



ACTIAM NV
Semi-annual Report 2020



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1 Management Board Report

1.1 GENERAL

ACTIAM NV (ACTIAM) is fund manager and asset manager and is a wholly owned subsidiary of VIVAT NV (VIVAT). ACTIAM has its registered office located in Utrecht, the Netherlands and has its principal place of business located at Graadt van Roggenweg 250, 3531AH Utrecht, the Netherlands.

ACTIAM is an alternative investment funds manager within the meaning of section 2:65, and has a license based on 2:67(1), of the Dutch Financial Supervision Act. Under its license ACTIAM is authorised to provide the following MIFID II services: receipt and transmission of orders in relation to one or more financial instruments, portfolio management services and investment advice.

Information about ACTIAM is also published on its website: www.actiam.com.

STRATEGY

ACTIAM is an asset manager that offers responsible investment strategies and solutions to insurance companies, pension funds, banks and distribution partners. ACTIAM does this with actively and passively managed investment funds as well as mandates.

ACTIAM's mission is to deliver relevant investment solutions, maximising longer-term financial, environmental and social returns. Furthermore, ACTIAM believes that the financial sector has a fiduciary duty to lead the transition towards a sustainable society. At ACTIAM, financial and social return go together. We are 'Responsible for Growth'.

We adopt a holistic and forward-thinking approach to all the companies and countries in which we invest. This plays an important role in the risk management of our investments, in stimulating behavioural change and in contributing towards achieving the Sustainable Development Goals (SDGs).

The basis of our policy is that companies and countries have to comply with our socio-ethical investment principles, called our [Fundamental Investment Principles](#). These define the bottom-line of our investments. Companies and countries not complying with these principles are considered to exhibit unacceptable behaviour.

In addition to these Fundamental Investment Principles, we have identified - based on seven Fundamental Material Drivers - how our investments have the capacity to adapt to the social and market changes caused by the transition to sustainability.

We collaborate actively with a large number of organisations to put our investment beliefs into practice and to realise our ambitions: an optimal financial and social return.

Finally, in order to ensure that we can implement our investment policy and address current and future clients' and businesses' needs, we conduct staff and succession planning on a regular basis.

NOTABLE ACHIEVEMENTS IN THE FIRST HALF OF 2020

During the first six months of 2020, the impact of COVID-19 dominated the financial markets. Mainly as a result of market movements, the book of business of ACTIAM in terms of Assets under Management (AuM) dropped to € 59.6 billion (December 2019: € 63.8 billion). Because of market movements and due to the (partial) notification of the termination by a prominent distributor from the Funds (announced at the end of last year), ACTIAM had a net outflow of approximately € 1.8 billion in ACTIAM labelled funds, which brought the total AuM in these funds to € 2.3 billion.

The ACTIAM funds achieved a good year-to-date investment performance compared to the benchmarks. In addition, ACTIAM has raised the bar for its index funds by making them more sustainable: companies should be adaptive to enable them to respond to the social and market changes caused by the transition to sustainability. To implement this more sustainable investment policy and at the same time achieve efficiency, multiple index equity funds have been consolidated into one fund per region. At the same time the index equity funds have been made more competitive with a lower management fee for most of the index equity funds.

ACTIAM's sustainable investment policy is not only successful, but also unique because of its holistic, forward-looking approach. Due to this, ACTIAM was named - for the second year in a row- the Refinitiv Lipper Fund Awards 2020 Winner Netherlands for its Sustainable Mix Fund Offensive (best fund on a 3-year basis). It was also named the Group Awards 2020 Winner Netherlands for its Mixed Assets Funds (best group funds on 3-year basis).

High scores were maintained by ACTIAM in the annual PRI survey. This is benchmark research done by Principles for Responsible Investment (PRI) covering financial institutions worldwide. ACTIAM received the highest rating of A+ in 14 out of the 14 modules.

ACTIAM sets strict requirements for its investments and follows a robust and careful selection process, without compromising its financial returns, making ACTIAM: "Responsible for growth".

FUND MANAGEMENT

ACTIAM is the Alternative Investment Fund Manager (AIFM) of the following funds:

- ACTIAM Beleggingsfondsen NV;
- ACTIAM Duurzaam Index Aandelenfonds Europa;
- ACTIAM Duurzaam Index Aandelenfonds Noord-Amerika;
- ACTIAM Duurzaam Index Aandelenfonds Pacific;
- ACTIAM Duurzaam Index Aandelenfonds Opkomende Landen;
- ACTIAM Sustainable Equity Index Fund Europe;
- ACTIAM Sustainable Equity Index Fund North America;
- ACTIAM Sustainable Equity Index Fund Pacific;
- ACTIAM Sustainable Emerging Markets Debt Fund (H.C.);
- ACTIAM Financial Inclusion Fund;
- ACTIAM-FMO SME Finance Fund I;
- Euro Short Duration Pool;
- Euro Obligatiepool;
- Euro Aandelenpool;
- Global Equity Mixpool;
- Amerika Aandelenpool;
- Azië Aandelenpool;
- Euro Vastgoedfondsenpool;
- Global Emerging Markets Equity Pool;
- Global Equity Impact Pool;
- RZL Beleggingsfondsen NV;
- Zwitserleven Beleggingsfondsen; and
- Zwitserleven Institutionele Beleggingsfondsen.

Carne Global Fund Managers (Luxembourg) S.A., acting as AIFM of ACTIAM (L), has appointed ACTIAM as discretionary investment manager and global distributor of the following Luxembourg fund:

- ACTIAM (L) S.A.

ASN Beleggingsfondsen Beheer BV (ABB) has appointed ACTIAM as discretionary investment manager of the following funds:

- ASN Aandelenpool;
- ASN Obligatiepool; and
- ASN Mixpool.

ACTIAM serves as Managing Board of the following legal entities:

- Stichting Juridisch Eigenaar Zwitserleven Beleggingsfondsen;
- Stichting Juridisch Eigenaar ACTIAM Institutional Microfinance Fund III;
- Stichting Juridisch Eigenaar ACTIAM Beleggingsfondsen;
- Stichting Juridisch Eigenaar ACTIAM SME Finance Fund ; and
- Stichting ACTIAM Beleggersgiro.

ASSET MANAGEMENT

ACTIAM manages the assets of institutional investors, of which VIVAT and its subsidiaries represent the largest share, divided over own account and unit linked distribution assets. ACTIAM also manages assets for a select group of external institutional investors.

OTHER ACTIVITIES

The ACTIAM Sustainability & Strategy team conducts ESG (Environment, Social en Governance) research, policy setting, voting, and engagement for investment funds and institutional clients.

1.2 KEY DEVELOPMENTS

1.2.1 ORGANISATIONAL DEVELOPMENTS

On 2 April 2020 Athora Holding Ltd. (“Athora”) announced the closing of the transaction to acquire our parent company VIVAT from Anbang Group Holdings Co Limited (“Anbang”). VIVAT is now part of Athora’s European group of life insurance companies. This result followed the earlier announcement by Anbang on the broad strategic reorientation of its assets.

ACTIAM is not only seeing a growing demand for sustainable fund solutions, but also an increase in the number of providers of these solutions. It is therefore necessary to offer a more concentrated range of investment solutions and services.

