

# 2021

# Semi-Annual Report

NN Investment Partners B.V.



# Semi-Annual Report contents

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# Management Board report

## Company profile

NN Investment Partners B.V. ("NN IP") is a Dutch legal entity primarily engaged in collective and individual portfolio management activities. NN IP acts as manager of all Dutch and Luxembourg domiciled NN investment funds, as board member of certain NN investment companies (NN Paraplufondsen) and as investment manager/advisor for proprietary assets (NN Group assets) as well as the assets of third parties (institutional clients). NN IP's distribution platform 'Fitvermogen' enables retail clients to invest in NN Funds.

NN IP's business objective is to meet clients' needs by responsibly managing their assets through actively managed income-driven products and advice-embedded solutions, creating value for all stakeholders and society.

NN Investment Partners B.V. has been licensed since May 11th 2006 pursuant to Section 2:65 Wft (management of non-UCITS funds) and has been licensed since June 6th 2014 pursuant to Section 2:69b Wft (management of UCITS funds). The company is under supervision of the Dutch Authority for the Financial Markets (AFM) and De Nederlandsche Bank (DNB). The 2:65 Wft license was converted to an AIFMD license as of July 22nd 2014. In the course of 2015 an extension on the licence was granted, authorizing NN Investment Partners B.V. to provide investment advice and individual portfolio management services.

NN IP is under regulation of the AFM (and DNB with regards to the prudential supervision) and a prior reliability and suitability assessment of its Board Members is required for their appointment in the Management Board. NN IP is through a number of group companies a wholly-owned subsidiary of NN Group N.V. (its immediate parent is NN Investment Partners International Holdings B.V.). NN IP has established branch offices in Germany, France, Spain, Italy, the United Kingdom, Romania, and the Czech Republic ("Branches").

## NN Group profile

NN Group is an international financial services company, active in 20 countries, with a strong presence in a number of European countries and Japan. Led by our purpose and ambition, guided by our values and brand promise, and driven by our strategic commitments, we are committed to create long-term value for all our stakeholders: customers, shareholders, employees, business partners and society. With all our employees, the Group provides retirement services, pensions, insurance, investments and banking to approximately 18 million customers. NN Group's main brands are Nationale-Nederlanden, NN, NN Investment Partners, Movir, AZL, BeFrank and OHRA.

Our roots lie in the Netherlands, with a rich history that stretches back 175 years. NN Group is listed on Euronext Amsterdam.

## Governance

NN IP's management board consist of: S.S. Bapat (Chairman, Chief Executive Officer), V. van Nieuwenhuijzen (Chief Investment Officer), M.C.M. Canisius (Chief Finance and Risk Officer), H.W.D.G. Borrie (Chief Client Officer), M.C.J. Grobbe (Chief Human Resources Officer (CHRO)) and B.G.J. van Overbeek (Global Chief Operation Officer (GCOO)).

NN IP's staff is employed by NN Personeel B.V. The parent company of NN IP, NN Investment Partners International Holdings B.V. is charged for the staff expenses by NN Personeel B.V. under a service level agreement and accordingly NN IP is charged by NN Investment Partners International Holdings B.V. via a cost allocation charge. For NNIP's remuneration policy we also refer to NN IP's website.

NN Group and the shareholder of NN IP aim to have an adequate and balanced composition of the Management Board of NN IP. Thereto, they aim to achieve a gender balance by having at least 30% men and at least 30% women amongst the members of the Board. The composition of the Board met the mentioned gender balance. NN Group and the shareholder of NN IP will continue to strive for an adequate and balanced composition of the Board in future appointments, by taking into account all relevant selection criteria including, but not limited to, gender balance.

## Financial situation and result as at 30 June 2021

NN IP's financial position as at 30 June 2021 can be described as solvent. NN IP's cash balance as of 30 June 2021 is € 14.0 million (31 December 2020: € 11.8 million). The cash and cash equivalents are at the free disposal of NN IP. NN IP's financing requirements in 2021 were met by means of financing through NN Group companies. NN IP's Finance department manages the risk associated with NN IP's business activities through the management, planning and allocation of capital within NN IP. The Finance department manages NN IP's capital on a pro-active basis and ensures that sufficient capital is available by setting targets and limits.

