

# LO Funds

## Europe All Cap Leaders

### Newsletter

Regional Equities • Equities

30 June 2024

#### PERFORMANCE COMMENTS

LO Funds–Europe All Cap Leaders (EUR NA share) returned -3.1% in June versus -1.0% for its benchmark, the MSCI Europe Index, bringing its performance YTD to 7.6% versus 9.1% for the benchmark. The Fund's EUR PA share returned -3.1% in June and 7.1% YTD, compared to -1.0% and 9.1%, respectively, for its benchmark.

In June, European equity markets were down by 1.0% (MSCI Europe) and the EUR-denominated equity market (MSCI EMU) was down 2.5%. The small and mid-cap companies underperformed the large caps, ending the month down 3.0% versus -0.8% for the large caps. It is worth noting that across European countries, there was a large disparity in June, with the French equity market ending the month down 6.4%, having taken a hit following the announcement of a snap election, while the Dutch market closed at +2.2%. Financials and Industrials were the best sectors in the month, up by 4.6% and 4.5%, respectively. There were also important differences across sectors: Information Technology ended the month up 8.4%, while Real Estate was down 5.1%. During its meeting on 6 June, the European Central Bank cut interest rates by 25 bps to 3.75% for the deposit facility, but this cut was viewed as hawkish, with the ECB President emphasising the need for more data and analysis to confirm the disinflationary path and further cuts.

#### STOCK SELECTION – MAIN CONTRIBUTORS

The top contributors to the Fund's performance in June were SAP, NKT and ASML.

SAP (Software and Services, Germany, 3.7% weight, +14.2% return, +27 bps contribution) is the world's largest provider of Enterprise Application Software, with a portfolio offering solutions from finance to manufacturing and procurement. The share price rose on positive reports from sell-side analysts showing confidence in the next quarter's results.

NKT (Cables, Denmark, 3.2% weight, +2.8% return, +13 bps contribution) is one of the three largest companies offering high-voltage power cable solutions for off and onshore power transmission (subsea and underground cables). During the month, NKT announced the

acquisition of a Portuguese cable manufacturer active in medium voltage, enabling NKT to add 5% to group revenues next year and around 7% to group EBITDA after the synergies.

ASML (Semiconductors, Netherlands, 4.6% weight, +10.7% return, +9 bps contribution) is the indisputable leader in advanced lithography machines used in the front-end manufacturing of semiconductors. The share price increased at the beginning of the month following a comment from the CFO regarding a near agreement with TSMC for 2nm orders (low NA NXE3 3800 EUV systems at around EUR 200 mn per machine). These orders are expected to materialise in Q2 and Q3 2024.

#### STOCK SELECTION – MAIN DETRACTORS

The positions that detracted most from the Fund's performance in June were Credit Agricole, Kingspan and SIG Group.

Credit Agricole (Banks, France, 2.0% weight, -14.6% return, -25 bps contribution) is the largest retail bank in the European Union with a diversified profile including insurance, asset management, wealth management and corporate and investment banking activities. Credit Agricole's share price decline during the month was triggered by the European election results in France, showing a significant victory for the Rassemblement National party, followed by President Macron's decision to call for a snap election on 9 June. This uncertainty around the next government saw the French equity index (CAC40) decline by 6.4% in June.

Kingspan (Construction materials, Ireland, 2.9% weight, -9.9% return, -24 bps contribution) is a provider of building envelope solutions enabling better energy efficiency. The share price corrected during the month on no particular events.

SIG Group (Packaging, Switzerland, 2.0% weight, -10.7% return, -22 bps contribution) is one of the two leaders in aseptic carton solutions for the food and beverages industry. The share price suffered on investor concerns around the achievement of full-year guidance due to US and Asian consumer softness and some raw material price increases. However, SIG's management reiterated that the year should be back-end loaded and the valuation supports the equity story.

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Please read important information at the end of this document. Past performance is not a guarantee of future results.

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## PORTFOLIO ACTIVITY

During the month, we entered Symrise and Intercos and exited Sanofi,

DSM Firmenich and Credit Agricole. At the end of June, the Fund held 42 positions.

## PERFORMANCE

30.06.2024	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	-3.14%	7.09%	17.25%	9.10%	-23.52%	23.33%	-2.71%	20.74%
LO Funds – Europe All Cap Leaders NA [2]			-3.07%	7.63%	27.25%	10.19%	-22.75%	24.57%	-1.73%	21.95%
Benchmark [3]			-0.98%	9.05%	66.42%	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).

**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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