

## Item 1 - Cover Page

### **Degroof Petercam Asset Management SA/NV**

Form ADV Part 2A ("Brochure")

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This Brochure provides information about the qualifications and business practices of Degroof Petercam Asset Management. If you have any questions about the contents of this brochure, please contact Caroline Tubeuf at +32 2 287 95 15 or [c.tubeuf@degroofpetercam.com](mailto:c.tubeuf@degroofpetercam.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Degroof Petercam Asset Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Degroof Petercam Asset Management is registered as an investment adviser with the SEC. Registration as an investment adviser with the SEC or any state securities authority does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

This Brochure is an update of the initial Brochure dated March 21, 2016.

On 28 December 2017, Degroof Petercam Asset Management proceeded to a capital increase through a contribution in kind. The contribution in kind was made by Banque Degroof Petercam who brought its activity of institutional portfolio management to Degroof Petercam Asset Management. The capital increase took effect on 1st January 2018.

### Item 3 - Table of Contents

Item 1 - Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 - Table of Contents.....	3
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation.....	5
Item 6 – Performance-Based Fees and Side-By-Side Management.....	5
Item 7 – Types of Clients .....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 - Disciplinary Information.....	9
Item 10 - Other Financial Industry Activities and Affiliations.....	10
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Employee Personal Trading.....	10
Item 12 - Brokerage Practices .....	11
Item 13 - Review of Accounts.....	14
Item 14 - Client Referrals and Other Compensation .....	14
Item 15 - Custody .....	15
Item 16 - Investment Discretion.....	15
Item 17 - Voting Client Securities .....	16
Item 18 - Financial Information.....	16

## Item 4 - Advisory Business

Petercam Institutional Asset Management (renamed “Degroof Petercam Asset Management”) was incorporated as a private limited liability company in Brussels, Belgium, in October 2013. It is an asset management company under the prudential supervision of the Financial Securities and Market Regulation (FSMA), the regulatory body in charge of controlling the asset managers established in Belgium.

Petercam Institutional Asset Management (renamed “Degroof Petercam Asset Management”) was wholly-owned by its parent company Petercam SA (“Petercam”) until September 30, 2015. On October, 1<sup>st</sup> 2015, Petercam and Bank Degroof SA (“Bank Degroof”), a credit institution incorporated in Brussels, Belgium, merged. The merger occurred through the absorption of Petercam by Bank Degroof, which is the surviving entity and which has been renamed “Bank Degroof Petercam”. As a result of the merger, all assets and liabilities of Petercam, including its shares in Petercam Institutional Asset Management (renamed “Degroof Petercam Asset Management”) have been transferred to Bank Degroof Petercam. Bank Degroof Petercam has therefore become the sole shareholder of Degroof Petercam Asset Management.

On January, 4 2016, Petercam Institutional Asset Management merged with Degroof Fund Management Company (“DFMC”), another management company wholly owned by Bank Degroof Petercam. The merger occurred through the absorption of DFMC by Petercam Institutional Asset Management, which is the surviving entity and which has been renamed “Degroof Petercam Asset Management”.

As of December 31, 2018, Degroof Petercam Asset Management managed USD 8.080 billion (including IPM) in client assets on a discretionary basis.

Degroof Petercam Asset Management is an active manager that specializes in a number of asset classes as more fully described in Item 8. Its business covers asset management for institutional and professional clients and the sale and distribution of the Degroof Petercam Asset Management foreign investment funds to non-U.S. persons. Degroof Petercam Asset Management only receives compensation for asset management activities. It does not receive any compensation for its sales and distribution activities of investment funds.

Degroof Petercam Asset Management proceeded to a capital increase on 28 December 2017. Indeed, Banque Degroof Petercam, the mother company of Degroof Petercam Asset Management, contributed its institutional portfolio management activity to Degroof Petercam Asset Management. As a result, the entire activity of individual portfolio management in Belgium is now performed by Degroof Petercam Asset Management, who become the center of expertise of individual and collective asset management of the Degroof Petercam group in Belgium for institutional clients. The capital increase took effect on 1st January 2018.

Degroof Petercam Asset Management analyses, constructs, and manages customized investment portfolios based on the particular goals of each client in a manner which takes into account income needs, liquidity requirements, investment time horizons, rate of return objectives, tax considerations, risk tolerance and existing investments.

Depending on the particular investment portfolio and/or investment strategy, Degroof Petercam Asset Management employs a variety of security analysis methods, including active and quantitative management. Degroof Petercam Asset Management also consults a wide range of information to analyze and execute investment strategies in addition to our in-house research capabilities, such as:

third party research materials, annual reports, prospectuses, regulatory filings, press releases and the internet.

Degroof Petercam Asset Management does not participate in wrap fee programs.

