



ACTIAM NV
Annual Report 2019



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1 Management Board Report

1.1 GENERAL

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

ACTIAM is an alternative investment funds manager within the meaning of section 2:65, and has a license based on 2:67(1), of the Dutch Financial Supervision Act. Under its license ACTIAM is 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.

STRATEGY

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

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

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

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

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

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

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

NOTABLE ACHIEVEMENTS OF 2019

The book of business of ACTIAM in terms of Assets under Management (AuM) has grown to € 63.8 billion (December 2018: € 56.1 billion) mainly as a result of market movements. Furthermore, ACTIAM has seen an increase in the fund assets of the majority investment solutions offered under the ACTIAM label.

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 clients and preserving our asset base. The majority of the ACTIAM-labelled funds have 4 or 5 Morningstars (as per the end of December 2019).

High scores were achieved by ACTIAM in the annual PRI survey. This is 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.

Furthermore, ACTIAM established a new distribution partnership with a Dutch bank and a Dutch pension fund has awarded a mandate of €100 million for ACTIAM's Global Equity Impact strategy.

ACTIAM Institutional Microfinance Fund III was renamed ACTIAM Financial Inclusion Fund and opened for professional investors. It aims to achieve positive social impact by extending private loans to financial institutions in emerging countries and thus to help micro-enterprises and MSMEs (micro and small & medium-sized enterprises) to gain access to financing in such countries. New professional investors can join a portfolio which is already fully invested, and which has a successful track record. The fund actively contributes to Sustainable Development Goals (SDGs) 1, 2, 3, 5, 6, 8, 9 and 10. Some notable results of the fund so far are 10,013,685 clients are reached by MicroFinance Institutions and 73% of the final beneficiaries are micro-enterprises.

Finally, in 2019 ACTIAM has also won several prizes. The Cash Audience Award was received for the second year in a row and at the Refinitiv Lipper Awards Netherlands, ACTIAM won group prizes for 'Equity Large' and 'Mixed Assets Large', as well as a Lipper Fund Certificate for the ACTIAM Sustainable Mix Fund Neutral as the best fund over 5 years. ACTIAM was also proud winner of the IEX Gouden Stier award for best index investment product 2019 (Responsible Index Global Equity).

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 Pacific (ARIFE Pacific);
- ACTIAM Responsible Index Fund Equity Emerging Markets (ARIFE EM);
- ACTIAM Financial Inclusion Fund;
- ACTIAM-FMO SME Finance Fund I;
- ACTIAM Beleggingsfondsen NV;
- RZL Beleggingsfondsen NV;
- Zwitserleven 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) S.A.

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

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

ACTIAM serves as Managing Board of the following legal entities:

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

ASSET MANAGEMENT

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

OTHER ACTIVITIES

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

1.2 KEY DEVELOPMENTS

1.2.1 ORGANISATIONAL DEVELOPMENTS

On 7 June 2019, ACTIAM's parent company VIVAT was informed by its shareholder Anbang Insurance Group Co., Ltd. ("Anbang") about the agreement with Athora Holding Ltd. ("Athora") and NN Group NV on the sale of VIVAT's shares. This result follows the earlier announcement by Anbang about its broad strategic reorientation of its assets. On 19 March 2020, VIVAT has been informed that Athora has received a Declaration of No-objection from De Nederlandsche Bank (DNB) for Athora's acquisition of VIVAT. The closing date for the transaction is expected in the beginning of the second quarter of 2020.

Given ACTIAM's strong track record in sustainable and responsible investing ("SRI") & its leading role in the Dutch SRI market, ACTIAM decided to focus on its investment and distribution capabilities in the Netherlands and to consolidate the product proposition into Dutch domiciled products and centralize distribution channels. ACTIAM therefore decided to cease acting as initiator of ACTIAM (L).

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 and refugees.

1.2.2 DEVELOPMENTS IN ASSETS UNDER MANAGEMENT

As of 31 December 2019, the total AuM were € 63.8 billion (year-end 2018: € 56.1 billion) of which € 17.8 billion consisted of assets in investment funds (year-end 2018: € 17.2 billion). Total AuM increased by € 7.7 billion compared to ultimo 2018. The increase in AuM was the result of favorable market movements and collateral related to investments in derivatives.

Assets under Management

in € millions	ASSETS UNDER MANAGEMENT
31 December 2019	63,829
30 June 2019	60,505
31 December 2018	56,105
30 June 2018	56,279
31 December 2017	54,125
30 June 2017	54,123
31 December 2016	54,626
30 June 2016	55,884
31 December 2015	52,056
30 June 2015	50,787
31 December 2014	51,356

Financial Markets

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



Fixed Income

During 2019 interest rates continued their decline. The 10-year government interest rate in Germany fell from 0.2% positive to 0.7% negative, reaching its lowest point in September 2019. The announcement in September of the quantitative easing program (QE) and the reduction in short-term interest rates by the European Central Bank (ECB) had no or even an adverse effect on the valuation of bonds. From that moment onwards, the trend of falling capital market interest rates turned around and German 10-year government interest rates closed the year at an interest rate of -0.2%. An exception in the eurozone was Italy. At the start of 2019, investors feared new elections however, with the formation of a new Italian government this was averted. This left coalition has agreed to the EU's budgetary rules. As a result, the additional interest (spread) on Italian bonds versus German bonds fell during 2019 from 2.4% to 1.7%. The spread also fell for the other eurozone countries, in particular for non-core countries such as Portugal and Spain. The US Central Bank, the Federal Reserve (Fed), lowered its interest rates for the third time in a year by 25 basis points to a bandwidth of 1.5% - 1.8%. As a result, interest on US 10-year government paper fell from 2.7% to 1.9%.

Equity Markets

During 2019, the stock markets showed a strong recovery after an extremely weak last quarter of 2018. The rise in stock 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. Noteworthy was the worldwide trend of redemptions from equity funds during the year. In the fourth quarter of 2019 this attitude changed and money flowed into the markets again, giving stock prices an extra boost. Overall, 2019 became a very strong year from a historical point of view, being the best stock market year since 1999. Equity markets rose strongly over 2019, the passive ACTIAM labelled fund North America was the best-performing region where shares in euro terms increased in value by +33%, followed by the funds for the regions of Europe (+26%), Pacific (+21%) and Emerging Markets (+21%).

