

LO Funds

Continental Europe Family Leaders

Newsletter

Regional Equities • Equities

31 October 2024

PERFORMANCE COMMENTS

LO Funds-Continental Europe Family Leaders (EUR NA share) returned -5.8% in October versus -4.4% for its benchmark, the MSCI Europe ex-UK Small Cap ND index, bringing its YTD performance to -6.1% compared to +2.6% for the benchmark. The Fund's EUR PA share returned -5.9% in October and -6.9% YTD, versus -4.4% in October and +2.6% YTD for the benchmark.

European equities fell by 3.2% in October (EUR terms) as government bond yields rose: the 10Y Bund yield reached 2.4%, up 27 bps during the month, and the French 10Y yield rose 21 bps to 3.1%. The European equity market was weak in October, impacted by heightened geopolitical risk in the Middle East after direct attacks between Israel and Iran, uncertainty around the US presidential outcome following tight poll surveys, and concerns over China's economic recovery. The VIX index moved from 17 to 23 in one month, reflecting the general nervousness in equity markets. Among the 11 GICS sectors of the MSCI Europe, only Energy ended in the green (+0.2%), while all other sectors were down, with Information Technology recording the worst decline at -7.2%. In that context, small and mid-caps underperformed large caps by c. 60 bps and Value outperformed Growth by 258 bps.

STOCK SELECTION – CONTRIBUTORS

The top contributors to the Fund's performance in October were ID Logistics, Bakkafrøst and Puig Brands.

ID Logistics (logistics services, France, 3.9% weight, +8.1% return, +39 bps contribution) is a provider of logistics solutions such as warehousing, storage and transport services. ID Logistics reported strong life-for-like growth in Q3 2024 driven by a strong momentum in the US and a rebound in activity in France.

Bakkafrøst (food and beverages, Faroe Islands, 3.0% weight, +6.7% return, +31 bps contribution) is a salmon producer with operations in the Faroe Islands and in Scotland. The company reported harvest volumes for the third quarter above expectations, driving the share price

up.

Puig Brands (personal care, Spain, 2.2% weight, +2.9% return, +15 bps contribution) is a fragrances, skincare and makeup group with 67% of sales in fragrances, mainly from owned brands. After disappointing results reported for Q2 2024, the company reassured the market with its Q3 results beating expectations. The company reported strong momentum in fragrances and a rebound in makeup versus Q2, which was welcomed by investors.

STOCK SELECTION – DETRACTORS

The positions that detracted most from the Fund's performance in October were Alten, Française de l'Energie and Danieli.

Alten (engineering services, France, 2.6% weight, -22.4% return, -45 bps contribution) is a European leader in engineering and technology consulting. The company reported its third-quarter results showing a continuous slowdown in activity due to the macroeconomic environment and cost reduction constraints, especially in automotive and aerospace. Alten reduced its guidance for the full year 2024 in terms of revenues and operating margin.

La Française de l'Energie (oil and gas, France, 2.1% weight, -20.7% return, -39 bps contribution) is a multi-energy producer offering low-carbon-footprint solutions. It produces gas, electricity and heat from local resources or solar-related energies. The company reported its full-year results slightly below guidance due to lower average electricity and gas selling prices and the unavailability of the GRTgaz network since May 2024.

Danieli (industrials, Italy, 2.6% weight, -13.8% return, -25 bps contribution) designs, builds and sells plants for the iron and steel industry and produces and sells special steel. Its share price continued to be penalised by the performance of its steelmaking division, which is suffering from high energy prices in Italy compared to the rest of Europe, while the plant-making division reported good momentum.

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PORTFOLIO ACTIVITY

In October, we added Rovi (Pharmaceuticals, Spain).

PERFORMANCE

31.10.2024	INCEPTION	AUM	MONTH-TO-DATE	YEAR-TO-DATE	INCEPTION-TO-DATE	2023	2022	2021	2020	2019
LO Funds – Continental Europe Family Leaders PA [1]	15 May 2017	EUR 14 mn	-5.89%	-6.86%	6.69%	-1.74%	-29.87%	32.88%	17.26%	29.43%
LO Funds – Continental Europe Family Leaders NA [2]			-5.81%	-6.12%	13.43%	-0.80%	-29.18%	33.58%	17.72%	30.66%
Benchmark [3]			-4.37%	2.61%	44.50%	12.85%	-20.60%	24.55%	11.74%	28.47%

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

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

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

[3] MSCI Europe ex-UK Small Cap ND

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:

Liquidity risk: Where a significant level of investment is made in financial instruments that may under certain circumstances have a relatively low level of liquidity, there is a material risk that the fund will not be able to transact at advantageous times or prices. This could reduce the fund's returns.

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.

Concentration risk: To the extent that the fund's investments are concentrated in a particular country, market, industry, sector or asset class, the fund may be susceptible to loss due to adverse occurrences affecting that country, market, industry, sector or asset class.

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.

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The articles of association, the prospectus, the Key Information Document ("PRIIPS/KIDs"), and the subscription form are the only official Offering Documents of the Fund's shares (the "Offering Documents"). No party is authorised to provide information or make assurances that are not contained in the Offering Documents.

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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This Fund is classified as Article 8 under the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on Sustainability-Related Disclosures in the Financial Services Sector ("SFDR"). A Summary of the sustainable website product disclosure is available in English in the "Sustainability-related Disclosure" section of the website fund page on www.loim.com. Methodological limits: Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

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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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