



Aperture Small Cap Innovation Fund

Q4 2024 Manager Commentary

Marketing Communication for Professional Investors in Switzerland, Spain, France, Italy, Luxembourg, and Portugal



CHALLENGING THE CONSENSUS: THE EUROPEAN WILDCARD



Dear Clients and Investors,

2024 marks the fourth consecutive year of small caps underperforming large caps (M7EUSC vs. M7EU Index), though we note stabilization over the last three quarters. Once again, market volatility, macroeconomic uncertainties, geopolitical developments, and low liquidity created a challenging backdrop for alpha generation in the asset class.

Amid these conditions, the Aperture Small Cap Innovation Fund (the “Fund”) ended the year with a -1.80% relative underperformance¹ versus its benchmark². This was largely driven by difficulties in the technology and semiconductor sectors. The semiconductor industry, particularly equipment manufacturers, encountered significant headwinds in the latter half of the year, culminating in a major warning from mega-cap stock ASML. This event sent ripples throughout the sector, disproportionately affecting small-cap investments. On the other hand, our stock selection in healthcare provided a meaningful counterbalance, contributing positively to performance. We remain steadfast in our commitment to identifying high-quality, growth-oriented companies, convinced that this disciplined approach underpins long-term success.

As we move into 2025, we believe Europe is poised for a resurgence driven by structural shifts, innovation in AI applications, and potential catalysts such as fiscal reforms, defence spending, and post-conflict reconstruction in Ukraine. Within this context, we believe small caps present a compelling opportunity, supported by the confirmation of a monetary policy inflection. The European small-cap universe is rich with companies uniquely positioned to capitalize on these transformative themes, offering significant potential for growth and alpha generation.

Wishing you a wonderful year ahead.

Sincerely,
Anis Lahlou
CIO, European Equities

¹ Performance figures displayed relate to ISIN LU2403399608. **Past performance is not a reliable indicator of future returns. Capital is at risk.**

² Benchmark = the Fund’s Benchmark, MSCI Europe Small Cap Net Total Return EUR Index (ticker M7EUSC Index).



Performance³

Returns as of December 31, 2024 (% net of fees)

	Q4 2024	2024	2023	2022	Annualised Since Inception
Fund ⁴	-3.95	3.86	8.35	-22.83	-3.56
Benchmark ⁵	-3.62	5.65	12.74	-22.50	-1.68
Relative Performance	-0.33	-1.80	-4.39	-0.33	-1.88

Past performance is not a reliable indicator of future performance and can be misleading

Since Inception figures are annualized. Annual past performance related to ISIN LU2403399608. Performance is net of all fees except entry and exit fees (where applicable). Dividend reinvested for accumulative classes. Past performance is calculated in EUR.

Q4 2024 Market Summary: Challenges and Resilience

The MSCI Europe Small Cap Index (ticker M7EUSC Index) faced a challenging Q4 2024, ultimately closing the quarter down -3.62%. Market volatility persisted as investors navigated a mix of macroeconomic uncertainties and geopolitical developments. Concerns about whether the Federal Reserve was keeping pace with monetary tightening led to shifts in sentiment. Meanwhile, hopes for a substantial stimulus package from China did not materialize, weighing on investor confidence. The U.S. political landscape added complexity, with Trump's re-election sparking debates about American exceptionalism and its potential impact on global trade and European exporters. Inflationary pressures in parts of the global economy also re-emerged as a key concern, raising fears of prolonged monetary tightening.

Sector performance reflected the broader challenges faced by European markets. Real Estate, Chemicals, and Basic Resources (China) were particularly affected by elevated interest rates and a subdued global growth outlook. Healthcare also faced difficulties, with high-profile tweets from Bobby Kennedy, who is touted to be the health secretary in the upcoming Trump administration, heightening regulatory uncertainty. His statements, particularly critical of GLP-1 therapies, weighed heavily on the pharma sector, including Novo-Nordisk. In December, Novo Nordisk faced additional pressure due to weaker-than-expected results from the Cagrisema study. Another European market bellwether, ASML, experienced a profit warning tied to its exposure to the Chinese market. Despite these challenges, the quarter highlighted the resilience inherent in Europe's diversified market structure.

