

InsingerGilissen Asset Management N.V.
(“formerly known as: Insinger de Beaufort Asset Management N.V.”)

Annual Report for the year ended 31 December 2018

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DIRECTOR'S REPORT

Review of 2018

In the beginning of 2018 the global economy was characterised by broad economic strength. In financial markets this resulted in rising interest rates and positive equity markets that peaked by the end of January but subsequently corrected by over 10% in a matter of days. Markets rapidly recovered, but the strength of the recovery varied. Supported by tax cuts the US economy maintained its high growth level of around 3% per annum allowing the US stock market to fully recover and even to rise to new highs. Elsewhere in the world economies slowed in the course of the year resulting in equity markets losing strength without revisiting the January highs, with the exception of only a few markets. Emerging markets fell as the Chinese economy saw growth weakening to around 6.5%. In Europe growth slowed by more than one full percent to around 1.5% per annum.

After 10-year yields on US Treasury bonds had dropped to around 2% in September 2017, they recovered strongly reaching a level of 3% around April 2018. Optimism on the US economy, boosted by tax cuts, played an important role in this development. In the remainder of the year US government bond yields stabilized around 3%, before edging down in the final months of the year in nervous financial markets. As the Fed continued to hike official short rates by one quarter percent per quarter, the yield curve, which reflects the rate levels for various maturities, continued to flatten.

In Europe yields on government bonds only rose strongly in January, with German 10-year yields rising from 0.4% to 0.8%. In the remainder of the year bond yields in the core countries eased, in particular in May when markets reacted considerably to political developments in Italy. The new Italian government favored higher budget deficits, resulting in conflicts with the EU. Around May Italian bond yields rose by one full percent to over 3% and even peaked above 3.5% at the beginning of the fourth quarter, resulting in significant losses. As the Italian market has a large weight in European government bond indices (around 20%), these indices realized only a marginally positive result, notwithstanding clearly positive returns in most countries.

Risk premiums on corporate bonds eased slightly in January, but rose in the remainder of the year, in particular in the last quarter, as investors became more pessimistic about the economic outlook. As a result yields on corporate bonds rose with bonds incurring losses that exceeded running yields.

While US equity markets rose to new highs around the end of September, equity markets elsewhere fell after the end of January, with very few exceptions, among which the markets of Japan and Brazil. Emerging equity markets suffered the largest drawdowns, losing around 30% on signs of economic weakness in China. In Europe equity markets lost over 15% from their January highs, albeit that losses varied a lot from country to country. European equity markets not only were under pressure from the slowing economy, but also from persistent uncertainty with regard to the Italian budget and the Brexit process. In particular shares of European banks again suffered from these uncertainties in 2018.

The global economic slowdown and the continued uncertainty regarding the trade conflict between the US and China resulted in stiff corrections in equity markets worldwide in the final quarter, including the US market. The popular US tech stocks also came under considerable pressure, although many remained among the best performing stocks of 2018. The US market was clearly supported by share buybacks. Lower taxes and the repatriation of foreign profits built up in the past provided a lot of room to US corporations to buy back their own shares, with total purchases approaching a trillion US dollars.

Over the full year 2018 the world index (MSCI World) lost over 10% expressed in local currency terms. The damage remained relatively limited for European investors, which suffered losses of some 6% in euro terms. The euro was weak against most currencies and lost some 5% versus the US dollar. Expressed in euros the US equity market saw positive returns until the middle of December, ultimately losing just shy of 2% over the full year. Losses in European markets (MSCI Europe index) as well as in emerging markets (MSCI Emerging Markets index) came in at around 13% expressed in euros as well as in local currencies.

InsingerGilissen fund strategies and performance in 2018

InsingerGilissen Asset Management N.V. (hereinafter: the "Company") has many years of experience in managing funds, investment portfolio's and selecting the best asset managers. The investment funds managed are divided into profile funds, specialist funds and since the merger with TG Fund Management B.V. per 01 January 2018, the Index funds.

