

BNP PARIBAS ASSET MANAGEMENT NEDERLAND N.V.

Semi-annual Report 2017 (unaudited) – 30 June 2017



BNP PARIBAS
ASSET MANAGEMENT

The asset manager
for a changing
world

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MANAGEMENT BOARD REPORT

General

On 1 June 2017 various entities within BNP Paribas Investment Partners, amongst those the Company, changed their statutory names. As from 1 June 2017, the name of the Company is BNP PARIBAS ASSET MANAGEMENT Nederland N.V.

BNP Paribas Asset Management is the autonomous global asset management division of the BNP Paribas Group. BNP PARIBAS ASSET MANAGEMENT Nederland N.V. (the **Company**), wholly owned by BNP PARIBAS ASSET MANAGEMENT NL Holding N.V., acts, amongst others, as director and/or Management Company (*beheerder*) for Dutch Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs) (together: investment funds) and is entrusted with asset management activities for both institutional mandates and investment funds of BNP Paribas Asset Management.

Half year results 2017

The Company's net result decreased with EUR 0.2 million over the first 6 months of 2017 resulting in a loss of EUR 2.6 million compared to the same period in 2016. The net fee margins of the Dutch funds and mandates remained stable, whereas the marginal decrease of the net result can be explained by various positive (extraordinary and prior year) one offs, booked during the first half year of 2016.

Next to the Company's net result, a capital increase of EUR 7.8 million was executed in March 2017 via a contribution in kind.

Compliance and Fund Governance

The Board of Directors paid significant attention to applicable laws and regulations, including the Act on Financial Supervision (*Wet op het financieel toezicht* or *Wft*). The Company's Board of Directors assured that required amendments, where necessary, were made in a timely manner, in amongst others prospectuses, its Principles of Fund Governance (as available on the Company's website www.bnpparibas-am.nl and based on the requirements concerning sound business operations (as set out in the *Wft*) and other public information, internal procedures, organisation and guidelines.

Notable regulatory changes for the Company over the first half of 2017 include the Securities Financing Transaction Regulation, the Act on balanced distribution of seats on the Board and the Supervisory Board and the Act Implementing the Annual Accounts Directive (2013/34 EU).

Strategy, products and services

As described above, the Company operates as Management Company for a range of UCITS and AIFs.

With effect from 1 January 2017 the positions of BNP Paribas High Income Property Fund in currencies other than the euro are no longer fully hedged to the euro. The investment policy, the risk profile and the benchmark have been updated to reflect this.

On 17 March 2017, BNP Paribas Sustainable Europe Index Fund, Classic share class merged with BNP Paribas Sustainable World Index Fund, Classic share class. The reason for this merger was the relatively small size of BNP Paribas Sustainable Europe Index Fund. With this merger, sufficient economies of scale is retained, enabling efficient management to continue and offering an attractive investment to shareholders. The investment policy of BNP Paribas Sustainable World Index Fund has not changed as a result of the merger.

In the prospectuses of BNP Paribas OBAM N.V. and BNP Paribas Fund III N.V., the Management Company has implemented the possibility of using Stock Connect. 'Stock Connect' is a program that aims for mutual access to the stock market between the Chinese mainland and Hong Kong. For the time being, the Management Company intends to use this program exclusively for Chinese investments of BNP Paribas Global High Income Equity Fund, BNP Paribas Asia Pacific High Income Equity Fund (two subfunds of BNP Paribas Fund III N.V.) and BNP Paribas OBAM N.V.

With regard to the Institutional Business of the Company, European yield levels are one of the main topics in the institutional industry. Since expectations are that yield levels will remain low for quite some time, institutions are looking for ways to get a decent yield in their total portfolio.

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Next to that risk management is a central theme due to poor funding ratio's amongst most institutions. Within the industry we continue to see a shift from DB pension plans to DC schemes. Next to that the number of DB plans is still declining.

The developments mentioned above are key elements for defining our strategy to focus more on industry wide pension funds, insurers and DC solutions. Finally, alternatives are a focus area for development.