Small caps underperformed large caps by -2.93% in 2024 (M7EUSC vs. M7EU Index), with the bulk of this underperformance occurring in the first two months as rising yields disrupted the late-2023 recovery. However, from March onward, they outperformed large caps by +1.71%, signalling that the historical valuation discount in this asset class is beginning to attract investor interest. We find this trend encouraging.

As we look ahead to 2025, there is a strong sense of optimism. While headwinds persist, potential tailwinds from domestic policy adjustments, greater clarity on global economic conditions, and performance catch-up opportunities relative to the U.S. offer promising prospects. Additionally, as AI reaches an inflection point, expanding beyond single-stock dominance in the U.S., we believe the European industrial complex is well-positioned to capitalize on these advancements.

³ Past performance does not predict future returns. Where the reference currency of the fund differs than yours, returns and costs may increase or decrease as a result of currency and exchange rate fluctuations. This is not an exhaustive list of the costs. Other costs apply and differ per share class.

⁴ The Fund = The Aperture Small Cap Innovation Fund (ticker APSCIYI LX). Share Class Inception Date = 12/21/2021.

⁵ Benchmark = the Fund's Benchmark, MSCI Europe Small Cap Net Total Return EUR Index (ticker M7EUSC Index). Indices are unmanaged and do not include the effect of fees. One cannot invest directly in an index. The performance of the Benchmark does not predict future performances of that Benchmark and of the performance of the Fund. The Fund is actively managed and references the Benchmark only for the purpose of performance fee calculation. Investment Manager has full discretion over the composition of the Fund's portfolio and therefore its composition may deviate substantially from the Benchmark so as to take advantage of specific investment opportunities.



MSCI Small Caps (M7EUSC Index): Q4 2024 Performance Map⁶



How did we do this quarter?

The Fund (Ticker: APSCIYI LX) ended the quarter down -3.95%, slightly lagging its benchmark MSCI Europe Net Total Return Index at -3.62%.⁷ A positive selection effect over the quarter was broadly offset by negative allocation in Technology, Travel and Leisure and Energy.

This brought the Fund's full-year performance to +3.86%, or -1.80% behind its benchmark for the year. The underperformance was primarily driven by sector allocation, with our overweight in Technology facing headwinds during the second half of the year. Additionally, our underweight in Banks and Insurance—this year's best-performing sectors—further contributed to the shortfall. However, positive stock selection, particularly in Healthcare and Financial Services, provided a partial offset.

Single Stock Commentary

2024: The Year of Negative Allocation in Technology and Positive Stock Selection in Healthcare

2024 was marked by two distinct phases. The first half sustained the transformative momentum of 2023, with generative AI and GLP-1 anti-obesity treatments continuing to disrupt industries and unlock new opportunities. However, from July onwards, the narrative shifted. Sharp reversals in the share prices of European bellwethers ASML (ASML NA) and Novo Nordisk (NOVOB DC) triggered a broader sell-off, particularly impacting small-cap companies linked to these themes. In this context of market volatility, we delivered positive overall stock selection, with the notable exception of **Technology**, where our overweight position resulted in negative alpha – more specifically in semiconductors, which was the most significant drag on the fund's performance this year.