## **Item 5 - Fees and Compensation**

Degroof Petercam Asset Management is currently compensated only on the basis of fees calculated as a percentage of a client's assets under management. Fees are generally charged quarterly in arrears and calculated upon the average assets under management during such quarter, as agreed with the client (and specifically stated in the Investment Management Agreement between Degroof Petercam Asset Management and the client). In the case of segregated mandates (not investment funds), clients receive a (quarterly) invoice after each period, which they can decide to pay from the investment account or from a separate account.

As a general rule, Degroof Petercam Asset Management only charges management fees to its clients. There are however certain exceptions when DPAM receives performance based fees. But if in the future, clients would prefer to pay performance based fees, Degroof Petercam Asset Management may be compensated with performance fees and will comply with Rule 205-3 under the Investment Advisers Act if it charges any such performance fees.

In the event an institutional client terminates its agreement with Degroof Petercam Asset Management during a quarterly period, the fee for that period will be prorated based in the number of days or months during the period in which Degroof Petercam Asset Management performed services.

Since this Brochure shall be delivered only to clients who are "qualified purchasers," as defined in Section 2(a)(51)(A) under the Investment Company Act, a fee schedule has not been provided in this Brochure but is available in each client's Investment Management Agreement. In addition to paying management fees, clients are typically subject to other investment expenses including, but not limited to custodial charges, brokerage fees and commissions (as discussed further in Item 12), interest expenses, and costs associated with foreign exchange transaction, as well as taxes and other governmental charges. Neither Degroof Petercam Asset Management nor any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

### *Performance-Based Fees*

See also Item 5.

### *Side-by-Side Management*

Degroof Petercam Asset Management does not participate in side-by-side management.

## **Item 7 – Types of Clients**

Degroof Petercam Asset Management mainly provides sub-advisory services to non-affiliated SEC-registered investment companies through sub-advisory arrangements. Concretely, institutional clients typically include pension plans, insurance companies, charitable organizations, endowments and other professional investors. Degroof Petercam Asset Management does not provide services to individual investors.

Degroof Petercam Asset Management may also provide investment advisory services to U.S. institutional clients, including state pension plans and ERISA plans. Besides sub-advisory services, Degroof Petercam Asset Management may also provide recommendations and investment advice regarding investment strategies to affiliated and unaffiliated entities.

Generally, there is no minimum account size. However, for institutional segregated mandates offered to U.S. clients, the minimum size is \$25 Million

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

Our buy-side analysts (equity and fixed income/credit) create proprietary research to support our portfolio managers, who can also conduct their own investment research. Our portfolio management professionals then implement our discretionary investment strategies.

Our investment professionals have experience investing in various types of securities and asset classes, including common and preferred stocks, warrants and convertible securities, government and corporate fixed income securities, currencies, and inflation-linked securities. We also have experience investing in derivatives, including options, futures, swaps, forwards, credit default swaps (“CDS”) and similar instruments. Most of our portfolios generally focus on ‘long’ trades, but may utilize derivatives and CDS to hedge certain risks in portfolios.

In-house research is the main source of investment research, but we use many other external sources such as annual reports, broker reports, Bloomberg, Datastream, reports from the IMF and the World Bank and similar sources.

Although the focus is on fundamental, proprietary bottom-up research, quantitative analytics are utilized in some of our investment activities to assist in the selection of securities, the management of idiosyncratic risks, or for hedging purposes. Nonetheless, it should be noted that fundamental research remains the most important factor for our investment decisions.

### **Investment Strategies**

#### **Equities**

Our fundamental (bottom-up) long-only equity expertise includes the detection and exploitation of market inefficiencies using in-house buy-side research. Through active portfolio management, we strive to create risk-adjusted outperformance versus the market and competitors.

We offer expertise in European and global equity solutions as well as segregated institutional mandates. Our approach is characterized by high-conviction security selection and the identification of long-term trends and views.

A key differentiating factor is our focus on the mid-cap segment. Such companies often have an unrecognized capacity to create value or an undervalued business franchise. Over time, they can become market leaders.

The quantitative equity expertise consists of actively managed equity funds. The scope of our quantitative equity expertise contains US behavioral value as well as EMU and Europe behavioral value equity strategies.

Our indexation expertise manages several equity funds covering the entire MSCI developed and emerging universe. Tracking the performance of the different indexes is done through full or quasi full replication.

### Fixed Income

Our investment process combines top-down and bottom-up elements. On the one hand, we build exposure to relevant factors such as interest rates, yield curve, credit risk and country allocation. On the other hand, we select individual securities based on fundamental research and relative value analysis. We have the flexibility to be opportunistic when the consensus is priced in by the markets.

Our fixed income expertise is focused on government bonds, corporate investment grade debt, corporate high yield debt, emerging market debt, global inflation linked, global unconstrained strategies and money market instruments.

