Flossbach von Storch - Foundation Defensive - SI ³

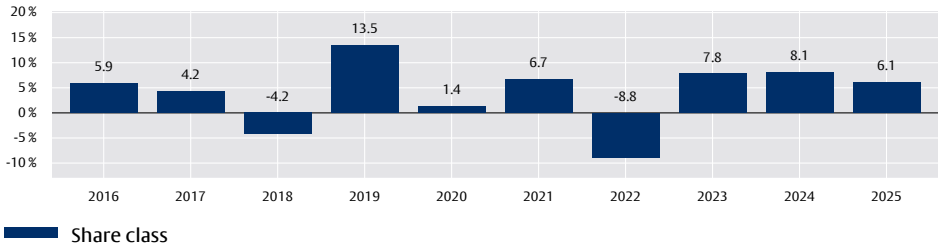
INVESTMENT STRATEGY

The Flossbach von Storch - Foundation Defensive Sub-Fund offers professional asset management to foundations and other responsible investors. The defensive multi-asset strategy is designed to generate attractive returns while preserving the substance of the assets over the medium term. The fund management invests globally in equities (maximum 35 per cent), bonds, convertible bonds, currencies, gold (indirectly) and investment funds according to the principle of risk diversification. Derivatives may be used to hedge or optimise returns. The investment strategy includes in-house valuation models, ESG integration, engagement, and voting. In addition, exclusion criteria are taken into account that are based on a broad consensus of values. For example, the fund management refrains from investing in companies that are associated with the production and distribution of controversial weapons, or that generate significant revenues from military weapons, thermal coal, tobacco, alcohol and gambling. Also excluded are companies that seriously violate the principles of the UN Global Compact initiative these include human rights, labour standards, environmental protection, and anti-corruption. When selecting government bonds, no issuers are considered that are classified as "not free" by Freedom House.

The Sub-Fund is actively managed and not benchmarked against an index. The portfolio is composed by the fund manager exclusively in accordance with the criteria defined in the investment policy, reviewed regularly and adjusted if necessary. The sub-fund complies with the standards for credit quality and credit limits in the insurance industry. The Sub-Fund is categorized as an Article 8 product within the meaning of the Disclosure Regulation (EU) 2019/2088 (SFDR).

For detailed information on the objectives and investment policy, please refer to the most recent sales prospectus and the Key Information Document (PRIIP-KID).

ANNUAL PERFORMANCE IN EUR (IN %)²



PERFORMANCE IN EUR SINCE 30 OCTOBER 2007²



ACCUMULATED AND ANNUALISED PERFORMANCE IN EUR (GROSS, IN %)²

	1 month	2026 YTD*	2026 YTQ*	1 year	3 years	5 years	10 years	since inception 30.10.07
Accumulated	+2.6 %	+2.3 %	-0.3 %	+3.0 %	+23.5 %	+16.9 %	+42.3 %	+102.0 %
Annualised				+3.0 %	+7.3 %	+3.2 %	+3.6 %	

Source: Depositary and Flossbach von Storch, status: 31.10.26

EXPLANATORY NOTES REGARDING PERFORMANCE

Past performance is no indication of current or future performance. The performance data do not take into account the commissions and costs incurred in the issue and redemption of units, which may reduce the performance. Exemplary model calculation assuming a front-end load of 5%: an investor wishes to purchase units for 1,000 EUR (or CHF). With a maximum front-end load of 5%, he must pay a one-time fee of EUR 50 (or CHF) on purchase. Custody account costs may also be incurred. **Please refer to the cost details presented in this document to determine the maximum front-end load for the unit class of the subfund.** Where performance is compared to a benchmark, such a comparison is provided for information purposes only and does not imply any obligation on the part of the fund manager to achieve the level of the benchmark or replicate its performance.

