



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 1,321.34 M	2024-12-31
Share class size	EUR 1,321.34 M	2024-12-31
Number of shares	4,765,761	2024-12-31
Net Asset Value	EUR 277.26	2024-12-31

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 2023.

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, France, 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™	★★★★★

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 2024-12-31

	Fund
Number of holdings	25
Dividend yield	2.70%
Weighted average market capitalization	EUR 977 M
P/E ratio	14.77

Dividends

Last dividend	EUR 4.40
Ex-date last dividend	2024-06-04
Number of distributions per year	1
Dividend calendar	Open the calendar



Performance

Performance Per 2024-12-31

	Fund
3 months	-4.3%
This year	14.6%
2023	11.1%
2022	-25.9%
2021	28.0%
1 year (on annual basis)	14.6%
3 years (on annual basis)	-1.9%
5 years (on annual basis)	7.5%
Since inception (on annual basis)	12.2%

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 2024-12-31 (Rebased)



● Kempen Oranje Participaties NV

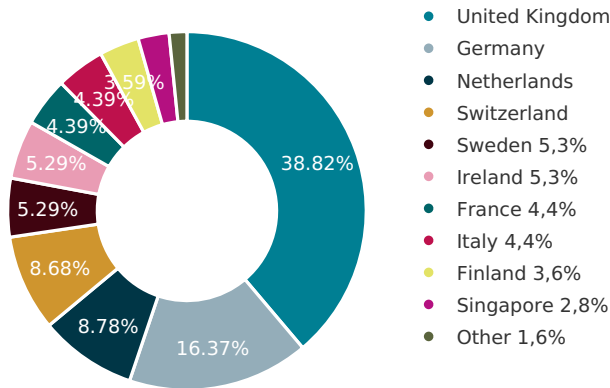
Risk Analysis (Ex Post) Per 2024-12-31

	3 Years	Since Inception
Maximum drawdown	-20.96%	-41.66%
Tracking error	10.78%	9.66%
Information ratio	-0.33	0.18
Beta	0.81	0.83
Volatility	0.18	0.18

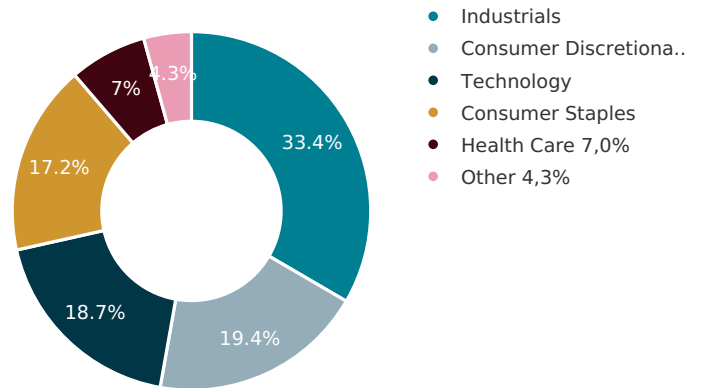


Portfolio

Geographic Allocation (2024-12-31)



Sector Allocation (2024-12-31)





Developments Per 2024-12-31

The following text refers to the fourth quarter of 2024

Performance

In the fourth quarter of 2024, KOP's Net Asset Value (NAV) declined from €289.73 to €277.26 per participation. This brings the return over the fourth quarter to -4.3% (after fees and tax). The return over the whole of 2024 amounts to +14.6%, including the paid dividend. KOP has averaged a return of -1.9% per year over the past three years and +7.5% per year over the past five years versus our long-term target of an average of 10% per year.

Trading

On 2 January 2025 the trading price was €273.10, based on the NAV of that date and including a discount of 1.5% caused by net outflow from the fund. At the start of the year, the fund's size is €1.3 billion. For the next trading date of 1 April 2025, an instruction deadline of 4pm on 28 February 2025 applies for orders in KOP (via Euronext) and a few days before that for the holding companies (via the Van Lanschot Kempen transfer agent).

Market review

On the one hand, we are pleased that KOP has outperformed the general European small cap market for years. On the other, however, there is frustration at the persistent underperformance of European equities versus their American counterparts; over the past ten years an average annual return of +5% for Europe versus +13% for US equities. The gap widened in 2024, with the S&P500 climbing 25% and the MSCI Europe Index only rising by 9%. At 6%, European small caps noted a lower performance than European large caps.