Internal control framework and risk assessment policies

Although the Company is not significantly exposed to risks from financial instruments, market movements may impact financial results as net income from fees is closely related to the underlying net asset value of the investment funds while administrative expenses are only up to a certain extent related to movements in net asset value. Furthermore, the performance of the Company might be affected by redemptions by investors of our investment funds, changes in strategy by our distribution partners and negative sentiment in the market in general.

The Board of Directors of the Company is responsible for the day-to-day management, but daily operations are outsourced to other BNP Paribas Asset Management entities and external parties. The Board of Directors has designed policies, procedures and structures as well as reporting lines to monitor outsourced activities, to control operational activities and to identify risks. The internal control framework has been designed to achieve the Company's goals by effectively mitigating, evaluating and monitoring risks. Within this framework, the Compliance department ensures overall compliance with applicable laws and regulations. The department of Operational Risk and Control assures the accuracy of the internal control measures and administration descriptions. During this reporting period and as far as the Board of Directors is aware, the Company has effectively operated under the system of Internal Control.

Outlook second half year of 2017

There are currently no changes foreseen in the Dutch fund range offered by the Company for the second half of 2017.

As per 3 January 2018, the Markets in Financial Instruments Directive (2004/39/EC) (MiFID II) will enter into force. In order for BNP Paribas Group to be compliant with MiFID II, various projects have commenced and will continue to be worked on throughout 2017.

Other

As per 1 January 2017 Mr. T.A. Rostron, Managing Director Kroon Advisors Ltd, was appointed as member of the Supervisory Board of the Company. As per 1 April 2017 Mrs. A.M.O. Verstraeten resigned from the Supervisory Board. As per the same date Mr. D. Thielemans, CEO and Country Head BNP Paribas The Netherlands, was appointed as member of this Supervisory Board.

The Dutch Civil Code contains rules on the balanced participation of women and men in supervisory boards and boards of directors. Every 'large company', including the Company, must seek to ensure gender balance in the make-up of its board of directors and supervisory board. In practice this means that, where the members are natural persons, at least 30% of seats on these boards must be held by women and at least 30% by men. The 'comply or explain' principle applies. The Company endorses the underlying principles. The Board of Directors consists of two men and two women. The Supervisory Board will take the principle into account in future appointments and reappointments.

Amsterdam, 31 August 2017

The Board of Directors

J.L. Roebroek (Chairman)

M.P. Maagdenberg

E.C. Stienstra

C.J.M. Janssen

CONDENSED INTERIM FINANCIAL STATEMENTS

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(x € 1,000)

	Notes	30-Jun-17	30-Jun-16
ASSETS			
Non current assets			
Deferred tax assets		61	0
Current assets			
Trade and other receivables		15,442	21,301
Cash and cash equivalent		12,909	5,299
Property, Plant & Equipment (Net)		238	246
Total assets		28,650	26,846
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to the owners of the Company			
Share capital	3	225	225
Share premium	3	42,720	32,220
Other reserve		2	2
Retained earnings		(27,687)	(22,047)
		15,260	10,400
LIABILITIES			
Current liabilities			
Trade and other payables		13,390	16,446
		13,390	16,446
Total equity and liabilities		28,650	26,846

The notes on pages 10 to 13 are an integral part of these Financial Statements.

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	Notes	Half year ended 30 June	
		2017	2016
Continuing operations			
Management and other fees		27,715	29,390
Distribution, sales and advisory costs		(8,498)	(9,772)
Income from fees - net		19,217	19,618
Administrative expenses		(22,718)	(22,829)
Operating profit		(3,501)	(3,211)
Finance income and costs		(11)	(8)
Finance income		(11)	(8)
Profit / (loss) before income tax		(3,512)	(3,219)
Deferred tax expenses	4	-	-
Current tax expenses	4	878	805
Profit / (loss) for the year		(2,634)	(2,414)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,634)	(2,414)

The notes on pages 10 to 13 are an integral part of these Financial Statements.