It was therefore decided that ACTIAM would focus mainly on its home market - the Netherlands. As a result ACTIAM has decided to discontinue offering its Luxembourg fund range as managed by Carne Global Fund Managers (Luxembourg) S.A. Athora (the new owner of our parent company VIVAT) supports this strategy which is aimed at success in fund management and in the Dutch pension and insurance market.

After the success in 2019, ACTIAM has in 2020 again committed itself to the Dutch charity “Het Oranje Fonds”. Like last year, we are supporting this charity both financially and in kind (volunteer work, knowledge transfer etc.). This means that a broad target group of (amongst others) elderly people, young people and refugees is being reached.

1.2.2 DEVELOPMENTS IN ASSETS UNDER MANAGEMENT

As of 30 June 2020, the total AuM were € 59.6 billion (ultimo 2019: € 63.8 billion) of which € 15.5 billion consisted of assets in investment funds (ultimo 2019: € 17.8 billion). Total AuM decreased by € 4.2 billion compared to ultimo 2019. The decrease in AuM was the result of reallocation of funds by a distribution partner, the sale of VIVAT’s Property and Casualty business and adverse market movements.

Assets under Management

in € millions	ASSETS UNDER MANAGEMENT
30 June 2020	59,647
31 December 2019	63,829
30 June 2019	60,505
31 December 2018	56,105
30 June 2018	56,279
31 December 2017	54,125
30 June 2017	54,123
31 December 2016	54,626
30 June 2016	55,884
31 December 2015	52,056
30 June 2015	50,787

Financial Markets

Developments in AuM are influenced by external factors including the trends in global financial markets.



Fixed Income

Central banks and governments have managed to calm the financial markets subsequent to the significant market declines in the first quarter of 2020. From the credit crisis central banks and governments learned that monetary and fiscal actions must be rapid and large. The monetary and fiscal programs came quickly, and they certainly were big. The balance sheets of global central banks grew by as much as \$ 5 trillion as compared to a year ago, further decreasing capital market interest rates. The yield on 10-year German government bonds fell 26 basis points to -0.45% in the first six months of the year. The ECB launched an additional bond buying program and expanded the existing program to € 1,350 billion. It is clear that national fiscal policies now work hand in hand with monetary policies. In the first four months of the year, risk-off sentiment in the financial markets had a negative impact on corporate bond and country spreads. The risk premiums of companies and countries with large debts in particular widened at a rapid pace. Due to easing financial markets, spreads started to tighten again in May and June. Therefore ACTIAM's sustainable fixed income strategy ended the first half of 2020 with a positive absolute performance of 0.5%.

Equity Markets

Due to the rapid developments related to the COVID-19 virus in first quarter of 2020 equity markets plunged. The first quarter topped in ranking of the worst quarters for stock markets ever, whilst the second quarter topped the best quarters list. The latter despite important financial institutions such as the IMF and the ECB warning of the deepest recession since the 1930s. Investors, however, were looking ahead and especially hoping for a strong earnings recovery in 2021. The North America equity region performed best in the first half of 2020 with an absolute performance of -3%. The strong representation of big tech such as Apple, Amazon, Facebook, Google and Microsoft, which were hit less hard or benefited from the lockdown, explains the difference in performance as compared to other equity regions in the world. The Europe region has relatively more commodity-related companies and financials and therefore performed the worst with a performance of -13%. The Pacific and Emerging Markets regions declined by 9% and 10% respectively.

1.3 **COMPOSITION OF THE MANAGEMENT BOARD**

On 30 June 2020, the ACTIAM Management Board consists of F.L. Kusse (Chief Executive Officer, CEO) and D.G. Keiller (Chief Transformation Officer, CTO). The board members have extensive experience and expertise in the asset and fund management industry both at an executive and at a management level. The AFM has approved the members and the composition of the ACTIAM Management Board. On 7 April 2020, F.L. Kusse assumed the role of CEO succeeding W. Borgdorff, who has stepped down as of this date due to personal reasons. In addition, W.M. Schouten decided to continue her career outside of ACTIAM and stepped down as Chief Risk Officer (CRO) on the 1 of May 2020. D.G. Keiller has temporarily assumed the role of CRO.

The Management Board of ACTIAM consists entirely of men, and therefore deviates from the balanced distribution as referred to in section 2:166 of the Dutch Civil Code (Burgerlijk Wetboek). In the event of future changes in the composition of the Board of Management attention will be paid to relevant legal provisions during the decision making process with regard to a vacancy.

1.4 **RESPONSIBLE INVESTMENT MANAGEMENT**

The COVID-19 pandemic is one of the most serious public health crises in recent history. In recent months, the approach has been aimed at keeping the virus under maximum control, not overloading healthcare and protecting vulnerable people in society. ACTIAM sees a role for investors in combating the negative social impact. That is why ACTIAM has made various statements to emphasise the importance of (potential) negative social and environmental consequences of the crisis. In addition, although the long-term impact of the COVID-19 pandemic is still unknown, ACTIAM believes that society can use the momentum of the crisis to accelerate the sustainable transition. That is why ACTIAM, together with a broad coalition of investors, has asked the Dutch government to put sustainability at the centre of the recovery from COVID-19.

Next to all developments surrounding COVID-19, ACTIAM has continued to work on the sustainable transition in the past six months. To this end, ACTIAM has made its index funds more sustainable, renewed the ESG score methodology and prepared for upcoming sustainability legislation.

Passive investments more sustainable

In the first half year of 2020, ACTIAM has made its index funds more sustainable. In addition to social and ethical principles, ACTIAM now also performs stricter screening for financial and material principles in its entire fund portfolio. For this, ACTIAM assesses whether companies are adaptive to transition to a sustainable business

model. Adaptive companies are considered to take into account financial risks in relation to developments related to for example climate change, water consumption, human capital and raw materials scarcity. Companies that mitigate these risks insufficiently are therefore not considered 'adaptive', and are excluded from the sustainable index funds. By monitoring ESG-related risks, ACTIAM aims to lower the total risk profile of the investments of its funds.

Based on seven fundamental material themes, ACTIAM provides fund participants insight into how companies prepare for the transition to a sustainable society and operating within the limits of our planet; such as water neutral portfolios and no deforestation or loss of biodiversity by 2030. Via a dashboard, fund participants can follow how financial and social returns, including the carbon and water footprints of their investments, change over time. The dashboard also provides insight into the exclusions, climate- and water related risks and the efforts which ACTIAM makes in the area of engagement and proxy voting.

ESG score methodology update

ACTIAM uses ESG scores to steer investments in such a manner that they mitigate ESG risks and exploit ESG opportunities. To better align the ESG score with the ACTIAM Sustainability Investment Policy we have updated the ACTIAM ESG score methodology for companies. Three key developments have now been implemented. Firstly, the 'ESG score' includes a company's materiality score, such that the ESG issues most material to a company are weighted more in the final score than those that are less material. Secondly, the 'theme score', which reflects the extent to which certain sectors are exposed to ESG risks are adjusted to include not only environmental, but also social issues and not only ESG risks, but also opportunities. Thirdly, the 'analyst score' includes a more structural social or environmental impact component. The score is related to companies generating more than 75% of total revenues from products and services that contribute to the Sustainable Development Goals. These adjustments to the ACTIAM ESG score methodology will allow ACTIAM to improve steering investments in line with the sustainable transition described above.