Gross income from operations increased to € 333.7 million (2020: € 288.7 million). The fee and commission expenses increased to € 159.4 million (2020: 132.8 million). For the period ended 30 June 2021 the positive result after tax amounts to € 43.3 million (2020: € 35.9 million).

# Management Board report – continued

## Risk Management

### Methodology

NN IP's organization presents several "In Control" statements (e.g. ISAE3402) to clients, shareholders, regulators and other stakeholders. For that purpose, NN IP uses an integrated approach and governance. The "In Control" statements and the work performed for these statements (risk assessments, control testing and evaluating testing results) form largely also the basis for this risk paragraph. NN IP is internally governed by a Management Board. The Management Board is responsible for maintaining a governance framework that encourages a strong control environment and contributes to integrity, ethical values and operational excellence. The scope of the "In Control" statements is limited to the processes within NN IP itself and does not include the NN investment funds.

### The most significant risks and control measures

For NN IP the risk appetite is defined as the acceptable and authorised maximum level of risk in each of the risk areas in order to achieve its business objectives within approved budgets. The risk areas are categorised in the following areas:

- Strategy
- Operating activities
- Financial position
- Laws, rules and regulations

### Strategy

The strategic risk is included implicitly as part of business risk. NN IP constantly monitors outflows in its fund ranges, as challenging market conditions can potentially cause investors to retrieve investments from our fund range.

### Operating activities

In this section we take into account several stress tests to see what the operational impact will be and relate these scenarios to the impact of our capital.

#### - Fraud

The risk of internal fraud inherently is within each business unit with employees. The usual mitigating measures within NN IP, such as segregation of duties between portfolio management, trading desk and back office, limit the actual risk of internal fraud. There is however always the risk of internal fraud from overriding or bypassing the internal controls. NN IP regards this as a limited risk. Important to note is the segregation of assets: no physical assets can be stolen, as these are held by the custodians who only act upon instructions following the process with the segregation of duties.

#### - Conflicts of interest

A possible scenario could be to have a conflict of interest enacted through the transfer of securities between two funds, where the purpose is to have the interest of one client more at heart than another client. This may result in claims from clients, reputation damage or fines from the regulator. Controls within NN IP to prevent this from happening are the involvement of Compliance and Risk in fund restructuring processes, Compliance involvement in the required cross-trade process as described in the cross-trade procedure of the Trading Manual, and periodic monitoring on cross-trades by Compliance.

#### - Supplier Failure

A critical third-party supplier failing to provide the level of service desired and contracted for, can cause operational disruptions, potential litigation costs and severe declines in the quality of customer service. Potential impact could be the loss of reputation, higher cost of a new service provider or cost of external staff when taking the activity back on a temporary basis. NN IP has controls in place that mitigate the risks, such as a pre-contract partner due diligence investigation, monitoring the services provided, including potential breaches of mandates and the outsourcing contract, regular Service Level Management and internal review of the control reports from the service suppliers.

#### - Partnership Failure

Default of a major partnership provider of critical services may result in disturbance of critical activities until exit/contingency strategies can be enacted. In order to mitigate this risk a number of measures are in place including the monitoring of credit worthiness of partners, a clearly documented exit and contingency strategy and limits on counterparty exposures, including independent monitoring of these limits.

#### - Pandemic

An outbreak of a global pandemic of influenza can affect a large fraction of critical staff at NN IP and/or business partners and consequently impact the business' operations. Essential to reducing the impact of the pandemic is to prevent viruses spreading across critical staff by preventing them from having physical contact with staff that have been infected. Such measures include the spreading of staff of critical departments across independent sections of the office, working from several offices and having critical staff work from home. The last measure has already become common practice within NN IP.

#### - Marketing of products

Deficiencies in the development, design or approval of investment products can lead to loss of new business, financial losses or a liability gap for NN IP. This affects all elements of the product including marketing material. Complicating factors are the varying local requirements for products and services. This may result in reputational damage or regulatory fines.

Measures to seriously reduce the impact of this scenario are twofold. Firstly, NN IP has implemented a solid product approval process covering all new or amended products involving control functions like Risk and Compliance. Secondly, Compliance is involved in the review of all marketing materials.

# Management Board report – continued

## Financial position

During the normal course of business, NN IP uses various financial instruments that expose it to market, currency, credit and liquidity risks. NN IP operates within the requirements of the NN IP's Risk Governance Framework. This framework sets out the principles and methodologies to identify, assess and manage risk. It consists of several policies that apply to specific subjects (e.g. Conflicts of Interest, Credit Risk, Insiders Regulation). NN IP is primarily exposed to operational risks.