Aixtron (AIXA GY), a leading provider of advanced deposition equipment for semiconductors, saw its stock decline by 60% in 2024, driven by a slowdown in electric vehicle (EV) demand that impacted its key silicon carbide (SiC) markets. This slowdown significantly weighed on the company's revenues and outlook, making it the largest detractor from the fund's performance this year. Our decision to exit the position early in the year shielded the fund from substantially greater losses. **Inficon** (IFCN SW) and **VAT Group** (VACN SW), providers of vacuum instrumentation and valves critical for semiconductor manufacturing, saw their share prices drop 14% and 19% respectively during the year. This came from a disappointing

⁶ Source: Bloomberg

⁷ Performance figures displayed relate to ISIN LU2403399608. **Past performance is not a reliable indicator of future returns. Capital is at risk.**



performance in the second half as the cyclical recovery in semiconductors proved weaker than expected. Inficon's lowered guidance reflected softer demand across multiple end markets, particularly in general vacuum and solar, while VAT faced reduced order visibility in its vacuum solutions segment. **Wise** (WISE LN), a leading fintech in cross-border payments, saw its stock drop 21% in April following its Q1 update. The market reacted negatively to softer-than-expected total payment volumes (TPV), and a decline in volume per customer (VPC), driven by a mix shift toward smaller transactions on Wise cards. Despite resilience in customer growth and higher net interest income, the disappointing revenue performance and guidance revisions weighed on the stock price.

Other key detractors came from **Valmet** (Industrials) and **DS Smith** (Packaging). **Valmet** (VALMT FH), a Finnish global leader in pulp, paper, and energy technologies, experienced a volatile year, finishing down 6%. The company announced a landmark EUR1bn (largest ever) order for a pulp mill in Brazil in September, driving its share price up by 15%. However, the momentum reversed in October after a profit warning on weaker-than-expected demand in its high-margin services segment across key regions like EMEA and China, and delays in board and paper equipment orders. We had no exposure to **DS Smith** (SMDS LN), a UK-based leader in fiber-based packaging. The stock, which is an important constituent of our benchmark, ended 2024 at +92%, driven by the acquisition offer from International Paper announced in April.

Partly offsetting these factors, positive stock picking in Healthcare (**Bonesupport** and **Zealand Pharma**), Industrials (**SOL** and **Accelleron**), and Construction (**Galliford Try**) provided support to the fund's performance.

Healthcare stock selection was a key contributor to returns, with standout performers including **Bonesupport** (BONEX SS) and **Zealand Pharma** (ZEAL DC). **Bonesupport**, a Sweden-based specialist in synthetic bone grafts and related technologies, saw its stock rise by 100% in 2024, driven by strong expansion in the US market. CERAMENT G—a synthetic bone graft with antibiotic-eluting capabilities—recorded >100% year-over-year organic sales growth in the US in Q3, supported by new hospital approvals and increased penetration among existing customers. **Zealand Pharma** (ZEAL DC), a biotech specializing in peptide-based therapies, delivered a 94% stock gain in 2024, despite some setbacks in the second half of the year, including a CRL for Glepaglutide and market concerns following Novo Nordisk's disappointing CagriSema results. Strong progress in its obesity pipeline, particularly with Petrelintide and Survodutide, has reaffirmed its position as a leader in metabolic and rare diseases and a potential target for large pharma players entering the obesity market.

SOL (SOL IM), an Italian-based provider of industrial gases and home care services, saw its stock rise by 35% in 2024. The company delivered solid results throughout the year, with accelerating growth in its Home Care segment (+18.6% YoY in Q3) and improving momentum in its Technical Gases division (+5% YoY in Q3). Margins remained resilient, supported by pricing discipline and lower energy costs, reflecting its strong, multi-year track record.

Accelleron (ACLN SW), a Swiss-based leader in advanced turbocharging solutions for the marine, energy, and industrial sectors, posted a stock gain of 80% in 2024. The company benefited from robust demand in its marine and energy markets, supported by resilient aftermarket services. It raised its guidance in July, driven by operating leverage, with EBIT margins reaching 25%. The OMC2 acquisition announced in the summer further boosted its capacity to meet growing demand for fuel injection systems and reinforced its market leadership.

