

# DPAM INVEST B EQUITIES EUROLAND - V

Monthly Institutional Factsheet | 31 January 2017

Morningstar ★★★★★ (\*)

## MANAGER COMMENT

### Market comment

After 2016 ended on a strong note, investors adopted a more cautious stance at the start of the new year. Macro-economic news (Eurozone manufacturing Purchasing Managers' Index reaching 55.2) and corporate results were supportive. The new mergers and acquisitions year got off to a flying start with sizeable deals announced in the US (Johnson & Johnson acquiring Actelion) and Europe (mergers between Luxottica and Essilor, acquisition of Zodiac by Safran). Nevertheless, European equities ended the month slightly lower. There was some 'buy on the rumor, sell on the news' type of action, as better economic and corporate momentum was already expected.

### Performance

In January, the B class of the fund returned 0.45%, while the benchmark dropped 1.00%.

Relative performance was positive across most sectors, largely thanks to stock selection. Stock-picking was most beneficial in financials and information technology.

In Italian banks, our underweight in Intesa Sanpaolo and overweight in Mediobanca (shareholder of insurer Generali) were very helpful. Intesa confirmed that it is mulling a take-over of Generali. We also overweight wealth manager Banca Generali, which is majority controlled by insurer Generali.

Within technology, both ASML and SAP added to performance, as they reported good results. ASML provided positive commentary on its Extreme Ultraviolet product, which is supportive of long-term targets. Meanwhile, SAP upped its long-term guidance and announced some big contract wins.

Slightly offsetting this outperformance was the negative contribution of telecom services. Both KPN and Cellnex trailed the sector in the absence of any substantial news-flow.

### Last month's strategy

We continued to gradually reduce the overweight in banks by trimming holdings in Natixis and ING. Upside surprises in earnings are not a given, while valuations have steadily risen since the end of September 2016. Proceeds were re-invested in a new position in NN Group. Through a combination of acquisitions and returns to shareholders, the Dutch insurer is putting to use its excess capital in a way that will deliver value to shareholders.

In utilities, we used recent weakness in Rubis to reinforce the position. We believe the stock suffered as it was mistakenly perceived as a bond proxy. Given its exposure to fast-growing emerging markets and its ability to do additional acquisitions, this was unwarranted.

### Outlook & strategy going forward

On January 20, Donald J. Trump was inaugurated as the 45th President of the United States. Since his election, markets have welcomed the prospects of an actual reflation scenario. Economic indicators have risen, equities have rallied and implied volatility sits at 2-year lows. However, with Purchasing Managers' Indices approaching the upper end of historic ranges and given the first signs of Chinese monetary restraint, some profit-taking is to be expected.

Since taking office, Trump has shown he means business and has started to deliver on some of his promises. Inflation expectations have continued to trend higher, but real rates have disappointed so far.

We think investors will want to see more policy details and smooth execution before they re-rate equities further. We have therefore taken a more balanced approach towards the banking sector and reinforced holdings in companies that can grow independently of the economic cycle.

The sum of the sector overweights currently stands at 16.85%, the ex-ante tracking-error is 2.95% and the active share of the fund is 74.39%.

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## OVERVIEW

Asset Class	Equities
Category	EMU
Strategy	Active Strategy
Fund Of	DPAM Invest B
Legal Structure	SICAV
Domicile	Belgium
Reference Currency	EUR
Liquidity	Daily
Sub-fund launch	05.02.1998
First NAV date	16.08.2013
Countries notified for public sale	CH, GB, NL
ISIN	BE6246056327
Entry Fee	Maximum 2 %
Exit Fee	0.00%
Management Fee	0.75%
TER (31.12.2016)	1.07%
Minimum investment	1 share
NAV (Distribution)	136.30
Last gross dividend (06.04.2016)	EUR 3.00
Assets (all classes)	mn EUR 755.23
Number of positions	60

	Fund	Index
<b>PERFORMANCES (%)</b>		
1 month	0.52	-1.00
YTD	0.52	-1.00
1 year	12.48	10.32
3 years annualised	6.99	6.58
5 years annualised	-	-
10 years annualised	-	-

	Fund	Index
<b>PORTFOLIO CHARACTERISTICS</b>		
Gross dividend yield (%)	2.84	3.28

## INVESTMENT UNIVERSE

The fund mainly invests (without any sectorial restrictions) in shares and/or other equity securities of companies which have their registered office and/or a significant part of their assets, activities, profit centres or decision-making centres in a eurozone EU Member State.

