Kempen Non-Directional Partnership
FACTSHEET

Update 30 June 2021

Fund characteristics

Fund AuM	€190m / $225m
Manager Research Solutions AuM	€1,633m
Number of holdings > 1%	14
Top holding	11.9%
Top 5 holdings	53.4%
Top 10 holdings	87.8%

NAV & MTD performance (net of fees)

Class A	€19.3703	0.06%
Class B	€19.8032	0.08%
Class F	€155.5733	0.06%
Class I	€134.5313	0.06%
Class I-USD	$119.0155	0.09%

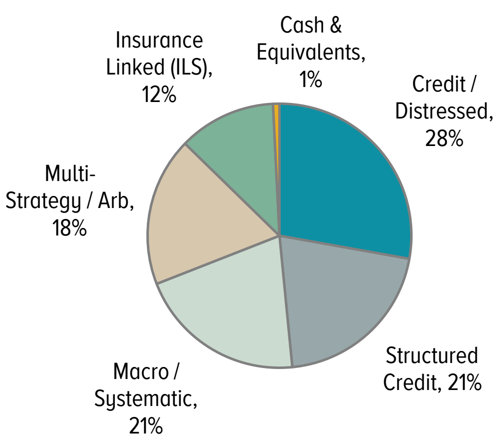
Fund description

Kempen Non-Directional Partnership is a multi-manager fund that invests in a diversified pool of hedge fund strategies. The portfolio typically consists of between 10 and 20 underlying hedge funds. The fund has an unconstrained mandate and can invest in a wide array of strategies, including relative value strategies (e.g. arbitrage and equity market neutral), alternative credit strategies (e.g. distressed debt, structured credit, and insurance linked (ILS)), and macro / systematic strategies. The focus is typically on strategies with limited directional exposure to traditional markets.

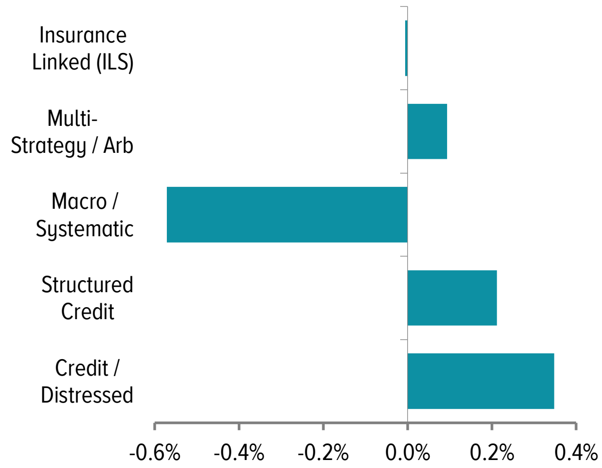
The target funds will be selected on the basis of several criteria, including but not limited to investment strategy, pedigree and experience of the investment team, quality of the organization and service providers, and (commercial) terms of investment. The focus of the Fund will be on specialist managers, or specialist teams that are part of a larger platform. Ideally managers are employee-owned and invest their own capital alongside clients in their funds creating alignment of interest.

The objective of the fund is to generate a long-term return in excess of the relevant risk free rate + 3%.

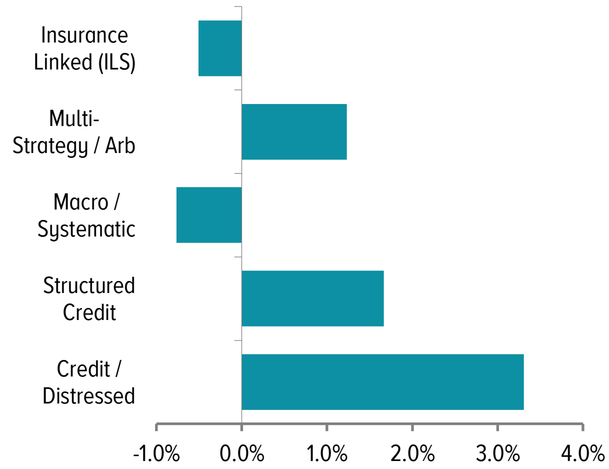
Strategy breakdown (end-of-month)



Strategy contribution (MTD, EUR)



Strategy contribution (YTD, EUR)



Returns (net of fees, annualized, EUR)

Rolling periods	Fund[1]	HFRX[2]
1-year	13.5%	10.1%
3-year	3.0%	0.5%
5-year	4.2%	1.0%
10-year	3.5%	0.0%
Since inception	2.9%	-0.5%

Risk (standard deviation)

