



Overview

Profile

Kempen Oranje Participaties N.V. (KOP) offers the opportunity to invest in small-sized European companies. KOP invests in shares of undervalued companies and aims to hold 5% or more of the paid up nominal capital of each company. The environmental, social and governance (ESG) criteria are incorporated in the investment process. KOP positions itself as an engaged shareholder and aims to generate a long term total return of 10% on an annual basis (on the basis of capital gains and dividends).

Management Team

Erwin Dut, Sander van Oort; Ingmar Schaefer

More information about the team and the strategy

Key Figures

Total fund size	EUR 1,129.88 M	2023-03-31
Share class size	EUR 1,218.43 M	2023-04-30
Number of shares	4,788,161	2023-04-30
Net Asset Value	EUR 254.47	2023-04-30
Transaction price	EUR 243.94	2023-04-03

Ongoing Charges

Management fee	0.75 %
Service fee	+ 0.20 %
Expected ongoing charges	0.95 %
Ongoing charges last financial year	0.95 %

The ongoing charges figure of the last financial year relates to 2022.

Share Class Details

Investor type	Institutional & Private
Distributing	Yes
Objective	To generate a long term return of 10% a year (on the basis of capital gains and dividends)
Investment category	Smallcaps
Universe	European small-cap equities
Inception date	1985-08-29
Domicile	Netherlands
May be offered to all investors in	Belgium, Netherlands
May be offered to professional investors only in	United Kingdom
UCITS status	No
Status	Open-end
Base currency	EUR
Share class currency	EUR
Management company	Van Lanschot Kempen Investment Management NV
Depository and custodian	BNP Paribas S.A., Netherlands Branch
Morningstar rating TM	★★★★
Morningstar Analyst rating	null

Tradability

Listed	yes, listed on the NAV Trading Facility of Euronext
Subscription/Redemption Frequency	Quarterly, on the first business day of January, April, July en October
ISIN	NL0000440675
Entry period purchase order	Approximately 32 calendar days before the start of each quarter
Entry period sell order	Approximately 32 calendar days before the start of each quarter
Details	Orders must be sent by the bank or broker to the NYSE Euronext Trading Facility on the last business day of November, February, May and August, no later than 04.00 PM Amsterdam time in order to be executed on the next dealing day.

Fund Characteristics Per 2023-03-31

	Fund
Number of holdings	26
Dividend yield	2.62 %
Weighted average market capitalization	EUR 1,010 M
P/E ratio	14.03

Dividends

Last dividend	EUR 4.00
Ex-date last dividend	2022-05-27
Number of distributions per year	1
Dividend calendar	Open the calendar



Performance

Performance Per 2023-04-30

	Fund
1 month	4.8%
3 months	5.4%
This year	13.1%
2020	19.0%
2021	28.0%
2022	-25.9%
1 year (on annual basis)	-3.0%
3 years (on annual basis)	12.8%
5 years (on annual basis)	5.6%
Since inception (on annual basis)	12.5%

As of 1 July 2015 the investment policy of Kempen Oranje Participaties N.V. has changed. In addition to Dutch and Belgian companies it is now also allowed to invest in other European companies. Performance is shown after deduction of ongoing charges and including the reinvestment of dividend that has been paid out. The value of your investments may fluctuate. Past performance provides no guarantee for the future.

Performance Since Inception Per 2023-04-30 (Rebased)



● Kempen Oranje Participaties NV

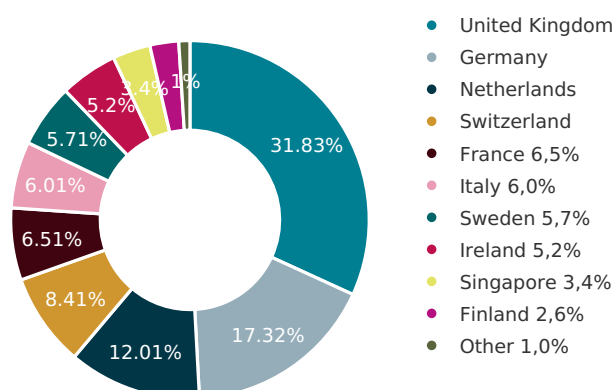
Risk Analysis (Ex Post) Per 2023-04-30

	3 Years	Since Inception
Maximum drawdown	-20.96%	-41.66%
Tracking error	10.52%	9.61%
Information ratio	-0.82	0.18
Beta	0.84	0.84