At the time of writing (March 2020), developments related to the corona virus are rapidly taking place. Now that many countries are going into "lock down", a dramatic consequences for the global economy is expected. A recession seems inevitable. Incidentally, the "lock down" is also necessary to save the long-term economy. As long as the virus develops at this rate, no economic recovery is possible at all. Government measures should primarily focus on public health. The economy is of secondary importance. Only when government measures prove to be effective will consumers regain confidence. Little can be said about the intensity and duration of such a recession. This will depend, among other things, on the effectiveness of government measures and measures taken by the business community.

1.3 COMPOSITION OF THE MANAGEMENT BOARD

On 31 December 2019, the ACTIAM Management Board consisted of W. Borgdorff (Chief Executive Officer, CEO), D.G. Keiller (Chief Transformation Officer, CTO) and W.M. Schouten (Chief Risk Officer, CRO). The AFM has approved the statutory members and the composition of the ACTIAM Statutory Management Board. On 5 December 2019 W. Borgdorff assumed the role of CEO, succeeding H. van Houwelingen. As of this date the appointment of W. Borgdorff was approved by the supervisory authorities as CEO and per the same date H. van Houwelingen resigned from the ACTIAM Management Board. Per 31 December 2019 R.C. de Kuiper resigned from his role as non-statutory board member and CIO a.i. The duties of the CIO a.i. have been taken over by W. Borgdorff.

W. Borgdorff will step down as CEO due to personal reasons, but remains in function and will be replaced by F. Kusse pending regulatory approval.

W.M. Schouten has resigned as CRO and will leave ACTIAM as per May 1st 2020. W.M. Schouten will ensure a proper transfer of her activities. In the coming period, ACTIAM will work on the recruitment of a successor.

1.4 RESPONSIBLE INVESTMENT MANAGEMENT

2019 was a compelling year for sustainable investment; the market grew and the first steps were taken towards standardization with the introduction of the EU Taxonomy on Sustainable Finance. In this context, ACTIAM focused on three key developments, namely, an optimized and forward-looking sustainable investment policy, more sustainable product strategies and transparency with respect to sustainable performance.

ACTIAM Sustainable Investment Policy review

ACTIAM believes that the financial sector has the fiduciary duty to lead the transition towards a sustainable society. One in which companies can prosper while operating within the planetary boundaries and respecting the social foundations of society. In light of this, ACTIAM has developed an optimized and forward-looking Sustainable Investment Policy in 2019. The basis of the policy remains unchanged; companies are screened on ethical principles based on international conventions. In addition the policy now more explicitly expects companies to prepare for and play a role in the inevitable transition required to reach a sustainable society. Based on international agreements and science-based transition pathways, ACTIAM has set measurable targets to track the transition of the companies it invests in. In this way, ACTIAM mitigates the financial risks associated with companies that do not adapt in line with societal transitions, so as to provide clients with long-term social, environmental and sustainable financial results. For instance, it stimulates companies to develop business models to become climate neutral, end deforestation and provide employees with a safe working space. As a consequence of the more optimized policy, ACTIAM excluded an additional 112 companies during 2019. Next to that, ACTIAM has reviewed its engagements.

New sustainable product strategies

ACTIAM launched two new sustainable product strategies in 2019. Firstly, two new sustainable funds were launched in March 2019 that invest in European and North American equity markets respectively, 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, mainly due to higher requirements from companies in light of the energy transition. Therefore these funds have a stronger ESG profile than the benchmark. Secondly, the Sustainable Emerging Markets Debt fund, was launched in July 2019. This fund invests in emerging market debt, whilst taking into account ESG risks such as human rights, political freedom, good governance, natural resource scarcity and controversial weapons and long-term economic growth. In 2020, ACTIAM aims to continue to review its ESG- and investment policy and pursue an efficient set-up of its fund range for optimum scale and synergy effects.

Transparency on sustainable performance

In 2019 ACTIAM has launched the first interactive online ESG dashboard for its clients. The dashboard contains customized information on the sustainable and financial performance of clients' investments. In this way, clients gain integrated insights in amongst others the ESG risks, carbon footprint, water footprint, green bonds and SDG contributions associated with their investments. In this way, the dashboard allows for further integration of sustainable and financial performance in investment strategies and decisions. Also, clients can now show the sustainable performance of funds on their websites to inform retail clients.

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

1.6.2 GOVERNANCE

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

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

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

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

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



- **ACTIAM Risk Management Committee (RMC)** The RMC is responsible for risk management and the related processes. The RMC defines the risk appetite for both financial and non-financial risk, and ensures that policies are drafted/updated. It also monitors the processes and procedures in place to manage identified risks.
- **ACTIAM Counterparty Risk Committee (CRC)** The CRC’s responsibility is to monitor, identify and give advice on counterparty credit risk. Its scope is limited to exposure due to derivatives transactions as part of portfolio management including exposure due to repos and securities lending.
- **ACTIAM Fund Management Committee (FMC)** The FMC is responsible for supervising the policies 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 2019, there were no reported incidents with regard to cyber crime within ACTIAM. Appropriate organizational and technological measures have been taken over 2019 to mitigate cyber crime risks, including the implementation of the new Security and Event Monitoring (SIEM) system, intensive cooperation with other insurers and, where necessary, further tightening of policy settings for Windows 10, Windows Server and Office.

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.

Covid-19 related risk

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

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

Given the uncertainties and ongoing developments with respect to the COVID-19 outbreak, as at the date of publication of the Annual Report, ACTIAM cannot accurately and reliably estimate the ultimate quantitative impact on its financial position.

ACTIAM has invoked its business continuity plans to support the safety and well-being of its staff. Since 16 March 2020, nearly all ACTIAM employees have been working from home. ACTIAM is proud of the willingness and flexibility of all its employees which contributes to the capability to support its business operations and its clients

Brexit risk

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

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

1.6.6 CAPITAL ADEQUACY

Given that ACTIAM is an AIFMD manager that also provides discretionary asset management services, it qualifies as a fund and discretionary asset manager. As a result, ACTIAM is required to comply with the capital requirements of both AIFMD and CRD IV. The capital requirement figures in this paragraph are based on the 2019 ICAAP requirements.

