

Letter to stakeholders

Antwerp, December 31st, 2017

Dear friends,

The stock markets of 2017 will go down in history as one of the quietest years of all time. Only 3 days saw movements of more than 1% (up or down). A less pleasant year for traders relying on volatility, but quite pleasant for managers like us.

This calm is quite amazing as the United States have been governed for a year by an American president who can be described as unpredictable. Add to this the aggression of the North Korean dictator which could have gone and could still go wrong. This situation once again proves that geopolitical events should not be guiding our investments.

Markets have focused on fundamentals such as low interest rates, better than expected (global) economic growth and strong corporate performance. This environment remains very favorable: present but low inflation, offering the luxury of time to the central banks which enhances the avoidance of too harsh interventions.

The lowering of corporate taxes from 39% to 21% in the United States is another important driver for the markets. Although this law has just been passed, investors have been anticipating it for quite a few months now. This market effect may still linger as analysts adjust corporate earnings forecasts upward.

The strength of the euro is one of the elements that have affected us the most, as European investors. It appreciated against all major currencies, especially against the dollar, which lost 13% against the euro. This dollar weakness is excellent for US companies, which are becoming more competitive and earning more in dollars thanks to profits made abroad (and vice versa for European companies).

The New York Stock Exchange rose 20% in US dollar and 7% in euro while the European index closed the year at + 9%. Since the election of Trump, US stocks have risen more than 25% primarily thanks to the technology companies which prices have risen by 40% on average. For the moment, the six largest market capitalizations are all technological companies. This illustrates the economic evolution of the world around us and the enormous appetite of investors to invest in these 'new' companies.

Nevertheless, we believe this craze for high quality companies and for fashionable businesses represents a risk. Even if they are not as astronomical as in 2000, the multiples paid today are high enough to limit the long-term upside potential for the shareholder who buys now. We remain very vigilant not to pay absurd multiples, because at the slightest

disappointment this kind of equity is unforgiving. History has already often shown us that today's inevitable and super powerful companies are not necessarily certain to be in the same position tomorrow (as unthinkable as it may seem for the moment). Capitalism is hard and shows no mercy.

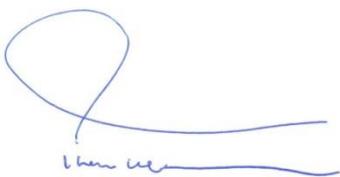
For more than 10 years, we have owned several companies, amongst which Berkshire Hathaway and Fairfax Financial, which together account for more than 10% of our equity portfolio. Apart from the excellent management of these companies, we particularly appreciate their impressive cash reserve, that will allow them to buy if a correction should occur. These two companies were a great help to us during the 2008 crisis and we think they still will be if/when push comes to shove. The composition of a good portfolio allows you to protect oneself, to anticipate, to limit the risks ... As Warren Buffett said: " Only when the tide goes out, do you discover who has been swimming naked."

We are not unhappy closing the year with performances that are in line with the global equity index even though we hold less technology stocks, which have experienced exceptional growth in the stock market this year. We can partially explain this by the fact that our portfolio contains no shares belonging to the two worst sectors of 2017: oil and telecom. This again demonstrates that what is not in the portfolio is equally important as what is. Our historical performances are more related to what we have managed to avoid than the master strokes we made from time to time.

As usual, we do not send greeting cards or end-of-year gifts, preferring to donate to the Anticancer Fund.

We wish you a happy new year 2018 ...

Kind regards,



Thomas Vanderlinden



Stéphane Mercier



Vincent de Pret



Frédéric Van Doosselaere

P.S.: Fund factsheets attached to this letter