



### 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, Thibault van Heeswijk

More information about the team and the strategy

#### Key Figures

Total fund size	EUR 1,160.72 M	2023-06-30
Share class size	EUR 1,160.72 M	2023-06-30
Number of shares	4,788,161	2023-06-30
Net Asset Value	EUR 242.41	2023-06-30
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	Small Caps
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
Depositary and custodian	BNP Paribas S.A., Netherlands Branch
Morningstar rating <sup>TM</sup>	★★★
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 2023-06-30

	Fund
Number of holdings	26
Dividend yield	2.90 %
Weighted average market capitalization	EUR 917 M
P/E ratio	13.83

#### Dividends

Last dividend	EUR 4.20
Ex-date last dividend	2023-05-30
Number of distributions per year	1
Dividend calendar	<a href="#">Open the calendar</a>



## Performance

### Performance Per 2023-06-30

	Fund
1 month	-0.9%
3 months	1.6%
This year	9.6%
2020	19.0%
2021	28.0%
2022	-25.9%
1 year (on annual basis)	3.5%
3 years (on annual basis)	8.4%
5 years (on annual basis)	5.8%
Since inception (on annual basis)	12.3%

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 2023-06-30 (Rebased)



● Kempen Oranje Participaties NV

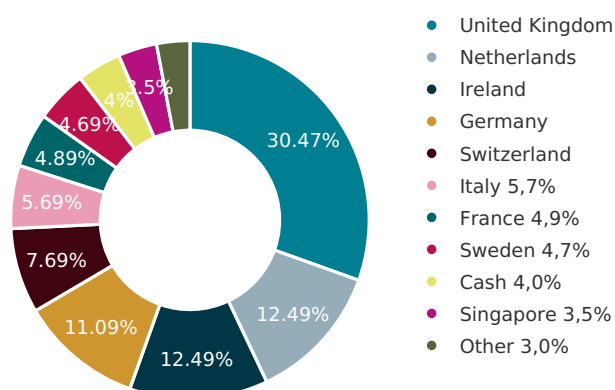
### Risk Analysis (Ex Post) Per 2023-06-30

	3 Years	Since Inception
Maximum drawdown	-20.96%	-41.66%
Tracking error	10.48%	9.60%
Information ratio	-0.98	0.16
Beta	0.84	0.84

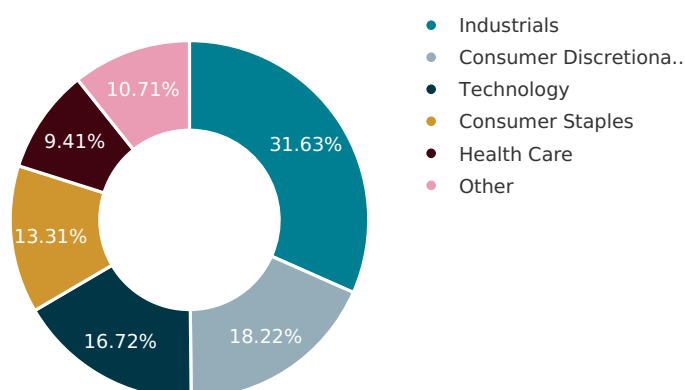


## Portfolio

### Geographic Allocation (2023-06-30)



### Sector Allocation (2023-06-30)





### Developments Per 2023-06-30

The following texts refer to the second quarter of 2023

#### Performance

In the second quarter of 2023, KOP's Net Asset Value (NAV) remained more or less unchanged at €242.41 per participation. Payment of the annual dividend brings the return over the quarter to +1.6% and over the first six months of this year to +9.6% (after fees and tax). KOP has averaged a return of 8.4% per year over the past three years and 5.8% per year over the past five years versus our long-term target of an average of 10% per year.