Compliance with emerging laws and regulations

Driven by the Paris Climate Agreement, the EU Green Deal, the European Commission's action plan on sustainable finance and the current momentum in the market, the financial sector is facing the introduction of new obligations, standards and commitments related to improving the sustainability of the economy and investments. To ensure that ACTIAM fully complies with new laws and regulations on behalf of its customers, ACTIAM monitors such developments closely and contributes to consultations as carried out by the European Union. ACTIAM has set up a cross-functional working group for this purpose, with members from various departments within the organisation. Although the new ESG related regulations increases the complexity and regulatory burden for investors, ACTIAM considers this necessary to make our economy more resilient and sustainable, and therefore welcomes its implementation.

1.5 REGULATORY REQUIREMENTS

As a licensed alternative investment fund manager ACTIAM is primarily subject to Directive 2011/61/EU on Alternative Investment Fund Managers (AIFM Directive), as implemented in the Dutch Financial Supervision Act (Dutch acronym: Wft) and regulations and acts based on it. For the provision of ancillary MiFID II services ACTIAM is subject to the relevant requirements of Directive 2014/65/EU on markets in financial instruments (MiFID II Directive) as implemented in the Wft, including applicable delegated directives & regulation. ACTIAM has designed its organisational structure to ensure that it meets the regulatory requirements.

1.6 RISK MANAGEMENT

1.6.1 RISK APPETITE

ACTIAM's risk appetite has been described in the ACTIAM Enterprise Risk Management Framework and is updated on an annual basis. This statement specifies the risk level that ACTIAM is willing to accept and is the basis for a number of policies implemented within the organisation. ACTIAM internal control framework is designed to reach reasonable assurance regarding controlling operational risks. Key Risk Indicators are defined and periodically reported and monitored in the Risk Management Committee ACTIAM.

1.6.2 GOVERNANCE

ACTIAM has implemented a framework of procedures and internal controls for mitigating operational and financial risks. The 'three lines of defence' approach is applied, in which various organisational layers each have their own tasks and responsibilities. The three lines of defence support and reinforce each other.

The first line is responsible for the executive management tasks and therefore responsible for controlling and managing the risks. The Management Board and Senior Managers are ultimately responsible for establishing and maintaining effective systems and controls, although all ACTIAM employees play an important role in managing and controlling risk.

The second line consists of Risk and Compliance departments within ACTIAM. These departments have the responsibility to advise management on internal controls and to assess/monitor whether the internal controls implemented by management are in accordance with the (regulatory) requirements as laid down in the ACTIAM policies and procedures.

Audit VIVAT constitutes the third line of defense within ACTIAM. Audit VIVAT uses a risk-based audit methodology in developing the annual audit plan, focusing on areas of higher risk. This risk assessment determines the frequency of review of the individual departments/processes based on an independently assigned audit rating.

The Management Board has delegated some of its responsibilities to a number of committees. These multidisciplinary committees each have a certain mandate, take decisions, prepare advisory opinions and monitor risks. A brief description of the key committees and their responsibilities is provided below:



- **ACTIAM Risk Management Committee (RMC)** The RMC is responsible for risk management and the related processes. The RMC defines the risk appetite for both financial and non-financial risk, and ensures that policies are drafted/updated. It also monitors the processes and procedures in place to manage identified risks.
- **ACTIAM Counterparty Risk Committee (CRC)** The CRC's responsibility is to monitor, identify and give advice on counterparty credit risk. Its scope is limited to exposure due to derivatives transactions as part of portfolio management including exposure due to repos and securities lending.
- **ACTIAM Fund Management Committee (FMC)** The FMC is responsible for supervising the policies, the operational compliance and the performance and risk reporting of the funds and taking decisions on behalf of the Management Board regarding the funds.
- **ACTIAM Product Approval & Review Committee (PARC)** This committee focuses on introducing and managing ACTIAM products. Its responsibilities include product evaluation and safeguarding the quality of the products in relation to risks involved, profit margins, rules and regulations, and consistency with the strategy. The PARC also monitors the products through their life cycle.
- **ACTIAM Valuation Committee (VC)** The VC is responsible for defining the valuation policy and monitoring the quality of valuations of all investments.

- **ACTIAM Data Governance Committee (DGC)** This committee is responsible for ensuring that all data used in the ACTIAM processes has the required quality level. This includes monitoring compliance with client requirements, and regulatory requirements.
- **ACTIAM ESG Committee** This committee decides on the Fundamental Investment Principles and is tasked with decisions related to Environment, Social & Governance (ESG) aspects.

1.6.3 RISK MANAGEMENT

The Risk Management department focuses on the strategic, financial and operational risks. The Risk Management Department has a veto right in the ACTIAM committees. The CRO of ACTIAM reports functionally to the CRO of VIVAT. The Risk Management department consist of three pillars:

- Portfolio Compliance;
- Operational Risk Management; and
- Financial Risk Management

Portfolio Compliance pillar

ACTIAM Risk Management monitors restrictions that are either stated in prospectus of an investment fund or have been agreed within a mandate.

Operational Risk Management pillar

The objective of Operational Risk Management (ORM) is to support the organisation in identifying, assessing and monitoring operational risks. Amongst others, this includes a formalised risk appetite, risk awareness and mitigation, governance and instruments to identify and monitor the effectiveness of designed controls.

Financial Risk Management pillar

ACTIAM Financial Risk Management independently identifies, monitors, reports and makes recommendations on how to manage the financial risks, managed by the first line of defence. Financial Risk Management makes use of various valuation techniques and tools, statistical models, and quantitative analysis for financial risk assessment and analysis.

1.6.4 COMPLIANCE

The compliance function is fulfilled by a dedicated Compliance Officer from VIVAT. The principal duties of the compliance function are to support the first line in drafting (and updating) policies, giving advice regarding new laws and regulations and monitoring the implementation thereof. In addition to the Compliance Officer ACTIAM has a Manager Legal & Compliance that maintains oversight on compliance and legal matters pertaining to ACTIAM's business.

1.6.5 RISKS

Strategic risk

Strategic risks are risks that affect how an organisation executes its business strategy and reaches its strategic objectives. The following facts apply to ACTIAM:

- ACTIAM is a fund manager and institutional asset manager that makes investments on behalf of its clients;
- ACTIAM provides high-quality services based on controlled and sound business operations;
- ACTIAM aims to achieve the investment targets of its clients in line with investment management agreements; and
- ACTIAM works hard to maintain its reputation as a responsible and reliable fund- and asset manager.

Although not exhaustive, from the bullets above, potential strategic risks may occur. These risks may include the risk of capital inadequacy (for more information refer to [1.6.6 Capital adequacy](#)), business risk (related to fees, products, customer concentration and possible lack of execution power) and reputation risk.

