

DPAM Invest B Equities Europe Small Caps - F

Institutional Factsheet | 31 August 2018

Morningstar ★★★★★ (*)

MANAGER COMMENT

Market Overview

August featured turmoil across emerging markets and a lesser sell-off across Italian assets. Turkey was particularly hard hit with a 25% slide of the Turkish TRY. Commodities also appeared to be caught up in the sell-off. As to developed markets in general, it was another month of strong performance for the Nasdaq (5.9%) and S&P500 (3.3%), while European equities underperformed with the Stoxx 600 and DAX falling respectively 2.1% and 3.4%. That could be partly due to Italy, as the FTSE MIB sank 8.8%. In Europe, large-caps (-2.25%) significantly underperformed small-caps (-0.54%), which retain a 2.30% lead year-to-date.

Performance

The fund (F share) rose 0.59%, outperforming the benchmark by 1.13%. Year-to-date, the fund has gained 4.12%, outperforming by 1.44%. Excellent results from De Longhi, Basic Fit, Royal Unibrew, Stabilus and Sword helped relative performance.

What worked?

- **De Longhi** released its second-quarter (Q2) results, with excellent organic growth (9.6%), and upgraded its 2018 guidance. Organic growth is now seen in the high single-digits (instead of 'mid-to-high'), mainly driven by the coffee segment, and EBITDA is forecast to be at the upper end of market estimates, which led to a 5% consensus earnings per share (EPS) upgrade.
- **Basic Fit** released in-line results for the first half (H1), but guided for at least 100 new clubs in 2018 (versus a consensus of 100 clubs exactly) and a pipeline of 300 extra clubs in the next few years. Club economics and new subscriber numbers are on track.
- **Royal Unibrew** strengthened following interim results showing that the very good weather in Scandinavia was only a partial contributor to performance. Its significant operational leverage continues to be driven by a positive mix and tight cost management.
- **Altarea** benefited from strong momentum in property development, particularly office property. The property development results helped offset continuously negative like-for-like growth in shopping centres.

What hurt?

- **Banca Generali** reported a decline in year-on-year inflows (although July was a good month). Its full-year guidance looks however achievable.
- **Cerved's** organic growth accelerated in Q2 to 12.6% from 7.1% in Q1. This was thanks to the rising contribution of Non-Performing Loans as well as stronger growth in Credit Information. The shares underperformed though on the back of Italy's budget negotiations.
- After a strong performance in July, **Applus** consolidated in August in spite of stronger-than-expected organic growth in Q2, helped by automotive tailwinds.
- **TKH's** H1 results showed strong sales growth and improved margins, with results 6-7% ahead of consensus. However, most analysts had to lower 2018 EPS forecasts by 5%. Industrial Solutions are likely to show slightly lower results in H2, mainly due to softer demand from German machinery markets. They are asking to postpone the delivery of cable systems due to a lack of supply for some components to complete their machines.

Strategy & Outlook

- We increased **CTS Eventim** when the shares got punished after a court decision preventing it from charging a EUR2 print fee for on-line tickets. The financial impact is negligible though and the market overreacted. We increased **Maisons du Monde** to take advantage of the share price consolidation that took place after the company announced it would cut its full-year guidance because of a softer-than-expected trading environment in France in Q2 as well as a delay in store openings. We exited **Aroundtown**, as our process requires us to sell companies that have reached EUR6 billion in market cap within six months.

(*) Morningstar Rating Overall

DPAM is signatory of the United Nations Principles for Responsible Investment (UN PRI).
Please read the important information at the end of this document.

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OVERVIEW

Asset Class	Equities
Category	Europe
Strategy	Active Strategy
Fund Of	DPAM Invest B
Legal Structure	SICAV
Domicile	Belgium
Reference Currency	EUR
Liquidity	Daily
Sub-fund launch	26.11.1997
First NAV date	08.12.2008
Countries notified for public sale	AT, BE, CH, DE, ES, FR, IT, LU, NL
ISIN	BE0948494282
Entry Fee	Maximum 1%
Exit Fee	0%
Management Fee	0.75%
Ongoing charges	0.95%
Minimum investment	EUR 25'000
NAV (Capitalisation)	264.64
Assets (all classes)	mn EUR 267.01
Number of positions	49

	Fund	Index
PERFORMANCES (%)		
1 month	0.59	-0.54
YTD	4.12	2.68
1 year	8.62	10.13
3 years annualised	11.00	8.93
5 years annualised	14.51	13.22
10 years annualised	-	-

	Fund	Index
PORTFOLIO CHARACTERISTICS		
Gross dividend yield (%)	2.90	2.75

INVESTMENT UNIVERSE

The fund invests mainly in shares and/or other equity securities of small-cap companies which have their registered office and/or a significant part of their assets, activities, profit centres or decision-making centres in Europe. The subfund invests mainly in equities with a market capitalisation not in excess of 4 billion euros. The manager is obliged to sell within six months any shares whose market capitalisation exceeds 6 billion euros.