The Company is the Alternative Investment Manager of below funds unless otherwise indicated.

	AuM		Valuation		Performance		Ongoing Charges		Performance Fees		
	31-dec-18 x millions	31-dec-17 x millions	Highest EUR	Lowest EUR	2018 %	2017 %	2018 %	2017 %	2018 x EUR 1 000	2017 x EUR 1 000	
Note											
Profile Funds:	1)										
MM Equity	20,8	25,4	131,17	113,52	-8,36	6,11	1,05%	1,03%	105	175	
Core Funds Moderate Growth	2)	103,0	N/A	856,45	758,66	-9,40	N/A	0,84%	N/A	N/A	
MM Balanced	51,8	59,0	127,77	117,86	-5,34	3,73	1,04%	1,02%	104	256	
MM Defensive Balanced	12,1	14,9	131,98	124,24	-4,63	1,92	1,04%	1,02%	0	37	
MM Defensive	4,1	5,0	98,69	97,20	-1,04	-1,04	1,08%	1,04%	N/A	N/A	
Specialist Funds											
ARS - Multi Manager Hedge	1)	61,0	49,5	130,07	123,46	-3,10	3,78	0,92%	0,90%	N/A	N/A
Real Estate Equity Fund	79,2	92,1	166,81	151,84	-5,51	8,65	1,12%	1,24%	414	174	
European Large Cap Fund	3)	41,4	61,1	53,69	43,76	-11,93	5,93	0,75%	0,79%	0	400
European Mid Cap Fund	64,0	103,1	68,69	52,30	-16,25	26,09	0,64%	0,75%	880	2.457	
Fixed Income Strategy	12,8	21,2	176,03	173,71	-0,91	-0,58	0,43%	0,36%	N/A	N/A	
Index Funds	4)										
Sustainable Europe Index Fund	415,2	429,5	133,99	116,33	-6,24	9,23	0,39%	0,40%	N/A	N/A	
Sustainable World Index Fund	74,3	78,7	161,88	140,41	-3,93	11,76	0,41%	0,44%	N/A	N/A	
Sustainable North America Fund	443,4	456,3	150,77	124,61	0,96	5,99	0,38%	0,40%	N/A	N/A	

Notes:

1. The Company is the Portfolio Investment Manager and not the AIFM (Alternative Investment (Fund) Manager) of this / these fund(s).
2. Core Funds Moderate Growth is launched in July 2018. Accordingly, no 2017 Information is applicable for this Fund.
3. Name change of the Fund from "Equity Income Fund" to "European Large Cap Fund".
4. Due to a share split of Sustainable North America Fund (1 for 2) and Sustainable World Index Fund (1 for 10) in August 2018, the 2017 Valuation prices are adjusted for this share split to allow correct comparison of the Valuation prices.

Profile Funds

InsingerGilissen's profile funds are tailored to four risk profiles (defensive, moderate-defensive, neutral and offensive) and are managed mainly according to the multi-manager strategy. This implies that - per risk profile - clients invest in a combination of appropriate and carefully-selected funds.

Specialist Funds

InsingerGilissen also actively manages a number of specialist investment funds. These specialist funds are managed according to a specific investment strategy by a team of specialist and experienced portfolio managers. Each specialist fund has its own investment objective, investment policy, investment strategy and risk/return characteristics.

Our European Large Cap Fund (formerly named Equity Income Fund), that actively invests mainly in European companies with bigger market capitalisations and historical pattern of dividend capacity, achieved a performance of -11.93% in 2018.

The European Mid Cap Fund, with its growth investment focus on medium sized companies with sufficient liquidity based on in-house primary research, achieved a performance of -16.25% in 2018.

The Real Estate Equity Fund, with its focus on listed real estate companies, achieved -5.51% in 2018 whereas the EPRA index returned -8.8%. The year ended with high volatility in the last quarter of the year with continued pressure on stocks resulting in drop of the equity markets.

