

LO Funds

Europe High Conviction

Newsletter

Regional Equities • Equities

31 October 2024

PERFORMANCE COMMENT

Since we last updated the strategy on 28 June 2024, incorporating new risk parameters, LO Funds–Europe High Conviction has returned -2.4% vs -1.0% for its benchmark (MSCI Europe) on the P class, while N class shares have returned -2.1% vs -1.0% for the benchmark.

Over the period, the top three best performing positions minus the bottom three had an impact of -7 bps on performance (gross). By sector, the two best contributors to relative performance were Financials (+31 bps) and Materials (+28 bps), while the two top detractors were Industrials (-81 bps) and Consumer Staples (-67 bps).

The Fund is well positioned to offer broad exposure across sectors and underlying drivers. Over time, the construction of the portfolio should allow for the delivery of our objectives: solid alpha generation from high-conviction positions based on proprietary, fundamental analysis, coupled with strict risk management to protect from sizeable relative drawdowns.

October 2024:

The Fund returned -3.8% net of fees (EUR P share class) in October versus -3.3% for its benchmark, bringing its year-to-date performance to -4.5% versus 8.0% for the benchmark. N class shares returned -3.7% in October and -3.8% YTD versus -3.3% and 8.0% for its benchmark, respectively.

The Fund's performance in October was driven mostly by stock selection, with a small negative impact from market factors. Our top three positions minus our bottom three positions had a net -22 bps impact last month – half of our (gross) relative performance.

The best-performing sectors in the benchmark were Energy (+0.2%) – the only positive sector during the month – and Financials (-0.6%), while the bottom performers were Real Estate (-7.3%) and Information Technology (-7.2%). The sector with the most significant impact on the Fund's performance was Healthcare, which was more impacted by

negative stock selection.

STOCK PERFORMANCE: TOP CONTRIBUTORS AND DETRACTORS

CONTRIBUTORS

The top three contributors to the Fund's performance in October were Trainline, Elis and SAP.

Trainline: Trainline, the European leading independent rail platform, updated its full-year 2025 guidance (fiscal year closing end of February) after a strong first half in terms of sales. The stock was up 16.4% in October.

Elis: The French provider of linen and workwear cleaning and rental services announced during the month that it had terminated all discussions with Vestis and Unifirst around a potential acquisition. This news came as a relief to investors who were concerned about the impact of a deal on Elis' leverage and EPS in coming years. The stock was up 11%.

SAP: The enterprise software company raised its 2024 outlook for revenues, operating profit and cash flow after a strong performance from cloud revenues. The stock was up 5.1%.

DETRACTORS

The three positions that detracted most from the Fund's performance last month were Eurofins Scientific, Spirax and Dassault Systemes.

Eurofins Scientific: The laboratory testing services company issued below-consensus Q3 results and revised its top-line full-year guidance due to the biopharma business lines facing a slowdown in early-stage clinical activity and a decline in the agri-food business. The stock was down 20.6% in October.

Spirax: During its capital markets day, the manufacturer of steam and fluid management solutions highlighted continued short-term

PORTFOLIO MANAGERS

LONDON	Henry Johns	+44 20 3206 6048
LONDON	Alexandre Pizano	+44 20 3206 6042

GENEVA	Ingrid Nouhaud	+41 22 709 2621
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uncertainties in the steam and biopharma businesses and an operating margin improvement that could be back-end loaded. The stock was down 14.8%.

Dassault Systemes: The engineering software company reported license

sales in line, while subscription revenues disappointed due to automobile deals being postponed. It updated total revenue growth guidance for the full year 2024 from 6-8% to 5-7% to reflect the contraction of the automotive market. The stock was down 11.7%.

PERFORMANCE

31.10.2024	INCEPTION	AUM	MONTH -TO- DATE	YEAR- TO-DATE	SINCE MANAGEMENT CHANGE [6]	2023	2022	2021	2020	2019
LOF – Europe High Conviction PA [1]	19 December 1997	EUR 175 mn	-3.77%	-4.49%	151.46%	10.54%	-21.07%	18.60%	4.42%	25.02%
LOF – Europe High Conviction MA [2]			-3.72%	-3.95%	167.98%	11.28%	-20.54%	19.40%	4.70%	25.87%
LOF – Europe High Conviction NA [3]			-3.70%	-3.81%	176.46%	11.48%	-20.40%	19.61%	4.88%	26.09%
LOF – Europe High Conviction IA [4]			-3.70%	-3.78%	176.28%	11.52%	-20.37%	19.66%	4.95%	26.14%
Benchmark [5]			-3.26%	7.98%	165.77%	15.84%	-9.49%	25.13%	-3.32%	26.04%

Past performance is not a guarantee of future results. Performance is presented net of fees.

[1] Dividend accumulated retail client share class, net performance in EUR.

[2] Dividend accumulated clean retail client share class, net performance in EUR.

[3] Dividend accumulated clean large retail client share class, net performance in EUR.

[4] Dividend accumulated institutional share class, net performance in EUR.

[5] MSCI Europe ND since 30 June 2005, previously MSCI Europe and FT Europe.

[6] Strategy change 15 November 2010.

RISK AND REWARD PROFILE



The following risks may be materially relevant but may not always be adequately captured by the synthetic risk indicator and may cause additional loss:

Operational risk and risks related to asset safekeeping: In specific circumstances, there may be a material risk of loss resulting from human error, inadequate or failed internal systems, processes or controls, or from external events.

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Financial, economic, regulatory and political risks: Financial instruments are impacted by various factors, including, without being exhaustive, the development of the financial market, the economic development of issuers who are themselves affected by the general world economic situation, and economic, regulatory and political conditions prevailing in the relevant country.

Before taking any investment decision, please read the latest version of the prospectus, the articles of incorporation, the Key Information Documents (KIDs) and the latest annual report and semi-annual report. Please pay attention to the Appendix B "Risk Factors Annex" of the prospectus.

Incorporation of extra-financial risks into the investment decision process may result in underweighting of profitable investments from the sub-fund's investment universe and may also lead the management of the sub-fund to underweight investments that will continue to perform. Sustainability risks may lead to a significant deterioration in the financial profile, profitability or reputation of an underlying investment and may therefore have a significant impact on its market price or liquidity.

The Fund has been classified as a financial product subject to Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector (the "SFDR"). The Fund promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

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Access to documents in country of registrations:

The PRIIPS/KIDs are available in one of the official languages of your country and a Prospectus is available in English, French, German and

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Finland. Finanssivalvonta (Fiva) - Financial Supervisory Authority (FIN-FSA), Snellmaninkatu 6, P.O. Box 103, FI – 00101 Helsinki, Finland; Website: <http://www.finanssivalvonta.fi>.

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