FUND DETAILS

WKN	A0M43S
ISIN	LU0323577766
Valor number	3442022
Domicile	Luxembourg
SFDR Category	Article 8
Share class	SI
Fund currency	EUR
Launch date	30 December 2016
Launch date of the transferred fund	30 October 2007
Financial year end	30 September
Income utilisation	Distribution
Authorised for distribution	AT, CH, DE, LI, LU
Fund type	UCITS / FCP
Fund assets ³	1.02 billion EUR
Redemption price	126.56 EUR
Minimum initial investment	EUR 1,000,000.00
Minimum subsequent investment	none
Costs ¹	
Ongoing charges	0.49 % p.a.
which includes a management fee of	0.34 % p.a.
Transaction costs	0.07361 % p.a.
Performance fee	none
Redemption fee	0.00 %
Exchange commission (based on the unit value of the units to be purchased for the benefit of the relevant Distributor)	up to 3.00 %
Subscription fee	up to 3.00 %

Management company

Flossbach von Storch Invest S.A.
2, rue Jean Monnet
2180 Luxembourg, Luxembourg
www.fvsinvest.lu

Depositary

BNP PARIBAS, Succursale de Luxembourg
60, avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg

¹ In addition to the management fee, the fund is charged further costs such as transfer agent fees, transaction costs, and various other charges. Further information about ongoing and one-off costs can be found in the key information document (PRIIP-KID), the sales prospectus, and the most recent annual report.

² This share class takes over the historical performance of another Luxembourg sub-fund of the same management company. The acquired historical performance covers the time period since the launch of the acquired sub-fund on 30.10.2007 until the transfer on 29.12.2016. Flossbach von Storch - Stiftung has essentially the same investment strategy.

³ On 10 November 2020 the sub-fund "Flossbach von Storch – Stiftung" was renamed "Flossbach von Storch - Foundation Defensive". The investment strategy was changed as of 1 January 2021.

* YTD: Most recent month-end performance since the beginning of the year
YTQ: Performance since the beginning of the year to the end of the most recent quarter

Flossbach von Storch - Foundation Defensive - SI

TOP 10 SECTORS FOR EQUITIES (IN %)

1.	Information Technology	25.39 %
2.	Industrials	16.90 %
3.	Financials	16.75 %
4.	Health Care	16.14 %
5.	Consumer Staples	12.01 %
6.	Consumer Discretionary	6.69 %
7.	Communication Services	4.17 %
8.	Materials	1.95 %

Source: Depositary and Flossbach von Storch, status: 31.10.26

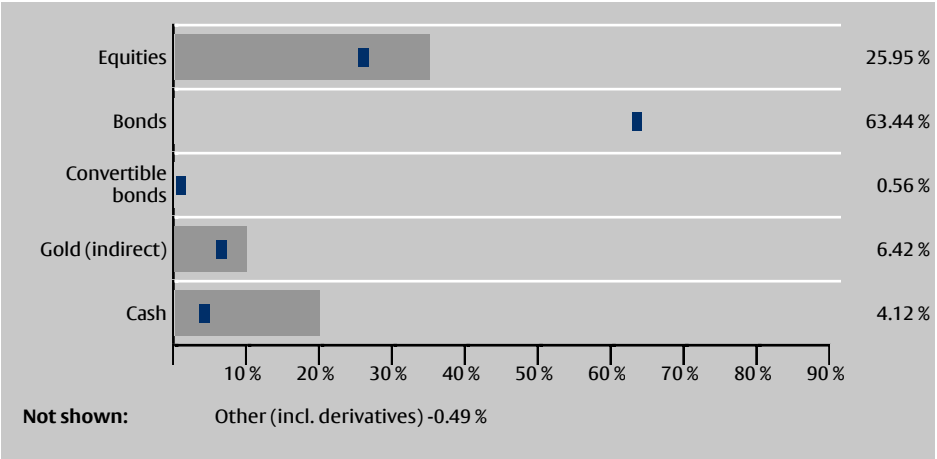
CREDIT RATING ALLOCATION (IN%)

AAA	30.63 %
AA	19.00 %
A	30.56 %
BBB	17.48 %
BB	0.52 %
NR	1.81 %

Source: Depositary and Flossbach von Storch, status: 31.10.26

A simplified ratings scorecard is used when determining the rating. Trends (+/-) are not taken into account in this process. Convertibles are not considered.

ASSET ALLOCATION AND FLUCTUATION MARGIN (IN %)



Current weighting Range*

Source: Depositary and Flossbach von Storch, status: 31.10.26

* Fluctuation margins partly represent our in-house investment limits.

