

# BROCHURE



# EV SMALLER COMPANIES FUND

LONG/SHORT EUROPEAN EQUITIES

AN OPEN-END INVESTMENT FUND BASED IN AMSTERDAM

OCTOBER 2021

## LONG/SHORT EQUITY FUND WITH A FOCUS ON SMALL CAPS

The **EV Smaller Companies Fund** is a long/short equity fund, whereby the combination of long and short investments allows the portfolio to have a risk profile which lies substantially below that of the market. The fund invests primarily in smaller quoted companies with a market capitalization of between € 500 million and € 5 billion. Many of these smaller companies are not well known and receive less attention from sell side analysts, as income from transactions in these companies is much lower as compared to blue chip companies. Less attention means that the market for these companies is not as efficient and therefore offers more opportunities for conducting own fundamental research. The fund manager's approach can best be described as 'stockpicking'.

### CHARACTERISTICS

The EV Smaller Companies Fund is a long/short equity fund of which the most important characteristics are:

- actively managed concentrated long/short equity portfolio;
- consisting of shares of smaller quoted companies well known by the fund manager;
- geographically focused on Dutch, Belgian and German companies; and
- emphasis on risk management with balance between capital growth and capital preservation.

### LONG/SHORT

The portfolio is actively managed and makes use of long/short strategies, combinations of long positions (buying undervalued shares in order to profit from an expected increase in value) and short positions (selling overvalued shares which the fund manager does not own but are borrowed, and over time buying them back at a lower share price, thereby profiting from share price declines).

### BENELUX AND GERMANY

The fund will only invest in companies that are well known by the fund manager. That is to say, with headquarters in the vicinity, with activities the fund manager can understand and model and with a management team that is accessible. Hence the strong emphasis on companies from the Benelux and Germany. These companies often have a strong international profile (on average these companies generate half their revenues outside Europe) and thereby indirectly also offering global investment exposure.

The fund manager uses strict investment and liquidity criteria. Based on these criteria, an investment universe is created from the total number of quoted companies in the Benelux and Germany, which currently comprises approximately 200 companies.

### FUNDAMENTAL ANALYSIS

Within this universe, the developments of these companies are closely monitored by the fund manager, among other through research reports by brokers, reading press releases and studying financial reports. A lot of emphasis is put on contacting the companies in the investment universe. The fund manager frequently talks to these companies through company visits and by attending company presentations. During the fundamental analysis of a company, both qualitative and quantitative aspects are being considered. The qualitative aspects focus extensively on the strategy of the company and the quality of the management. Within the quantitative aspects, the fund manager makes its own estimates regarding the future financial performance of a company based on its own model. The 'Discounted Cash Flow' method is central to the valuation of a company.

## CONCENTRATED PORTFOLIO

The portfolio comprises of companies from the investment universe. The long side of the portfolio includes approximately 25 of the fund manager's best ideas. The short side of the portfolio usually comprises 10-15 companies which the fund manager finds overvalued based on qualitative and quantitative aspects. Furthermore, the fund may use derivatives in order to reduce risks.

## INVESTMENT OBJECTIVE

The fund manager puts a lot of emphasis on risk management whereby the combination of long and short investments allows the portfolio to have a risk profile which lies substantially below that of the market. On balance the position is usually not market neutral, so that the portfolio will be somewhat sensitive to fluctuations of the stock market. The fund manager continuously tries to find the right balance between capital growth and capital preservation.

The objective of the fund is to achieve the best possible return at a risk that is significantly lower than the market risk and aims for an average net return in the medium term (three to five years) of 8% per year.

## 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, next 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. Henri-Jan Staal is responsible for risk management and compliance. The investment team also invests in the fund.

## TRACK RECORD

The EV Smaller Companies Fund was launched in 2006 and has built a long track record. This track record was achieved at a risk that is half the risk of the market. An up-to-date overview of the net returns can be found on the fund manager's website.

## DIFFERENTIATING FACTORS:

- actively managed concentrated 'long/short' equity portfolio;
- focus on companies with a market capitalization between € 500 million – € 5 billion;
- focus on Dutch, Belgian and German companies;
- emphasis on risk management resulting in a risk profile which lies substantially below that of the market;
- focus on capital growth and capital preservation depending on the stock market conditions; and
- fund managers have invested a considerable amount of their net worth in the fund.

## FUND CHARACTERISTICS

<i>Fund Manager</i>	EValuation Capital Management B.V.
<i>Fund name</i>	EV Smaller Companies Fund
<i>Structure</i>	Open-end fund on joint account
<i>Minimum investment</i>	€ 100,000,-
<i>Subscription</i>	Monthly
<i>Redemption</i>	Monthly
<i>Management fee</i>	0.15% per month
<i>Performance fee</i>	20% with high watermark
<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>	NL0000685261 / EVSMALL NA
<i>License/Supervision</i>	Financial Markets Authority (AFM) and Dutch Central Bank (DNB)
<i>Reporting</i>	Monthly updates and (semi) annual reports
<i>Net Asset Value publication</i>	Monthly on <a href="http://www.evaluationcapital.com">www.evaluationcapital.com</a>

### Are you interested in investing in the EV Smaller Companies 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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