



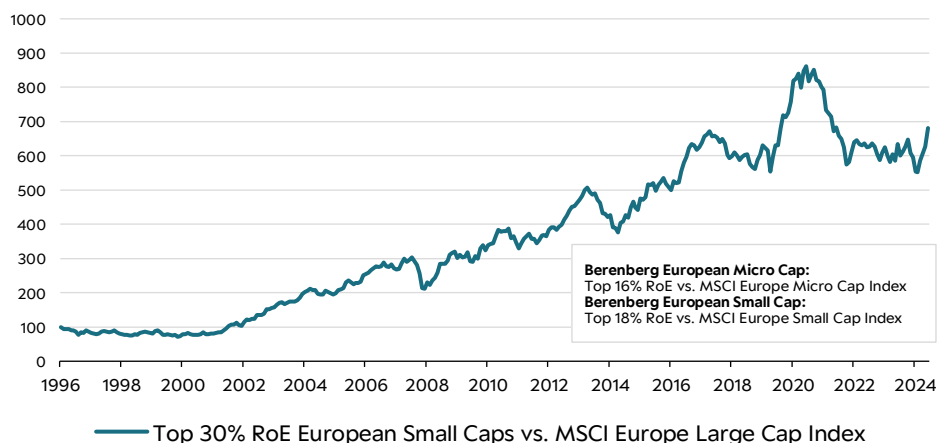
# European Micro Caps – The Beginning of a New Uptrend?

After years of relative underperformance versus large caps, signs of a trend reversal are mounting in the European small- and micro-cap segment. Valuation discounts near record levels and the ongoing rate-cutting cycle have long provided an attractive foundation – but now, genuine momentum is emerging in the segment: capital flows are returning to Europe, the economic outlook is improving, and market breadth is visibly increasing. In this environment, smaller companies – especially micro caps – are beginning to do what they have historically done: outperform large caps.

## Market Developments and Fund Performance

Over the long term, the most profitable European small and micro caps have been among the best performers. This is also shown in Figure 1, which illustrates the relative performance of the top 30% most profitable small and micro caps compared to the MSCI Europe Large Cap Index, indexed to 100 in 1996. Despite intermittent setbacks, their cumulative performance over this period has been significantly higher. In recent years, small and micro caps have come under pressure – as seen in previous market phases. Since the beginning of 2025, signs of a trend reversal have been increasing.

**Fig. 1: Top 30% RoE small and mid caps significantly outperform large caps over the long term – with renewed positive momentum**



Source: Berenberg analysis; index data MSCI Europe Large Cap Index: Bloomberg, MSCI / Performance data for high RoE small caps: Kenneth French website / Dartmouth College with annual rebalancing in June; 31 Dec 1996 – 31 May 2025. Past performance data is not a reliable indicator of future results. Based on its average return on equity, the Berenberg European Micro Cap Fund would rank in the top 16% of the European micro-cap index – assuming hypothetical treatment as a single stock. The Berenberg European Small Cap Fund would rank in the top 18% of its benchmark index.

Year to date as of end-June 2025, European small caps posted solid gains overall: the MSCI Europe Small Cap recorded a performance of +12.23%, European micro caps came in at +9.73%, placing them even ahead of large caps (+8.19%).

**Spotlight** provides insights into the Berenberg product universe and highlights important topics related to current market developments.

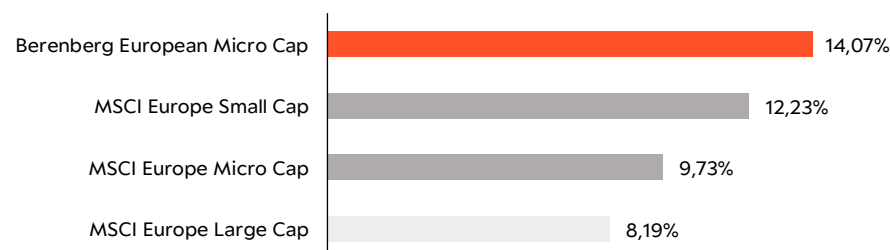
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*Smaller companies with high return on equity have historically led the market – in 2025, momentum is returning.*

*European smaller companies are outperforming large caps in 2025.*



**Fig. 2: H1 2025 performance of selected indices and Berenberg European Micro Cap**



Performance	06.25-06.24	06.24-06.23	06.23-06.22	06.22-06.21	06.21-06.20	06.20-06.19	06.19-06.18	06.18-06.17
Berenberg European Micro Cap	7%	3%	-7%	-21%	71%	8%	-4%	12%
MSCI Europe Small Cap	12%	12%	7%	-18%	43%	-4%	-4%	10%
MSCI Europe Micro Cap	6%	6%	-6%	-20%	65%	-3%	-6%	5%
MSCI Europe Large Cap	6%	14%	18%	-4%	26%	-6%	6%	2%

Source: Bloomberg, MSCI, Berenberg, 30.06.2025.