INDEX

MSCI Europe Small Cap Net Return (since 01.01.2011)
Previous Index: HSBC Smaller European Companies

BREAKDOWNS (%)

Sectors	Fund	Index	Countries	Fund	Index
Consumer Discretionary	25.6	13.8	Italy	15.1	6.3
Industrials	24.5	22.3	United Kingdom	13.7	33.0
Financials	12.7	14.6	Germany	12.3	10.9
Information Technology	8.2	10.8	France	11.8	6.5
Consumer Staples	7.9	4.8	Netherlands	9.9	5.2
Real Estate	6.6	9.8	Belgium	8.8	2.8
Health Care	6.1	9.0	Finland	5.9	2.6
Materials	4.8	7.3	Sweden	5.1	9.5
Utilities	0.0	2.3	Denmark	4.6	3.4
Energy	0.0	3.6	Spain	3.0	4.7
Telecommunication Services	0.0	1.8	Norway	2.1	3.4
Cash	3.7	0.0	Portugal	2.0	0.7
			Other	1.9	11.1
			Cash	3.7	0.0

Top 10

	Fund	Index
Royal Unibrew		4.6
Informa Plc		3.7
Tamburi Inv Partners (tip)		3.2
Metsae Board Corporation Class B		3.2
Altarea		3.0
Applus Services		3.0
Stabilus		3.0
Van Lanschot		2.8
Reply Spa		2.8
Basic-Fit		2.8

Currencies

	Fund	Index
Euro	74.4	42.2
Pound sterling	13.7	33.0
Swedish krona	5.1	9.5
Danish krona	4.6	3.4
Norwegian krone	2.2	3.4
Other	0.0	8.5

TOP 5 OVERWEIGHTS & UNDERWEIGHTS

Top 5 Overweights	Active weight	Top 5 Underweights	Active weight
Royal Unibrew	+4.27	DS Smith	-0.62
Informa Plc	+3.73	Rentokil Initial	-0.55
Tamburi Inv Partners (tip)	+3.17	Logitech International S.a.	-0.54
Metsae Board Corporation Class B	+3.03	Kingspan Group Plc	-0.52
Altarea	+3.03	Ocado Group Plc	-0.52

TOP 5 BEST CONTRIBUTORS & WORST CONTRIBUTORS

Top 5 Best Contributors	Contribution	Top 5 Worst Contributors	Contribution
De Longhi	+0.27	Banca Generali	-0.19
Basic-Fit	+0.24	Cerved Information Solutions S.p.a.	-0.16
Altarea	+0.18	Applus Services	-0.15
Royal Unibrew	+0.18	TKH Group	-0.14
Tamburi Inv Partners (tip)	+0.15	Takkt	-0.13

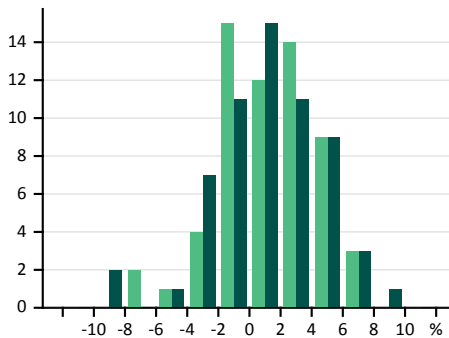
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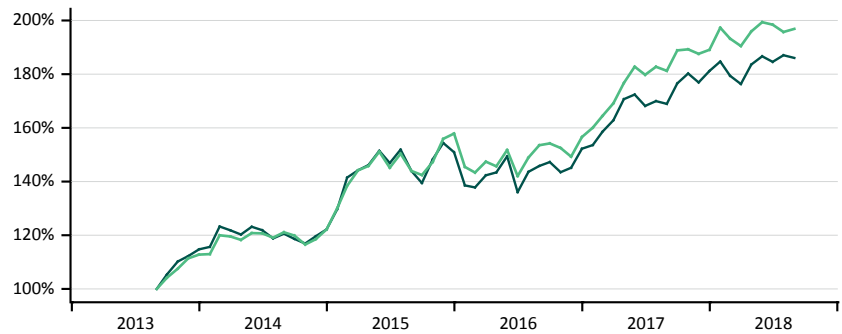
Reference Currency EUR | Observation Period - 5 years

