

InsingerGilissen Asset Management N.V.

Annual Report for the year ended 31 December 2019

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DIRECTOR'S REPORT

Review of 2019

The weakening of the global economy that started in 2018 continued in 2019. The lasting uncertainty about the consequences of the trade war between the US and China played an important role in this, demonstrated by the fact that the weakening was concentrated in industries that depend on world trade, with the German car industry being hit the hardest. The services sector, which relies mainly on domestic consumer spending and much less on international trade, is much less affected, in virtually all countries. The growth of the US economy declined in the course of 2019 to a more trend-like growth of around 2%, as the stimulating effect of the 2018 tax cuts diminished. In the third quarter of 2019 the Eurozone as a whole recorded growth of only 1.2%, down from 3% in the last quarter of 2017. The growth of the Chinese economy has also slowed down since the end of 2017, although in absolute terms, it remains at a high level of around 6% real and around 10% nominal (including inflation). The Chinese authorities have been trying to stimulate the economy since the beginning of 2018 and increased stimulus in early 2019, partly through tax cuts. However, this did not yet lead to a convincing recovery.

Central banks worldwide began to respond to the signs of economic weakness by lowering interest rates. At the end of July, the US Fed cut official rates by a quarter percent for the first time in 12 years, followed by similar steps in September and October. The ECB lowered the deposit rate for bank reserves in September from -0.4% to -0.5%, but offered compensation by exempting part of the reserves. In addition, the ECB announced that it would resume bond purchases. The US 10-year yield initially stabilized in the first months of 2019, before declining again from the beginning of May, due to the increased uncertainty about a trade agreement and falling inflation expectations. The 10-year yield fell to around 1.5% in the beginning of September, close to the bottoms reached in 2012 and 2016. The German 10-year yield played an important role here, falling back to zero in March and reaching new historical lows of around -0.7% in September. As a result, European government bonds generated high returns until the beginning of September, in particular bonds with long maturities. In the last four months of 2019 part of these returns were lost as bond yields rose cautiously due to declining pessimism about the economic outlook.

The risk premiums on corporate bonds fell again in the first months of 2019 after they had risen in the last quarter of 2018 when investors withdrew from all more risky investments. Subsequently, risk premiums fluctuated as expectations regarding an American-Chinese trade agreement changed. However, they remained fairly low and only rose to a limited extent in times of increasing pessimism, like in May. On balance, corporate bond yields fell, including the yields on the more risky high-yield bonds, so that also corporate bonds realized relatively high returns in 2019.

From the beginning of 2019 almost all equity markets strongly recovered, fully offsetting the losses that were suffered in the last quarter of 2018. Increasing optimism about a trade deal between the US and China seemed to play a major role in this, while the monetary easing measures of the Fed and other central banks were also positively received. As economic data did not yet indicate a clear global economic recovery, this made equity markets vulnerable to new corrections due to possible disappointments. Correction phases followed in May and August when optimism about a trade deal faded.

On balance, global equity markets realized significant gains in 2019. The MSCI All Countries World index recorded a gain of over 26% in local currency terms, while the return in euros was more than 28%. As was usually the case in the last decade, US equity markets were again at the forefront with a gain of nearly 34% in euros for the MSCI USA. The US market was supported by a relatively strong economy, a large technology sector and by large share buybacks by US corporations. European markets showed a mixed picture, with returns of more than 30% in countries such as the Netherlands and Switzerland, but relatively low returns of around 20% in Germany and 12% in Spain, markets with a large industrial or financial sector. Due to the constant uncertainty about the Brexit process, the UK market also performed relatively poorly. The pound sterling had large fluctuations, but in the end recorded a gain of 6% against the euro, after the Conservatives had won the UK parliamentary elections. Also Japan and emerging markets lagged behind. These markets suffered relatively a lot from the US-China trade war and recorded returns of less than 20%.

InsingerGilissen fund strategies and performance in 2019

InsingerGilissen Asset Management N.V. (hereinafter: the “Company”) focuses on managing funds, investment portfolios and selecting the specialised asset managers.