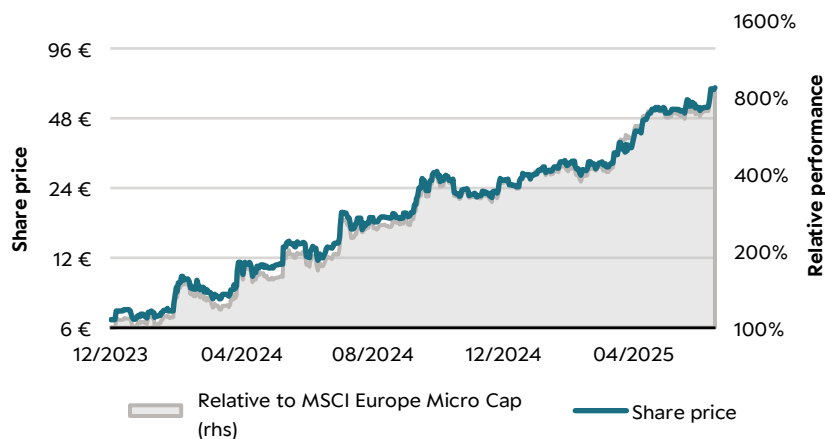
In this market environment, the **Berenberg European Micro Cap** Fund delivered a strong performance. As of 30 June 2025, the fund achieved an absolute return of +14.07%, representing an outperformance of 4.34 percentage points versus the benchmark (M share class). Performance was driven both by holdings that regained momentum following temporary operational weakness and by selectively adding new positions, some of which posted outstanding share price gains.

*The Berenberg European Micro Cap Fund is significantly outperforming its benchmark in 2025.*

Illustrative of the positive contribution from newly added positions are:

- STIF SA:** The French specialist in safety technology for battery storage systems benefits from the global expansion of stationary energy storage and battery infrastructure. Its protection systems prevent battery fires from spreading uncontrollably – a key safety requirement in large-scale power storage projects and often mandated by regulation. STIF has established itself as the technical market leader in this niche and is indispensable to clients such as Tesla, Fluence, and Sungrow. In 2024, the company quadrupled its operating profit, driven by the rapidly growing energy division, which now accounts for nearly half of its total business. Geographically, STIF is expanding beyond Europe and the U.S., securing its first major contracts in Asia and maintaining a well-filled project pipeline. This progress is reflected in the share price, which more than doubled in the first half of the year (+151.9%).

*Earnings quadrupled – STIF emerging as a global key provider of battery protection systems.*

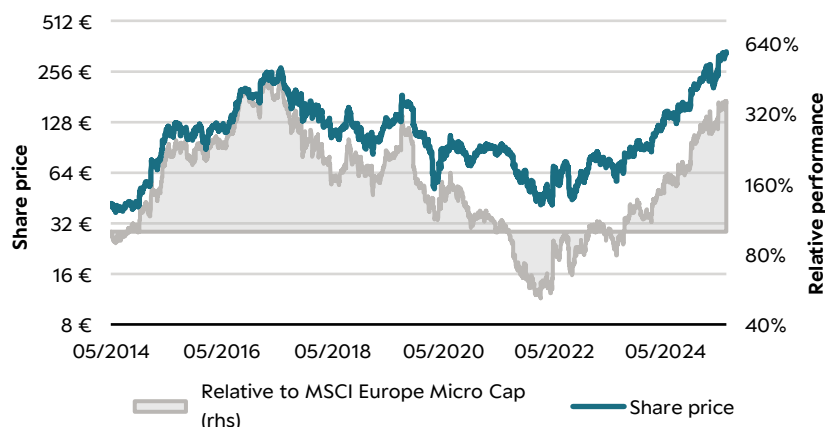


Source: Bloomberg, MSCI, Berenberg, 31.12.2023–30.06.2025.



