



INTERIM STATEMENT

(Non-regulated information – published on 7th May 2020 at 5.45 pm)

The start of 2020 in the financial markets has been a continuation of the previous, exceptional year, with the S&P 500 index, for example, reaching its highest reading ever on February 19th. A few days later, the spreading of the coronavirus in Europe first, in the US soon afterwards and ultimately across the world, has dramatically changed the world we live in. The lockdown imposed on large swaths of the world population will have an extraordinarily negative effect on the economies and on employment, putting a number of businesses in or close to bankruptcy and worsening the livelihood of millions of people.

The timely and massive intervention in support of the financial markets by the Central Banks across the world and the huge support provided by national governments to their economies has, for the time being, avoided what could have been a catastrophic depression and a financial market meltdown. Nonetheless western economies will experience drops in GDP and increases in unemployment rates unseen since the end of WW II. The hope is that a gradual and smooth reopening of businesses after the lockdown and, down the road, a vaccine against Covid-19, will bring this unprecedented event to an end. The current recovery in activity in China, where this pandemic originated, and the first to start gradually returning to a sort of normal life, could be a useful indicator of how things might develop in the rest of the world.

As at March 31st, 2020 Brederode's net asset value per share stood at € 79.41, compared to € 83.27 as at 31 December 2019, a reduction of 4.6%. This valuation is based on market prices for listed securities and for Private Equity, on the valuations as at 31 December 2019, adjusted solely to take account of movements within the portfolio and variations in exchange rates occurring since that time.

The **Private Equity** segment saw sustained activity in Q1, in large part related to deals closed before the explosion of the pandemic in the western world and to transactions closed in 2019 but not yet funded. Given the current exceptional circumstances and our continuous desire to rely on up-to-date information to optimise future decisions, we have contacted all our GPs to get an indication of their estimated valuations at the end of March. The outcome of these consultations (based on a sample of 85% of the portfolio) suggests an estimated negative quarterly change in fair value of approximately 9%. This indicative valuation change applies only to the Private Equity portfolio and is not reflected in the net asset value per share mentioned above.

Over the same period, total uncalled commitments rose slightly from € 1,059 million to € 1,075 million (+ 1.5%).

The **listed securities** segment was also negatively impacted and closed the quarter down 11.7%. During the first quarter, the main movement was the sale of the holding in Coloplast.

Our **net financial position** at the end of Q1 was practically unchanged vs the end of last year while we have increased our confirmed credit lines to a total of € 170 million.

Prospects for the current financial year

The Private Equity performance could further deteriorate in Q2 2020 as the full effect of the lockdown, which started at the very end of Q1 in most western countries, will continue to affect profitability. There will likely be a significant slowdown in distributions for the rest of the year while the investment pace may continue to be relatively sustained. We have not subscribed to any new fund since February 2020 and we do not expect to make any significant new commitment until cash flows stabilise. Our undrawn commitments will allow us to take full advantage of new opportunities, as they arise. We expect stock markets to continue to be volatile for some time to come. Given the huge uncertainties related to the ongoing pandemic it is impossible to make any reasonable prediction. We however remain confident that the quality and diversification of our assets will be the winning cards in the long run.

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