Hoofbosch
BELEGGINGSFONDS

Monthly Bulletin October 2026

Last month, Hoofbosch marked its twentieth anniversary. A good reason for a special edition, featuring, among other things, a tribute to family businesses. In this very memorable month, the Hoofbosch investment fund posted its second-highest monthly return ever: +6.83% (+15.53% for the full year) and closed the month at €269.52 (an all-time high). Many stocks in our portfolio are now also at or near all-time highs, including three of our largest holdings: Shell (which to us is still a Dutch company), Roche and Microsoft.

October 2026

What we have been pointing out and commenting on for twenty years suddenly became world news last month: France is on the brink of a monetary abyss. The turmoil led to widening interest-rate differentials between the eurozone countries and a sell-off in, among other things, European bank stocks. These lost an average of 11% in value. Investors sought refuge in the all-powerful Swiss franc (+3%), the U.S. dollar (+2%) and in companies of the very highest quality, such as L'Oréal (+15%), Roche (+16%), Schindler (+15%) and Vopak (+14%). Not coincidentally, every one of them is a solid family business with a long history and a reputation for continuity. Finally, even more companies in our portfolio reported strong results last month, but given the special nature of this monthly report, we will not go into them any further this time.

France

For France, a monetary abyss is unavoidable: a sky-high and ever-rising government debt and persistently high budget deficits. In the end, most other eurozone countries, with the exception of the Netherlands, face the same fate. For there is an immense problem in Europe that is still barely talked about: pension provision. Whereas the Netherlands has colossal pension reserves, most other eurozone countries depend largely

on the government for their pension payments, the so-called pay-as-you-go system. Well, that is precisely where things start to chafe. Europe's population is aging rapidly, while the number of workers who must finance the pensions is shrinking fast. This will result in disastrous consequences for monetary stability in Europe and makes us fear the worst for most eurozone countries, eventually including Germany as well. Even if draconian measures were introduced in the short term (unlikely, but suppose they were), a monetary disaster still seems unavoidable: building a robust pension reserve cannot be done in a few years; it takes decades. Could Christine Lagarde, president of the European Central Bank (ECB), also see all of this coming, and is that why she announced at the end of October that she would leave the ECB early? In our view, it is no coincidence that the ECB is all but done with rate hikes, even though inflation and the outlook for the erosion of money's value are anything but rosy.

Flight to Quality

"I very frequently get the question: 'What is going to change in the next ten years?' I almost never get the question: 'What is not going to change in the next ten years?' That second question is actually the more important of the two."

Jeff Bezos, founder of Amazon, in a 2007 interview with Harvard Business Review

Is October 2026 a one-off event? We think not. In fact, we suspect that the flight to quality has only just begun. Because as far as we are concerned, the most important economic development of the 21st century, besides the rise of artificial intelligence, is the worldwide growth of the middle class. Think especially of emerging economies such as India, Vietnam and Brazil. The global middle class is estimated at 4.7 billion people in 2026, about 57% of the world's population. According to World Data Lab, this group is growing by as many as 100 million per year, to approximately 5.8 billion in 2035 and 7.2 billion in 2050. Almost-doubling. Behind each of those households are consumers who have more and more to spend and who can afford products from companies such as Lindt, L'Oréal and Roche. In that light, in our opinion, the growth potential of this kind of company is structurally underestimated. Because while everyone is asking what AI will mean for stock prices tomorrow, few seem interested in the question of what the world will look like in ten, twenty or thirty years. And, more important still, to borrow from Jeff Bezos, what will not change in those years. Because only on things that do not change can you build a durable long-term investment strategy. Put differently, the need for, say, luxury chocolate (Lindt), effective medicines (Roche) and reliable passenger transport (Schindler) will not disappear.

Doing Business for Eternity

"Businesses that grow by development and improvement do not die."