The capital requirement under AIFMD (Pillar 1) has been set at € 12.5 million. The CRD IV/CRR Pillar 1 capital requirement has been set at € 10.9 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 € 12.4 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 € 15.6 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 € 24.8 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 2019 ICAAP has been approved by DNB.

VIVAT, as sole shareholder of ACTIAM, has made a capital contribution of € 9.0 million in Q4 2019. The capital contribution made on the 11th of October 2019 restored the capital adequacy of ACTIAM. The temporary shortfall, which occurred ultimo Q3 2019 due to a timing mismatch in the execution of the capital injection, was remedied by the capital contribution in October 2019. Based on the balance sheet per 31 December 2019, ACTIAM's available capital is € 28.0 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 2019 ISAE 3402 type II report. The 2019 ISAE report Type II report was finalised in January 2020 with an unqualified auditor's opinion.

1.7 DEVELOPMENTS IN EARNINGS

Operating loss before tax decreased to € -7.2 million in 2019 from € -10.7 million in 2018. The net result over the reporting period was a loss of € 5.4 million (2018: a loss of € 8.1 million), an improvement of € 2.7 million versus the prior year result. Asset management fee income received in the reporting period decreased to € 74.5 million (2018: € 75.6 million). Due to ABB assuming the role as AIFM per 22 May 2018, the asset management fee income was lower in 2019 as compared to 2018. Prior to 22 May 2018, ACTIAM was appointed as AIFM of the ASN-labelled investment funds. 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 partially offset by higher AuM driven by favorable market movements and due to non-recurring income from SRLEV N.V. to reimburse ACTIAM for higher derivatives costs.

Total expenses decreased to € 75.4 million in the reporting period (2018: € 77.0 million). The management fee rebate for SRLEV N.V. decreased from € 9.2 million in 2018 to € 6.1 million in 2019 as a result of the decision by the ACTIAM Board to limit the rebate granted. The asset management fee rebate is recognized as negative income, as explained in chapter 2. Total operating expenses increased by € 2.2 million, to € 48.1 million (2018: € 45.9 million). This was mainly due to non-recurring salary costs and to quality improvements in human capital. Furthermore this was a result of higher fund administration costs.

Asset management fee expenses decreased by € 3.8 million, to € 27.3 million (2018: € 31.1 million). This was also in relation to ABB assuming the role of AIFM per 22 May 2018.

1.8 REMUNERATION POLICY

This paragraph describes VIVAT's group remuneration policy and more specific ACTIAM's remuneration policies and explains how the policies are implemented in practice.

ACTIAM pursues a prudent, restrained and sustainable remuneration policy that is in line with ACTIAM's strategy, its risk appetite and its values. The policy complies with the relevant statutory and regulatory requirements. A guiding principle of the remuneration policy is that it does not encourage employees of ACTIAM to take more risks than considered responsible within the context of ensuring that the highest regard is provided to the interests of clients and investors in the funds that are managed by ACTIAM.

GOVERNANCE

The remuneration policies of ACTIAM are composed within the framework of VIVAT's group remuneration policy whilst making allowance for rules and regulations governing ACTIAM in its capacity as fund manager under the AIFM Directive. ACTIAM's remuneration policies are in that respect based on the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD") and the Guidelines on sound remuneration policies under the AIFMD ("ESMA Guidelines").

The remuneration policies are in line with the Dutch Financial Undertakings Remuneration Policy Act (Wet Beloningsbeleid Financiële Ondernemingen or "Wbfo") which is incorporated in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht or "Wft"), the Commission Delegated Regulation (EU) 2015/35 ("Solvency II") and the Guidelines on System of Governance of the European Insurance and Occupational Pensions Authority ("EIOPA Guidelines"). Taking into consideration VIVAT's capacity as shareholder of ACTIAM, ACTIAM's remuneration policies are approved by VIVAT's Supervisory Board, after, insofar as applicable, fulfilment of any rights of the Works Council.

All employees working for ACTIAM are expected to work in accordance with the Code of Conduct, the oath and any applicable regulations. ACTIAM encourages all relevant employees to have a DSI's Basic Integrity Registry and requires VBA, CFA certification and/ or additional DSI registrations for specific functions.

ACTIAM periodically participates in market surveys, which maps out the remuneration policies of similar fund- and asset managers. ACTIAM uses the outcome of the survey to gain an understanding into the competitiveness of its remuneration policy and to benchmark its remuneration policy against best practices in the market.

IDENTIFIED STAFF

According to Article 20 of the ESMA Guidelines, unless it is demonstrated that they have no material impact on the AIFM's risk profile or on an AIF it manages, the following categories of staff should be included as the 'Identified Staff':

- Executive and non-executive members of the governing body of the AIFM, depending on the local legal structure of the AIFM, such as: directors, the chief executive officer and/ or executive and non-executive partners;
- Senior management;
- Control functions;
- Staff responsible for heading the portfolio management, administration, marketing, human resources;
- Other risk takers such as: staff members, whose professional activities - either individually or collectively, as members of a group (e.g. a unit or part of a department) - can exert material influence on the AIFM's risk profile or on an AIF it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of the AIFM or of an AIF it manages.

VIVAT has established a Working Group Identified Staff comprising the directors of Human Resources, Legal, Financial Risk, Non-Financial Risk and Audit ("Working Group Identified Staff", "WGIS"). The Working Group Identified Staff provides input to VIVAT's Supervisory Board with regard to decision making on the Identified Staff list as well as Identified Staff remuneration. A list of Identified Staff is centrally registered and updated at least once a year. The criteria for qualifying as and identifying Identified Staff are reviewed on an annual basis in accordance with the applicable laws, regulations and ESMA Guidelines.

As part of the selection process of new employees, a candidate for an Identified Staff position is presented to the WGIS. Candidates for Board and senior control functions are, in addition, presented to the Remuneration and Nomination Committee of the Supervisory Board of VIVAT ("ReNomCo"). The ReNomCo approves the employment conditions, including the remuneration of Identified Staff.

Before presenting the candidate to the WGIS in the hiring process, the ACTIAM Statutory Board and subsequently the VIVAT Executive Board should approve the hiring of the candidate.