The investment funds managed by the Company are divided into profile funds, specialist funds, index funds and the core funds in the following umbrella investment structures:

- InsingerGilissen Umbrella Fund N.V.
- Index Umbrella Fund
- Beheerstrategie N.V.

In 2019 Beheerstrategie N.V. was incorporated to offer the clients of InsingerGilissen an institutional asset management solution which offers the clients a more efficient cost structure, more diversified investment opportunities such as economies of scale of investing in institutional classes, private market investment and enhanced reporting such as investment cards detailing information of investment decisions and detailed information of the investments from independent data providers.

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

	Note	AuM		Valuation		Performance		Ongoing Charges			Performance Fees	
		31-dec-19	31-dec-18	Highest	Lowest	2019	2018	2019	2019	2018	2019	2018
		x millions	x millions	EUR	EUR	%	%	Fund level (%)	Incl Underlying Funds (%)	%	x EUR 1 000	x EUR 1 000
Profile Funds:	1											
MM Equity		21,6	20,8	141,99	114,14	22,86	-8,36	0,94%	1,64%	1,05%	190,7	105,4
MM Balanced		46,7	51,8	263,02	118,26	13,68	-5,34	0,94%	1,61%	1,04%	330,3	104,3
MM Defensive Balanced		10,9	12,1	271,94	124,57	10,00	-4,63	0,94%	1,55%	1,04%	59,1	0,4
MM Defensive		3,7	4,1	98,86	97,33	0,45	-1,04	0,93%	0,93%	1,08%	N/A	N/A
Specialist Funds												
ARS - Multi Manager Hedge	3	76,7	61,0	126,61	124,45	1,98	-3,10	0,90%	2,59%	0,92%	N/A	N/A
Real Estate Equity Fund		108,1	79,2	151,92	54,16	14,92	-5,51	1,15%	1,15%	1,12%	955,9	413,7
European Large Cap Fund		48,0	41,4	59,07	43,65	31,68	-13,93	0,77%	0,77%	0,75%	859,6	0,0
European Mid Cap Fund		68,9	64,0	72,70	54,16	33,76	-16,25	0,73%	0,73%	0,64%	752,6	880,0
Fixed Income Strategy	4		12,8	178,09	158,75	N/A	-0,91	N/A		0,43%	N/A	N/A
Index Funds												
Sustainable Europe Index Fund		596,6	415,2	151,92	118,28	28,10	-6,24	0,31%	0,31%	0,39%	N/A	N/A
Sustainable World Index Fund		89,7	74,3	187,14	143,39	29,46	-3,93	0,33%	0,33%	0,41%	N/A	N/A
Sustainable North America Fund		672,4	443,4	178,37	130,37	33,06	0,96	0,31%	0,31%	0,38%	N/A	N/A
Core Funds												
Offensief Beleggingsfondsen ex Alternatieven		57,7	N/A	948,55	835,53	11,08	N/A	0,82%	1,51%	N/A	N/A	N/A
Gematigd Offensief Beleggingsfondsen ex Alternatieven	1, 2	128,2	103,0	932,47	768,01	20,60	-9,49	0,82%	1,43%	0,84%	N/A	N/A
Gebalanceerd Beleggingsfondsen ex Alternatieven		190,2	N/A	913,37	843,89	7,13	N/A	0,82%	1,36%	N/A	N/A	N/A
Gematigd Defensief Beleggingsfondsen ex Alternatieven		40,9	N/A	894,90	847,81	5,04	N/A	0,82%	1,29%	N/A	N/A	N/A
Dynamic Fixed Income		46,9	N/A	51,14	49,99	2,20	N/A	0,82%	1,23%	N/A	N/A	N/A
Offensief Beleggingsfondsen Duurzaam		21,7	N/A	961,87	842,84	12,35	N/A	0,82%	1,46%	N/A	N/A	N/A
Gematigd Offensief Beleggingsfondsen Duurzaam		72,8	N/A	940,67	844,64	10,00	N/A	0,82%	1,40%	N/A	N/A	N/A
Gebalanceerd Beleggingsfondsen Duurzaam		90,6	N/A	918,26	846,46	7,56	N/A	0,82%	1,37%	N/A	N/A	N/A
Gematigd Defensief Beleggingsfondsen Duurzaam		20,8	N/A	896,75	848,05	5,19	N/A	0,82%	1,27%	N/A	N/A	N/A
Gematigd Offensief met Alternatieven		118,2	N/A	910,85	841,59	6,57	N/A	0,82%	1,31%	N/A	N/A	N/A
Gebalanceerd met Alternatieven		142,4	N/A	895,17	847,42	4,87	N/A	0,82%	1,29%	N/A	N/A	N/A
Offensief Direct		42,3	N/A	935,92	832,25	9,21	N/A	0,82%	1,08%	N/A	N/A	N/A
Gematigd Offensief Direct		94,9	N/A	919,14	837,95	7,40	N/A	0,82%	1,09%	N/A	N/A	N/A
Gebalanceerd Direct		125,0	N/A	900,65	845,13	5,41	N/A	0,82%	1,13%	N/A	N/A	N/A
Gematigd Defensief Direct		52,0	N/A	882,71	850,00	3,49	N/A	0,82%	1,17%	N/A	N/A	N/A
Offensief Duurzaam		49,3	N/A	922,73	825,67	7,68	N/A	0,82%	1,07%	N/A	N/A	N/A
Gematigd Offensief Duurzaam		153,7	N/A	911,00	833,82	6,47	N/A	0,82%	1,10%	N/A	N/A	N/A
Gebalanceerd Duurzaam		101,7	N/A	892,72	841,59	4,53	N/A	0,82%	1,16%	N/A	N/A	N/A
Offensief Beleggingsfondsen met Alternatieven		31,6	N/A	891,43	832,97	4,49	N/A	0,82%	1,64%	N/A	N/A	N/A
Gematigd Offensief Beleggingsfondsen met Alternatieven		172,3	N/A	881,60	837,51	3,40	N/A	0,82%	1,61%	N/A	N/A	N/A
Gebalanceerd Beleggingsfondsen met Alternatieven		350,4	N/A	870,74	841,42	2,19	N/A	0,82%	1,52%	N/A	N/A	N/A
Gematigd Defensief Beleggingsfondsen met Alternatieven		114,5	N/A	860,24	844,79	1,02	N/A	0,82%	1,44%	N/A	N/A	N/A

