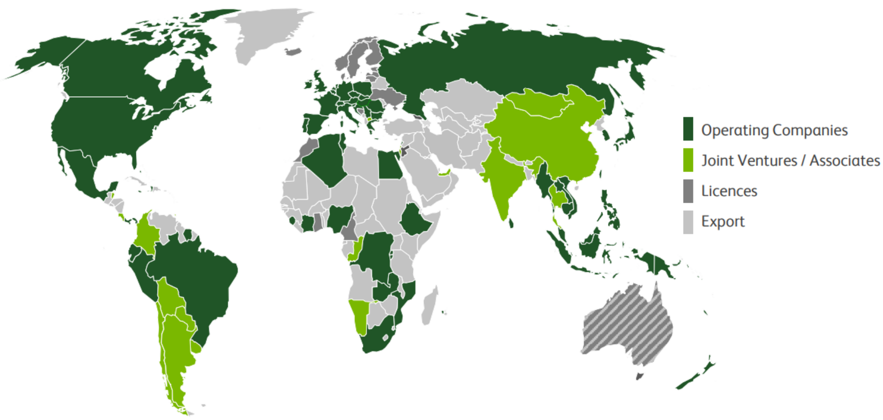
In 2020, Heineken entered the hard seltzer category globally with the launch of Pure Piraña in Mexico and New Zealand. Containing fewer than 100 calories and made with carbonated mineral water and all-natural fruit flavourings, the drink is aimed at today's modern generation of consumers who are increasingly conscious of consumption and lifestyle choices. Heineken Mexico announced the launch of Amstel Ultra Seltzer following the success of Amstel Ultra, launched in 2018. It is available from January 2021. Heineken USA and Hornell Brewing Company, an affiliated entity of AriZona Beverages, will launch AriZona SunRise Hard Seltzer in the first quarter of 2021.

"There is a growing consumer market for low-calorie, alcoholic beverage alternatives which led to the rapid growth of the hard seltzer category. Pure Piraña offers a way for us to meet consumers' evolving needs and explore a new growth opportunity for the business."

- JAN DERCK VAN KARNEBEEK, CHIEF COMMERCIAL OFFICER AT HEINEKEN

On 17 August 2020, it was announced that Heineken has lost their exclusivity in OXXO, through six-monthly waves of reopenings. However Heineken were able to find a win-win situation together with their partners, where FEMSA will do a four-year staged mixing, and whereby Heineken avoided a kind of steep drop in their volume, which would have had a big deleveraging effect.

Geographic diversification beneficial in COVID-19 environment



Significant deals

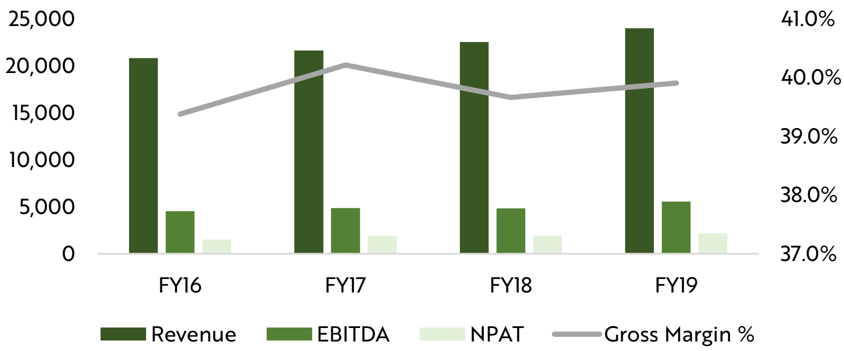
COVID-19 put pressure on Heineken, with its demand from the hospitality sector falling dramatically. However, its exposure globally meant it could weather fluctuations in regional environments, and put resources into areas who navigated COVID more successfully. Further, the lockdowns provided a catalyst to the uptake of Heineken's 0.0% range, particularly in Europe. Research has shown the most popular occasion to consume no/low alcohol beer products is when relaxing at home, and this has driven its growth and resilience amidst the pandemic.