Henry Ford in 1923

As fund managers we have regularly been in Switzerland over the past twenty years. We visited companies there, spoke with executives and studied the numbers. After a while, we realized that many of those companies seemed to have been around forever. Take Lindt & Sprüngli (in the Hoofbosch portfolio since 2008). The company's history goes back to 1845. Or take Roche, founded in 1896 and in the Hoofbosch portfolio since 2017. In the Netherlands, we see the same phenomenon. The roots of Shell (in the Hoofbosch portfolio from the start) go back to 1833, and the origins of Vopak (in the Hoofbosch portfolio since 2013) go back as far as 1616. None of them are companies that stood still. On the contrary, they survived the ages precisely by constantly changing. Perhaps that is a law of nature for a company that wants to grow old: continually changing in order to stay the same. Lindt & Sprüngli is a fine example. Lindt still does what it started doing more than 180 years ago: processing cocoa into high-quality chocolate. What has changed is the company around it. From a small Swiss chocolate maker, Lindt has grown into a multinational with 12 factories, nearly 16,000 employees, sales in more than 120 countries and hundreds of its own stores. But the simple headquarters (no reception desk) is still in Kilchberg, the company's home since the 19th century. So, for Lindt, it holds true: the core has not changed, but the scale has.

Family Businesses

"Mind you, we have only one interest. We want to reap the fruits of our labor, and we can obtain them only through harmonious cooperation."

Ericus Verkade at the opening of his Steam Bread and Rusk Factory "De Ruyter" (later Verkade) in 1886

More than half of the companies in which we invest can be considered family businesses. EY even counted 19 Swiss family businesses among the world's 500 largest family businesses in 2025. That is, businesses controlled to a large extent by the founding family. The largest include, for example, Roche (the Hoffmann and Oeri families) and Schindler (the Schindler and Bonnard families). Both are in the Hoofbosch portfolio; more on that later. Family businesses have one very big advantage that can hardly be captured in a spreadsheet: time. A family looks mainly at the very long term. And experience teaches that if you focus on the long term, you are often successful in the short term as

well. If you focus exclusively on the short term, you can be almost certain that you will not be successful in the long term. Families think in generations. That does not mean that family businesses are by definition better managed. Families can fall out, or a brilliant founder can be succeeded by a less brilliant son or daughter. The latter is less crucial than is often assumed. Top investor Peter Lynch said that some companies are intrinsically successful and do not depend on the qualities of a top executive: "Choose a company that any idiot can run, because sooner or later an idiot will probably end up at the helm."

Roche and the Little Sliding Glass Window

"As an owner, I like to think in time horizons of a hundred years."

André Hoffmann, vice chairman of the supervisory board, Hoffmann–La Roche

Roche was founded in 1896 by Fritz Hoffmann-La Roche and, in a little over a century, grew into one of the most important pharmaceutical companies in the world. Its market capitalization is CHF 320 billion. Remarkably, the founding families still play an important role as stable shareholders. André Hoffmann, great-grandson of the founder, watches over his family's life's work as vice chairman of the supervisory board. We have even been told that he simply takes the tram to the meetings. Frugality is a frequently heard description of Roche. How deeply that trait is anchored in the company, we experienced during a visit to the executive management in 2023. It turned out to be quite an experience. The executive management sits in a sober concrete building at the foot of the famous Roche Tower in Basel, the tallest building in Switzerland. While the tower symbolizes the scientific ambitions of the group, time seems to have stood still in the management building. To describe the furnishings as "sober" is an understatement. You enter through a bicycle shed. Behind a little sliding glass window sits a single doorman. He turns out to be a retired Dutchman: "I'm nice and cheap for Roche." He then looks up the number of our contact person in a (retro) flip-through telephone index, and later accompanies us to the lunchroom. It is sweltering in Basel that day, but there is no air conditioning. Windows open and curtains closed is the motto. On the floor is linoleum from the 1960s, with the worn spots patched here and there with new pieces. However, most striking is what is not there: no art on the walls anywhere. Not even in the communal lunchroom. Communal, indeed, because of course there is no separate dining area for the executives. When we ask about the absence of art, the answer is as brief as it is telling: "We are a pharmaceutical company, not a museum. If you want to see art, you have to go to our 'colleagues' at Novartis." The conversation also turns to DSM, which moved its Dutch headquarters from Heerlen to Maastricht, where a new home was built for approximately €100 million. Our host's reaction is telling: "Unthinkable that we would leave Basel. If you move your headquarters to another place, you leave your soul

behind." In that one remark lies perhaps the very essence of Roche. A company that cherishes its roots and where continuity seems to weigh more heavily than outward show. To an investor, all of that sounds like music to the ears. Roche closed the month under review 16% higher.

