

Investment Strategy

The goal of Ducal Equity Fund Belgium is to achieve long-term capital growth through a portfolio of investments in Belgian equities and equity related securities and global equities related to Belgium.

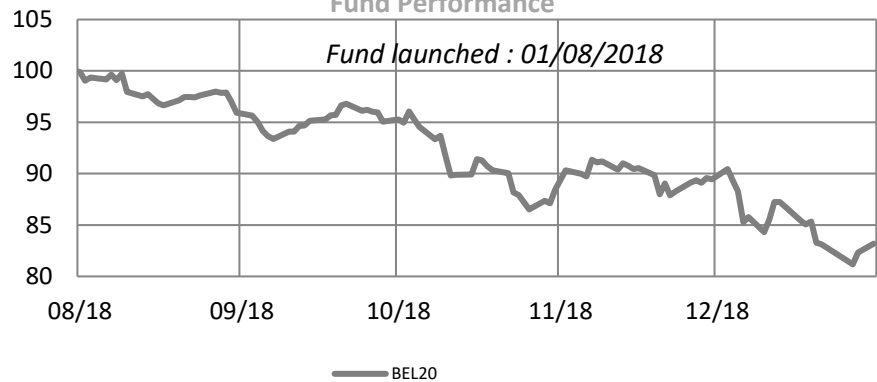
The fund intends to invest primarily in equities listed on the Brussels stock exchange, or in equities of companies with their registered office in Belgium, or in companies established or located in countries outside of Belgium but carrying out their business activities predominantly in Belgium or in holding companies the interests of which are predominantly invested in equity of companies having their registered office in Belgium or equities that form part of the benchmark. The fund may invest up to 10% of its net assets in convertible securities.

The fund is managed in an active and flexible manner on the basis of quantitative and qualitative analyses of the world economy, of economic sectors, companies and the evolution of commodity markets and financial markets. Long and short positions can be used to diversify and expose the portfolio to certain markets and asset classes. The fund may temporarily keep 100% of its assets in liquidities. It can invest directly in money market instruments or indirectly through a fund or it can have current or savings accounts in euro.

Characteristics

Launch date	01/08/2018
NAV	88.40 EUR
Total net assets (all share classes). in Mn	2.35
Legal structure	SICAV
Share class type	Accumulation
ISIN Code	LU1856982621
Benchmark	BEL20 EUR
Entry charge	Max. 2 %
Exit charge	Max. 1 %
Frequency NAV	Daily
Ongoing charges	2.23%
Annual Management charges	1.25%
Performance fees	none
Minimum subscription	1 unit
Relative risk profile	1 2 3 4 5 6 7
Depositary bank	CACEIS Bank, Luxembourg
Management Company	Branch Crestbridge Management Company S.A

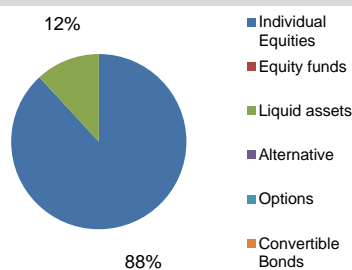
Fund Performance



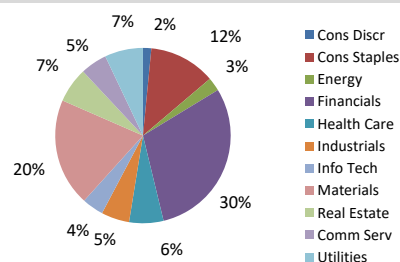
	QTD	YTD	1Y	3Y	5Y	10Y
Ducal Equity Fund Belgium R EUR Acc						
BEL20	-12.5	-18.5	-18.5			

Fund holdings

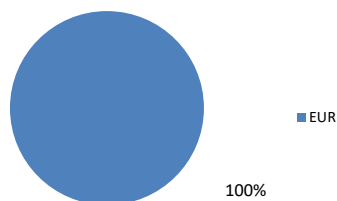
Asset allocation



Sector allocation



Currency breakdown



Top 5 Equities & Equity funds

ANHEUSER-BUSCH INBEV SA/NV	8.6%
SOLVAY SA	7.4%
KBC GROEP NV	7.2%
GROUPE BRUXELLES LAMBERT SA	5.4%
UMICORE	5.4%

Equities - largest variation last quarter

EVS BROADCAST EQUIPMENT S.A.	39.1%
EXMAR NV	12.4%
KON. AHOLD DELHAIZE NV	11.8%
APERAM	-40.7%
FNG NV	-34.8%
BPOST SA	-34.4%

Commentary of the manager

The latest releases of leading indicators point to a further economic slowdown. The trade war between the US (president Trump) and most notably China is having negative repercussions globally. The US central bank raised the Fed target rate for a fourth time with a quarter percent in December to 2.5%. The Fed's balance sheet is shrinking. The probability of further rate increases is diminishing giving the surge in markets volatility and a slowdown in growth and inflation pressures. In the US analysts still forecast 2.6% GDP growth for 2019 next year and CPI to be stable at 2.2%. The US 10 year bond yield sunk last quarter to 2.68% from 3.06%. The yield curve is very flat and some shorter rate maturities show already a slight inversion of the rate curve. Credit spreads increased.