MONTHLY COMMENTARY

October saw the start of the quarterly reporting season, once again dominated by major technology companies. Owing to their high weighting in the index, they were still able to drive share price gains on the equity markets at the start of the month. Whilst the quarterly results revealed that business performance remained robust, high capital expenditure on further AI expansion and increased financing costs fuelled scepticism regarding the future profitability of these investments. The global MSCI World equity index, calculated in euros and including dividends, recorded a net gain of 1.0%. European investors benefited from a further 1.5% appreciation of the US dollar against the euro. In this environment, government bonds were once again able to fulfil their role as a safe haven. Consequently, yields on both German Bunds and US Treasuries fell over the course of the month. Both the European Central Bank and the US Federal Reserve kept interest rates unchanged in October, following their respective rate hikes in September. Gold fell by 5.4% when calculated in euros.
Against this backdrop, the Fund price recorded an increase of 2.6 %. Positive contributions from equities and bonds more than offset negative contributions from gold and currency hedging transactions.
In the equities sector, we added two new holdings: American Express and Graco. By contrast, we completely divested our remaining position in 3M. We also reduced our holdings in SAP, Accenture and Danaher, amongst others. At the end of the month, the equity allocation was slightly higher at 26.0 %. In the convertible bond segment, we sold our holdings in STMicroelectronics. At the end of the month, the fixed-income allocation was 63.4 %, with duration and current yield at 6.3 and 4.2% respectively. The weighted average rating of the fixed-income portfolio remained unchanged at AA.

FUND MANAGEMENT



Stephan Scheeren
Fund manager
at Flossbach von Storch since 2008.



Julian-Benedikt Hautz
Fund manager
at Flossbach von Storch since 2017.



Dr. Tobias Schafföner
Head of Multi Asset
at Flossbach von Storch since 2012.

GENERAL SUSTAINABILITY APPROACH AT FLOSSBACH VON STORCH

Flossbach von Storch acts according to a comprehensive understanding of sustainability and integrates ESG (Environment, Social and Governance) factors firmly into its proprietary investment process. The in-house research department thoroughly examines the quality of each new investment idea on the basis of a fundamental company analysis. Only if a company generates returns in the long term and there are no serious ESG conflicts does an investment idea become a potential investment. In this context, particular importance is attached to long-term corporate governance (G) with integrity. It allows conclusions to be drawn about the observance of all ESG factors.

You can find more information on the topic of sustainability at:

www.fvsinvest.lu/investing-sustainably

SUB-FUND SPECIFIC EXCLUSION CRITERIA

- Outlawed weapons (revenue threshold > 0%)
- Weapons (revenue threshold > 10%)
- Tobacco production (revenue threshold > 5%)
- Alcohol production (revenue threshold > 5%)
- Gambling (revenue threshold > 5 %)
- Coal (revenue threshold > 30 %)
- Companies that have committed serious violations without a positive outlook for the UN Global Compact (human rights, labour standards, environmental protection and corruption).
- No investments are made in government bonds whose issuers are classified as "not free" by Freedom House.

Flossbach von Storch - Foundation Defensive - SI

OPPORTUNITIES

+ Flexible investment policy without benchmarking.
+ Risk is broadly diversified by investing in a range of asset classes (e.g. equities, bonds, convertible bonds, and precious metals [indirect]). Market potential can be exploited by investing across a wide range.
+ Investing in assets denominated in a foreign currency can have a positive impact on unit values as a result of exchange-rate movements.
+ Derivatives can be used to increase potential yields.
+ Precious metals [indirect] (e.g. in the form of gold) can be used to increase potential yields.

RISKS

- Market risks: the securities in which the Management Company invests the sub-fund assets present opportunities for gain but also the possibility of risk. Screening against an exclusion list may partially restrict the range and number of eligible target investments. If a sub-fund invests directly or indirectly in securities and other assets, it is subject to many general trends and tendencies on the markets, which are sometimes attributable to irrational factors, particularly on the securities markets. Losses can occur when the market value of the assets decreases against the cost price. If a unit holder disposes of units in a sub-fund at a time when the quoted price of the sub-fund assets is less than at the time of investment, then the unit holder will not recover the full value of the investment. While each sub-fund constantly strives to achieve growth, growth cannot be guaranteed. The risk exposure of the investor is, however, limited to the sum invested. There is no obligation to make additional capital contributions beyond investors' investments.
- Currency risks: if a sub-fund holds assets which are denominated in foreign currencies, it shall be subject to currency risk. In the event of a devaluation of the foreign currency against the reference currency of the sub-fund, the value of the assets held in foreign currencies shall fall.
- Credit risks: the fund may invest part of its assets in bonds. The issuers of these bonds could become insolvent, causing the bonds to lose some or all of their value.
- Interest-change risks: investing in securities at a fixed rate of interest is connected with the possibility that the current interest rate at the time of issuance of a security could change. If the current interest rate increases as against the interest at the time of issue, fixed-rate securities will generally decrease in value. Conversely, if the current interest rate falls, fixed-rate securities will increase.
- Risks relating to the use of derivatives: the fund may enter into derivative transactions for the purposes listed in the key information document (PRIIP-KID) and the sales prospectus. This means increased opportunities, but also increased risk of losses. The use of derivatives to hedge against losses may also reduce the profit opportunities of the fund.
- Risks of precious metals and commodities: precious metals and commodities may be subject to greater price fluctuations. Trading prices may also fall.

