

DPAM Invest B Equities Europe Small Caps - F

Institutional Factsheet | 31 May 2018

Morningstar ★★ ★ (*)

MANAGER COMMENT

Market Overview

The month of May will best be remembered for Italy's political turmoil with a proposed anti-Euro Finance Minister swiftly rejected by the President and the looming danger that new elections turn into some sort of referendum on Eurozone membership. In the meantime, another Finance Minister has been appointed and a new government sworn in, but it remains to be seen whether its 'irresponsible' program will be watered down to calm financial markets. Peripheral equity markets and European financials suffered. European small-caps held up rather well and managed to outperform large-caps once again.

Performance

The fund (F share) added 1.75%, slightly outperforming the benchmark and lifting the year-to-date (YTD) performance to 5.44%. In May, the fund benefited from the strong results of Stabilus, Royal Unibrew, TKH and Hollywood Bowl, but it suffered a bit from the correction in select Italian names.

What worked?

- **Stabilus'** shares were soft ahead of its first-quarter (Q1) results. They bounced back following the upgrade of company guidance for 2018 and in spite of recommendation downgrades from several brokers.
- **Royal Unibrew** published stellar Q1 results at the end of April, with volumes and price mix both very strong. Royal Unibrew has easy comps in 2018, consumer confidence is strengthening and it is gaining market share in Finland. Also, underlying efficiency gains in Finland, synergies from acquired Italian assets, favorable weather YTD and the 2018 World Cup should be very beneficial.
- **TKH** had a flying start to the year. Q1 revenue grew 10.8% organically despite a difficult year-on-year (yoy) comparison base and quarterly EBITA was the second best ever. Topline growth came from all three divisions, while recent capacity expansions and healthy demand drove profitable growth. The Vertical Growth markets represent more than 50% of total revenue with the Tyre Equipment business a major driver along with Fibre Optics and Machine Vision.
- **Avanza's** share price recovered in May after a poor performance in previous months. The company had reported a higher number of customers in April.

What hurt?

- **Banca Generali's** underperformance was not due to company-specific issues but to the Italian political crisis.
- **Jensen's** Q1 sales were up 4.2% yoy and the order backlog at the end of March 2018 was 6.0% lower than the year before. Excluding orders that will not be delivered in 2018 and considering the finished goods and work in progress, the production backlog is 32.7% lower than a year ago. As a result, Jensen expects first-half revenues to be lower than in the year-ago period due to a slowdown in large projects caused by consolidation of major customers.
- **Spie's** share price weakened on concerns about additional margin pressures, especially in its core French market. While we don't rule out the possibility that consensus further adjusts to the downside, we find current valuations very supportive.
- **Cerved** suffered from the political turmoil in Italy and the proposal in the program of the newly-formed coalition "concerning the enforcement of asset seizures related to bad debts by financial companies and banks. They intend to cancel any law which allows acting against citizens with overdue debts without the express authorization of a judicial authority". The credit management division only accounts for about 15% of group EBITDA though and only a minor part would be in scope.

Strategy & Outlook

We increased our position in **Maisons du Monde**. The model has proven to be a success in France and is now showing positive momentum in other European markets.

Also, we slightly reduced our position in **Reply** after its recently strong run.

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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)	267.99
Assets (all classes)	mn EUR 276.32
Number of positions	50

PERFORMANCES (%)

	Fund	Index
1 month	1.75	1.66
YTD	5.44	3.02
1 year	9.07	8.27
3 years annualised	9.68	7.22
5 years annualised	14.22	13.96
10 years annualised	-	-

PORTFOLIO CHARACTERISTICS

	Fund	Index
Gross dividend yield (%)	2.75	2.70

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	25.8	15.1	United Kingdom	14.7	33.1
Industrials	24.2	21.1	Italy	14.4	6.7
Financials	12.9	13.8	Germany	12.5	10.8
Real Estate	9.9	9.5	France	11.3	6.4
Information Technology	8.4	11.5	Netherlands	10.0	4.9
Consumer Staples	6.8	4.7	Belgium	8.4	2.8
Materials	5.2	8.3	Finland	6.0	2.7
Health Care	5.2	8.5	Sweden	5.0	8.8
Energy	0.0	3.5	Denmark	3.7	3.0
Telecommunication Services	0.0	1.6	Luxembourg	3.3	0.0
Utilities	0.0	2.4	Spain	2.8	4.5
Cash	1.5	0.0	Norway	2.4	3.5
			Other	4.0	12.7
			Cash	1.5	0.0

Top 10

	Fund	Index
Ubm		4.6
Aroundtown		3.7
Royal Unibrew		3.7
Metsae Board Corporation Class B		3.5
Stabilus		3.3
Van Lanschot		3.0
Alteara		3.0
Norma Group		2.8
Tamburi Inv Partners (tip)		2.8
Applus Services		2.8

Currencies

	Fund	Index
Euro	74.1	42.7
Pound sterling	14.8	33.1
Swedish krona	5.0	8.8
Danish krona	3.7	3.0
Norwegian krone	2.4	3.5
Other	0.0	8.8