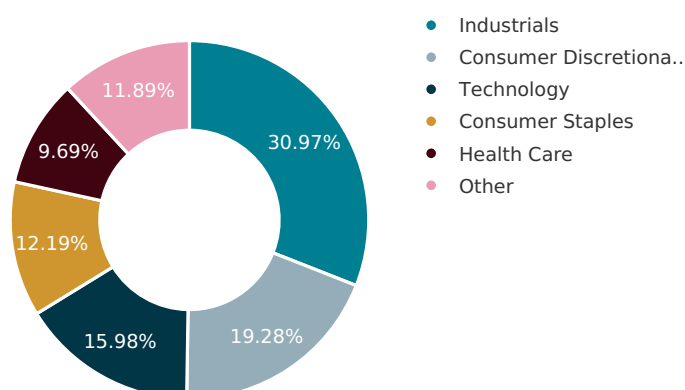


Portfolio

Geographic Allocation (2023-03-31)



Sector Allocation (2023-03-31)





Developments Per 2023-04-30

The following texts refer to the first quarter of 2023

Performance

In the first quarter of 2023, KOP's Net Asset Value (NAV) increased from €224.94 to €242.73 per participation. This brings the return over the first quarter to +7.9% (after fees and tax). KOP has averaged a return of 16.0% per year over the past three years and 4.5% per year over the past five years versus our long-term target of an average of 10% per year.

Trading

As of 3 April 2023, the trading price was €243.94, based on the NAV of that date plus a premium of 0.5% caused by net inflow into the fund. As of the start of the second quarter, the fund's size is approximately €1.1 billion. For the next trading date of 3 July, an instruction deadline of 4pm on 31 May 2023 applies for orders in KOP (via Euronext) and a few days before that for the holding companies (via the Van Lanschot Kempen transfer agent).

Team

At the end of March, team member Michiel van Dijk announced his departure from Van Lanschot Kempen to take up a new challenge outside the bank. Michiel has contributed enormously to the success of Kempen Oranje Participaties since he became co-manager of the fund in 2008. We are greatly indebted to him and wish him every success in his future career. The vacant team position will be filled over the next few months.

Market review

The first quarter of 2023 witnessed a price rally for European small caps after a poor 2022 in which equities were hit hard by fears of a recession as a result of the war in Ukraine, potential energy shortages and interest rates being raised faster and higher than expected to combat the soaring rate of inflation. The energy crisis has been averted for the time being, the war in Ukraine looks unlikely to escalate further and despite rising interest rates European consumers are so far continuing to spend the savings they have accrued in recent years. At 5.9%, the MSCI Europe Small Cap Index outperformed the MSCI World Small Cap Index, which was up by 2.6%.

The persistently low unemployment rate and ongoing government support seem to be propping up consumers sufficiently at the moment. Investors still fear a recession as much as ever though. The higher interest rates are having a growing impact on house prices and transaction volumes (especially in markets with short fixed-rate periods, such as Sweden and the United Kingdom) and the collapse of Silicon Valley Bank and Credit Suisse has dented consumer confidence. However, reported macro-economic data positively surprised markets in March thanks to a combination of lower energy prices and the composite PMI for the Eurozone climbing to 54.1, its highest level in 10 months.

Portfolio

The reopening of China, rising chip production, lower transport costs and the general adjustment of many value chains to the new (geopolitical) reality look to be gradually solving the logistics problems and component shortages at companies. This is visible in the reports over the fourth quarter of 2022 and management statements on the first quarter of 2023 at companies such as XP Power, Washtec, Kardex and SAF Holland. These businesses faced huge challenges last year but can now deliver their historically high order books, which in the short term will lead to robust revenue growth and profit recovery.

Fears of a recession nevertheless continue to put pressure on the share prices of our cyclical companies, such as Sthree, SAF Holland, XP Power and Kendrion. The forward-looking equity market focuses mostly on the order intake at these companies (as this determines future earnings) rather than on realised results. Discussions with these companies tell us that while there is little volume growth in their end markets, however they are also not yet seeing a marked weakening in demand.

A wise man once said: every disadvantage has its advantage. As problems in the value chains are resolved, orders delivered and order intake slows, many businesses are reporting a normalisation of their working capital. Following a year of weak cashflows and higher debt levels due to the accrual of high (safety) stocks, we are now seeing improved cashflows and in turn stronger balance sheets.

As we mentioned in last quarter's report, there has been an unusually high number of press releases announcing the departure of CEOs in recent months. The transition to a new CEO has since taken place at a couple of our companies (Avon Protection, Suss Microtec) and at others this will occur in the first half of 2023. Harvia and Dustin have already announced successors, while the search continues at Kardex. At Alliance Pharma we think the current COO is likely to take on the role of CEO later this year.