- RaySearch Laboratories:** The company, led by founder Johan Löf, develops software for the highly precise planning and delivery of radiation therapy. At its core is RayStation – the most powerful solution on the market – already in use at many leading cancer centers worldwide. With organic revenue growth of over 15% per year over the past decade, a loyal customer base, and a strong track record in market penetration, RaySearch is regarded as the technical market leader in its segment. Recently, operational momentum has accelerated further: in Q1 2025, order intake rose by more than 70% year-on-year, and adjusted EBIT more than doubled compared to the previous year – coming in roughly one third above expectations. The share price rose by approximately 55% in the first half of the year.

*RaySearch accelerates operationally and significantly exceeds expectations.*



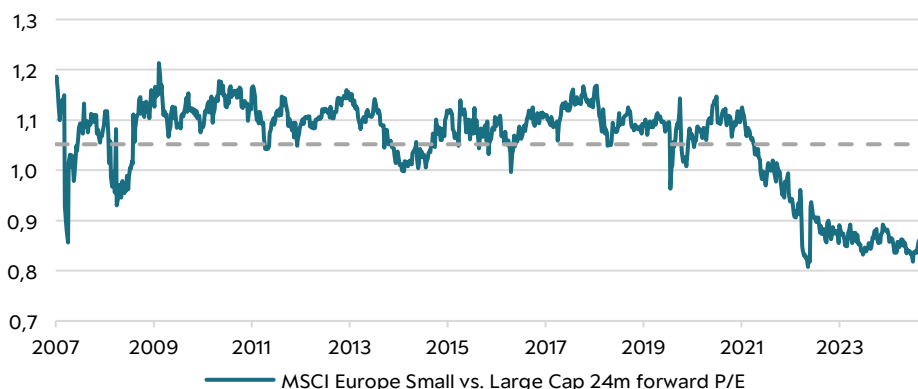
Source: Bloomberg, MSCI, Berenberg, 30.05.2014–30.06.2025.

### Valuation discounts, the interest rate reversal, and economic recovery provide support

The underperformance of European small and micro caps relative to large caps has reached historically extreme levels in recent years. Valuation discounts – measured, for example, by the price-to-earnings ratio – have at times approached record highs. Although this gap has narrowed somewhat recently, small and micro caps remain significantly undervalued by historical standards.

*Valuation discounts versus large caps remain pronounced despite the recent rebound.*

**Fig. 3: European small caps are trading at a historically high discount to large caps**



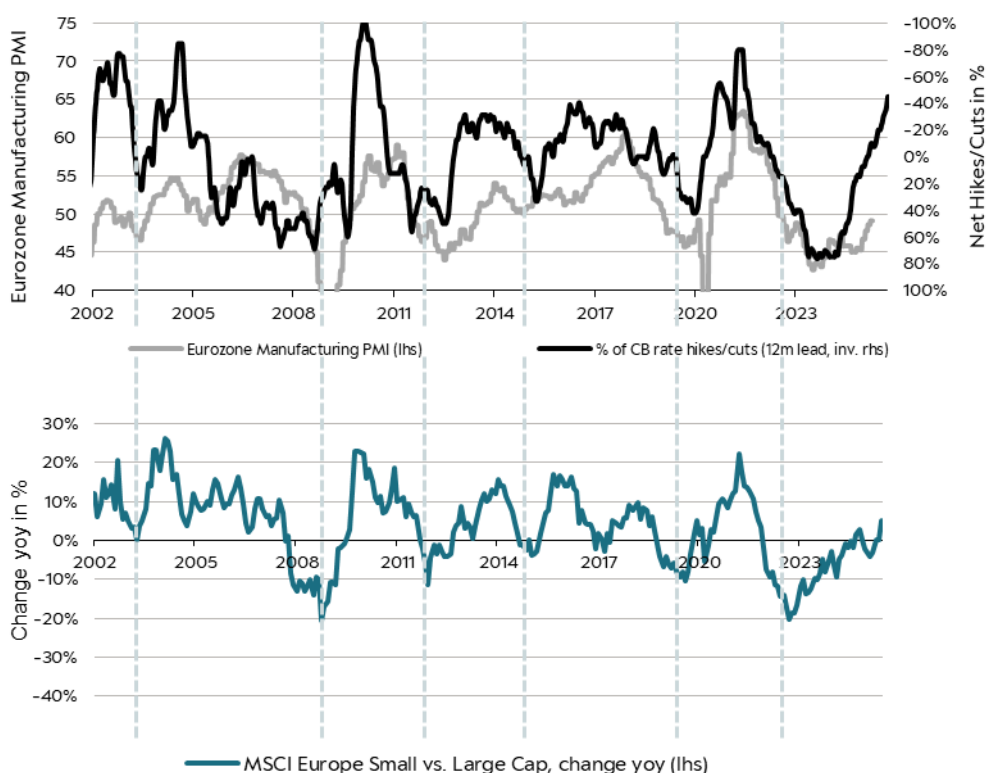
Source: Bloomberg, Berenberg; index data: MSCI, Bloomberg; Net Return EUR indices; 24-month blended forward P/E ratio; 31.08.2007 – 30.06.2025.



