Kempen

Kempen Global High Dividend Fund N

NL0006089229

Overview

PROFILE

Kempen Global High Dividend Fund (KGHDF) offers a diversified portfolio of listed companies worldwide with an above-average dividend yield at the time the company is purchased for the first time. The portfolio contains around 70 investments, which are approximately equally weighted. The environmental, social and governance (ESG) criteria are incorporated in the investment process.

The primary objective of KGHDF is to achieve a structurally better long-term return, comprising capital gains plus net dividends, than the MSCI World Total Return Index.

KGHDF pays out dividend on a quarterly basis and aims to pay all the received net dividends to the shareholders.

MANAGEMENT TEAM

Jorik van den Bos, 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 866.27 M	2022-02-28
Share class size	EUR 282.13 M	2022-02-28
Number of shares	8,164,430	2022-02-28
Net Asset Value	EUR 34.56	2022-02-28
Transaction price	EUR 35.69	2022-02-28

TOP 10 HOLDINGS

Shell	2.3 %
National Grid	2.2 %
Public Services Enterprise Group	2.1 %
Kinder Morgan	2.1 %
Bridgestone	2.1 %
Omnicom	1.7 %
Triton International	1.7 %
Reckitt Benckiser	1.7 %
Sysco	1.7 %
MTN Group	1.7 %

ONGOING CHARGES

Management fee	0.63 %
Service fee	0.10 % +
Expected ongoing charges	**0.73 %**
Ongoing charges last financial year	0.73 %

The ongoing charges figure of the last financial year relates to 2020/2021. The service fee is determined annually on basis of the net asset value as of the last day of the previous financial year: < or equal to EUR 200 million: 0.20% Between EUR 200 million and EUR 700 million: 0.15% >EUR 700 million: 0.10%

SHARE CLASS DETAILS

Share class	N
Investor type	Institutional & Private
Distributing	Yes
Benchmark	MSCI World Net Total Return Index (calculated in Euro)
Investment category	High Dividend Equity
Universum	Global equities
Inception date	2007-10-24
Domicile	The Netherlands
May be offered to all investors in	The Netherlands
UCITS status	Yes
Status	Open-end
Base currency	EUR
Share class currency	EUR
Administrator	BNP Paribas Securities Services S.C.A., Amsterdam branch
Management company	Kempen Capital Management N.V.
Depositary and custodian	BNP Paribas Securities Services S.C.A., Amsterdam branch
Morningstar rating ™	★★★
Morningstar Analyst rating	Bronze

TRADABILITY

Listed	yes, listed on the NAV Trading Facility of Euronext
Subscription/Redemption Frequency	Daily
ISIN	NL0006089229

FUND CHARACTERISTICS PER 2022-02-28

	FUND	BENCHMARK
Number of holdings	80	1538
Dividend yield	4.22 %	1.75 %
Weighted average market capita...	EUR 54,436 M	EUR 375,542 M
P/E ratio	9.88	
Active share	94.96 %	

DIVIDENDS

Last dividend	EUR 0.36
Ex-date last dividend	2022-02-28
Number of distributions per year	4
Dividend calendar	Open the calendar

The dividend distribution of KGHDF (ex-date 01 August 2018) is included in the NAV per 31 July 2018 and is therefore included in the performance figures of July.

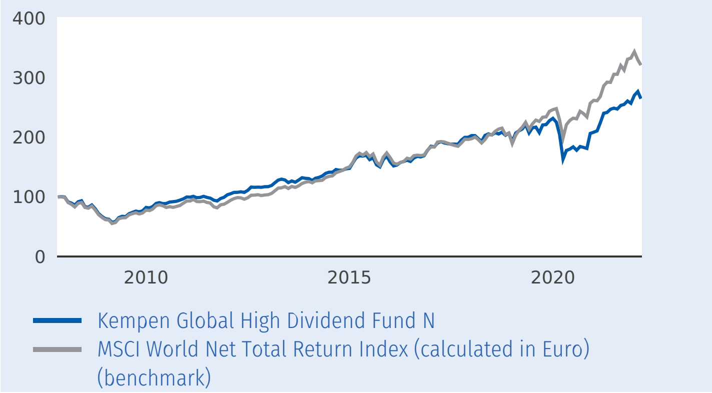
Performance

PERFORMANCE PER 2022-02-28

	FUND	BENCHMARK
1 month	-4.3 %	-2.7 %
3 months	3.0 %	-3.5 %
This year	-2.1 %	-6.5 %
2019	20.2 %	30.0 %
2020	-10.0 %	6.3 %
2021	29.7 %	31.1 %
1 year (on annual basis)	18.1 %	19.7 %
3 years (on annual basis)	7.9 %	15.0 %
5 years (on annual basis)	6.8 %	10.8 %
Since inception (on annual basis)	7.0 %	8.5 %

Performance is shown after deduction of ongoing charges and including the reinvestment of dividend that has been paid out. The performance figures shown in the graph are rebased. The value of your investments may fluctuate. Past performance provides no guarantee for the future. The dividend distribution of KGHDF (ex-date 01 August 2018) is included in the NAV per 31 July 2018 and is therefore included in the performance figures of July.