#### Trading

As of 3 July 2023, the trading price was €243.62, 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 €1.2 billion. For the next trading date of 2 October 2023, an instruction deadline of 4pm on 31 August 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, Michiel van Dijk notified us of his departure from Van Lanschot Kempen to take up a new challenge outside the bank. We are delighted to announce that Thibault van Heeswijk joined our team as of 1 June. Thanks to his background in corporate finance at Quore Capital and asset manager Lucerne Capital, Thibault brings with him knowledge and experience that will enable us to continue the success of KOP in the coming years.

#### Market review

Having recovered from the shock of the mini-banking crisis in March, in the second quarter the financial markets found themselves oscillating between a scenario of a soft landing with continuing economic growth, persistently high inflation and interest rates and a hard landing with an economic contraction and lower inflation that in turn creates room for interest rates to come down. This lack of macro-economic direction left investors open to a totally different theme, namely artificial intelligence. The surge in enthusiasm was fuelled by much better-than-expected results at chip manufacturer Nvidia and the positive sentiment subsequently quickly spread to semiconductor equipment companies, such as ASML and BEI, as well as software names such as Microsoft, Alphabet and Adobe. It is not yet clear what impact artificial intelligence will have on our society, economic growth, employment and corporate earnings. Some analysts are already talking of it as the fourth major technological breakthrough after the personal computer in the 1980s, the internet in the 1990s and the smartphone at the start of this century. The tech-heavy US large cap indices S&P500 (+8%) and Nasdaq (+13%) therefore performed significantly better than European large caps (MSCI Europe Index: 0%) and European small caps (MSCI Europe Small-cap Index: -2%). Two developments that stood out at the end of this quarter: 1) the relatively sharp profit warnings in the chemicals sector (Clariant, Lanxess, DSM Firmenich) and 2) our conversations with businesses demonstrating that many companies will need longer to reduce surplus stocks. This is because the slowdown in economic growth and persisting uncertainty about the economy are making customers cautious.

#### Portfolio

One theme that is growing in prominence is China. This is partly because of the mounting geopolitical tensions between China and the United States and partly because China seems to be struggling to return to economic growth after the lockdowns of 2022. From a geopolitical perspective, we are seeing more and more Western companies developing a 'China for China' strategy, in which their Chinese factories operate primarily for the domestic market and the North American and European markets are increasingly served from countries such as Vietnam, India and Mexico. This trend is visible at a number of our companies, including XP Power, El.En, Coats, Kendrion and SAF Holland. In this respect it is also interesting to note that El.En is preparing to list its Chinese operations on the stock exchange, while Kendrion has in fact increased its investment in China.

Kendrion sees huge opportunities in China for its magnet technology for electric vehicles and industrial applications and the company accordingly opened a new factory in Suzhou in May 2023. The investment is expected to generate about €150m extra revenue for Kendrion in the next few years, which represents almost 30% of its current group revenue. Kendrion's equities performed relatively well in the second quarter and climbed by 14%.

For some time now El.En has been preparing for a market flotation of its industrial laser activities, which are primarily based in China. In the run-up to the public offering, the company sold 30% of this business unit to local investors in 2022. However, the Chinese operations got off to a poor start this year and any stock market flotation is therefore not expected to occur until sometime in 2024 at the earliest. The equity price of El.En dropped by 7% in the second quarter.

The second quarter's biggest climber (+57%) was Software AG. US private equity investor Silverlake has put in an offer of €32 per share for all the shares in Software AG which is being supported by the board and the Software AG Foundation, which holds a 25% interest in the company. KOP had held a tax-exempt participation in Software AG since December 2022, with the interest representing approximately 7% of the portfolio. As a shareholder in Software AG, we were in regular contact with both the management of Software AG and Silverlake on the operational and financial processes as well as the company's strategic future. We met the management of Streamsets during our trip to the United States last autumn following its acquisition by Software AG, and this spring we visited Software AG's head office in Germany to talk to various members of the Management Team. We took advantage of the takeover bid and have sold most of our equities over the past couple of months. In response to the (acquisition) offer we got in touch with Software AG to obtain assurances that the company would abide by the correct governance procedures during the acquisition process.