Doing Business Slowly

"In a hurry? Sit down for a moment!"

Prof. Dr. André Wierdsma

But a word of caution. Roche runs great risks. The search for a new drug can cost money for years before a single franc is earned from it. Sometimes it fails altogether, and after years of intensive research, the plug has to be pulled. Billions can go up in smoke with the stroke of a pen. Maddening. All in all, not suited to executives who are focused only on the next quarter. CEO Thomas Schinecker says of this: "At Roche, the founders' families are long-term shareholders. That gives us something rare: the stability to think in decades rather than in quarters." Family businesses that look to the next generations are naturally more patient. They can more easily accept that innovation takes time and that not everything ends in success. That brings us to something the Netherlands and Switzerland have in common: in these countries, doing business is often more than profit maximization. It is also about responsibility. A company here is often something that you build up, pass on and, preferably, leave in better shape than you found it. What a difference with many newer companies. Whereas half a century ago a stock stayed in a portfolio for nearly ten years on average, today it is often sold again within a year. Speed now seems a requirement for success. Executive pay, too, has an increasingly short horizon. Those who are rewarded for the short term also get an incentive to perform in the short term. By contrast, whoever invests today bears the costs immediately, while the returns may not be visible for another ten years. In other words: sowing is punished, harvesting today is rewarded. That is a strange incentive. Set against that is a family business like Roche, which says: we sow, sow, sow and harvest only years from now. That inevitably changes the way a company develops. We saw the result of this, among other things, last month, when Roche announced at its Pharma Day that by 2030 it could potentially have 18 new drugs, 15 of which have blockbuster potential (sales of more than $1 billion per year). Family businesses in particular have the luxury of doing business slowly and carrying decisions across generations. When times are tough for a while, they do not abandon ship. On the contrary, the family puts its shoulder to the wheel even harder. That does not mean, incidentally, that such a company stands still. Today's Roche hardly resembles the Roche of 1896. The company sees itself not as a collection of products, but as a complex entity of capital, knowledge and people, and can therefore reinvent itself again and again.

The Farm as the Ultimate Family Business

"Take farmers seriously. They still have time to think. The grain grows slowly."

Aad Muntz 1934–2012 (successful Dutch marketeer)

Farms are textbook examples of family businesses in the Netherlands and Switzerland. They have a single owner, the farmer, who sees himself or herself as merely a temporary steward of the ancestral property. A farm is therefore usually not started but inherited, and the temporary steward has only one goal: to maintain it and prepare it for the next generations. This passing on of farms to the next generations seems to be a typically Dutch and Swiss phenomenon. In these two countries in particular, you can find farms that have been continued within the same family for centuries. According to Dutch magazine De Boerderij, the Hiddink family in Laren (Gelderland) has run a family farming business on the same site since 1593. The history of the Kunz family at Hof Schlössli in Grosswangen (Switzerland) goes back nearly 500 years.

A Personal Note on Hoeve Hoofbosch (Hoofbosch Farm)

"How good we have it. What on earth do we owe this to?"

Often quoted saying of Martien van Winden Sr. (1918–1977)

I myself, Martien van Winden and, together with Robbert-Jan Engels, founder of the Hoofbosch investment fund, come from a farming family whose documented roots on my father's side go back to the 16th century and on my mother's side to as far back as the 12th century. Unfortunately, not continuously at one and the same location. One of those locations was Hoeve Hoofbosch (17th century) near Delft, Schieweg 146. My father was born on this farm. Prof. Dr. Jaap van Duijn writes about it in his monumental and very readable "Geschiedenis van het Westland" (History of the Westland). On my mother's side (the Van der Burg family), according to family tradition, we descend from the Van Brederode family. For connoisseurs: Dirk I Van Brederode (c. 1180–1236) was presumably a distant ancestor. The Van Brederodes were once among the richest and most powerful noble families of Holland. For lack of male heirs, they lost their prominent position in the 17th century, and the House of Orange laid claim to their possessions. You know how it ended. The House of Orange grew into a wealthy royal house. Don't mention it. And the Van Brederode lineage? It lives on through female descendants in hardworking farming

families, including the Van der Burg family. I still have cousins who are active as farmers. Nowadays the only things that remind the Van der Burg family of the Van Brederodes are the family name, which presumably refers to the Van Brederode castle in Bloemendaal, and the family coat of arms, which closely resembles that of the Van Brederodes. Loosely after Godfried Bomans: "Fairy tales end where real life begins."