PERFORMANCE SINCE INCEPTION PER 2022-02-28 (REBASED)



RISK ANALYSIS (EX POST) PER 2022-02-28

	3 YEARS	SINCE INCEPTION
Maximum drawdown	-29.49 %	-20.11 %
Tracking error	9.06 %	5.51 %
Information ratio	-0.78	-0.26
Beta	1.09	0.93

Portfolio

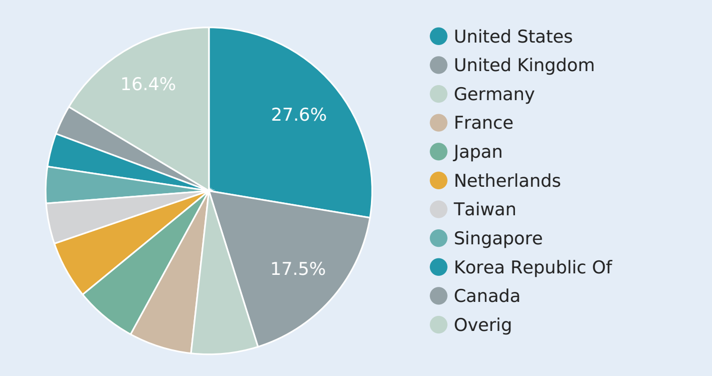
TOP 5 CONTRIBUTION (2022-02-28)

	CONTRIBUTION	PERFORMANCE
Equinor	0.20 %	15.16 %
Omnicom	0.17 %	11.10 %
Sysco	0.16 %	11.23 %
Triton International	0.13 %	8.49 %
Rio Tinto	0.13 %	11.48 %

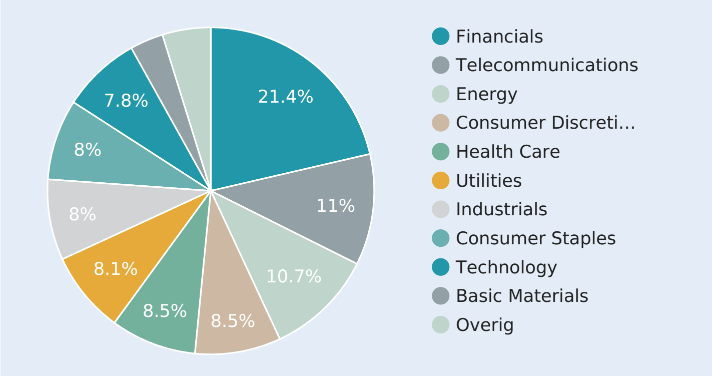
BOTTOM 5 CONTRIBUTION (2022-02-28)

	CONTRIBUTION	PERFORMANCE
Lukoil (US)	-1.03 %	-78.81 %
PhosAgro GDR	-0.58 %	-69.76 %
Technip Energies	-0.53 %	-25.50 %
Severstal	-0.46 %	-73.60 %
ING Groep	-0.25 %	-19.63 %

GEOGRAPHIC ALLOCATION (2022-02-28)



SECTOR ALLOCATION (2022-02-28)



The cash position is included in 'Other'.

Developments

DEVELOPMENTS PER 2022-02-28

February was a very turbulent month for KGHDF. The environment of rising inflation and higher rates was very supportive for the strategy for most of the month. However, as of the invasion of Ukraine by Russia, this has changed dramatically in the last days of the month. KGHDF had direct exposure of approximately 2.6% to Russian companies through UK-listed GDR's. As the Ukraine crisis unfolded, the value of these assets was decimated. Trading in the GDRs of Russian companies has been suspended for now. Especially the European companies with (indirect) Russia exposure saw sharply lower share prices. The strategy benefited from the spike in oil prices due to the likely loss of Russian supply. Having a large exposure to energy based on our long-held view of structural undersupply has helped our performance. The uncertainty shifted investors to a more risk-off stance. It also lowered expectations in terms of monetary policy being tightened rapidly in the near term, and together this has pushed interest rates lower. Due to that, financials and cyclical names, which performed very well before the war broke out, declined significantly in the last days of the month. In this environment, KGHDF underperformed the broader MSCI World Index. The Fund was also not able to keep up with its style benchmark (Morningstar Developed Markets DY > 3%).

The sector that contributed most to the absolute performance was the consumer staples sector (Sysco performed well). The sector that detracted most from the absolute and relative performance of KGHDF was the energy sector. The decimation of our position in Lukoil and poor performance of Technip Energies resulted in a negative result, despite strong performance of other energy stocks like Equinor. The sector that added most to the relative performance was the information technology sector (Lite-On Technology performed well).

One of the best contributors was Equinor (+15% in February). The Norwegian energy company benefited from the surge in gas prices. Another strong performer in February was Omnicom (+11%). This advertising and corporate communications company reported stronger than expected results. Especially the growth outlook was more positive than expected. The shares trade at a dividend yield of 3.5% which, together with the share buy backs result in an expected shareholder return of around 5%. This cash return is very well supported by growing free cash flows.