Suss Microtec was the biggest climber in the first quarter thanks to its share price rocketing by over 50% and as such a successful example of our active engagement with the company on shareholder value creation. After we bought a participation in 2017, the Supervisory Board was revitalised and strengthened, which in turn led to the appointment of a new Managing Board. The improvement in management has yielded significantly better results, with operating profit tripling since 2018. More importantly, in the past few years Suss Microtec has converted the debt on its balance sheet into a net cash position, which is much more common among semiconductor equipment manufacturers. Finally, following discussions with us, the company has earmarked its Micro-Optics division as non-strategic and initiated a sales process. Its sale will create a more streamlined business as well as headroom for higher dividends or an attractive share buyback programme.

Operational improvement programmes that are paying off to a lesser or greater extent are also being implemented at a number of other KOP companies. The successful integration of Swedol has resulted in a higher operating margin at Alligo, which investors rewarded by pushing up its share price by 50% in the first quarter. At Dustin we are seeing the first signs of profit recovery after it faced severe margin pressure in the last few quarters from slowing end markets and supply chain issues at its suppliers. Sthree will replace its IT infrastructure (CRM, ERP and HR systems) in 2023 and 2024, which should make the company much more efficient and structurally more profitable going forward. The Houston office's initial migration to the new set-up was a success and instils confidence in the roll-out of this project in the rest of the Sthree organisation. Finally, Avon Protection is to undergo a substantial reorganisation under the leadership of its new CEO, a development we welcome. The company will place responsibility for revenue, costs and new product development more clearly with the two new division directors for Helmets and Respiratory respectively, which will cut costs and could lead to the closure of production locations. After the (financially painful) closure of the bulletproof vest activities, we expect to see considerably better operating results at Avon Protection in 2024 and 2025, assisted in part by the start of two production programmes for new generation helmets.

A number of KOP companies will spend 2023 incorporating recent acquisitions. For example, SAF Holland has owned brake manufacturer Haldex since February 2023, Coats is focusing on integrating the shoe component manufacturers Rhénoflex and Texon it bought last year, while Indian food brand The Spice Tailor should see an acceleration in revenue under the ownership of Premier Foods and finally Software AG ought to reap the rewards of its integrated product range together with new subsidiary StreamSets.

Valuations

The value of the KOP portfolio increased marginally across the quarter thanks to the upturn in share prices and we believe it to still be attractively valued at the moment. The portfolio's cash-adjusted price/earnings ratio (EV/EBIT 2024E) stood at 10 as of March 2023 and in our view the portfolio's long-term price potential remains interesting.



Sustainability-related disclosures

No Sustainable Investment Objective

Kempen Oranje Participaties (the "Fund") falls under the scope of article 8 of the SFDR, indicating the fund promotes environmental and/or social characteristics. The fund does not have sustainable investment as its objective.

The Fund excludes companies through the application of strict exclusion criteria. These take into account international standards, such as the UN Global Compact framework, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, and our Principles for Responsible Investment commitments. The Fund applies additional exclusion criteria based on product involvement and business conduct.

Environmental Or Social Characteristics Of The Financial Product

The Fund promotes environmental characteristics related to:

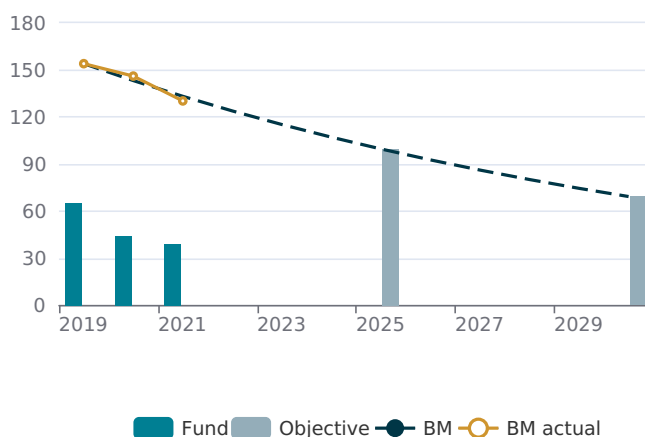
- Climate change mitigation and climate change adaptation in line with the Paris Climate Agreement;
- The protection of biodiversity and ecosystems;
- The transition to a circular economy.

The Fund promotes social characteristics related to:

- Decent work;
- Adequate living standards and wellbeing for end-users;
- Other social topics such as gender equality and broader diversity matters.

The environmental characteristics promoted by the Fund seek to contribute to the achievement of the climate goals of the Paris Agreement and the National Climate Agreement of the Netherlands ('Klimaatakkoord'). This decarbonization pathway encompasses short-term (2025) objectives, a mid-term (2030) ambition and a long-term commitment to be net zero by 2050. Although there has been no index designated as a reference benchmark, by 2025 the Fund aims to have a carbon intensity that is below the 7% reduction pathway.