EMOLUMENTS

The remuneration of ACTIAM employees consists of a fixed annual salary, variable remuneration, a pension scheme and other fringe benefits. ACTIAM has separate variable remuneration schemes for Identified staff and non-identified staff. As of 2018 VIVAT abolished performance-related variable remuneration for the ACTIAM Statutory Board.

Fixed remuneration

The fixed annual gross salary consists of a fixed annual gross salary, which includes a holiday allowance of 8% and a 13th-month payment of 8.33% and, to the extent applicable, other fixed allowances. The annual gross salary is based on the applicable salary scales. Employees are entitled according to the CLA to an annual increase. This periodic increase in salary is linked to the extent to which the employee is judged to have grown in his or her role (achievement on competences) and depends on the relative salary position. The precise link between the competency assessment and the pay rise, is as follows: Insufficient : 0.0%; Almost sufficient : 0.0%; Good : 2.6% ; Very good : 3.3%; Excellent : 4.0%. Awarding this increase is also subject to financial criteria at the level of VIVAT (“knock-out”).

Pension

Nearly all ACTIAM employees participate in VIVAT’s pension scheme. The current scheme is a Collective Defined Contribution (“CDC”) pension scheme, which is based on a pension accrual including an employee contribution of 4,5%. The scheme qualifies as a defined contribution scheme for IAS 19 (International Accounting Standards 19) purposes. The contributions are paid by VIVAT and the employees, qualifying as employer and employee contributions respectively. For employees who were employed by ACTIAM by 31 December 2017 and who have a salary exceeding the maximum pensionable salary for pension accrual, compensation of 16.35% on the pensionable salary in excess of € 107,593 is applied. The permanent supplement payment is not pensionable and is not taken into account for the calculation of severance payments, including transition fees pursuant to Dutch employment Law (“transitievergoeding”) or any other wage components or benefits.

Variable remuneration and performance targets

Variable remuneration is based on achievements of pre-set performance targets for employees in scope. The performance cycle starts with setting the performance targets for the financial year. The performance targets set are in line with the company targets and ACTIAM’s mission and vision. Under the variable remuneration schemes, clear and measurable KPI’s are defined for the performance period. The award of variable remuneration is contingent upon these KPI’s being achieved. The KPI’s pertain to both financial and non-financial targets. The most important KPI’s relate to customer satisfaction (this KPI is valid for all employees), the quality of the operating processes, risk management, investment performance, ESG targets and ACTIAM’s commercial and financial results. The Statutory Board ACTIAM had for the year 2019 also a collective KPI related to maintaining a sound controlled environment.

Where relevant and possible, in setting KPI’s allowance is made for the following ACTIAM stakeholders:

- clients and/or investors in funds managed by ACTIAM;
- employees;
- VIVAT and its shareholder(s);
- society at large.

A Maximum of 50% of the KPI’s may relate to financial targets. For employees in control and monitoring functions, such as the Risk Management department, no financial KPI’s were set. The maximum level of variable remuneration as defined by the Wbfo is applicable to all employees of VIVAT. Pursuant to the Wbfo, the variable remuneration of an employee of a financial enterprise may not exceed 20% of the fixed remuneration. However this maximum does not apply to employees of alternative investment fund managers with a license under the AIFM Directive such as ACTIAM. The level of variable remuneration within ACTIAM is maximized at 50% of the annual fixed salary for senior portfolio managers in the event of stretched performance, where a lower maximum applies for other functions.

For Identified Staff, specific rules apply for setting performance targets and KPI’s, for determining the extent to which performance targets have been achieved, and for setting and paying variable remuneration. The performance targets and KPI’s are subject to an ex ante and ex post risk assessment.

In addition to the process of deriving KPI’s, employees also make agreements with respect to their own competence focus points, enabling and encouraging personal development. These personal development focus points have been set for each individual employee and chosen from VIVAT’s broad set of values with a focus on behavioural aspects including ownership, client focus and collaboration.

Awarding variable remuneration

Variable remuneration is awarded after assessing to what extent the pre-defined KPI’s have been achieved. This assessment includes relevant input from, amongst others, the Risk Management department and the Compliance Officer as part of the ex post risk assessment. For this process, the results and incentives are recorded in a

centralized database. The final decision with respect to the awarding of variable remuneration, as proposed by the ACTIAM Statutory Board, is taken by VIVAT's Executive Board and VIVAT's Supervisory Board. For Identified Staff Control functions the ReNomCo should also approve. The Guiding Principles including knockouts are applied before any variable remuneration is granted.

Variable remuneration is awarded, when applicable, immediately in cash for non-identified staff. For Identified Staff variable remuneration is awarded in two parts: an immediate/unconditional part (60%) and a deferred/conditional part (40%). 50% of the variable remuneration of Identified Staff is paid out in cash and 50% is based on the return of shares of ACTIAM Duurzaam Mixfonds Neutraal, a sub-fund of ACTIAM Beleggingsfondsen N.V. The deferred part of the variable remuneration is paid out three years following the year of the award. The share return based component of the deferred part of the variable remuneration vests three years after the year of the award followed by one year lock-up. For portfolio managers a three-year return target is set which has to be achieved before they become entitled to the deferred part. The deferred part of the variable remuneration may be adjusted downwards based on an ex post risk assessment.

Hold back & claw back

Following a proposal made by ACTIAM, VIVAT has the power to hold back or claw back all or part of any variable pay awarded in accordance with Article 2:135(6) & (8) of the Dutch Civil Code in conjunction with Section 1:127(2) & (3) Wft. Whole or partial hold back or claw back will take place in any case if the employee has not met relevant competence standards and standards of appropriate conduct, or was responsible for conduct that has led to a considerable deterioration of the financial position of VIVAT and/or ACTIAM.

Sign-on bonus & retention bonus

ACTIAM exercises great restraint in offering such arrangements as a sign-on bonus or a retention bonus. Such arrangements may be agreed to only if they are in accordance with the legislation and regulations and in accordance with VIVAT's and ACTIAM's governance.