Financial risk

Financial risks are defined as the risks to which ACTIAM is exposed on its own ACTIAM account investment portfolio. Financial risks break down into several other risks such as credit risk, market risk and liquidity risk. ACTIAM only performs investment activities on its own ACTIAM portfolio for 1) cash management purposes or 2) for employee entitlements under a deferred variable remuneration program. Given the limited size and scope of

activities, these activities cannot be considered proprietary trading activities under the Wft. ACTIAM's own investment portfolio is subject to the ACTIAM treasury policy. In order to mitigate financial risks, this policy sets restrictions with respect to the own investment portfolio in terms of liquidity, maturity, rating and asset class.

- ACTIAM does not allow proprietary trading activities;
- ACTIAM accepts a limited amount of credit risk;
- ACTIAM accepts significant volatility in fee revenues, due to market movements; and
- ACTIAM maintains a high level of available liquidity.

Operational risk

Operational risk is the risk of losses due to inadequate or failing internal processes, people or systems. External events may have an impact on the magnitude of this risk. ACTIAM internal control framework is designed to acquire reasonable assurance regarding this risk, meaning that:

- ACTIAM accepts that its governance cannot completely rule out the operational risk related to the asset management business;
- ACTIAM has reasonable assurance that processes are executed effectively;
- ACTIAM has competent and committed employees;
- ACTIAM has a reasonable assurance that IT processes are reliable;
- ACTIAM has reasonable assurance about the quality, integrity and continuity of its outsourced services;
- ACTIAM has the intention to limit key man dependency;
- ACTIAM has agreements which are legally sound, unambiguous and enforceable. Liability has been carefully addressed; and
- ACTIAM treats relevant information confidentially.

Insufficiently designed processes and systems or human error manifest themselves in incidents. Incidents follow a formal process in which root cause analyses are made in order to determine adequate mitigating measures. Risk Management is responsible for this process.

Outsourcing risk

Outsourcing risk may be considered as an aspect of operational risk. Outsourcing of activities gives rise to the risk that the other party is unable to meet its obligations, despite detailed arrangements being laid down in contracts with the providers of outsourced services. Formal contracts have been signed with these parties. ACTIAM has an outsourcing policy in place which contains procedures to control its outsourced activities. This policy is in compliance with relevant rules and regulations.

ACTIAM has outsourced its mid- and back-office activities (administration, reporting and accounting) to BNP Paribas Securities Services SCA. To safeguard sufficient monitoring over these outsourced activities (in accordance with the ACTIAM Outsourcing Policy) and to relocate parts of the outsourced processes (amongst others valuation and change management) an Oversight & Change department has been installed at ACTIAM.

Cyber crime risk

A specific operational risk is the cyber crime risk. Fighting cyber crime is a top priority of ACTIAM. In the first half of 2020, there were no reported incidents with regard to cyber crime within ACTIAM. Appropriate organisational and technological measures have been taken to mitigate cyber crime risks, including extension of security monitoring, intensive cooperation with other insurers and, where necessary, further tightening of policy settings for Windows 10, Windows Server and Office. Furthermore the Data, Technology & Change department together with the Non-Financial Risk department and Internal Audit have performed a risk self-assessment with regard to COVID-19, this is discussed on a weekly basis within the Management Team of the Data, Technology & Change department.

Integrity risk

Integrity risk relates to ACTIAM's employees, products, clients and cooperation with ACTIAM's business relations. ACTIAM does not tolerate actions or conduct from employees, clients or partners that violate its principles of integrity. ACTIAM does not tolerate departures from legal principles or internal values and policies.

- ACTIAM has zero tolerance for actions or behaviour on the part of employees, clients or partners that violates its principles of integrity; and
- ACTIAM has zero tolerance for deviations with respect to legal or internal values and policies.

Portfolio compliance risk

Portfolio compliance risk relates to compliance with terms and conditions in mandates and prospectuses. Within ACTIAM, Risk Management is responsible for identifying, measuring, monitoring and controlling all breaches with regard to client portfolios. Active breaches are always considered as incidents and follow the same process as incidents. Corrective and mitigating measures are implemented in the case that such situations arise.

- ACTIAM identifies, measures, monitors and controls relevant risks associated with its client portfolios.

COVID-19 related risk

The COVID-19 outbreak in the first months of 2020 is causing significant impact to our society, to VIVAT and its subsidiaries which includes ACTIAM, to ACTIAM's clients and other stakeholders including employees and suppliers. Financial markets have been volatile recently, characterised by amongst others significant swings in interest rates and equity markets and credit spreads. The Dutch government as well as other governments and central banks are responding with aid packages and further quantitative easing. At the date of publication of the Semi-annual Report of ACTIAM NV the depth and length of the disruptions caused by COVID-19 are unknown.

To assess the impact on ACTIAM's financial position and result, we are continuously monitoring the market and economic turbulence that has arisen as a consequence of the COVID-19 outbreak, and are taking necessary mitigation actions.

Since 16 March 2020, nearly all ACTIAM employees have been working from home. All processes continue to run smoothly. ACTIAM is proud of the willingness and flexibility of all its employees which contributes to the capability to support its business operations and its clients. At the date of publication of the Semi-annual Report, the transition to working from home has not had a material impact on ACTIAM's business operations.

Brexit risk

On 31 January 2020 following a lengthy period of uncertainty a formal Brexit occurred. The formal Brexit kicked off a period of negotiations that we expect to conclude by year end 2020. During the transition phase all relevant laws and regulations will remain applicable (the UK remains in the EU internal market and customs union). In other words financial services provided by UK financial service providers to EU clients and by EU financial service providers to UK clients can continue under the passporting regime, and all data protection legislation continues to apply. So materially the UK remains very much a part of the EU for the remainder of 2020.

The UK parliament limited the chances of extending the transition period, so if no deal is reached by the end of 2020, a no-deal Brexit ('Hard Brexit') is likely to occur. ACTIAM has been preparing for a Hard Brexit for over two years. Its access to Eurex for derivative clearing on the continent is operational and it has successfully migrated certain derivative positions. Furthermore, it has sufficient OTC-derivative counterparties available on the continent to continue its business activities and it has repapered relationships to UK service providers to transfer activities to continent based affiliates in event of Hard Brexit or it has replacements readily available. ACTIAM services no UK clients. As such ACTIAM has confidence that it can continue delivering its services in event of a Hard Brexit.

1.6.6 CAPITAL ADEQUACY

Given that ACTIAM is an AIFMD manager that also provides discretionary asset management services, it qualifies as a fund and discretionary asset manager. As a result, ACTIAM is required to comply with the capital requirements of both AIFMD and CRD IV. The capital requirement figures in this paragraph are based on the 2020 ICAAP requirements.

The capital requirement under AIFMD (Pillar 1) has been determined at € 15.6 million. The CRD IV/CRR Pillar 1 capital requirement has been established at € 12.8 million. ACTIAM uses a correlation approach and specific stress scenarios to determine its ICAAP pillar II capital and aggregate risks for the second pillar. ACTIAM also includes the K-factor methodology in this document. The K-factor methodology leads to a required capital of € 12.8 million. The Pillar II correlation approach leads to a required capital of € 15.6 million (last year € 12.5 million). The Pillar II correlation approach exceeds the other methods and is therefore leading. This result is deemed the Regulatory Required ICAAP capital.

