

# LIGHTROCK GLOBAL SMALL-CAP FUND CLASS R (EUR)

## Profile

The investment objective of the Lightrock Global Small-Cap Fund is to generate positive returns, by outperforming the MSCI World Small Cap Index Total Net Return. The Manager will aim to achieve the investment objective by:

- Investing in equities issued by smaller companies globally. The Investment Manager will invest principally in companies that are, at the time of initial purchase, no larger by market capitalisation than the largest constituent of the Benchmark. Shareholders should be aware that the Sub-Fund will not be managed in reference to the Benchmark, and may invest in securities not included in the Benchmark. Investment returns may deviate materially from the performance of the Benchmark. The Benchmark captures small cap representation across developed markets;
- Employing an investment strategy that combines the principles of long-term investing with responsible active ownership;
- Aiming to avoid permanent loss of capital through the selection of companies with resilient business models and strong balance sheets;
- Integrating ESG and positive impact considerations as part of the investment process;
- Aiming to acquire a portfolio for the Sub-Fund of quality companies at attractive share prices with a view to retaining them for a long term period (i.e. on average 5 years or more).
- In normal market conditions, investing in equities of between 50 and 75 companies. Using the above criteria, investments will be made on a 'long-only' basis and will be predominantly in equity securities.

## Investment Team Information

Name	Role	Career Start Date
Maarten Vankan	Portfolio Manager	April 1999
Chris Kaashoek	Portfolio Manager	April 2006
Michiel van Dijk	Portfolio Manager	April 2008
Luuk Jagtenberg	Portfolio Manager	September 2012

## Tradability

Minimum Subscription	Initial subscription EUR 100, Additional subscription EUR 100
Listed	No
Subscription/Redemption Frequency	Daily
ISIN	IE000Q4JZOS2
Cut-off time	11:59 am GMT on Dealing day -1

## Ongoing Charges

Management Fee	1.81%
Expected ongoing charges (total)	1.81%

## Main Fund Data

Fund Name	Lightrock Global Small-Cap Fund
Investment Strategy	Global Small-Caps
Inception Date	18 April 2024
Benchmark	MSCI World Small Cap Index Total Net Return
Domicile	Ireland
Management Company	Lightrock Netherlands B.V.
Legal Counsel	Simmons & Simmons
Administrator	Northern Trust International Fund Administration Services (Ireland) Limited
Depository	Northern Trust Fiduciary Services (Ireland) Limited
Base Currency	EUR
Status	Open-end
SFDR Classification	8

## Key Figures

Total Fund Size	EUR 476,172,317
Share Class Size	EUR 4,433,796
Number of Shares	38,489
Net Asset Value	EUR 115.20

## Fund Characteristics

	Fund	Benchmark
Number of holdings	64	3,984
Dividend yield	2.0%	2.0%
Weighted average market capitalization	EUR 5,547M	EUR 5,524M
P/E ratio (next fiscal year Est.)	11.7x	14.2x
Active Share	98%	-

Data Source: Lightrock, data as at: 30/11/2024

## Developments per November 2024

The Lightrock global small-cap strategy invests in public equities in developed markets, capitalising on the team's expertise in active management, engaged ownership, and thorough fundamental research, complemented by Lightrock's deep knowledge in ESG and Impact. The portfolio currently includes 64 stocks, focusing on companies that possess strong fundamentals with solid balance sheets. In November 2024, the fund (Class I, EUR) was up 7.4%, underperforming the benchmark which was up significantly at +9.4%. The fund is currently overweight Europe, which was a meaningful drag on relative performance, particularly versus the US, in the light of the post-election rally in US small-cap stocks. The average North American stock in the index went up 12.8% in EUR terms during the month of November. Our stock selection effect was also negative, most notably in Financials, where the fund was unable to keep up with the strong rally in US diversified financials. It was a great month for speculative, high-risk stocks that we believe are unsuited for our strategy.

The fund is up 15.1% since inception in April, which is behind its benchmark which is up 18.8% over the same period. Though we are dissatisfied with the relative performance of the fund year to date, we are generally very pleased with the financial results that our investee companies reported over Q3. We retain strong conviction in the long-term potential of the current investment portfolio of high-quality assets at attractive valuations.