Due to the announced strategic review by the shareholder, at the end of 2018 VIVAT offered a retention scheme to a few employees within ACTIAM. In 2019 the retention scheme was offered to a wider group of employees within ACTIAM. The vesting of these schemes is subject to certain conditions. VIVAT received the approval of the regulatory authorities before offering these retention schemes.

Other benefits

Depending on the position on the salary scale, a number of senior managers within ACTIAM are eligible for a lease car or a lease car allowance. The lease policy limits the cars to be leased to be 100% electric. As part of ACTIAM's commitment to sustainable investment principles, certain types of cars and certain brands are no longer included in this policy, however exceptions are made for 100% electric models.

Severance payment

If and in so far as severance pay is due to an employee, such payment will be equal to the transition fee ("transitievergoeding") within the meaning of Article 7:673 of the Dutch Civil Code unless (i) the relevant employee is able to benefit from a different arrangement explicitly agreed upon in an applicable social plan or (ii) otherwise determined at the discretion of ACTIAM's Management Board and VIVAT's Executive Board or, where it relates to the ACTIAM's Management Board, or ACTIAM Identified Staff, the ReNomCo and approved by VIVAT's Supervisory Board. VIVAT, including ACTIAM, has agreed upon an extension of one year of VIVAT's Social Plan 2018-2019 with the unions which is applicable in case of reorganization(s).

REMUNERATION DURING THE REPORTING PERIOD

In 2019, ACTIAM awarded € 16.9 million in remuneration to its employees (in 2018: € 14.0 million). Of this amount, € 15.0 million qualified as fixed remuneration (in 2018: € 13.4 million), while variable remuneration accounted for € 1.9 million (in 2018: € 0.7 million).

Fixed remuneration

According to the CLA VIVAT employees have received a periodic salary increase on 1 February 2019. There was no collective salary adjustment (CLA) in 2019.

The trade unions have asked VIVAT to start negotiations for the collective labour agreement in 2020. Given the strategic reorientation, a new CLA can only be discussed once the sale has been completed and the buyer's strategy is clear. As a result, the trade unions have asked the employer to offer a one-off payment to compensate

the employees for the delay in negotiations on a new collective labour agreement as of 1 January 2020 and for the uncertain situation the company is currently in.

The employees employed on 31 December 2019 will receive that month a one-off payment of a monthly salary based on their gross December salary excluding any allowances and / or compensations. Employees that started working during 2019 received this one-off payment on a pro rata basis in December 2019.

Variable remuneration

The increase of the amount over 2018 versus 2017 has to be seen in the light of a haircut in 2017, more employees in scope and 40% of the KPI's set for 2018 (the general KPI's, NPS and AuM) showed an out performance. The variable remuneration awarded in 2019 relates to the 2018 financial year and also includes the deferred part from the year 2015.

The Identified Staff receive their variable remuneration for 50% based on the return of shares in ACTIAM Duurzaam Mixfonds Neutraal. At the moment this part is awarded unconditional, dividend will be paid (if applicable). In the year 2019 the paid dividend was € 0.10 dividend per share.

In 2019, VIVAT, including ACTIAM did not exercise the power to apply an holdback and clawback.

The payment of variable remuneration over 2019 occurs after the date of publishing the annual report. The variable remuneration for the year 2019 and for the deferred part of the year 2016 has been approved on March 3, 2020 by the ReNomCo and VIVAT's Supervisory Board. In 2019, ACTIAM had an average FTE of 103 (in 2018: 102 FTE).

The table below shows the remuneration awarded in 2019.

	NUMBER OF RECIPIENTS ^{1,2}		FIXED REMUNERATION IN € ³		VARIABLE REMUNERATION IN €	
	2019	2018	2019	2018	2019	2018
Members of the Management Board ⁴	4	4	€ 1,126,032	€ 945,793	€ 0	€ 0
Identified Staff ⁵	38	42	€ 6,936,407	€ 6,477,946	€ 1,095,920	€ 392,640
Other Employees	70	72	€ 6,963,917	€ 5,944,365	€ 803,599	€ 277,995
Total	112	118	€ 15,026,357	€ 13,368,105	€ 1,899,519	€ 670,635

1 Owing to the inflow and outflow of employees, the total number of recipients was higher than the average headcount.

2 Number of employees receiving variable remuneration in 2019: 88 (in 2018: 70).

3 Including social security contributions, pension premiums and other remuneration paid.

4 The members of the Management Board are a category of Identified Staff and are represented separately in this table.

5 Identified Staff includes employees in control functions. Employees in control functions were separately specified in the annual report 2018.

Number of employees with remuneration exceeding € 1 million

In 2019, no ACTIAM employees received total remuneration exceeding € 1 million.

REMUNERATION POLICY OF OUTSOURCING PARTNERS

Prior to engaging an external asset manager ACTIAM performs due diligence on that asset manager. An assessment of the external manager's remuneration policy is part of the due diligence. The remuneration policy has to be consistent with the interests of fund participants, hence appropriate incentives should be used. These incentives must be aligned with the objective of the investment fund for which the external asset manager is selected, making a distinction between actively and passively managed funds. For actively managed funds, for instance, ACTIAM assesses whether the external asset manager's investment horizon is in line with the investment fund's performance horizon, which is 3 to 5 years. For actively managed funds which seek to outperform the benchmark, ACTIAM assesses whether the remuneration policy ensures that the remuneration is linked to risk-adjusted measures, using for example the 'information ratio'. For passively managed investment funds an active performance-linked remuneration is less desirable. In such cases, ACTIAM assesses whether the performance incentives are properly linked to the way the investment fund's performance tracks the index, using for example tracking errors.

Information is also requested with respect to the remuneration policy of both 'identified staff' and 'non-identified staff' to ensure, for instance, that the remuneration policy contains no performance-related incentives for risk management and compliance officers. ACTIAM requests information on an annual basis from the delegated external asset managers with respect to the remuneration policy applied. The asset managers appointed by ACTIAM are entities that have an AIFM Directive- or an UCITS Directive (UCITS) license. These



entities are therefore subject to remuneration policy rules that apply under these directives and are therefore subject to the same regulations that are applicable for the remuneration policy of ACTIAM.