### - Market risk

Market risk is the risk resulting from exposure to changes in market prices of tradable financial instruments within a portfolio. NN IP does not have a complex balance sheet. The balance sheet consists largely of cash together with current assets and current liabilities. Investments are not carried out for its own account and therefore the direct exposure to market risk is limited. Currently, NN IP does not hold any seed capital positions.

NN IP is exposed to indirect market risk caused by fluctuations in the wider financial markets that will affect the valuation of the assets that it manages. NN IP is therefore subject to indirect market risk through market impacts on its gross margin. It generally considers it uncontrollable, as it is inherent in the business of asset management. In practice, the exposure to this risk is diversified, to a degree, by having exposure to multiple classes of instruments.

### - Currency risk

NN IP is exposed to currency risk on fees that are denominated in a currency other than the respective functional currency of the Company, the Euro. The currencies in which these transactions primarily are denominated are EUR, USD, GBP, and RON. NN IP does not hedge its estimated foreign currency exposure in respect of forecasted fees, as foreign currency fees paid are considered well balanced with foreign currency fees received.

### - Credit Risk

NN IP does not carry out any credit activities. There is a small risk of not being able to collect management fees from its funds or institutional clients. Furthermore a credit risk arises from the contract assets related to the Y share classes sold in Taiwan. The front-end loan is paid upfront by NN IP and amortised in three years. The contract asset on balance sheet date amounts up to € 56,670,693 (2019: 31,343,374). Overall NN IP considers that the exposure to credit risk is limited given the fact that it did not write off any significant receivables over the past years.

### - Liquidity Risk

NN IP is required to hold capital to cover at least 3 months expenditure on a continuous basis. In practice NN IP participates in the NN Group cash pool through its immediate parent company NN IP International Holding B.V. Almost all cash positions are pooled on a daily basis at NN Insurance Eurasia N.V. and managed by the NN Corporate Treasury department. This enables NN IP to make payments as they fall due.

## Laws, rules and regulations

Both the Management Board of NN IP and the Management Board of NN Group are committed to preserving its integrity and reputation. Therefore, NN Group requires all its businesses to have a good understanding of, and adherence with applicable laws, regulations and standards in each of the markets and jurisdictions in which it operates. NN IP has adopted the NN Group Compliance Charter and Framework to help businesses effectively manage their compliance risks. An overview of relevant local laws and regulations are covered in NN IP local Compliance Charts. The Compliance Charts describe the compliance risks which are material and relevant to NN IP.

Complaints are also an important element of event identification. A complaint handling and response procedure is available, and the process has been implemented. Our Client Servicing team is aware of the procedures surrounding the receiving of complaints. Complaints handling is dealt with in employee training and communicated by management to employees. Also, a Whistle-blower procedure is available and reporting of Whistle-blower cases is implemented. Whistle-blowing reporting officers have been appointed and instructed. There is a documented methodology for investigation that protects all parties involved during the process. To allow the compliance function to perform its duties, it has direct reporting lines to both the board and Corporate Legal & Compliance of NN Group.

## Impact on the financial position and result in case significant risks would materialize

The global outbreak of the coronavirus and subsequent economic slowdowns have been the most significant events throughout 2020. Regular changes to the expected outcome and economic impact added volatility to the markets. In general, market circumstances have become more unpredictable in recent years but we deem current capital sufficient to cover for potential future losses from operational incidents. Besides these potential operational losses, we also used stress scenarios on our gross revenues and operating results from adverse market conditions.

### - Risk and uncertainties that had a significant impact during the year

The risks and uncertainties affecting economic growth were mainly caused by the global pandemic and subsequent economic slowdowns. This has been dominating the news in 2020 and has been an historic event, leading to a significant decline in stock markets during the first half of the year. The markets proved resilient however, supported by fiscal stimulus and the commitment of central banks throughout 2020. The year ended with optimism towards 2021, with hopes of a successful vaccine roll-out and that economic recovery will remain on track.

### - Improvements to the risk management systems

During 2020, the investment risk, counterparty risk and performance attribution systems were enhanced to further leverage on the capabilities of existing systems and providers within NN IP, to allow for faster throughput time and to align the risk view across the company. NN IP believes to continue to be in control of the applicable risks.