Notes:

1. These Funds are part of the InsingerGilissen Manager Selection SICAV which merged with Beheerstrategie N.V. on 10 September 2019. The net assets, investment policy and other characteristics of the SICAV are continued as sub-funds of Beheerstrategie N.V. Any information before 10 September 2019 in the above summary about these Funds are based on the information of the InsingerGilissen Manager Selection SICAV.
2. The name of the Fund is changed from 'Core Funds Moderate Growth' to 'Gematigd Offensief Beleggingsfondsen ex Alternatieven' with the merger into Beheerstrategie N.V.
3. The Company is the Portfolio Investment Manager.

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 that actively invests mainly in European companies with bigger market capitalisations and historical patterns of dividend capacity, achieved a performance of 31.68% in 2019. 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 33.76% in 2019. The Real Estate Equity Fund, with its focus on listed real estate companies, achieved 14.92% in 2019 whereas the EPRA index returned -8.8%. The Fund of Fund offering ARS Multi-Manager Hedge returned 1.98% in 2019.

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 2019 is as follows:

Index Fund	Performance	DJSI Index	Performance	Tracking Error
World Index Fund	29,46%	DJSI World Index ex All	29,42%	0,04%
Europe Index Fund	28,10%	DJSI Europe Index ex All	28,53%	-0,43%
North America Index Fund	33,06%	DJSI North America Index ex All	33,07%	-0,01%

Core Funds

InsingerGilissen is offering to their discretionary clients Core Funds with a Sustainable or a Responsible proposition with five risk profiles (defensive, moderate defensive, balanced, moderate growth and offensive). The funds are managed in accordance with the risk profile of the clients by investing in combination of appropriate and carefully selected investments.