Key Financial Metrics Highlight Heineken's Long-Term Investment Attractiveness

From FY2016 to FY2019, Heineken have maintained consistent operating margins. Gross margin hovered around the 40% mark, in line with the industry average.

EBITDA has steadily increased across the five-year period, and Heineken has proven its ability to carry this performance through to NPAT, which has also grown. The impact of the lockdown caused a reduction in earnings performance across all metrics for FY20, however Heineken's performance remains competitive relative to peers.

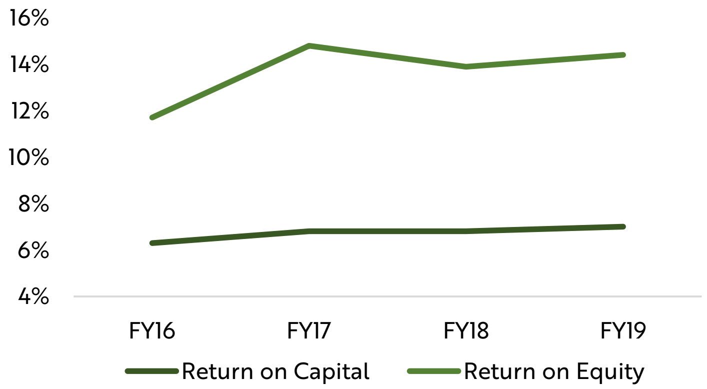
Heineken's earnings performance



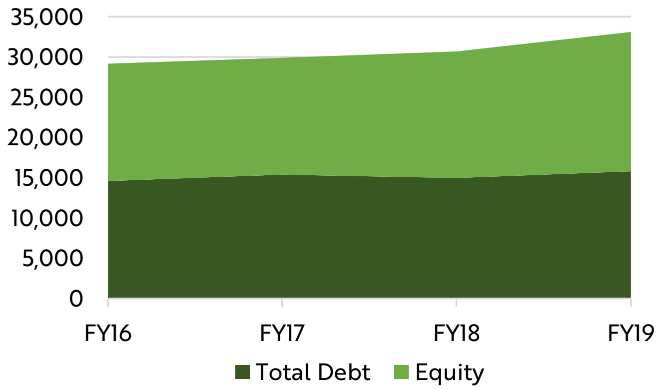
Capital efficiency

Heineken has delivered growing Returns on Invested Capital (ROIC) and Returns on Equity (ROE) from FY2016 to FY2019. This has been driven by Heineken's movement towards higher margin product varieties and becoming a leader in the movement towards premiumisation. Heineken's maintained a prudent debt-to-equity ratio, which afforded them debt capacity when COVID hit.

Heineken's business investment performance



Heineken's leverage and funding

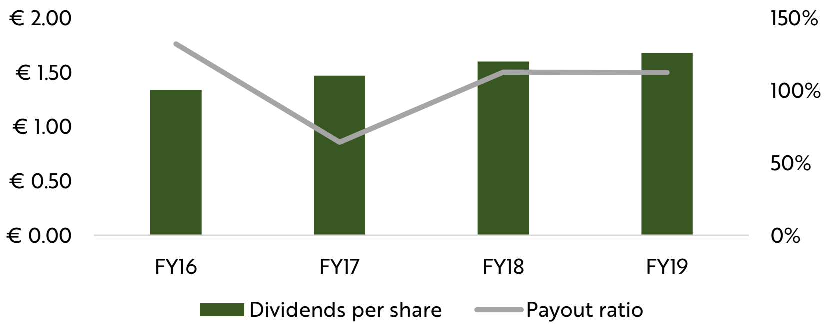


Investor yield

Heineken's Board and Management team have maintained a long-standing commitment to dividends for shareholders. It increased its dividend per share year-on-year from FY2016 to FY2019 at a CAGR of 8.92%.

