



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 1,301.05 M	2024-06-30
Share class size	EUR 1,301.05 M	2024-06-30
Number of shares	4,800,954	2024-06-30
Net Asset Value	EUR 271.00	2024-06-30

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, 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 2024-06-30

	Fund
Number of holdings	26
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 2024-06-30

	Fund
3 months	3.4%
This year	12.1%
2023	11.1%
2022	-25.9%
2021	28.0%
1 year (on annual basis)	13.6%
3 years (on annual basis)	-1.1%
5 years (on annual basis)	9.5%
Since inception (on annual basis)	12.4%

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 2024-06-30 (Rebased)



● Kempen Oranje Participaties NV

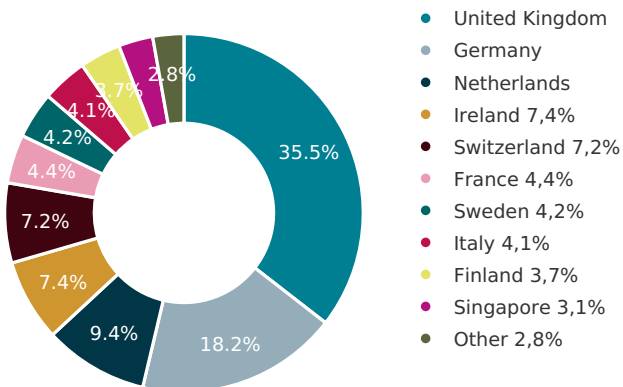
Risk Analysis (Ex Post) Per 2024-06-30

	3 Years	Since Inception
Maximum drawdown	-20.96%	-41.66%
Tracking error	11.92%	9.70%
Information ratio	-0.30	0.18
Beta	0.79	0.83
Volatility	0.18	0.19

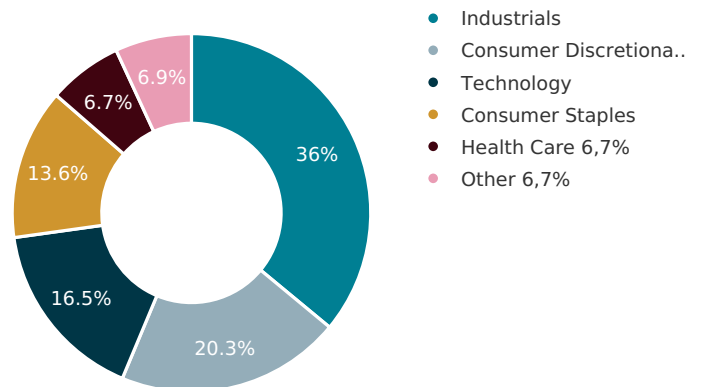


Portfolio

Geographic Allocation (2024-06-30)



Sector Allocation (2024-06-30)





Developments Per 2024-06-30

The following text refers to the second quarter of 2024

Performance

In the second quarter of 2024, KOP's Net Asset Value (NAV) increased from €266.29 to €271.00 per participation. Including the paid dividend of €4.40, this brings the total return over the second quarter to +3.4% (after fees and tax). The total return over the first six months of 2024 amounted to +12.1%. KOP has averaged a total return of -1.1% per year over the past three years and +9.5% per year over the past five years versus our long-term target of an average of 10% per year.

Trading

As of 1 July 2024, the trading price was €266.94, based on the NAV of that date and including a discount of 1.5% caused by net outflow from the fund. As of the start of the third quarter, the fund's size is €1.3 billion. For the next trading date of 1 October 2024, an instruction deadline of 4pm on 30 August 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 markets enjoyed a period of calm in the second quarter. Big Tech continues to generate momentum in the US, especially via the rise of artificial intelligence and boosted by persistently sound results at companies such as chip manufacturer Nvidia.

As expected, the European Central Bank cut interest rates by 25 basis points despite adjusting its projections for inflation and wage growth upwards. The MSCI Europe Index and MSCI Europe Small Cap Index climbed by 1.3% and 1.5% respectively across the quarter. Both underperformed versus the MSCI World Index, which was up by 3.4%, but outperformed global small caps (MSCI World Small Cap Index -2.0%). European financial markets were rocked by the political uncertainty in France in June after President Macron called early parliamentary elections. This pushed yields on French government bonds up sharply and resulted in substantial losses for French equities (France's CAC 40 dropped by 6.5% in June). Political uncertainty is increasing in the US too after Biden's poor performance in a debate with Trump.

When closing the books over the second quarter, some companies cut their forecasts for the year. On publication of their results over 2023, many businesses expected earnings to recover in the second half of 2024. The later-than-expected cut to interest rates by the ECB, ongoing geopolitical uncertainty, emptying of well-filled order books and absence of an economic recovery make this scenario less likely, especially for cyclical companies. June looks to have been quieter than usual in the sense of the traditional build-up of stocks in the run-up to summer closures; this is corroborated by the European PMI for manufacturing, which declined to 45.8 from 47.3 a month earlier. Although this is an improvement on a year ago, given the balanced supply chain and flat demand it translates into almost zero cyclical growth. Without there being any company-specific news, the equity prices of our industrial companies such as Kardex, DiscoverIE and Jost Werke dropped by 5-10% in the second quarter, while a defensive stock such as Premier Foods noted an upturn of 8%.

Portfolio

In the second half of last year we started to accrue a position in Alpha Financial Markets Consulting (AFMC) Plc. The company is a global provider of specialist consultancy services to the asset management and insurance sectors. On behalf of its clients, it selects and migrates service providers for middle and back-office operations and offers several proprietary propositions, practices and data sets to clients. AFMC was founded in 2003 and employs about 1,000 consultants in 17 offices worldwide.