Outlook

The valuation of most stock markets seems to have fully recovered and in order to rise further the economic outlook will likely need to improve. A first trade agreement between the US and China was signed in the beginning of 2020, which improved the outlook, although the further development of the trade conflict remains highly uncertain. Compared to equity markets, bond markets appear overvalued, which is most strongly expressed in the percentage of bonds with negative yields which doubled to almost 30% in 2019. Although this mainly concerns government bonds from Japan and Europe, many corporate bonds now also offer negative yields.

The current Covid-19 outbreak will most likely impact the global economy and the financial position and results of Fund managers. Recurring income from asset management could be impacted by negative general developments in the financial markets. Currently, InsingerGilissen group is closely monitoring the Covid-19 outbreak and is taking preventative measures to ensure continuity of client servicing.

Results

Gross income increased to € 8.0 million from € 5.4 million. Gross income increase in 2019 was due to an increase in performance fees of € 1.6 million and a € 0.9 million increase in commission and management fee income. The past year showed a net inflow of assets under management of € 2.151 billion. Total assets under management amounted to € 3.961 billion as at 31 December 2019. Shareholder's equity amounted to € 19.4 million as at 31 December 2019. The minimum required own funds, according to "Besluit prudentiële regels Wft" amounts to €125 thousand 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 capital and reserves are sufficient to meet the minimum requirement.

Risk Management

Executive Management of InsingerGilissen Asset Management N.V. is responsible for ensuring that risks and controls are addressed in each of their operations. For its enterprise risk management process, including the risk appetite, InsingerGilissen Asset Management N.V. is incorporated in a dedicated section of the Risk Framework of InsingerGilissen which was last validated 22 November 2019.

The Risk Framework for InsingerGilissen is based on a three lines of defence model. The first line of defence is responsible for execution of risk activities which involve Risk Control Self Assessments, Incident Management and operational controls.

Risk Management personnel are seconded from the Risk Management department of InsingerGilissen Bankiers N.V. to InsingerGilissen Asset Management N.V. for second line of defence monitoring of these activities.

The Asset Management Risk Committee consisting both of the first and second line of defence is in place as the main body to ensure that risks in relation to InsingerGilissen Asset Management N.V. activities are monitored and controlled within the risk appetite.

Overlaying this process, the Internal Audit department of InsingerGilissen independently monitors the on-going adequacy and execution of this structure as the third line of defence. They report their findings directly to management of InsingerGilissen Asset Management N.V.

Key risk types relevant for InsingerGilissen Asset Management N.V. are Operational Risk and Investment Risk.

Operational risk (in the broader context as non-financial 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, compliance risks, risks linked to operations processing and risks related to published financial information. 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.

An important risk relates to services provided in relation to the investment portfolios of the funds. For each fund investment guidelines are stipulated which in addition to the prospectus investment restrictions of the fund include internal investment guidelines which are stricter than the prospectus investment restrictions and/or defines the quantitative maximums. The investment team continuously monitors the operational risks to ensure that the investment portfolio is at all times in line with these investment guidelines. The risk department monitors periodically, in most cases daily, that the investment portfolios are all compliant with its respective investment guidelines. These controls include checks on bandwidth, investable universe and deviations from model portfolios. In addition, it performs periodically monthly investment instrument reviews and evaluates the investment process set up.

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 specialty funds, index funds, multi manager profile funds and core funds, reflecting a diversified investment structure that is aligned with InsingerGilissen's investment process. 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.

Outlook

As an investment manager, we take responsibility for the future of our planet, social environment and the generations after us. As a signatory of "Principle for Responsible Investment" we will continue our responsible (investment) policy. We are of the opinion that the risks in our investment portfolios are substantially reduced with a correct responsible policy. In 2020 further optimisation in Beheerstrategie N.V., by consolidating sub-funds with similar investment policy and risk profile, will be implemented.

The current Covid-19 outbreak will most likely impact the global economy and the financial position and results of Fund managers. Recurring income from asset management could be impacted by negative general developments in the financial markets. Currently, InsingerGilissen group is closely monitoring the Covid-19 outbreak and is taking preventative measures to ensure continuity of client servicing.

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 19, were signed by the directors on March 30, 2020 and authorised for issue.

