



### Overview

#### Profile

Kempen (Lux) Euro Credit Fund aims to achieve for investors long-term capital growth. This fund invests in bonds issued by corporates that are traded on the European exchanges. The fund aims to achieve a higher return in the long-term than the Markit iBoxx Euro Corporates 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. In order to achieve this, a diversified portfolio is constructed and investment risks are continuously monitored. Investments are selected on the basis of extensive analysis of the terms and conditions of the bond issues. The invests are primarily in credits that have an investment grade rating (of minimal BBB-) and are denominated in Euros.

#### Management Team

Alain van der Heijden, Joost de Graaf, Bart aan den Toorn, Harold van Acht, Lizelle du Plessis, Kim Lubbers, Tetiana Kharlamova, Arif Bagasrawalla

More information about the team and the strategy

#### Key Figures

Total fund size	EUR 1,055.49 M	2024-04-30
Share class size	EUR 743.61 M	2024-04-30
Number of shares	522,332	2024-04-30
Net Asset Value	EUR 1,423.64	2024-04-30

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

4.233% Cooperatieve Rabobank 2023-29	1.0%
0.500% ENEL Finance 2021-30	0.9%
3.375% Paccar Financial Europe 2023-26	0.9%
4.656% Morgan Stanley 2023-29	0.8%
0.583% Bank of America 2021-28	0.8%
1.000% Cheung Kong Infra 2017-24	0.8%
4.250% KBC Group 2023-29	0.8%
1.375% Sanofi 2018-30	0.7%
4.000% Nykredit Realkredit 2023-28	0.7%
3.125% DNB Bank 2022-27	0.7%

#### Share Class Details

Share class	I
Investor type	Institutional
Distributing	No
Benchmark	Markit iBoxx Euro Corporates Index
Duration hedged	No
Investment category	Credits
Universe	Credits denominated in euro
Inception date	2011-07-01
Domicile	Luxembourg
May be offered to professional investors only in	Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Portugal, 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	null

#### Tradability

Minimum subscription	Initial subscription: €50,000, additional subscriptions: €1
Listed	no
Subscription/Redemption Frequency	Daily
ISIN	LU0630255346

#### Fund Characteristics Per 2024-04-30

	Fund	Benchmark
Number of holdings	358	3821
Duration	4.6	4.5
Yield to maturity	3.9%	3.9%
Weighted rating	A-	A-

#### Ongoing Charges

Management fee	0.32%
Service fee	0.10%
Taxe d'abonnement	+ 0.01%
Expected ongoing charges	0.43%
Ongoing charges last financial year	0.43%

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



## Performance

### Performance Per 2024-04-30

	Fund	Benchmark
1 month	-0.8%	-0.8%
3 months	-0.4%	-0.5%
This year	-0.4%	-0.4%
2023	8.3%	8.2%
2022	-13.6%	-14.2%
2021	-1.1%	-1.1%
1 year (on annual basis)	5.4%	5.2%
3 years (on annual basis)	-2.4%	-2.7%
5 years (on annual basis)	-0.4%	-0.8%
Since inception (on annual basis)	3.7%	2.8%

On 20 June 2013, Kempen Euro Credit Fund (KECF) was merged with Kempen (Lux) Euro Credit Fund (the Fund). Up to July 2011 (start of the Fund class I) the performance graph and performance table show the performance of KECF. The average annual TER for the period of April 2008 till June 2013 is 0.92%. 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 2024-04-30 (Rebased)



- Kempen (Lux) Euro Credit Fund I
- Markit iBoxx Euro Corporates Index

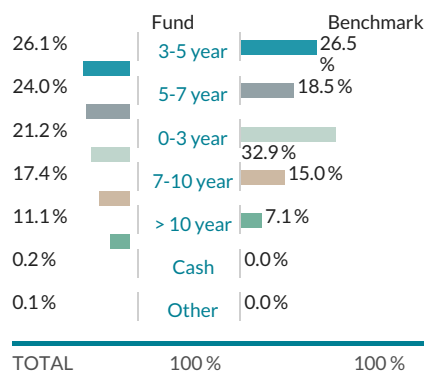
### Risk Analysis (Ex Post) Per 2024-04-30