The company maintained a dividend payout ratio above 50%, and their flexible dividend policy has allowed them to more efficiently organise capital expenditure in a volatile capital markets environment.

Heineken's dividend performance



Heineken's approach to ESG

Being the most international brewer with operations around the world, Heineken have a responsibility and an ambition to improve the sustainability of their strategy and reporting methodologies. Sustainability highlights include:

- **51% decrease in carbon emissions from production since 2008**
- **33% reduction in our water consumption since 2008**
- **58% reduction in accident frequency since 2015**
- **98% of Heineken's markets allocated >10% of media spend to responsible consumption campaigns**

Accordingly, based on its current ESG framework, Heineken is rated highly by both S&P Capital IQ and SustainAnalytics (a Morningstar company) for its policies and frameworks despite being in the alcohol beverage industry. Heineken are rated AA by MSCI for their ESG reporting. This shows industry leadership with only 15% of 53 companies achieving an AA rating. Compared to their peers, Heineken are leading in Corporate Governance, Water Stress and Product Carbon Footprint.

Brewing a Better World

2020 culminated in the end of the 10-year Brewing a Better World strategy. Over the last 10 years, Brewing a Better World has become integral to Heineken's business strategy. Key pillars have been to innovate and collaborate to protect the environment, support local communities and make a positive contribution to society – all with a focus on supporting delivery of the UN Sustainable Development Goals. In April 2021, Heineken announced a new set of ambitious commitments through to 2030. These new commitments are being woven into the growth strategy, EverGreen. The framework for this strategy is outlined below:

Rafael Nadal is an ambassador for Amstel 0.0, helping highlight the importance of moderation and responsible consumption as part of Heineken's wider Brewing a Better World ambition to create more choice for consumers within the zero alcohol category.

Heineken have eliminated the use of plastic rings, using a new board topper dubbed 'Green Grip' which has been rolled out across their entire beer and cider portfolio - equating to hundreds of millions of cans per year. The cardboard is made of FSC-certified material.

Every drop in action

Water is important to Heineken as beer is 95% water. The company has endeavoured to lower its usage, achieving a reduction by almost a third over the last decade. Of the 170 breweries Heineken operates around the world, 26 are in water-stressed areas, Therefore they have committed to maximise water circularity in water stressed areas through recovery, reuse and recycling and to treat 100% of our wastewater worldwide.

Standing with local communities

Heineken acknowledges its responsibility to support their stakeholders during challenging times. Heineken's operating companies supported their local communities and the front line COVID-19 response in 2020. Vacuum distillation networks were put to work repurposing alcohol for sanitiser, donations of water and non-alcoholic drinks and financial support towards safety equipment were at the heart of Heineken's actions.

Valuation

To account for the unfavourable year the drinks industry has experienced due to global lockdowns and restrictions on public gatherings, we have utilised the following data: FY2020 & Historical 3-Year Normalised EBITDA (FY18-FY20). We have then applied average EV/EBITDA multiples from their comparable industry peers.

Utilising industry average EV/EBITDA trading multiples, we arrive at a valuation range for Heineken of €108.14 to €118.13, presenting upside of between +30.29% to +42.32% from the 31 May 2021 share price and +61.40% to +76.31% from the Elevation Capital Global Shares Fund cost basis (as at 31 May 2021).

Elevation Capital endeavours to look at all avenues in which we can acquire an economic interest in companies and industries at the lowest possible cost basis. Therefore we have acquired a stake in Heineken N.V. through the holding company, Heineken Holding.