Rolling periods	Fund[1]	HFRX[2]
1-year	2.6%	3.6%
3-year	6.6%	5.9%
5-year	5.2%	4.9%
10-year	4.1%	4.5%
Since inception	5.1%	5.8%

Sharpe Ratio

Rolling periods	Fund[1]	HFRX[2]
1-year	5.30	2.92
3-year	0.52	0.16
5-year	0.88	0.27
10-year	0.86	0.00
Since inception	0.40	-0.24

Monthly Fund[1] returns (net of fees, EUR)

Class B[3]	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	HFRX[2]
2006					0.03%	-0.25%	0.06%	-0.23%	0.29%	0.25%	0.62%	1.18%	**1.95%**	2.51%
2007	1.04%	0.38%	1.48%	0.75%	0.62%	0.01%	-0.48%	-0.89%	0.45%	0.43%	-0.81%	0.26%	**3.27%**	2.66%
2008	-1.25%	0.38%	-3.17%	0.09%	1.10%	0.39%	-1.32%	-0.79%	-6.63%	-9.33%	-1.50%	-1.91%	**-21.90%**	-23.76%
2009	2.20%	0.13%	-0.57%	2.78%	3.88%	1.91%	2.31%	2.13%	2.19%	0.83%	0.92%	1.47%	**22.05%**	13.15%
2010	1.18%	0.29%	1.42%	1.09%	-1.75%	0.37%	0.20%	0.74%	0.87%	0.69%	0.49%	0.81%	**6.54%**	4.63%
2011	1.13%	0.89%	-0.07%	0.72%	0.40%	-0.34%	0.41%	-0.90%	-0.97%	-0.39%	0.14%	-0.21%	**0.78%**	-8.70%
2012	0.70%	0.69%	0.62%	0.29%	0.00%	-0.26%	0.69%	0.90%	0.62%	0.62%	0.27%	1.18%	**6.48%**	3.05%
2013	1.48%	0.84%	0.81%	0.97%	1.50%	-0.73%	0.14%	0.06%	0.69%	0.64%	0.96%	0.57%	**8.22%**	6.31%
2014	0.69%	1.26%	-0.17%	-0.34%	0.75%	0.96%	0.01%	0.58%	0.38%	-2.19%	0.43%	0.04%	**2.38%**	-0.98%
2015	-0.11%	1.53%	0.63%	0.09%	0.58%	-1.11%	0.37%	-0.86%	-1.45%	0.16%	0.21%	-0.28%	**-0.28%**	-4.38%
2016	-1.26%	-0.90%	1.02%	0.59%	0.35%	-0.39%	0.87%	1.07%	0.25%	0.36%	1.14%	0.57%	**3.71%**	0.70%
2017	0.84%	1.02%	0.35%	0.84%	0.68%	-0.12%	0.49%	0.72%	0.48%	0.84%	-0.55%	0.57%	**6.34%**	3.49%
2018	1.36%	0.05%	-0.03%	0.05%	-0.17%	-0.02%	0.18%	0.06%	0.58%	-0.69%	-1.68%	-0.41%	**-0.74%**	-9.93%
2019	-0.66%	-0.04%	0.19%	0.81%	-0.80%	0.33%	0.97%	-1.18%	0.36%	-0.85%	0.22%	0.73%	**0.06%**	3.44%
2020	0.95%	-0.16%	-9.10%	2.34%	2.46%	2.29%	0.78%	1.05%	0.64%	0.51%	2.87%	2.08%	**6.29%**	3.00%
2021	0.87%	1.26%	0.35%	1.09%	1.19%	0.08%							**4.94%**	3.25%

[1] Fund = Kempen Non-Directional Partnership Class B
[2] Reference index = HFRX Global Hedge Fund EUR Index
[3] Fees and terms differ between share classes; see overleaf for detailed terms of all share classes

Update 30 June 2021

Investor relations

E-mail	kndp@kempen.nl
Website	www.kempen.com
Phone	+31.20.348.8700
Address	Beethovenstraat 300, 1077 WZ, Amsterdam

Subscriptions & Redemptions

Base currency	Euro
Subscription notice Class A, F, I, I-USD, I-GBP	Monthly, 5 business days
Subscription notice Class B	Quarterly, 5 business days
Minimum subscription Class A, F	-
Minimum subscription Class B	€50,000
Minimum subscription Class I, I-USD, I-GBP	)00,000 / $1,000,000 / ₤1,000,000
Subscription charge	-
Redemption notice	Quarterly, 90 calendar days
Redemption charge	-
Lock-up Class A, F, I, I-USD, I-GBP	-
Lock-up Class B	Rolling 1-year

Fees & Expenses

Management fee Class A, F, I, I-USD, I-GBP	0.75%
Management fee Class B	0.55%
Taxe d'Abonnement Class A, B, F	0.05%
Taxe d'Abonnement Class I, I-USD, I-GBP	0.01%
Service fee Class A, B, F, I, I-USD, I-GBP	0.08%
Performance fee	-

The weighted average ongoing charges of the underlying hedge funds (including management fees and other expenses, but excluding performance fees where applicable) are close to 1.8% per annum.

