



Overview

Profile

Kempen International Funds SICAV - Kempen (Lux) European High Dividend Fund (the Fund) offers a diversified portfolio of European listed companies with an expected dividend yield of minimal 2.75% at the time the company is purchased for the first time. The Fund invests in companies that are listed or do business in geographical Europe including Eastern Europe. The portfolio contains around 40 investments, which are approximately equally weighted. The Fund primarily aims to generate a better long-term total return than the MSCI Europe Total Return Index (net dividends reinvested), comprising capital gains or losses plus net dividend.

Management Team

Joris Franssen, Luc Plouvier, Marius Bakker, Robert van den Barselaar, Reineke Davidsz, Roderick van Zuylen

More information about the team and the strategy

Key Figures

Total fund size	EUR 17.49 M	2023-05-31
Share class size	EUR 4.51 M	2023-05-31
Number of shares	116,436	2023-05-31
Net Asset Value	EUR 38.70	2023-05-31

Het omloopsnelheidcijfer is per einde boekjaar van het fonds en wordt een keer per jaar geüpdatet.

Top 10 Holdings

WPP	3.3%
Reckitt Benckiser	3.3%
Nationale Nederlanden Group	3.2%
Sanofi	3.2%
Unilever PLC	3.0%
Roche Holding	2.8%
BAWAG Group	2.8%
Equinor	2.7%
Hellenic Telecomm. Organization	2.7%
Taylor Wimpey	2.6%

Share Class Details

Share class	AN
Investor type	Private
Distributing	No
Benchmark	MSCI Europe Total Return Net Index
Investment category	High Dividend
Universe	European equities
Inception date	2013-10-08
Domicile	Luxembourg
May be offered to all investors in	Austria, Germany, Luxembourg, Netherlands, Switzerland, United Kingdom
May be offered to professional investors only in	Singapore
UCITS status	Yes
Status	Open-end
Base currency	EUR
Share class currency	EUR
Management company	Van Lanschot Kempen Investment Management NV
Depository and custodian	BNP Paribas, Luxembourg Branch
Morningstar rating™	★★★
Morningstar Analyst rating	Neutral

Tradability

Minimum subscription	Initiële inleg € 1
Listed	no
Subscription/Redemption Frequency	Dagelijks
ISIN	LU0927663491

Fund Characteristics Per 2023-05-31

	Fund	Benchmark
Number of holdings	41	423
Dividend yield	5.05 %	3.28 %
Weighted average market capitalization	EUR 48,092 M	EUR 96,798 M
P/E ratio	9.20	12.35
Active share	86.90 %	

Ongoing Charges

Management fee	0.75 %
Service fee	0.20 %
Taxe d'abonnement	+ 0.05 %
Expected ongoing charges	1.00 %
Ongoing charges last financial year	1.00 %

The ongoing charges figure of the last financial year relates to 2021/2022.



Performance

Performance Per 2023-05-31

	Fund	Benchmark
1 month	-3.2%	-2.5%
3 months	-3.4%	-0.2%
This year	5.8%	8.5%
2020	-11.3%	-3.3%
2021	23.9%	25.1%
2022	-5.6%	-9.5%
1 year (on annual basis)	1.0%	5.2%
3 years (on annual basis)	12.2%	12.0%
5 years (on annual basis)	3.3%	6.0%
Since inception (on annual basis)	7.3%	8.7%

De getoonde rendementen zijn na aftrek van lopende kosten. De waarde van uw belegging kan fluctueren. In het verleden behaalde resultaten bieden geen garantie voor de toekomst.

Performance Since Inception Per 2023-05-31 (Rebased)



Risk Analysis (Ex Post) Per 2023-05-31

	3 Years	Since Inception
Maximum drawdown	-10.66%	-29.48%
Tracking error	6.73%	4.44%
Information ratio	0.03	-0.33
Beta	0.95	0.96



Portfolio

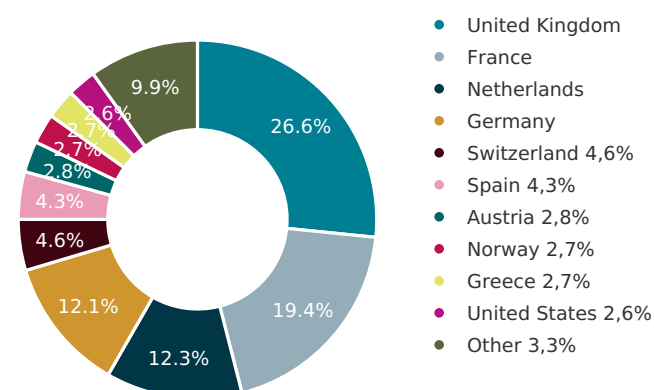
Top 5 Contribution (2023-05-31)

