

LO Funds

Continental Europe Family Leaders

Newsletter

Regional Equities • Equities

31 August 2024

PERFORMANCE COMMENTS

LO Funds-Continental Europe Family Leaders (EUR NA share) returned -0.8% in August versus -0.0% for its benchmark, the MSCI Europe ex-UK Small Cap ND Index, bringing its YTD performance to -1.5% compared to 7.2% for the benchmark. The Fund's EUR PA share returned 0.8% in August and -2.1% YTD versus 0.0% in August and 7.2% YTD for the benchmark.

August was a turbulent month for global financial markets, or at least that was how it started. European equity markets shared the bumpy ride, falling more than 5% in the first week. However, a bounce followed and the MSCI Europe ended the month up 1.6%. Large-caps outperformed Small and Mid-caps, with the MSCI Europe Large-Cap finishing up 1.5% versus 0.5% for the MSCI Europe Small and Mid-Cap. The sell-off that occurred during the first week was triggered by a lukewarm US employment report, with investors fearing an imminent recession in the US. During his speech at the Jackson Hole Symposium, Fed Chair Jerome Powell reassured financial markets, hinting at a rate cut at the next FOMC meeting on 18 September. Investors remained cautious and favoured defensive sectors or those inversely correlated with interest rates. Accordingly, Real Estate and Health Care were the best-performing sectors during the month, up 3.9% each, while the worst performers were Energy (-3.7%, in line with the Brent price) and Information Technology (-1.4%).

STOCK SELECTION – CONTRIBUTORS

The top contributors to the Fund's performance in August were Lotus Bakeries, Biomérieux and Reply.

Lotus Bakeries (Consumer Staples, Belgium, 2.5% weight, +13.4% return, +33 bps contribution) manufactures sweet snacks under its Biscoff and Natural Foods brands. Lotus Bakeries reported very strong H1 numbers driven by double-digit volume growth.

Biomérieux (Health Care, France, 3.1% weight, +7.2% return, +23 bps contribution) is a leader in in-vitro diagnostics. The group benefited from

a bullish note from a sell-side analyst after the uplift to FY2024 guidance in July.

Reply (IT services, Italy, 2.2% weight, +8.8% return, +17 bps contribution) is an IT services company positioned in a highly innovative segment of IT consulting and projects. A strong set of Q2 results with stronger-than-expected organic growth was welcomed by the market.

STOCK SELECTION – DETRACTORS

The positions that detracted most from the Fund's performance in August were ID Logistics, Energiekontor and Kontron.

ID Logistics (Logistics Services, France, 5.0% weight, -6.5% return, -27 bps contribution) is a provider of logistics solutions such as warehousing, storage and transport services. The company reported good H1 results that were overshadowed by negative operating cash flow due to high capital expenditure and investments in the business.

Energiekontor (Power Generation, Germany, 1.9% weight, -11.2% return, -21 bps contribution) is a developer and operator of wind and solar parks. The company reported H1 results with a strong decline in earnings before tax explained by current delays in the completion time of projects. The availability of wind turbines and other large components is currently limited.

Kontron (Technology, Germany, 1.4% weight, -13.7% return, -21 bps contribution) is a leader in embedded computing technology solutions. The share price dropped after the Q2 results despite better profitability and a strong book-to-bill at 1.3x. The market is still questioning the Katek acquisition.

FOCUS ON A STOCK CONVICTION

Xior Student Housing is a real estate company specialising in student housing, with a portfolio of 25,000 units in eight countries: the Netherlands, Belgium, Spain, Portugal, Germany, Poland, Sweden and Denmark. The student housing market is structurally undersupplied in

INVESTMENT TEAM

GENEVA Ingrid Nouhaud +41 22 709 2621

PRODUCT SPECIALISTS

GENEVA Edouard de Cournon +41 22 709 9588

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Europe, with increasing demand supporting rental growth and occupancy. Xior was founded in 2008 by Christian Teunissen who has been CEO ever since and owns 11% of the company through Aloxe NV holding.

PORTFOLIO ACTIVITY

In August, we sold SECO. The Fund held 43 positions at the end of the month

PERFORMANCE

31.08.2024	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 16 mn	-0.84%	-2.10%	12.15%	-1.74%	-29.87%	32.88%	17.26%	29.43%
LO Funds – Continental Europe Family Leaders NA [2]			-0.76%	-1.47%	19.05%	-0.80%	-29.18%	33.58%	17.72%	30.66%
Benchmark [3]			-0.04%	7.15%	50.88%	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.

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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

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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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France. Representative: CACEIS Bank, Rue Gabriel Péri 89-91, 92120 Montrouge, Supervisory Authority: Autorité des marchés financiers (AMF).

Germany. Representative: DekaBank Deutsche Girozentrale, Mainzer Landstraße 16, D-60325 Frankfurt am Main, Supervisory Authority: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

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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