



CONREN  
FONDS

## Family Businesses - An Anchor in Uncertain Times

for professional investors  
with a long-term focus

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# CONREN - Generations Family Business Equity Fund

## The fund:

An actively managed fund that invests in listed European family businesses.

## Our vision:

Co-investing with other family business entrepreneurs.

## The foundations:

A comprehensive internal study that analyses family businesses and their stocks in the last cycle.

## Results:

A rules-based investment process with discretionary fine-tuning. The advantages of family businesses combined with our macroeconomic thinking and proven portfolio management approach.

## The portfolio:

Well diversified, but punchy (c. 40 family businesses).

## Why long-term?

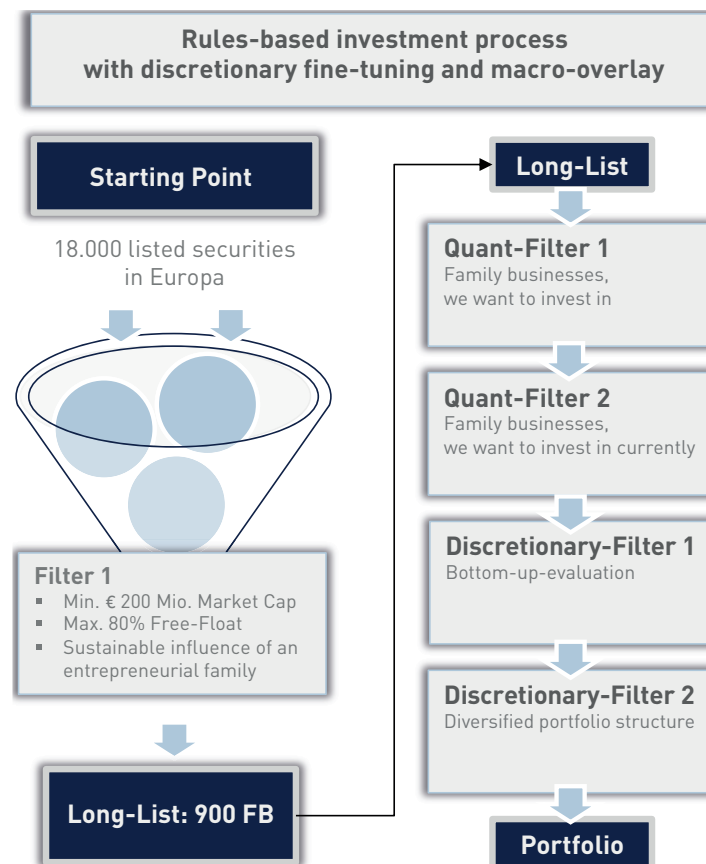
To give family businesses time to seize opportunities and solve problems.

## Important condition for success:

Yet again, investment discipline in implementation – with a concentration of medium-sized companies (and some smaller ones), the portfolio can lose more than the overall market during periods of crisis.

Similar portfolios have, however, recovered more quickly than the market in our study / in the past, and show clear outperformance over an investment cycle of 5-7 years (\*).

The fund was recognised as fund innovation of the year 2020 by Finanzen Verlag.



Source: CONREN Research – May 2020

## Fund asset classes

	I A Institutional	R A Retail
ISIN	LU1910292835	LU2084871321
WKN	A2N9SD	A2PVZ8
Dividend policy	payout	payout

\*Legal notice: Past performance is not an indicator of future performance. Future performance is neither explicitly nor implicitly guaranteed or promised.

## Why co-invest with family businesses

- Long-term strategy, not focused on quarterly results
- Continuously working on improvements (the smallest of changes can make a big difference over time)
- Very innovative, driven by product research & development
- Capacity to act fast: unbureaucratic decision-making
- It is often their name on the products or above the door – making a commitment to clients, employees and society
- Owner-led not manager-driven
- Disciplined cost and capital control
- Stable leadership
- Strong corporate culture; employees identify with the company
- Their strong balance sheets stand out – they are working for future generations
- Crisis resilience – the company is their life's work and so much more than another CV point
- Independence & flexibility of thought and action
- Entrepreneurs know their market and clients – they have often grown up with the business. They have a feeling for business in their sector.