Another company that is displaying a clear upward trend (+14%) is SAF Holland. This company acquired Swedish brake manufacturer Haldex at the end of February and since then has twice raised its earnings forecasts for 2023. The incorporation of Haldex into the company is going smoothly, SAF Holland's debt position is shrinking fast and global demand for truck and trailer components is so far holding up well. DiscoverIE's equities likewise climbed by 14% in the second quarter, aided by excellent results. The decentralised structure of businesses that focus on structural growth markets, such as healthcare, infrastructure and sustainability, enables DiscoverIE to generate persistent growth even in a weak economic climate.

The weakest performers were Dustin, Alliance Pharma and Lectra, each of which experienced a downturn in equity price of about 24%. Dustin is facing extremely weak demand for hardware (and software) for workstations following the lockdowns in 2020/21 as a result of the ongoing uncertain economic outlook. The company is restructuring itself to improve efficiency and effectiveness but will need to wait until end demand for its products recovers to return to its former profit levels. We expect this recovery to occur in the course of 2024.

Investors are cautious about Alliance Pharma following its profit warnings in 2022. Equity price growth depends primarily on revenue recovering at its biggest brand Kelo-Cote (for which the Chinese market is important) and acquisition Amberen, as well as the restoration of confidence in the company's management. We have made it clear to the board that – irrespective of the outcome of the

CMA investigation into illegal price fixing – the current COO should take on the role of CEO and the current CEO should leave the company. At a price/earnings ratio of 10 (which is partly responsible for the interest from private equity parties), we think that Alliance Pharma stocks are undervalued at the moment.

Since the start of this year, the growing uncertainty in the clothing, furniture and automotive industries has prompted caution among Lectra's customers for its machines and software. We view this as a temporary phenomenon and believe there is a high chance of the market recovering for Lectra in the second half of this year.

Finally, in June Avon Protection received an open letter from Ancora, an activist shareholder from the United States. The investor calls on Avon to engage a consultant for gauging potential interest in the company. We can see the logic of selling Avon to a larger (US) company in the defence industry and support Ancora's position in a general sense. Moreover, it is encouraging to witness the ongoing recovery in operations, with the company announcing an order for the new generation of helmets at the end of June.

In addition to growth in order books, revenue and profitability at our companies, we look forward to positive news on specific companies in the second half of the year. This includes the potentially permanent transfer of pension obligations to an external party by Premier Foods and/or Coats, a definitive ruling from the US court on the fine imposed on XP Power, the verdict from the UK's CMA on the Alliance Pharma CEO's involvement in illegal price fixing and a capital markets day at which Acomo will formulate financial targets for the medium term for the first time.

The sale of most of the position in Software AG enables us to expand a number of existing positions and accrue new participations. We hope to be able to announce a new participation shortly.

#### Valuations

The unchanged Net Asset Value as resulted in the portfolio's valuation staying the same during the quarter and we believe it to be attractive at the moment. The portfolio's cash-adjusted price/earnings ratio (EV/EBIT 2024E) stood at 10 as of the end of June 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:

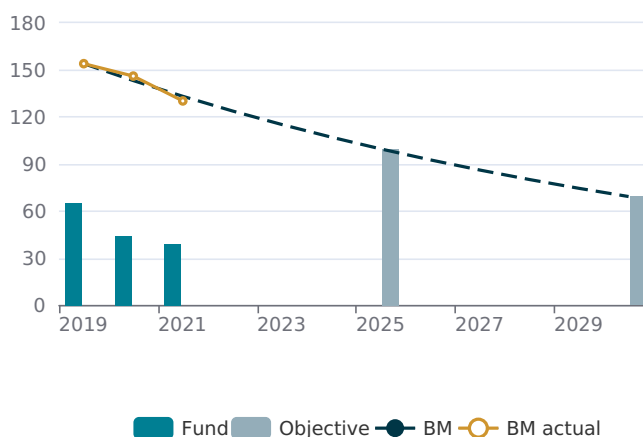
- Climate change mitigation and climate change adaptation in line with the Paris Climate Agreement;
- The protection of biodiversity and ecosystems;
- The transition to a circular economy.

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](http://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.