The Fund of Fund offering ARS Multi-Manager Hedge returned -3.10% in 2018.

Our Fixed Income Strategy Fund returned a small loss of -0.91% over 2018. The fund's objective is to invest in Investment Grade bonds and therefore is exposed to the interest rate cycle.

Index Funds

InsingerGilissen offers three Sustainable Index Funds and where the objective is to invest as much as possible in accordance with respective DJSI Index and minimise the performance tracking error. The performance of the Index Funds, respective Index and performance error for 2018 are as follows:

Index Fund	Performance	DJSI Index	Performance	Tracking Error
World Index Fund	-3.93%	DJSI World Index ex All	-3.50%	-0.43%
Europe Index Fund	-6.24%	DJSI Europe Index ex All	-6.18%	-0.06%
North America Index Fund	0.96%	DJSI North America Index ex All	0.96%	0.00%

Outlook

Assuming that economic growth will normalize in the US and stabilize or improve slightly elsewhere we expect the global economy to grow by around 3.5%, only slightly below the 2018 growth level of 3.7%. Such growth should be sufficient to enable companies to on average grow their earnings, while equity market valuations have fallen to relatively attractive levels in the last quarter of 2018. For 2019 we therefore expect positive returns for equity markets, while we only see limited potential for bond markets. Government bonds are likely to face headwinds from slightly rising rate trends in the main bond markets. Corporate bonds should benefit from the rise in risk premiums in the last quarter of 2018, so that we expect total returns on corporate bonds to exceed returns on cash.

Results

Gross income decreased to € 5.4 million from € 6.1 million. Gross income decrease in 2018 was due to the decrease in performance fees of € 2 million. The past year showed a net outflow of assets under management of € 14.1 million. Total assets under management amounted to € 1.383 billion as at 31 December 2018. Shareholder's equity amounted to € 15.5 million as at 31 December 2018. The minimum required own funds according to "Besluit prudentiële regels Wft" amounts to €125.000 plus 0.02% of the amount of managed assets in excess of € 250 million or at least 25% of the fixed costs. As a consequence the minimum required own funds is approximately € 0.4 million and thus InsingerGilissen Asset Management N.V. ("the Company") meets the minimum requirement.

Risk Management

Executive management is responsible for ensuring that operational risks and controls are addressed in each of their operations. The Risk Management department of InsingerGilissen Bankiers N.V. provides support and tools in order to ensure that the risk management process is adequately executed in a consistent manner throughout the group. Risk Management personnel are seconded from InsingerGilissen Bankiers N.V. to InsingerGilissen Asset Management N.V. for these activities.

Overlaying this process, the Internal Audit department independently monitors the on-going adequacy and execution of this structure. They report their findings directly to Management.

Operational risk is defined as the risk due to inadequate or failed internal processes or due to external events, whether deliberate, accidental or natural occurrences. Operational risk encompasses human resources risks, legal risks, tax risks, information system risks, non-compliance risks, risks linked to operations processing and risks related to published financial information. The scope of risks covered by operational risk being so large, management relies on specialised committees which have the relevant skills for assessing and mitigating the respective risks.

An important operational risk relates to services provided in relation to the investment portfolios of the funds. The investment risk committee, a subcommittee of the risk committee, monitors the operational risks in relation to this investment process. It meets every month to consider minor and evaluate the quarterly fund portfolio controls that are performed by the portfolio guardian. This includes checks on bandwidth, investable universe and deviations from model portfolios. In addition, it performs monthly investment instrument reviews and evaluates the investment process set up.

Another important risk is legal & compliance risk: the regulatory environment in which the Company operates is continuously changing with existing legislation being regularly updated or new laws being implemented. Greater emphasis is being placed by regulators on integrity risks, particularly in respect of customer due diligence and transparency. The legal & compliance teams are responsible for reviewing all changes in the legal and compliance environment and assisting with the implementation of these changes within products, policies and processes of the Company.