Please read the Prospectus and particularly the RISK WARNINGS section and the specific annex of the subfund to understand the risks and benefits of this product.

INVESTOR PROFILE

CONSERVATIVE:

The fund is appropriate for conservative investors. Due to the composition of the net sub-fund assets, there is a moderate degree of risk but also a moderate degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as market interest rate risks.

INVESTMENT HORIZON:

Medium- to long-term: Minimum 3 years

RISK INDICATOR

Lower risk ⟷ Higher risk

1	**2**	3	4	5	6	7

The risk indicator assumes you keep the product for a minimum of 3 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.The summary risk indicator ("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. Unusual market conditions could arise, for example, due to currency, creditworthiness, price, counterparty, liquidity and interest rate risks, as detailed in the sales prospectus. We have classified this product as 2 out of 7, which is a low risk class. This rates the potential losses from future performance at a low level, and poor market conditions are very unlikely to impact the Fund's capacity to pay you. This product does not include any protection from future market performance. Please refer to the 'Risk' section of the sales prospectus for more details.

AWARDS

Morningstar Rating™ overall*: ★★★★★

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status: 30.09.26

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The units/shares issued by this fund may only be offered for purchase or sold in jurisdictions in which such offer or sale is permitted. Accordingly, the units/shares of this fund must not be offered for purchase or sold neither within the USA nor to or for the account of US citizens or US persons domiciled in the USA. Additionally, the units/shares issued by this fund must not be offered for purchase or sold to "US-Persons" and/ or entities, which are owned by one or more "US-Persons" based on the definitions set out in the "Foreign Account Tax Compliance Act (FATCA)". This publication and the information contained herein must not be distributed in the USA. The distribution and publication as well as the offer or sale of the fund's units/shares may also be subject to restrictions in other jurisdictions.

The latest net asset value (NAV) of the fund can be obtained from the management company's website.

Past performance is not a reliable indicator of future performance.

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The publication issued in German is legally binding. This English translation is only for the purpose of convenience.

A comprehensive glossary of topics and terms (in German) can also be found at http://www.flossbachvonstorch.com/glossar/.

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CONTACTS FOR INVESTORS

Sales and information agent in Germany
Flossbach von Storch SE
Ottoplatz 1, 50679 Cologne
Germany
Phone: +49. 221. 33 88-290
E-Mail: info@fvs.com
Web: www.flossbachvonstorch.de

Sales and information agent in Austria
Flossbach von Storch SE
Zweigniederlassung Österreich
(Austrian Branch)
Schottenring 2-6, 1010 Vienna
Austria
Phone: +43. 1. 253 70 18-0
E-Mail: info@fvs.com
Web: www.flossbachvonstorch.at

Paying agent in Austria
Erste Bank der oesterreichischen Sparkassen AG
("Erste Bank")
Am Belvedere 1, 1100 Vienna
Austria

Contact in Switzerland
Flossbach von Storch Invest S.A., Vertretung Zürich
Fraumünsterstrasse 21, 8001 Zurich
Switzerland
Phone: +41. 44. 21 73-700
E-Mail: info.ch@fvsag.com
Web: www.flossbachvonstorch.ch

Representative in Switzerland
FIRST INDEPENDENT FUND SERVICES AG
Feldeggstrasse 12, 8008 Zurich
Switzerland
Phone: +41. 44. 20 61-640
E-Mail: info@fifs.ch

Paying agent in Switzerland
Banque Cantonale de Genève
Quai de L'Île 17, 1204 Geneva
Switzerland

Paying agent in Liechtenstein
VP Bank AG
Aeulestrasse 6, 9490 Vaduz
Liechtenstein