Since the Board of ACTIAM places a high priority on maintaining the internal capital level above this required level, it applies an extra prudential buffer of 25%. This leads to an internally required ICAAP amount of € 19.5 million. This is considered the ACTIAM Required ICAAP capital.



The desired required capital as defined by the DNB, consisting of the required minimum capital, a buffer of 25% and a rolling forecast of the next four quarterly losses, is € 29.2 million.

Should the identified risks in the annual ICAAP occur simultaneously, the total impact would equal the required minimum capital. Given the prudential buffer and the amount of excess capital, ACTIAM is confident that it is well capitalised to mitigate any assessed risk. The 2020 ICAAP has been approved by DNB.

Based on the balance sheet per 30 June 2020, ACTIAM's available capital is € 37.9 million. Given that this exceeds the desired minimum, it is considered to be adequate. In the event of a lagging operating profit, the Management Board will decide on a case-by-case basis whether any adverse impact should be charged against the available capital or that its discretionary power should be used to minimize the rebate for SRLEV NV (SRLEV) according to the Rebate Agreement with SRLEV.

1.6.7 ISAE 3402

In order to provide ACTIAM's clients assurance regarding its internal activities and monitoring on outsourced activities, ACTIAM issues on an annual basis an ISAE 3402 type II report. In this report the key controls are included and tested by the external auditor.

Ernst & Young Accountants LLP has been appointed as external auditor and are responsible for completion of the 2020 ISAE 3402 type II report. The 2020 ISAE 3402 type II report is expected to be finalised in early 2021.

1.7 DEVELOPMENTS IN EARNINGS

The net result over the reporting period was a loss of € 2.1 million. Asset management fees income received in the reporting period decreased to € 34.3 million (half-year 2019: € 35.5 million). The decrease in asset management fees income resulted from the reallocation of funds by a distribution partner. The decline in fees was partly offset by higher fees received for the captive portfolio.

The asset management fees rebate for SRLEV in the reporting period remained stable compared to the first half year 2019. The asset management fee rebate is recognised as negative income, as explained in chapter 2.

Total expenses decreased to € 34.0 million in the reporting period (half-year 2019: € 38.0 million). Operating expenses decreased by € 2.5 million to € 21.9 million (half-year 2019: € 24.4 million) as a result of lower one-off salaries and lower headcount. Asset management fees expenses paid decreased by € 1.5 million, to € 12.1 million (half-year 2019: € 13.6 million) due to lower outsourcing costs, lower custody costs and lower distribution fees.

Result before tax decreased from € -5.6 million in the first half-year 2019 to € -2.8 million in the first half year of 2020. To conclude, the net result over the reporting period was a loss of € 2.1 million (half-year 2019: loss of € 4.2 million).

Utrecht, the Netherlands, 27 August 2020

ACTIAM NV
F.L. Kusse, CEO
D.G. Keiller, CTO

2 Semi-annual Financial Statements 2020 ACTIAM NV

2.1 BALANCE SHEET

Before result appropriation and in € thousands	REF.	30 JUNE 2020	31 DECEMBER 2019
Assets			
Equipment	1	8	10
Financial assets	2	42,291	31,406
Total fixed assets		42,299	31,416
Receivables	3	10,647	13,955
Cash at banks	4	2,648	673
Total current assets		13,295	14,628
Total assets		55,594	46,044
Equity and liabilities			
Equity	5		
Issued capital		45	45
Share premium reserve		29,777	17,777
Revaluation reserve		12	12
Other reserves		10,163	15,577
Net result		-2,072	-5,414
Total equity		37,925	27,997
Liabilities			
Amounts due to banks		-	-
Current liabilities	6	17,669	18,047
Total liabilities		17,669	18,047
Total equity and liabilities		55,594	46,044

2.2 PROFIT AND LOSS ACCOUNT

in € thousands	REF.	1 JANUARY 2020 - 30 JUNE 2020	1 JANUARY 2019 - 30 JUNE 2019
Income	10		
Asset management fees income		34,337	35,474
Asset management fees rebate		-3,019	-2,942
Gross fee income		31,318	32,532
Asset management fees expenses	11	12,060	13,633
Net fee income		19,258	18,899
Operating expenses			
- Employee benefits expenses	12	11,486	13,319
- Depreciation non-current assets		2	-
- Other operating expenses	13	10,418	11,051
Total operating expenses		21,906	24,370
Total operating result		-2,648	-5,471
Net financial result	14	-115	-85
Result before tax		-2,763	-5,556
Tax income (-) / Tax expense (+)	15	-691	-1,390
Net result		-2,072	-4,166

2.3 CASH FLOW STATEMENT

in € thousands	REF.	1 JANUARY 2020 - 30 JUNE 2020	1 JANUARY 2019 - 30 JUNE 2019
Cash flow from operating activities			
Operating profit before tax		-2,763	-5,556
Adjustments for non-cash items included in profit before tax:			
Depreciation and amortisation of non-current assets	1	2	-
Amortisation investments	2	331	53
Impairments	2	10	-
Unrealised results on investments through profit or loss	2	51	-27
Taxes (paid) received		-	2,704
Change in operating assets and liabilities:			
Change in other operating activities		3,344	1,277
Net cash flow from operating activities		975	-1,549
Cash flow from investment activities			
Sale and redemption of financial assets (shares and bonds)	2	-	49,342
Purchase of financial assets (shares and bonds)	2	-11,000	-49,319
Net cash flow from investment activities		-11,000	23
Cash flow from financing activities			
Capital injection	5	12,000	-
Net cash flow from financing activities		12,000	-
Net increase in cash at banks		1,975	-1,526
Cash at banks 1 January	4	673	3,541
Cash at banks as at end of period	4	2,648	2,015
Additional disclosure with regard to cash flows from operating activities:			
Interest income received		-	-
Interest paid		1	-



2.4 NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS 2020

2.4.1 GENERAL INFORMATION

ACTIAM NV (ACTIAM), incorporated and established in the Netherlands, is a public limited liability company incorporated under the laws of the Netherlands and registered with Chamber of Commerce under the number 30143634.

ACTIAM is fund manager and asset manager. ACTIAM has its registered office located in Utrecht, the Netherlands and has its principal place of business located at Graadt van Roggenweg 250, 3531AH Utrecht, the Netherlands.

The company's financial information is included in the consolidated financial statements of VIVAT NV (VIVAT).

The financial statements were authorised for issue by the Management Board on 27 August 2020.

Group Structure

ACTIAM is a wholly owned subsidiary of VIVAT with a registered office at Utrecht, the Netherlands.

Until 1 April 2020, VIVAT was a wholly owned subsidiary of Anbang Group Holdings Co. Limited with a registered office at Hong Kong, whose ultimate parent company is China Insurance Security Fund Co., Ltd. with its headquarters in Beijing, People's Republic of China.

On 1 April 2020, Athora acquired 100% of the shares of VIVAT from Anbang. As per 1 April 2020, VIVAT is a wholly owned subsidiary of Athora Netherlands Holding Ltd. with a registered office at Dublin, Ireland, whose ultimate parent company is Athora Holding Ltd. domiciled in Bermuda.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code and the Dutch Financial Supervision Act (Dutch acronym: Wft).