Utrecht, the Netherlands, 27 March 2020

ACTIAM NV

- W. Borgdorff, CEO
- D.G. Keiller, CTO
- W.M. Schouten, CRO

2 Financial Statements 2019 ACTIAM NV

2.1 BALANCE SHEET

Before result appropriation and in € thousands	REF.	31 DECEMBER 2019	31 DECEMBER 2018
Assets			
Equipment	1	10	-
Financial assets	2	31,406	31,576
Total fixed assets		31,416	31,576
Receivables	3	13,955	19,225
Cash at banks	4	673	3,541
Total current assets		14,628	22,766
Total assets		46,044	54,342
Equity and liabilities			
Equity	5		
Issued capital		45	45
Share premium reserve		17,777	8,777
Revaluation reserve		12	1
Other reserves		15,577	23,641
Net result		-5,414	-8,064
Total equity		27,997	24,400
Liabilities			
Current liabilities	6	18,047	29,942
Total liabilities		18,047	29,942
Total equity and liabilities		46,044	54,342

2.2 PROFIT AND LOSS ACCOUNT

in € thousands	REF.	2019	2018
Income	10		
Asset management fees income		74,493	75,595
Asset management fees rebate		-6,131	-9,191
Gross fee income		68,362	66,404
Asset management fees expenses	11	27,306	31,093
Net fee income		41,056	35,311
Operating expenses			
- Employee benefits expenses	12	26,282	26,155
- Depreciation non-current assets		3	-
- Other operating expenses	13	21,835	19,744
Total operating expenses		48,120	45,899
Total operating result		-7,064	-10,588
Net financial result	14	-168	-150
Result before tax		-7,232	-10,738
Tax income (-) / Tax expense (+)	15	-1,818	-2,674
Net result		-5,414	-8,064

2.3 CASH FLOW STATEMENT

in € thousands	REF.	2019	2018
Cash flow from operating activities			
Operating profit before tax		-7,232	-10,738
Adjustments for non-cash items included in profit before tax:			
Depreciation and amortisation of non-current assets	1	3	-
Amortisation investments	2	113	219
Impairments	2	46	-
Unrealised results on investments through profit or loss	2	-32	111
Change in operating assets and liabilities:			
Change in other operating activities		-4,800	6,734
Net cash flow from operating activities		-11,902	-3,674
Cash flow from investment activities			
Sale and redemption of financial assets (shares and bonds)	2	92,910	34,893
Disposal of deposits		-	10,000
Purchase of equipment	1	-13	-
Purchase of financial assets (shares and bonds)	2	-92,863	-50,706
Net cash flow from investment activities		34	-5,813
Cash flow from financing activities			
Capital injection	5	9,000	-
Net cash flow from financing activities		9,000	-
Net increase in cash at banks		-2,868	-9,487
Cash at banks 1 January	4	3,541	13,028
Cash at banks as at end of period	4	673	3,541
Additional disclosure with regard to cash flows from operating activities:			
Interest income received		20	113
Interest paid		-	21

2.4 NOTES TO THE 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 30143634.

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

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

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

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.

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.

Foreign Currencies

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

The exchange rate differences of non-monetary items in the statement of financial position measured at fair value, with changes in the fair value recognised in the statement of profit or loss, are accounted for as part of

these changes in the value of the related item in the statement of financial position. Non-monetary items measured at historical cost are measured at the exchange rate applicable on the initial transaction date.

Related Parties

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

ACCOUNTING POLICIES FOR THE BALANCE SHEET

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

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

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

Equipment

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

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

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

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

Financial Assets

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

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

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

- Has decreased 25% or more below cost; or
- Has been at least 5% below cost for nine months or more.

Impairments on equity securities are never reversed.

Receivables

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



Cash at banks

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

Equity

Issued capital

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

Share premium reserve

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

Revaluation reserve

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

Other reserves

The other reserves comprise retained earnings of prior years.

Net result

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

Current Liabilities

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

Taxation

Income tax expense

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.

Deferred tax assets and liabilities

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

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

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

Tax Group

VIVAT 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. The corporate income tax receivables and payables concern the receivables from and payables to VIVAT.

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.

ACCOUNTING POLICIES FOR THE CASH FLOW STATEMENT

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

2.4.2 NOTES TO THE BALANCE SHEET

ASSETS

1. EQUIPMENT

Breakdown of Equipment

in € thousands	31 DECEMBER 2019	31 DECEMBER 2018
IT equipment	10	-
Total	10	-

Statement of Changes in Equipment

in € thousands	2019	2018
Accumulated acquisitions costs	13	-
Accumulated depreciation	-3	-
Total	10	-
At 1 January	-	-
Purchases	13	-
Depreciation	-3	-
Balance as at 31 December	10	-

2. FINANCIAL ASSETS

Breakdown of Financial Assets

in € thousands	31 DECEMBER 2019	31 DECEMBER 2018
Shares	14,795	13,563
Bonds	16,611	18,013
Total	31,406	31,576

Shares

The largest part of the shares portfolio consists of investments in a money market fund (€ 14,578 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 0.54. These investments are part of ACTIAM's investment portfolio with respect to its cash management process.

Statement of Changes in Shares

in € thousands	2019	2018
Balance as at 1 January	13,563	12,273
Purchases and advances	40,280	12,404
Disposals and redemptions	-39,027	-11,043
Revaluations	8	-113
Impairments	-46	-
Dividend Received/Negative Distribution	17	42
Balance as at 31 December	14,795	13,563

Statement of Changes in Bonds

in € thousands	2019	2018
Balance as at 1 January	18,013	3,910
Purchases and advances	52,583	38,302
Disposals and redemptions	-53,883	-23,850
Revaluations	-9	2
Amortisation	-113	-219
Received Coupons	-	-259
Accrued Interest	20	127
Balance as at 31 December	16,611	18,013

The fair value of financial assets is determined using bid quoted prices. The sum of the revaluations of financial assets amounts to € 1 thousand negative at 31 December 2019 (2018: € 111 thousand negative).

3. RECEIVABLES

Breakdown of Receivables

in € thousands	31 DECEMBER 2019	31 DECEMBER 2018
Asset management fees to be received	4,973	14,211
Corporate income tax and dividend tax	4,996	2,456
Receivables from group companies	3,079	1,584
Trade receivables	320	107
Deferred tax assets	3	-
Accrued assets	584	867
Total	13,955	19,225

Receivables are due in less than one year.