Management & Administration

Fund structure	Luxembourg SICAV
Management company	Kempen Capital Management N.V.
Administrator	J.P. Morgan Bank Luxembourg S.A.
Depositary	J.P. Morgan Bank Luxembourg S.A.
Auditor	PricewaterhouseCoopers
Legal Advisor	Elvinger, Hoss & Prussen

Kempen Non-Directional Partnership

QUARTERLY COMMENTARY

Quarterly commentary Q2-2021

Market update

Whereas Q1-2021 had been characterized by rising rates (most notably in the US) and a shift from growth to value, in Q2-2021 US interest rates started to decline again and within equity markets it was more of a mixed bag with value outperforming strongly in May but growth reversing the underperformance in June. Meanwhile, feverish IPO activity, record-breaking equity markets, financing widely available and credit spreads at all-time lows were ideal circumstances for a vintage book of distressed restructurings. The second quarter of the year usually is relatively light in terms of natural catastrophes and this was true in 2021 too. Structured Credit markets continued to grind tighter and produce a steady stream of coupons. All in all, this made Q2-2021 a strong quarter for Credit/Distressed, a good quarter for Structured Credit and Multi-Strategy/Arb, a modestly positive quarter for ILS, and a slightly negative quarter for Macro/Systematic.

Portfolio update

KNDP generated a quarterly return of +2.4% bringing YTD performance to +4.9% versus +3.2% for the HFRX Global Hedge Fund EUR Index. Credit/Distressed managers produced the strongest return (+6.4%) contributing +156bps to KNDP performance. Structured Credit managers also produced solid performance (+3.3%), contributing +58bps. Multi-Strategy/Arb managers generated a return of +2.4% contributing +40bps. The remaining two strategies were closer to flat with ILS +0.5% and Macro/Systematic -0.4%. At the manager level, 11 contributed positively while 2 detracted from performance, and one manager was flat for the quarter. In terms of portfolio activity, two new managers were added to the portfolio while one was removed. The first new addition was blue chip Fixed Income Macro / Relative Value manager Brevan Howard. At a smaller size than at the peak in 2014 its flagship fund is optimally sized to take advantage of macro / relative value fixed income opportunities. Brevan Howard has a proven history of being able to generate positive returns in environments where traditional markets are struggling, making it an attractive addition to the portfolio. We were able to secure capacity right before Brevan Howard closed to new investors again. The second addition was Merger Arbitrage manager Magnetar PRA. Growing deal volumes and wider spreads have made this an interesting strategy again, which we can more tactically allocate to via Magnetar's systematic strategy. At the end of the quarter we redeemed the investment in long volatility manager Ionic as components of that strategy are already covered via other managers in the portfolio on the Macro and Multi-Strategy side.

Manager commentary

Contributor #1: Silver Point (Credit / Distressed)

Silver Point continued its streak of outperformance gaining +9.2% in Q2-2021, contributing +81bps to KNDP performance. A handful of positions contributed more than +1% to performance in the second quarter led by Steinhoff which contributed +2.3% to PnL. These profits were further augmented by Steinhoff-themed investments in Mattress Firm (+1.2%) and Pepco Group (+0.5%). Silver Point participated in the Pepco Group IPO in May and believes the stock remains significantly undervalued despite its strong stock market debut. A previously masked/undisclosed investment in Rotech Healthcare contributed +1.8% to performance followed by Gulfport Energy (+1.6%) and Denbury (+1.2%); two Oil & Gas restructurings that occurred last year. The fund also recorded small losses in Studio City (-0.4%) and Pacific Gas & Electric (-0.3%).

Contributor #2: Anchorage (Credit / Distressed)

Anchorage produced a return of +10.6% in Q2-2021, contributing +51bps to KNDP performance. The fund's largst and top performing position was the privately traded equity of MGM Studios that traded up strongly in May as the company accepted a take-over bid from Amazon valuing the company at ca. $8.5 billion. Anchorage was in the lead during the 2010 restructuring of this company and with that its largest shareholder.There are still ongoing antitrust investigations and while there seems to be plenty of competition in streaming media, anything Amazon touches will be scrutinized so it might take a while for this deal to close and the share price still offers decent upside from current levels.