## INDEX

MSCI EMU Net Return

## BREAKDOWNS (%)

Sectors	Fund	Index	Countries	Fund	Index
Financials	21.3	19.7	France	29.8	32.5
Information Technology	13.2	7.5	Germany	22.8	30.6
Industrials	12.9	15.1	Netherlands	11.2	10.8
Consumer Discretionary	12.4	14.1	Italy	9.4	6.4
Consumer Staples	10.7	10.5	Spain	8.9	10.2
Health Care	7.4	7.9	Belgium	8.7	3.8
Telecommunication Services	5.7	4.6	Ireland	4.3	1.5
Energy	5.6	5.6	United Kingdom	3.0	0.0
Materials	4.2	8.8	Portugal	1.1	0.5
Utilities	4.0	4.4	Other	0.0	3.7
Real Estate	1.9	1.8	Cash	0.8	0.0
Cash	0.8	0.0			

## Top 10

	Fund	Index
SAP AG	4.5	
Banco Santander SA	3.7	
Allianz	3.3	
ASML Holding	3.2	
Deutsche Telekom	3.1	
Royal Dutch Shell	3.0	
Ing Group	2.9	
KBC Group	2.9	
Infineon Technologies	2.9	
Heineken	2.6	

## Currencies

	Fund	Index
Euro	100.0	98.9
Other	0.0	1.1

## TOP 5 OVERWEIGHTS & UNDERWEIGHTS

Top 5 Overweights	Active weight	Top 5 Underweights	Active weight
Royal Dutch Shell	+2.98	Siemens	-2.51
KBC Group	+2.48	Sanofi	-2.44
Infineon Technologies	+2.33	Bayer	-2.39
Mediobanca	+2.24	BASF	-2.31
Ryanair Holdings	+2.22	Anheuser Busch Inbev	-2.07

## TOP 5 BEST CONTRIBUTORS & WORST CONTRIBUTORS

Top 5 Best Contributors	Contribution	Top 5 Worst Contributors	Contribution
ASML Holding	+0.10	Royal Dutch Shell	-0.15
Anheuser Busch Inbev	+0.09	Thales Sa	-0.10
JC Decaux	+0.09	Autogrill SpA	-0.09
Intesa Sanpaolo (ord)	+0.09	Telenet Group Hldg	-0.07
Eni	+0.09	Bayer	-0.07

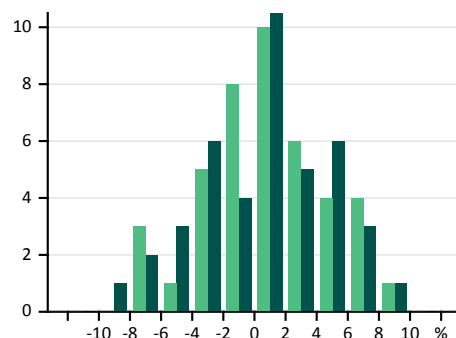
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Reference Currency EUR | Since Inception (16.08.2013)