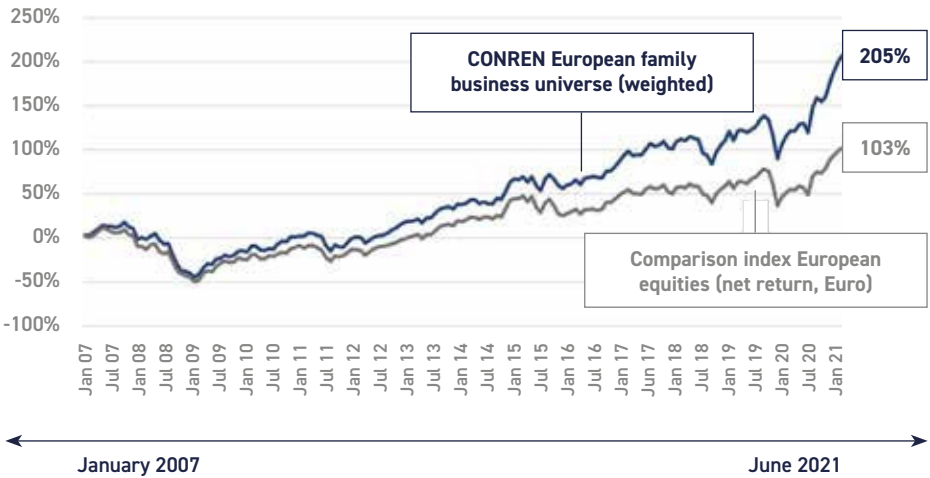
*“Being family business entrepreneurs ourselves, we invest in listed family businesses with and for our family business entrepreneur clients. This makes us more sustainable investors and better family business entrepreneurs.”*

**Andreas Lesniewicz, (Altrafn Advisory AG)**

CONREN Fund Manager – Generations Family Business Equity

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# Results of the CONREN study – Family businesses offer co-investors higher returns\*



The CONREN universe of European family businesses with a market capitalisation of more than €200 million outperformed the benchmark by 105% on a weighted basis between January 2007 and June 2021. This represents c. 5% more performance per year (\*). This is the result for the entire investment universe and not the performance of the fund.



*“When it comes to our macroeconomic focus, the investment process and, above all, building a portfolio that takes diversification and risk management factors into account, we have combined our proven experience as asset managers with insights from family businesses. It is important for us to create portfolios that are stable in all market phases.”*

**Patrick Piconi, (Altrafin Advisory AG)**

CONREN Fund Manager – Generations Family Business Equity

\*Legal notice: Past performance is not an indicator of future performance. Future performance is neither explicitly nor implicitly guaranteed or promised.

## Implementing CONREN study on European listed family businesses

CONREN started as a family investment office. This means that the CONREN Team has been investing large family estates for many years. **Family businesses' way of thinking is deeply rooted in our DNA. This is reflected not only in our investment approach, but also in our view of the world and how markets work – as well as in what drives us every day.**

Most CONREN team members are family business entrepreneurs themselves. We therefore take a great interest in the different ways family business owners run their companies. This led us to ask what influencing factors enable companies and portfolios to come out on top in the stock market in the long run and whether **there is statistical evidence that family businesses perform better.**

**To answer these questions, we conducted a large-scale study to analyse around 900 listed family businesses in Europe along with their key figures and share price performances over the last 12 years.**

The results were astonishing, even for us. In over 80 percent of the cases examined, family businesses significantly outperformed other manager-led companies (or non-family businesses) in terms of stock price performance – regardless of country, sector, market cap, the applicable phase of the economic cycle or the prevailing market phase. **We now know, rather than simply assuming, that family businesses are better investments.**

We engaged in this research not out of intellectual curiosity but to learn something we can use as investors.

Pragmatic questions included:

- How can we as investors share in the success of family business entrepreneurs?
- How can we best use their strategic advantages?
- How do we find family businesses that consistently play to their strengths?
- How can we avoid the typical risks of family businesses?
- And last but not least: How can we best build suitable portfolios?

**The lessons from this study are applied daily by the CONREN – Generations Family Business Equity fund.** Based on this study, we have developed a rules-based investment process with discretionary fine-tuning and macro overlay. In this fund, we invest in companies with cornerstone

investors who have been and will continue to be involved with the company as supporters and caretakers for many years – without the usual conflicts of interest. We co-invest with these business families over a long-term investment horizon.

**The significance of harmonising our interests with those of the relevant business families – our day-to-day caretakers – should not be underestimated. In the vast majority of cases, these family business entrepreneurs are working for the good of future generations and are thus very aware of and experienced in handling crises.** They are a particularly important anchor for us in these times of extremely low interest rates and general uncertainty. What could be more sustainable and “fit for future generations” in the truest sense of the phrase? What can be more ‘grandchild-ready’?

