

	A-Shares	B-Shares
NAV in USD	199.65	203.72
MTD return	-11.66%	-11.63%
YTD return	-7.66%	-7.21%
Net AuM	USD 65.6 m	
Morningstar Rating™	★★★★★	

Manager's comment

In December, we lost 11.6%, but outperformed our benchmark by 0.4%. We finished the year with a loss of 7.2% and an alpha of 5.0%. As a consolation to our Euro based investors, thanks to the rise of the dollar we only lost 2.6% this year. This month we bought Plantronics and Ebix and sold Atlas World Wide.

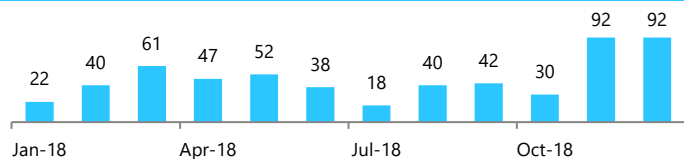
When a crash happens, usually various "experts" try to blame it on a few factors. The first culprit is "rising interest rates" which is supposed to be a problem for small stocks as they "are more highly levered". Apart from the fact that 10-year T-bond rates are today 1% below the level of 2009, this is not helpful in explaining our losses as more than 50% of our companies have negative debt (cash holdings are bigger than debt) and these firms fell as much as the average stock in our portfolio. A second explanation is that stocks were simply overvalued, that we were in a bubble like the internet bubble of 2000. However, this does not explain why value stocks were beaten up as much as growth stocks. Concerns about China don't explain why our firms that have no business with China got hammered as well. Analysts can't be blamed either: last month analyst lowered their earnings forecast for 9 of our companies, increased it for 6 but left their forecasts unchanged for the remaining 75%.

Which leaves us with an emotional reaction unrelated to fundamentals (or driven by too many robots?) which has created a buying opportunity. Many firms thought so as well: 92 companies announced buyback programs this month. Let's hope 2019 will prove them right.

Fund strategy

The PV Buyback USA Fund is a long-only fund focused on small and mid caps listed on the US equity market. It invests in companies announcing share buyback programs to take advantage of an undervalued stock price. To identify those firms where the repurchase is most likely motivated by undervaluation, the Fund has developed a systematic approach. Fund managers are highly experienced and have a strong track record in developing and implementing this investment strategy.

Number of buyback announcements²



Risk metrics

Indicators	PV Buyback USA	Russell 2000
Daily annualized volatility ³	19.7%	19.4%
Maximum drawdown	-25.1%	-26.2%
Beta versus S&P 500	0.90	0.94
Sharpe ratio ⁴	0.46	0.29
Information ratio ⁴	0.64	-
Tracking error	5.56%	-

Fund facts

Fund name	DIM Funds SICAV SA – PV Buyback USA	
Legal structure	UCITS V	
Management comp.	Degroof Petercam Asset Services	
Domicile	Luxembourg (CSSF regulated)	
Geography	US listed stocks	
Asset classes	Equity	
Strategy	Directional long-only	
Style	Value, event driven situations	
Reference	Russell 2000	
High	Yes, trailing 2 years	
Investment	Theo Vermaelen and Urs Peyer	
Fund administrator	Banque Degroof Petercam Luxembourg	
Share class	A-Shares	B-Shares
Management fee	150 bps	100 bps
Performance fee	10 % of the outperf.	10 % of the outperf.
Minimum investment	None	USD 250.000
Liquidity	Daily, 1 day notice	Daily, 1 day notice
ISIN	LU1149046275	LU0630248994
Ticker	DIPBAUS LX Equity	DIPVBAA LX Equity

Notes: 1 Daily NAV as of 31/12/2018 | 2 USA Buybacks: www.theonlineinvestor.com | 3 Trailing one year | 4 Calculated based on return since inception

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Performance vs. Benchmark



Performance period	PV BB USA - B	Russell 2000	Outperformance
December 2018	-11.6%	-12.0%	0.4%
Year-to-date	-7.2%	-12.2%	5.0%
3-year annualized	8.4%	5.9%	2.5%
5-year annualized	6.3%	3.0%	3.2%
2017	13.6%	13.1%	0.5%
2016	20.8%	19.5%	1.3%
2015	1.0%	-5.7%	6.7%

Portfolio breakdown

Sector	# of positions	Avg. Market Cap.
Hardware	16	489 m
Health Care	12	1481 m
Semiconductors	10	969 m
Industrials	9	527 m
Financials	9	538 m
Software	8	938 m
Telecom	7	732 m
Cons. Discretionary	7	629 m
Energy	6	511 m
Materials	4	247 m
Cons. Staples	0	-
TOTAL	88	753 m

Industry exposure

