

MANAGER COMMENT

Market Overview

Salmon prices continued to be well supported due to lower volume expectations, as biology conditions in Norway have worsened throughout the year. Chile remains the wildcard, but regulatory conditions are still not conducive to major investments in smolt (juvenile salmon) releases by the major seafood farmers.

Further upstream, we continue to closely monitor the developments of two interesting fermentation projects from Corbion and DSM to produce fish oil by feeding algae to micro-organisms in fermentation tanks. Corbion is more advanced, as the product is already used by Biomar, and sustainably-fed salmon is already available at Whole Foods. Additionally, the feedstock used is not GMO-based, contrary to what DSM is using, but DSM has the more complete Omega 3 solution (including both EPA and DHA acid types), with the potential to target the (multiple times larger) pork feed industry as well.

Performance

The fund (F share) finished the month in positive territory with a gain of 0.98%. Year-to-date, the fund has advanced a solid 7.46%.

What worked?

- As in the previous month, nitrogen-heavy producers CF Industries and Yara performed strongly. Nitrogen prices continue to surprise positively, as Brazilian deliveries are up in the double digits, while Iran seems more and more isolated and unable to participate in Indian tenders.
- Our salmon investments gained as well due to the above-mentioned dynamics, and were also helped by short-covering.

What hurt?

- Genus suffered, as the swine fever disease that first erupted in China continues to spread and has now even been detected in Belgium. China, which represents close to 50% of world pork production, is culling pork herds in the affected regions, which puts pressure on pork prices and the ability of pork farmers to invest in elite pork genes (the key division of Genus). This is a short-term phenomena, but longer term, Genus should profit from this as the Chinese government will force an industrialization of its pork industry, benefiting industrial pork gene operators such as Genus. The company has only 3-5% market share in this massive market.

Strategy & Outlook

No new names were added to the portfolio, nor did we exit any position in the fund. We had multiple meetings with companies in the fund, one of which is highlighted below.

We had a meeting with Kerry and remain convinced about the merits of keeping it in the fund. Innovation among its big clients is clearly picking up and interestingly, 50% of all clean labels projects are for US-centric clients. The company has worked out an extensive Brexit mitigation program that will not impact its ability to continuously increase margins (at least 30 basis points per annum). Kerry has indicated a greater appetite for mergers and acquisitions (and the pipeline has never been fuller) and is also allocating more resources to its fermentation capability, which is key to provide more sustainable food solutions. As of today, 15% of its revenue is derived from fermentation processes.

Going forward, a diversified approach across the whole value chain and a focus on sustainability, in line with the United Nations' Sustainability Goals, will remain core elements of the process of the fund.

(*) Morningstar Rating Overall

(**) Sustainability label awarded by the Luxembourg Finance Labelling Agency.

DPAM is signatory of the United Nations Principles for Responsible Investment (UN PRI).

Please read the important information at the end of this document.

DPAM Invest B Equities Sustainable Food Trends - A

Institutional Factsheet | 30 September 2018

OVERVIEW

Asset Class	Equities
Category	Agri-food
Strategy	Active Strategy
Fund Of	DPAM Invest B
Legal Structure	SICAV
Domicile	Belgium
Reference Currency	EUR
Liquidity	Daily
Sub-fund launch	13.12.2007
First NAV date	17.12.2007
Countries notified for public sale	AT, BE, CH, DE, ES, FR, IT, LU
ISIN	BE0947763737
Entry Fee	Maximum 2%
Exit Fee	0%
Management Fee	1.50%
Ongoing charges	1.82%
Minimum investment	1 share
NAV (Distribution)	136.41
Last gross dividend (23.03.2018)	EUR 1.00
Assets (all classes)	mn EUR 66.07
Number of positions	35

PERFORMANCES (%)

1 month	0.91
YTD	6.80
1 year	11.63
3 years annualised	10.53
5 years annualised	8.47
10 years annualised	7.06

PORTFOLIO CHARACTERISTICS

Gross dividend yield (%)	1.83
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INVESTMENT UNIVERSE

The fund mainly invests (without any geographical restriction) in shares and/or other equity securities of companies involved in the production-distribution chain of the agri-foodstuffs sector and other related sectors and chosen on the basis of environmental, social and governance criteria (ESG).

BREAKDOWNS (%)

Sub-sectors		Countries	
Food Technology	21.9	United States	28.8
Fertilizers	20.8	Netherlands	11.9
Meat	8.8	Norway	10.4
B2C Food	6.5	United Kingdom	8.2
Fish	6.1	Canada	7.1
Animal Health	5.8	Ireland	6.0
Farm Equipment	5.2	Germany	5.5
Agrichemicals & Seeds	5.1	Australia	3.2
Palm Oil	4.1	Denmark	2.8
B2B Food	3.7	Japan	2.7
Logistics	2.5	Brazil	2.4
Food Testing	2.2	Belgium	2.4
		Other	4.4
		Cash	4.1