During the course of the year, various aspects of the administrative organisation and internal controls were reviewed. We concluded, amongst other things, that the InsingerGilissen investment funds have adequate written procedures of the administrative organisation and internal controls that comply with article 3:17 paragraph 2 sub c and article 9/21 4:14 first paragraph of the Dutch law on financial supervision (Wet op het financieel toezicht or Wft) and that the procedures function adequately.

Strategy

The fund offering is based on a range of multi manager profile funds, reflecting a diversified investment structure that is aligned with InsingerGilissen's investment process, and specialist funds. Our funds are based on a strong alignment of investors' interests with the Company with regards to risk, investment returns and total cost of ownership. The fund offering positions the Company to benefit from distribution opportunities in the core markets of InsingerGilissen, with a specific focus on the Netherlands.

In July 2018 InsingerGilissen Bankiers N.V. introduced a pilot wrapper for a specific group of their discretionary clients with the same risk profile and investment proposition. The Company InsingerGilissen Asset Management N.V. is appointed to manage the investment portfolio of this wrapper Fund. With this Fund an enhanced product is introduced to the clients allowing them to have exposure in the various asset categories, more flexibility for the client to subscribe or to redeem, allow more information of underlying investments invested by the wrapper Fund and achieving a cost reduction for the clients. This pilot was evaluated successful by the clients.

As a result InsingerGilissen will roll out the wrapper concept to their centralised managed discretionary clients in 2019. The new concept is expected to have a positive impact on AUM and management fees.

Outlook

We believe that with the further roll out of the wrappers that the Insinger fund offering is correctly positioned to benefit from the economic environment in 2019. A continuous process is on-going to amend the legal structure to achieve an optimum balance between offering and costs. Additionally, it is expected that the funds will continue to increase in size, benefitting from distribution from clients in the core markets.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Company will not continue as a going concern until the next reporting date. The financial statements have been prepared by the Management Board. The financial statements, which appear on pages 10 to 21, were signed by the directors on 24 April 2019 and authorised for issue.

M. J. Baltus
K.P.A. Cools
J.J. Maas
R.J.M. Verberne
G.S. Wijnia
24 April 2019

FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2018

	Notes	2018 Euro	2017 Euro
Income			
Net fee and commission income	1	5,411,881	6,115,039
		5,411,881	6,115,039
Expenses			
Recharged salaries, pension and social security expenses	2	1,109,260	674,369
Other expenses	3	1,418,315	822,975
		2,527,575	1,497,344
Result			
Result on ordinary activities before taxation		2,884,306	4,617,695
Taxation on ordinary activities		(721,077)	(1,154,424)
Result after taxation		2,163,229	3,463,271

BALANCE SHEET

as at 31 December 2018
(before result appropriation)

	Notes	2018 Euro	2017 Euro
Assets			
Current assets			
Cash (Receivable from related parties)	4	17,234,432	13,122,326
Receivables and accrued income	5	775,309	585,924
		18,009,741	13,708,250
Shareholder's equity and liabilities			
Shareholder's equity			
Issued and paid-up share capital	6	70,000	70,000
Other reserves		13,276,421	8,812,818
Result for the period		2,163,229	3,463,271
		15,509,650	12,346,089
Current liabilities			
Taxes and social securities	7	-	-
Other liabilities	8	531,589	103,311
Liabilities to related parties	9	1,968,502	1,258,850
		2,500,091	1,362,161
Total equity and liabilities		18,009,741	13,708,250

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share Capital	Other Reserves	Result for the year	Total
	Euro	Euro	Euro	Euro
Balance as at 1 January 2018	70,000	8,812,818	3,463,271	12,346,089
Change due to merger with TG Fund Management B.V.	-	1,000,332	-	1,000,332
Appropriation of the result of prior year	-	3,463,271	(3,463,271)	-
Dividend	-	-	-	-
Net Profit	-	-	2,163,229	2,163,229
Balance as at 31 December 2018	70,000	13,276,421	2,163,229	15,509,650
Balance as at 1 January 2017	70,000	7,926,922	885,896	8,882,818
Appropriation of the result of prior year	-	885,896	(885,896)	-
Dividend	-	-	-	-
Net Profit	-	-	3,463,271	3,463,271
Balance as at 31 December 2017	70,000	8,812,818	3,463,271	12,346,089

The merger as at 1 January 2018 was treated in accordance with the method of carry-over accounting. The existing reserves of the disappearing entity have been added to “other reserves”.