	Contribution	Performance
BMW	0.23%	9.06%
Hellenic Telecommunications Organization	0.20%	8.08%
Roche Holding	0.10%	3.65%
Admiral	0.09%	5.13%
ING Groep	0.07%	2.75%

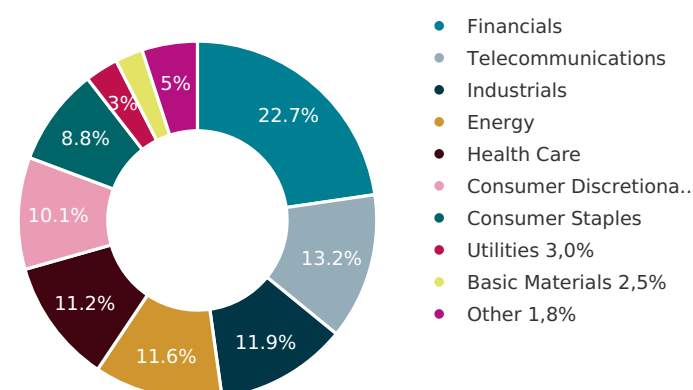
Bottom 5 Contribution (2023-05-31)

	Contribution	Performance
Vodafone Group	-0.44%	-18.68%
BP	-0.31%	-12.43%
Kering	-0.30%	-12.58%
Taylor Wimpey	-0.25%	-9.04%
BAWAG Group	-0.23%	-7.93%

Geographic Allocation (2023-05-31)



Sector Allocation (2023-05-31)



The cash position is included in 'Other'.



Developments Per 2023-05-31

May was a volatile month for equities. This was driven by a couple of conflicting macro-economic indicators and uncertainty about the debt ceiling impasse between Democrats and Republicans. The positive news included strong services indicators in the US and in Europe. Unemployment remains near historic lows and wages are growing strongly. At the same time, manufacturing sentiment is negative. Business sentiment in the eurozone reached its lowest level in three years. Commodities remain weak, with oil down nearly 40% from the end of May 2022. This helps to bring down headline inflation numbers, which is seen as a positive. However, core inflation remained stubbornly high in Europe and the US. The UK core inflation is now at its highest rate in 30 years. Japan's core inflation reached levels not seen in more than 40 years. Investors fear that strong wage growth and high core inflation will force central banks to keep on raising interest rates. On top of these mixed economic indicators, investors were nervous about the discussions between Democrats and Republican about the debt ceiling. By the end of May it looked like a deal was in the making. Within this environment the Fund underperformed the broader market index. However, it outperformed the dividend universe. It is worth noting that there was a wide divergence between sector performances in May. I.e., the only positive sector over the month was the technology sector. Large tech companies outperformed the broader market, backed by strong earnings reports and growing investor expectations about the future potential of artificial intelligence. In May, the NASDAQ technology index bested the Dow Jones Industrials Average by 9%. Stocks that are related to AI (like NVIDIA and Broadcom) spiked upwards like they did during the tech-bubble at the end of the 1990's. We saw a similar pattern in Europe, although the differences were less pronounced than in the US.

The energy sector contributed negatively to the performance of the Fund. From a relative perspective, we lagged the strong performance of the above-mentioned large tech companies. If they pay a dividend at all, the dividend yields are too low for our dividend-universe. Relatively performance was helped by strong stock selection within consumer staples, healthcare and industrials.

One of the best performing stock in May was BMW (+9%). The German car manufacturer reported strong first quarter earnings. The company reported double-digit margins, and its financing division is very profitable. BMW continues to deliver a solid roll-out of electric vehicles. It looks like the company is able to do this without compromising on software, batteries or manufacturing quality. This shows that the firm is on its way to deliver a transition into electrification in an orderly way. Despite record high investments, BMW generates large sums of free cash flow, which are used to pay a healthy 8% dividend yield. We therefore still do not believe that investors have fully priced in this successful transition towards electrification.

One of the bottom contributors in May was Vodafone (-19%). The European telecom operator reported weak fourth quarter earnings and provided disappointing 2024 guidance. Vodafone is underperforming its peers in several important markets (Germany, Spain, Italy). Especially the German market is a worry, and investors fear that Vodafone may need to increase investments in its network to turn around the performance. Although the short-term trends are disappointing, we believe there is meaningful value that will be unlocked over the next few years. Among other things, Vodafone can cut costs, sell non-core assets (e.g. Spain, telecom towers), or split up the business. Activist investors have taken a stake in Vodafone, which is likely to lead to operational improvement going forward. Arguably, this will take time. However, with a dividend yield of approximately 9%, we are paid to wait.

