



Global small-caps: Quality at an attractive price

Strategy Overview Q1 2024
For professional investors only

Why Van Lanschot Kempfen for global small-caps?

- **Small-cap specialist for over 30 years:** We have over three decades of experience in identifying and selecting high quality, small-cap businesses with attractive fundamentals and valuations.
- **Strong track record:** As disciplined investors we have built a consistently strong track record.
- **Long-term, engaged shareholder:** Our long-term investment horizon and a mindset for rigorous focus on fundamentals, positions us as a valuable active owner for our portfolio companies.
- **Focus on Sustainability:** We have carried the Febelfin 'Towards Sustainability' label since 2019, one of the strictest labels in Europe. It has also qualified our strategy for use in sustainable portfolios of some of our clients.

Four investment principles



Fundamental

In-depth analysis of the business and its management



Long-term

Long-term perspective, and not afraid to be contrarian



Value

We look for a margin of safety between price and intrinsic value



Engaged

Engaging with management on strategy, operations and ESG

Investment philosophy

We focus on identifying high quality companies at an attractive price. We are not afraid to be contrarian. We believe that market valuations are too often focused on the short-term, and as such poorly reflect the intrinsic value of companies.

Our philosophy is framed by these underlying principles

- We do not compromise on the level of in-depth, bottom-up research our investments must undergo.
- We think taking a long-term perspective can be rewarding, particularly when the market is not doing so.
- We look for a margin of safety between price and intrinsic value.
- We engage with management teams on strategy, operations and ESG. This makes us a valuable shareholder.

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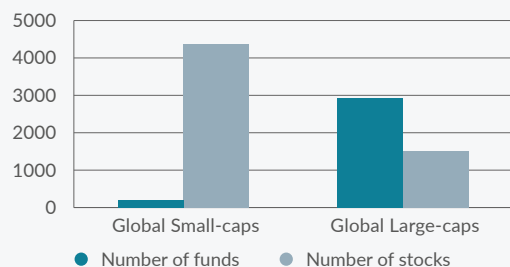
The small-cap market continues to be one of the most inefficient within the broader equities asset class presenting a large opportunity set for disciplined investors positioned for the long-term, like ourselves



Jan Willem Berghuis,
Head of Small-caps

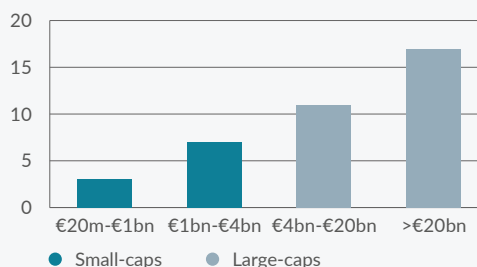
Global small-caps: Perfectly suited for active management

More opportunities



→ Significantly fewer small-cap funds on substantially more small-caps stocks*

Under-researched



→ Average number of analysts per company, ranked by market capitalisation**

* Universe defined according to MSCI World Index classification of large and mid-caps versus small-caps, June 2023; number of funds based on Morningstar universe, June 2023.

** Average number of sales estimates, MSCI World All Cap Index (includes large-, mid-, small- and micro-caps in developed markets), June 2023

Risk warning The value of investments and income from them may go down as well as up, past performance is not an indicator of future investment returns.

The case for global small-caps

- **The 'small-cap premium':** Small-caps have generated returns above those of large-caps over longer periods of time.
- **An inefficient, under-researched market:** The investment opportunities can be more meaningful when there is less analyst coverage and readily available information.
- **Large investment universe for active managers:** Small-caps account for close to 75% of the number of stocks in the MSCI World Investable Market Index and are well-suited for active management.
- **Strong intrinsic qualities:** Small-cap businesses are often more niche and entrepreneurial, as well as displaying greater agility.

Our team



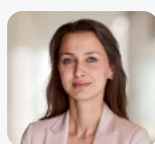
Jan Willem Berghuis, CFA
Head of Small-caps

Experience since 1999
Sectors: Information Technology, Healthcare



Michael Kretschmer, CFA
Portfolio Manager

Experience since 2002
Sectors: Consumer Discretionary, Industrials, Communication Services



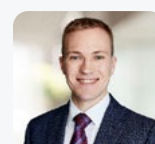
Victoria Bons
Portfolio Manager

Experience since 2010
Sectors: Financials, Consumer Staples



Henk Veerman
Portfolio Manager

Experience since 2015
Sectors: Industrials, Energy, Materials, Utilities



Drew Milgate
Portfolio Manager

Experience since 2021
Sectors: Information Technology, Real Estate

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Capital at risk

The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested. Past performance provides no guarantee for the future.