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(x € 1,000)

	Attributable to owners of the Company				Total Equity	
	Share Capital	Share Premium	Other Reserve	Retained Earnings		
Notes						
At 1 January 2016	3	225	32,220	2	(19,633)	12,814
Result distribution		-	-	-	(2,414)	(2,414)
At 30 June 2016		225	32,220	2	(22,047)	10,400
Capital contribution		-	2,700	-	-	2,700
Result distribution		-	-	-	(3,006)	(3,006)
At 31 December 2016	3	225	34,920	2	(25,053)	10,094
Result distribution		-	-	-	(2,634)	(2,634)
Capital contribution		-	7,800	-	-	7,800
At 30 June 2017	3	225	42,720	2	(27,687)	15,260

The notes on pages 10 to 13 are an integral part of these Financial Statements.

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CONDENSED INTERIM STATEMENT OF CASH FLOW

(x € 1,000)

	Half year ended 30 June	
	2017	2016
Notes		
Operating activities		
Profit / loss before income tax	(3,512)	(3,219)
<i>Adjustment to reconcile profit before income tax to net cash flows</i>		
<i>Cash / Non-cash:</i>		
Finance income	(11)	(8)
<i>Working capital adjustments:</i>		
Decrease/ (increase) in trade and other receivables	666	1,941
Decrease / (Increase) in property, plant & equipment (Net)	(10)	179
Increase/ (decrease) in trade and other payables	(99)	304
Income tax payable (within Trade Receivables - Transitory account)	899	805
Net cash flows from/ used in operating activities	(2,067)	2
Investing activities		
Interest received	11	8
Net cash flows from investing activities	11	8
Financing activities		
Capital contribution from owners of the Company	7,800	-
Net cash flows used in financing activities	7,800	-
Net increase/ (decrease) in cash and cash equivalents	5,744	10
Cash and cash equivalents at 1 January	7,165	5,289
Cash and cash equivalents at 30 June	12,909	5,299

The notes on pages 10 to 13 are an integral part of these Financial Statements.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Corporate information

BNP PARIBAS ASSET MANAGEMENT Nederland N.V. (the 'Company') is a public limited liability company with its registered office in Amsterdam, The Netherlands, and is a wholly-owned subsidiary of BNP PARIBAS ASSET MANAGEMENT NL Holding N.V. The Company was incorporated in The Netherlands on 30 December 1966. The organisation chart of the Group to which the Company belongs is as follows:



A more detailed Group structure is included in the registration document (*registratiedocument*) as published by the Company on its website (www.bnpparibas-am.nl, under "Informatie Wet Financieel Toezicht", "Beheerder").

The Company acts, amongst others, as director and Management Company for Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs). Investment funds are registered with the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten* or *AFM*). The Company is subject to supervision of the Dutch Central Bank (*De Nederlandsche Bank* or *DNB*) and the AFM and holds licenses under the Act on Financial Supervision (*Wet op het financieel toezicht* or *Wft*). The Company is registered at the Dutch Chamber of Commerce under Amsterdam Trade Register no. 33.179.578.

These Financial Statements of BNP Paribas Asset Management Nederland N.V. were authorized for issue by the Board of Directors on 31 August 2017.

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2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated. The Financial Statements are presented in Euros, which is also the functional currency of the Group to which the Company belongs, rounded to the nearest thousand, unless otherwise stated.

2.1 Basis of preparation

The Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), with Part 9 of Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*) and the Act on Financial Supervision (*Wet op het financieel toezicht* or *Wft*).

The condensed interim Financial Statements should be read in conjunction with the Financial Statements for the year as at 31 December 2016¹.

¹ Please see www.bnpparibas-am.nl

2.2 Accounting policies

The same principles are used for the valuation of the assets and liabilities and determination of results as in the financial statements for the year ended 31 December 2016.

3. Share capital and share premium

	Number of shares	Ordinary shares x €1,000	Share premium x €1,000	Total x €1,000
At 1 January 2016	500	225	32,220	32,445
At 31 December 2016	501	225	34,920	35,145
At 30 June 2017	501	225	42,720	42,945

Issued and paid up capital

At 30 June 2017, 501 shares have been issued and fully paid.

Distribution of profit

Dividends are recognised as a liability in the period in which they are declared.

4. Income tax expenses

The standard and effective tax rate for the period from 1 January to 30 June 2017 is 25% (same as the first half year of 2016).

