

## Monthly Report as of 31.12.2025

European equity markets ended December and the year 2025 in particular clearly in positive territory. Despite ongoing geopolitical headwinds, markets repeatedly reached new highs.

### Review of 2025

Against the backdrop of numerous protectionist and mercantilist headwinds from the US, 2025 proved to be surprisingly resilient and indeed very strong. Given the significant uncertainty and the pronounced market dislocations in April, few would have considered this outcome plausible at the time.

While the weakness of the US dollar materially weighed on returns for globally invested investors, European equity markets, particularly in Germany, recovered significantly. Despite interim volatility throughout the year, we recorded solid double-digit gains overall.

### Current Assessment

(Geo-)political developments, expectations regarding the US interest rate cycle and the continued momentum surrounding AI remain key drivers of market performance going forward. At the beginning of 2026, markets remain optimistic and appear to be pricing in an economic recovery.

While the recent price escalations in commodity markets represent a loud rumble beneath the calm surface of equity trading floors, markets have remained surprisingly indifferent to political interventions in foreign territories and a broad range of diplomatic transgressions. This development gives us pause.

Political retaliation can quickly push markets back into more turbulent waters and trigger an overdue correction. Beyond the long-standing unresolved Taiwan question, geopolitical risks therefore remain one of the largest uncertainties for the market outlook.

### Confidence in Europe

We remain confident that European equities and domestic small and mid caps in particular will continue to represent an attractive asset class in 2026, both in absolute and relative terms. This conviction is supported by significant valuation discrepancies versus US peers, pronounced portfolio concentration in US technology stocks and a potentially more supportive macro backdrop.

While it is sobering that the German government is allowing substantial portions of the special investment fund to be absorbed by consumption, partly driven by left-

leaning political influence, we nevertheless expect tangible real-economic impulses to emerge. With a lag, these should translate into improved macro and economic data, which equity markets typically anticipate.

Despite near-term risks, we therefore remain cautiously optimistic regarding a cyclical recovery in Europe. We see idiosyncratic opportunities in selected single names that may ideally develop independently of the broader market.

### Developments in December

The European market ended the final month of 2025 with a strong run. Small and mid caps performed similarly well to large caps. The STOXX Europe 600 TR gained 2.9%, the MDAX rose 2.3%, while the DAX and SDAX increased by 2.7% and 3.1% respectively. At sector level, value-oriented areas such as Basic Resources (+10%) and Banks (+8%) recorded strong gains, whereas Chemicals and Food & Beverage each declined by 1%. The STOXX Europe 600 TR delivered a strong full-year performance of +19.9%, supported by a pronounced year-end rally in several large-cap constituents fuelled by passive inflows into European equities.

### Fund Developments

The **GS&P Fonds – Family Business (G)** ended the year with a constructive December and a gain of 2.4%. The broader European market, measured by the STOXX Europe 600 TR, also gained almost 3%.

In **2025**, the fund thus delivered an absolute performance of **+15.4%**.

On the positive side, several long-underappreciated holdings performed particularly well in December. **Rocket Internet** (+16%) benefited from renewed investor focus on its portfolio companies, above all its indirect stake in Elon Musk's **SpaceX**, where expectations of a "giga IPO" at a valuation of USD 1.5 trillion have been circulating. A key driver of this development was an open letter from investment company **Scherzer** to the Executive Board, Supervisory Board and auditor **EY**, which was prominently picked up by the **Financial Times**. The focus was criticism of strikingly low valuation assumptions for certain holdings such as **SumUp**, **Canva** and **Kalshi**, which, in the authors' view, obscure the company's intrinsic value.

The share price of industrial group **Schaeffler** has virtually exploded recently: from the April low of EUR 3.20, the stock has risen to EUR 10.57 to date. December alone saw a gain of 26%. The automotive supplier has been undergoing a prolonged turnaround for years. Recently, a material undervaluation coincided with several thematically attractive developments. Schaeffler is positioning itself in high-margin areas such as defence, drones and humanoid robotics.

**Mayr-Melnhof** (+11%) also saw renewed turnaround expectations. **United Internet** (+9%) and **Implenia** (+12%) developed favourably. On the negative side, the most notable detractor in December was Germa-

ny's latest IPO, **Ottobock** (-10%).

## Portfolio Changes in December

**2G Energy** was reduced after a strong run driven by expectations of orders from data centre operators. In the near term, we expect weak quarters due to subdued order awards and ongoing operational issues in connection with an SAP upgrade and we view the stock as expensive. **Sentia** was sold in full; here, we expect further placements by the majority shareholder. We also made minor adjustments across several other portfolio positions.

## Lessons Learned 2025

Looking back on 2025, three key lessons stand out:

1. **Momentum** remains (unfortunately) the decisive factor.
2. **Management quality** is indispensable.
3. **Position sizing** determines performance.

### 1) Momentum remains (unfortunately) the decisive factor

2025 once again demonstrated: the trend is your friend. Momentum, whether thematic or driven by revenue and earnings dynamics, was the dominant factor in European equities. Investors increasingly operate in a binary framework: stocks are often categorised simply as winners or losers. You

have to “follow the flow” – or better yet, anticipate it.

Defence, infrastructure, AI and banks were in favour. Old-economy companies, AI laggards, companies without a compelling narrative and names in renewable energy were largely ignored. Our largest detractor, **ABO Energy (-65%)**, also came from the latter segment. The current environment also provides little support for contrarian investing.

With **Pfisterer (+181%)**, **Renk (+193%)**, **United Internet (+93%)**, **KSB Pref. (+65%)**, **Credito Emiliano (+49%)**, **Elmos (+45%)** and **ASR Nederland (+40%)**, to name just a few, we held a number of stocks with pronounced momentum that more than compensated for this weakness. With the benefit of hindsight, however, it is also clear that all intra-year (partial) sales in these winners were premature. Momentum is therefore a factor that should not be underestimated in investment decisions, both on entry and on exit.