### Global Balanced Management

Our Global Balanced Management team manages our expertise in asset allocation, which shows our expertise in combining different asset classes (mainly cash, fixed income & equities).

This approach is based on different approaches & inputs coming from our macroeconomic, equities & fixed income views.

Our global asset allocation is mainly oriented towards a long term Value approach.

### Responsible Investment

Degroof Petercam Asset Management believes that integrating extra-financial data on how companies or countries react to these challenges will add value to the investment process and will thus benefit to the end investor and society as a whole. Degroof Petercam Asset Management is also convinced that incorporating sustainable issues in its analysis improves the risk-reward relationship of its investments. We offer 11 dedicated Responsible Investment strategies:

- DPAM INVEST B Equities Europe Sustainable,
- DPAM INVEST B Equities World Sustainable
- DPAM L Bonds Government Sustainable,
- DPAM L Bonds Emerging Markets Sustainable
- DPAM L Bonds EUR Quality Sustainable
- DPAM Equities L EMU SRI MSCI Index
- DPAM Equities L US SRI MSCI Index
- DPAM Equities L World SRI MSCI Index
- DPAM Global Strategy L Conservative Balanced Sustainable
- DPAM Invest B Equities Sustainable Food Trends
- DPAM Invest B Equities NewGems Sustainable

### **Risk of Loss**

Investing in Degroof Petercam Asset Management's investment solutions involves a number of risks that clients should be prepared to bear.

It should be noted the following list is not exhaustive.

## General Investment Risks

**Market Risk:** Security prices are volatile and are affected by the real or perceived impacts of such factors as economic conditions and political events. Financial markets tend to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline. Any given stock market segment may remain out of favor with investors for a short or long period of time, and stocks as an asset class may underperform bonds or other asset classes during some periods.

**Currency Risk:** To the extent that a client invests directly in foreign currencies or in securities denominated in or that trade in foreign (non-U.S.) currencies, it is subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.

**Foreign Investments:** Investing in foreign (non-U.S.) securities may result in more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies, due to smaller markets, differing reporting, accounting and auditing standards, and nationalization, expropriation or confiscatory taxation, foreign currency fluctuations, currency blockage, political changes or diplomatic developments, or changes in foreign exchange regulations.

**Market Capitalization:** Stocks fall into three broad market capitalization categories - large, mid and small. Investing primarily in one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large-capitalization companies appear to be greatly out of proportion to the valuations of mid- or small-capitalization companies, investors may migrate to the stock of mid- and small-sized companies causing an investment in these companies to increase in value more rapidly than an investment in larger, fully-valued companies. Investing in mid- and small-capitalization companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups, and a more limited trading market for their stock as compared with larger companies. As a result, stock of mid- and small-capitalization companies may decline significantly in market downturns.

**Liquidity and Concentration Risk:** These elements of potential risk are followed on a consolidated basis as well as on a portfolio or fund specific level.

**Counterparty Risk:** For counterparties, there is an internal rating system in place with three quality levels (superior, prime, and non-prime) based on ratings agencies notations and CDS spreads. Regarding counterparty risk for cash deposits, there are limitations in terms of concentrations depending on the internal rating. For equities, our Dealing Desk only works with a number of brokers which are regularly evaluated. Twice a year, the list of brokers is first reviewed through a survey, which ranks the brokers on several criteria, and then through an execution vote, which puts forward the quality of execution of the broker.

**Business Continuity Risk:** Business Continuity and Disaster Recovery are responsibilities of Bank Degroof Petercam's Operational Risk Management which defines the scope and objectives of the tests in collaboration with all business units and the ICT department, and is responsible for their realization. The Risk Management department monitors the results of the tests. The BCP (Business Continuity Plan) is reviewed and validated every year by the Crisis Committee. Besides the Business Continuity Plan, Degroof Petercam Asset Management makes daily backups of all its data files, which are held by an off-site external specialized company.



**Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

#### Investment Strategy Risks

In addition to the risks involved with various instruments and markets noted above, various investment strategies also may entail unique risks. Several of these are described below. In all cases, a client should review applicable offering documents and/or other materials, which will generally have more detailed information about relevant risks.

**Equities:** Several of our investment strategies focus mainly or in part on equities. Equities can be of various types, such as common stock or preferred stock, and generally are subject to market, company-specific and liquidity risks.

**Fixed Income:** Many of our investment strategies focus mainly or in part on fixed income securities, which can include a wide array of debt instruments, including investment grade debt, government securities, corporate debt, money market instruments, mortgage-backed securities, non-investment grade (or “high yield”) debt, credit-linked notes, structured securities, emerging market debt, and others. To varying degrees—and depending on the particular instruments—fixed income securities are subject to interest rate, credit, liquidity, counterparty, and geopolitical risks among others.

