



### Overview

#### Profile

Kempen (Lux) European High Dividend Fund aims to achieve for investors long-term capital growth. This fund invests in equity shares of companies listed on the European stock exchanges. The fund aims to achieve a higher return in the long-term than the MSCI Europe Total Return Index. This fund is actively managed and may hold investments that are not included in the benchmark. The investment manager is allowed to deviate significantly from the benchmark. For this objective, shares are selected from companies with an above-average dividend yield at the time the company is acquired for the first time. Investments are made in companies that are listed or do business in geographical Europe including Eastern Europe and Russia. The portfolio contains approximately 40 investments, which have approximately the same weighting. Financial derivative instruments such as options, warrants and futures may be used for hedging purposes and for efficient portfolio management.

#### Management Team

Joris Franssen, Luc Plouvier, Marius Bakker, Robert van den Barselaar, Reineke Davidsz, Najib Nakad

More information about the team and the strategy

#### Key Figures

Total fund size	EUR 18.88 M	2024-03-31
Share class size	EUR 9.94 M	2024-03-31
Number of shares	3,877	2024-03-31
Net Asset Value	EUR 2,564.53	2024-03-31

The turnover rate figure is per the end of the financial year of the fund and will be updated once a year.

#### Top 10 Holdings

BAWAG Group	3.8%
Nationale Nederlanden Group	3.5%
Unilever PLC	3.4%
Diageo	3.3%
Rexel	3.3%
Rio Tinto	3.2%
Sanofi	3.1%
WPP	3.1%
Allianz	3.1%
Fresenius	3.0%

#### Share Class Details

Share class	I
Investor type	Institutional
Distributing	No
Benchmark	MSCI Europe Total Return Net Index
Investment category	High Dividend
Universe	European equities
Inception date	2011-08-25
Domicile	Luxembourg
May be offered to professional investors only in	Austria, Belgium, Finland, France, Germany, Italy, Luxembourg, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, United Kingdom
UCITS status	Yes
Status	Open-end
Base currency	EUR
Share class currency	EUR
Management company	Van Lanschot Kempen Investment Management NV
Depository and custodian	BNP Paribas, Luxembourg Branch
Morningstar rating™	★★★
Morningstar Analyst rating	Neutral

#### Tradability

Minimum subscription	Initial subscription: €50.000, additional subscriptions: €1
Listed	no
Subscription/Redemption Frequency	Daily
ISIN	LU0427930275

#### Fund Characteristics Per 2024-03-31

	Fund	Benchmark
Number of holdings	40	421
Dividend yield	5.26%	3.02%
Weighted average market capitalization	EUR 48,104 M	EUR 112,355 M
P/E ratio	9.96	14.15
Active share	88.65%	

#### Ongoing Charges

Management fee	0.70%
Service fee	0.20%
Taxe d'abonnement	+ 0.01%
Expected ongoing charges	0.91%
Ongoing charges last financial year	0.91%

The ongoing charges figure of the last financial year relates to 2022/2023.



## Performance

### Performance Per 2024-03-31

	Fund	Benchmark
1 month	3.7%	3.9%
3 months	3.7%	7.6%
This year	3.7%	7.6%
2023	11.8%	15.8%
2022	-5.6%	-9.5%
2021	24.0%	25.1%
1 year (on annual basis)	8.4%	14.8%
3 years (on annual basis)	7.0%	9.2%
5 years (on annual basis)	5.1%	8.8%
Since inception (on annual basis)	7.8%	9.3%

Performance is shown after deduction of ongoing charges. The value of your investments may fluctuate. Past performance provides no guarantee for the future.

### Performance Since Inception Per 2024-03-31 (Rebased)



### Risk Analysis (Ex Post) Per 2024-03-31

	3 Years	Since Inception
Maximum drawdown	-10.66%	-29.46%
Tracking error	6.63%	4.45%
Information ratio	-0.33	-0.35
Beta	0.83	0.98
Volatility	0.13	0.14



## Portfolio

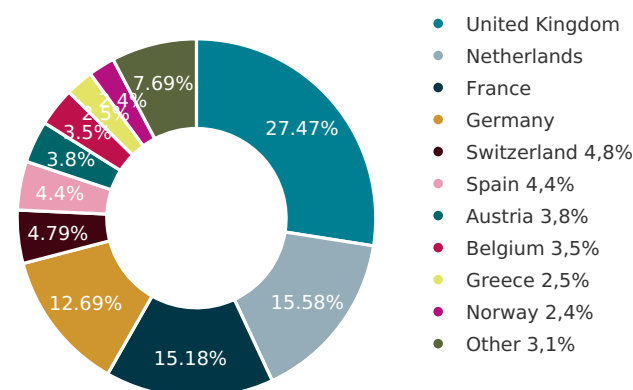
### Top 5 Contribution (2024-03-31)