— Fund — Index

DISTRIBUTION OF MONTHLY RETURNS



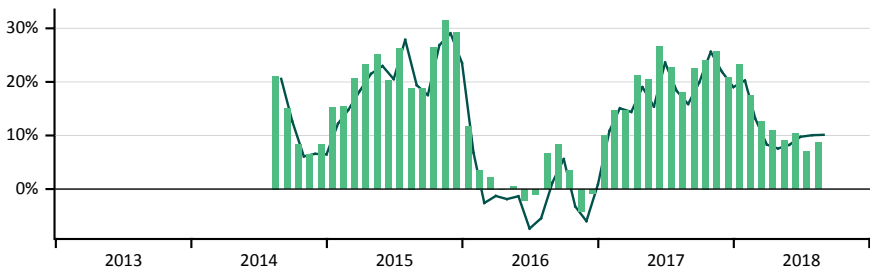
CUMULATIVE PERFORMANCE



STATISTICS

		Fund	Index
Volatility	%	10.57	11.81
Sharpe Ratio		1.38	1.13
Downside Deviation	%	5.83	6.94
Sortino Ratio		2.51	1.92
Positive Months	%	63.33	65.00
Maximum Drawdown	%	-10.03	-11.86
Risk-Free Rate -0.18%			

12-MONTH ROLLING RETURNS

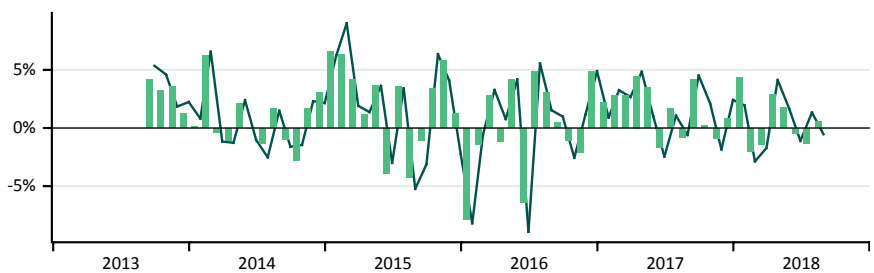


FUND VERSUS INDEX

Correlation		0.911
R ²		0.830
Alpha	%	0.29
Beta		0.816
Treynor Ratio	%	17.91
Tracking Error	%	4.87
Information Ratio		0.183

Index: MSCI Europe Small Cap Net Return (since 01.01.2011)
Previous: HSBC Smaller European Companies

MONTHLY RETURNS



MONTHLY RETURNS IN %

	2014		2015		2016		2017		2018	
	Fund	Index	Fund	Index	Fund	Index	Fund	Index	Fund	Index
January	0.16	0.80	6.56	6.24	-7.86	-8.19	2.21	0.90	4.35	1.94
February	6.21	6.56	6.33	9.01	-1.45	-0.55	2.76	3.25	-2.05	-2.87
March	-0.37	-1.16	4.15	1.90	2.83	3.27	2.84	2.67	-1.44	-1.71
April	-1.06	-1.27	1.15	1.37	-1.18	0.76	4.47	4.84	2.86	4.13
May	2.13	2.40	3.64	3.62	4.17	4.18	3.44	1.01	1.75	1.66
June	-0.08	-1.03	-3.95	-3.00	-6.40	-8.93	-1.65	-2.46	-0.46	-1.11
July	-1.33	-2.52	3.59	3.41	4.87	5.56	1.66	1.07	-1.37	1.34
August	1.69	1.49	-4.26	-5.23	3.07	1.52	-0.83	-0.61	0.59	-0.54
September	-1.01	-1.61	-1.07	-3.13	0.44	0.99	4.20	4.52		
October	-2.78	-1.46	3.43	6.35	-1.10	-2.56	0.21	2.08		
November	1.69	2.31	5.84	4.10	-2.12	1.16	-0.89	-1.84		
December	3.08	2.15	1.26	-2.23	4.90	4.88	0.80	2.41		
Year	8.31	6.48	29.24	23.54	-0.82	0.86	20.75	19.03	4.12	2.68

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