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**ACTIAM NV**  
**Semi-annual Report 2019**



# Table of contents

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<b>1</b>	<b>Management Board report</b>	<b>3</b>
1.1	General	3
1.2	Key developments	5
1.3	Composition of the Management Board	6
1.4	Responsible investment management	6
1.5	Regulatory requirements	8
1.6	Risk management	8
1.7	Developments in earnings	12
<b>2</b>	<b>Semi-annual Financial Statements 2019 ACTIAM NV</b>	<b>13</b>
2.1	Balance sheet	13
2.2	Profit and loss account	14
2.3	Cash flow statement	15
2.4	Notes to the semi-annual financial statements 2019	16
<b>3</b>	<b>Other information</b>	<b>25</b>
3.1	Independent auditor's report	25



# 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 the section 2:65(1)a Dutch Financial Supervision Act. Under its license ACTIAM is authorized 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](http://www.actiam.com).

## STRATEGY

ACTIAM is a globally operating asset manager that offers responsible investment strategies and solutions to insurance companies, pension funds, banks and distribution partners, as well as to private investors. We do this with actively and passively managed investment funds, impact investing, mandates and ESG related services called ESG Strategy Support. In addition to these investment solutions mentioned, we have a specific UCITS fund range which is registered for distribution in The Netherlands, Luxembourg, Belgium and France. Registration in other countries will follow in line with demand.

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 hand in hand. We are 'Responsible for Growth'.

We recognise that companies and countries that have prepared for the sustainable transition perform better than those that have not considered the changing environmental, social and governance (ESG) requirements of society. ACTIAM's investment policy stimulates companies to prosper while operating within the planetary boundaries and respecting the social foundations of society. The planetary boundaries and social foundations give an indication of the maximum amount of natural resources that humanity can use without exhausting the planet and the minimum universal social and governance norms affecting people's health and wealth.

The basis of our policy is that companies and countries invested in, have to comply with our socio-ethical investment principles (our Fundamental Investment Principles). These define the bottom-line of our investments. Not complying with these principles is considered 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. Therefore, ACTIAM adopts a holistic and forward-thinking approach to all its investments. This plays an important role in the risk management of its investments, in stimulating behavioural change and in contributing to achieving the Sustainable Development Goals of the United Nations (SDGs). During the first six months of 2019 we have been further developing our investment policy into the ACTIAM Sustainability Framework, which will be formally rolled out in the second half of the year.

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 2019

As of 30 June 2019, the total assets under management were € 60.5 billion (year-end 2018: €56.1 billion).

ACTIAM has seen a clear increase in the fund assets of all investment solutions offered under the ACTIAM label in the first half of 2019. ACTIAM saw growing demand for its new Global Equity Impact strategy, leading among others to a Dutch pension fund awarding ACTIAM a EUR 100 million mandate.

ACTIAM continues to deliver a strong overall investment performance against pre-defined benchmarks on a 1-, 3- and 5-year basis which is an important driver for attracting new customers and preserving our asset base. The majority of our funds have 4 or 5 Morningstars (as per the end of June 2019).

ACTIAM (in close cooperation with a Dutch bank with which a new distribution partnership has been set up) successfully launched the ACTIAM Sustainable Enhanced Index Equity Fund Europe and the ACTIAM Sustainable Enhanced Index Equity Fund North America. These new strategies are not only managed based on our Fundamental Investment Principles (our socio-ethical principles for the environment, human rights, labor rights, corruption, weapons, customer and product integrity and animal welfare), but we are going a step further by also excluding companies that are significantly involved in activities in the area of conventional weapons, fossil fuels, fur, alcohol and nuclear energy.

In May 2019, ACTIAM (L) Sustainable Euro Fixed Income fund was also successfully launched with € 2.8 billion assets under management. This inaugural ACTIAM fund launched in Luxembourg anticipates growing demand from international investors for our distinctive sustainable investment solutions. This UCITS fund is currently registered for distribution in the Netherlands, Luxembourg, Belgium and France and the appropriate distribution agreements are in place.

Finally, since the start of 2019, ACTIAM has also won several prizes like the Cash Audience Award (for the second year in a row) and, at the Refinitiv Lipper Awards Netherlands, it won group prizes for 'Equity Large' and 'Mixed Assets Large', as well as a Lipper Fund Award for the ACTIAM Sustainable Mix Fund Neutraal as the best fund over 5 years.