## Management Board report – continued

### Social aspects of operating the business

At NN IP, we are committed to improving people's financial well-being, and to responsibly managing the assets entrusted to us by our customers. We aim to be a positive force in the lives of our customers. We believe this also includes taking responsibility for the well-being of the wider society and supporting the communities in which we operate. NN IP's values guide us in fulfilling our role as a good corporate citizen.

NN IP's Code of Conduct contains the core values to ensure that we never lose sight of the essence of what we do: adding value to our customers and society. The Code of Conduct is available via 'Code of Conduct' community on the intranet of NN IP.

### Outlook second half of 2021

Since the beginning of 2020, the coronavirus (COVID-19) has been unfortunately affecting people and businesses around the world. Like other companies, NN IP is exposed to the challenges resulting from the spread of the coronavirus. Looking ahead, the macroeconomic environment remains uncertain. We continue taking the necessary measures aimed at safeguarding the interests and the wellbeing of all our stakeholders.

NN IP will continue to strengthen its investment capabilities, increase ESG-integrated AuM, while delivering (remote) digital and personal client experience. It will continue to make clear choices, streamline its organisation, and focus on the core. By developing the right skills, investing responsibly and adapting constantly, NN IP aims to create long-term value for its clients.

Asset management is a global and scalable business. We believe we will grow by bringing the right products and solutions to our clients, combined with access to distribution and reach. We see strong growth potential in sustainable capabilities, emerging and private debt capabilities and solutions, supported through consistent investments in technology, robust processes and an adaptive investing approach.

### Audit

The 2021 semi-annual accounts of NN IP have not been audited or partially assessed by the external auditor.

The Hague, 31 August 2021

### The Management Board

S.S. Bapat  
(Chairman, Chief Executive Officer)

M.C.M. Canisius  
(Chief Finance and Risk Officer)

V. van Nieuwenhuijzen  
(Chief Investment Officer)

H.W.D.G. Borrie  
(Chief Client Officer)

M.C.J. Grobbe  
(Chief Human Resources Officer)

B.G.J. van Overbeek  
(Global Chief Operation Officer)

# Balance Sheet

After appropriation of the result  
As at 30 June  
Amounts in EUR

	30 June 2021	31 Dec 2020
Fixed assets:		
Tangible fixed assets	3,755,098	3,973,837
Financial fixed assets	2,077,034	2,046,644
<b>Total fixed assets</b>	<b>5,832,132</b>	<b>6,020,481</b>
Current assets:		
Trade receivables	11,234,747	7,855,250
Receivables from Group companies	41,672,914	39,339,196
Other receivables and other assets	123,563,244	113,500,582
Cash and cash equivalents	13,967,503	11,754,351
<b>Total current assets</b>	<b>190,438,408</b>	<b>172,449,649</b>
<b>Total assets</b>	<b>196,270,540</b>	<b>178,470,130</b>
Equity:		
Issued and paid-up capital	193,385	193,385
Other reserves	98,870,191	94,855,401
<b>Total equity</b>	<b>99,063,576</b>	<b>95,048,786</b>
Current liabilities:		
Payables to Group companies	15,494,242	16,935,527
Income tax payable	6,230,974	5,555,232
Trade and other payables	71,928,498	57,045,133
<b>Total current liabilities</b>	<b>93,653,714</b>	<b>79,535,892</b>
Non-current liabilities:		
Lease liability	3,553,250	3,885,452
<b>Total non-current liabilities</b>	<b>3,553,250</b>	<b>3,885,452</b>
<b>Total equity and liabilities</b>	<b>196,270,540</b>	<b>178,470,130</b>

# Profit and loss account

For the period ended 30 June  
Amounts in EUR

	Notes	2021	2020
Gross management fee and commission income	1	333,690,486	288,733,333
Fee and commission expenses	2	-159,428,037	-132,755,243
<b>Gross margin</b>		<b>174,262,449</b>	<b>155,978,090</b>
Other operating expenses	3	-117,489,084	-108,292,862
<b>Operating result</b>		<b>56,773,365</b>	<b>47,685,228</b>
Finance income and expenses		325,230	178,502
<b>Finance income and expenses</b>		<b>325,230</b>	<b>178,502</b>
<b>Result from operations before tax</b>		<b>57,098,595</b>	<b>47,863,730</b>
Income tax		-13,781,771	-11,915,094
<b>Result from operations after tax</b>		<b>43,316,824</b>	<b>35,948,636</b>