**Positive drivers now appear to be gaining the upper hand:** as seen in previous cycles, monetary easing is beginning to translate into an improving economic outlook. Without pre-empting our current publication "**European Equities Revival – Wind of Change could be of Structural Nature**", there are now **clear signs of economic recovery in Europe**. In addition to the globally emerging trend toward monetary easing, the recently adopted **German fiscal package** is playing a key role in lifting sentiment and leading indicators. Economic momentum is picking up – an environment that has historically supported the renewed outperformance of small and micro caps.

*An improving economic outlook in Europe supports a comeback for smaller companies.*

**Fig. 4: Rate-cutting cycles as a leading indicator for economic recovery in Europe**  
Net hikes/cuts by global central banks vs. eurozone economic indicator & small vs. large caps in Europe, year-on-year comparison



Source: Berenberg, HSBC, 30 Jun 2025. The data series “% of CB rate hikes/cuts (12m lead, inv.)” represents the net number of rate hikes or cuts by the 20 largest central banks as a share of total rate changes during the respective period. The series shown in the chart above is inverted and displayed with a 12-month lead.

### Market environment turning: Positive market breadth and capital flows

From our perspective, the **renewed broadening of market participation** after a prolonged period can also be seen as a positive development. In previous quarters, equity market gains in Europe were heavily concentrated in a narrow set of stocks – particularly in banks, insurers, defence names, and select German industrials. In recent weeks, however, a significantly broader picture has emerged – across both sectors and countries. Today, more than 50% of stocks headquartered in Europe with a market capitalisation between EUR 60 million and EUR 6 billion are trading above their 100-day moving average – potentially signaling the early stages of a sustained trend reversal.

*Market breadth among small caps is increasing – a positive signal.*



**Fig. 5: Broadening market participation as an additional positive signal**  
**Market breadth in Europe: Share of stocks trading above the 100-day moving average by sector and country**

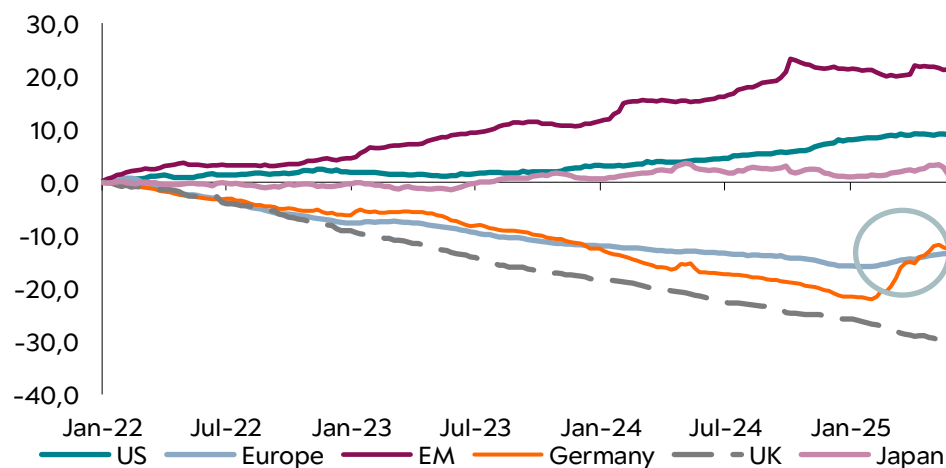
Industry	Today	3 months ago	Country	Today	3 months ago
Aerospace & Defense	84%	80%	PORTUGAL	77%	85%
Utilities	77%	56%	AUSTRIA	65%	74%
Financials	80%	55%	GERMANY	67%	59%
Materials	57%	50%	SPAIN	68%	57%
Consumer Staples	54%	48%	FINLAND	53%	50%
Communication Services	63%	46%	BELGIUM	65%	50%
Industrials	69%	45%	IRELAND	70%	48%
Information Technology	67%	43%	ITALY	69%	47%
Energy	62%	39%	FRANCE	65%	46%
Real Estate	82%	34%	SWITZERLAND	64%	44%
Health Care	65%	32%	DENMARK	60%	42%
Consumer Discretionary	63%	29%	NORWAY	72%	41%
			SWEDEN	61%	36%
			NETHERLANDS	59%	28%
			LUXEMBOURG	64%	27%
			GREAT BRITAIN	74%	27%