We would like to make a final comment before describing the top contributors and detractors. We view the significant premium at which many US stocks trade versus their European peers as an extreme dislocation in the market. While we have always been big fans of investing in the US, we believe the current premium on US stocks is unsustainable in the long run. Historically, we have been able to benefit from large dislocations in the market like the one we observe today, and over time we believe we will be able to profit from the current dislocation as well. Some of our high-quality European companies, global leaders with significant outside Europe activities, trade at valuation levels that will prove unsustainable over a longer period of time, in our view. This view is fully based on our bottom-up observations and not a top-down call on Europe versus the US. Companies like Aixtron and Befesa, both global market share leaders, that we discuss below, are perfect examples of this. As a result of the depressed valuations, we feel a material risk is that some of our assets are acquired at a price below their intrinsic value.

The top three contributing stocks in November were Lumentum, Wintrust Financial, and Mueller Water Products.

The share price of **Lumentum** increased another 36% (in USD) during the month of November. This marked the sixth consecutive month where the stock went up. We are pleased that with Lumentum's September quarter results on November 7, 2024, it was able to report an additional transceiver award from a new customer. This award relates to the recently acquired Cloud Light business and our investment case so far is playing out as planned, if not better. The Cloud Light business only had one customer (Google) when this company was acquired exactly one year ago. Under the ownership of Lumentum, we expect the business to diversify and grow materially. We remain constructive on the stock price of Lumentum.

The share price of **Wintrust Financial** increased 19% (in USD) in November, outperforming the US regional bank index which was also up strongly by 15% (in USD). Investors were optimistic regarding deregulation and anticipated corporate tax cuts after the election win of the Republicans on November 5th. Also, a steepening of the yield curve, which historically improved banks profitability, helped performance for regional banks. As shared last month, we believe that Wintrust has a nice runway of growth ahead of itself, and the company continues to be a core holding for the fund.

**Mueller Water Products'** stock price rose 16% in November in USD (year-to-date: +75%). The company again reported strong quarterly results exceeding market expectations. Throughout the year, Mueller Water consistently outperformed expectations and raised guidance accordingly. Mueller Water is a leading provider of water infrastructure components in the US. The company benefits from resilient demand and a need to invest in the aged water infrastructure in the US. Furthermore, the company invested in upgrading its production facilities, which is resulting in more efficient operations and better profitability. Mueller Water issued a positive outlook for 2025.

The largest detractors to the performance of the fund were Aixtron, Befesa, and Laboratorios Rovi.

**Aixtron** traded 6% lower for the month (in EUR), the fourth consecutive month where the stock traded down. We did not see any material news on Aixtron during the month of November and we used the weakness to increase our position. While we see short-term risks, which we believe are prudently reflected in our financial model, we are positive about the long-term potential of Aixtron. The company has a dominant position in its markets and we believe should be in a good position to gain more share. We rate the management team highly and believe the current valuation provides a unique opportunity for long-term investors like ourselves.

