



Overview

PROFILE

Kempen International Funds SICAV - Kempen (Lux) Euro Credit Fund (the Fund) invests primarily in credits that have an investment grade rating (of minimal BBB-) and are denominated in Euros. The Fund may invest a small part in credits that are not included in the benchmark. The benchmark, the Markit iBoxx Euro Corporates Index, only includes bonds with an investment grade rating.

The Fund aims to earn a higher total long term return than the benchmark by implementing an active investment policy. In order to achieve this, a diversified portfolio is constructed and investment risks are continuously monitored. Investments are selected on the basis of extensive analysis of the terms and conditions of the bond issues.

MANAGEMENT TEAM

Alain van der Heijden, Joost de Graaf, Bart aan den Toorn, Harold van Acht, Lizelle du Plessis, Kim Lubbers, Tetiana Kharlamova, Arif Bagasrawalla

[More information about the team and the strategy](#)

KEY FIGURES

Total fund size	EUR 852.37 M	2022-04-30
Share class size	EUR 663.72 M	2022-04-30
Number of shares	470,760	2022-04-30
Net Asset Value	EUR 1,409.90	2022-04-30

The turnover rate figure is per the end of the financial year of the fund and will be updated once a year.

TOP 10 HOLDINGS

0.050% Sparebank 1 Boligkredit 2021-28	1.5 %
3.375% Volkswagen 2020-28	1.4 %
1.125% European Union 2016-36	1.1 %
0.125% Royal Bank of Canada 2022-27	1.1 %
0.375% Enel 2019-27	1.0 %
0.000% Novartis 2020-28	1.0 %
0.750% RCI Banque 2019-23	1.0 %
1.000% Cheung Kong Infra 2017-24	0.8 %
0.625% KFW 2017-27	0.8 %
2.500% Danaher 2020-30	0.8 %

SHARE CLASS DETAILS

Share class	I
Investor type	Institutional
Distributing	No
Benchmark	Markit iBoxx Euro Corporates Index
Duration hedged	No
Investment category	Credits
Universum	Credits denominated in euro
Inception date	2011-07-01
Domicile	Luxembourg
May be offered to professional investors only in	Austria, Belgium, Finland, France, Germany, Italy, Luxembourg, Spain, Sweden, Switzerland, The Netherlands, United Kingdom
UCITS status	Yes
Status	Open-end
Base currency	EUR
Share class currency	EUR
Management company	Kempen Capital Management N.V.
Depository and custodian	BNP Paribas Securities Services S.C.A., Luxembourg branch
Morningstar rating™	★★★★★
Morningstar Analyst rating	null

TRADABILITY

Minimum subscription	Initial subscription: €50,000, additional subscriptions: €10,000
Listed	no
Subscription/Redemption Frequency	Daily
ISIN	LU0630255346

FUND CHARACTERISTICS PER 2022-04-30

	FUND	BENCHMARK
Number of holdings	335	3435
Duration	5.1	5.0
Yield to maturity	2.2 %	
Weighted rating	A-	BBB+

ONGOING CHARGES

Management fee	0.32 %
Service fee	0.10 %
Taxe d'abonnement	0.01 % +
Expected ongoing charges	0,43 %

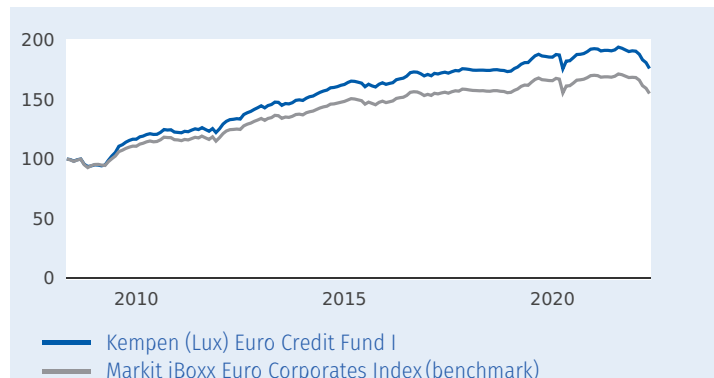


Performance

PERFORMANCE PER 2022-04-30

	FUND	BENCHMARK
1 month	-2.7 %	-2.8 %
3 months	-6.3 %	-6.7 %
This year	-7.6 %	-8.0 %
2019	6.7 %	6.3 %
2020	3.9 %	2.7 %
2021	-1.1 %	-1.1 %
1 year (on annual basis)	-7.9 %	-8.3 %
3 years (on annual basis)	-0.9 %	-1.5 %
5 years (on annual basis)	0.4 %	-0.1 %
Since inception (on annual basis)	4.1 %	3.2 %