### 2) Management quality is indispensable

Risks only become a problem once they materialise. While good corporate governance can be subjective, we consider integrity, trustworthiness, transparency, a degree of conservatism and the ability to accept criticism as key attributes of high-quality management. Management must act as an intermediary between stakeholders and ultimately in the best interest of all owners. The case of ABO Energy reminded us that

this must always be a core prerequisite for any investment. Governance is a key performance driver.

### 3) Position sizing determines performance

Stock selection in 2025 was overall very solid: the top 10 positions, as at year-end 2024, gained on average around **+19%** in 2025 (**+28.4%** excluding ABO Energy) and therefore outperformed the fund's full-year performance of **+15.4%**. This confirms that the selection of our core holdings was fundamentally sound. However, position sizing proved suboptimal in certain cases. ABO Energy can again be cited here, which was overweighted in anticipation of the announced takeover discussions. Combined with point 1), we should have held thematically attractive momentum names longer and at higher weights. This highlights the trade-off between valuation discipline and technical momentum. That said, we remain committed to our valuation framework. It forms the foundation of our investment strategy and stock picking and serves as a guardrail across all market environments.

Encouragingly, our intensive work on IPOs has paid off. In 2025, we analysed more than 16 IPOs and acquired shares in seven of them. On a net basis, IPO exposure made a very positive contribution to fund performance, most notably driven by **Pfisterer** and **NOBA Bank (+70%)**.


### Outlook 2026

By way of example, we provide a brief sum-

mary of our current assessment of the **top 10 of the GS&P Fonds – Family Business:**

- **Elmos** (6.97% position size) is expected to develop into a growing cash cow this year as it returns to double-digit growth rates. At the same time, the company should explore optionality in its China business. At a possible capital markets day, we also expect Elmos to provide more concrete guidance on increased capital distributions and its path towards the 2030 targets of EUR 1bn in revenue at a 25% EBIT margin and to reaffirm these goals.
- We also remain optimistic on **Zalaris** (6.94%), which should continue its growth trajectory while margins continue to expand. The recently gained financial flexibility should also create room for higher dividends or share buy-backs. We continue to view an acquisition as a possibility. Valuation remains attractive at a 2026E P/E of around 13x.
- **KSB Pref.** (4.78%) remains ideally positioned as a provider and service company for pumps of all kinds to benefit from necessary investments in the expansion of energy infrastructure. Higher commodity prices should also fuel orders in the higher-margin mining segment. Capital market actions such as a share split of the stock, which has recently risen to EUR 1,000, or even a merger of preference and ordinary shares would represent additional optionality on the path towards MDAX inclusion. The stock still trades at a 2026E P/E of 10x.

- **Credito Emiliano** (4.41%) offers both potential for consensus surprises and valuation upside in a persistently supportive banking environment. The stock now trades at a 2026E P/E of just under 11x.
  - News from portfolio companies held by **Rocket Internet** (4.25%) should continue to support interest in the stock (see above). Speculation about a possible “end game” remains. The officially reported book value of more than EUR 24 per share (with a current share price of just under EUR 20) is likely deliberately stated at an artificially low level.
  - **Hellenic Telecom** (3.24%) remains one of the cheapest telecom stocks in Europe (2026E EV/EBITDA 5x and 2026E P/E ~10x) and stands out for very low leverage (Net Debt/EBITDA ~0.3x) and attractive distributions (2026E dividend yield ~5% plus more than 5% indirectly via share buybacks). A potential reclassification of Greece to Developed Market status by some index providers in autumn 2026 could bring additional investor interest and passive inflows, supporting valuation.
  - **United Internet** (3.26%) should benefit from the end of its investment cycle from 2026 onwards and report rising free cash flows. Deleveraging and simplification of the group structure create additional scope for capital distributions and further re-rating. Additional optionality arises from the strategic infrastructure value of subsidiary 1&1 in the context of a potential consolidation of the German telecom market. Over the medium term, we still see an attractive double-digit free cash flow yield even at the current share price.
  - For **Jumbo** (3.12%), we expect continued high-single-digit revenue growth driven by expansion into new markets and further capital distributions. The stock trades at a 2026E P/E of around 10x.
  - **ASR Nederland** (3.11%) should continue to deliver strong growth in organic capital generation thanks to operational synergies following the Aegon NL acquisition. The existing share overhang from Aegon’s stake in ASR could be eliminated through a placement with a new anchor investor (for example via the “Vereniging Aegon” as a future “ASR Association”). This could allow the stock to enter the next phase of its equity story and support a higher valuation. Adjusted for excess capital, the free cash flow yield remains attractive at over 11%.
- We would like to sincerely thank all investors for the trust you have placed in us and all interested parties for your valued support and continued engagement with our fund. We wish you every success in the new market year.

 The price of the fund units is subject to fluctuations and may particularly in the event of negative economic or stock market developments be permanently and significantly below the purchase price. The fund is not suitable for investors who are seeking a risk free investment or who wish to withdraw their money from the fund within a period of five years.

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You can also obtain this information free of charge in German from the registered office of the management company GS&P Kapitalanlagegesellschaft S.A., 7, Op Flohr L-6726 Grevenmacher, Luxembourg, the depositary and the distributor. The depositary is DZ PRIVATBANK S.A., 4, rue Thomas Edison L-1445 Strassen, Luxembourg. These documents form the sole binding basis for the purchase of the fund. Please read the fund's prospectus and key information document (PRIIP) before making a final investment decision.

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