

# LO Funds

## Europe All Cap Leaders

### Newsletter

Regional Equities • Equities

31 July 2024

#### PERFORMANCE COMMENTS

LO Funds–Europe All Cap Leaders (EUR NA share) returned 0.8% in July versus 1.2% for its benchmark, the MSCI Europe Index, bringing its performance YTD to 8.5% versus 10.3% for the benchmark. The Fund's EUR PA share returned 0.7% in July and 7.8% YTD, compared to 1.2% and 10.3%, respectively, for its benchmark.

European equity markets rose slightly in July. The MSCI Europe ended the month up 1.2%, with the Stoxx 600 up 1.3%. The Technology sector declined sharply (MSCI Europe Information Technology -6.5%) while Utilities rose 5.9%, highlighting the rotation faced by the equity market in July. Indeed, sentiment towards technology shifted, with mounting questions around potential returns from the substantial investment in AI but also due to a more likely Trump victory in the US November elections after Joe Biden stepped down from the presidential campaign, in addition to concerns around a trade war with China. Value stocks performed well, with the MSCI Europe Value up 3.4%, while the MSCI Europe Growth index closed down 1.1%. The second-quarter earnings season also led to a pause in equity markets as the impact of China's slowdown and higher rates materialised in companies' earnings and comments. In the Eurozone, the economic situation is still fragile, with the latest PMI print indicating poor manufacturing momentum.

#### STOCK SELECTION – MAIN CONTRIBUTORS

The top contributors to the Fund's performance in July were Nexans, Kerry Group and Compass.

Nexans (cables, France, 2.6% weight, +16.2% return, +43 bps contribution) is a leader in the design and manufacturing of electric cables. The company reported strong H1 numbers led by the Electrification division and upgraded its 2024 guidance in terms of adjusted EBITDA and free cash flow generation.

Kerry Group (food ingredients, Ireland, 2.2% weight, +14.2% return, +27 bps contribution) is a manufacturer of ingredients and flavours for the food & beverage and pharmaceutical industries and also supplies

food & beverage products in the UK and Ireland. The share price rallied in July, benefiting from a market rotation towards lower-valuation stocks.

Compass (food services, United Kingdom, 3.0% weight, +11.6% return, +26 bps contribution) is one of the world's leading providers of food services. The company reported a strong third quarter (fiscal year ending in September) that was ahead of expectations in terms of organic growth and increased its full-year guidance for sales growth and EBIT margin.

#### STOCK SELECTION – MAIN DETRACTORS

The positions that detracted most from the Fund's performance in July were Verallia, BE Semiconductor and Siemens Healthineers.

Verallia (glass packaging, France, 1.7% weight, -19.7% return, -40 bps contribution) is the European leader in glass packaging for food & beverage products. The company warned at the beginning of the month that 2024 EBITDA will be lower than initially targeted due to a slower-than-expected recovery in demand in Q2.

BE Semiconductor (semiconductors, Netherlands, 0.7% weight, -28.7% return, -25 bps contribution) is a semiconductor assembly equipment company. The share price corrected after negative comments from a chip packaging equipment maker peer highlighted a still-difficult mainstream assembly market. Despite these companies having different end-market exposures, the market took those comments negatively.

Siemens Healthineers (medical equipment, Germany, 2.7% weight, -7.8% return, -22 bps contribution) designs, develops, produces and distributes diagnostic imaging systems and therapy solutions. Q3 results came in below expectations, partly due to delayed customer orders from China.

#### PORTFOLIO ACTIVITY

#### PRODUCT SPECIALISTS

#### INVESTMENT TEAM

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During the month, we entered Saint Gobain, ASM International and Elia Group, among others, and exited Qiagen. At the end of July, the Fund held 45 positions.

## PERFORMANCE

31.07.2024	INCEPTION	AUM	MONTH-TO-DATE	YEAR-TO-DATE	INCEPTION-TO-DATE	2023	2022	2021	2020	2019
LO Funds – Europe All Cap Leaders PA [1]	27 February 2015	EUR 7 mn	0.70%	7.84%	18.07%	9.10%	-23.52%	23.33%	-2.71%	20.74%
LO Funds – Europe All Cap Leaders NA [2]			0.79%	8.47%	28.25%	10.19%	-22.75%	24.57%	-1.73%	21.95%
Benchmark [3]			1.17%	10.33%	68.37%	15.83%	-9.49%	25.13%	-3.32%	26.05%

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

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

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

[3] MSCI Europe; ND performance in EUR.

## 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.

**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.

**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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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).

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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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