Asset management fees to be received

Asset management fees to be received mainly consist of fees to be received from third parties. In 2018 this item mainly consists of fees to be received from group companies. In 2019 the settlement of the fees to be received from group companies has become part of the intra-group balances process.

Receivables from group companies

Per 31 December 2019 receivables from group companies consist of the intra-group balances with SRLEV, VIVAT Schadeverzekeringen, Proteq Levensverzekeringen and Zwitserleven PPI. Per 31 December 2018 this consist solely of the intra-group balance with SRLEV.

4. CASH AT BANKS

Cash at banks

Cash at banks comprise bank account balances at SNS BANK, KAS BANK and ABN AMRO. At 31 December 2019 the cash at banks stood at € 0.7 million (year-end 2018: € 3.5 million). Cash at banks are at the company's free disposal.

EQUITY

5. EQUITY

Statement of Changes in Equity

in € thousands	ISSUED CAPITAL	SHARE PREMIUM RESERVE	REVALUATION RESERVE	OTHER RESERVES	NET RESULT	TOTAL EQUITY
At 1 January 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	-	-	11	-	-	11
Change in share premium reserve	-	9,000	-	-	-	9,000
Net result 2019	-	-	-	-	-5,414	-5,414
At 31 December 2019	45	17,777	12	15,577	-5,414	27,997

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 € 24.8 million (2018: € 18.1 million) according to the 2019 ICAAP performed by the Management Board in close cooperation with Risk Management. At the end of the reporting period ACTIAM's equity was € 28.0 million. The increase in required internal minimum capital as compared to the previous reporting period is mainly due to the expected losses.

The share premium reserve increased with € 9 million due to capital injections by VIVAT.

LIABILITIES

6. CURRENT LIABILITIES

Breakdown of Current Liabilities

in € thousands	31 DECEMBER 2019	31 DECEMBER 2018
Debts to group companies	3,965	2,882
Variable remuneration and allowances payable	3,376	3,058
Management fees payable	2,899	6,868
Dividend tax payable	1,429	3,728
Regulatory expenses	616	586
Audit fees	242	551
Distribution fees payable	-	4,094
Asset management fees rebate payable	-	570
Accrued liabilities	5,520	7,605
Total	18,047	29,942

Current liabilities are due in less than one year.

Debts to Group companies

As the settlement of the distribution fees payable to SRLEV and the settlement of the fees rebate payable to SRLEV have become part of the intra-group balances process in 2019, Debts to group companies consist of the intra-group balance with VIVAT and SRLEV. In 2018 Debts to group companies consist solely of the intra-group balance with VIVAT.

Dividend Tax Payable

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

Distribution Fees Payable

This item concerns distribution fees payable to SRLEV. In 2019 this item is nil, because the settlement of the distribution fees payable to SRLEV has become part of the intra-group balances process.

Asset Management Fees Rebate Payable

This item concerns fees rebate payable to SRLEV. In 2019 this item is nil, because the settlement of the fees rebate payable to SRLEV has become part of the intra-group balances process.

Accrued Liabilities

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

7. COMMITMENTS AND CONTINGENCIES

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

8. RELATED PARTIES

Identity of Related Parties

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

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

	VIVAT		AFFILIATES		TOTAL	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018 ¹
In € thousands						
Positions						
Asset management fees to be received	-	314	55	9,066	55	9,380
Receivables from group companies	-	-	3,079	1,584	3,079	1,584
Corporate income tax and dividend tax	4,996	2,456	-	-	4,996	2,456
Debts to group companies	3,965	2,882	-	-	3,965	2,882
Asset management fees rebate payable	-	-	-	570	-	570
Distribution fees payable	-	-	-	4,094	-	4,094
Transactions						
Employee benefits expenses	8,265	8,247	-	-	8,265	8,247
Other operating expenses	2,891	2,583	-	-	2,891	2,583
Distribution fees expenses	-	-	15,542	16,300	15,542	16,300
Asset management fees rebate	-	-	6,131	9,191	6,131	9,191
Asset management fees income	562	562	28,623	22,928	29,185	23,490

¹ Comparative figures Asset management fees to be received have been adjusted to present them correctly. There is no impact on result or equity.

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 31 December 2019 (31 December 2018: 3). Refer



to Paragraph 1.8 Remuneration Policy for the remuneration of key management personnel. There are no loans, advances and guarantees outstanding on 31 December 2019 (and 31 December 2018) and/or granted to key management personnel during 2019.

9. EVENTS AFTER THE BALANCE SHEET DATE

Covid-19 Outbreak

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

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

Given the uncertainties and ongoing developments with respect to the COVID-19 outbreak, as at the date of publication of the Annual Report, ACTIAM cannot accurately and reliably estimate the ultimate quantitative impact on its financial position.

ACTIAM has invoked its business continuity plans to support the safety and well-being of its staff. Since 16 March 2020, nearly all ACTIAM employees have been working from home. ACTIAM is proud of the willingness and flexibility of all its employees which contributes to the capability to support its business operations and its clients.

China Banking and Insurance Regulatory Commission (CBIRC)

In February 2018, the China Banking and Insurance Regulatory Commission (CBIRC) - formerly known as the China Insurance Regulatory Commission (CIRC) - temporarily took over management of Anbang Insurance Group Co. Ltd. In February 2020, CBIRC announced it had ended its two-year period take over.

New Shareholder

On 7 June 2019, Anbang reached a conditional agreement with Athora on the sale of all shares in VIVAT.

On 19 March 2020, the transaction has been approved by the Dutch National Bank (DNB). This approval follows earlier clearances including approval from the European Commission for Athora's acquisition of VIVAT. In addition, the VIVAT works council has rendered its positive advice regarding the Transaction. The transaction is expected to close early April 2020.

Capital increase

On 17 March 2020 the VIVAT EB approved a capital injection from VIVAT NV to ACTIAM NV of € 12 million. The capital injection will be in the form of a share premium and is already received.

Changes in the ACTIAM Board of directors

W. Borgdorff will step down as CEO due to personal reasons but remains in function and will be replaced by F. Kusse pending regulatory approval.

