

LO Funds

Continental Europe Small & Mid Leaders

Newsletter

Regional Equities • Equities

31 August 2024

PERFORMANCE COMMENTS

LO Funds-Continental Europe Small & Mid Leaders (EUR NA share) returned 1.4% in August compared to 1.0% for its benchmark, the Stoxx Europe ex-UK Small ND Index, bringing its YTD performance to 4.0%, versus 6.0% for the benchmark. The Fund's EUR PA share returned 1.3% in August and 3.3% YTD, compared to 1.0% and 6.0% 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 Galderma, Siegfried and Azelis.

Galderma (Health Care, Switzerland, 1.9% weight, +20.8% return, +32 bps contribution) is a dermatology company. Galderma operates in injectable aesthetics, dermo-cosmetics and therapeutic dermatology. In August, L'Oréal and Galderma announced a research and development partnership and L'Oréal bought a 10% stake in Galderma.

Siegfried (Health Care, Switzerland, 2.2% weight, +10.7% return, +21 bps contribution) is a small-molecule outsourcing partner for the pharmaceutical industry that develops and manufactures both active pharmaceutical ingredients and drug products. The company benefited from positive reports from sell-side analysts and strong first-half results.

Azelis (Industrials, Netherlands, 2.4% weight, +8.1% return, +17 bps contribution) is a leading specialty chemicals and food ingredients supplier. The company reported decent second-quarter results in line with expectations, which supported the shares.

STOCK SELECTION – DETRACTORS

The positions that detracted most from the Fund's performance in August were Aixtron, Kingspan and Wienerberger.

Aixtron (Semiconductor Equipment, Germany, 1.7% weight, -19.7% return, -39 bps contribution) develops, produces and installs deposition machines (or epitaxial machines) for compound materials in semiconductors (silicon carbide, gallium nitride or gallium arsenide). Aixtron's share price fell amid a slip in the semiconductor industry.

Kingspan (Building Materials, Ireland, 2.1% weight, -8.9% return, -22 bps contribution) is a global manufacturer of insulation products and building envelope materials. Kingspan reported first-half profit slightly below expectations and previous guidance, but reaffirmed that the outlook will be better in the second part of the year.

Wienerberger (Glass Packaging, France, 1.5% weight, -8.9% return, -16 bps contribution) is a building materials supplier for the new-build, renovation and infrastructure market. The company reduced its FY 2024 EBITDA guidance by 7% due to a lower-than-expected single-family house market and a market recovery that is now planned for 2025 rather than H2 2024.

PORTFOLIO ACTIVITY

In August, we added Interpump and Xior and sold Caixabank and SAAB.

INVESTMENT TEAM

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Newsletter · LO Funds - Continental Europe Small & Mid Leaders · Data as at 31 August 2024

PERFORMANCE

31.08.2024	INCEPTION	AUM	MONTH-TO-DATE	YEAR-TO-DATE	INCEPTION-TO-DATE	2023	2022	2021	2020	2019
LO Funds – Continental Europe Small & Mid Leaders PA [1]	22 June 2006	EUR 38 mn	1.29%	3.26%	385.75%	1.76%	-28.18%	19.27%	12.35%	28.30%
LO Funds – Continental Europe Small & Mid Leaders NA [2]			1.37%	3.95%	470.14%	2.78%	-27.46%	20.47%	13.48%	29.59%
Benchmark [3]			0.96%	5.95%	490.72%	12.84%	-23.01%	23.10%	11.47%	26.28%

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] Stoxx ex-UK Small Return ND Index 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.

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.

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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Investments are subject to a variety of risks: The investments mentioned in this document may carry risks that are difficult to quantify and integrate into an investment assessment. In general, products such as equities, bonds, forex, or money market instruments bear risks, which are higher in the case of derivative, structured, and private equity products; these are aimed solely at investors who are able to understand their nature and characteristics and to bear their associated risks. On request, LOIM will be pleased to provide investors with more detailed information concerning risks associated with given instruments. The liquidity of an investment is subject to supply and demand. Some products may not have a well-established secondary market or in extreme market conditions may be difficult to value, resulting in price volatility and making it difficult to obtain a price to dispose of the asset.

Where the Fund is denominated in a currency other than an investor's base currency, changes in the rate of exchange may have an adverse effect on price and income. All performance figures reflect the reinvestment of interest and dividends and do not take account the commissions and costs incurred on the issue and redemption of shares/units; performance figures are estimated and unaudited. Net performance shows the performance net of fees and expenses for the relevant fund/share class over the reference period. This document does not contain personalised recommendations or advice and is not intended to substitute any professional advice on investment in financial products. Neither this marketing communication nor this document nor any part of it shall form the basis of, or be relied on in connection with, any contract to purchase or subscription to the Fund. Not all costs are listed in this document and the investor is recommended to refer to the Offering documents for more information.

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

Italian . The PRIIPS/KIDs and the Prospectus together with the Articles of Incorporation and the last annual and semi-annual financial report are available on www.loim.com or can be requested free of charge at the registered office of the Fund or of the Management Company, from the distributors of the Fund or from the local representatives as mentioned below. These Offering Documents are provided for information and illustration and is not a contractually binding document or an information required by any legislative provisions and is not sufficient to take an investment decision.

Please refer to the prospectus and the PRIIPS/KIDs before making any final investment decisions. Before making an investment in the Fund, an investor should read the entire Offering Documents, and in particular the risk factors pertaining to an investment in the Fund, consider carefully the suitability of such investment to his/her particular circumstances and, where necessary, obtain independent professional advice in respect of **risks**, as well as any **legal, regulatory, credit, tax, and accounting consequences**.

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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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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>.

Italy. Paying Agents: Société Générale Securities Services S.p.A., Via Benigno Crespi, 19/A-MAC 2, 20159 Milano, State Street Bank International GmbH – Succursale Italia, Via Ferrante Aporti, 10, 20125 Milano, Banca Sella Holding S.p.A., Piazza Gaudenzio Sella, 1, 13900 Biella, All funds Bank, S.A.U., Milan Branch, Via Bocchetto 6, 20123 Milano, CACEIS Bank S.A., Italy Branch, Piazza Cavour 2, 20121 – Milano, Supervisory Authority: Banca d'Italia (BOI)/ConSob.

Liechtenstein. Representative, LGT Bank AG Herrengasse 12, 9490 Vaduz, Supervisory Authority: Finanzmarktaufsicht Liechtenstein ("FMA").

Luxembourg: Commission de Surveillance du Secteur Financier (CSSF), 291, route d'Arlon, L-1150 Luxembourg; www.cssf.lu.

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