## FUND MANAGEMENT

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

- ACTIAM Responsible Index Fund Equity Europe (ARIFE EU);
- ACTIAM Responsible Index Fund Equity Europe-A (ARIFE EU-A);
- ACTIAM Responsible Index Fund Equity North America (ARIFE NA);
- ACTIAM Responsible Index Fund Equity North America-A (ARIFE NA-A);
- ACTIAM Responsible Index Fund Equity North America-B (ARIFE NA-B);
- ACTIAM Responsible Index Fund Equity Pacific (ARIFE Pacific);
- ACTIAM Responsible Index Fund Equity Emerging Markets (ARIFE EM);
- ACTIAM Institutional Microfinance Fund I;
- ACTIAM Institutional Microfinance Fund II;
- ACTIAM Institutional Microfinance Fund III;
- ACTIAM-FMO SME Finance Fund I;
- ACTIAM Beleggingsfondsen NV;
- RZL Beleggingsfondsen NV;
- Zwitserleven Beleggingsfondsen;
- Zwitserleven Mix Beleggingsfondsen;
- Zwitserleven Institutionele Beleggingsfondsen;
- Euro Short Duration Pool;
- Euro Obligatiepool;
- Euro Aandelenpool;
- Global Equity Mixpool;
- Amerika Aandelenpool;
- Azië Aandelenpool;
- Euro Vastgoedfondsenpool;
- Global Emerging Markets Equity Pool; and
- Global Equity Impact Pool.

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) SICAV

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
- 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 the investment funds and a number of institutional clients.

## 1.2 KEY DEVELOPMENTS

### 1.2.1 DEVELOPMENTS IN ASSETS UNDER MANAGEMENT

As of 30 June 2019, the total assets under management were € 60.5 billion (half-year 2018: € 56.3 billion) of which € 14,9 billion consisted of assets in investment funds (half year 2018: € 17.5 billion). Total assets under management increased by € 4.2 billion compared to June 2018. The increase in assets under management was related to the inflows € 0.7 billion mainly into ACTIAM-labelled funds and a market development contribution of € 3.5 billion.

#### Assets under Management

in € millions	ASSETS UNDER MANAGEMENT
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
31 December 2014	51,356
30 June 2014	46,796
31 December 2013	44,192

#### Financial Markets

Developments in assets under management are influenced by external factors including the trends in global financial markets.

#### Fixed Income

The German 10-year yield dropped during the first half of 2019 to well below zero, namely from 0.2% to -0.3%. Fading confidence in the economy, partly due to the tensions surrounding the trade negotiations between the US and China, have negative consequences for the global industry and growth prospects. Moreover, the inflation outlook has declined to its lowest level since 2016. At the same time, the chance of interest rate cuts by the US central bank, the Fed, increased. As a result, rates on US 10-year government bond yield declined from 2.7% to

2.0%. The ECB rhetoric has also changed. The expectation in the Eurozone is that the central bank will further ease the already loose monetary conditions. The country spreads of peripheral countries such as Portugal and Spain sharply tightened. Investors searching for yield fueled the inflow into these countries. Italy lagged behind due to the rising deficits on the Italian budget.

#### *Equity markets*

The equity markets started exceptionally well in the first months of 2019 and recovered from the correction at the end of 2018. The rise in equity prices was driven by the attractive valuation and the position of central banks. In particular, the Fed's statement that it now wants to focus more on economic growth and less on combating inflation, created strong positive sentiment in the financial markets. During mid-June 2019, ECB President Mario Draghi said that additional stimulus measures would be taken if economic expectations did not improve. The central banks want to counter a possible approaching end of the business cycle and the consequences of the uncertainty surrounding the trade war with a more flexible monetary policy. Equity markets rose strongly over the first half of 2019, the passive ACTIAM labelled fund for the region North America rose by 19%, followed by the funds for the regions of Europe (+ 17%), Pacific (+ 12%) and Emerging Markets (+ 11%).

### **1.2.2 ORGANISATIONAL DEVELOPMENTS**

During the first half year of 2019, we continued to deliver on our strategic priorities. On June 7<sup>th</sup> 2019, ACTIAMs parent company VIVAT was informed by its shareholder Anbang Insurance Group Co., Ltd. ("Anbang") about the agreement with Athora and NN Group on the sale of VIVATs shares. This result follows the earlier announcement by Anbang about its broad strategic reorientation of its assets. The transaction is conditional upon regulatory approval, and approval of the competition authorities, and is expected to close in the first quarter of 2020.