The financial statements have been prepared on an accrual basis and based on the company's ability to continue as a going concern.

The financial statements have been prepared on a historical cost basis, except for financial assets that have been measured at fair value.

GENERAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in the financial statements.

Estimates and Assumptions

The preparation of the financial statements requires the management to make estimates and assumptions, which have a significant impact on the reported amounts of assets at the reporting date, and on the reported income and expenses for the reporting period. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis. The impact of the adjustments is recognised in the period in which the estimate is revised or in the period of revision and future periods if the revision impacts both the reporting period and future periods. Management fees in the last period of the financial year are based on estimates.

Functional Currency and Reporting Currency

The financial statements have been prepared in thousands of euros (€). The euro is the functional and reporting currency of ACTIAM. All financial data presented in euros is rounded to the nearest thousand, unless stated otherwise.

Foreign Currencies

Upon initial recognition, transactions in foreign currencies are converted into euros against the exchange rate at the transaction date.

The exchange rate differences of non-monetary items in the statement of financial position measured at fair value, with changes in the fair value recognised in the statement of profit or loss, are accounted for as part of these changes in the value of the related item in the statement of financial position. Non-monetary items measured at historical cost are measured at the exchange rate applicable on the initial transaction date.

Related Parties

ACTIAM's related parties are its ultimate parent Athora, its parent VIVAT, affiliates and ACTIAM's key management personnel and their close family members.

ACCOUNTING POLICIES FOR THE BALANCE SHEET

Unless indicated otherwise, assets and liabilities are recognised at the amounts at which they were acquired or incurred.

Assets are recognised in the balance sheet when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated.

If a transaction results in a transfer of all or virtually all future economic benefits or when all or virtually all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer recognised in the balance sheet. Assets and liabilities are no longer recognised in the balance sheet as soon as economic benefits are not probable or can no longer be measured with sufficient reliability. This means that transactions are recognised on the trading date. As a result, the balance sheet may have a line item by the name of 'transactions to be settled'. This can be either an asset or a liability.

Equipment

Equipment is measured at cost net of accumulated depreciation and, if applicable, accumulated impairment losses. Costs include the expenses directly attributable to the acquisition of the assets. Assets are depreciated on a straight-line basis over their useful lives, taking into account any residual value. The estimated useful live for IT equipment is four years.

Periodic impairment tests are performed on equipment. If the carrying amount of an asset exceeds its recoverable amount, it is written down to the recoverable amount.

Repair and maintenance expenses are recognised in other operating expenses as incurred. Expenses incurred after the acquisition of an asset that increase or extend the future economic benefits of equipment in relation to their original use are capitalised and subsequently depreciated.

Gains and losses on the sale of equipment are defined as the balance of the recoverable amount less transaction costs and the carrying amount. These gains and losses are recognised within other operating income/expense.

Financial Assets

Financial assets comprise bonds and shares and are measured at fair value. At initial purchase, bonds are valued against Fair Value including accrued interest (Dirty Value). Unrealised gains and losses arising from changes in the fair value of these assets are recognised in the revaluation reserve (equity), taking into account deferred taxes. When the financial assets are sold, the related cumulative changes in fair value are recognised in the profit and loss account within investment income.

Financial assets also concern receivables from banks (deposits) with a remaining maturity of one month or more, not including interest-bearing securities. These receivables are measured at amortised cost using the effective interest method, less any impairment losses.

An investment in equity instruments is considered to have been subject to impairment if its carrying amount exceeds the recoverable value for an extended period, which means that its fair value:

- Has decreased 25% or more below cost; or

- Has been at least 5% below cost for nine months or more.

Impairments on equity securities are never reversed.

Receivables

Receivables are presented at face value less an allowance for bad debts, if applicable.

Cash at banks

Cash at banks comprises bank balances at face value. Unless indicated otherwise, they are at the Company's free disposal.

Equity

Issued capital

The share capital comprises the issued and paid-up ordinary shares.

Share premium reserve

The share premium reserve concerns capital that has been paid-up over and above the nominal value of the issued ordinary shares. Costs directly attributable to the issue of equity instruments (net of tax) are deducted from the issue proceeds.

Revaluation reserve

Unrealised gains and losses arising from changes in the fair value of financial assets are recognised in the fair revaluation reserve (net of taxes), if their cumulative total is positive. If unrealised losses exceed the revaluation reserve, the excess is recognised in profit or loss.

Other reserves

The other reserves comprise retained earnings of prior years.

Net result

This concerns the result for the reporting period net of income tax.

Current Liabilities

Upon initial recognition, the current liabilities are included at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value.

Taxes

Income tax expense

Income tax relates to payable or recoverable tax on the taxable profit for the reporting period and taxes due from previous periods, if any. Current tax receivables and payables are measured using the tax rate applicable at the reporting date or the tax rate applicable to the previous period the taxes due relate to.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for tax losses carried forward and for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. This is based on the tax rates that will apply in the period in which the deferred tax assets or tax liabilities are settled.

Deferred tax assets and liabilities are measured at the undiscounted amount expected to be received or paid. Deferred tax assets are only recognised if sufficient taxable profits are expected to be available in the near future against which these temporary differences can be utilised. Deferred taxes are recognised for temporary differences between the carrying amount and the value for tax purposes.

Deferred tax assets are assessed at the reporting date; if it is no longer likely that the related taxable profit will be achieved, the asset is reduced to its recoverable value. Deferred tax assets and liabilities are presented on a net basis to the extent that they relate to the same tax authority and that they are settled simultaneously.

Tax Group

VIVAT NV and its subsidiaries, including ACTIAM NV, form a tax group for corporate income tax and value added tax (VAT) and as a result are jointly and severally liable for the fiscal unity's corporate income tax and VAT liabilities.

ACCOUNTING POLICIES FOR THE PROFIT AND LOSS ACCOUNT

Income is recognised in the profit and loss account when an increase in economic benefits in the form of inflows or enhancements of assets or a decrease in liabilities has arisen and the amount can be measured reliably. Expenses are recognised when decreases in the economic benefits related to outflows or depletions of assets or an incurrences of liabilities has arisen, the amount of which can be measured reliably.

The profit and loss account comprises the income and expense attributable to the reporting period. Gains from transactions are recognised in the year in which they are generated; losses are recognised as soon as they are identified.

Income

Income consists of management fee less management fee rebates which are recognised in the reporting period in which the services are provided.

Expenses

Operating expenses consist primarily of staff costs (all currently employed personnel is hired by VIVAT and the staff expenses are charged to ACTIAM) and other operating expenses.

The calculation of depreciation on equipment is based on the purchase price or cost of manufacturing. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Realised capital gains and losses on the disposal of fixed assets are included under depreciation expenses.

Net Finance Costs

Interest income and expenses is the interest received from, or paid to, third parties, respectively.

ACCOUNTING POLICIES FOR THE CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method, and distinguishes between cashflows from operational, investment and financing activities. Cash flows in foreign currency are converted at the exchange rate applicable on the transaction date. With regard to cash flows from operations, operating results before tax are adjusted for gains and losses that did not result in income and payments in the same financial year and for movements in provisions and accrued and deferred items. In the context of the cash flow statement, cash at banks are equal to the balance sheet item cash at banks.