PERFORMANCE SINCE INCEPTION PER 2022-04-30 (REBASED)

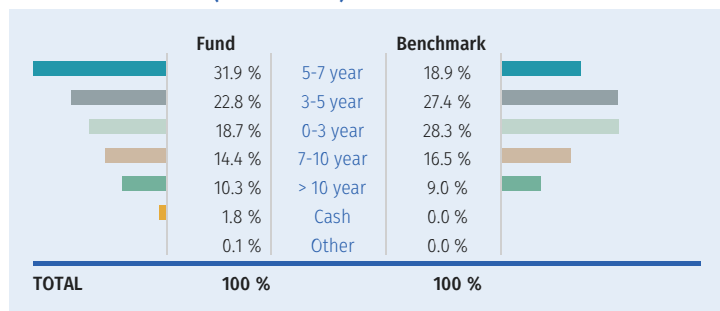


On 20 June 2013, Kempen Euro Credit Fund (KECF) was merged with Kempen (Lux) Euro Credit Fund (the Fund). Up to July 2011 (start of the Fund class I) the performance graph and performance table show the performance of KECF. The average annual TER for the period of April 2008 till June 2013 is 0.92%. Performance is shown after deduction of ongoing charges. The value of your investments may fluctuate. Past performance provides no guarantee for the future.

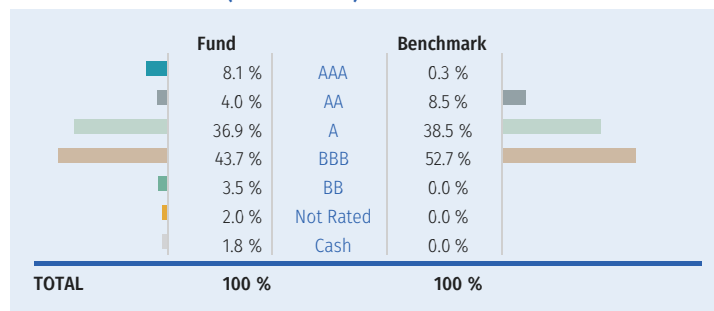


Portfolio

MATURITY PROFILE (2022-04-30)

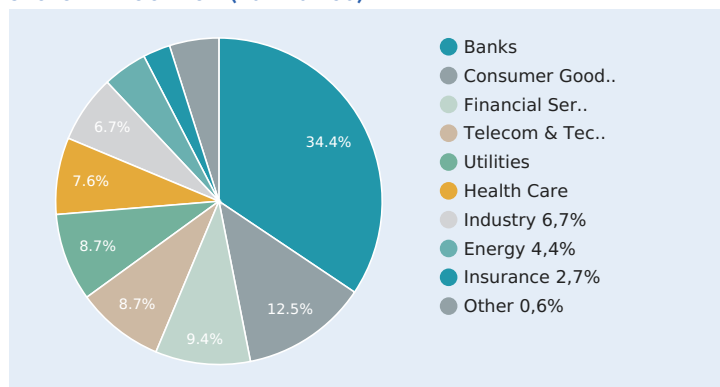


RATING ALLOCATION (2022-04-30)



The rating allocation of the Fund is based on the Bloomberg Composite method. The rating allocation of the benchmark is based on the rating allocation used by provider Markit iBoxx.

SECTOR ALLOCATION (2022-04-30)



The cash position is included in 'Other'.



Developments

DEVELOPMENTS PER 2022-04-30

In April, the spread of the iBoxx Euro Corporates Index widened by 10 basis points to a level of 84 basis points over the swap curve. The index earned a total return of -2.79%. German 10-year government bond yields closed April at +0.94%, representing an increase of 39 basis points compared to the end of March 2022.

After a bad first quarter, April continued in similar fashion, although the start of the month looked a bit more promising. Equity markets continued to trade slightly higher to sideways in the initial week of April, but soon thereafter the turn in risk sentiment caught all risky assets. Rates both on the short end of the curve as on the 10 years point declined the first couple of days, but marched higher in quite a steep fashion once the month progressed.

The headlines in the market were driven by multiple factors, the ongoing Russian invasion of Ukraine and the risk of a longer than expected invasion. Renewed Covid fears and severe lockdowns in China continue to impact the supply chain and concerns are increasing globally whether central banks will be able to facilitate a soft landing while hiking rates to battle high inflation.

Credit spreads declined initially and tightened 6 basis points on index level until mid-April, with positive momentum from the end of March and limited supply of new deals with the market in blackout period in anticipation of Q1 earnings being released. Spreads widened significantly again in the second half of the month to end at 84 basis points over swap, still 10 bps away from the widest levels mid-March.