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

March 30, 2020

FINANCIAL STATEMENTS

PROFIT OR LOSS ACCOUNT

for the year ended 31 December 2019

	Notes	2019 Euro	2018 Euro
Income			
Net fee and commission income	1	8,001,690	5,411,881
		<u>8,001,690</u>	<u>5,411,881</u>
Expenses			
Recharged salaries, pension and social security expenses	2	1,607,372	1,109,260
Other expenses	3	1,312,345	1,418,315
		<u>2,919,717</u>	<u>2,527,575</u>
Result			
Result on ordinary activities before taxation		5,081,973	2,884,306
Taxation on ordinary activities		(1,280,843)	(721,077)
Result after taxation		<u>3,801,130</u>	<u>2,163,229</u>

BALANCE SHEET
as at 31 December 2019
(before result appropriation)

	Notes	2019 Euro	2018 Euro
Assets			
Current assets			
Cash (Receivable from related parties)	4	26,096,866	17,234,432
Receivables and accrued income	5	1,944,444	775,309
Total assets		28,041,310	18,009,741
Shareholder's equity and liabilities			
Shareholder's equity			
Issued and paid-up share capital	6	70,000	70,000
Other reserves		15,439,650	13,276,421
Result for the period		3,801,130	2,163,229
		19,310,780	15,509,650
Current liabilities			
Taxes and social securities	7	-	-
Other liabilities	8	992,852	531,589
Liabilities to related parties	9	7,737,677	1,968,502
		8,730,530	2,500,091
Total equity and liabilities		28,041,310	18,009,741

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share Capital	Other Reserves	Result for the year	Total
	Euro	Euro	Euro	Euro
Balance as at 1 January 2019	70,000	13,276,421	2,163,229	15,509,650
Appropriation of the result of prior year	-	2,163,229	(2,163,229)	-
Dividend	-	-	-	-
Net Profit	-	-	3,801,130	3,801,130
Balance as at 31 December 2019	70,000	15,439,650	3,801,130	19,310,780
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

CASH FLOW STATEMENT

	2019 Euro	2018 Euro
Cash flows from operating activities		
Net profit	3,801,130	2,163,229
Adjustment for taxation	1,280,843	721,077
	<u>5,081,973</u>	<u>2,884,306</u>
Decrease/ (Increase) in operating assets		
Other assets	(1,169,135)	(189,386)
	<u>(1,169,135)</u>	<u>(189,386)</u>
(Decrease)/ Increase in operating liabilities		
Liabilities to related parties	4,488,332	1,143,888
Other liabilities	461,263	427,390
	<u>4,949,596</u>	<u>1,571,278</u>
Net cash inflow/ (outflow) from operating activities before payment of taxation	8,862,434	4,266,198
Taxation received/ (paid)	-	(1,154,424)
	<u>8,862,434</u>	<u>3,111,774</u>
Net cash inflow/ outflow from operating activities after payment of taxation	8,862,434	3,111,774
Cash flows from financing activities		
Dividend paid	-	-
Increase in equity as result of merger with TG Fund Management B.V.	-	1,000,332
	<u>-</u>	<u>1,000,332</u>
Net increase/(decrease) in cash and cash equivalents	8,862,434	4,112,106
Cash and cash equivalents at beginning of year	17,234,432	13,122,326
Net increase in cash and cash equivalents	8,862,434	4,112,106
Cash and cash equivalents at the end of year	<u>26,096,866</u>	<u>17,234,432</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the year ended 31 December 2019

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 Quintet Private Bank SA (previously called 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.

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.

Appropriation of the result

The proposed appropriation of the result for 2019 is as follows. The management board proposes to add the profit of the year of € 3,801,130 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 consists of a current account with InsingerGilissen Bankiers N.V. Cash has been stated at nominal 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. The resulting gains or losses are recognised in the profit or loss account.

Receivables and accrued income

Receivables are initially recognised at fair value 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. The resulting gains or losses are recognised in the profit or loss account.

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 judgements are continually evaluated. No significant changes have occurred compared to 2018.

NOTES

	2019 Euro	2018 Euro
1) Net fee and commission income		
Commission and management fee income	4,853,376	3,907,966
Performance fees	3,148,313	1,503,915
Net fee and commission income	<u>8,001,690</u>	<u>5,411,881</u>

Included under the line commission and management fee income are management fees, commissions received and upfront fees and payment of the fees due to InsingerGilissen Bankiers N.V. for the delegation of the portfolio activities of Beheerstrategie N.V.