# Statement of changes in equity

Amounts in EUR

	Issued capital	Retained earnings	Total
Balance as at 1 January 2020	193,385	80,265,589	80,458,974
Dividend paid		-20,700,000	-20,700,000
Other		161,878	161,878
Result for the period		35,948,636	35,948,636
<b>Balance as at 30 June 2020</b>	<b>193,385</b>	<b>95,676,103</b>	<b>95,869,487</b>
Balance as at 1 January 2021	193,385	94,855,401	95,048,786
Dividend paid		-42,277,502	-42,277,502
Other		2,975,468	2,975,468
Result for the period		43,316,824	43,316,824
<b>Balance as at 30 June 2021</b>	<b>193,385</b>	<b>98,870,191</b>	<b>99,063,576</b>

# Principles of valuation and determination of results

## General

NN IP is through a number of group companies, a wholly-owned subsidiary of NN Group N.V., (its immediate parent is NN Investment Partners International Holdings B.V.) located at Schenkkade 65, 2595 AS, The Hague and is listed under number 27132220 in the Trade Register.

NN Investment Partners International Holdings B.V. declared to assume joint and several co-liability for the debts arising from legal acts of NN IP, in accordance with article 403, Part 9 Book 2 of the Dutch Civil Code ('403'-declaration).

The semi-annual accounts are presented in euro, which is NN IP's functional and presentation currency.

## Principles of valuation of assets and liabilities and the determination of results

The 2021 semi-annual accounts of NN IP are prepared in accordance with generally accepted accounting principles included in Part 9, Book 2 of the Dutch Civil Code. These semi-annual accounts have been prepared on the basis of the going concern assumption.

The financial statements of NN IP are included in the consolidated financial statements of NN Group N.V.

## General accounting principle

Assets and liabilities are stated at nominal value, unless otherwise stated.

An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognized in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably. An asset or liability that is recognized in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability.

Assets or liabilities that are not recognized in the balance sheet are considered as off-balance sheet assets or liabilities.

Income is recognized in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognized when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate.

## Use of estimates

The preparation of the financial statements requires management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

## Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any.

The cost consists of the price of acquisition, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenditure is only capitalized when it extends the useful life of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment of the asset.

The following rates of depreciation are applied:

- Buildings, Office equipment, Other : 10-33%

## Impairment of tangible fixed assets

Tangible fixed assets are assessed at each reporting date, whether there is any indication of an impairment. If such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realizable value. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognized impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognized in previous years for the asset (or cash-generating unit).

# Principles of valuation and determination of results - continued

The determination of impairments is an inherently uncertain process involving various assumptions and factors. Estimates and assumptions are based on management's judgement and other information available.

## Financial fixed assets

### Participating interests with significant influence

Participating interests where significant influence is exercised over the business and financial policy, are valued according to the equity method on the basis of net asset value. The net asset value is calculated on the basis of NNIP's accounting policies. Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognized. Results on transactions involving transfer of assets and liabilities between NNIP and its participating interests and mutually between participating interests are eliminated to the extent that these cannot be regarded as having been realized.

Participating interests with a negative net asset value are valued at nil.

### Participating interests with no significant influence

Participating interests where no significant influence is exercised are stated at the lower of cost or realizable value. In case of a firm intention to sell, the participating interest is stated at the lower expected sales value. If NN IP transfers an asset or a liability to a participating interest that is measured at cost or current value, the gain or loss resulting from this transfer is recognized directly and in full in the profit and loss account, unless the gain is in substance not realized.

Dividends are accounted for in the period in which they are declared. Dividends from participating interests that are carried at cost, are recognized as income from participating interests in the period in which the dividends become payable.

### Impairment of financial assets

A financial asset that is not stated at fair value with value changes reflected in the profit and loss account, but at amortized cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortized cost (loans and receivables and financial assets that are held to maturity) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those individually significant assets found not to be specifically impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, NN IP uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset stated at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognized by using the asset's original effective interest rate. When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

The determination of impairments is an inherently uncertain process involving various assumptions and factors. Estimates and assumptions are based on management's judgement and other information available.

### Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement and disclosed separately. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

### Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet, when NN IP has a current legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or to realize the assets and settle the liability at the same time.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

# Principles of valuation and determination of results - continued

## Foreign currency translation

### Transactions and balances

Transactions denominated in a foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items or resulting from the translation of monetary items denominated in foreign currency, are recognized in the profit and loss account in the period in which they arise, except for exchange differences on monetary items that are part of a net investment in a foreign operation.

Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost, are translated into euros at the exchange rates applying on the transaction date.

Non-monetary assets and liabilities denominated in foreign currency that are stated at current value, are converted into euros at the exchange rate at the time when the actual current value was determined. Exchange rate differences arising from the translation are directly recognized in equity as part of the revaluation reserve.

### Foreign operations

The assets and liabilities that are part of the net investment in a foreign operation are translated into euros at the exchange rate prevailing at the balance sheet date. The revenues and expenses of such a foreign operation are translated into euros at the exchange rate on the transaction date.

### Equity

Equity consists of paid-up capital and other reserves. Other reserves comprise the cumulative results of previous years, the result of the year under review, activity related to share based payments and less any dividend paid.

### Corporate income tax

NN IP is part of a Dutch fiscal unity with its indirect parent NN Group N.V. for both corporate income tax and VAT, along with other Dutch subsidiaries of NN Group N.V.

NN Group N.V. and its subsidiaries, that form part of the Dutch fiscal unity are jointly and severally liable for taxation payable by the Dutch fiscal unity. The calculation of NN IP's corporate income tax is made as if NN IP is an independent taxpayer. The corporate income tax payable is settled on a quarterly basis, through NN Investment Partners International Holdings B.V., with NN Group N.V. via the current account. NN IP's foreign offices (Branches) are considered to be permanent establishments. The Branches are therefore subject to corporate income tax in the country they operate and file their own corporate income tax returns.

Corporate income tax comprises the current and deferred corporate income tax payable and receivable for the reporting period. Corporate income tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly to equity.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences. For taxable temporary differences, a deferred tax liability is recognized.

For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognized, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

For taxable temporary differences related to group companies and foreign Branches, a deferred tax liability is recognized, unless NN IP is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies and foreign Branches, a deferred tax asset is recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which NN IP expects, at the balance sheet date, to realize or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value and calculated using tax rates enacted or substantively enacted at the reporting date.

### Management fees and commission income

Management fees and commission income are generally recognized as the service is provided by NN IP and are based on the applicable service contracts.

### Management fees and commission expenses

Management fees and commission expenses are generally recognized as the service is provided to NN IP and are based on the applicable service contracts.

# Principles of valuation and determination of results - continued

## Other operating expenses

Expenses are allocated to the period to which they relate.

## Employee Benefits- Share-based payments

Share-based payments are recognized as staff expenses over the vesting period. A corresponding increase in equity is recognized for equity-settled share-based payment transactions.

The fair value of equity settled share-based payment transactions is measured at the grant date.

## Pension accounting policies for Branch employees

NN IP's Branches have contribution pension plans in place for its employees. In accordance with the pension plans the Branches pay a premium which will result in the pay out of the insured pension capital at the retirement age, or before upon death of the employees. The contributions are expensed in the period to which they relate.

## Operating Lease

NN IP and its Branches have entered into several operating lease contracts. As allowed under Dutch GAAP, NNIP has adopted IFRS 16 to account for its 'leases' starting 1 January 2019. As a result NNIP recognized a right-of-use asset and a lease liability.

## Financial income and expenses

This item comprises interest received and paid on bank accounts, deposits, interest on receivables and payables and exchange differences resulting from the settlement of monetary items or resulting from the translation of monetary items denominated in foreign currency and which are recognized in the profit and loss account in the period in which they arise, taking into account the effective interest of the related asset.