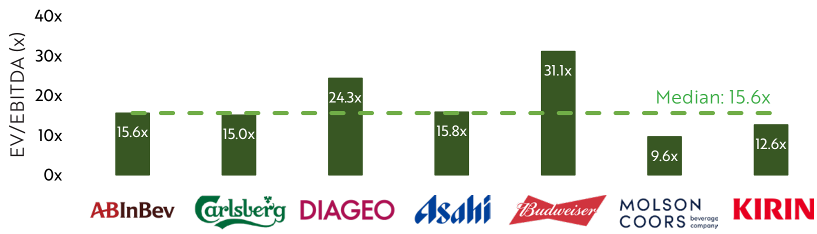
As illustrated by the diagram below, Heineken Holding trades at a discount to Heineken N.V. (an average of 8.2% for the last five years). This discount has become more pronounced in the last year, resulting in the discount expanding to 16.5%.

Therefore by investing in Heineken Holding we gain an economic exposure to Heineken N.V. at a greater discount than typical pricing, further enhancing our "margin of safety".

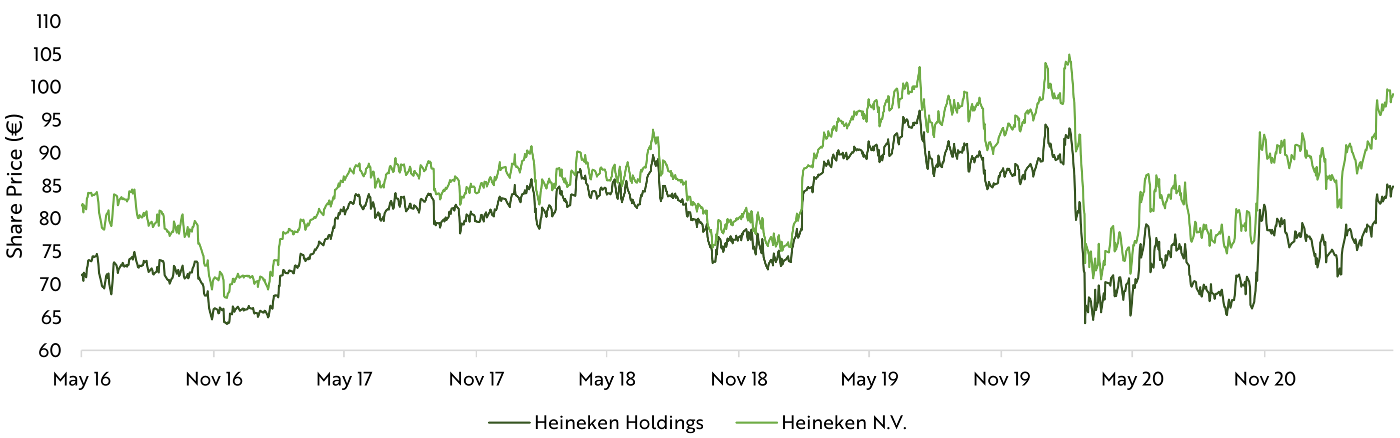
Heineken Holding Valuation Summary
(all numbers in millions except share prices)

EBITDA		**FY20**	**Historical 3Y Normalised**
EBITDA		3,475	4,485
EV/EBITDA Peers Multiple		15.6	12.8
Implied Enterprise Value		**€ 54,065**	**€ 57,408**
Minority Interest		7,788	8,524
Net Debt		12,997	13,018
Pensions		938	1,027
Leases		1,199	819
Total Equity Value		**€ 31,143**	**€ 34,020**
Shares Outstanding		288	288
Implied SOTP Share Price		**€ 108.14**	**€ 118.13**
Current Share Price	€ 83.00		
Implied Upside		+30.29%	+42.32%
Global Shares Fund Cost Basis	€ 67.00		
Implied Upside		+61.40%	+76.31%

EV/EBITDA Peers Comparison



Heineken Holding trading at a discount



Conclusion

Heineken is the most trusted brewer in the world, which has protected it from significant downside in a challenging operating environment. Heineken has managed its cash position and operating margins well, enabling it to ramp up strategic growth opportunities to bolster its position in the fastest growing product varieties and regions.