On the macro data front there were quite some disappointing headlines this month adding to the worries about the overall health of the global economy. US GDP Q1 was a significant miss with a -1.4% decline (expectations was +1%) while the Eurozone economy posted a 0.2% expansion in line with expectations. Inflation globally has been on the rise with rising energy prices, higher food prices and continued supply chain disruptions. In the US inflation hit 8.5%, the highest level since 1981, in Europe the latest CPI print showed a high of 7.5%.

The inflation numbers have kept all eyes on the path forward by central banks regarding rate hikes. The market both in the US as in Europe is now pricing an aggressive hike cycle for the next 12-18 months. This is on top of the quantitative tightening that is about to start with central banks unwinding their balance sheets after years of providing massive stimulus to the markets via QE. FED officials have been very open and vocal that the next rate hike in May will be at least 50 bps. Even in Europe multiple members have now been quite outspoken that we could see the ECB hiking this summer already.

The portfolio started to perform well in the second part of the month from a relative perspective with some new deals repricing secondary curves due to large new issue premia being paid to print the deals, Bank of America, Blackstone and BFCM in combination with more aggressive central bank behavior and rising rates on the back of that. We started the month close to home from a beta perspective but took some profit on certain names with spreads reaching tight levels again. The overall beta dropped during the month and given our cautious outlook on the market we were perfectly fine being positioned more defensive as the month progressed.

In April gross issuance stood at €29.5billion, which is unusually low even when taking into account a slowdown in primary activity from the holidays and earnings season. Financials were most active at €23.4billion and issuance from corporates amounted to only €6.1billion. Redemptions in April exceeded primary issuance leading to a net issuance of negative €14.3billion. New issue premiums were still in place, but they were most pronounced on lower quality names, reflecting a cautious appetite from investors.

The weak demand data continued into April, JP Morgan registered roughly €1.2billion of outflows in EUR IG. Year to date, cumulative outflows stand at €9.2billion, equivalent to 3.5% of AUMs. Purchases under the CSPP program in April were €7.4billion, higher than expected and higher than historical levels. The PEPP purchases have ended and there is anticipation of a slowdown in CSPP purchases. The timing of this is uncertain, but it would reduce a significant source of demand in the credit market.

The portfolio delivered a return of -2.68% (gross). This was 10 basis points above the benchmark return of -2.79%. During the month, the portfolio's sensitivity to market trends varied between 97% and 101% in beta terms. The portfolio is still underweight spread duration mainly in the longer end of the credit spectrum where credit curves are too flat. Besides that the portfolio is invested in defensive off benchmark segments such as covered bonds, agencies, supranationals and still runs a relative high cash balance. The portfolio continues to have a large underweight in BBB's, a reflection of tight valuations on an issuer level given all uncertainty surrounding the market and economy.

With spreads wider over the month our positioning in covered bonds, agencies, supranationals and cash contributed positively to the outperformance. Our positioning in utilities, insurance and banks also had a positive contribution, while the auto sector, chemicals and the media sector contributed negatively this month. On an individual issuer level the strategy saw a positive contribution from our underweight in BFCM and BILLIONP and our overweight in Santander consumer bank. Our overweight in Netflix and Volkswagen had a negative impact on performance.

In April, the Fund participated in new deals from Diageo, Philips, Kering amongst others. On the financials side, we participated in Caixabank, Zurich KantonalBanks, BPCE, Bank of America and Leaseplan amongst other. We bought some additional supranational and agency exposure to profit from very wide swap spread levels in the 10Y+ segment. New issues have been relatively scarce at the start of April, but we saw new issue premiums (NIP) rise during days the market was open and issuers were able to tap the market. Mainly in the financials this led to significant spread widening.

Outlook

Although credit spreads rallied hard in the second half of March and the start of April we see more risks on the horizon, with a prolonged Russian invasion, weaker global growth, stubbornly high inflation and renewed Covid fears and associated lock downs in Asia. We are still moderately bearish and think spreads could move wider from here. The main reasons being, a weaker macro-economic environment, aggressively hiking central banks and the start of QT globally. Company results so far from Q1 2022 look solid but we fear higher rates and a recession in both Europe and the US in the next 18 months are not adequately taken into account in earnings and profit revisions going forward. Continued weak equity market performance could lead to more aggressive shareholder friendly behaviour, with more companies increasing dividends, launching substantial share buyback programmes or engaging in M&A. With spreads still hovering around all-time lows, valuations are considered expensive. The technical situation does not help either with supply expected to increase from now on, with the ECB close

to stop QE, issuers might want to use the opportunity to issue new deals before the summer period and after their Q1 earnings. For 2022, we expect spreads between rating categories to decompress. We are strongly underweight the BBB segment as a result. Lastly we are also underweight the long end of the credit curve due to the expected impact of rising rates on longer dated maturities.