For 2019, ACTIAM has committed itself to a Dutch charity called: "Het Oranje Fonds". Reason for this commitment is that as ACTIAM we would like to realize social impact also outside the financial sector and our role as asset and fund manager. By supporting "Het Oranje Fonds", both financially and in kind, we reach a broad target group of amongst others elderly people, young people, refugees, etc.

### **1.3 COMPOSITION OF THE MANAGEMENT BOARD**

On 30 June 2019, the Management Board consisted of H. van Houwelingen (Chief Executive Officer, CEO), D.G. Keiller (Chief Transformation Officer, CTO) and W.M. Schouten (Chief Risk Officer, CRO). 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 Management Board. R.C. de Kuiper assumes the role of CIO a.i. on a non-statutory basis.

### **1.4 RESPONSIBLE INVESTMENT MANAGEMENT**

In the first half of 2019, ACTIAM took further steps in the field of responsible and sustainable investment. Two new sustainable ACTIAM funds were launched in March 2019 that invest in European or North American equity markets, namely ACTIAM Duurzaam Enhanced Index Aandelenfonds Europa and ACTIAM Duurzaam Enhanced Index Aandelenfonds Noord-Amerika. The two funds have a more stringent ESG exclusion policy and therefore a stronger ESG profile than the benchmark. Further developments are described below.

#### **Water risk and management**

A large engagement initiative around water risks and water management was finalized in the first half year of 2019. The start of this collaboration, conducted together with other investors and Sustainalytics, was a benchmark study of 299 companies in the food and beverage industry, the mining industry and the clothing industry. These sectors are dependent on water in their production processes and are therefore sensitive to changes in the availability and quality of water. The focus of the initiative was on companies that emerged from the study as high risk in combination with poor management. Furthermore, discussions were held with five precursors in the various sectors to learn how they deal with water risks. A benchmark study was again conducted at the end of the engagement. This revealed that the companies engaged by ACTIAM during the period and the other investors have indeed made more improvements in their approach to water risks compared to other companies.

#### **New collaboration on fast food & sustainability**

In January 2019, the NGOs Ceres and Farm Animal Investment Risk and Return (FAIRR) launched a new engagement with fast food companies and ACTIAM participates in initiative. CERES is an American organization

that works with investors on sustainability. FAIRR, a British initiative of the Jeremy Collier Foundation, focuses on the investment risks of ESG issues in the protein supply chains. The new engagement program addresses six fast-food companies that serve meat: Domino's Pizza, McDonald's, Brands International Restaurant, Chipotle Mexican Grill, Wendy's Co and Yum! Brands. Increasing government measures, critical consumers and the physical consequences of climate change (such as droughts) have exposed these companies to risks as meat is a very water and carbon intensive product. The initiative asks companies to define a clear strategy to reduce and manage these risks. For example, companies can strengthen their policy towards suppliers, set scientifically based goals for CO2 reduction and perform scenario analysis to better identify climate related risks.

#### Investor statement Oil & gas sector

ACTIAM published an investor statement in April 2019. In this document ACTIAM explains how it believes the oil and gas sector should deal with climate change, the energy transition and the related challenges. ACTIAM expects oil and gas companies to take their responsibility. The sector contributes disproportionately to greenhouse gas emissions and is therefore required to make more adjustments than other sectors. At the very least, ACTIAM expects oil and gas companies to set targets in line with the Paris Agreement and be transparent about their risks and how they will limit them. After publication, ACTIAM discussed the expectations set out in the statement with companies in the oil and gas sector.

#### Speak out on sustainable palm oil

Together with Robeco and NN IP, ACTIAM launched a collective statement on Sustainable Palm Oil. With this document, the three financial institutions speak out to support the transition to a sustainable palm oil industry. This is aimed for via, for example, engagement with companies in the palm oil value chain to drive sustainability improvements as environmental and social issues arise when palm oil companies do not adhere to the highest standards in the industry. Issues are addressed in the engagement program at various stages of the supply chain and include room for improvement when it comes to transparency and commitment.

