**ifund fundmanager interview**

with Iwan Brouwer, NN (L) First Class Multi Asset

“We are expecting the unexpected!”

*Frankfurt, March 6th, 2017*

**ifund: What is your fund all about and what differentiates it from your competitors?**

**Iwan Brouwer:** NN (L) First Class Multi Asset (FC-MA) is a globally diversified strategy aiming for long term capital growth and designed to actively respond to changing market circumstances. In the design of the strategy we have focused a lot on making the strategy as robust as possible in stress periods. This starts with always “expecting the unexpected” and assessing all the exposures in the fund in terms of the risk it brings to the total portfolio, and the aim to keep the overall risk profile of the fund much more stable than in more traditional investment approaches. By taking more risk when deemed appropriate and the possibility to move to a 100% allocation to “relatively safer assets”, the fund aims for a stable pattern of returns. There is for example a clear distinction between “relatively safer assets” and “risky assets” and we make cautious assumptions on correlations.

In the bucket of the relatively safe assets we put high quality government bonds and cash or money market products. The riskier assets are defined as equities, real estate, spread products and we can also tactically use commodities. Also in our analysis on markets we spend time both on fundamental as well as behavioral analysis. The study of behaviour has become even more important than before. Exploring global markets offers amazing opportunities, but understanding both the fundamental and emotional drivers of these markets is crucial in navigating through the uncertainty and therefore we spend a lot of time in our research on both.

This, in my opinion, differentiates us from others.

**ifund: How do you add value for your investors?**

**Brouwer:** For smaller clients or investors, it is technically not so easy to have a well-diversified portfolio. With a fund like ours, we offer them a globally diversified investment solution across multiple asset classes such as government bonds, equities, real estate, commodities and spread products like corporate bonds and emerging market debt. As said, we are aiming for long-term capital growth by chasing opportunities and actively responding to changing market environments, all within a clearly defined risk budget. Gross of fees (barring costs on a share-class level), the NN(L) First Class Multi Asset fund delivered a total return of 6.37% p.a. with a volatility of only 4% on average since inception* (October 2011 – February 2017).

* Past performance is not indicative of future results and shall in no event be deemed as such.

**ifund: How do you generate investment ideas?**

**Brouwer:** We have a clear investment process. We define a strategic allocation with the aim to capture the long-term risk premiums. We arrive to this allocation by equally splitting the risk budget between the relatively safer assets bucket and the risky assets bucket. On top of this we implement our active views. We have an integrated team of portfolio managers and economists/strategists who combine in-depth fundamental analysis of economic trends with extensive behavioural analysis on the psychology of the market and behaviour of other investors. The latter is often very influential on short-term market dynamics and help both to identify shock risks early on and to identify new opportunities before others do. Thereafter we
come to the security selection with the most suitable instruments to implement the portfolio. Finally, we monitor the portfolio and take care about the risk management process in a daily process.

**ifund: How is your team structured and who is responsible for the investment decisions?**

**Brouwer:** The Multi Asset Team consists of 21 professionals headed by Valentijn van Nieuwenhuijzen who is the chief strategist. He runs the business with 3 departments. First the Macro & Strategy team which is lead by Patrick Moonen and key in formulating investment views, second Ewout van Schaick who is responsible for the Mutli-Asset Portfolios and thirdly Willem van Dommelen who leads the Factor Investing & Solutions team. The Multi-Asset boutique is overseen by the CIO Hans Stoter and supplemented by the Investment Services Team where I am the team leader for Multi-Asset.

FCMA is managed by a team of 3 portfolio managers from Ewout van Schaijk’s Multi-Asset Portfolios team: these are Ewout van Schaick, Niels de Visser and Mark Robertson. They are responsible for the final investment decisions. The tactical allocations are in line though with the views we have within the Multi-Asset team that are the result of the on-going discussions between PM’s and strategists and economists.

**ifund: In which market environment does your investment style work best?**

**Brouwer:** We try to do well in every market environment. Of course, the performance is expected to be best in situations of stronger economic growth with healthy returns on risky assets and stable interest rates. In a situation of expected rising interest rates, we can, based on our views, lower the duration of the strategy. In those circumstances the return contribution from the relatively safe assets part will be lower.

**ifund: Where do you currently see the best potential and largest risks in the market?**

**Brouwer:** Currently the macroeconomic support is strong. We are seeing a synchronized economic and corporate earnings recovery in both the US, Europe and Emerging Markets. This is a support for risky asset and an important driver of the deflation trend (higher interest rates, inflation expectations and outperformance of risky assets). That said, there are significant political risks. Most specifically the still unclarity of the specific policies of the Trump administration in the US (particularly the potential for protectionist measures) and in Europe several elections, with specific focus on France. Although not our base case, if these political risks would unfold in a significant negative way, it is could increase the uncertainty among investors and be a risk for the global economic recovery.

**ifund: Which aspects of responsible investing do you consider in your investment process?**

**Brouwer:** Responsible investing has a very long tradition within the NN group and NN Investment Partners (NN IP). In 1999 the group launched business principles and NN IP launched the sustainable equity fund. In 2008 we signed the UNPRI and in 2012 the group signed the UNPSI. Responsible investing is an integrated part of our history.

In the fund we invest in multiple asset classes. For bottom up selection skills that are insourced from other NN IP boutiques, ESG aspects are integrated in the investment process. NN IP specialized teams/boutiques that manage assets for Multi-Asset funds, such as equities, are incorporating ESG aspects in their research. The range of the ESG integration is of course team specific. Also in our “safe treasury” methodology that we use to select “high quality” government bonds, we look at ESG scores in order to make an assessment of the credit quality of the issuer.

**ifund: How do you invest your own personal assets?**

**Brouwer:** No comments.

**ifund: What do you do in your leisure time? What is your preferred hobby and why?**

**Brouwer:** I like cycling on my race bike and participate in events throughout Europe. One of my favorites are the Jedermann races in Germany.

**About NN Investment Partners**

NN Investment Partners is the asset manager of NN Group N.V., a publicly traded company listed on Euronext Amsterdam. NN Investment Partners is head-quartered in The Hague, The Netherlands. NN Investment Partners is a public company and operate more than 1,000 employees globally. NN Investment Partners employs over 1,000 staff and is active in 15 countries across Europe, U.S., Latin America, Asia and Middle East. NN Investment Partners is part of NN Group N.V., a publicly traded corporation.

**About Iwan Brouwer**

Iwan is Senior Client Portfolio Manager for the Multi-Asset Boutique of NN Investment Partners. He is responsible for representing the boutique and contributing to the commercial success of the boutique through attracting and retaining clients in partnership with sales, marketing and product management. As CPM Iwan has a bridging function between the investment engine, clients, client teams and distribution channels.

**About ifund**

ifund provides fund research, manager selection and asset management based on liquid investment funds. Clients include banks, asset managers, family offices, pension funds and insurance companies in Europe. Ifund has signed the UN Principles for Responsible Investment and integrates sustainability criteria in fund analysis. www.ifundservices.com, info@ifundservices.com, +31 44 286 8000

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