Galliford Try (GFRD LN), a UK-based pure-play contractor specializing in public and regulated infrastructure projects, saw its stock rise by 89% in 2024. The company benefited from strong execution across its Building and Infrastructure divisions. With a record order intake and unprecedented revenue visibility, it consistently upgraded its guidance throughout the year, culminating in FY24 PBT growth of +40%. Structural growth drivers, such as increased UK infrastructure investments in water and affordable housing, further underpin its strong multi-year outlook.

What have we done?

In response to the heightened market volatility and increasing macro risks, we proactively reduced the portfolio's profile during the summer. We reduced exposure to certain positions in line with market conditions and introduced diversified assets to enhance quality, value, and defensiveness in the portfolio. This adjustment raised our churn rate to approximately 1.8x in 2024, surpassing our long-term average of about 1.5x on the long side of the fund.



We rebalanced the portfolio toward ideas we observed benefiting from significant pricing power. **Just Group**, a UK-based provider of retirement income products, is benefiting from a shortage of capital in the annuity market, driven by regulatory constraints and growing demand, especially in the current opportunistic context of high-interest rate environment. Leading German Airport Operator **Fraport** implemented a multi-year tariff increase at Frankfurt Airport in December, with rates rising an average of 4% annually through 2028. We also added positions in classified leaders such as **Schibsted** and **Baltic Classified**, where we expect an acceleration in earnings driven by price increases and cost-cutting measures. We also increased our exposure to the Datacentre Infrastructure theme by adding a position in **Belimo**, a leader in HVAC systems crucial for liquid cooling technologies in datacentres —an area expected to see exponential demand growth in the coming years.

These additions were funded by profit taking on Zealand Pharma and Atoss Software. We also closed our position in Valmet.

How do we think about the Outlook?

Challenging the Consensus: Reconsidering Europe

The prevailing narrative today encourages investors to double down on U.S. assets, leveraging Europe as a funding short/underweight. This has been underpinned by recent performance: the S&P 500 rose an impressive +25% in USD terms in 2024, compared to MSCI Europe's modest +9% gain. However, we believe this consensus overlooks critical opportunities. Despite a 15-year period of relative underperformance, Europe may be well placed for a recovery in these overextended levels, driven by structural shifts and innovation.

Chart 5: Biggest underperformance of Europe vs US since 1976

Annual equity return differential: US minus Europe (%)



BofA GLOBAL RESEARCH

Chart 6: US stocks very "exceptional" relative to European equities

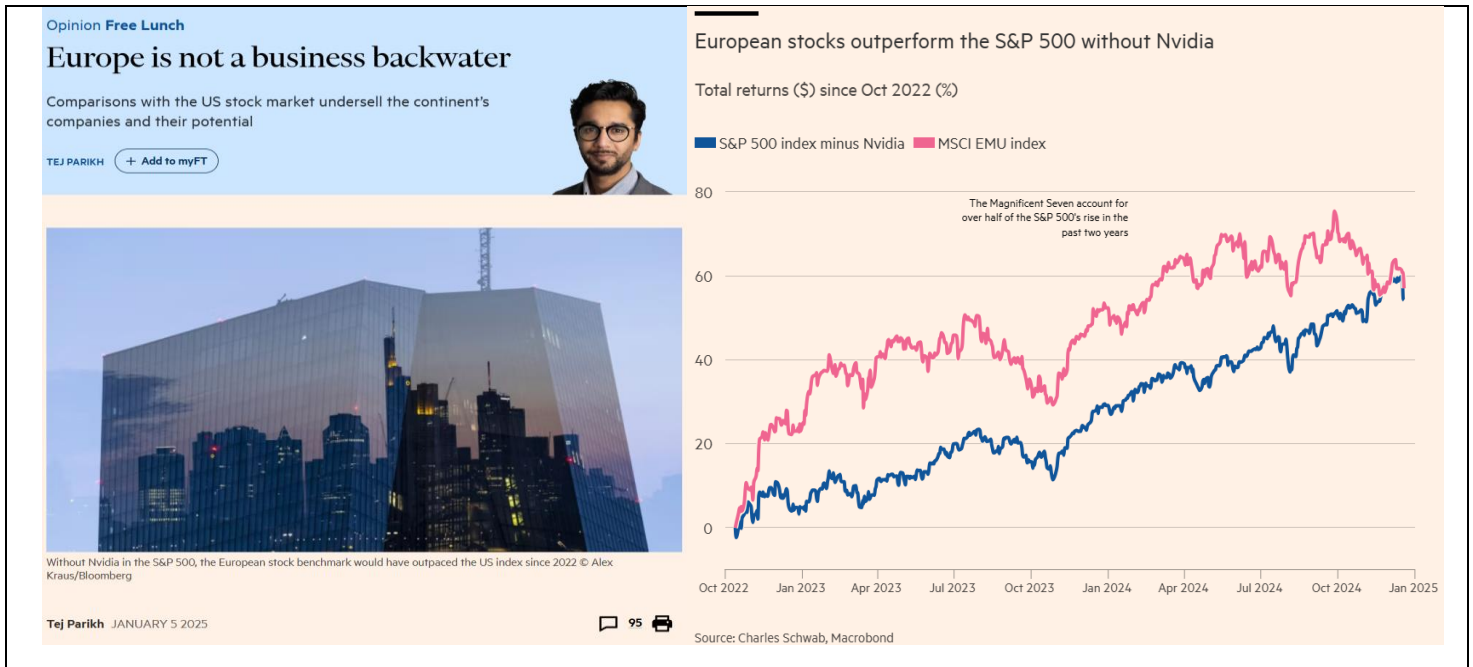
US vs Europe equities price relative (US dollar-terms)