#### Voting highlights

In the first half year of 2019, companies within the oil and gas sector attracted the attention of investors. Shareholder proposals submitted to annual meetings of these companies around the world are often similar and require information on climate change related issues such as greenhouse gas emissions and environmental pollution. Shareholders also question the political behaviour of the oil and gas companies and have concerns around the lobbying activities of the involved organisations. Transparency on the topics is requested more and more from investors.

Another trend is that internet companies with concentrated ownership are scrutinized. In case companies are structured in such a way that the position of minority shareholders is under pressure, investors request for more external representation at the board level. Also, the principle of "one share, one vote" and topics as transparency about the protection of personal data are getting more and more attention. These corporate governance issues are found at companies in the US, China and also at Russian, Indian and Brazilian companies.

#### High benchmark score

ACTIAM again achieved high scores in the annual PRI survey. This is a benchmark research done by Principles for Responsible Investment (PRI) among financial institutions worldwide. ACTIAM received the highest rating of A+ on 13 out of the 14 modules. For the other topic, a score of A was given. ACTIAM has been signatory of PRI since 2006.

During spring 2019, ACTIAM, on behalf of VIVAT collaborated in a study on pharmaceutical companies initiated by the Fair Insurance Guide (FIG). ACTIAM emerged as a "front runner" given the investment policy and active ownership strategy that it applies to the pharmaceutical industry, including access to affordable medicines and tax avoidance.

#### EU Taxonomy

In March 2018 the European Commission (EC) published its sustainable finance action plan to encourage the financial sector to become more sustainable. Part of the plan is the need for an EU classification system for sustainable activities.

In June 2019 a major step was set, as the Technical Expert Group (advising the EC) presented its report on taxonomy for sustainable activities. The EU classification system is intended to determine which economic activities can be defined as sustainable. In order to fit this definition, the activities must: make a substantial contribution to at least one European environmental objective, not cause any significant harm to one or more of



the other objectives, meet minimum social guarantees, and meet technical screening criteria. As part of its plan the EC is also introducing new legislation to support more transparent reporting of sustainable investments and risks. Furthermore, a new category of benchmarks with a focus on low-carbon companies and companies with a positive carbon impact is developed. Finally, the EC is working on a standard for Green Bonds. The various proposals will be integrated into existing directives by 2020, such as MiFID II and Solvency II. ACTIAM sees recent EU publications as an important and positive step towards supporting the financing of sustainable growth. The lack of standardisations around green investments has been one of the biggest obstacles for the growth of sustainable investments and ACTIAM expects that taxonomy will help and make the market for sustainable investments more accessible, transparent, reliable and robust.

## 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 organizational 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 ACTIAM's Risk Appetite Statement 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 in that sense 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 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 investment policy. The PARC also monitors the quality of content delivered by performance reporting.
- **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 funds 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 formalized 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 2019, there were no reported incidents with regard to cyber crime within ACTIAM. Appropriate organizational and technological measures have been taken to mitigate cyber crime risks, including a collaboration of VIVAT IT with the National Cyber Security Center and collaborations with major Dutch insurance companies. New measures continue to be implemented to remain in control of cyber crime risk.

#### **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 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.

### **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 2018 ICAAP requirements.

The capital requirement under AIFMD has been set at € 12.2 million. The CRD IV/CRR Pillar 1 capital requirement has been set at € 10.2 million.

ACTIAM has defined its internal capital adequacy by the way of the Internal Capital Adequacy Assessment Process (hereafter: ICAAP) and as such described its capitalisation plan. The ICAAP describes in detail the likelihood, impact and mitigating actions of the capital adequacy risks identified in the Risk Self-Assessment of the Management Board. ACTIAM distinguishes between instant-impact risks and risks with a gradual impact over time. Instant-impact risks are expected to be absorbed by capital, while risks with a gradual impact are first expected to be absorbed by accumulated operating profit before being absorbed by capital. The ICAAP method resulted in a capital requirement of € 12.0 million. Based on the AIFMD, the CRD IV/CRR Pillar 1 capital requirement and the ICAAP method, the AIFMD is the highest and considered the required minimum capital. Since the Management Board has assigned priority to keeping the internal capital above this required level, it applies a prudential buffer of 25%. This leads to an internally required ICAAP amount of € 15.3 million. 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 € 17.4 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 capitalized to mitigate any assessed risk. The 2018 ICAAP has been approved by DNB.