Multiple articles have been written about US exceptionalism. Higher economic growth, lower taxation, less regulation and a greater focus on shareholder value in boardrooms are just some of the ingredients that could explain the outperformance. Never mind aspects such as innovative strength, military supremacy and energy independence. As an illustration, for the coming year Goldman Sachs predicts growth in earnings per share for the S&P500 of 12% versus 4% for the MSCI Europe Index. Incidentally, many analysts are pointing to the fact that US economic growth is largely being driven by extremely high government spending and it is debatable whether this remains tenable given the rising level of debt.

The above has resulted in historically low valuations for European equities versus US equities. The price/earnings (P/E) ratio of the MSCI Europe Index stands at 13, while that of the S&P500 is 25. A major European bank such as BNP Paribas is trading at 6 times its expected earnings versus 14 times for a US bank such as JP Morgan and investors can buy Germany's BMW at 6 times its earnings, while American company Tesla is noting a P/E ratio of no less than 110. The upshot is that US equities now represent 75% of the global MSCI index and Europe has dropped to 15%. The question is how tenable the high US equity valuations are. In 2024, Warren Buffet sold about \$140 billion in US equities and increased the cash position of Berkshire Hathaway's investment portfolio from 35% to 55%.

Everything becomes fluid under pressure and there's enormous economic and military pressure on Europe from the US, Russia and China. European industry is desperate for political action based on a growth agenda combined with less red tape. Perhaps the upcoming general election in Germany will mark the start of renewed economic dynamism in Europe.

At the start of 2024, companies were more optimistic about the outlook and anticipated solid revenue growth for 2024. Today, the mood is more cautious. Uncertainty about import duties in the US and ongoing economic weakness in Europe and China are the main concerns. In the meantime, supply chains continue to be vulnerable, especially to threats of import duties, and we expect this to be a key theme for European companies in the coming earnings season. Most of our companies operate globally, manufacturing and selling products in the region, but where volumes will be diverted to in response to import duties remains guesswork.

Most European businesses are currently anticipating similar levels of revenue in the first half of 2025 to those in the second half of 2024, with modest growth expected in the second half of 2025. This is reflected in the relatively low European equity valuations, which provide opportunities for the next few years. Low valuations will drive M&A activity, as we have already witnessed in recent months. Private equity investors are beginning to make a move and putting in offers for European small caps. The strengthening US dollar could also prompt US companies to consider making acquisitions in Europe. The risk here is that the targeted companies escape this fate by making imprudent takeovers. This is usually bad news for shareholders, and we have asked several companies to use their substantial cash positions to buy back their undervalued shares to create shareholder value without taking sizeable integration risks.

Portfolio

The biggest climber in the fourth quarter was Avon Technologies, which jumped 21% in price. The company published excellent results and market sentiment on defence equities remains positive given the structural increase in defence spending in NATO member states in coming years. DiscoverIE's equity price also performed well at +16%. The company is exceptionally well positioned for a recovery in demand for electronic components and new acquisitions will lead to additional growth in the next few years. El.En did well (+6%) thanks to the news that it is to sell some of its industrial laser activities to a listed Chinese company, which will enable it to focus on medical laser equipment in future.

In contrast, three of our companies issued profit warnings. Jost Werke (-1%) warned that its results over 2024 would be lower than previously forecast due to a further slowdown on the European and North American end markets. The uncertain economic outlook in the run-up to the US elections prompted caution among buyers of trucks and trailers after the summer. Economic uncertainty at customers is also leading to lower expected profits for 2025 at Lectra (-11%) and Sthree (-20%). Lectra previously anticipated earnings growth in 2025 of 30% versus 2024, but according to the company it is more likely to be around 15%. Lectra has been waiting for the market for its fabric cutting machines that are mostly sold to clothing, furniture and car seat manufacturers to pick up for the past two years. Sthree issued a profit warning for 2025 just before Christmas. The company is now assuming that demand for temporary technical personnel will not pick up in 2025 versus 2024. This may well be overly pessimistic but for the time being the board has decided to keep analyst and investor expectations low. Incidentally, we welcome the decision to use a portion of the company's substantial cash position to buy about 5% of the outstanding shares over the next few months. Given the free cashflow and robust balance sheet, we in fact think there is capacity to expand the share buyback programme.