# CONREN Family Business Strengths Score

We have taken on board the long-term orientation of family businesses for the CONREN – Generations Family Business Equity fund: avoiding fuss and operating prudently. We must give family business entrepreneurs the time needed to use opportunities and solve problems.

As entrepreneurs, we know that good things come to those who are patient. Investment discipline in

implementation is a precondition for success once again, and specifically with this portfolio.

At the same time, we must focus on the strengths of family businesses in our selection and portfolio structuring process. We summarise these strengths in our internal, qualitative CONREN Family Business Strengths Score.

## Concentrating on specific strengths of family businesses

Special strengths of family businesses	Score (1-10)
Long-term orientation, not focused on quarterly results	8
Strength in innovation/R&D-driven	10
Ability to act: rapid, unbureaucratic decisions	9
Owner-led not manager-driven	10
Disciplined cost and capital control	9
Stable leadership (few management changes)	9
Family management/control	10
Strong balance sheets	9
Strong corporate culture / staff loyalty	8
Crisis-resistant	6
Growth dynamics	8
Internal financing	9
<b>Total (of 120)</b>	<b>105</b>

Source: CONREN Research – May 2020

# CONREN Family Business Risk Score

Just as family businesses have special strengths, they also have special risks. The major influence of a few people / a single family is generally a strength – but this can also become a weakness.

Our risk management must also cover the specific weaknesses and risks of family businesses. We summarise these in our internal, qualitative CONREN Family Business Risk Score.

Typical risks for family businesses are:

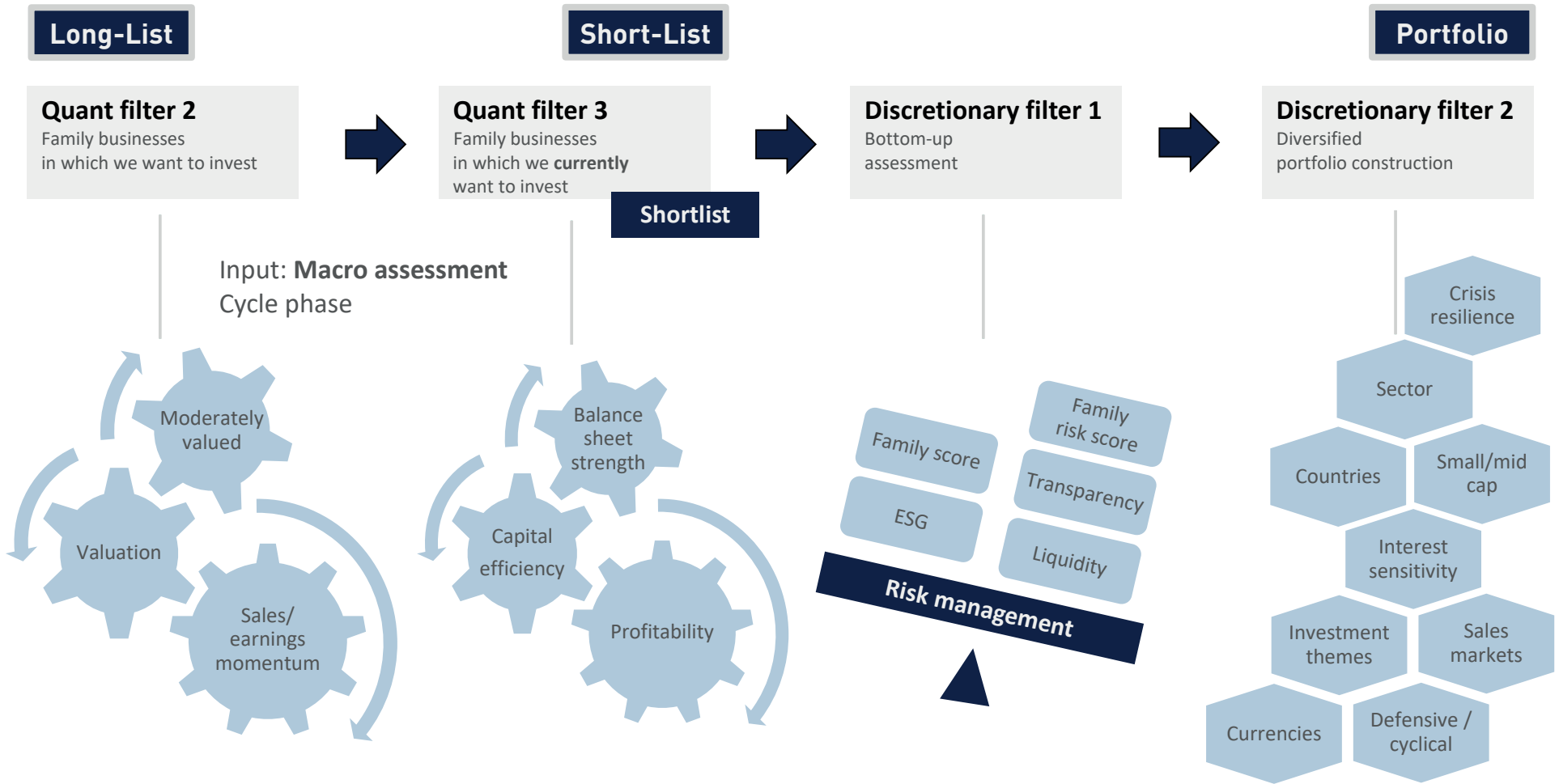
- Centralised control
- Danger of family disputes
- Nepotism
- Traditional thinking
- Succession