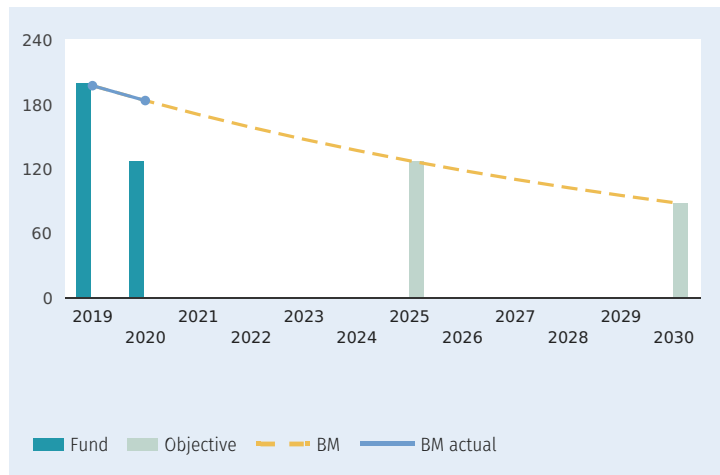


ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS PROMOTED

The Kempen Euro Credit Fund, Kempen Euro Credit Fund Plus and Kempen Euro High Yield Fund (the “Funds”) fall under the scope of article 8 of the SFDR which means that the Funds promote environmental and/or social characteristics. This Funds will invest in a broad range of companies, of which some will have sustainability objectives.

The Fund commits to the goals of the Paris Agreement. This encompasses short-term objectives (2025), a mid-term ambition (2030) and a long-term commitment to be a net zero investor by 2050. By 2025, we aim to be aligned with a path to achieving the Paris Agreement and Dutch Klimaatakkoord. We follow the market reduction, which assumes a pathway in line with the EU Benchmarks.

FUND CARBON EMISSION TARGETS



MORNINGSTAR SUSTAINABILITY RATING



ESG INVESTMENT PROCESS

The promotion of environmental and/or social characteristics is achieved through the consistent implementation of the Funds ESG policy. The ESG policy is fully implemented in our strategy's investment process across the three relevant pillars of: Exclusion, ESG integration and Active ownership.

In the investment process we assess the ESG profile of a company. We look at each company on a case-by-case basis, taking into account material risks in a given industry in combination with 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 as well as making internal assessments. Furthermore, we look into the company's exposure to past controversies and future ESG opportunities. Based on the fundamental ESG analysis we form an opinion on the quality of a company's ESG profile.

EXCLUSION

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

KEY FIGURES

	KEMPEN CRITERIA	ADDITIONAL CRITERIA
BUSINESS CONDUCT		
Human Rights	Green	
Labour	Green	
Environment	Green	
Anti Corruption	Green	
PRODUCT INVOLVEMENT		
Controversial Weapons	Green	
Tobacco	Green	
Thermal Coal	Green	
Tar Sands	Green	
Adult Entertainment		
Alcohol		
Animal Welfare & GMO		
Gambling		
Power Generation Nuclear		
Power Generation Carbon Intensi...		
(Un)conventional Oil & Gas Extra...		
Weaponry		

Kempen (Lux) Euro Credit Fund (the “Sub-Fund”) is a sub-fund of Kempen International Funds SICAV (the “Fund”), domiciled in Luxembourg. This Fund is authorised in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier. Kempen Capital Management N.V. (KCM) is the management company of the Fund. KCM is authorised as management company and regulated by the Dutch Authority for the Financial Markets (AFM).

Paying agent and representative in Switzerland is RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, CH-8027 Zurich. The Sub-Fund is registered with the Dutch Authority for the Financial Markets (AFM) under the license of the Fund.

The information in this document provides insufficient information for an investment decision. Please read the Key Investor Document (available in Dutch, English and several other languages, see website) and the prospectus (available in English). These documents as well as annual report, semi-annual report and the articles of incorporation of the Fund are available free of charge at the registered office of the Fund located at 60, avenue J.F. Kennedy, L-1855, Luxembourg, at the offices of the representative in Switzerland and on the website of KCM (www.kempen.com/en/asset-management). The information on the website is (partly) available in Dutch and English.

The Sub-Fund is registered for offering in a limited number of countries. The countries where the Sub-Fund is registered can be found on the website. The value of your investment may fluctuate. Past performance provides no guarantee for the future. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units.