

## Letter to stakeholders

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Antwerp, September 30, 2017

Dear friends,

It's probably hard to find a line of business more exciting than ours. Every day so many things happen. The daily flow of information is such that no day is alike. The world is evolving faster than ever before, confronting us with important challenges but offering gigantic opportunities at the same time. Globalization and digitization have transformed our planet over the past 20 years, and the process is accelerating all the time. The world in 2040 will be very different from the world today.

There are sectors that suffer greatly from digitization, a.o. chain stores. The arrival of Amazon is responsible for a real carnage in the United States: thousands of stores have had to close and this is probably just the beginning. We also need to ask ourselves what impact this evolution will have on the value of all this real estate.

The way we communicate with the consumer has changed: gone are the monopoly of television and street advertising. The marketing giants like Procter & Gamble or Unilever are trying to find ways to continue reaching the entire population. It would appear that young people are much less faithful to brands than before.

These are only a few examples of the everyday metamorphosis in the business world. For managers like us, it is important to understand this process and these changes specific to each sector. We must also remain rational and ascertain both avoiding to pay exorbitant prices for some of these 'new' companies and to remain invested in dinosaurs whose business model is in decline.

Our prime directive remains buying good companies at reasonable prices. A company that benefits from digitization and that we were able to buy at an attractive price is Cognizant. Notwithstanding the fact that this company is not really known here, Cognizant is one of the major players in the world of consulting. As currently all companies are questioning and taking consultants to manage their digital transformation, this sector is obviously booming.

We have also invested in Dollar Tree, which has more than 10,000 stores that only sell products for 1 dollar. This company does not suffer from Amazon's competition because the transportation cost would be exorbitant in relation to the average basket. Furthermore, this market is growing much faster than that of large retailers in general.

Since our last letter dating from the end of June, the dollar has continued to weaken against the euro. This decline, which began at the beginning of the year, has reached 12%. This weakness is an important driver for the results of US companies, which realize an average of 44% of their turnover abroad. The good performance of US stocks has managed to neutralize the fall of the dollar for European investors.

Fiat has been quite helpful this summer: the stock gained 50% in 3 months following rumors of takeover, merger and sale of certain brands. Although this company was not really cherished by the market, this evolution is proof that some good news can quickly change the mindset of investors.

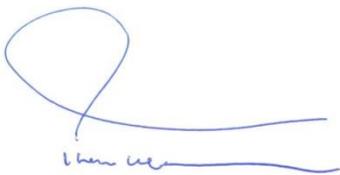
Fairfax, another of our major positions, sold two of its holdings at prices well above expectations, resulting in an increase of almost 20% of its book value in recent months. Even more proof that the management is excellent. The company has also announced that it could buy up to 10% of its shares over the next 10 months.

The same goes for another company we like a lot: Citigroup. After having successfully passed the stress tests, the bank is clearly overcapitalized, which will enable it to repurchase its own shares and pay dividends starting this year with a total capital return of close to 10% of its market capitalization. The title is surprisingly still trading around its book value.

As for bonds, the message is still the same: despite the fact that they have realized great capital gains, reinvesting in new ideas remains complicated. The risk-return ratio is not very rational and opportunities are therefore scarce.

Finally, a tax information: as you have undoubtedly read, the government is planning to levy a tax on securities accounts of more than € 499.999 per holder at 0.15% per year. The details of this taxation are not finalized yet. We will keep you posted as soon as possible.

Kind regards,



*Thomas Vanderlinden*



*Stéphane Mercier*



*Vincent de Pret*



*Frédéric Van Doosselaere*

P.S.: Fund factsheets attached to this letter