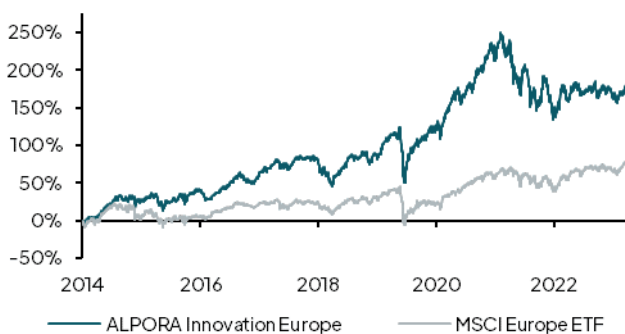


Annual report 2023

Within Serafin Asset Management, the Innovation Hub is responsible for developing innovation-focused models and conducting innovation analyses, which serve as the basis for the ALPORA Innovation Europe Fund. Advanced models are used to quantitatively measure the innovation efficiency and innovative strength of companies. In a second step, a detailed qualitative analysis of the innovators is carried out concerning their future viability and coverage of relevant market and technology trends. During portfolio construction, around 30 to 40 stocks are selected using our fundamental analysis.

The unique analytical approach has enabled the ALPORA Innovation Europe Fund to achieve an annualized excess return of over 5% compared to the comparable MSCI Europe ETF since its launch in 2014 (Fig. 1).

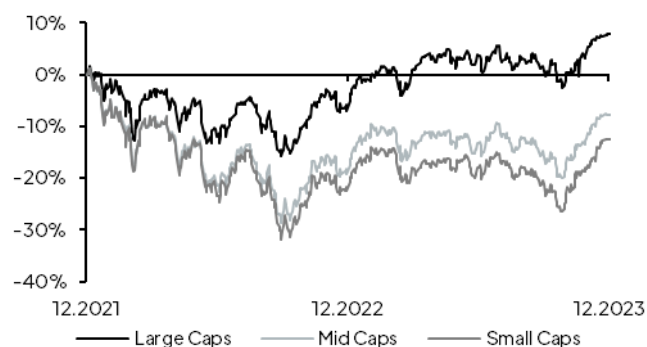
Fig. 1: Performance since launch



Source: Serafin, Bloomberg

2023 will go down in history as a strong year for equities, with Germany's leading index, the DAX, close to its all-time high. But getting there was anything but easy. The interest rate turnaround initiated by the central banks in 2021 influenced investors' willingness to take risks and allowed large caps to outperform small and mid-caps (Fig. 2).

Fig. 2: Comparison of European large, mid, and small caps since 2021



Source: Serafin, Bloomberg

Please note the important information at the end of the document

Around 40% of the ALPORA Innovation Europe Fund portfolio is invested in European small caps and was able to match the performance of the comparable MSCI Europe ETF in the reporting year. On an annualized basis, this resulted in an underperformance of around 7%. (Fig. 3).

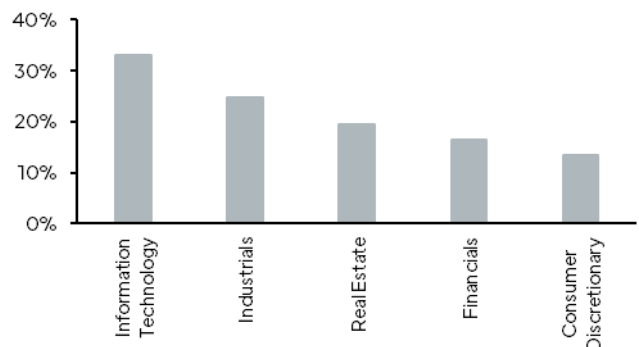
Fig. 3: Performance YTD



Source: Serafin, Bloomberg

In Europe, the IT and industrial sectors accounted for a large share of performance alongside real estate and financials. The energy sector moved sideways after a very strong year in 2022 (Fig. 4).

Fig. 4: Sector performance MSCI Europe (Top 5)



Source: Serafin, Bloomberg

Financial stocks are not included in the model per se and explain part of the weaker performance. The reassessment of the portfolio at mid-year led to a reduction in the small-cap sector. The basic materials and energy sectors were given a higher weighting. The negative development of these sectors in the first half of the year was partially taken advantage of during implementation. In the second half of the year, the fund also performed in line with the comparable ETF. Individual stocks from the semiconductor market (information technology) provided the portfolio with disproportionately positive support. The portfolio, which comprises 39 individual stocks, can always be regarded as broadly diversified and offers great potential to benefit disproportionately in

the event of falling interest rates or a stabilizing economy. The high quality of the individual stocks in terms of sales and earnings growth as well as the EBIT margins achieved underline the potential for the coming year.

We would like to thank our investors for the trust they have placed in us and wish them a successful investment year in 2024.

Your Serafin Asset Management Team

Portfolio Management



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Serafin Innovation Hub



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