	Contribution	Performance
ING Groep	0.52%	20.14%
BAWAG Group	0.42%	12.34%
ALD	0.36%	15.72%
Technip Energies	0.27%	16.29%
Allianz	0.27%	9.43%

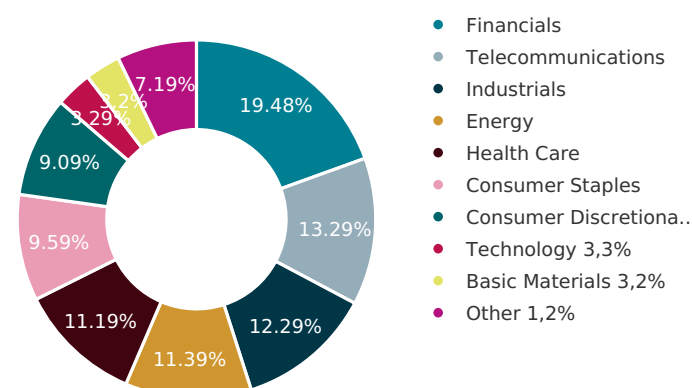
### Bottom 5 Contribution (2024-03-31)

	Contribution	Performance
Kering	-0.34%	-13.81%
Reckitt Benckiser	-0.28%	-10.01%
DHL Group	-0.18%	-6.98%
Fresenius	-0.11%	-3.40%
BMW	-0.06%	-2.07%

### Geographic Allocation (2024-03-31)



### Sector Allocation (2024-03-31)



The cash position is included in 'Other'.



### Developments Per 2024-03-31

March was a positive month for equities. Most macroeconomic data seem to indicate that the European economy is in for a soft landing. GDP-related indicators are no longer deteriorating. Inflation is still relatively high versus their 10-year average. However, investors generally expect that inflation is not high enough to prevent central banks from lowering their policy interest rates. With this soft landing in mind, investors remain bullish on equities. The European markets were lagging the other developed markets year-to-date, but outperformed in March. The combination of cheap valuations and GDP growth numbers that did not disappoint moved the European stock market in the right direction. Within this overall positive stock market environment, the Fund performed in line with the broader market. The Fund underperformed the style index.

The sector that contributed most to the absolute performance of the Fund was the financial services sector. Especially banks like ING Groep and BAWAG performed well. This can be attributed to the 'soft landing' in the overall economy, which leads to the expectation of benign credit losses. At the same time, the interest rate environment has stabilized, which results in rising net interest income. These positive developments are combined with low valuations. Even after the strong run, banks generally trade at a substantial discount to the overall stock market. From a relative perspective, the industrials sector contributed most to the performance (ALD). The consumer discretionary sector detracted from the absolute and relative performance of the Fund (Kering).

One of the best performing stocks in the portfolio was ALD (+16%). Last year, this French company combined with LeasePlan. As a result of this deal, ALD became one of the world's largest car leasing companies. During a capital markets day in the fall of 2023, the company set out ambitious financial targets for 2026. Due to recent unexpected cost overruns, and underwhelming communication, many investors are not convinced that the targets are achievable. However, ALD's latest earnings report suggests that ALD is improving, and investors are regaining confidence in the mid-term targets. The resulting enthusiasm was reflected in the share price. If the company can deliver on their 2026 targets, the shares are still substantially undervalued.

One of the weaker performers in March was Kering (-14%). The shares of the French Luxury company were under pressure due to a profit warning. Investors were particularly disappointed with the guidance on Kering's main brand Gucci. Gucci's revenues in Asia were pressured by an overall slowdown in the sales of luxury goods. On top of this, the Chinese luxury buyers appear to postpone their purchases, and are waiting for the new Gucci collection to arrive in the stores. The Gucci brand is in a turnaround. The new Ancora collection is well-received, but currently represents only 5% of their overall revenues. After the share price decline in March, the shares are valued at ~14 times expected earnings for 2025. The shares offer a 3.8% dividend. Although the turnaround of the Gucci brand will take time, we are convinced that the company will eventually return to growth. In that case, investors will become enthusiastic about the Kering shares.

In March, we initiated a position in Melexis. Melexis designs advanced integrated semiconductors. These are used in for example cars. There are multiple Melexis-chips inside a car, and are used in critical processes like steering, braking, or inflating an airbag. Melexis has leading market shares in these types of semiconductors. It can therefore spend more on R&D than its competitors, thereby keeping competitors out. At the same time, Melexis is able to make high margins. The number of chips will increase substantially over the next decades, with developments like autonomous driving requiring increasingly complicated and powerful chips. The share price has been under pressure for some time, driven by an expected downturn in the automotive market. With a price/earnings ratio of around 14, and a dividend yield of almost 5%, we purchased a high quality growth company at an attractive price.