After doubling its revenue in the five years since it was floated on the stock exchange in 2017, the company has formulated the ambition of again doubling its revenue in the next five years by offering additional services, expanding to more countries and serving clients in new end markets. We found the combination of a free cashflow return of 7% and annual earnings growth of 5-10% over the next few years attractive, but so did other investors. In May, before we were able to realise a participation for tax purposes, private equity investor Bridgepoint put in an offer for the company will almost certainly be successful. At the time of the offer, the position in AFMC represented 2% of KOP's portfolio and at a premium of 50% above the equity price the offer contributed about 1% to KOP's return in the second quarter.

As we said in our last quarterly report, we are seeing growing interest in European small caps from private equity and strategic buyers. The sector is now relatively cheap and especially in the UK local institutional investors are having to contend with outflow from their funds, which generates opportunities for buyers. In the second quarter, this phenomenon resulted in an indicative offer on XP Power (+37%) from US competitor Advanced Energy Industries. The latter publicly announced that it had approached XP Power on several occasions over the past few months. However, XP Power's board considered the latest offer of 1950p per share to be too low and AEI decided against making a formal offer. We viewed this as an opportunity for XP Power's board to negotiate an interesting price with AEI on behalf of shareholders, but the company is convinced the shares have a higher price potential based on the recovery in earnings it forecasts for the coming years. XP Power's stocks closed the quarter at 1480p.

The quarter's biggest climber was Suess Microtec at a price hike of 68%. Its shares continue to profit from the enthusiasm surrounding artificial intelligence, which boosts demand for computer chips and in turn the machines manufactured by Suess. We visited its production location in Garching (near Munich) in June and apart from the Management Board also met a few of the division directors. We are impressed by the positive change at the company and the opportunities it has on the market.

Another strong performer was Avon Protection (+21%). Its shares continue to profit from the combination of a successful restructuring under new management and positive momentum in demand for gas masks and helmets among military and non-military customers. The reported interim results confirm the sound growth at the company.

Those companies whose equity prices were squeezed hardest in the second quarter were Lectra (-14%) and El.En (-18%), both of which are being affected by weak end markets. Investment appetite remains low among manufacturers in the clothing, automotive and furniture industries due to weak end demand for their products and, despite Lectra positioning itself extremely well via its acquisitions of Gerber and Launchmetrics, the wait is now on for the market to recover. El.En is likewise facing weak end markets. Demand for industrial laser equipment in China (economic weakness) and Italy (the end of a government programme of investment subsidies) has plummeted and is squeezing results despite sound growth in the medical laser division.

Noteworthy news broke in April when Kendrion (-1%) announced the sale of its European and US automotive activities to a US private equity investor. Its equity price barely reacted to the news due to the combination of the strategically logical decision and sale of the activities at a relatively low price (3.5x EBITDA). In future, Kendrion will primarily focus on magnet technology for industrial applications (fork-lift trucks, robots, wind turbines, lifts etc.), which enjoys higher revenue growth and profitability than products for the car industry. The company's balance sheet will also improve, and this may well create capacity for acquisitions that enhance its position. The sale is likely to be completed in August and Kendrion will hold a capital markets day in early September at which it will

present the repositioned company and publish new financial targets. We increasingly view the smaller and more focused Kendrion as an acquisition candidate.

We sold the smallest position in KOP, Alliance Pharma, in the second quarter. Over the last few years, we have discussed ways to improve management of the company with the board. This was followed by Alliance Pharma's decision to postpone publication of its results over 2023 several times. We were unconvinced by the reasons it gave for this delay and opted to sell the position. Alliance Pharma eventually reported its results over 2023 at the end of June and these contained write-downs on intangible fixed assets, while the auditor identified several shortcomings in the financial reporting. This was the second financial year that Deloitte had audited the annual accounts and as it had not made similar observations last year, we find these statements both extraordinary and alarming and believe they support our decision to sell Alliance Pharma.

KOP paid its annual dividend in early June, namely €4.40 per participation (compared to €4.20 last year), which translates into a return of 1.7% versus the NAV at the start of the quarter. We have a stable to increasing dividend policy for KOP and like to see the same at our participations. Even after this dividend payment, KOP still holds plenty of cash and as usual we have a number of positions under accrual. We hope to be able to announce another new participation in the next few months.

Valuation

The average equity valuation in the KOP portfolio remained largely unchanged last quarter. At a price/earnings (P/E) ratio of 13 as of the end of June 2024, 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:

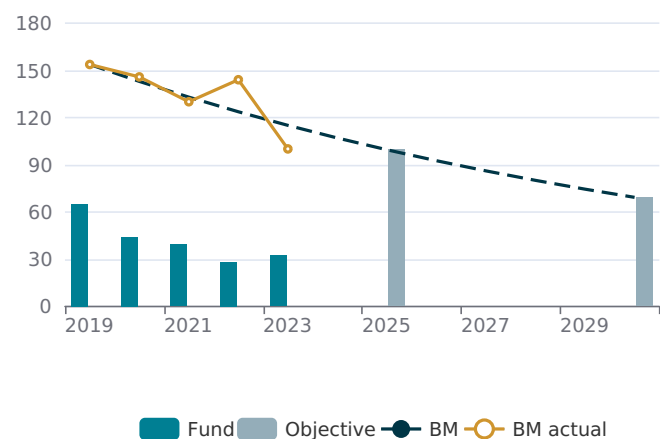
- Decent work;
- Adequate living standards and wellbeing for end-users;
- Other social topics such as gender equality and broader diversity matters.

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.