Based on the balance sheet per 30 June 2019, ACTIAM's available capital is € 20.2 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 2018 ISAE 3402 type II report. The 2018 ISAE report Type II report was finalized in January 2019 with an unqualified auditor's opinion.

## 1.7 DEVELOPMENTS IN EARNINGS

The net result over the reporting period was a loss of € 4.2 million. Asset management fees income received in the reporting period decreased to € 35.5 million (half-year 2018: € 44.9 million). The decrease in asset management fees income as compared to the previous half-year resulted from a new agreement with SRLEV with adjusted tariffs. The total impact of this contractual change was neutral as the rebate was lowered accordingly. Fees also decreased as compared to the previous reporting period as a result of ABB assuming the role as AIFM per 22 May 2018. The decline in fees was partly offset by the increase in fees received for real estate investment management services and ACTIAM-labelled funds.

The asset management fees rebate for SRLEV decreased from € 10.2 million in 2018 to € 2.9 million in 2019 due to the abovementioned contract change. The asset management fee rebate is recognized as negative income, as explained in chapter 2.

Total expenses decreased to € 38.0 million in the reporting period (half-year 2018: € 40.0 million). As compared to 2018, total operating expenses increased by € 1.3 million, to € 24.4 million (half-year 2018: € 23.1 million). This was mainly due to higher staff costs, higher research costs (MiFID II related) and higher fund administration costs. Asset management fees expenses paid decreased by € 3.2 million, to € 13.6 million (half-year 2018: € 16.8 million). Operating profit before tax decreased from € -5.3 million in the first half-year 2018 to € -5.6 million in the first half-year 2019.

To conclude, the net result over the reporting period was a loss of € 4.2 million (half-year 2018: loss of € 4.0 million). The major cause of this loss were lower asset management fees.

Utrecht, the Netherlands, 29 August 2019

ACTIAM NV

H. van Houwelingen  
D.G. Keiller  
W.M. Schouten

## 2 Semi-annual Financial Statements 2019 ACTIAM NV

### 2.1 BALANCE SHEET

Before result appropriation and in € thousands	REF.	30 JUNE 2019	31 DECEMBER 2018
<b>Assets</b>			
Financial assets	1	31,498	31,576
<b>Total fixed assets</b>		<b>31,498</b>	<b>31,576</b>
Receivables	2	23,251	19,225
Cash at bank	3	2,015	3,541
<b>Total current assets</b>		<b>25,266</b>	<b>22,766</b>
<b>Total assets</b>		<b>56,764</b>	<b>54,342</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	4		
Issued capital		45	45
Share premium reserve		8,777	8,777
Revaluation reserve		3	1
Other reserves		15,577	23,641
Net result		-4,166	-8,064
<b>Total equity</b>		<b>20,236</b>	<b>24,400</b>
<b>Liabilities</b>			
Current liabilities	5	36,528	29,942
<b>Total liabilities</b>		<b>36,528</b>	<b>29,942</b>
<b>Total equity and liabilities</b>		<b>56,764</b>	<b>54,342</b>



## 2.2 PROFIT AND LOSS ACCOUNT

in € thousands	REF.	1 JANUARY 2019 - 30 JUNE 2019	1 JANUARY 2018 - 30 JUNE 2018
<b>Income</b>	9		
Asset management fees income		35,474	44,903
Asset management fees rebate		-2,942	-10,233
		<b>32,532</b>	<b>34,670</b>
<b>Expenses</b>			
Asset management fees expenses	10	<b>13,633</b>	<b>16,822</b>
Operating expenses			
- Employee benefits expenses	11	13,319	12,781
- Other operating expenses	12	11,051	10,350
<b>Total operating expenses</b>		<b>24,370</b>	<b>23,131</b>
<b>Total expense</b>		<b>38,003</b>	<b>39,953</b>
Net finance cost	13	-85	-64
<b>Result before tax</b>		<b>-5,556</b>	<b>-5,347</b>
Tax income (-) / Tax expense (+)	14	-1,390	-1,326
<b>Net result</b>		<b>-4,166</b>	<b>-4,021</b>