As a result of the depressed outlook for growth, the fourth quarter generally saw weak price trends for cyclical companies such as Suss Microtec (-29%), Alligo (-16%) and Kendrion (-9%) and relatively sound performances for defensive names such as Premier Foods (+3%) and Oxford Instruments (+2%). Suss Microtec announced solid results over the third quarter, but the cyclical recovery of the global semiconductor equipment industry seems to have been delayed. Analysts are now predicting that the recovery will start in the second half of 2025 rather than the second half of 2024. Alligo is being affected by the persistently weak Scandinavian industrial and construction markets but is taking advantage of these to conduct some interesting acquisitions. Kendrion has completed the sale of its Automotive operations and as a manufacturer of magnet technology for industrial applications will enjoy a higher growth and margin profile in 2025. Our biggest participation, Premier Foods, continues to evolve well, with impressive growth results in its UK home market and elsewhere, in part thanks to the success of recent acquisitions The Spice Tailor and Fuel 10K.

British company Oxford Instruments is a new participation in the KOP portfolio. The company is a global leader in high-grade precision instruments for inventorying, analysing and manipulating materials at atomic level. The company's products include a range of powerful microscopes, scientific imaging cameras, spectroscopy equipment and corresponding analytical tools and software. The company is renowned worldwide for its technological leadership. Revenue is well diversified across countries and customers and 80% is driven by stable and structurally growing R&D budgets at customers. The return on invested capital stands at over 40%, partly due to high gross margins and limited investment needs. Oxford's shares are attractively valued at an EV/EBITA ratio of 12, significantly lower than similar companies in the sector (~19).

The other new participation in the portfolio is Sweden's Cloetta, a confectionary manufacturer that sells products in over 60 countries worldwide, with the emphasis on Northern Europe. Its main brands are Lakerol, CandyKing, Jenkki, Tupla, Sportlife and Red Band. After a number of turbulent years of Covid lockdowns and high cost-push inflation, the company's results have now entered calmer waters and are displaying an upward trend. Cloetta is focusing on its large, strong brands and the strategy is generating higher revenue growth, profit margins and improved capacity utilisation. Its profit margin ambition of 14% implies a 40% increase in operating profits in the next few years. Cloetta's shares have an undemanding P/E ratio of 12 and a dividend yield of 4%.

Valuation

The average equity valuation in the KOP portfolio decreased marginally last quarter. At a price/earnings (P/E) ratio of 12, in our view the portfolio's long-term price potential remains interesting thanks to the combination of ongoing earnings yields and the future growth of our participations.



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:

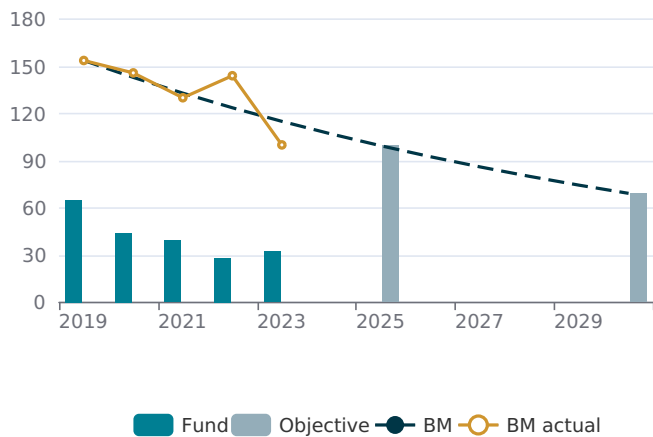
- Decent work;
- Adequate living standards and wellbeing for end-users;
- Other social topics such as gender equality and broader diversity matters.

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.

Key Figures

	Kempen Criteria	Additional Criteria
Business conduct		
Human Rights		
Labour		
Environment		
Anti Corruption		
Product involvement		
Controversial Weapons		
Tobacco		
Thermal Coal		
Tar Sands		
Adult Entertainment		
Alcohol		
Animal Welfare & GMO		
Gambling		
Power Generation Nuclear		
Power Generation Carbon Intensive		
(Un)conventional Oil & Gas Extraction		
Weaponry		

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.

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.

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).

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.