**Universe:** Equities listed in Europe with headquarters in Europe, a market capitalisation between EUR 60 million and EUR 6 billion, and a minimum daily liquidity of EUR 50,000. Source: Berenberg, Bloomberg, June 2025.

**A trend reversal is also emerging in capital flows:** For the first time since 2022, European equity markets and funds are once again recording noticeable inflows. After a prolonged period of persistent outflows, institutional investor confidence is gradually returning. While the picture in the small- and micro-cap segment is not yet consistently positive, one thing is clear: the phase of pronounced outflows appears to be over.

*Capital flows into Europe and Germany in particular are turning positive, with small and micro caps also showing signs of stabilisation.*

**Fig. 6: Capital Flows in Europe, particularly in Germany, are improving**  
**Cumulative capital flows since January 2022 (% of AUM)**

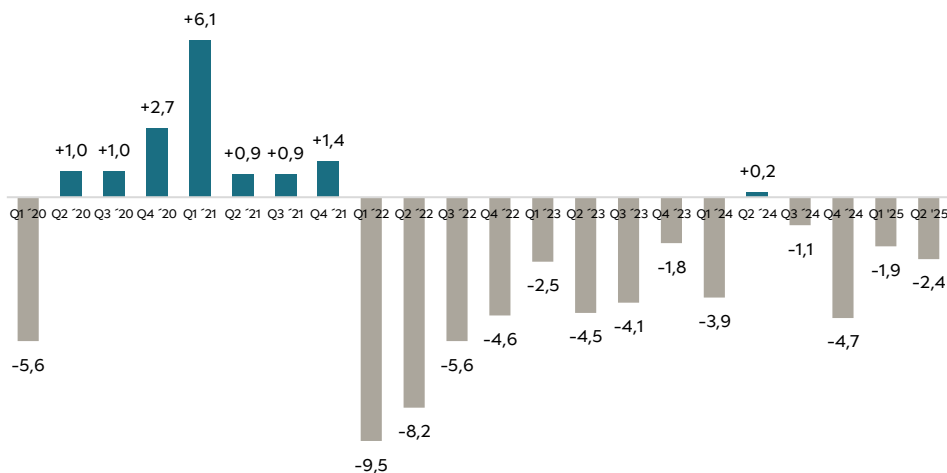


Source: Bloomberg, BNP Paribas, June 2025



Fig. 7: Flows in the Small Cap Segment

Estimated fund flows in EUR billion for 413 actively managed European and global small-cap funds



Source: Bloomberg, Berenberg, 01.01.2020 – 30.06.2025.

### Positioning of the Berenberg European Micro Cap Fund

Since the beginning of the year, we have **further refined our portfolio positioning**:

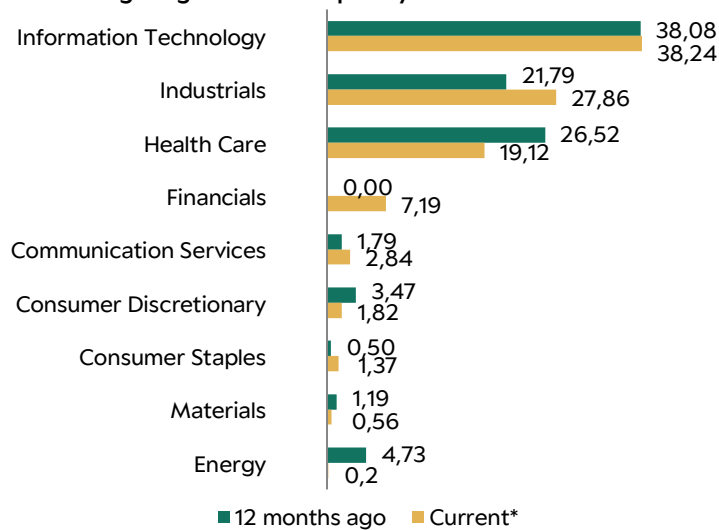
- Initiated positions in high-quality financial platforms benefiting from increased trading volumes and supportive structural trends (e.g. Hellenic Exchanges, Smartbroker, or Lang & Schwarz)
- Increased or initiated exposure to companies positively linked to the German fiscal stimulus package, such as Süss Microtec, Basler, MBB, or Pfisterer
- Enhanced allocation to European companies with limited U.S. exposure and consequently lower tariff risk, including Chapters Group, Meier Tobler, or Cicor
- At the same time, we selectively reduced our exposure to the healthcare sector, e.g. Chemometec, Surgical Science Sweden, and Stille

*Broader exposure to financial platforms and selective investments in beneficiaries of the German stimulus package – the focus remains on quality and structural growth.*

Our disciplined bottom-up approach, focused on quality, structural growth, and high capital returns, leads to a strategic **overweight** in the **technology**, **industrials**, and **healthcare** sectors, while deliberately underweighting traditional banks, insurers, and real estate holdings. Instead, we allocate capital selectively to financial platforms with high operational leverage and strong customer retention.



**Fig. 8: Portfolio Changes in the Berenberg European Micro Cap Fund**  
Absolute weightings in % versus prior year



Source: Berenberg, \*data as of 30.06.2025.

The Q1 2025 earnings season confirms what has already been suggested in previous quarters – a gradual yet tangible improvement across the board. Since Q3 2024, we have observed increasing operational progress, which is now also reflected in the most recent corporate results. Many of our portfolio companies report rising demand, improved visibility, and growing investment appetite on the customer side. Market reactions have been correspondingly positive, indicating that investors have started to appreciate a more positive development once again.

*Q1 reports confirm the operational recovery – share prices are responding positively.*

## Conclusion

The combination of historically attractive valuations, increasing market breadth, and an improving economic outlook amid falling interest rates points to a sustained recovery in the European micro-cap segment. Our active, bottom-up investment approach with a focus on quality and niche market leadership positions us well to participate disproportionately in this development.

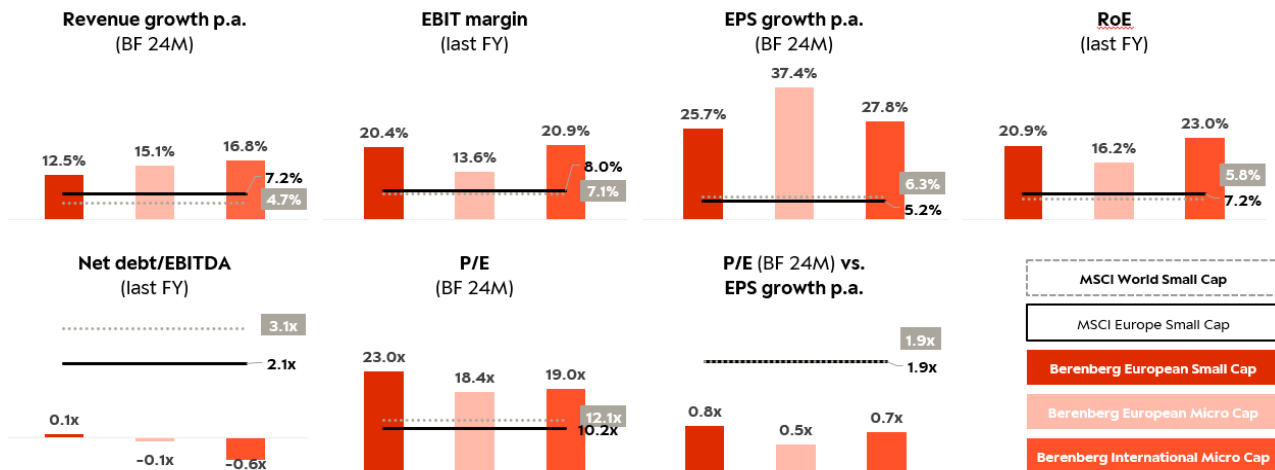
### Why invest in micro caps with Berenberg?