## 2.3 CASH FLOW STATEMENT

in € thousands	REF.	1 JANUARY 2019 - 30 JUNE 2019	1 JANUARY 2018 - 30 JUNE 2018
<b>Cash flow from operating activities</b>			
Operating profit before tax		-5,556	-5,347
<b>Adjustments for:</b>			
Amortisation investments	1	53	166
Unrealised results on investments through profit or loss	1	-27	-
Taxes (paid) received		2,704	660
<b>Change in operating assets and liabilities:</b>			
Change in other operating activities	1, 2, 4, 5	1,277	4,277
<b>Net cash flow from operating activities</b>		<b>-1,549</b>	<b>-244</b>
<b>Cash flow from investment activities</b>			
Sale and redemption of financial assets (share and bonds)	1	49,342	23,625
Purchase of financial assets (shares and bonds)	1	-49,319	-27,117
<b>Net cash flow from investment activities</b>		<b>23</b>	<b>-3,492</b>
<b>Cash flow from finance activities</b>			
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>-1,526</b>	<b>-3,736</b>
Cash and cash equivalents 1 January		3,541	13,028
<b>Cash and cash equivalents as at end of period</b>		<b>2,015</b>	<b>9,292</b>
<b>Additional disclosure with regard to cash flows from operating activities:</b>			
Interest income received		-	116
Interest paid		-	11

## 2.4 NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS 2019

### 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 30099450.

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 29 August 2019.

#### Group structure

ACTIAM is a wholly owned subsidiary of VIVAT with a registered office at Utrecht, the Netherlands and VIVAT is a wholly owned subsidiary of Anbang Group Holdings Co. Limited with a registered office at Hong Kong, whose ultimate parent is China Insurance Security Fund Co., Ltd. with its headquarters in Beijing, People's Republic of China.

#### Related parties

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

#### Tax group

VIVAT and its subsidiaries, including ACTIAM, form a tax group and are jointly and individually liable for the fiscal unity's corporate income tax and VAT debts.

### 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. Counts are based on unrounded figures. Their sum may differ from the sum of the rounded figures.

## 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.

### Financial assets

Financial assets comprise bonds and shares and are measured at fair 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.

### Receivables

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

### Cash at bank

Cash at bank 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.

#### *Retained earnings*

This concerns the profit 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 amortized cost. The fair value and amortized cost equal the face value.

## 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 recognized 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.

### Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and where deferred tax assets (if applicable) are only valued insofar as their realisation is likely. This is based on the tax rates applicable at the reporting date and the tax rates that will apply in the period in which the deferred tax assets are settled.

## 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. 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.

## 2.4.2 NOTES TO THE BALANCE SHEET

### ASSETS

#### 1. FINANCIAL ASSETS

##### Breakdown of Financial Assets

in € thousands	30 JUNE 2019	31 DECEMBER 2018
Shares	13,544	13,563
Bonds	17,954	18,013
<b>Total</b>	<b>31,498</b>	<b>31,576</b>

##### Shares

The largest part of the shares portfolio consists of investments in a money market fund (€ 13,341 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 0.34. These investments are part of ACTIAM's investment portfolio with respect to its cash management process.

The fair value of financial assets is determined using bid quoted prices.

##### Changes in Shares

in € thousands	2019	2018
Balance as at 1 January	13,563	12,273
Purchases and advances	13,359	12,404
Disposals and redemptions	-13,377	-11,043
Revaluations	28	-113
Impairments	-46	-
Dividend Received/Negative Distribution	17	42
<b>Balance as at 30 June / 31 December</b>	<b>13,544</b>	<b>13,563</b>

##### Changes in Bonds

in € thousands	2019	2018
Balance as at 1 January	18,013	3,910
Purchases and advances	35,960	38,302
Disposals and redemptions	-35,965	-23,850
Revaluations	-1	2
Amortisation	-53	-219
Received Coupons	-	-259
Accrued Interest	-	127
<b>Balance as at 30 June / 31 December</b>	<b>17,954</b>	<b>18,013</b>

## 2. RECEIVABLES

##### Breakdown of Receivables

in € thousands	30 JUNE 2019	31 DECEMBER 2018
Asset management fees to be received	17,613	14,211
Corporate income tax and dividend tax	4,079	2,456
Receivables from group companies	-	1,584
Trade receivables	209	107
Accrued assets	1,350	867
<b>Total</b>	<b>23,251</b>	<b>19,225</b>

Receivables are due in less than one year. Receivables from group companies consist solely of the intra-group balance with SRLEV.

### 3. CASH AT BANK

#### Cash at bank

Cash at bank comprise bank account balances at SNS, KAS BANK and ABN AMRO. At half-year 2019 the cash at bank stood at € 2.0 million (year-end 2018: € 3.5 million). Cash at bank are at the company's free disposal.