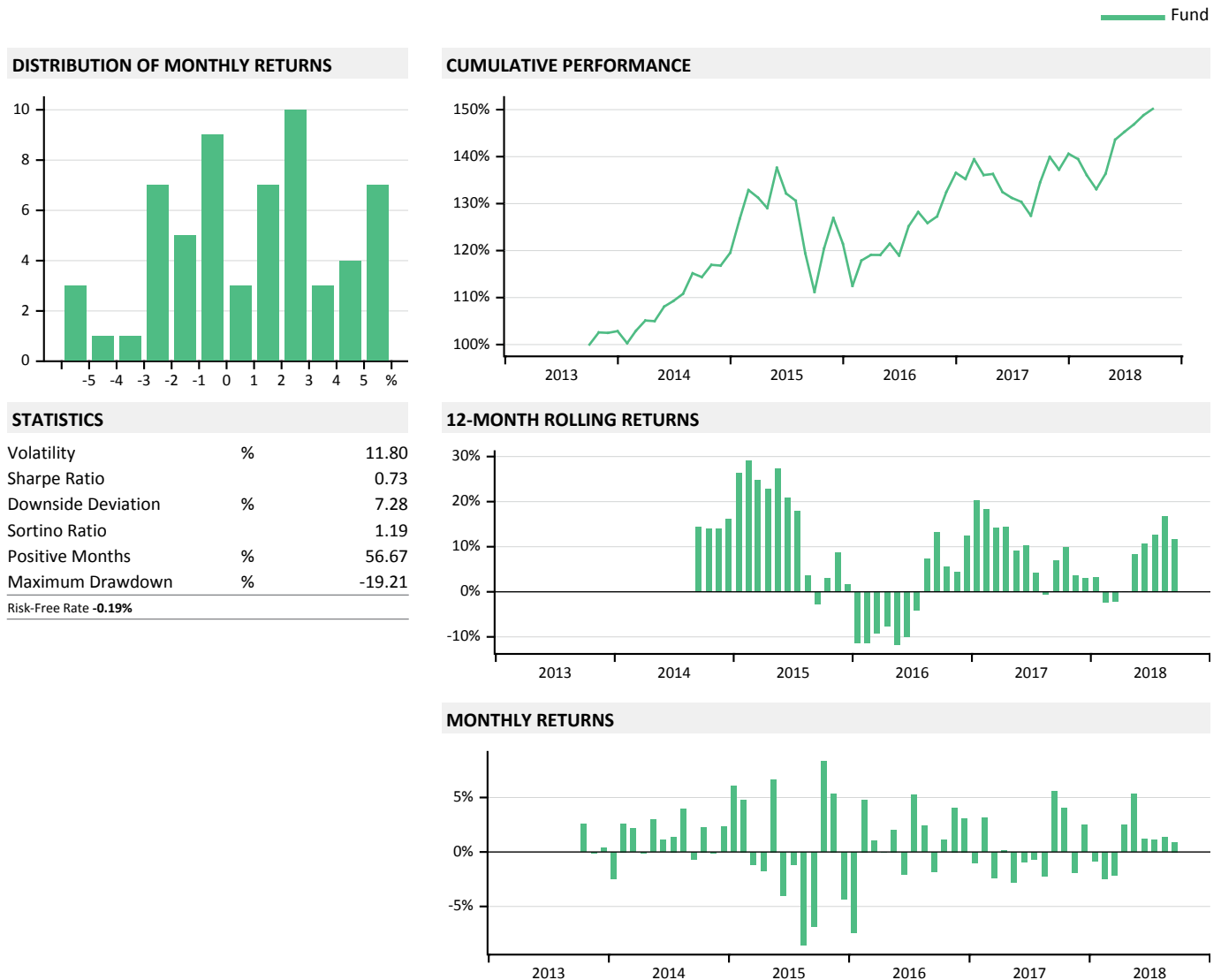
Top 10

		Currencies	
CF Industries Holdings	5.0	Euro	31.8
Mosaic	4.3	US Dollar	28.9
Yara International	4.3	Norwegian krone	10.5
Nutrien Ltd.	4.1	Pound sterling	8.4
Koninklijke DSM	4.0	Canadian dollar	7.1
Marine Harvest Asa	4.0	Australian dollar	3.2
Kerry Group	3.9	Danish krona	2.8
Corbion	3.4	Japanese yen	2.7
Tyson Foods A	3.3	Brazilian real	2.4
Zoetis A	3.1	Swedish krona	2.2
		Israeli shekel	0.0

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Reference Currency EUR | Observation Period - 5 years



MONTHLY RETURNS IN %

	2014	2015	2016	2017	2018
	Fund	Fund	Fund	Fund	Fund
January	-2.50	6.08	-7.38	-0.98	-0.82
February	2.61	4.80	4.80	3.12	-2.45
March	2.15	-1.21	1.01	-2.42	-2.19
April	-0.12	-1.71	-0.02	0.17	2.47
May	2.95	6.66	2.03	-2.82	5.31
June	1.11	-3.98	-2.10	-0.94	1.16
July	1.39	-1.16	5.25	-0.65	1.11
August	3.94	-8.58	2.43	-2.26	1.32
September	-0.70	-6.89	-1.84	5.57	0.91
October	2.28	8.34	1.13	4.03	
November	-0.13	5.37	4.08	-1.94	
December	2.34	-4.32	3.09	2.47	
Year	16.21	1.60	12.43	2.97	6.80

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