	3 Years	Since Inception
Tracking error	0.31%	0.72%
Volatility	0.06	0.05

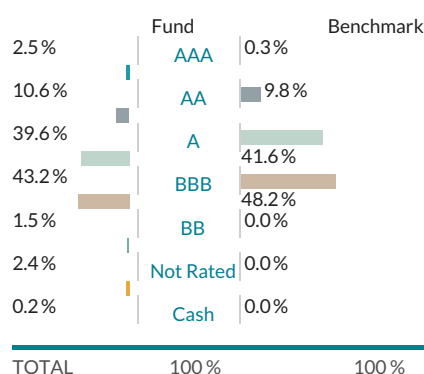


## Portfolio

### Maturity Profile (2024-04-30)

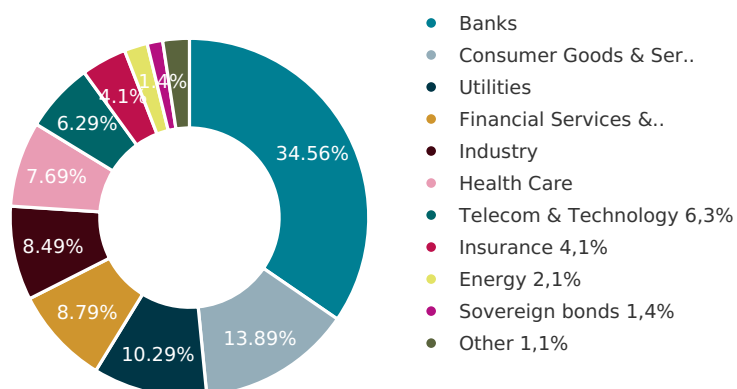


### Rating Allocation (2024-04-30)



The rating allocation of the Fund is based on the Bloomberg Composite method. The rating allocation of the benchmark is based on the rating allocation used by provider Markit iBoxx.

### Sector Allocation (2024-04-30)



The cash position is included in 'Other'.



### Developments Per 2024-04-30

In April, the spread of the iBoxx Euro Corporates Index decreased by 3 basis point to a level of 81 basis points over the swap curve. This is equivalent to approximately 110 basis points over the government bond curve. The index had a negative return of 0.81%. German 10-year government bond yields closed April at +2.58%, representing a 29 basis points increase compared to the end of March. The index yield was 3.88% at the end of April.

In the month of April, global markets experienced a period of weakness after the record highs reported in March. On the one hand, geopolitical tensions in the Middle East have played a role, causing declines in risky assets and increases in commodity prices including gold, copper and Brent crude oil. On the other hand, the economic data from the USA proved again the resilience of both the economy and the consumer. Both equity and fixed income markets saw challenges throughout April on the back of fears that central banks would not ease monetary policy as quickly as previously anticipated. Notably, the US market priced out one and a half rate cuts for the year, leading to delays in the expected first rate cut. As a result 2-year Treasury yields increased by 40 basis points (bps) to 5.0% and 10-year Treasury yields by 47bps to 4.7%. This repricing, however to a slightly lesser extent, also spilled over into Europe with the yields on 2 and 10-year German Government bond increasing by 21 and 29 bps, respectively.

The stream of strong economic data in the USA led investors to embrace the 'higher for longer' narrative. The ISM manufacturing index returned to expansionary territory of 50.3 for the first time since October 2022. The US CPI report for March showed a 3.5% increase in prices relative to last year. US GDP Q1 2024 was lower than expected (2.5%) with 1.6%. The underlying strength of the US consumer remains strong however.

In Europe GDP in Q1 2024 surprised on the upside with +0.4%, particularly in countries like Spain and Italy. Overall inflation in the Eurozone remained unchanged at 2.4%. Preliminary April core inflation decreased to 2.7% YoY, a 20 bps decrease on a monthly basis.

The Chinese economy grew by 5.3% in the first quarter of 2023 compared to the same period in the previous year. However, the price index for the entire economy decreased by 1.1% in the first quarter of this year compared to the same period in the previous year, indicating ongoing deflationary pressure in China. Despite this, the authorities have not yet taken decisive action to address the issue of deflation.

The Federal Reserve's stance on interest rates created some mixed messages. Powell acknowledged that recent data had not instilled greater confidence and suggested that it would likely take longer than expected to achieve the desired level of inflation. Some Fed speakers even hinted at a possibility for further interest rate increase and emphasized an extended period of rates at current level.

In contrast to the Federal Reserve, the European Central Bank (ECB) has taken on a more dovish stance. Members of the ECB Governing Council have consistently signaled the likelihood of a rate cut in June, as well as the possibility of further cuts beyond.

In the meantime in Asia, the central banks of Japan and China have refrained from addressing current issues: the weak currency in the instance of the former and the deflationary environment applicable to the latter.