### EQUITY

#### 4. EQUITY

in € thousands	ISSUED CAPITAL	SHARE PREMIUM RESERVE	REVALUATION RESERVE	OTHER RESERVES	NET RESULT	TOTAL EQUITY
At 1 January 2018	45	8,777	8	22,893	748	32,471
Transfer of net result 2017	-	-	-	748	-748	-
Revaluation assets	-	-	-7	-	-	-7
Net result 2018	-	-	-	-	-8,064	-8,064
At 31 December 2018	45	8,777	1	23,641	-8,064	24,400
Transfer of net result 2018	-	-	-	-8,064	8,064	-
Revaluation assets	-	-	2	-	-	2
Net result 2019	-	-	-	-	-4,166	-4,166
At 30 June 2019	45	8,777	3	15,577	-4,166	20,236

The authorised capital of € 0.23 million 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 € 17.4 million (2018: € 18.1 million) according to the 2018 ICAAP performed by the Management Board in close cooperation with Risk Management. At the end of the reporting period ACTIAM's equity was € 20.2 million. The decrease in required internal minimum capital as compared to the previous reporting period is mainly due to the expected losses.

### LIABILITIES

#### 5. CURRENT LIABILITIES

in € thousands	30 JUNE 2019	31 DECEMBER 2018
Debts to group companies	16,624	2,882
Management fees payable	4,237	6,868
Distribution fees payable	4,150	4,094
Variable remuneration and allowances payable	2,844	3,058
Asset management fees rebate payable	1,900	570
Dividend tax payable	1,341	3,728
Regulatory expenses	425	586
Audit fees	313	551
Accrued liabilities	4,694	7,605
<b>Total</b>	<b>36,528</b>	<b>29,942</b>

Current liabilities are due in less than one year.

#### Debts to group companies

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

#### Distribution Fee Payable

This item concerns distribution fees payable to SRLEV.

### Asset Management Fees Rebate Payable

This item concerns rebate fees payable to SRLEV.

### 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.

## 6. COMMITMENTS AND CONTINGENCIES

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

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

### Intra-group Balances and Transactions between ACTIAM, VIVAT, Anbang and Affiliates

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.

	VIVAT		AFFILIATES		TOTAL	
In € thousands	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>Positions</b>						
Asset management fees to be received	143	314	10,724	9,066	10,867	9,380
Receivables from group companies	-	-	-	1,584	-	1,584
Corporate income tax and dividend tax	4,079	2,456	-	-	4,079	2,456
Debts to group companies	16,624	2,882	-	-	16,624	2,882
Asset management fees rebate payable	-	-	1,900	570	1,900	570
Distribution fees payable	-	-	4,150	4,094	4,150	4,094
In € thousands	1 January 2019 - 30 June 2019	1 January 2018 - 30 June 2018	1 January 2019 - 30 June 2019	1 January 2018 - 30 June 2018	1 January 2019 - 30 June 2019	1 January 2018 - 30 June 2018
<b>Transactions</b>						
Employee benefits expenses	4,592	4,562	-	-	4,592	4,562
Other operating expenses	1,029	1,631	-	-	1,029	1,631
Distribution fees expenses	-	-	7,749	8,426	7,749	8,426
Asset management fees rebate	-	-	2,942	10,233	2,942	10,233
Asset management fees income	282	76	13,359	15,799	13,641	15,875

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

### Key Management Personnel

The key management personnel consists exclusively of the members of the ACTIAM Management Board. The ACTIAM Management Board comprised of three employees as at 30 June 2019 (31 December 2018: 3). Refer to Annual Report ACTIAM NV 2018 Paragraph 1.8 Remuneration Policy for the remuneration of key management personnel.

## 8. 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

## 9. INCOME

### Breakdown of income

in € thousands	1 JANUARY 2019 - 30 JUNE 2019	1 JANUARY 2018 - 30 JUNE 2018
Asset management fees income	35,474	44,903
Asset management fees rebate	-2,942	-10,233
<b>Total</b>	<b>32,532</b>	<b>34,670</b>

#### 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 fees resulted from a new agreement with SRLEV with adjusted tariffs. Further fees decreased as a result from ASN Beleggingsfondsen Beheer BV taking back the role as AIFM per 22 May 2018. Additionally, fees received declined in the reporting period due to maturing and changing product propositions by distributors of the investment funds. The decline in fees was partly offset by the increase in fees received for real estate investment management services and ACTIAM labelled funds.