CASH FLOW STATEMENT

	2018 Euro	2017 Euro
Cash flows from operating activities		
Net profit/ loss	2,163,229	3,463,271
Adjustment for taxation	721,077	1,154,424
	<u>2,884,306</u>	<u>4,617,695</u>
Decrease/ (Increase) in operating assets		
Other assets	(189,386)	(320,024)
	<u>(189,386)</u>	<u>(320,024)</u>
(Decrease)/ Increase in operating liabilities		
Liabilities to related parties	1,143,888	(517,242)
Other liabilities	427,390	85,491
	<u>1,571,278</u>	<u>(431,751)</u>
Net cash inflow/ (outflow) from operating activities before payment of taxation	4,266,198	3,865,920
Taxation received/ (paid)	(1,154,424)	-
	<u>(1,154,424)</u>	<u>-</u>
Net cash inflow/ outflow from operating activities after payment of taxation	3,111,774	3,865,920
Cash flows from financing activities		
Dividend paid	-	-
Increase in equity as result of merger with TG Fund Management B.V.	1,000,332	-
	<u>1,000,332</u>	<u>3,865,920</u>
Net increase/(decrease) in cash and cash equivalents	4,112,106	3,865,920
Cash and cash equivalents at beginning of year	13,122,326	9,256,406
Net increase in cash and cash equivalents	4,112,106	3,865,920
Cash and cash equivalents at the end of year	<u>17,234,432</u>	<u>13,122,326</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the year ended 31 December 2018

General

InsingerGilissen Asset Management N.V. ("the Company") ("formerly known as: Insinger de Beaufort Asset Management N.V.") is a 100% subsidiary of InsingerGilissen Bankiers N.V., Amsterdam. On 31 December 2016 KBL European Private Bankers SA acquired all the shares in InsingerGilissen Bankiers N.V.. The Company is consolidated in the annual accounts of InsingerGilissen Bankiers N.V. The Company is registered under Chamber of Commerce number 33055195.

The general meeting of the acquiring company, Insinger de Beaufort Asset Management N.V., also decided to amend the articles of association with the merger resolution of 29 December 2017. The name of the acquiring company was changed to InsingerGilissen Asset Management N.V. ("the Company") with effect from 1 January 2018. This means that with effect from 1 January 2018 the Company is the manager of the Index Umbrella Fund.

The activities of the Company are not significantly impacted by seasonal influences.

Accounting policies

The annual accounts were prepared in accordance with the statutory provisions of Title 9, Book 2, of the Netherlands Civil Code and the "Wet op het financieel toezicht" ("Wft") and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The annual accounts are denominated in Euros. In accordance with the Deed of merger dated 31 December 2017 TG Fund Management B.V. and the Company merged on 1 January 2018. The merging entities were under mutual control; the merger qualifies for carry-over accounting. The reserves of the disappearing entity TG Fund Management B.V. have been added to "other reserves".

Appropriation of the result

The proposed appropriation of the result for 2018 is as follows. The management board proposes to add the profit of the year, EUR 2,163,229 to the other reserves.

Basis of valuation of assets and liabilities

General information

Unless stated otherwise, assets and liabilities have been stated at nominal value. The book value does not differ from the fair value.

Cash (Receivable from related parties)

The cash as referred to in the cash flow statement consist of a current account with InsingerGilissen Bankiers N.V. Cash has been stated at book value.

Maturity Assets and Liabilities

The booked assets and liabilities have a duration of no longer than one year.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Resulting gains or losses are recognised in the profit and loss account.