5. Dividends

During the first half year of 2017 (and 2016) the Company hasn't executed any dividend payments to BNP PARIBAS ASSET MANAGEMENT NL Holding N.V. The loss for 2016 and the first half-yearly loss of 2017 are all reported under retained earnings as per the equity statement on page 8.

Commitments

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Capital commitments

Capital expenditure contracted for at the balance sheet date, but not yet incurred, does not exist.

Service Level Agreements

The Company is committed to payments under service level agreements with BNP PARIBAS ASSET MANAGEMENT Netherlands N.V. (a company wholly owned by BNP PARIBAS ASSET MANAGEMENT NL Holding N.V.) and BNP PARIBAS ASSET MANAGEMENT Belgium S.A. (a company wholly owned by BNP PARIBAS ASSET MANAGEMENT Holding in France).

6. Related-party transactions

The Company has related-party transactions with its BNP Paribas Asset Management entities (including EEIG) and BNP Paribas Securities Services (BP2S).

The following transactions were carried out with related parties:

Distribution, sales and advisory costs, custodian and other support fees

	Six months ended 30 June	
	2017	2016
Other BNP Paribas Asset Management	6,234	6,754
Other related parties	1,933	1,819
	<u>8,167</u>	<u>8,573</u>

Management fees, investment management fees and sales fees

	Six months ended 30 June	
	2017	2016
Other BNP Paribas Asset Management	12,262	12,530
Other related parties	431	-
	<u>12,693</u>	<u>12,530</u>

Re-invoicing revenues and costs

	2017	2016
Re-invoicing revenues other BNP Paribas Asset Management	2,438	2,501
Re-invoicing costs other BNP Paribas Asset Management	(21,775)	(21,946)
Net Re-invoicing (cost)	<u>(19,337)</u>	<u>(19,445)</u>

Period-end balances arising from related-parties transactions:

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Receivables from related-parties:

	30-Jun-17	31-Dec-16
Other BNP Paribas Asset Management	8,334	9,491
Other related parties	216	-
	8,550	9,491

Receivables from related parties relate to management fees, investment management fees, advisory and sales fees plus the re-invoicing revenues following the TP. These receivables are not secured, non-interest bearing and settle normally within 30 - 90 days.

Payables to related-parties:

	30-Jun-17	31-Dec-16
Other BNP Paribas Asset Management	5,251	8,458
Other related parties	1,632	1,596
	7,713	10,054

Payables to related parties include fees such as distribution, sales and advisory fees, internal settlement cost and the re-invoicing costs of the TP. The payables bear no interest. No guarantees are given. Depending on the underlying agreement payables settle normally within 30 - 90 days.

7. Compliance

Act on Financial Supervision (Wft)

The license under the Act on Financial Supervision requires the Company, amongst other requirements, to:

- Publish its Annual Financial Statements within 4 months after the end of its financial year;
- Comply with a minimum amount of shareholders' equity.

Shareholders' equity

The sufficiency of the Company's shareholders' equity is determined by the Fixed Overheads Requirement (FOR), calculated over the audited costs of prior year multiplied with 25%.

The Company's shareholders' equity at 30 June 2017 (and 2016) is sufficient.

OTHER INFORMATION

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Organisation

BNP PARIBAS ASSET MANAGEMENT Nederland N.V.

Registered office

Herengracht 595
P.O. Box 71770
1008 DG Amsterdam
The Netherlands

Directors

J.L. Roebroek (Chairman)
M.P. Maagdenberg
E.C. Stienstra
C.J.M. Janssen

Supervisory Board

M. Diulius
T.A. Rostron (as of 1 January 2017)
A.M.O. Verstraeten (until 1 April 2017)
D. Thielemans (as of 1 April 2017)

Auditor

DELOITTE Accountants B.V.
P.O. Box 58110
1040 HC Amsterdam
The Netherlands

Banks

BNP Paribas Fortis SA, Netherlands Branch
Amsterdam
The Netherlands

Regulators

The Dutch Authority for the Financial Markets (AFM) (supervision of conduct of business)
The Dutch Central Bank (DNB) (prudential supervision)



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For more information

Investor services

BNP Paribas Asset Management

Fund Client Service

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Amsterdam Trade Register no. 33.179.578

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