

Old economy, new possibilities – Selectum, a Belgian niche manager knows how to create alpha in European equity.

The niche manager Selectum is a Belgian based stock-picker that focuses on selecting Equities in Belgium, Germany and The Netherlands. The company has been highly successful since it's founding in 2001 and their success has even attracted one of the biggest institutional investors in the world, the 'Norwegian Oil Fund'. Curiosity, insights, thoroughness and discipline is the DNA of Selectum according to the founder and managing director Pieter C. Tolk.

Selectum's investment process is strictly button-up and before investing in a company they emphasize that they need to know the company very well – even if it takes a long time. Meetings with the management, plant visits, peer group reviews and also the use of various external analyst reports are among the things they need go through in order to understand if a company is an investment potential or not. Currently, the investment universe consists of 284 companies, but only 25 of them have made it all the way to the portfolio(s). Often it takes a couple of years to fully understand and feel comfortable about a given investment, but once the investment is made Selectum is typically in for the long run.

The analytical models that Selectum uses for selecting investment potentials include a number of internally developed tools such as their valuations model, a rating model and a model that keeps track of their research efforts called Selectum Stars. The better they know a company the more stars it will get. Combining these models provide the investment team with a strong idea about where to invest. As an example of a recent investment Pieter C. Tolk mentions the German automotive and aerospace supplier Bertrand:

"We started with desk research, studying broker research, the website and annual reports of the company and their peers. Then we visited the company at their premises and had a meeting with the CFO. We continued by studying their results. Then we had a follow-up meeting with the company and started investing. The whole process took about two years." Pieter C. Tolk.

Balancing risk and return

In general terms Selectum looks for companies that have a strong business model, strong cash flow and a management that is able to balance risk and return in good manner. Selectum does not invest in companies based on e.g. macroeconomic ideas or specific trends, but an important point in their investment process is to ensure that the management team is able to see and play the important themes and trends themselves. Besides the company's own ability to balance risk and return, Selectum also composes their portfolios in a diversified manner (e.g. industry, markets etc.) and they also include anti-cyclical elements to balance risk in the medium/long term.



Manager name: Pieter Tolk

Title: Managing Director

Company name: Selectum



FUND FACTS

Strategy / Fund Name: Selectum

Stock Picking Fund

Subfunds: Selectum Belgium,
Selectum COMBI, Selectum Germany

ISIN-codes of the F-shares are:

COMBI: LU0652589861

Belgium: LU0652589275

Germany: LU0652589515

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