The detractors from performance were mainly found within the Russia-related shares. Severstal, PhosAgro, and Lukoil were all down more than 50%. Shares of Technip Energies were also hard-hit (-26% in February). One of their bigger contracts is the construction of an LNG terminal in Russia. Because of prepayments, Technip Energies does not run a big counterparty risk in case it declares force majeure. Earnings guidance for 2022 excluding this Russian contract was 15% below 2021, meaning the selloff seems overdone. Furthermore, new LNG import facilities must be built in Europe to become less dependent on Russian gas. Technip currently has a 50% market share in the LNG market and is a likely candidate to win any such contracts.

We have acquired shares in Fresenius over the course of February. Fresenius is a diversified healthcare conglomerate with 3 business segments. Its business segment Helios operates hospitals in Germany and Spain. Kabi provides infusion and clinical nutrition products, as well as sterile injectable drugs. The third segment is the separately listed Fresenius Medical Care. FMC provides services and products related to dialysis care. Over the last couple of years, Fresenius has experienced several (mostly temporary) headwinds. E.g., the Covid-pandemic resulted in fewer surgeries, higher costs, and a delay in biosimilar approval. The shares trade at just 8 times expected 2022 earnings. It's dividend of ~3.3% is attractive. With Covid abating, we expect that growth will pick up again. This will lead to a re-rating of the shares.

We also started a position in BlackRock. BlackRock is one of the world's largest publicly traded investment management firms. BlackRock manages roughly 10 trillion USD in active, index and cash management strategies across asset classes. BlackRock also provides technology products and solutions, including the Aladdin platform, to a broad base of institutional and wealth management clients. BlackRock is a well-managed and growing company that uses its free cash flows to pay dividends and repurchase shares. We expect that the company can grow its intrinsic value by around 7% per annum for a long period of time while distributing free cash flow in the form of dividends and share repurchases.

The third addition to the portfolio is the US-based TV-broadcasting company, called Nexstar. In the US, TV networks (for example Fox, ABC, CBS, NBC) have a signal that needs to be 'broadcasted' locally by a television station. The company adds local content and sells the signal to distributors, such as cable companies. For this, they receive a retransmission fee which is split with the TV network. The TV station can also add advertising to the content. Nexstar is growing revenues from both advertising and from retransmission fees. The free cash flow yield is around 20% of the market cap. Partly, this is due to the levered nature of the business: i.e., Nexstar has a substantial amount of debt. However, we believe the debt load is manageable, and that the shares should trades at a lower free cash flow yield. The shares are therefore substantially undervalued. At the time of purchase, the indicated dividend yield was just above 2%.

During February we have sold our positions in Ahold Delhaize, Primax Electronics, US Bancorp, Canadian Imperial Bank of Commerce (CIBC), and SK Telekom. For Ahold Delhaize, Primax Electronics, and SK Telekom we concluded that the shares are no longer attractive from a valuation perspective. The shares of US Bancorp and CIBC had moved up based on expectations of higher interest rates. We believe there is more upside elsewhere (e.g., BlackRock).

We currently expect a dividend yield of around 4.6% for KGHDF. This number is based on the consensus estimate of dividends paid out over the next 12 months. Based on those estimates the annual growth in dividends for KGHDF will be approximately 11%. KGHDF still trades at a strong discount versus the market (the average valuation of all the holdings in KGHDF 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 flow 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.

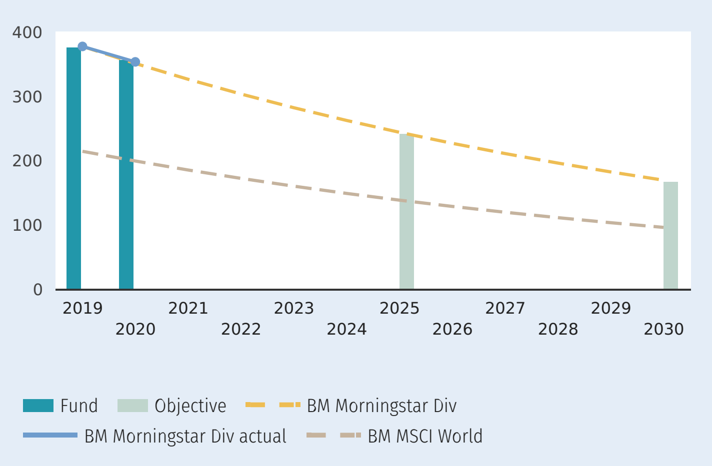
ESG

ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS PROMOTED

The Kempen Global High Dividend Fund (the "Fund") falls under the scope of article 8 of the SFDR which means that the fund promotes environmental and/or social characteristics. This fund will invest in a broad range of companies, of which some will have sustainability objectives.

We commit 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 Fund applies additional exclusion criteria based on product involvement and business conduct.

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 Intensi...		
(Un)conventional Oil & Gas Extra...		
Weaponry		