2.4.2 NOTES TO THE BALANCE SHEET

ASSETS

1. EQUIPMENT

Breakdown of Equipment

in € thousands	30 JUNE 2020	31 DECEMBER 2019
IT equipment	8	10
Total	8	10

Statement of Changes in Equipment

in € thousands	2020	2019
Accumulated acquisitions costs	13	13
Accumulated depreciation	-5	-3
Total	8	10
At 1 January	10	-
Purchases	-	13
Depreciation	-2	-3
Balance as at 30 June / 31 December	8	10

2. FINANCIAL ASSETS

Breakdown of Financial Assets

in € thousands	30 JUNE 2020	31 DECEMBER 2019
Shares	25,734	14,795
Bonds	16,557	16,611
Total	42,291	31,406

Shares

The largest part of the shares portfolio consists of investments in a money market fund (€ 25,526 thousand). The remaining part consists of investments in ACTIAM Duurzaam Mixfonds Neutraal.

Bonds

The entire bond portfolio consists of Dutch government bonds. The duration of the bonds is 0.04 years. These investments are part of ACTIAM's investment portfolio with respect to its cash management process.

Statement of Changes in Shares

in € thousands	2020	2019
Balance as at 1 January	14,795	13,563
Purchases and advances	11,000	40,280
Disposals and redemptions	-	-39,027
Revaluations	-50	8
Impairments	-10	-46
Dividend Received/Negative Distribution	-1	17
Balance as at 30 June / 31 December	25,734	14,795

Statement of Changes in Bonds

in € thousands	2020	2019
Balance as at 1 January	16,611	18,013
Purchases and advances	-	52,583
Disposals and redemptions	-	-53,883
Revaluations	-1	-9
Amortisation	-331	-113
Accrued Interest	278	20
Balance as at 30 June / 31 December	16,557	16,611

The fair value of financial assets is determined using bid quoted prices. The sum of the revaluations of financial assets amounts to € 51 thousand negative at 30 June 2020 (31 December 2019: € 1 thousand negative).

3. RECEIVABLES

Breakdown of Receivables

in € thousands	30 JUNE 2020	31 DECEMBER 2019
Asset management fees to be received	4,746	4,973
Corporate income tax and dividend tax	2,898	4,996
Receivables from group companies	1,460	3,079
Trade receivables	131	320
Deferred tax assets	91	3
Accrued assets	1,321	584
Total	10,647	13,955

Receivables are due in less than one year.

Asset management fees to be received

Asset management fees to be received mainly consist of fees to be received from third parties.

Receivables from group companies

Per 30 June 2020 receivables from group companies consist of the intra-group balances with SRLEV, Proteq Levensverzekeringen and Zwitterleven PPI. Per 31 December 2019 receivables from group companies consist of the intra-group balances with SRLEV, VIVAT Schadeverzekeringen, Proteq Levensverzekeringen and Zwitterleven PPI.

4. CASH AT BANKS

Cash at banks

Cash at banks comprise bank account balances at SNS Bank, BNP Paribas Bank and ABN AMRO. At 30 June 2020 the cash at banks stood at € 2.6 million (31 December 2019: € 0.7 million). Cash at banks are at the company's free disposal.

EQUITY

5. EQUITY

Statement of Changes in Equity

in € thousands	ISSUED CAPITAL	SHARE PREMIUM RESERVE	REVALUATION RESERVE	OTHER RESERVES	NET RESULT	TOTAL EQUITY
At 1 January 2019	45	8,777	1	23,641	-8,064	24,400
Transfer of net result 2018	-	-	-	-8,064	8,064	-
Revaluation assets	-	-	11	-	-	11
Change in share premium reserve	-	9,000	-	-	-	9,000
Net result 2019	-	-	-	-	-5,414	-5,414
At 31 December 2019	45	17,777	12	15,577	-5,414	27,997
Transfer of net result 2019	-	-	-	-5,414	5,414	-
Revaluation assets	-	-	-	-	-	-
Change in share premium reserve	-	12,000	-	-	-	12,000
Net result 2020	-	-	-	-	-2,072	-2,072
At 30 June 2020	45	29,777	12	10,163	-2,072	37,925

The authorised capital of € 227 thousand consists of 500 shares of € 453.79 nominal each. Of these, 100 shares have been issued and paid up.

ACTIAM's equity capital requirement stems from the provisions of Section 3:53 of the Dutch Financial Supervision Act (Wft) in conjunction with Section 48(c)(63) and (63b) of the Dutch Prudential Rules Decree (Financial Supervision Act).

The required internal minimum capital was € 29.2 million (31 December 2019: € 24.8 million) according to the 2020 ICAAP performed by the Management Board in close cooperation with Risk Management. At the end of the reporting period ACTIAM's equity was € 37.9 million. The increase in required internal minimum capital as compared to the previous reporting period is mainly due to the expected losses.

The share premium reserve increased with € 12 million due to a capital injection by VIVAT.

LIABILITIES

6. CURRENT LIABILITIES

Breakdown of Current Liabilities

in € thousands	30 JUNE 2020	31 DECEMBER 2019
Debts to group companies	4,062	3,965
Variable remuneration and allowances payable	3,099	3,376
Management fees payable	2,451	2,899
Dividend tax payable	2,172	1,429
Regulatory expenses	314	616
Audit fees	243	242
Accrued liabilities	5,328	5,520
Total	17,669	18,047

Current liabilities are due in less than one year.

Debts to Group companies

Debts to group companies consist of the intra-group balance with VIVAT.

Dividend Tax Payable

This item concerns received foreign dividend tax (including interest) to be transferred to the Dutch tax authority and various investment funds managed by ACTIAM.

Accrued Liabilities

This relates to other costs payable, such as costs for data, advisory services, external employees, outsourcing and other operating expenses payable.

7. COMMITMENTS AND CONTINGENCIES

There are no commitments and contingencies that are not disclosed in the balance sheet.

8. RELATED PARTIES

Identity of Related Parties

Parties qualify as a related party if one of the parties has the power to exercise control or significant influence on the other in terms of deciding on financial or operational issues.

Until 1 April 2020, ACTIAM's related parties were its ultimate parent Anbang, its parent VIVAT, affiliates and ACTIAM's key management personnel and their close family members. On 1 April 2020, Athora acquired 100% of the shares of VIVAT from Anbang. Subsequently, Athora has sold 100% of the shares of VIVAT Schade to NN Schade. From that date, Athora and its affiliates became part of ACTIAM's related parties. Anbang and its affiliates and VIVAT Schade were no longer related parties.

Intra-group Balances and Transactions

Unless stated otherwise, transactions with related parties are conducted at arm's length as part of ACTIAM's normal operations. Besides the transactions at arm's length, ACTIAM has agreed, with effect from 1 January 2015 and amended in 2018 and subject to specific conditions including the expectation of adequate capitalisation of ACTIAM, that ACTIAM will offer a prescribed capped rebate on the fee it charges to SRLEV.