W.M. Schouten has resigned as CRO and will leave ACTIAM as per May 1st 2020. W.M. Schouten will ensure a proper transfer of her activities. In the coming period, ACTIAM will work on the recruitment of a successor.

2.4.3 NOTES TO THE PROFIT AND LOSS ACCOUNT

10. INCOME

Breakdown of income

in € thousands	2019	2018
Asset management fees income	74,493	75,595
Asset management fees rebate	-6,131	-9,191
Total	68,362	66,404

Asset Management Fees Income

This concerns all-in fees received from investment funds and fees received for asset management and administration services.

The decrease of asset management fees income resulted 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 partially offset by higher assets under management driven by favourable market movements and due to non-recurring income from SRLEV N.V. to reimburse ACTIAM for higher derivatives costs.

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 management fee rebate for SRLEV N.V. decreased in 2019 as a result of the decision by the ACTIAM Board to limit the rebate granted.

11. ASSET MANAGEMENT FEES EXPENSES

Breakdown of Asset Management Fees Expenses

in € thousands	2019	2018
Distribution fees	16,260	16,300
Costs of outsourced asset management	8,368	10,908
Custodial fees	2,678	3,885
Total	27,306	31,093

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 mainly as a result from ASN Beleggingsbeheer BV taking back the role as AIFM per 22 May 2018. This results in costs directly charged to ASN Beleggingsbeheer BV instead of charged to ACTIAM.

Custodial Fees

This concerns costs for keeping securities in safe custody.

12. EMPLOYEE BENEFITS EXPENSES

Breakdown of Employee Benefit Expenses

in € thousands	2019	2018
Salaries and wages	18,313	16,228
Pension costs	2,347	2,616
Social security contributions	2,004	1,484
Other personnel expenses	3,618	5,827
Total	26,282	26,155

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 100 at 31 December 2019 (31 December 2018: 102). The total employee benefit expenses increased mainly due to non-recurring salary costs and to quality improvements in human capital.

Other personnel expenses consists mainly of personnel expenses recharged by VIVAT NV.

13. OTHER OPERATING EXPENSES

Breakdown of Other Operating Expenses

in € thousands	2019	2018
Administrative, accounting and reporting costs	12,092	9,396
Costs data vendors	3,374	3,037
Recharged expenses	2,355	1,932
Costs external advisors	1,914	2,359
Automatisation	806	391
Costs operational errors	434	109
Other costs	860	2,520
Total	21,835	19,744

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. The higher costs in 2019 are mostly driven by more transactions regarding new funds and derivatives, and other projects.

Automatisation

The increase of the automatisation cost in 2019 is mostly caused by the increase of software costs related to the contracts with external parties.

Costs operational errors

Costs operational errors increased mainly due to an incident regarding trading orders in 2019.

Other costs

The main driver for the lower other costs is the decrease of research costs.

14. NET FINANCIAL RESULT

Breakdown of net financial result

in € thousands	2019	2018
Interest income	20	113
Interest expenses and result on financial assets	-75	-44
Amortisation	-113	-219
Total	-168	-150



Interest Income

This concerns interest received on bonds. Ultimo 2019 the bonds portfolio consist of one 3.5% government bond.

Interest Expenses and Result on Financial Assets

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

Amortisation

This concerns amortisation of government bonds. As the bonds portfolio is reduced the corresponding amortisation decreased.

15. INCOME TAX

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

In € thousands	2019	2018
In financial year	-1,797	-2,692
Due to temporary differences	-21	18
Total	-1,818	-2,674

The corporate income taxes are irrevocable for the years up to and including 2017.

Reconciliation between the Statutory and Effective Tax Rate

In € thousands	2019	2018
Statutory income tax rate	25%	25%
Result before tax	-7,232	-10,738
Statutory corporate income tax amount	-1,818	-2,674
Total	-1,818	-2,674
Effective tax rate	25%	25%

16. RESULT APPROPRIATION

For the provisions of the articles of association governing the appropriation of profit or loss reference is made to Section Other information.

The Management Board proposes to the General Meeting of Shareholders to charge the negative result for 2019 of € 5,414 thousand to the other reserves of ACTIAM NV.

In accordance with the resolutions of the General Meeting of Shareholders of ACTIAM NV held on 12 June 2019 the total negative result for 2018 of € 8,064 thousand has been charged to the other reserves of ACTIAM NV.

Utrecht, the Netherlands, 27 March 2020

ACTIAM NV

- W. Borgdorff, CEO
- D.G. Keiller, CTO
- W.M. Schouten, CRO



3 **Other Information**

3.1 **PROVISIONS IN THE ARTICLES OF ASSOCIATION REGARDING PROFIT APPROPRIATION**

Article 31 of the Articles of Association governs the appropriation of profit.

ARTICLE 31

1. The profits shall be at the free disposal of the general meeting.
2. The company may only make distributions to shareholders and other persons entitled to the distributable profits to the extent its equity exceeds the total amount of its issued share capital and the reserves which have to be maintained pursuant to the law.
3. Distribution of profits shall take place following the adoption of the annual accounts from which it appears that such distribution is allowed.

Independent auditor's report

To: the shareholders and the management board of ACTIAM 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 ACTIAM N.V., based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of ACTIAM 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 significant 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 ACTIAM 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.

Emphasis of matter relating to uncertainty about Corona

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon are snapshots. The situation changes on a daily basis giving rise to inherent uncertainty. ACTIAM N.V. is confronted with this uncertainty as well, that is disclosed in the Management Board report (section 1.2.2 Developments in assets under management and section 1.6.5 Risks sub-section Covid-19 related risk) and in the notes to the financial statements (note 9 - events after the balance sheet date). We draw attention to these disclosures.

Our opinion is not modified in respect of this matter.

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:

- Management Board report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

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 substantially less than the scope of those performed in our audit of the financial statements.

The management board 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 as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the management board for the financial statements

The management board 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, the management board is responsible for such internal control as the management board 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, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board 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 engagement 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 detect all material errors and fraud during our audit.

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 among others:

- 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 the management board
- Concluding on the appropriateness of the management board'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 the management board 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, 27 March 2020

Ernst & Young Accountants LLP

signed by J.C.J. Preijde