April was another busy month with gross supply of €59bn, slightly lower relative to what we saw in March. Out of the total supply in April, €27.5bn were issued by Corporates and €31.5bn by Financials. Net issuance was €14.6bn. The gross issuance level was higher than the €42.2bn issued in April 2023. All in all issuance was relatively strong despite holidays and the earnings season. We also continued to see issuance from non-euro companies. New issue premiums were generally low as books were well covered. Also, flows remained positive during all weeks in April, with a total inflow of €2.4bn in the month. Year-to-date, the asset class saw a total of €14.4bn inflows.

The portfolio returned -0.73% (gross) this month. This was 8 basis points above the benchmark return of -0.81%. During the month, the portfolio's sensitivity to market trends varied between 100% and 107% in beta terms. We have kept our beta position above 100%, similar to our risk position in the first quarter of the year as the market technical remained strong. We continue to have an underweight in BBBs, a reflection of tight valuations at issuer level given economic and market uncertainty and tight spread differentials. During the brief period of weakness in the market we used that opportunity to execute relative value switches and trade up in quality at attractive levels. The spread differential between the single A and BBB category remains limited.

Our sector positioning in Utilities, Automobiles & Parts, Banks and Chemicals had a positive contribution to the performance of the portfolio. Our positioning in Personal & Household Goods, Oil & Gas, Technology and Infrastructure had a negative contribution to the relative performance. On an individual issuer level, the strategy saw a positive contribution from our overweight in Enel, Volkswagen and positioning in BNP Paribas. Our overweight in V. F. Corporation, positioning in ING Group and TotalEnergies had a negative impact on performance.

During the month of April, we have participated in new issues from amongst others the Social bond from Vonovia, CA Auto Bank, green bond of PVH, Cadent, Asahi Group, Porsche, Toronto-Dominion Bank, green bond of Nederlandse Gasunie, JAB Holding, Lonza, Werfen, Achmea, Danone, Roche and T-Mobile.

#### Outlook

On an index level credit spreads remain at tight levels. Market technicals are still supportive however momentum is fading a little bit. During the month, we have adjusted our beta position to the lower end of our beta range of 100-107%. We also maintain our credit spread underweight at the long end of the curve and our underweight at the low end of the investment grade universe. We expect the European macro-economic environment to stabilise and the US economy to remain relatively resilient over the coming months. In our view the ECB and the Fed are expected to start cutting rates in 2024 but the timing and magnitude of Fed action remain data dependent and therefore uncertain.

Depending on market circumstances, we can act quickly to adjust our risk position. The technical picture is expected to remain supportive from an inflow perspective. The biggest risk we see at the moment is a hiccup in the downward inflation trajectory and / or a sudden economic weakening. This would push spreads wider.



## Sustainability-related disclosures

### No Sustainable Investment Objective

The Kempen (Lux) Euro Credit 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 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. This pathway assumes a carbon intensity that is lower than iBovx Euro Corporates Index (the "Benchmark") in 2019 with a subsequent 7% annual reduction.

### Investment Strategy

The Fund aims to generate a long-term return in excess of the Markit iBovx Euro Corporates Index (the "Benchmark"), comprising capital growth and income. The Fund complies with strict 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:

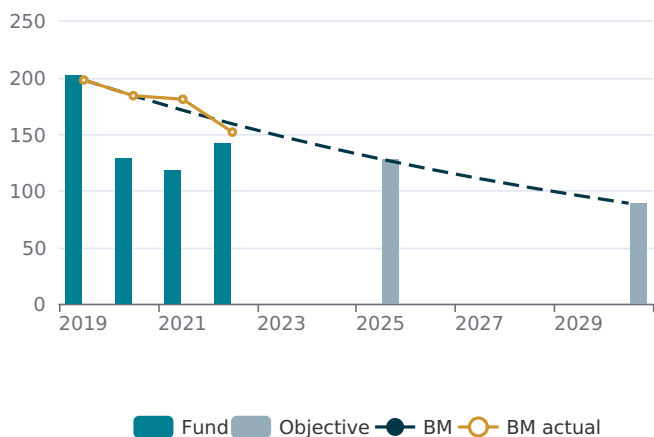
- an assessment of good governance practices. The investee companies are rated for governance aspects using external research and internal assessments.
- the company's exposure to past controversies and future ESG opportunities

Based on fundamental ESG analysis we form an opinion on the quality of a company's ESG profile and award a score (1-5).

### 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.

## 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) Euro Credit 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.