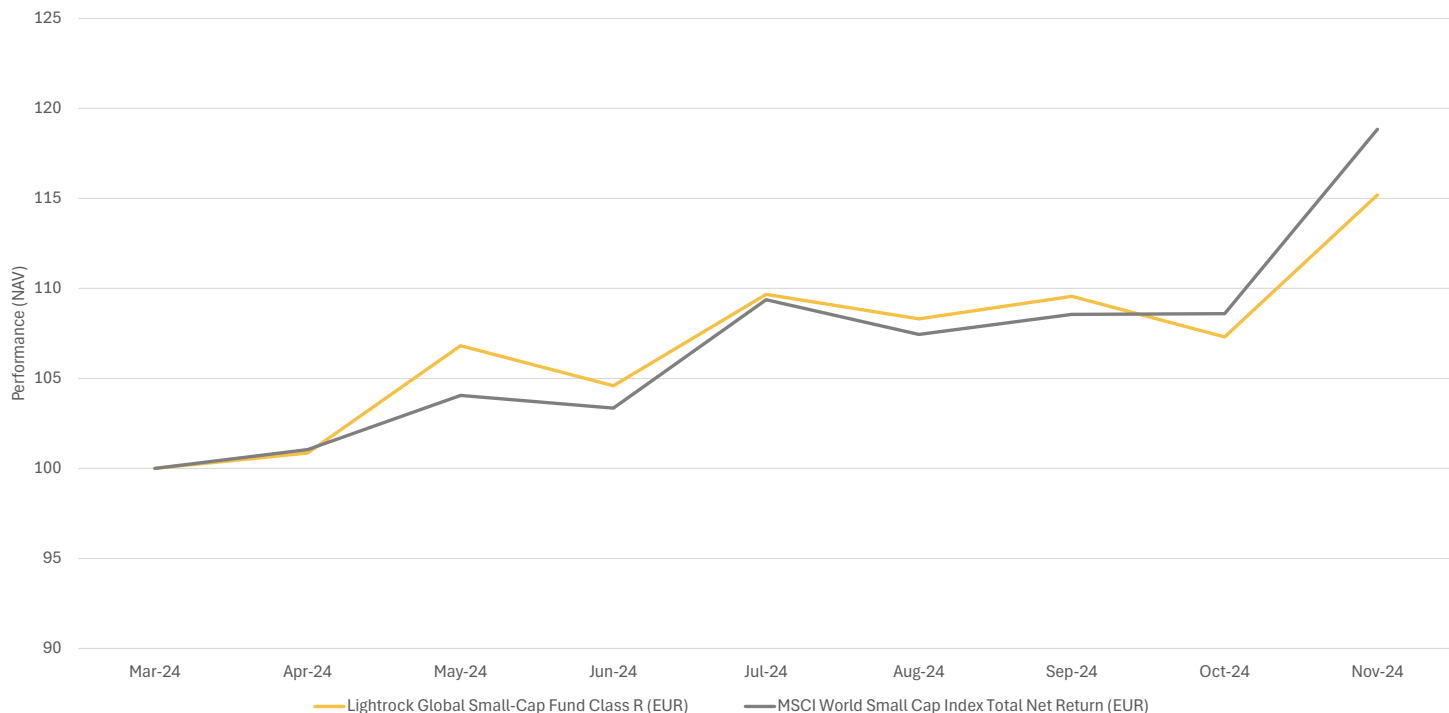
The share price of **Befesa** declined 6% in November (in EUR). Year-to-date the shares are down 42%. Befesa is a global leader in industrial waste recycling, with market leading positions in zinc recycling in Europe and the US, and is the first mover in China. We can see why the share price momentum is soft: global steel production is challenged on the back of weak end markets like automotive and construction, and the Chinese economy is struggling to recover. At the same time, we do believe there is a disconnect between the share price performance of Befesa and its fundamentals and long-term potential. Befesa's utilization rates remain robust and the zinc price is solid. Based only on the higher zinc prices locked in through hedges and a new contract win in the US, Befesa expects strong double digit EBITDA growth in 2025. Improving volumes if end markets recover would add to that growth potential. Longer term, we see upside from China, where Befesa invested in 2 new plants that currently operate at break-even levels and that should ramp up utilization and profitability when the Chinese economy recovers. Befesa's shares are trading at less than 6x EV/EBITDA, a historical low. Based on maintenance capex, the shares are trading at a current free cash flow yield of more than 13%. Recently, we have seen meaningful insider buying: executive Chairman Javier Molina purchased for more than EUR500k Befesa shares, while non-executive director Helmut Wieser bought Befesa shares for EUR30k.

The share price of **Laboratorios Farmacéuticos Rovi** (ROVI), a Spanish pharma company and sterile injectables contract manufacturer, saw its share price decline 17% (in EUR) in November. ROVI issued conservative 2025 guidance due to uncertainty around seasonal vaccine demand next year and in addition decided not to market its risperidone long-acting injectable in the US. Though both events understandably affected sentiment around ROVI's stock price, we remain positive about the company's long-term potential. ROVI is positioning itself to become a global leader in the sterile fill-and-finish of pre-filled syringes. The long-term supply/demand for pre-filled syringes looks very attractive, particularly once the pending acquisition of Catalent by Novo Holdings is completed, which would remove an important competitor. We expect ROVI will be able to sell out the majority of its fill-and-finish capacity, which would imply strong earnings growth for the next few years.

## Performance

	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	YTD
Lightrock Global Small-Cap Fund Class R (EUR)	7.4%	6.4%	7.8%	-	-	-	-	15.2%
MSCI World Small Cap Index Total Net Return (EUR)	9.4%	10.6%	14.2%	-	-	-	-	18.8%

## Performance



A Value-Added Monthly Index (VAMI) tracks, assuming reinvestment, the monthly output of a hypothetical EUR 100 investment over a period of time. The value of your investments can fluctuate. Results achieved in the past do not constitute a guarantee for the future. The performance shown is based on net asset values and inclusive of fees, commissions, and other charges.