TOP 5 OVERWEIGHTS & UNDERWEIGHTS

Top 5 Overweights	Active weight	Top 5 Underweights	Active weight
Ubm	+4.20	Smurfit Kappa Group Plc	-0.68
Aroundtown	+3.73	Temenos Group Ag	-0.62
Royal Unibrew	+3.44	Informa Plc	-0.60
Metsae Board Corporation Class B	+3.29	Rentokil Initial	-0.58
Stabilus	+3.26	DS Smith	-0.55

TOP 5 BEST CONTRIBUTORS & WORST CONTRIBUTORS

Top 5 Best Contributors	Contribution	Top 5 Worst Contributors	Contribution
Stabilus	+0.45	Banca Generali	-0.50
Royal Unibrew	+0.36	Jensen-Group Nv	-0.26
TKH Group	+0.27	Spie Sa	-0.22
Aroundtown	+0.26	Cerved Information Solutions S.p.a.	-0.20
Ubm	+0.25	Ocado Group Plc	-0.17

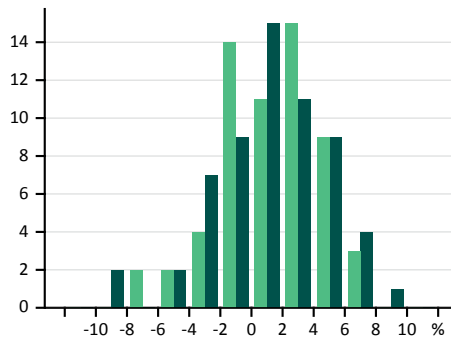
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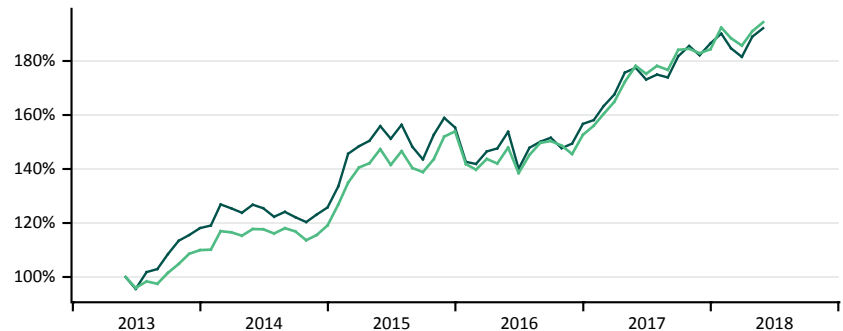
Reference Currency EUR | Observation Period - 5 years

— Fund — Index

DISTRIBUTION OF MONTHLY RETURNS



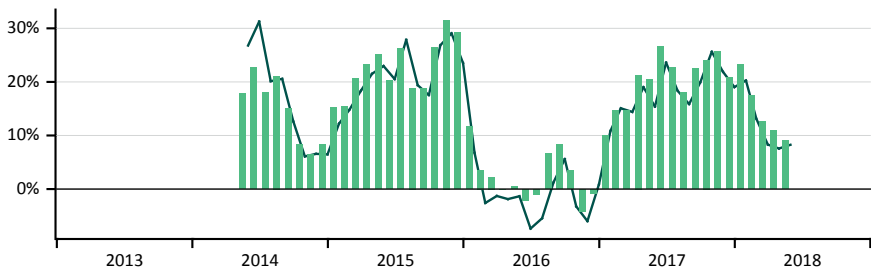
CUMULATIVE PERFORMANCE



STATISTICS

		Fund	Index
Volatility	%	10.80	12.24
Sharpe Ratio		1.32	1.15
Downside Deviation	%	6.08	7.20
Sortino Ratio		2.35	1.95
Positive Months	%	63.33	66.67
Maximum Drawdown	%	-10.03	-11.86
Risk-Free Rate		-0.15%	

12-MONTH ROLLING RETURNS

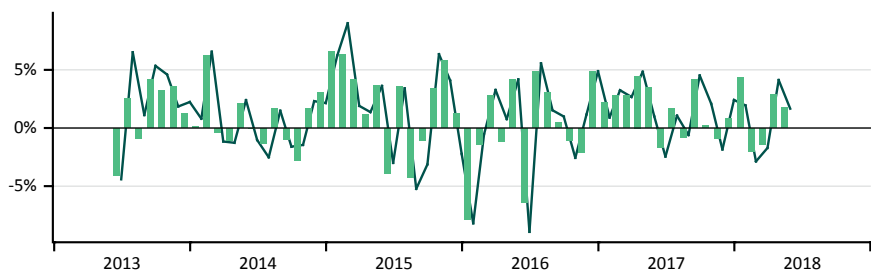


FUND VERSUS INDEX

Correlation		0.909
R ²		0.827
Alpha	%	0.23
Beta		0.802
Treynor Ratio	%	17.84
Tracking Error	%	5.11
Information Ratio		-0.012

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		
July	-1.33	-2.52	3.59	3.41	4.87	5.56	1.66	1.07		
August	1.69	1.49	-4.26	-5.23	3.07	1.52	-0.83	-0.61		
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	5.44	3.02

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