In May we have started to build a position in Universal Music Group (UMG). UMG is the largest record label in the world. Over the past decades UMG has amassed a catalogue of millions of songs which are played on a daily basis. The company adds to this catalogue by signing artists and recording music. As a result of piracy, the music publishing industry was in decline up until 2014. In that year, the growth of streaming services (e.g. Spotify) was offsetting the decline in the traditional physical products (e.g. CD's). Thanks to the streaming tailwind, music publishing has now become a growth industry. There are around 443 million users of music streaming services. This is just 12% of global smartphone users, which would suggest that there is substantial room for further growth. We believe that UMG can grow its free cash flows by more than 10% per annum over the next 10 years. This is driven by an increasing user base, higher prices, and operating leverage. In May, the shares had been under pressure due to the perceived threat of artificial-intelligence-made music. In our view, UMG will be able to prevent copyright infringements, for example by training their own artificial intelligence in recognizing unauthorized music. The shares do not appear cheap with a dividend yield of 2.7% and a free cash flow yield just above 4%. However, we are confident that the strong growth and their well-entrenched market position will eventually be reflected in the share price.

To finance the new position, we sold our position in Glencore. Glencore is one of the largest mining companies in the world. One of our ESG concerns has been their Cerrejon mine in Columbia. The mine has faced numerous ongoing environmental and human rights-based concerns. Over the last years Glencore has made significant steps in the right direction on other ESG related topics such as carbon emissions, and based on this positive momentum we felt there was an opportunity to start an engagement with the company on their Cerrejon mine. Especially since Glencore took full ownership of the mine in 2022 by buying out other investors. However, we are no longer convinced that the company is willing/able to make enough progress on this issue. As a result, we have sold our shares in Glencore.

We currently expect a dividend yield of around 5.6% for the Fund. This number is based on the consensus estimate of dividends paid out over the next 12 months. The Fund still trades at a strong discount versus the market (the average valuation of all the holdings in the Fund versus the broader equity market). Historically, this has led to a strong relative performance in the medium term. Also, the absolute valuation of the strategy is compelling. We continue to focus on attractively valued companies, that have good capital discipline and generate positive cash flows through the cycle. In summary, the current environment offers the opportunity to buy a well-diversified portfolio with solid earnings power at an attractive valuation. In addition, ESG (Environmental, Social and Governance) is fully incorporated in our investment process.



Sustainability-related disclosures

No Sustainable Investment Objective

The Kempen (Lux) European High Dividend Fund (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:

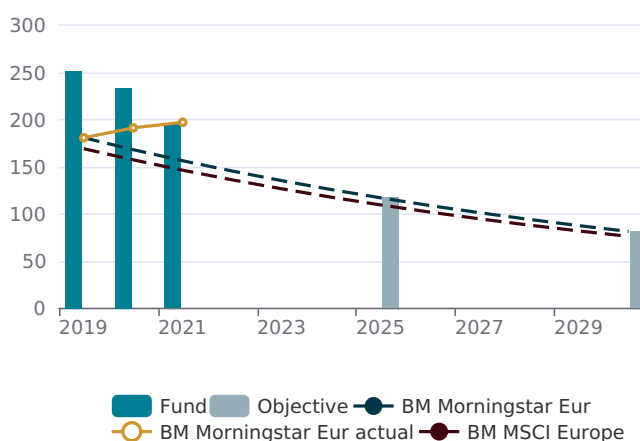
- Decent work;
- Adequate living standards and wellbeing for end-users;
- Other social topics such as gender equality and broader diversity matters.

The environmental characteristics promoted by the Sub-Fund seek to contribute to 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 Sub-Fund aims to have a carbon intensity that is below the 7% reduction pathway. This pathway assumes a carbon intensity that is lower than a relevant European Dividend benchmark in 2019 with a subsequent 7% annual reduction.

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



Morningstar Sustainability Rating



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.

Investment Strategy

The Fund offers an actively and professionally managed diversified portfolio of European listed companies with an expected dividend yield, while at the same time complying with exclusion and sustainability criteria. 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 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).

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).

Kempen (Lux) European High Dividend 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. Van Lanschot Kempen Investment Management NV is the management company of the Fund. Van Lanschot Kempen Investment Management NV 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 Information 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 Van Lanschot Kempen Investment Management NV (www.vanlanschotkempen.com/investment-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.