## Statistics

Average Winning Month	4.0%
Average Losing Month	-1.8%
Sharpe Ratio	1.7
Standard Deviation 36M Annualized	-
Downside Deviation	1.1%

## Top 5 Long Company/Sector

Name	Sector	Weight
West Fraser Timber	Materials	3.6%
Wintrust Financial	Financials	3.3%
Brunswick	Consumer Discretionary	3.3%
Aixtron	IT	3.0%
BAWAG Group	Financials	2.8%

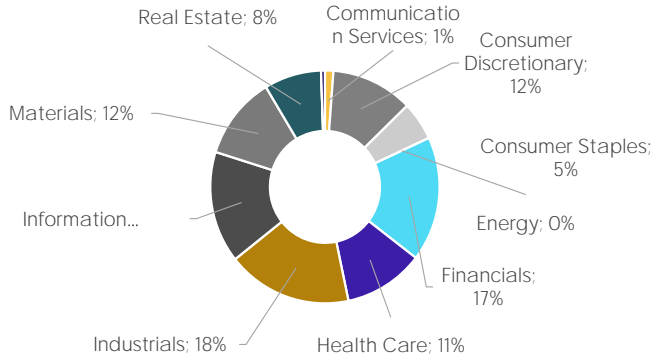
## Top 5 Contributors

Name	Sector	Performance	Contribution
Lumentum	IT	40%	0.9%
Wintrust Financial	Financials	23%	0.7%
Mueller Water Produ	Industrials	19%	0.4%
West Fraser Timber	Materials	12%	0.4%
Jabil	IT	13%	0.3%

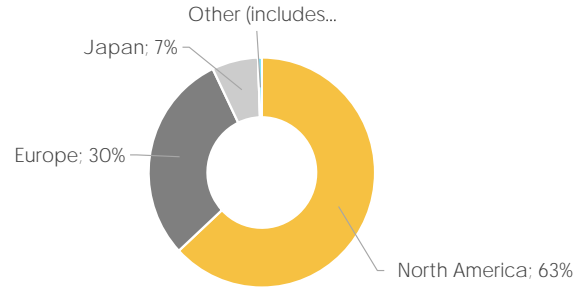
## Top 5 Detractors

Name	Sector	Performance	Contribution
Aixtron	IT	-7%	-0.2%
Befesa	Industrials	-6%	-0.1%
Rovi	Healthcare	-17%	-0.1%
Nakanishi	Healthcare	-8%	-0.1%
TripAdvisor	Communication Services	-8%	-0.1%

## Sector Breakdown



## Geography Breakdown



## ESG Criteria

Sustainability Factors are fully integrated in the investment process through the pillars of Exclusion, Integration, Engagement, and Voting. Companies that engage in harmful business conduct, certain harmful business activities, or that are involved in severe controversies, are excluded. ESG risk assessment is a key component of pre-investment due diligence. A proprietary ESG scoring framework is used, with the final score impacting valuation models through the required rate of return. Engagement with portfolio companies is a key part of the investment process. Based on the philosophy of active and responsible ownership, voting rights are exercised to act in the best interest of the Sub-Fund and its shareholders.

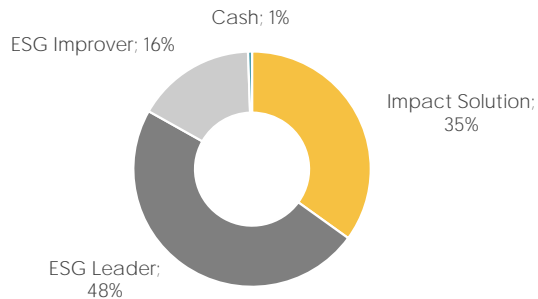
The Sub-Fund strives to invest in ESG Leaders, ESG Improvers, or Impact Solution companies. ESG Leaders are companies with best-in-class ESG ratings based on Lightrock's proprietary ESG assessment and scoring framework. ESG Improvers are companies that are earlier in their ESG journeys and have an average ESG rating. These companies should be able to progress to ESG Leaders in a reasonable timeframe. Lightrock applies a proprietary impact framework to assess each Portfolio Company's ability to achieve

positive real-world impact. Impact Solutions are companies that derive de minimis 20% of revenues from activities related to impact themes. The Sub-Fund commits to invest a meaningful percentage (at least 25%) of net assets in Impact Solutions.

