

20 years of LOYS Philosophie Bruns



In the fast-paced and volatile financial sector, it is remarkable when an equity fund stays true to its principles and maintains continuity. This is the case with our LOYS Philosophie Bruns fund, which will celebrate its twentieth anniversary on February 6, 2026.

However, the conception and birth of LOYS Philosophie Bruns were by no means straightforward. At the time, LOYS AG's goal was to launch a securities fund that would offer as much freedom as possible. The approach taken by Warren Buffett, the investment legend from Omaha, Nebraska, was considered a model. Buffett's investment company, Berkshire Hathaway, is exempt from the weighting regulations that the legislature has enshrined in law for public funds. Nevertheless, the legal framework chosen was a hedge fund structure, which was finally incorporated into German investment law by the Schröder/Fischer government after decades of state-imposed restriction. The advantage of the hedge fund structure was that it offered every conceivable degree of freedom. For an active manager who selects positions very consciously, this was a logical

decision. Under the name LOYS Global MH (MH stood for the capital management company, at that time the Frankfurt subsidiary of the Swedish Enskilda Bank), the fund commenced operations on February 6, 2006. The initial investor was the author of this article.

From the perspective of sales colleagues, however, the hedge fund structure proved to be a stumbling block, as the documentation requirements prescribed by law, together with the required risk warnings, caused German investors, who are predominantly risk-averse, to keep their distance. For example, a clearly visible written warning had to be included in the sales documents stating that investors could lose their entire capital with this fund. Such warnings are unnecessary because, as is well known, they apply to almost all investment products, and it

would be wiser to view capital investment from an economic rather than a legal perspective. During the US subprime crisis in 2007 and beyond, the government learned what risks are all about. Several German state banks suffered heavy losses and had to be wound up. Other institutions had to be bailed out with taxpayers' money. Later, the same scenario was repeated with those state banks that had taken far too many risks in ship financing.

LOYS Global MH weathered these crises with ease, as it had concentrated its investments in undervalued stocks and consistently used the crisis to buy quality stocks that had fallen in price. Although these stocks were subject to the usual fluctuations of the capital markets, their conservative selection meant that they did not pose any long-term risk of capital loss. In addition, the de-

liberate and internationally practiced diversification of investments was broad and thus wisely managed.

However, because the hedge fund structure, which was convincing in terms of content but not advantageous in terms of distribution, proved problematic for German clients, it and the capital management company were replaced in favor of a public equity fund structure. Once again, it must be said that it is not clothes that make the man, but rather the focus on economic substance that is decisive for investment success. In fact, LOYS Philosophie Bruns was an equity fund from the outset, as measured by the investments made. In this respect, it is more of historical

interest that LOYS Philosophie Bruns is now legally considered a mixed fund, meaning that it is also open to investments in bonds, for example. More exciting, however, is the renaming of the former LOYS Global MH to LOYS Philosophie Bruns. This makes it clear to every investor what the fund stands for. The fund manager was not only the initial investor in the fund but was and remains its largest investor. His commitment to the fund has paid off, because in the twenty years of its existence, LOYS Philosophie Bruns has achieved growth of more than 320% after fund costs.

This represents an average annual performance of approximately 7.5% after fund costs. On

top of that, the fund recently reported an excellent year, and the start of 2026 also looks very promising. In a world characterized by Fortuna's fickleness, the steadfastness and continuity of the LOYS philosophy are extremely welcome.

Your fund manager and co-investor



Dr. Christoph Bruns

Chicago, 31 January 2026

This text was originally published in German.

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