— Fund — Index

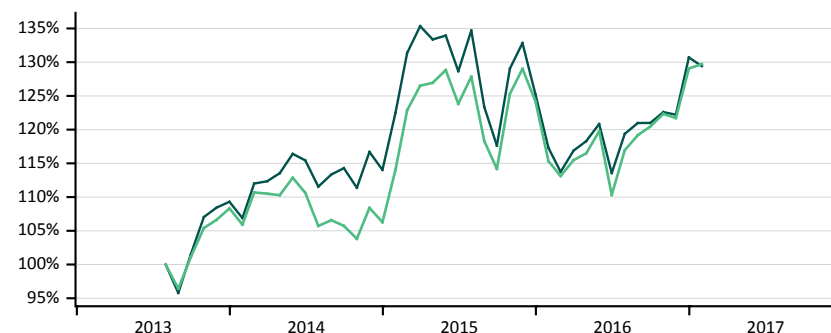
### DISTRIBUTION OF MONTHLY RETURNS



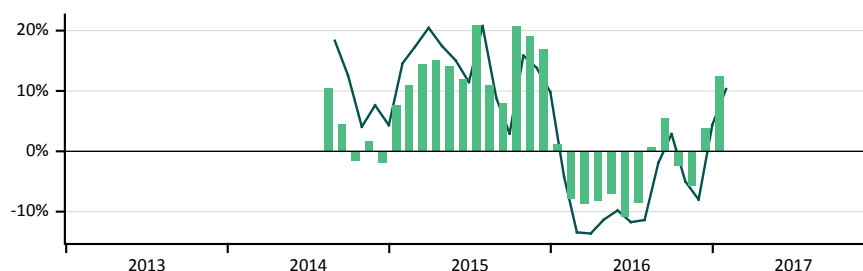
### STATISTICS

		Fund	Index
Volatility	%	13.95	14.44
Sharpe Ratio		0.56	0.54
Downside Deviation	%	8.66	8.87
Sortino Ratio		0.91	0.88
Positive Months	%	59.52	61.90
Maximum Drawdown	%	-14.49	-16.09
Risk-Free Rate -0.06%			

### CUMULATIVE PERFORMANCE



### 12-MONTH ROLLING RETURNS

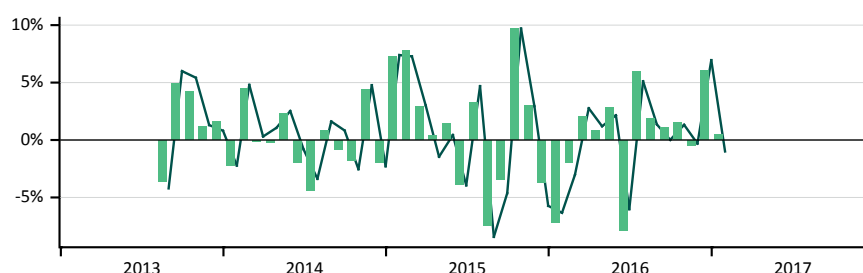


### FUND VERSUS INDEX

Correlation		0.974
R <sup>2</sup>		0.948
Alpha	%	0.04
Beta		0.941
Treynor Ratio	%	8.34
Tracking Error	%	3.29
Information Ratio		-0.015

Index: MSCI EMU Net Return

### MONTHLY RETURNS



### MONTHLY RETURNS IN %

	2013		2014		2015		2016		2017	
	Fund	Index	Fund	Index	Fund	Index	Fund	Index	Fund	Index
January			-2.21	-2.22	7.28	7.39	-7.14	-6.33	0.52	-1.00
February			4.49	4.80	7.77	7.28	-1.92	-3.03		
March			-0.16	0.31	2.95	3.01	2.08	2.76		
April			-0.20	1.06	0.35	-1.45	0.87	1.20		
May			2.35	2.52	1.48	0.43	2.82	2.15		
June			-1.98	-0.83	-3.88	-3.94	-7.88	-6.02		
July			-4.44	-3.38	3.24	4.69	6.00	5.11		
August	-3.58	-4.21	0.80	1.62	-7.46	-8.43	1.90	1.35		
September	4.88	6.00	-0.79	0.83	-3.48	-4.63	1.09	0.01		
October	4.24	5.42	-1.81	-2.54	9.72	9.70	1.56	1.32		
November	1.14	1.30	4.41	4.77	2.98	2.94	-0.51	-0.31		
December	1.60	0.81	-1.96	-2.28	-3.73	-5.73	6.04	6.95		
Year	8.32	9.31	-1.88	4.33	16.87	9.82	3.91	4.37	0.52	-1.00

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