- **Consistent quality/growth** bottom-up approach focused on the world's smallest attractive companies
- **High Active Share** (>90%) with significant benchmark deviation
- Diversified portfolio of **90–120 holdings**
- Exploiting **information inefficiencies** in under-researched stocks
- Dedicated team with **long-standing experience** and award-winning lead portfolio manager Peter Kraus
- **Long-term investment horizon** of 5+ years



# Information Berenberg European Micro Cap

## Key figures: Quality and structural growth



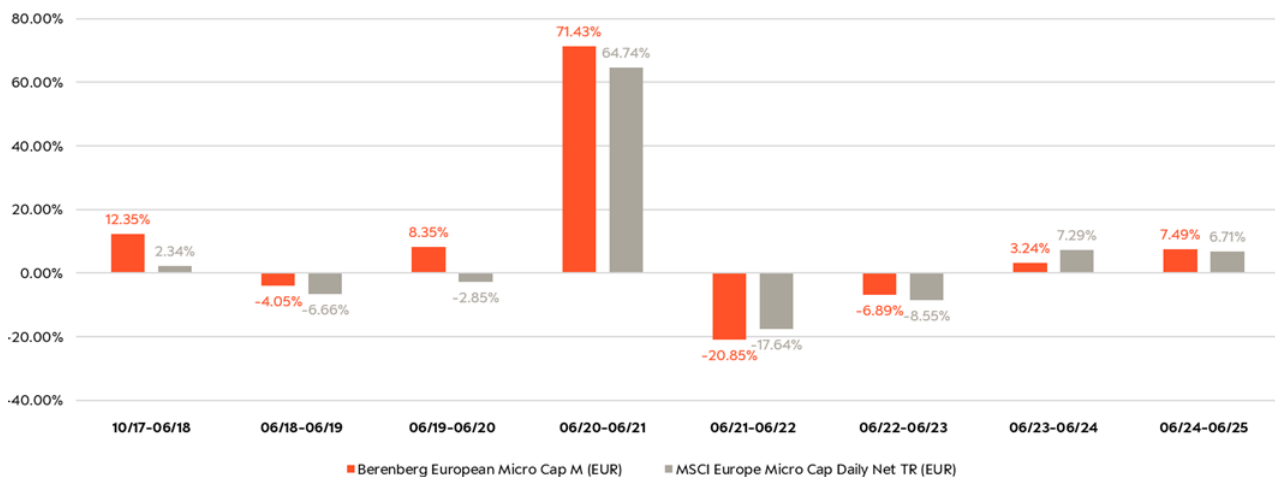
Source: Berenberg, Bloomberg. "BF 24M" refers to 24-month blended forward data as of end-March 2025.

## Top 10 Holdings

Security	Country	Currency	Sector	Weight
RaySearch Laboratories AB	SE	SEK	Stock (Health Care)	3.70%
Kuros Biosciences AG	CH	CHF	Stock (Health Care)	3.04%
R+S GROUP	CH	CHF	Stock (Industrials)	2.47%
BASLER AG	DE	EUR	Stock (Information Technology)	2.40%
SUSS MicroTec SE	DE	EUR	Stock (Information Technology)	2.39%
STIF	FR	EUR	Stock (Industrials)	2.20%
Hellenic Exch.-Athens Stock E.	GR	EUR	Stock (Financials)	2.09%
Comet Holding AG	CH	CHF	Stock (Information Technology)	2.07%
Note AB	SE	SEK	Stock (Information Technology)	2.06%
Hanza AB	SE	SEK	Stock (Information Technology)	1.93%
Share Top 10 Positions of Portfolio				24.35%

Largest Positions by Weight - Valuation Date: 30/06/2025.