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Breaking the Trend: What Drives Change?

To understand the case for Europe, we must first dissect the drivers behind U.S. outperformance. As highlighted by Tej Parikh in the Financial Times earlier this year ("Europe is not a business backwater" January 5th, 2025), much of the S&P 500's surge owes to concentrated performance in a few Magnificent Seven like Nvidia. Excluding Nvidia, European equities would have outpaced U.S. benchmarks since October 2022. We have conducted similar analysis in USD, local currency and euro terms and varying the periods. The conclusion still holds. These findings underscore that Europe's equity market performance is more robust than widely perceived.

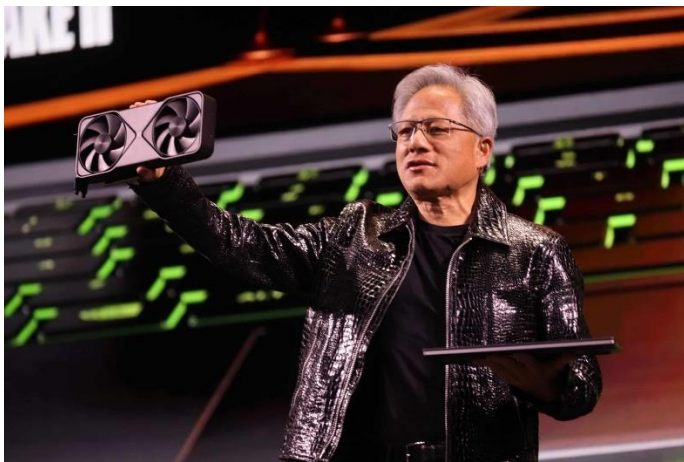


Why Europe Matters to AI: The Upcoming “Industry 5.0” Revolution

Fresh into the year, OpenAI’s Sam Altman declared in his blog that the company “is now confident it knows how to build AGI (artificial general intelligence)” and that 2025 could “see the first AI agents join the workforce and materially change the output of companies.” While ChatGPT has redefined digital interaction, the AI horizon extends far beyond. Altman’s vision of reasoning, agentifying, and tokenizing videos and movements heralds a new era where AI interfaces with the physical world.