## Concentrating on specific risks of family businesses

Special risks of family businesses	Score (1-10)
Future viability of business model (over 5-10 years)	
- Country	6
- Sector	8
- Strategy	10
- Products	10
- Company size	8
Management structure adequate for growth	10
Valuation relative to sector/size (exclude overvaluation)	9
Sound family succession planning?	10
No wider family conflicts (exclusion criteria)	9
Sufficient transparency:	
- Analyst coverage	5
- Information policy	6
<b>Total (of 110)</b>	<b>91</b>

Source: CONREN Research – May 2020

The investment process of the CONREN – Generations Family Business Equity, derived from the findings of the CONREN study on listed European family businesses, our experience as investors and as family business entrepreneurs, is as follows:

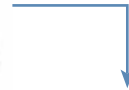


Source: CONREN Research – May 2020





**Early 2018**  
**Analysis and**  
**test phases**



**Analysis and test**  
**phases successfully**  
**completed**

**18 January 2019**  
**Portfolio**  
**construction phase**



**Successive**  
**construction of the**  
**portfolio taking market**  
**conditions into account**

**3 May 2019**  
**Portfolio fully invested**

Source: CONREN Research – May 2020 - Graphics see list on page 15



*“As family business entrepreneurs, we think in generations. By investing in other family businesses, we know that they, like us, have long-term ‘grandchild-readiness’ as their greatest motto. This also makes it easier to get through difficult market phases.”*

**Baron Johannes von Salmuth**  
 Cornerstone investor CONREN – Generations  
 Family Business Equity

# CONREN - Generations Family Business Equity fund data

	I A Institutional	R A Retail
ISIN:	LU1910292835	LU2084871321
WKN:	A2N9SD	A2PVZ8
Dividend policy:	payout	payout
Minimum investment:	€500,000	€100
Max. issuance premium:	0.00%	0.00%
Max. redemption fee:	0.00%	0.00%
Max. fund management fee:	0.50%	1.00%
Performance fee:	max. 15% of outperformance of MSCI Europe net TR (HW)	max. 15% of outperformance of MSCI Europe net TR (HW)
Base currency:	EUR	EUR
Launch date:	18 January 2019	30 December 2019
Domicile:	Luxembourg	Luxembourg
Sales approval:	Germany/Luxembourg	Germany/Luxembourg
Liquidity:	daily	
Fund manager:	Altrafin Advisory AG (Zurich)	
Custodian:	DZ PRIVATBANK (Luxembourg) S.A.	
Management company:	IPConcept (Luxembourg) S.A.	
Auditor:	KPMG Luxembourg, Société coopérative	

The prospectus, key investor information, management regulations and statutes, annual and semi-annual reports in German language can be requested free of charge from IPConcept (Luxembourg) S.A. (postal address: 4, rue Thomas Edison, L-1445 Strassen, Luxembourg or online: [www.ipconcept.com](http://www.ipconcept.com)) or via email to [info@ipconcept.com](mailto:info@ipconcept.com).

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## Origin of name

**CONREN** combines the 'yield goodness' of **CONSUS** – the Roman god of successful harvests and sound advice, with the quality of service of **LAREN** – the benevolent household gods of Roman families, who supported them across generations.