Fair Capital Partners asset management:
Our investment policy

An investment policy is a very important aspect of an asset manager's work. The Netherlands Authority for the Financial Markets (AFM), the regulatory body for the financial sector, has prepared six standard questions about investment policies. By providing answers to these questions, we hope to give you an understanding of how we draw up and implement our investment strategies.

1) On which investment philosophy does Fair Capital Partners asset management base its services?
Which principles underlie Fair Capital Partners asset management's investment policy and investment process? What distinguishes your investment policy from others?

Fair Capital Partners asset management invests your assets with respect for people, climate and nature, based on ASN Bank's sustainability criteria. ASN Bank's selection committee applies these criteria to define an investment universe of preselected companies from which Fair Capital Partners asset management selects its investments.

Our investment style may be characterised as follows:

- Careful: our investment specialists are experienced and act with caution.
- Personal: we build your investment portfolio based on your personal wishes, preferences and possibilities.
- Your risk profile is our starting point: when selecting investments, we remain within the pre-determined bandwidths of the profile that is best suited to your situation.
- Disciplined: we work based on a clear strategy, and take decisions at specific points in time.
- Top down: we invest based on our fundamental analysis of economic growth, inflation and interest rates.
- We invest using a GaRP approach (Growth at a Reasonable Price).
- Fair Capital Partners asset management does not invest in derivatives, with leverage or in short positions.

***2)* Which approach, investment strategy or investment style does Fair Capital Partners apply?**
Does Fair Capital Partners asset management use models, fundamental or technical analysis, quantitative analysis, or does it base decisions on a feel for the market? When do you make active choices about the services you offer? What are these choices? How does Fair Capital Partners asset management guarantee consistent implementation of its investment strategy?

The investment plan contains the strategic allocation of the portfolio across asset classes (equities, bonds and liquid assets). This asset allocation ties in with the risk profile chosen for you and largely determines the risk and return of your investments. Every asset class has a certain bandwidth, which serves as an important tool for managing the risks associated with investing.

Fair Capital Partners asset management determines the weighting of each asset class within these bandwidths. We base the weightings on our fundamental analysis of the expected

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economic situation over the next twelve months relative to the past twelve months. We perform this analysis every month and check the performance of your investments every week.

In principle, we do not time our purchase and sale decisions. This may be explained by our top-down approach, where we assess equities based on the attractiveness of a company, not on technical analysis of share price movements.

3) In which asset classes, sectors, regions and type of financial instruments are investments made?
Are there specific asset classes, products and/or type of instruments that are, or are not, traded or invested in? What do you base your choices on?

The investment portfolios consist of individual listed stocks and bonds, liquid assets and, where applicable, investment funds. We include investment funds in the portfolio if our own knowledge of a specific sector is insufficient. Examples are microfinance, or specialised sectors such as environment and water funds.

Sector allocation
When investing in equities, the allocation across economic sectors is important. Under certain economic circumstances, some sectors perform better than others. We determine a neutral weighting for each sector and, based on our fundamental analysis, decide for each sector whether to invest more or less than our neutral weighting. We may also decide to completely exclude a sector on account of the economic expectations.

Choice of equities
Lastly, we select individual stocks for your portfolio. In terms of equities, we take into account their marketability, as well as qualitative and quantitative criteria.

The following bandwidths apply:
- We invest at least 60% in European equities and a maximum of 40% outside Europe.
- We invest at least 60% in large companies and a maximum of 40% in medium or small market capitalisation companies (mid and small caps).

Risk management in relation to equities
An important element of portfolio management involves managing the risks of investing.
Fair Capital Partners asset management does this in various ways:
- There must always be more than 25 companies in a portfolio.
- The maximum weighting of an equity may, in principle, not exceed 8% of the portfolio.
- The minimum weighting of an equity may, in principle, not be less than 1% of the portfolio.

Choice of bonds
In order to manage risks, Fair Capital Partners asset management seeks to minimise risks relating to a bond’s currency or principal. We therefore only invest in high-grade bonds.

Options and other derivative products
Fair Capital Partners asset management does not invest in options and derivative products.

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4) If you advise and/or manage the entire portfolio, how do you build the portfolio?
Are there limitations when building an investment portfolio? How are they defined and how are they measured? How do you determine the ratio between asset classes in the long term (strategic asset allocation)? What discretion do you have in your short-term policy (tactical asset allocation)? What is your policy regarding hedging foreign currencies and the use of borrowed money?

Based on the outcomes of the onboarding meeting we have with you, we establish a risk profile that is in line with your financial situation, wishes, investment horizon and risk appetite.
Fair Capital Partners asset management uses seven risk profiles. The risk profile best suited to you affects the composition of your portfolio as it determines the allocation across the various asset classes (equities, bonds and liquid assets). Investing in equities, for example, typically entails a higher risk than investing in bonds. And the risks of investing in liquid assets tend to be lower than the risks associated with bonds.

In consultation with the head of investments, your dedicated contact will determine the time needed to build your portfolio. Under normal circumstances, this will take place in no more than three steps, during a period of at most six months. We have adopted this approach to minimise short-term exchange rate risk. If your financial assets derive from previous investments, this is not necessary.

The seven risk profiles:

	Equities			Bonds			Liquid assets		
	min	**neutral**	**max**	**min**	**neutral**	**max**	**min**	**neutral**	**max**
Very Offensive	80	90%	100	0	0%	0	0	10%	20
Offensive	60	70%	80	15	20%	25	0	10%	25
Neutral/Offensive	50	60%	70	25	30%	35	0	10%	25
Neutral	40	50%	60	30	40%	50	0	10%	30
Neutral/Defensive	30	35%	40	40	55%	65	0	10%	30
Defensive	20	25%	30	50	65%	80	0	10%	30
Very Defensive	0	0%	0	70	90%	100	0	10%	30

5) How does Fair Capital Partners asset management determine its risk and return expectations?
How does Fair Capital Partners asset management determine the balance between risk, return and costs. How do your expectations influence the investment decisions you make? Which risk criteria do you apply?

Your portfolio's return depends on the risk profile we have established for you. The risk of an investment portfolio is reflected in the volatility. More risk means higher volatility. In other words, the value of the portfolio fluctuates more sharply, both upwards and downwards. Similarly, a portfolio with less risk is less volatile.

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The expected return is based on returns achieved in the past by portfolios with the same risk profile, where necessary supplemented by information on the performance of model portfolios. Note, however, that past performance is no guarantee of future results. Past returns are merely indicative.

6) How can you, as an existing or potential client, assess the investment policy of Fair Capital Partners asset management?

Which criteria should you, as a client, use to assess the investment policy and investment results? And over what period of time (investment horizon) is an assessment of the policy and results useful?

Every quarter, clients receive a report outlining the performance of their portfolio.
This report includes a graphical representation of changes in value and shows all transactions that have taken place. The notes to the report explain the reasons for the transactions and compare the results with a predetermined benchmark. This clearly shows whether your portfolio has outperformed or underperformed the benchmark. The benchmark is a neutral measure.

At least once a year, your dedicated contact will talk you through the content and results of your investment portfolio. The portfolio itself can be viewed online at any time.

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