#### 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.

The asset management fees decreased as a result of the new agreement with SRLEV. Likewise, the asset management fee rebate for SRLEV also decreased.

## 10. ASSET MANAGEMENT FEES EXPENSES

### Breakdown of asset management fees expenses

in € thousands	1 JANUARY 2019 - 30 JUNE 2019	1 JANUARY 2018 - 30 JUNE 2018
Distribution fees	8,288	8,426
Costs of outsourced asset management	3,846	6,459
Custodial fees	1,499	1,937
<b>Total</b>	<b>13,633</b>	<b>16,822</b>

#### 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. These costs decreased as a result from ASN Beleggingsbeheer BV taking back the role as AIFM per 22 May 2018. This resulting in costs directly charged to ASN Beleggingsbeheer BV instead of charging ACTIAM.

#### Custodial fees

This concerns costs for keeping securities in safe custody.

## 11. EMPLOYEE BENEFITS EXPENSES

### Breakdown of employee benefit expenses

in € thousands	1 JANUARY 2019 - 30 JUNE 2019	1 JANUARY 2018 - 30 JUNE 2018
Salaries and wages	9,133	7,823
Pension costs	1,369	1,417
Social security contributions	902	803
Other personnel expenses	1,915	2,739
<b>Total</b>	<b>13,319</b>	<b>12,781</b>

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 104 at 30 June 2019 (31 December 2018: 105).

Other personnel expenses consists mainly of personnel expenses recharged by VIVAT NV. A reclassification has been made in the comparative figures from the category other personnel expenses to salaries, pension costs and social security contributions.

## 12. OTHER OPERATING EXPENSES

### Breakdown of other operating expenses

in € thousands	1 JANUARY 2019 - 30 JUNE 2019	1 JANUARY 2018 - 30 JUNE 2018
Administrative, accounting and reporting costs	5,840	5,038
Costs data vendors	1,622	1,794
Costs external advisors	1,082	1,092
Recharged expenses	1,116	1,482
Automatisation	311	102
Recharged depreciation	212	149
Costs operational errors	363	105
Other costs	505	588
<b>Total</b>	<b>11,051</b>	<b>10,350</b>

#### 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.

## 13. NET FINANCE COSTS

### Breakdown of net finance costs

in € thousands	1 JANUARY 2019 - 30 JUNE 2019	1 JANUARY 2018 - 30 JUNE 2018
Interest income	-	116
Interest expenses and result on financial assets	-32	-14
Amortisation	-53	-166
<b>Total</b>	<b>-85</b>	<b>-64</b>

#### Interest income

This concerns interest received on bonds, deposits and bank account balances. Since the end of 2018 the bond portfolio only consists of a zero Treasury bond resulting in no interest income.

#### Interest expenses and result on financial assets

This concerns interest paid on bank charges and on short term Dutch and German government bonds.



### Amortisation

This concerns amortisation of government bonds. As the bonds portfolio is reduced to one zero Treasury bond the corresponding amortisation decreased.

## 14. INCOME TAX

### Breakdown of income tax

In € thousands	1 JANUARY 2019 - 30 JUNE 2019	1 JANUARY 2018 - 30 JUNE 2018
In financial year	-1,378	-1,326
Due to temporary differences	-12	-
<b>Total</b>	<b>-1,390</b>	<b>-1,326</b>

The corporate income taxes are irrevocable for the years up to and including 2016.

### Reconciliation between the statutory and effective tax rate

In € thousands	1 JANUARY 2019 - 30 JUNE 2019	1 JANUARY 2018 - 30 JUNE 2018
Statutory income tax rate	25%	25%
Result before tax	-5,556	-5,347
<b>Statutory corporate income tax amount</b>	<b>-1,390</b>	<b>-1,326</b>
<b>Total</b>	<b>-1,390</b>	<b>-1,326</b>
Effective tax rate	25%	25%

Utrecht, the Netherlands, 29 August 2019

ACTIAM NV

H. van Houwelingen  
D.G. Keiller  
W.M. Schouten



## 3 **Other information**

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### 3.1 **INDEPENDENT AUDITOR'S REPORT**

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

