

Press Release

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Investments in German small and mid caps are making a comeback

Citywire Award for Lupus alpha Smaller German Champions under Portfolio Manager Björn Glück

After years of underperformance against large caps and especially against US mega caps, investors' interest in German small and mid caps is returning. Strong fundamentals with favourable valuations have been pointing to their enormous performance potential for some time. The massive EUR 1.5 trillion spending programs on infrastructure and defence are providing new tailwinds for SDAX and MDAX companies.

While the fiscal consequences of the planned investment fund are sometimes viewed critically, the effect on sales and profits of German small and mid caps is clearly positive. Expected earnings growth e.g. for the MDAX (2026 +22.28%) is almost twice as high as the DAX large caps (+14.23%).

“We are currently seeing a fundamental revaluation of the German market,” **Dr. Götz Albert, Partner and CIO at Lupus alpha**, describes the current market situation. “German companies are benefiting from massive government investment programmes for infrastructure and defence. These not only create short-term stimulus, they are structurally changing the growth prospects of many industries through second-round effects.”

This is reflected in the double-digit index performance of SDAX (approx. 21.5%) and MDAX (approx. 19.6%) from early January to late May. **Lupus alpha Smaller German Champions** (ISIN: LU0129233507) posted a performance of 21.6% over the same period. Since its inception in 2002, the Fund has outperformed its benchmark (half of SDAX and MDAX) by more than 240 basis points per annum (as at 30/05/2025).

“The potential for recovery remains considerable, as many German small and mid caps, despite their excellent fundamentals, are still trading well below their historical valuation levels,” explains **Dr Götz Albert** on the current market

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dynamics. "As an active manager, we can specifically seek out the less obvious winners in the second tier." This presents a significant opportunity to identify the stocks with the highest potential before they are recognised by the wider market."

Björn Glück, Portfolio Manager of the Lupus alpha Smaller German Champions, sees significant opportunities particularly in technology stocks: "The infrastructure and investment programmes are particularly beneficial to innovative companies with a focus on high technology, such as robotics, sensors and ultrasound. This includes civilian applications as well as defence. In these areas, specialised companies from MDAX and SDAX often dominate, which impress with their innovative solutions."

Since the beginning of the year, the Lupus alpha Smaller German Champions has recorded net new inflows of more than EUR 30 million. This development confirms the new interest in German small and mid caps.

At the **2025 Citywire Germany Portfolio Manager & Group Awards, Lupus alpha was named the best fund company in the "Aktien – Deutschland Small & Mid Caps" category**. The decisive factor for this success is the consistently impressive performance of Björn Glück, who has been in charge of the Lupus alpha Smaller German Champions since 2012.

About Lupus alpha: As an independent, owner-operated asset management company, Lupus alpha has been synonymous with innovative, specialised investment solutions for 25 years. As one of Germany's European small and mid-cap pioneers, Lupus alpha is one of the leading providers of volatility strategies as well as collateralised loan obligations (CLOs). The specialist product range is rounded off by global convertible strategies and risk overlay solutions for institutional portfolios. The Company manages a volume of more than EUR 16 billion for institutional and wholesale investors. For further information, visit www.lupusalpha.de.