The concern about the current economic environment and outlook is still growing in Europe. The announced end of QE by the ECB, the trade issues, the (unrealistic) Italian budget promises, the "gillet jaune" movement in France and Belgium and the bad Brexit soap will restrain growth which is forecast by analysts to come out at 1.6% in 2019. We believe average analysts' forecasts may turn out to be too optimistic. The last quarter the price of US WTI oil crashed from around 77\$ to 45\$. Also other commodities are suffering except the precious metals (gold +7.7% in USD qoq) which often do well in times of big uncertainty. The core inflation in Euroland is 1% and the headline rate estimation for December is 1.6%. We think CPI can fall abruptly. We don't believe that the ECB can raise rates in the autumn of 2019. The 10 year German bund yield decreased last quarter from 0.47% to 0.24% and the curve continued flattening. The flight to quality pushed spreads to German bunds up in the Eurozone. Italian spreads recovered given their adjustment to the budgetary outlook which saved them for now from being penalized.

The USD ended at 1.147 against the EUR (+1.2% qoq and +4.7% yoy). During the last quarter of 2018 the Nasdaq 100 lost 15.8% in EUR while the S&P 500 decreased by 12.8%. The Japanese stock market lost 14.2% in EUR, while the broad eurostoxx gave away 13.2%. The Bel20 index depreciated by 13.7%, the broader Belgian All Shares Index (BAS) by 14.9%. The Shanghai stock markets retreated by 10.4% in EUR. Emerging markets in general depreciated by 6.5% in EUR. Globally sector-wise and in EUR the defensive sectors were outperforming. The only winning sector was utilities with +1.6%. Real estate stocks lost 3.2%, communication services went down by 5.5% and consumer staples by 5.8%. Energy stocks lost 19.6%, IT 16.1%, industrial equities 14.6%, consumer discretionary 13.4% and materials gave back 12.4%.

Since the launch of the fund beginning of August we invested around 88% of available liquidities. We did it gradually given the downtrend (bear market?) that is developing. The stocks of the Bel20 index make out the majority (58%) while other (Belgian) names with relatively bigger weights in the BAS Index complete the portfolio (30%). Financial stocks form the biggest sector (30%), followed by materials (20%), consumer staples (12%) and utilities (7%). We are still careful regarding equities.

Disclaimer

Source (unless otherwise stated): Ducal Investment Fund S.A.. Period under consideration (unless otherwise stated): month prior to the date of publication of this document. Performance calculated NAV to NAV (net of fees and Luxembourg taxes) gross income and dividends reinvested, in the base currency of the respective sub-fund, excluding initial and exit charges at the date of this document. Initial and exit charges could affect the value of the performance. The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of shares can greatly fluctuate as a result of the sub-funds investment policy and cannot be ensured. If the base currency of the respective sub-fund differs from the currency of the country where the investor resides the represented performance might vary due to currency fluctuations. The sub-funds mentioned are part of Ducal Investment Fund, SICAV, an open-ended Luxembourg-based investments company (Société d'Investissement à Capital Variable), validly formed and existing in accordance with laws of Luxembourg and European Council Directive 2009/65/EC of 13 July 2009. This document is advertising material and does not disclose all relevant information concerning the presented sub-funds. Any investment decision in the sub-funds should be made on the basis of the current prospectus, which is available, along with the Key Investor Information Document, the current annual and semi-annual reports, electronically in English and in the local language of the market where the mentioned SICAV is authorised for distribution, without charge upon request from Ducal Investment Fund S.A., 5, Allée Scheffer, L-2520 Luxembourg, from the local representatives or information agents, or from our distributors. Investments in derivative and foreign exchange transactions may be subject to significant fluctuations which may affect the value of an investment. Investments in Emerging Markets involve a higher element of risk. The value of shares can greatly fluctuate as a result of the sub-funds investment policy and cannot be ensured. For further details of investment risks associated with these sub-funds, please refer to the relevant Key Investor Information Document, available as described above. Ducal Investment Fund S.A. only publishes product-related information and does not make any investment recommendations. Published by Ducal Investment Fund S.A., which is authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. Further information can be obtained from your financial advisor. He/she can advise you independently of Ducal Investment Fund.