

# BROCHURE



# EV MICRO COMPANIES GROWTH FUND

EUROPEAN EQUITIES - MICRO CAPS

AN OPEN-END INVESTMENT FUND BASED IN AMSTERDAM

OCTOBER 2021

## EQUITY FUND WITH FOCUS ON MICRO CAPS AND MEGATRENDS

Micro caps are listed companies with a small market capitalization and are an extremely interesting investment category. This segment is not or hardly followed by analysts, which means conducting thorough own research provides surprising investment opportunities. Over a longer period of time, micro caps offer an average return of 9.3% per year\*, which is on average 2.2% more than the return on large caps. This attractive return can also be explained by the high number of mergers & acquisitions in this segment. Investing in micro caps is also seen as an alternative to investing in private equity. The net returns are more or less comparable, however investing in listed micro caps offers liquidity, something that is lacking in private equity investments. The fund manager wants to capitalize on this opportunity with a fund that will focus exclusively on this micro cap segment, the **EV Micro Companies Growth Fund**.

### FUND CHARACTERISTICS

The EV Micro Companies Growth Fund is an equity fund with the following main features:

- investing in shares of listed companies with a small market capitalization;
- with a geographic focus on Dutch, Belgian and German companies;
- which offer attractive growth potential for the long term (megatrends); and
- by means of a concentrated equity portfolio with a maximum of 20 holdings.

### MEGATRENDS

The fund manager will preferably invest in companies that offer attractive growth potential for the long term (at least 5 years) and will explicitly look at so-called megatrends. These are trends that have a major impact on society in the long term and are visible in developments in the field of technology, demography and ecology. The fund manager believes these long-term trends are less sensitive to the influence of the economic cycle.

The fund manager has selected four megatrends:

1. **Automation:** Digitization, Internet of Things, Robotization, Big Data, 3D printing;
2. **Mobility:** Fuel-Hybrid-Hydrogen, Battery technology, Autonomous driving, Smart infrastructure;
3. **Energy transition / Climate:** Clean energy, Biogas, Offshore Wind, CO2 reduction, Sustainable production and products;
4. **Demography:** Population aging, Health-care, Consumption.

### INVESTMENT OBJECTIVE

The fund manager strives for an average return in the long term (5 years) of at least 10% per year after deduction of all costs incurred by the fund. Because the fund will invest in (very) small listed companies, the size of the fund will be limited in terms of assets under management.

\* 10 year net return of the MSCI Europe ex UK Micro Cap Index (EUR) as per 31/8/2020

### **CONCENTRATED PORTFOLIO**

The fund aims to achieve its investment objective by investing in shares of small, European, listed companies with a market capitalization of less than € 500 million, so-called 'micro caps'. The fund invests exclusively in companies that are listed on a regulated market. The focus will be on companies from the Netherlands, Belgium and Germany. The portfolio will consist of a maximum of 20 positions.

### **FUNDAMENTAL ANALYSIS**

An investment idea starts with the fundamental analysis of a company, looking at both qualitative and quantitative aspects. Qualitative aspects include an assessment of whether the company's activities fit within the megatrends selected by the fund manager and whether the company has an attractive growth potential. The strategy of the company and the quality of the management are an important part of this. For quantitative aspects, the fund manager estimates the future financial development of a company on the basis of a quantitative model (profit and loss account, balance sheet and cash flows). The 'Discounted Cash Flow' method is central in the valuation of a company. In addition, a risk analysis is carried out to estimate the risks when the growth expectations and / or strategic objectives of the companies are not fully realized.

### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE ASPECTS**

Environmental, Social and Governance (ESG) factors are considered and form part of the investment policy. The United Nations Sustainable Development Goals serve as a guideline in this respect. Aspects related to the environment, social performance and good governance are taken into account in the analysis of the investments.

### **EXPERIENCED TEAM**

EValuation Capital Management was founded in 2006 by Charles Estourgie and Willem de Vlugt. The fund manager has an experienced investment team which, in addition to the founders, consists of Patrick de Pont and Dirk Verbiesen. This team collectively has more than 80 years of experience in investing in smaller companies. The daily activities for this fund will be performed by Dirk Verbiesen, who is supported in this by the entire team. Henri-Jan Staal is responsible for risk management and compliance. The investment team will also invest in the fund.

### **DIFFERENTIATING FACTORS:**

- focus on listed micro caps;
- focus on megatrends and growth;
- consideration for environmental, social and governance factors;
- concentrated 'long-only' portfolio;
- investments are made for the long term; and
- focus on Dutch, Belgian and German companies.

## FUND CHARACTERISTICS

<i>Fund Manager</i>	EValuation Capital Management B.V.
<i>Fund name</i>	EV Micro Companies Growth Fund
<i>Structure</i>	Open-end fund on joint account
<i>Minimum investment</i>	€ 100,000,-
<i>Subscription</i>	Quarterly, entrance fee 0.25%
<i>Redemption</i>	Quarterly, redemption fee 0.25% (<3 years: fee 5%)
<i>Management fee</i>	0.3% per quarter
<i>Performance fee</i>	20% with high watermark and 6% hurdle rate
<i>Custodian/Depositary</i>	Caceis Bank, Netherlands Branch
<i>Accountant</i>	Deloitte Accountants B.V.
<i>Administrator</i>	Bolder Fund Services (Netherlands) B.V.
<i>ISIN / Bloomberg code</i>	NL0013303167 / EVMICRO NA
<i>License/Supervision</i>	Financial Markets Authority (AFM) and Dutch Central Bank (DNB)
<i>Reporting</i>	Quarterly updates and (semi) annual reports
<i>Net Asset Value publication</i>	Quarterly on <a href="http://www.evaluationcapital.com">www.evaluationcapital.com</a>

### Are you interested in investing in the EV Micro Companies Growth Fund?

Please contact the fund manager:

#### **EValuation Capital Management B.V.**

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The subscription form and other information can be downloaded from the website:

[www.evaluationcapital.com](http://www.evaluationcapital.com)

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