Fund Carbon Emission Targets



Limitations To Methodologies And Data

Externally provided ESG data is far from perfect. Therefore we conduct rigorous due diligence of the data used in our ESG processes to ensure the limitations will not affect the environmental and social characteristics. To ensure data quality we regularly engage with portfolio companies and third party vendors. Limitations include, but are not limited to discrepancies between company reported data and data provided by third parties, inconsistencies across data vendors, market cap bias and modelling assumptions.

Due Diligence

Before a company is invested in, Portfolio Managers perform a due diligence on potential ESG risks and principal adverse impact indicators, opportunities, as well as potential past controversies. ESG due diligence is integrated in the different stages of the investment process (screening of the investable universe, fundamental research & portfolio management). ESG specialists challenge the portfolio managers on the implementation of the ESG process on a quarterly basis.

Data Sources And Processing

External data providers include (but are not limited to)

- Institutional Shareholder Services (ISS), used for proxy voting, governance research, carbon data and Sustainable Development Goals data;
- MSCI ESG Research: used for company ESG Ratings, product involvement data, principal adverse indicators and to assess the degree to which the investments are in environmentally sustainable economic activities under the EU Taxonomy, measured by turnover;
- Sustainalytics: used for ESG Risk Ratings and product involvement data.

Internal as well as external data is collected and processed in several data analytics (including FactSet, PowerBI, Tableau) and internal compliance systems (including ThinkFolio).

Investment Strategy

The Fund employs a bottom-up investment process to construct a concentrated portfolio of shares in small European companies. The Fund primarily aims to qualify for Participation Exemption (deelnemingsvrijstelling) and therefore the investments are usually at least 5% of the nominal paid-up capital of the company. The Fund strives to be an engaged shareholder in companies in which it participates. The Fund aims to generate a long-term total return of 10% on an annual basis, comprising net capital gains or losses plus dividend. Our ESG-policy, described in the ESG Policy & Process document, is aimed at the promotion of environmental and/or social characteristics. This ESG policy is implemented in our strategy's investment process across four pillars: Exclusion, ESG Integration, Active ownership and 4) Positive impact.

Before and after selecting the asset, we apply adequate (ESG) due diligence measures. This can help to enhance long-term risk adjusted returns for investors, in accordance with the investment objectives of the Fund. We look at each company on a case-by-case basis, taking into account both material risks in a given industry and the company's respective risk exposure, practices and disclosure. This includes:

- an assessment of good governance practices. The investee companies are rated for governance aspects using external research and internal assessments.
- the company's exposure to past controversies and future ESG opportunities

Based on fundamental ESG analysis we form an opinion on the quality of a company's ESG profile and award a score (1-5).

Proportion Of Investments

Information about the proportion of investments with environmental or social characteristics is available in the annex II of this product.

Monitoring Of Environmental Or Social Characteristics

The holdings are screened quarterly for compliance with Kempen's ESG criteria. The screening process allows Kempen to monitor the ESG performance of all companies in the fund. It also encourages engagement on potential issues identified.

Furthermore, the results of the screening feeds into quarterly challenging sessions between ESG specialists and portfolio managers. These sessions are used to assess whether ESG risks and opportunities are sufficiently reflected in the investment decision making process of Kempen.

Methodologies

Principal Adverse Impact Indicators are monitored at individual holding level and at the portfolio level.

Kempen ESG Score serves as input throughout the investment process (exclusion, integration in the valuation models, engagement). Scores are based on 21 ESG risk factors, which are selected based on their materiality per industry.

Carbon emission intensity is used as the key carbon metric. We calculate carbon intensity based on revenues (weighted average carbon intensity), which we use for our commitment, ambition and objectives.

EU Taxonomy alignment is measured by turnover, for which we use a combination of actual data from investee companies and estimates on EU Taxonomy alignment made by a third party provider.

Engagement Milestones are used in order to measure engagement success. All engagement contacts are recorded and classified: Milestone 1 (company is informed), Milestone 2 (company acknowledges request), Milestone 3 (company commits to improve), up until Milestone 4 (proof of improvement).

Van Lanschot Kempen Investment Management NV is the management company of Kempen Oranje Participaties NV (the “Fund”). Van Lanschot Kempen Investment Management NV is authorised as a management company and regulated by the Dutch Authority for the Financial Markets (AFM). The Fund is registered under the license of Van Lanschot Kempen Investment Management NV at the Dutch Authority for the Financial Markets (AFM).

The information in this document provides insufficient information for an investment decision. Please read the Key Information Document (available in Dutch and English) and the prospectus (available in English). These documents are available on the website of Van Lanschot Kempen Investment Management NV (www.vanlanschotkempen.com/investment-management). The information on the website is (partly) available in Dutch and English. The value of your investment may fluctuate. Past performance provides no guarantee for the future.