

## Monthly Report as of 30.11.2025

Despite ongoing uncertainty, European equity markets posted a slightly positive performance in November, with sentiment driven mainly by expectations for the US interest-rate cycle and the AI rally, albeit to varying degrees.

### Current Assessment

In November, clear cracks in the AI boom emerged for the first time: the US technology index Nasdaq 100, together with numerous AI companies and related assets, proved extremely volatile. Disruptions to the OpenAI/Nvidia ecosystem triggered by Google's new in-house TPU (Tensor Processing Unit) are fuelling concerns about revenue and margin erosion as competition intensifies, irrespective of the question of future monetisation. Supported by monetary easing, the overall backdrop into year-end is nevertheless relatively encouraging.

Valuations in Europe remain materially lower than in the US, especially in less-followed market segments. Even modest reallocations can lead to noticeable moves. Many German and European small and mid caps remain under pressure from persistent outflows, which, particularly towards year-end, can result in exceptional, technically driven share price moves due to reallocation effects. We see a reversal of these trends as one of the greatest oppor-

tunities for European equities in the medium term, at least in relative terms. Many of our holdings are also trading at significant discounts to historical valuation levels and, with rising confidence and improved visibility, often offer upside potential of more than 50%.

Despite short-term risks, we remain cautiously optimistic about an economic recovery in Europe. Above all, we see idiosyncratic opportunities in selected individual names that can ideally unfold independently of the broader market.

### Market Developments in November

Over the month, European large caps once again outperformed small and mid caps. Despite weakness in the technology sector, equity markets held up well overall. The STOXX Europe 600 rose by +1%, the MDAX by +0.6%, while the DAX and SDAX fell by -0.5% and -1.3% respectively. Value stocks in Europe materially outperformed growth stocks, with large caps stronger than their small and mid cap counterparts. At sector level, technology (-5%), industrials (-5%) and retail (-2%) lagged, while healthcare (+5%), banks (+4%) and construction and building materials (+4%) performed above average.

## Fund Performance

The fund price of the **GS&P Fonds – Family Business (G)** declined by **2.8%** in November, while the broader European market, measured by the STOXX Europe 600 TR, gained 1%. The main driver was substantial losses in one of our top ten holdings, **ABO Energy** (–63%), following a completely unexpected profit warning of drastic magnitude. This also scuppered the previously communicated, advanced discussions regarding a potential investor entry and a takeover offer for all shareholders. Our assessment and analysis follow below.

**Year-to-date**, the fund is nevertheless up **+12.7%** but now trails the index (+16.5%).

On the positive side were **Elmos** (+14%), **Roche** (+18%), **KSB Pref.** (+9%), **Credito Emiliano** (+7%), **NOBA Bank** (+19%) and **2G Energy** (+15%).

## Company Assessments

Since the beginning of November, we have had more than 50 meetings with corporate decision makers across a wide range of industries. The surprising conclusion, especially from a German perspective, is that the situation of many companies is better than the general mood and some share prices in particular would suggest. Impulses from Germany's special fund are emerging on the horizon and there continue to be numerous emerging markets generating growth.

Meetings with **Elmos**, **Zalaris**, **KSB** and **Pfisterer** confirmed our positive views. All of these companies benefit from structural themes such as infrastructure expansion and the drive for efficiency improvements.

### Elmos

**Elmos**, in particular, is set to return to double-digit revenue growth rates in 2026, driven by the ramp-up of a wide range of new products resulting from the design wins of recent years. The key driver of the recent encouraging share price performance has been the now visible strong cash generation and positive commentary on current trading. The cash cushion building up gradually through significantly lower investments, an improved tax rate and the reduction of net working capital also gives Elmos scope to discuss new forms of capital returns. A potential Capital Markets Day in spring would provide a suitable platform for this.

