

NN First Class Return Fund

Fund in Scope

All data as of end September 2018



- The NN First Class Return Fund gained 2.7%
- The global economy is still in a consolidation phase
- Equities main driver of fund performance

Performance

The fund gained 2.7% during the third quarter. This result was mainly driven by the global equity investments. Furthermore fund selection added to this result as well as on average the underlying funds outperformed their benchmark.

The global economy is still very much in a consolidation phase. While no longer accelerating at the pace of recent years, growth remains at a healthy level. Equity markets turned in a positive performance for the quarter across all regions except emerging markets and developed Asia ex-Japan. The contribution from equities to the total return of the fund was positive (+3%). All equity strategies contributed positively, even the emerging markets strategy as this strategy significantly outperformed its benchmark. Investments in global real estate detracted from performance as well, approximately -0.09%. This was mainly the result from the fund underperforming its benchmark. Our strategies in the spread markets in general contributed positively as well, approximately +0.07%. During the third quarter, trade-related headlines continued to appear, but were more mixed. The strength of the US dollar took a pause too, reducing some headwinds for EM local assets. While all sub-asset classes in emerging market debt had posted negative returns during the second quarter, during the third quarter this was only the case for EM local assets. Global high yield investments contributed the most within this part of the portfolio, also driven by the outperformance of this strategy. Commodities detracted from performance, approximately -0.16%, however less than the general commodities market as the fund outperformed its benchmark. Alternative Beta on the contrary outperformed its benchmark during this period, adding approximately +0.04% to performance.

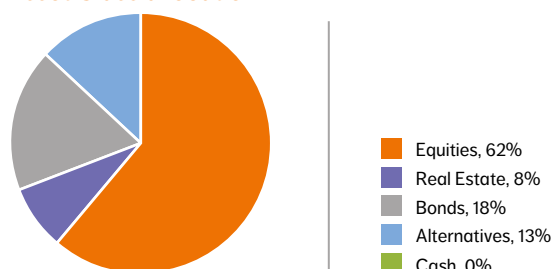
Statistics

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

Outlook

One of the potential cross-currents for the global economy is the regional divergence in growth rates. The US economy is feeling a one-off “sugar high” from the Trump tax cuts that took effect this year, while growth in the Eurozone and Japan is encountering a soft patch. Our base case is one of re-convergence in growth patterns. A re-convergence in the developed world would support emerging markets and provide increased resilience to shocks. Risks to the base case that could lead to continued growth divergence are downside surprises in the Eurozone, Japan and emerging markets, a continuation of the dollar’s appreciation and a full-blown trade war. However the direct impact on the growth outlook of the current trade measures is still limited, but the indirect impact that runs through business confidence and financial conditions could be more harmful. So far there is no evidence this is happening.

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	2.7	3.5	5.9	7.9	6.7

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	5.2	8.6	12.2***			34.6
NN (L) Global Sustainable Equity	5.2	8.7	12.3	11.2	12.6	17.3
NN (L) EM High Dividend	2.7	-2.3	0.0	10.9	6.2	10.5
Real Estate	3 Months	Year to date	1 Year	3 Year (ann)	5 Year (ann)	Weight**
NN (L) Global Real Estate	-1.1	2.4	3.3	2.2	7.4	7.5
Bonds	3 Months	Year to date	1 Year	3 Year (ann)	5 Year (ann)	Weight**
NN Euro Credit Fund	0.2	-0.3	0.5	3.0	3.5	4.4
NN (L) Global High Yield	2.5	1.5	1.8	6.7	4.2	4.4
NN (L) Emerging Markets Debt HC (euro)	1.8	-5.4	-4.9	5.6		2.1
NN (L) Emerging Markets Debt LB	-1.8	-6.1	-7.1	3.9	1.3	6.6
Commodities	3 Months	Year to date	1 Year	3 Year (ann)	5 Year (ann)	Weight**
NN (L) Commodity Enhanced	-2.5	-3.7	0.4	0.5	-6.9	6.3
Hedge Funds	3 Months	Year to date	1 Year	3 Year (ann)	5 Year (ann)	Weight**
NN (L) Alternative Beta	0.6	0.6	2.3	3.3	2.5	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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