Intra-group Balances and Transactions

In € thousands	VIVAT		AFFILIATES		TOTAL	
	30 JUNE 2020	31 DECEMBER 2019	30 JUNE 2020	31 DECEMBER 2019	30 JUNE 2020	31 DECEMBER 2019
Positions						
Asset management fees to be received	123	-	7	55	130	55
Receivables from group companies	-	-	1,460	3,079	1,460	3,079
Corporate income tax and dividend tax	2,898	4,996	-	-	2,898	4,996
Debts to group companies	4,062	3,965	-	-	4,062	3,965
	1 January 2020 - 30 June 2020	1 January 2019 - 30 June 2019	1 January 2020 - 30 June 2020	1 January 2019 - 30 June 2019	1 January 2020 - 30 June 2020	1 January 2019 - 30 June 2019
Transactions						
Employee benefits expenses	3,480	4,592	-	-	3,480	4,592
Other operating expenses	888	1,029	-	-	888	1,029
Distribution fees expenses	-	-	7,193	7,749	7,193	7,749
Asset management fees rebate	-	-	3,019	2,942	3,019	2,942
Asset management fees income	630	282	12,641	13,359	13,271	13,641

There were no intra-group balances and transactions between ACTIAM and Anbang and ACTIAM and Athora.

Key Management Personnel

The key management personnel consists exclusively of the members of the ACTIAM Management Board. The ACTIAM Management Board comprised of two employees as at 30 June 2020 (31 December 2019: 3). Refer to Paragraph 1.8 Remuneration Policy in Annual Report 2019 for the remuneration of key management personnel. There are no loans, advances and guarantees outstanding on 30 June 2020 (and 31 December 2019) and/or granted to key management personnel during 2020.

9. EVENTS AFTER THE BALANCE SHEET DATE

There are no events after reporting date which should be disclosed in the financial statements.

2.4.3 NOTES TO THE PROFIT AND LOSS ACCOUNT

10. INCOME

Breakdown of income

in € thousands	1 JANUARY 2020 - 30 JUNE 2020	1 JANUARY 2019 - 30 JUNE 2019
Asset management fees income	34,337	35,474
Asset management fees rebate	-3,019	-2,942
Total	31,318	32,532

Asset Management Fees Income

This concerns all-in fees received from investment funds and fees received for asset management and administration services. The decrease in asset management fee income resulted from the reallocation of funds by a distribution partner.

Asset Management Fees Rebate

VIVAT is the sole shareholder of both ACTIAM and SRLEV. As requested and approved by VIVAT, SRLEV and ACTIAM have agreed that ACTIAM will, with effect from 2015 and subject to specific conditions, including the expectation of adequate capitalisation of ACTIAM, offer a prescribed capped rebate on the fee it charges to SRLEV. In the event of lagging operating profit, the Management Board will decide on a case-by-case basis whether the discretionary power should be used to postpone the Rebate Agreement with SRLEV.

11. ASSET MANAGEMENT FEES EXPENSES

Breakdown of Asset Management Fees Expenses

in € thousands	1 JANUARY 2020 - 30 JUNE 2020	1 JANUARY 2019 - 30 JUNE 2019
Distribution fees	7,494	8,288
Costs of outsourced asset management	3,411	3,846
Custodial fees	1,155	1,499
Total	12,060	13,633

Distribution Fees

Distribution fees mainly concern fees paid or payable to SRLEV. A distribution fee is a fee paid for the fact that the premiums for unit-linked policies, savings pools and pension products for the purposes of institutional asset management are invested in the funds managed by ACTIAM.

Costs of Outsourced Asset Management

This concerns costs of asset management services outsourced to third parties.

Custodial Fees

This concerns costs as paid to the custodian, amongst others for keeping securities in safe custody.

12. EMPLOYEE BENEFITS EXPENSES

Breakdown of Employee Benefit Expenses

in € thousands	1 JANUARY 2020 - 30 JUNE 2020	1 JANUARY 2019 - 30 JUNE 2019
Salaries and wages	7,770	9,133
Pension costs	1,218	1,369
Social security contributions	766	902
Other personnel expenses	1,732	1,915
Total	11,486	13,319

The employee benefits expenses are comprised of personnel expenses, directly associated with employees and the members of the Management Board, who are on VIVAT's payroll and indirect expenses recharged by VIVAT.

ACTIAM's number of internal FTE's is 94 on 30 June 2020 (30 June 2019: 104). The total employee benefit expenses decreased mainly as a result of lower one-off salaries and a lower headcount in 2020.

Other personnel expenses consists mainly of personnel expenses as charged by VIVAT NV.

13. OTHER OPERATING EXPENSES

Breakdown of Other Operating Expenses

in € thousands	1 JANUARY 2020 - 30 JUNE 2020	1 JANUARY 2019 - 30 JUNE 2019
Administrative, accounting and reporting costs	5,857	5,840
Costs data vendors	1,697	1,622
Recharged expenses	1,032	1,328
Costs external advisors	815	1,082
Automatisation	391	311
Costs operational errors	32	363
Other costs	594	505
Total	10,418	11,051

Administrative, Accounting and Reporting Costs

Included within administrative, accounting and reporting costs are amounts paid in respect of outsourcing of certain mid and back office asset management operations, fund and investment accounting and reporting services.

14. NET FINANCIAL RESULT

Breakdown of net financial result

in € thousands	1 JANUARY 2020 - 30 JUNE 2020	1 JANUARY 2019 - 30 JUNE 2019
Interest income	278	-
Interest expenses and result on financial assets	-63	-32
Amortisation	-330	-53
Total	-115	-85

Interest Income

This concerns interest received on bonds. Ultimo June 2020 the bonds portfolio consist of one 3.5% government bond, while ultimo June 2019 the bonds portfolio consist of one zero treasury bond, from which there is no interest income.

Interest Expenses and Result on Financial Assets

This concerns interest paid on bank charges and results on financial assets. Results on financial assets consist of results on short term Dutch government bonds except amortisation and results on the shares portfolio.

Amortisation

This concerns amortisation of government bonds. The increased amortisation is driven by the change in the composition of the bonds portfolio.

15. INCOME TAX

Breakdown of Tax Income (-) / Tax Expense (+)

In € thousands	1 JANUARY 2020 - 30 JUNE 2020	1 JANUARY 2019 - 30 JUNE 2019
In financial year	-607	-1,378
Corporate income tax due	-607	-1,378
Due to temporary differences	-84	-12
Total	-691	-1,390

The corporate income taxes are irrevocable for the years up to and including 2018.



Reconciliation between the Statutory and Effective Tax Rate

In € thousands	1 JANUARY 2020 - 30 JUNE 2020	1 JANUARY 2019 - 30 JUNE 2019
Statutory income tax rate	25%	25%
Result before tax	-2,763	-5,556
Statutory corporate income tax amount	-691	-1,390
Total	-691	-1,390
Effective tax rate	25%	25%

Utrecht, the Netherlands, 27 August 2020

ACTIAM NV
F.L. Kusse, CEO
D.G. Keiller, CTO



3 **Other Information**

3.1 **INDEPENDENT AUDITOR'S REPORT**

This semi-annual report is not audited or reviewed by an external auditor.

