



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 1,381.38 M	2024-09-30
Share class size	EUR 1,307.53 M	2024-10-31
Number of shares	4,765,761	2024-10-31
Net Asset Value	EUR 274.36	2024-10-31

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
Depository and custodian	BNP Paribas S.A., Netherlands Branch
Morningstar rating TM	★★★★★

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 2024-09-30

	Fund
Number of holdings	24
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 2024-10-31

	Fund
3 months	-2.3%
This year	13.4%
2023	11.1%
2022	-25.9%
2021	28.0%
1 year (on annual basis)	30.7%
3 years (on annual basis)	-3.0%
5 years (on annual basis)	9.4%
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 2024-10-31 (Rebased)



● Kempen Oranje Participaties NV

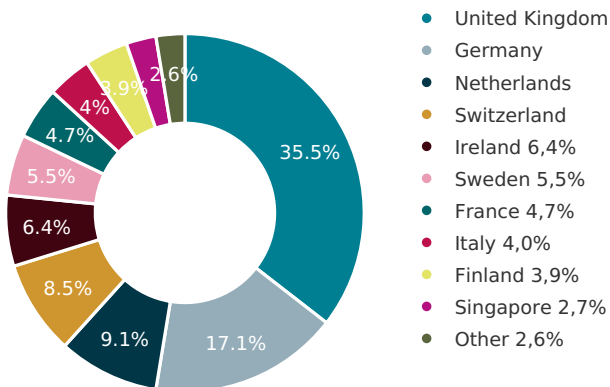
Risk Analysis (Ex Post) Per 2024-10-31

	3 Years	Since Inception
Maximum drawdown	-20.96%	-41.66%
Tracking error	11.13%	9.68%
Information ratio	-0.56	0.17
Beta	0.82	0.83
Volatility	0.18	0.18

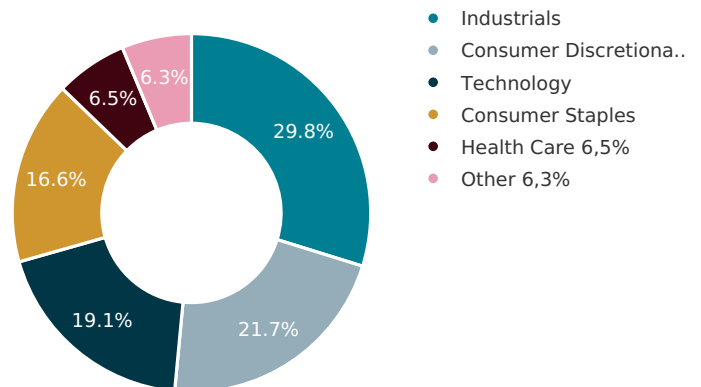


Portfolio

Geographic Allocation (2024-09-30)



Sector Allocation (2024-09-30)





Developments Per 2024-10-31

The following text refers to the third quarter of 2024

Performance

In the third quarter of 2024, KOP's Net Asset Value (NAV) increased from €271.00 to €289.73 per participation. This brings the return in the third quarter to +6.9% (after fees and tax). The return over the first nine months of 2024 amounts to +19.8%, including the paid dividend. KOP has averaged a return of +0.4% per year over the past three years and +11.7% per year over the past five years versus our long-term target of an average of 10% per year.

Trading

As of 1 October 2024, the trading price was €285.38, based on the NAV of that date and including a discount of 1.5% caused by net outflow from KOP. At the start of the fourth quarter, the fund's size is over €1.3 billion. For the next trading date of 2 January 2025, an instruction deadline of 4pm on 29 November 2024 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

Equity prices evolved positively in the third quarter, driven by cuts to interest rates by the US central bank in September and hints of further cuts in the coming quarters. Declining inflation rates give the central bank room for manoeuvre, and it appears to be offering the US economy pre-emptive support now that it is displaying signs of modest weakness. Investors welcomed the Chinese government's recently announced stimuli programme and are hoping for a similar move in Germany, Europe's economic weak spot. A mild recession or no recession at all is good for asset classes such as equities. The S&P 500 climbed by 5.5% and in doing so outperformed the MSCI Europe Index (+1.2%). Within Europe, small caps did better than large caps as the MSCI Europe Small-cap TR Index was up by 4.4% in the third quarter. All eyes are now on the US presidential elections in November, while the conflict in the Middle East looks to be escalating and geopolitical risks are increasing. It will therefore come as no surprise that the price of gold is recording new record highs.

Small caps continue to be relatively cheap versus large caps and interest from private equity remains high, especially in technology and real estate companies. It is mostly private equity parties making offers on companies (Eckoh, Learning Technologies, Esker, Alpha Financial Markets), sometimes major shareholders (Novem) but also strategic buyers (Britvic, Tyman, Ascential). Over the past few months, we have mainly seen offers on British small caps and we observe companies' boards regularly dismissing the offer price as too low (Rightmove, XP Power).

Portfolio

Despite the lack of exciting corporate news, we again saw significant volatility in the equity prices of our participations in the third quarter. This confirms our theory that price momentum for the short term is hard to predict and we need to focus on the long-term growth in value of our companies.

The biggest climber in the third quarter was Coats (+29%), primarily due to the company definitively clearing its pension liabilities and in doing so improving the risk profile for shareholders. New CEO David Paja has now taken up his appointment at Coats. With his predecessor having improved the company's profitability, made successful acquisitions in Footwear and solved the pension problem, the new CEO's task is to accelerate growth at Coats by focusing on product development and tapping into new end markets.

Another climber was Harvia at 28%. There was little news other than the fact that Harvia had published solid quarterly results that – on top of continued growth in North America and Japan – show demand for saunas picking up again in Europe. Together with the new management team, the new CEO is clearly pursuing revenue growth, aided by attractive acquisitions such as Thermasol, a US player in steam saunas.