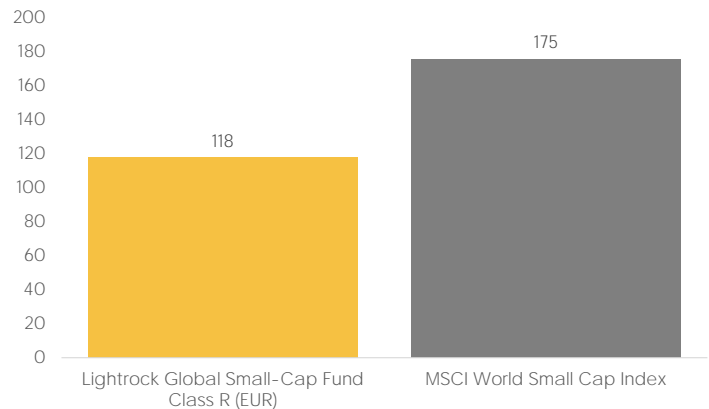
The Sub-Fund has been categorised as an Article 8 fund under SFDR. This is a fund that promotes among other characteristics environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

In the context of SFDR, the Sub-Fund is expected to invest 90-100% of its Net Asset Value in companies aligned with environmental and social characteristics. Furthermore, the Sub-Fund is expected to make Sustainable Investments. The Sub-Fund commits to investing a minimum of 15% of its Net Asset Value in Sustainable Investments.

## Strategy Breakdown



## Weighted Average Carbon Intensity



Source: Sustainalytics. Scope 1 + 2 carbon emissions over sales (CO2te/€mln) . Calendar year 2022 CO2 data and sales. Holdings as of 30/11/2024

## Disclaimer

This document is a marketing communication. The information in this document provides insufficient information for an investment decision. The information should not be regarded as tax, legal or investment advice or as a recommendation that any of the investments, funds or products described are right for an investor. Please refer to the prospectus (available in English), supplement and Key Information Documents (KID, available in multiple languages) for further information about the costs and risks that apply to this fund. These documents should be read and understood prior to considering an investment in the fund. The aforementioned documents as well as the (semi-)annual report and the Instrument of Incorporation of the Fund are available free of charge via: <https://smallcap.lightrock.com/> or at the offices of the Swiss Representative in Lausanne.

Lightrock Global Small-cap Fund is a sub-fund of the fund Lightrock UCITS ICAV, which is an open-ended Irish Collective Asset-management Vehicle registered under number C511266 and domiciled in Ireland. The fund is registered in Ireland and regulated by the Central Bank of Ireland. Lightrock Netherlands B.V. is the management company of the fund registered under number 89341015 in The Netherlands. Lightrock Netherlands B.V. is authorized as management company and regulated by the Dutch Authority for the Financial Markets (AFM).

The Fund has appointed as Swiss Representative Waystone Fund Services (Switzerland) SA, Av. Villamont 17, 1005 Lausanne, Switzerland, Tel: +41 21 311 17 77, Mail: [switzerland@waystone.com](mailto:switzerland@waystone.com). The Fund's Swiss paying agent is Helvetische Bank. In respect of the Shares offered in or from Switzerland, the place of performance is at the registered office of the Swiss Representative; the place of jurisdiction is at the registered office of the Swiss Representative, or at the registered office or domicile of the investor. The issue and redemption prices are published at each issue and redemption on [www.fundinfo.com](http://www.fundinfo.com).

The Sub-Fund is registered for offering in a limited number of countries. The countries where the Sub-Fund is registered can be found on the website. The information provided here is for general information only and historical performance is not a guide to current or future performance.

The Management Company – Lightrock Netherlands B.V. - has the right to terminate the arrangements made for the marketing of the Lightrock Global Small-Cap Fund (the 'Sub-Fund') in certain jurisdictions to certain investors in accordance with applicable laws and regulations. To view the Summary of Investor Rights, please visit the following link: <https://smallcap.lightrock.com/required-documents/>