Receivables and accrued income

Receivables are initially recognised initially at fair value and subsequently and subsequently measured at amortised cost taking into account the provision for bad debts. This item has a period shorter than one year.

Basis for determination of results

General

Income and expenses are recorded in the year to which they relate.

Fees and commissions

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction.

Foreign currency translation

Transactions arising in foreign currencies are translated into the functional currency at the spot exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Resulting gains or losses are recognised in the statement of profit or loss.

Employee benefits

The parent company, InsingerGilissen Bankiers N.V., has defined contribution plans and defined benefit plans in place. Reference is made to the annual report of InsingerGilissen Bankiers N.V. for information about the pension plans.

Taxation

The tax charge is calculated on the profit before taxes for the year under review in accordance with ruling tax legislation. The Company forms part of the fiscal unit headed by InsingerGilissen Bankiers N.V. As a member of the fiscal unit headed by InsingerGilissen Bankiers N.V., the Company is severally liable for the tax liability of the fiscal unit. The taxation recorded is the amount as if the Company was operating as a stand-alone entity. The receivable or payables relating to the taxation are due from/due to InsingerGilissen Bankiers N.V. The recorded tax is the effective tax.

Cash flow statement

The cash flow statement has been drawn up in accordance with the indirect method, making a distinction between cash flows from operating, investing and financing activities.

Cash flows in foreign currency are converted at the average exchange rates during the financial year. With regard to cash flow from operations, the net profit is adjusted for income and expenses that did not result in receipts and payments in the same financial year and for changes in provisions and accrued and deferred items (other assets, accrued assets, other debts and accrued liabilities).

Cash and cash equivalents consist of cash and deposits with InsingerGilissen Bankiers N.V. The deposit with InsingerGilissen Bankiers N.V. is recorded under the item Cash (Receivable from related parties).

Accounting estimates

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated. No significant changes have occurred compared to 2018.

NOTES

	2018 Euro	2017 Euro
1) Net fee and commission income		
Commission and management fee income	3,907,966	2,617,239
Performance fees	1,503,915	3,497,800
Net fee and commission income	<u>5,411,881</u>	<u>6,115,039</u>

Included under the line commission and management fee income are management fees, commissions received and upfront fees. The decrease in performance fees is due to the fact that performance of the respective funds did not exceed the High Market Value.

	2018 Euro	2017 Euro
2) Recharged salaries, pension and social security expenses		
Salaries	899,158	599,906
Social security expenses	128,441	54,835
Pension costs	81,661	19,628
	<u>1,109,260</u>	<u>674,369</u>

This relates to recharged and seconded personnel.

InsingerGilissen Bankiers N.V. recharged to the Company €1,109 thousand (2017: €674 thousand) for the provision of intra-group services and for seconded personnel. This has been recorded in the Services Agreement for the Provision of Intra-Group Services and the Secondment Agreement between InsingerGilissen Bankiers N.V. and the Company, both with effective date July 16th, 2014. These are update following the merger as of 1 January 2018.

	2018 Euro	2017 Euro
3) Other expenses		
Recharges (1)	1,066,635	633,597
Information suppliers	272,088	171,608
Other (2)	79,592	17,770
	<u>1,418,315</u>	<u>822,975</u>

- 1) This relates to recharged expenses from the parent company InsingerGilissen Bankiers N.V. for various services performed. These services are charged at a cost-plus basis.
- 2) Included in other expenses is the remuneration of the auditor EY. For a specification of the fees paid to the external auditor reference is made to the annual report of InsingerGilissen Bankiers N.V.

	2018 Euro	2017 Euro
4) Cash (Receivable from related parties)		
Bank account at InsingerGilissen Bankiers N.V.	17,234.432	13,122.326
	17,234,432	13,122,326

No interest is received on the bank account.

	2018 Euro	2017 Euro
5) Receivables and accrued income		
	775,309	585,924
	775,309	585,924

This relates primarily to debtors and receivables from investment management.