Contributor # 3: Sculptor Credit Ops (Corporate & Structured Credit)

Sculptor Credit Ops generated a +4.0% return in Q2-2021 contributing +38bps to KNDP performance. A settlement in an outstanding litigation around representations and warranties of a pre-crisis RMBS deal led to an +0.7% gain for the fund. The #2 contributor in Q2-2021 was the fund's position in NMC Health, a hospital operator based in the United Arab Emirates. The fund owns equity-linked debt in NMC Health and expectations are rising for there to be residual equity value in this restructuring that is expected to be completed in Sep/Oct with Sculptor and local banks providing a backstop facility. In the slipstream of these winners, Sculptor enjoyed profits of ca. +0.3% each in KCA Deutag, American Tire Distributors and Steinhoff. Small losses were sustained in a Steinhoff country hedge (South Africa) and McDermott (violence in Mozambique where some operations are based).

Detractor #1: Ionic (Long Volatility)

Ionic lost -10.2% in Q2-2021 detracting -22bps from KNDP performance. Losses on declining volatility in rates markets and currency markets offset gains on commodities volatility. With that, strong Q1 gains were offset in Q2 leaving Ionic flat for the year.

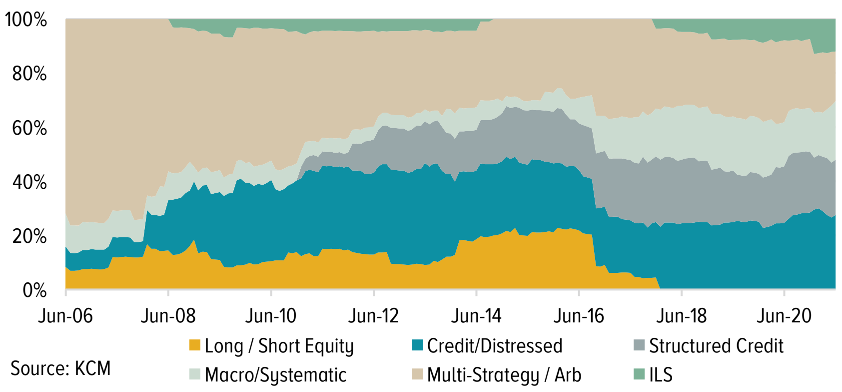
Detractor #2: Brevan Howard (Global Macro)

Brevan Howard declined by -1.8% in Q2-2021 detracting -12bps from KNDP performance. Brevan Howard was positioned for a reflationary environment so the US yield curve flattening which occurred in June had a negative impact on performance.

ESG commentary

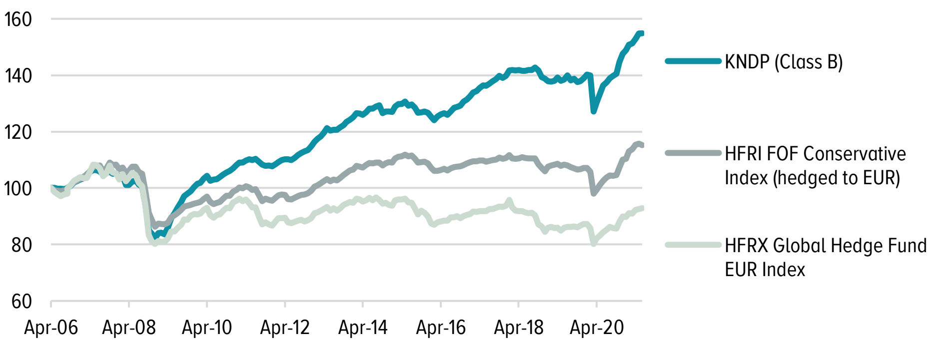
One of the notable winners in Q2-2021 was Denbury, a position held by Silver Point. Denbury filed for Chapter 11 in July 2020 after it struck a restructuring agreement for a prepackaged plan designed to remove the company's $2.1 billion of debt. It emerged in September 2020 as an almost debt-free company. Denbury is an Oil & Gas company with a particular expertise in carbon capture, use and storage (CCUS), an environmental friendly technology. As such, it is an industry leader in reducing CO_2 emissions with a strategic focus that is clearly aligned with the energy transition. Both the IEA and IPCC have stressed the necessity for the Oil & Gas sector to contribute to a climate neutral economy. They view CCUS as one of the technologies that can play a role in this transition. Recognized as a fully delevered ESG-play, Denbury stock rerated significantly in Q2-2021.

Strategy allocation KNDP



Source: KCM

Performance KNDP (cumulative, net)



Source: KCM, Bloomberg