Vopak, a Company of Four Centuries

"But running Vopak is a matter of the long term."

Eelco Hoekstra (former CEO of Vopak) in 2016

Vopak dates back to the days of the Dutch East India Company. Around 1616, the Blauwhoedenveem was founded. It was a cooperative that organized the transport from the ships in the harbor to the city weigh house. The name referred to the blue straw hats of the porters. Over four centuries, nearly everything changed: Amsterdam porters became professional storage companies, and warehouses full of coffee and tea gave way to ultramodern tank terminals. The company did not survive by clinging to what it did. It survived by sticking to what it is good at: offering a safe and efficient storage facility for energy and raw materials at the world's most strategic locations. And here is the kicker: since 2024, HAL, the investment company of the Van der Vorm family, has held a majority stake in Vopak. That has, in our view, almost silently turned Vopak into a family business. What more could an investor want? For the financially minded: because of Vopak's sizable share buyback program through the end of 2030, HAL's stake will keep rising over the coming years. Possibly to around 60%, after which it is a matter of waiting for a final bid from the Van der Vorm family. Vopak closed the month under review 14% higher.

L'Oréal: Still a Family Story

"Our future has never looked rosier."

L'Oréal in 2025, on the doubling of the global middle class

That pleasant shampoo, that lovely scent or that irresistible lipstick... it is likely that they come from L'Oréal. The French group (in the Hoofbosch portfolio since 2008) now has more than 35 brands (among them Lancôme, Garnier and Kiehl's), but the beginning was very modest. In 1909, the chemist Eugène Schueller developed a new kind of hair dye and decided to found his own company. In doing so, he laid the foundation for what, a little more than a century later, would be the largest cosmetics group in the world. Schueller's

daughter, Liliane Bettencourt, inherited the family stake and became one of the richest women in the world. The family, including Liliane's daughter Françoise, is still the largest shareholder with approximately 35%. Françoise's sons are members of the supervisory board. The current chairman of the supervisory board, Jean-Paul Agon, once called it "very wise to separate executive management and shareholders from each other." He characterized the Bettencourts as "the guardian of L'Oréal's spirit." The current CEO, Nicolas Hieronimus, is only the sixth chief executive since the company's founding. For comparison: since 1909, we have had twenty American presidents and eleven popes. Does that point to a lack of dynamism? On the contrary: Fortune magazine named L'Oréal the most innovative company in Europe in 2025. L'Oréal now has operations in more than 150 countries but, at the same time, still has the character of a family business. The family's influence thus ensures continuity and a strong focus on the long term, a rarity among listed companies. And however big L'Oréal may be, its modest headquarters is located in a residential neighborhood in Paris (outside the ring road!) and is so inconspicuous that you walk right past it without realizing. When your fund managers visited at the end of last year, we almost walked past it ourselves, were it not for a banner reading "The Most Innovative Company in Europe." L'Oréal closed the month under review 15% higher.

Schindler

"The family will not only remain loyal to the company, but will also want to continue actively shaping it."

Nik Schindler at Schindler's 150th anniversary in 2024

The Swiss company Schindler (in the Hoofbosch portfolio since 2010) is among the world's most successful family businesses. The company was founded in 1874 in Lucerne. Initially, it produced agricultural machinery and hoisting equipment, but as early as 1892 the first electric elevators followed, to respond to the rise of modern cities and tall buildings. Today, Schindler elevators and escalators carry two billion people around the world every day. The Schindler and Bonnard families together hold nearly 69% of the voting rights and thereby safeguard the continuity of the group. A central figure is Alfred Niklaus Schindler, "Nik," of the fourth generation. Under his leadership as CEO, the stock price increased tenfold. The fifth generation is now also involved in the company. Nik has let it be known that he hopes the family will remain connected to Schindler for at least ten generations. Little else is known about the families, and interviews are rare. Schindler closed the month under review 15% higher.

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