In addition, the ongoing process of carving out the China business next year offers potential value crystallisation through (partial) disposals. In view of the expected escalation in the conflict between China and the Western world in the coming years, we regard this as a very sensible option. Entering into a joint venture would be an attractive way to utilise record-high local valuations in a value-accretive manner and, at the same time, reduce political risks by lowering the ownership stake and bringing in a Chinese partner. In our view, the potential from this optionality is not yet reflected in the share price to any meaningful extent.

Operationally, the resumption of growth combined with the absence of this year's one-offs (rise in gold prices, SAP upgrade, US dollar weakness and the new China strategy) should already lead to a significant improvement in EBIT margins by several percentage points. In terms of sentiment and valuation, the prospect of (regular) share buy-backs and special dividends should be supportive. We also welcome the long-anticipated and now emerging development towards a growing cash cow.

### **ABO Energy**

As mentioned at the outset, **ABO Energy** significantly weighed on the fund's performance by around three percentage points. Following a revaluation of projects in the currently challenging market environment, the company materially revised its earnings guidance and now expects an annual loss of up to EUR 95 million. Key factors include the failure to secure awards in German wind auctions, a lower market price level and timing shifts within the project portfolio. The majority of the impact is non-cash.

From an operational perspective, we see the main issues as a cost base that is too high and excess headcount spread across too many parallel projects and workstreams. The bulk of the earnings impact stems from write-downs of project rights in Phase II due to deteriorated market conditions. Specifically in Germany, too many projects temporarily received permits at the same time because permitting processes had in-

deed been accelerated under former Economy Minister Habeck. In addition, a significant share of revenue and earnings has been deferred and is therefore likely to be recognised only next year.

We have not reduced our holding in the company because we continue to regard the value of ABO Energy's portfolio as intact. Following several discussions with the company, we consider the market reaction to be fundamentally excessive. In particular, the advanced maturity of many Phase III projects and the resulting, foreseeable inflow of liquidity give us confidence that a viable agreement with the financing banks can be reached in the near term. In our view, the current valuation largely ignores both the value and the medium-term earnings power of the sizeable project pipeline.

Nevertheless, in response to the profit warning and uncertainty regarding earnings quality, governance and leverage, the market applied significant markdowns to both the share and the bond. The scale and severity of the market reaction were not foreseeable, given that a takeover by an infrastructure fund, including an offer to the remaining shareholders, had previously appeared very likely. Given the highly unfortunate communication, particularly in the presentation at the Eigenkapitalforum in Frankfurt only a few days after the announcement, which was also legally very limited due to ongoing takeover discussions, the market reaction may be understandable in the short term but is, in our view, funda-

mentally excessive.

Management has unfortunately failed to deliver a convincing performance. Cost control, accounting and communication in particular need to improve substantially. We have already raised this repeatedly, including through engagement. A change in management is now unavoidable for the future.

At the same time, the two owner families, Ahn and Bockholt, have a significant economic self-interest in a successful and sustainable resolution of the current situation. We view this strong alignment of the owners with the other capital providers as an important stabilising factor for the further process, which also reduces the risk of dilution through capital measures.


The fund has been invested in ABO Energy for many years, an established and well-regarded developer of renewable energy projects. We remain in close dialogue with

the company and expect further announcements in the near term. The key will be further communication regarding bank financing, restructuring and the search for investors. Ideally, we expect the former still this year and the latter from the end of the first quarter.

In the short term, the situation remains characterised by uncertainty. Once the sword of Damocles of the bank negotiations has been removed, we expect the market to re-focus more strongly on the company's intrinsic value and its project portfolio.

### Portfolio Changes in November

Last month, we reduced **Pfisterer** following share price gains after solid, reported quarterly results. Given management's conservative stance, we expect a potential increase in medium-term guidance only in spring 2026. We tendered our position in **Ceconomy** in full into the ongoing takeover offer by JD.com.

 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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For detailed product specific information, in particular on the investment objectives, investment principles, opportunities and risks and explanations of the fund's risk profile, please refer to the sales prospectus, the terms and conditions of investment, the key information document (PRIIP) and the latest annual and semi annual reports. This information is available to you free of charge in German on the Internet at <https://gsp-kag.com>.

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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