## Exchange rate against euro as at 30 June

		2021	2020
US Dollar	(USD)	1.19	1.12
British Pound	(GBP)	0.86	0.91
Czech Crown	(CZK)	25.51	26.64
Danish Crown	(DKK)	7.44	7.45
Hungarian Forint	(HUF)	351.03	354.44
Japanese Yen	(JPY)	131.62	121.17
Romania Leu	(RON)	4.92	4.84
Swedish Crown	(SEK)	10.14	10.46
Thai Baht	(THB)	38.01	34.71
United Arab Emirates Dirham	(AED)	4.36	4.13

# Notes to the Semi-Annual Accounts

## 1 Gross management fee and commission income

### Gross management fee and commission income

	30 June 2021	30 June 2020
Management fees	323,577,522	280,761,533
Sub management fees	6,968,714	7,476,501
Sales fees	63,861	60,534
Security lending fees	405,357	181,374
Advisory fees	2,138,543	608,435
Other income	536,489	-355,044
<b>Total gross management fee and commission income</b>	<b>333,690,486</b>	<b>288,733,333</b>

### Management fees

The management fees relate to fees received for managing the assets of both institutional and retail clients throughout the year.

### Sub management fees

The sub management fees relate to fees received for co-managing the assets of the clients with other managers, either internal or external throughout the year.

### Sales fees

The sales fees relate to fees received for selling the funds managed on behalf of the clients throughout the year.

## 2 Fee and commission expenses

### Fee and commission expenses

	30 June 2021	30 June 2020
Management fees	-6,174,602	-4,413,331
Sub management fees	-18,440,154	-19,318,099
Advisory fees	-3,622,629	-3,078,749
Sales fees	-12,193,567	-10,922,257
Fixed service fees	-31,519,334	-24,028,877
Trailer fees	-87,477,751	-70,993,930
<b>Total fee and commission expenses</b>	<b>-159,428,037</b>	<b>-132,755,243</b>

### Management fees

The management fees relate to fees paid to internal and external managers for managing the assets of the clients throughout the year.

### Sub management fees

The sub management fees relate to fees paid to internal and external managers for co-managing the assets of the clients throughout the year.

### Sales fees

The sales fees relate to fees paid to internal distributors for selling the NN funds managed on behalf of the clients throughout the year.

### Fixed service fees

The fixed service fees relate to fees paid, for expenses incurred by the managed funds, including fund accounting, custody and other expenses.

### Trailer fees

The trailer fees relate to fees paid to external distributors for selling the funds managed on behalf of the clients throughout the year.

## 3 Other operating expenses

### Other operating expenses

	30 June 2021	30 June 2020
Salary expenses	-5,827,478	-4,022,012
Social securities	-1,668,213	-756,292
Pension expenses	-430,666	-256,924
Expenses share-based compensation	-173,537	-161,117
Other expenses	-109,389,190	-103,096,517
<b>Total other operating expenses</b>	<b>-117,489,084</b>	<b>-108,292,862</b>

The salary expenses, social securities, pension expenses and expenses for share-based compensation relate to the employees employed by the Branches of NN IP. NN IP reports 56 Branch employees as at 30 June 2021 (30 June 2020: 40 Branch employees).

### Other expenses

Other expenses mainly relate to a cost charge of € 105.3 million from NN Investment Partners International Holdings B.V. The cost allocation charge includes indirect organizational costs and direct business related costs, which includes, amongst others, costs for (temporary) staff, professional services, information technology, marketing and market data services.

## Notes to the Semi-Annual Accounts – continued

NNIP's staff (excluding the Branches) are employed by NN Personeel B.V. NN Investment Partners International Holdings B.V. is charged for these expenses under a service level agreement and accordingly, as of 2017, NN IP is charged by NN Investment Partners International Holdings B.V. via a cost allocation charge.

### Significant events after balance sheet date

NN Group announced that it has reached an agreement to sell NN Investment Partners to Goldman Sachs Group. Closing of the transaction is subject to customary conditions, including obtaining the necessary regulatory and competition clearances and consultation of the NN IP works council in the Netherlands, and is expected to take place by the first quarter of 2022.

There are no other significant events after balance sheet date

## Signing by the Management Board

The 2021 semi-annual accounts of NN IP with a balance sheet total of € 196,270,540 and a profit after tax of € 43,316,824 as well as the notes to these accounts, are signed according to the articles of association of NN IP and the applicable laws and regulations.

The Hague, 31 August 2021

### The Management Board

S.S. Bapat  
(Chairman, Chief Executive Officer)

M.C.M. Canisius  
(Chief Finance and Risk Officer)

V. van Nieuwenhuijzen  
(Chief Investment Officer)

H.W.D.G. Borrie  
(Chief Client Officer)

M.C.J. Grobbe  
(Chief Human Resources Officer)

B.G.J. van Overbeek  
(Global Chief Operation Officer)