

# NN First Class Return Fund

## Fund in Scope

All data as of end June 2019



- The NN First Class Return Fund gained approximately 2%
- A strong April was followed by a weak May, but June printed very positive returns again
- Next to equities, fixed income contributed positively while real estate and commodities slightly detracted

### Performance

Following a strong first quarter, the second quarter of 2019 was also positive for global equities and fixed income. However, this quarterly performance was not realized in a straight line. A strong April was followed by a weak May, but June printed very positive returns. The rhythm was set by the ups and downs in political risk, the assessment of their potential negative impact on the growth outlook and a U-turn in the monetary policy outlook. The biggest game-changer was the escalation of trade uncertainty stemming from ongoing US-China trade tensions. Following the increase in trade tensions, a monetary policy turn from the Fed and ECB elicited a positive reaction as markets anticipated that central banks would ease policy enough to save the economy. Equity markets turned in a positive performance for the quarter across all regions in their own currencies. The ride however was quite bumpy as the Goldilocks-like rally continued in April but dissipated in May following the flare-up of trade tensions. The contribution from equities to the total return of the fund was positive (+2.0%). All equity strategies added value by outperforming their benchmark except for the emerging markets high dividend strategy. Overall the strategies in the spread markets contributed positively as well, approximately 0.5%. Fixed income spreads tightened during the quarter. Except for the global high yield strategy all the fixed income strategies outperformed their benchmarks. Commodities on the other hand detracted from performance. This was also the case for the investments in global real estate, the asset class that showed a negative absolute performance next to commodities. The hedge fund replication strategy on the other hand outperformed its benchmark and added slightly to performance.

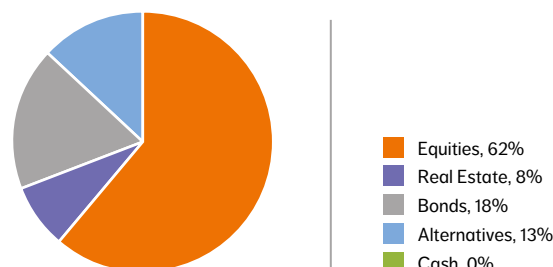
### Statistics

ISIN code	NL0010290573
Inception date	March 2014
Ongoing charges	0.4%
Morningstar	★★★★★

### Outlook

Our base case is for an extended escalation of trade tensions. In this scenario, the US and China talk and fight at the same time while the threat of tariffs continues to hang over other regions. As a result, business confidence and capex spending remain muted but the profit buffer built up over the past few years, combined with policy easing in various regions, should keep employment and consumption growth at relatively resilient levels. Markets currently expect that the Fed, other central banks and fiscal policymakers will largely succeed in cushioning the fallout from trade risks. As a result, US and global growth momentum will slow from last year's pace, but remain well within positive territory. This combined outlook for growth and monetary policy does not call for a sharp widening of equity and credit risk premiums add therefore continue to be supportive for equities and spreads.

### Asset Class allocation



Source: NN IP Performance Measurement Europe

## Fund description

NN First Class Return Fund is a mixed fund that offers a carefully selected and diversified investment. The fund invests in multiple asset classes including equities, fixed income and alternative investments. The fund invests only in investment funds managed

by NN Investment Partners. The fund uses a risk return assumption model to periodically determine the allocation to the asset classes. The fund strives to achieve a diversified portfolio that provides an attractive return per unit of risk.

## NN First Class Return Fund - N

	3 Months	Year to date	1 Year	3 Year (ann)	5 Year (ann)
Net return	2.1	14.5	7.1	7.6	5.4

### Current allocation of the underlying strategies\*

Equities	3 Months	Year to date	1 Year	3 Year (ann)	5 Year (ann)	Weight**
NN Global Sustainable Equity	4.2	21.4	10.9***			34.6
NN (L) Global Sustainable Equity	4.1	21.0	10.6	11.4	11.1	17.3
NN (L) EM High Dividend	-1.8	8.9	7.0	9.7	4.9	10.5
Real Estate	3 Months	Year to date	1 Year	3 Year (ann)	5 Year (ann)	Weight**
NN (L) Global Real Estate	-1.8	13.5	9.5	1.6	7.5	7.5
Bonds	3 Months	Year to date	1 Year	3 Year (ann)	5 Year (ann)	Weight**
NN Euro Credit Fund	2.3	5.5	5.3	2.9	3.3	4.4
NN (L) Global High Yield	1.5	7.8	4.4	5.1	2.9	4.4
NN (L) Emerging Markets Debt HC (euro)	3.3	10.5	9.5	4.1	4.0	2.1
NN (L) Emerging Markets Debt LB	3.8	9.2	9.9	2.8	2.8	6.6
Commodities	3 Months	Year to date	1 Year	3 Year (ann)	5 Year (ann)	Weight**
NN (L) Commodity Enhanced	-2.4	2.3	-11.7	-3.7	-9.8	6.3
Hedge Funds	3 Months	Year to date	1 Year	3 Year (ann)	5 Year (ann)	Weight**
NN (L) Alternative Beta	0.7	4.6	-1.1	2.4	1.3	6.3

\* The underlying strategies of the NN First Class Return Fund are the gross returns. The fund costs (ongoing charges) will only be reflected in the returns of the NN First Class Return Fund.

\*\* The figures shown in the "weight" column are based on the model weights at quarter end. Therefore the returns cannot be calculated based on these weights.

\*\*\* The inception date for the Global Sustainable Equity - mandate is 7 February 2017.

Source: NN IP Performance Measurement Europe

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