The new CEOs of Kardex and Washtec likewise face a specific task, in their case that of conquering the North American market. Kardex (+24%) is further on in this process as its new factory in North Carolina is now operating at full capacity and the company is winning new clients. In contrast, Washtec (-3%) finds itself right at the start of the process. It has operated on the North American market for many years without success because it was too cautious when it came to investing in the workforce and production capacity, while its competitors adopted an aggressive approach on the market. We expect the new CEO to opt more clearly for investment in the North American organisation, which will lead to revenue growth.

A number of our companies held capital market days in the third quarter to give investors and analysts greater insight into their activities and present new long-term targets.

Kendrion (-13%) organised an afternoon in Amsterdam during which it presented itself as a new company, namely without the now divested automotive activities in Europe and the US. It will continue as a manufacturer of magnetic technology for industrial applications, such as lifts, forklift trucks, wind turbines, robots and medical equipment, and forecasts annual revenue growth of at least 5% combined with EBITDA margins of 15-18%. Based on these expectations, the shares are trading at 10 times the expected net earnings for 2025, which is low compared to similar listed companies. At its current equity price and given its limited market capitalisation, we view Kendrion as an acquisition candidate.

Our recent portfolio addition Jost (+7%) welcomed investors and analysts to its factory in Neu-Isenburg near Frankfurt in September. The company said that in future it would concentrate on the fragmented off-highway market rather than the consolidated on-highway truck and trailer markets. A few days later, Jost put its words into actions by announcing the acquisition of Dutch company Hyva, a leading manufacturer of hydraulic systems for mainly off-highway vehicles. This brings Jost close to its revenue target of €2 billion for 2030. As of that year, Jost is aiming for earnings per share of at least €10, while the equity is currently trading at about €40.

UK company DiscoverIE (-1%) also organised a session for investors and analysts following on from a multi-day internal management conference. As acquisitions form an integral component of the company's strategy, it explained in detail the conditions and procedures DiscoverIE uses as a basis for conducting acquisitions. A combination of considerable organic growth (by opting for structural growth markets) and acquisitions will generate the annual double-digit earnings growth we are accustomed to seeing at DiscoverIE.

We are looking forward to the capital markets days to be held by Nedap on 7 November and Acomo in the spring of 2025. Nedap (-7%) will hopefully provide greater insight into the distribution of revenue, costs, operating profit and investment across the individual activities to better estimate where the company's earnings capacity lies and what the (medium and) long-term outlook is. With software now accounting for a growing portion of the mix, revenue has experienced sound growth over the past few years, but this has been accompanied by sharp growth in costs, sizeable investments and disappointing margin growth.

Under the new CEO, Acomo (+7%) will hold its first-ever capital markets day in the spring at which it will present its financial goals for the long term. By then, it is to be hoped that Tradin will have returned to its normal level of profitability after a period of turbulence

caused by management changes and losses on cocoa hedges. We hope the company will discuss the strategic choices it is making as well. For example, we view the tea trade as small-scale, volatile and yielding a low return, while US consumer brand Sunbutter (a peanut butter substitute based on sunflower seeds) could perhaps be sold for a good price. We are in favour of increasing scale in fewer activities. The recent acquisition of Caldic's Scandinavian operations demonstrates Acom's logical focus on its successful nut and seeds business.

We announced a new participation in Dutch company Sligro Food Group at the end of the third quarter. The company is market leader in the Benelux food service market, with a market share of over 25% in the Netherlands and nearly 4% in Belgium. Sligro offers a wide range of food and non-food products via a delivery service (66% of the revenue) and its own network of shops (34% of the revenue).

This former KOP participation (sold in 2018) has experienced a headwind in recent years (Covid-19 lockdowns, a shortage of drivers, high inflation, IT problems), which has further depressed revenues and profitability. The integration of the acquired Belgian operations went less smoothly than anticipated too. As a result, Sligro's share price is now back at the same level as during the Covid-19 crisis. This translates into a historically low equity valuation at a price/earnings (P/E) ratio of just 10x.

In our opinion, Sligro now finds itself at a turning point and we believe its revenue will grow again and margins will improve over the next few years. A combination of earnings growth and a recovery from the historically low equity valuation is expected to result in an attractive price performance in line with our portfolio target of about 10% per year. Our new participation in Sligro represents 2% of the KOP portfolio.

Valuation

The average equity valuation in the KOP portfolio increased slightly last quarter. At a price/earnings (P/E) ratio of 13, 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.



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:

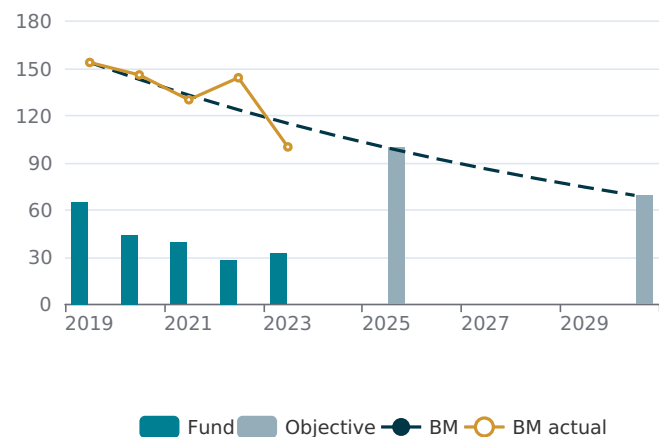
- Decent work;
- Adequate living standards and wellbeing for end-users;
- Other social topics such as gender equality and broader diversity matters.

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.

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.