Heineken have successfully mitigated the impact of the COVID-19 pandemic, through reducing discretionary spend and utilising selective capex investments. Heineken is now coming out of these pandemic-driven volume pressures with a bold plan to cut significant costs, reinvest in marketing and digital initiatives, and maintain an above-peer growth rate.

We believe that Heineken is currently trading at a discount to its intrinsic value, and believe it offers attractive upside in the near-term. The company as at 31 May 2021, has returned +23.88% for the Fund. We believe that we have reacquired Heineken at an opportunistic time, and stand to benefit from the economic tailwinds once the ability to consume alcohol and attend events is again permitted on a global basis. Until then, we expect Heineken to drive growth through its 0.0 alcohol beer range, which will continue to be buoyed by restrictions on mass gatherings and growing awareness of responsible consumption.

Any data not referenced was sourced from Heineken N.V. Annual Reports & Earnings Conference Calls.

1 Capital IQ as at 17 May 2021.
2 Reuters. (2021). Heineken in talks to buy South African drinks maker Distell.
Accessed at: https://www.reuters.com/world/africa/heineken-talks-buy-south-african-drinks-maker-distell-2021-05-18/.
3 Bloomberg (2021). New Asahi CEO sees Post-Pandemic Bounce in Super Dry Beer Demand..
Accessed at the following link: https://www.bloomberg.com/news/articles/2021-04-08/new-asahi-ceo-sees-post-pandemic-bounce-in-super-dry-beer-demand
4 Seeking Alpha (2021). Why Cracking The Chinese Market Is So Important For Heineken.
Accessed at the following link: https://seekingalpha.com/article/4400951-why-cracking-chinese-market-is-important-for-heineken
5 Companies used to compute industry average:
1876.S, 2502.T, 2503.T, ABI.BR, CARLb.CO, DGE.L, HEIA.E, TAP.N

This summary report was written in March 2021-May 2021.

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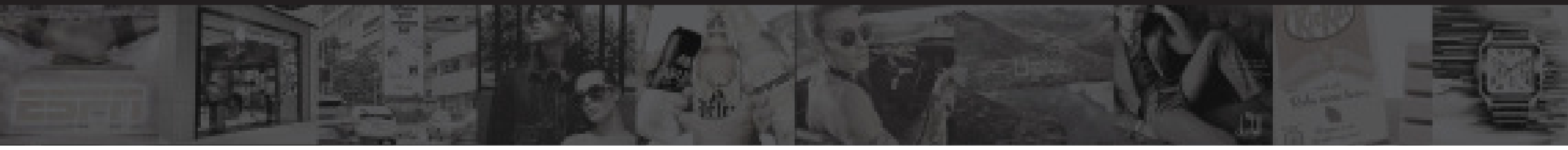

Independent Thinking Disciplined Investing

[In-de-pend-ent Think-ing] indəˈpendənt THiNKiNG verb
Is essential to long-term investment success. We are often contrarian and do not pay attention to index compositions when making investment decisions. We believe that when you're several thousand miles away from Wall Street in a different nation, it's easier to be independent and buy the things that other people are selling, and sell the things that other people are buying.

[Dis-ci-plined In-vest-ing] disciplinəd inves'ting verb
The market presents opportunities every day, but disciplined investing is as much about the opportunities you do not take. We also believe that cash is sometimes the most attractive investment.

MORNINGSTAR INTERNATIONAL EQUITIES CATEGORY FUND MANAGER OF THE YEAR 2017, NEW ZEALAND

NOMINEE - FUNDSOURCE INTERNATIONAL EQUITY SECTOR FUND MANAGER OF THE YEAR 2013, NEW ZEALAND

NOMINEE - MORNINGSTAR INTERNATIONAL EQUITIES CATEGORY FUND MANAGER OF THE YEAR 2012, NEW ZEALAND

NOMINEE - FUNDSOURCE INTERNATIONAL EQUITY SECTOR FUND MANAGER OF THE YEAR 2012, NEW ZEALAND

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