## Performance since inception (02/10/2017 – 30/06/2025)







## Overview

Fund manager	Joh. Berenberg, Gossler & Co. KG	
Investment company	Universal-Investment-Luxembourg S.A.	
Custodian Bank	BNP Paribas S.A. Niederlassung Deutschland	
Fund currency	EUR	
Financial year end	December 31	
Price determination	Bank business days, which are also trading days	
Price information	www.universal-investment.de, www.berenberg.de/fonds	
Trading	Bank working day, based on inventory value, cut-off 12:00 am with settlement T+2	
SFDR Classification	Article 6	
Share class	<u>Retail (R A)</u>	<u>Semi-Institutional (M A)</u>
Registration	AT, CH, DE, ES, FR, LU	AT, CH, DE, ES, FI, FR, GB, LU, SE
Inception Date	02/10/2017	02/10/2017
Identification numbers (ISIN/WKN)	LU1637618742 / A2DVQA	LU1637618825 / A2DVQB
Front load	Accumulating	Accumulating
Appropriation of net income	Up to 5.00%	-
Management fee*	1.80% p.a.	0.83% p.a.
Total expense ratio**	1.82% p.a.	0.93% p.a.
Performance-related fee	Up to 20% of the fund's returns generated in excess of the benchmark (MSCI Europe Micro Cap Index) during the reporting period	
Minimum investment	-	EUR 500,000

\*The flat fee includes the management fee, the custodian fee and the management company fee. For detailed information on the costs of this fund, please refer to the sales prospectus.

\*\*Calculation based on actual costs incurred for the 2024 financial year.  
For more information on the fund product view below.

## Opportunities & Risks

### Opportunities

- High return potential of stocks over the long term
- Development of growth stocks occasionally above average
- Development of small cap stocks above average in certain phases
- Possible additional earnings through individual value analysis and active management

### Risks

- Share value may fall below the purchase price at which the customer acquired the share
- High susceptibility of shares to fluctuation, price losses possible
- Below-average development of growth stocks possible at times
- Below-average development of small stocks possible at times
- No guarantee of success for individual value analysis and active management
- Concentration risk due to focus on investments in the European region
- Foreign currency investments and transactions denominated in foreign currencies are subject to exchange rate risks

Detailed information on the opportunities and risks of this fund can be found in the sales prospectus. The offering documents are available free of charge in German from Universal-Investment-Gesellschaft mbH and Joh. Berenberg, Gossler & Co. KG (Berenberg), Neuer Jungfernstieg 20, 20354 Hamburg, and can be accessed online at [www.berenberg.de/fonds/](http://www.berenberg.de/fonds/).



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information document. The fund is subject to increased volatility as a result of its composition/the techniques used by Fund management; therefore, unit prices may increase or decrease significantly within short periods of time. All the aforementioned documents can be obtained from Joh. Berenberg, Gossler & Co. KG (Berenberg), Neuer Jungfernstieg 20, 20354 Hamburg, Germany, free of charge. The fund sales documents and the product information sheets for other securities are available via a download portal using the password »berenberg« at the Internet address <https://docman.vwd.com/portal/berenberg/index.html>. The sales documents of the funds can also be requested from the respective investment management company. We will be pleased to provide you with the specific address details upon request. A summary of your investor rights in English can be found at Investor-rights (<https://www.universal-investment.com/en/Corporate/Compliance/investor-rights/>), (<https://www.universal-investment.com/en/Corporate/Compliance/investor-rights-Ull/>). In addition, we would like to point out that Universal-Investment may, in the case of funds for which it has made arrangements as management company for the distribution of fund units in other EU member states, decide to cancel these arrangements in accordance with Article 93a of Directive 2009/65/EC and Article 32a of Directive 2011/61/EU, i.e. in particular by making a blanket offer to repurchase or redeem all corresponding units held by investors in the relevant member state. A fund investment involves the purchase of shares in an investment fund, but not a specific underlying asset (e.g. shares in a company) held by that fund. The statements contained in this document are based either on own company sources or on publicly accessible third-party sources, and reflect the status of information as of the date of preparation of the presentation stated below. Subsequent changes cannot be taken into account in this document. The information given can become incorrect due to the passage of time and/or as a result of legal, political, economic or other changes. We do not assume responsibility to indicate such changes and/or to publish an updated document. For important disclosures and information on index- and market data, see <https://www.berenberg.de/en/legal-notice/license-notice/>. Past performance, simulations and forecasts are not a reliable indicator of future performance. Please refer to the online glossary at <https://www.berenberg.de/en/glossary> for definitions of the technical terms used in this document. The images used in this document are for illustrative purposes only. They do not refer to specific products, services, persons or actual situations and should not be used as a basis for decisions or action. Date 30/06/2025

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