Consider Nvidia’s most recent announcements at CES in January. Following groundbreaking tools like NeMo, NIMS, and Omniverse, Nvidia unveiled DIGITS and, most importantly, COSMOS – a transformative AI tool that enables the Omniverse Digital Twin to fully understand and simulate physical laws, paving the way for advanced industrial automation. This is a quantum leap: this is in essence, AI releasing robots into the real world. Nvidia has entered into a partnership with Kion Group AG and Accenture to roll it out in warehouses globally.

Transforming Warehouse Operations: KION, Accenture, and NVIDIA Showcase AI-Driven Future at CES 2025





Now, why would Jensen Huang, CEO of a \$3 trillion market cap giant, care about Kion, a €4 billion German industrial small cap? Because if Nvidia's Omniverse and COSMOS are to achieve their potential, they need manufacturing captains like Kion. As a leader in the trillion-dollar warehousing and forklifts market, Kion is uniquely positioned to leverage AI for automating and optimizing logistics. Imagine self-learning autonomous robots revolutionizing industrial supply chains globally—a scenario where Industry 4.0 finally realizes its full potential, paving the way for Industry 5.0.

Kion, along with other European industrial leaders, trades at 10x P/E on trough earnings, offering significant upside potential if multiples re-rate or earnings normalize. This convergence of AI and manufacturing is why Europe's industrial players should play a pivotal role in rolling out the next chapter of the AI revolution. Europe's comeback lies in infusing AI into manufacturing processes, creating another ChatGPT moment but on the factory floor.

The Wild Card: Catalysts for a Recovery on the Old Continent in 2025

Europe's unique set of wildcards positions it for a potential comeback:

1. **German Debt Reforms:** February's elections could lead to constitutional changes **relaxing the debt brake, unlocking fiscal stimulus**. With several quarters of destocking weighing on Europe's industrial production, these reforms could reinvigorate infrastructure spending and catalyze a broader industrial revival, supporting domestic demand and benefiting innovation-driven sectors across the continent.
2. **Reconstruction in Ukraine:** A resolution to the conflict would unleash a wave of reconstruction activity, boosting demand for infrastructure, building materials, and advanced industrial goods, many of which are likely sourced from Europe.
3. **Defense Spending:** Increased defense budgets will bolster Europe's defense sector, driving innovation and economic activity.
4. **Easing Trade Tensions:** While U.S. tariff risks under Trump's policies remain a concern, markets appear to have priced in much of the downside. **Market strategists have factored in tariff risks for 2025, projecting modest EPS growth of +3-5%, in contrast to the bottom-up STOXX 600 EPS estimates of +8%**, which may still face downward revisions. Any moderation could provide significant upside for Europe's export-reliant sectors.

Valuation and Opportunity

European equities offer compelling value. With **Nasdaq-grade companies trading at S&P-like multiples and other stocks undervalued on free cash flow and P/E metrics, the region presents a rare blend of growth and value**. Within European equities, **small caps trade close to a nearly 20-year high discount relative to large caps and 20% below their historical average**.⁸

Historical precedents under a Trump presidency suggest heightened uncertainty, emphasizing the importance of diversification and valuation-driven opportunities. However, we remain highly constructive on Europe. Its potential lies not only in cyclical recovery but also in structural shifts driven by Industry 4.0 supercharged with AI, fiscal reforms, and peace-driven reconstruction efforts. As Europe enters 2025, its convergence of innovation, industrial leadership, and fiscal momentum positions it as a pivotal player in global markets—a compelling opportunity for forward-looking investors ready to embrace its untapped potential.

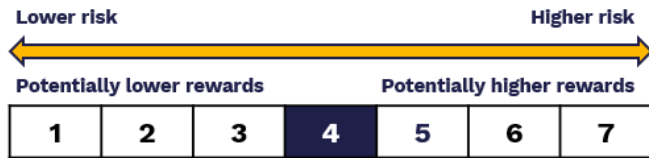
Wishing a wonderful year 2025!