The increase in performance fees is due to the fact that the performance of the respective funds exceeded the High Market Value during the reporting period.

	2019 Euro	2018 Euro
2) Recharged salaries, pension and social security expenses		
Salaries	1,373,518	899,158
Social security expenses	149,316	128,441
Pension costs	84,538	81,661
	<u>1,607,372</u>	<u>1,109,260</u>

This relates to recharged and seconded personnel.

InsingerGilissen Bankiers N.V. recharged the Company € 1,607 thousand (2018: €1,109 thousand) for the provision of intragroup services and for seconded personnel. This has been recorded in the Services Agreement for the Provision of IntraGroup Services and the Secondment Agreements between InsingerGilissen Bankiers N.V. and the Company, both with effective date July 16th, 2014. These were updated following the merger as of 1 January 2018.

	2019 Euro	2018 Euro
3) Other expenses		
Recharges (1)	852,805	1,066,635
Information suppliers	307,739	272,088
Other (2)	151,801	79,592
	<u>1,312,345</u>	<u>1,418,315</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.

	2019 Euro	2018 Euro
4) Cash (Receivable from related parties)		
Bank account at InsingerGilissen Bankiers N.V.	<u>26,096,866</u>	<u>17,234,432</u>

No interest is received on the bank account.

	2019 Euro	2018 Euro
5) Receivables and accrued income	<u>1,944,444</u>	<u>775,309</u>

This relates primarily to debtors and receivables from investment management.

	2019 Euro	2018 Euro
6) Issued and paid-up share capital	<u>70,000</u>	<u>70,000</u>

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

7) Taxes and social securities

In 2019 the corporate income tax payable of €1,287,743 has been booked directly under the liabilities to related parties. Refer to note 9.

	2019 Euro	2018 Euro
8) Other liabilities	<u>992,852</u>	<u>531,589</u>

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

	2019 Euro	2018 Euro
9) Liabilities to related parties		
InsingerGilissen Bankiers N.V.	<u>7,737,677</u>	<u>1,968,502</u>

The increase compared to 2018 relates to pending settlements in the last three quarters 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 or 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 refer to the annual report of InsingerGilissen Bankiers N.V.

In total 23 staff personnel are performing activities for the Company, consisting of four Directors, eight staff personnel responsible for the portfolio investment activities and eleven staff personnel involved for the various controls. Not all staff personnel perform full time activities for the Company. Calculated in FTE for 2019 13.2 FTE performed activities for the Company (2018: 10.5 FTE).

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

2019	Identified staff	Other employees	Total
FTE	1.18	12.0	13.2
Fixed	979,701	2,124,031	3,103,732
Total	979,701	2,124,031	3,103,732
2018	Identified staff	Other employees	Total
FTE	1,2	9,3	10,5
Fixed	272,525	836,735	1,109,260
Total	272,525	836,735	1,109,260

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 articles 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

The current Covid-19 outbreak will most likely impact the global economy and the financial position and results of Fund managers. Recurring income from asset management could be impacted by negative general developments in the financial markets. Currently, InsingerGilissen group is closely monitoring the Covid-19 outbreak and is taking preventative measures to ensure continuity of client servicing.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

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

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 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 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The balance sheet as at 31 December 2019
- ▶ The profit and loss account for 2019
- ▶ 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.

Emphasis of matter relating to uncertainty about Corona

The developments surrounding the Covid-19 virus epidemic have a profound impact on people's health and our society as a whole, as well as on the operational and financial performance of organizations. The situation changes on a daily basis giving rise to inherent uncertainty. The impact of these developments on InsingerGilissen Asset Management N.V. is disclosed in the outlook section as part of the director's report and the disclosure about subsequent events as part of the notes to the financial statements. We draw the attention to these disclosures. Our opinion is not modified in respect of this matter.

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:

- ▶ 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, 30 March 2020

Ernst & Young Accountants LLP

signed by A.B. Roeders