In March we sold our position in Admiral. Admiral is the leading, low-cost motor insurer in the UK. It is also present in France, Italy, and Spain. Admiral is benefiting from a couple of developments. First, they have been able to protect their margins in 2023 by being more cautious on inflation than their main competitors. Competitors suffered losses as a result of being aggressively focusing on market share gains. Second, competitors had to increase their motor insurance premiums in order to compensate for rampant cost inflation (repair costs, labour, spare parts). As a result of these higher insurance premiums, it is now widely anticipated that customers will start to move (back) to Admiral. Admiral will therefore gain market share. Admiral is now again seen as a higher growth, best-in-class insurance company. Although we agree on this assessment, we believe that this is well reflected into the current valuation. We therefore decided to sell the shares.

We currently expect a dividend yield of around 5.4% for the Fund. This number is based on the consensus estimate of dividends paid out over the next 12 months. The Fund still trades at a strong discount versus the market (the average valuation of all the holdings in the Fund versus the broader equity market). Historically, this has led to a strong relative performance in the medium term. Also, the absolute valuation of the strategy is compelling. We continue to focus on attractively valued companies, that have good capital discipline and generate positive cash flows through the cycle. In summary, the current environment offers the opportunity to buy a well-diversified portfolio with solid earnings power at an attractive valuation. In addition, ESG (Environmental, Social and Governance) is fully incorporated in our investment process.



## Sustainability-related disclosures

### No Sustainable Investment Objective

The Kempen (Lux) European High Dividend Fund (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:

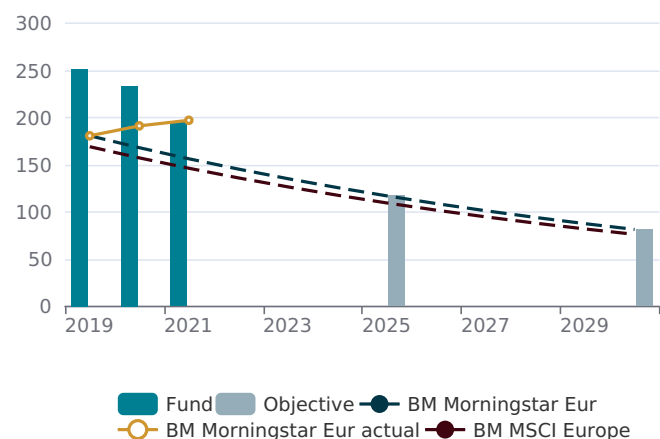
- Decent work;
- Adequate living standards and wellbeing for end-users;
- Other social topics such as gender equality and broader diversity matters.

The environmental characteristics promoted by the Sub-Fund seek to contribute to 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 Sub-Fund aims to have a carbon intensity that is below the 7% reduction pathway. This pathway assumes a carbon intensity that is lower than a relevant European Dividend benchmark in 2019 with a subsequent 7% annual reduction.

### 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



### Morningstar Sustainability Rating



### 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.

## Investment Strategy

The Fund offers an actively and professionally managed diversified portfolio of European listed companies with an expected dividend yield, while at the same time complying with exclusion and sustainability criteria. 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 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.

## 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).

## 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.

## 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).

Kempen (Lux) European High Dividend Fund (the “Sub-Fund”) is a sub-fund of Kempen International Funds SICAV (the “Fund”), domiciled in Luxembourg. This Fund is authorised in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier. Van Lanschot Kempen Investment Management NV is the management company of the Fund. Van Lanschot Kempen Investment Management NV is authorised as management company and regulated by the Dutch Authority for the Financial Markets (AFM).

Paying agent and representative in Switzerland is RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, CH-8027 Zurich. The Sub-Fund is registered with the Dutch Authority for the Financial Markets (AFM) under the license of the Fund. The information in this document provides insufficient information for an investment decision. Please read the Key Information Document (available in Dutch, English and several other languages, see website) and the prospectus (available in English). These documents as well as annual report, semi-annual report and the articles of incorporation of the Fund are available free of charge at the registered office of the Fund located at 60, avenue J.F. Kennedy, L-1855, Luxembourg, at the offices of the representative in Switzerland and on the website of Van Lanschot Kempen Investment Management NV ([www.vanlanschotkempen.com/investment-management](http://www.vanlanschotkempen.com/investment-management)). The information on the website is (partly) available in Dutch and English.

The Sub-Fund is registered for offering in a limited number of countries. The countries where the Sub-Fund is registered can be found on the website. The value of your investment may fluctuate. Past performance provides no guarantee for the future. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units.