Anis Lahlou,
CIO European Equities

⁸ Source: Kepler Cheuvreux Research December 2024



Risk Profile of Small Cap Innovation Fund



This Fund is not a guaranteed product. Investments bear risks. You may not recover all of your initial investment. Investment may lead to a financial loss as no guarantee on the capital is in place.

The Risk and Reward profile of this Fund, as reflected in the Summary Risk Indicator (SRI) required for the PRIIPS KID is 4. The SRI is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. The SRI for this product is 4 out of 7, which is a medium risk class. Risk 1 does not mean a risk-free investment. This indicator may change over time.

Inherent risks of the Fund include:

- Sustainable finance risk,
- Market risk,
- Volatility risk. Due to the exposure of the Fund to financial derivative instruments the volatility can at times be magnified,
- Equity,
- Investment in smaller companies,
- Foreign exchange,
- Short exposure risk,
- Derivatives,
- OTC financial derivative instruments,
- Rule 144A and/or Regulation S securities



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Equity Risk: The strategy will be affected by changes in the stock markets and changes in the value of individual portfolio securities. At times, stock markets and individual securities can be volatile, and prices can change substantially in short periods of time. The equity securities of smaller companies are more sensitive to these changes than those of larger companies. This risk will affect the value of the strategy, which will fluctuate as the value of the underlying equity securities fluctuates.

Investment in Smaller Companies Risk: Investment in smaller companies may involve greater risks and thus may be considered speculative. Many small company stocks trade less frequently and in smaller volumes and may be subject to more abrupt or erratic price movements than stocks of larger companies. The securities of small companies may also be more sensitive to market changes than securities in large companies.

Short Exposure Risk: The strategy may proceed with short-term sales of their investment via the use of derivatives. The short exposure risk results from short sales achieved through the use of derivatives and includes the potential for losses exceeding the cost of the investment, as well as the risk that the third party to the short sale will not fulfil its contractual obligations.

Derivatives Risk: The strategy may use derivative instruments, such as options, futures and swap contracts and enter into forward foreign exchange transactions. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these strategies will be achieved. Participation in the options or futures markets, in swap contracts and in foreign exchange transactions involves investment risks and transaction costs to which the strategy would not be subject if it did not use these strategies. If Aperture's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to the strategy may leave the strategy in a less favorable position than if such strategies were not used. Risks inherent in the use of options, foreign currency, swaps and futures contracts and options on futures contracts include, but are not limited to (a) dependence on the Aperture's ability to predict correctly movements in the direction of interest rates, securities prices and currency markets; (b) imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged; (c) the fact that skills needed to use these strategies are different from those needed to select portfolio securities; (d) the possible absence of a liquid secondary market for any particular instrument at any time; and (e) the possible inability of the strategy to purchase or sell a portfolio security at a time that otherwise would be favorable for it to do so, or the possible need for the strategy



to sell a portfolio security at a disadvantageous time. Where the strategy enters into swap transactions it is exposed to a potential counterparty risk. In case of insolvency or default of the swap counterparty, such event would affect the assets of the strategy.

Rule 144A and Regulation S Risk: SEC Rule 144A provides a safe harbor exemption from the registration requirements of the US Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. Regulation S provides an exclusion from registration requirements of the US Securities Act of 1933 for offerings made outside the United States by both US and foreign issuers. A securities offering, whether private or public, made by an issuer outside of the United States in reliance on Regulation S need not be registered. The advantage for investors may be higher returns due to lower administration charges. However, dissemination of secondary market transactions is limited and might increase the volatility of the security prices and, in extreme conditions, decrease the liquidity of a particular security.

IPO Risk: The market value of shares issued in an IPO may fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about a company's business model, quality of management, earnings growth potential, and other criteria used to evaluate its investment prospects. Accordingly, investments in IPO shares involve greater risks than investments in shares of companies that have traded publicly on an exchange for extended periods of time. Investments in IPO shares may also involve high transaction costs, and are subject to market risk and liquidity risk, which are described elsewhere in this section.

For further information on risks related to the Fund please see the Prospectus.