	2018 Euro	2017 Euro
6) Shareholder's equity		
	70,000	70,000
	70,000	70,000

The authorized capital of EUR 350,000 consists of 350 shares with a nominal value of EUR 1,000. The issued and paid up share capital amounts to EUR 70,000 and consists of 70 shares with a nominal value of EUR 1,000.

7) Taxes and social securities

In 2018 the corporate income tax payable has been booked directly under the liabilities to related parties. See note 9.

	2018 Euro	2017 Euro
8) Other liabilities		
	531,589	103,311
	531,589	103,311

This item includes accrued expenses and deferred income. The remaining term is less than one year.

	2018 Euro	2017 Euro
9) Liabilities to related parties		
InsingerGilissen Bankiers N.V.	1,968,502	1,258,850
	1,968,502	1,258,850

The increase mainly relates to higher recharges pending settlement in the first quarter of 2019.

10) Related party transactions

The Company is controlled by InsingerGilissen Bankiers N.V. which owns 100% of the ordinary shares. A number of banking transactions are entered into with related parties in the normal course of business.

The outstanding balances with related parties are separately disclosed in the balance sheet and profit and loss account.

11) Employees

Certain employees of InsingerGilissen Bankiers N.V. are seconded to the Company. The remuneration policy of the Company is based on the remuneration policy of InsingerGilissen Bankiers N.V. For a detailed description of the policy see the annual report of InsingerGilissen Bankiers N.V.

The total FTE's seconded are 10,5 FTEs (2017: 5,9).

The personnel cost can be split as follows (note identified staff is only the directors):

2018	Identified Staff	Other employees	Total
FTE	1,2	9,3	10,5
Fixed	272,525	836,735	1,109,260
Variable	-	-	-
Total	<u>272,525</u>	<u>836,735</u>	<u>1,109,260</u>
2017	Identified Staff	Other employees	Total
FTE	0,7	5,2	5,9
Fixed	163,495	400,721	564,216
Variable	21,873	88,280	110,153
Total	<u>185,368</u>	<u>489,001</u>	<u>674,369</u>

12) Contingent liabilities

As a member of the fiscal unity headed by InsingerGilissen Bankiers N.V. for both corporate income tax and value added tax, the Company is severally liable for the tax liability of the fiscal unity.

13) Appropriation of the result

Article 19 of the article of association states:

1. The profits accrued in a financial year, shall be at the disposal of the General Meeting. If the General Meeting does not adopt a resolution regarding the allocation of the profits prior to or at latest immediately after the adoption of the annual accounts, the profits will be reserved.
2. Distribution of profits shall be made after adoption of the annual accounts, if permissible under the law given the contents of the annual accounts.
3. The General Meeting may resolve to make interim distributions on Shares and/or to make distributions on Shares at the expense of any reserve of the Company. In addition, the Management Board may decide to make interim distributions on Shares.
4. Distributions on Shares shall be made payable immediately after the resolution to make the distribution, unless another date of payment has been determined in the resolution.
5. Distributions may be made only up to an amount which does not exceed the amount of the Distributable Equity and, if it concerns an interim distribution, the compliance with this requirement is evidenced by an interim statement of assets and liabilities as referred to in Section 2:105, subsection 4, of the Dutch Civil Code. The Company shall deposit the statement of assets and liabilities at the office of the Dutch trade register within eight days after the day on which the resolution to distribute is published.

14) Post balance sheet events

No extraordinary events occurred in the period from the balance sheet date up to the date of issuance of the financial statements.

Independent auditor's report

To: the shareholders and management of InsingerGilissen Asset Management N.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 of InsingerGilissen Asset Management N.V., based in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of InsingerGilissen Asset Management N.V. as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The balance sheet as at 31 December 2018
- ▶ The profit and loss account for 2018
- ▶ The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of InsingerGilissen Asset Management N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ The director's report
- ▶ Other information

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 24 April 2019

Ernst & Young Accountants LLP

signed by A.B. Roeders