**Emerging Markets:** Degroof Petercam Asset Management has a number of strategies that invest in emerging market debt or equity. These markets are often in developing countries and tend to be more volatile and risky than more established trading markets. In addition, the instruments and investments of emerging markets might often carry higher credit, company, liquidity, and geopolitical risks.

Please note that there are various other circumstances not described here that could adversely affect a client’s investment and prevent its portfolio from reaching its objective.

### **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of the adviser’s management.

While no sanctions were imposed on Degroof Petercam Asset Management, the Commission de Surveillance du Secteur Financier in Luxembourg (“CSSF”) brought a regulatory action against Degroof Petercam Asset Management (formerly “Petercam Institutional Asset Management”) in October 2011. The CSSF alleged that certain of the assets held by a mutual fund client were not eligible to be held by the mutual fund according to the mutual fund’s prospectus. Degroof Petercam Asset Management (formerly “Petercam Institutional Asset Management”) voluntarily proposed a settlement, and the matter was settled in March 2012. Pursuant to the settlement, Degroof Petercam Asset Management (formerly “Petercam Institutional Asset Management”) paid a settlement amount to the investors in the mutual fund. Additionally, as disclosed in our Form ADV - Part 1A, there have been Seven civil judicial actions brought by private plaintiffs against Bank Degroof Petercam. Four of the actions were settled and three are currently pending. Further information concerning these matters is disclosed in Item 11 of Form ADV – Part 1A, available at “[www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov)”.

## Item 10 - Other Financial Industry Activities and Affiliations

Neither Degroof Petercam Asset Management nor any of its management personnel are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Degroof Petercam Asset Management nor any of its management personnel are registered, or have an application pending to register, as a future commission merchant, commodity pool operator, a commodity trading adviser, or as an associated person of any of the foregoing.

Some non-executive directors of Degroof Petercam Asset Management are responsible for departments of Bank Degroof Petercam or affiliates of the group, such as Investment Banking or Private Banking, whose interests may conflict with those of Degroof Petercam Asset Management.

Moreover, some executive directors of Degroof Petercam Asset Management are members of the Board of the investment funds managed and promoted by Degroof Petercam Asset Management.

Measures have been taken by both Degroof Petercam Asset Management and its affiliated companies in order to manage conflicts which may arise from this combination of mandates, in particular to ensure the independence and objectivity of investment research and investment decisions, and to ensure the confidentiality of the information.

Furthermore, when they have an interest that conflicts with a decision or transaction taken by the management body to which they belong, the members of the Management Board or the Board of Directors of Degroof Petercam Asset Management will report this to the other members of the Management Board or the Board of Directors prior to the deliberation and will make sure that they do not take part in the voting related to that decision or transaction.

Conflicts of interests with business (clients or partners): Members of the Board of Directors of Degroof Petercam Asset Management will either not accept Board memberships with external clients or will withhold/refrain from all decisions related to Bank Degroof Petercam or its affiliates or Degroof Petercam Asset Management.

Regardless of the circumstances, the members of the Management Board or the Board of Directors of Degroof Petercam Asset Management will adhere to the requirements of Belgian corporate law in terms of disclosing conflicts of interest.

Degroof Petercam Asset Management and its related companies have extensive policies in place regarding the prevention of conflict of interest, in order to avoid any decision or transaction that would harm the legitimate rights of the clients in any way.

## Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Employee Personal Trading

### Code of Ethics

All Degroof Petercam Asset Management employees and the Board of Directors are required to follow our Code of Conduct. The Code of Conduct of Degroof Petercam Asset Management is based in part on the BEAMA (Belgian Association of Asset Managers) Code of Conduct and is consistent with the requirements of Rule 204A-1 of the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"). It applies to the activities of our company with regard to the management and administration of UCIs (Units of Collective Investment) and portfolio management for our clients. A copy of the Code of Conduct can be obtained by any client or prospective client upon request.

The Code of Conduct is based on the principles of good governance relevant within the context of institutional asset management. These principles are in turn specified on the basis of best practices and meet the requirements of the European, Belgian and United States legal and regulatory frameworks for the sound organization of portfolio management in the broader sense and industry standards, as well as the Advisers Act and the guidelines of the European Fund and Asset Management Association (“EFAMA”, the representative association for the European Investment Management Industry) recommended at the European level and the high-level principles of the EFAMA Code of Conduct for the European Investment Management Industry.

Through this Code of Conduct, the aim of Degroof Petercam Asset Management is not only to anchor the high standards set for asset management, but also to define guidelines that are consistent with the legal framework in force and applicable to individual and collective portfolio management.

The Degroof Petercam Asset Management Compliance department conducts regular ex-ante and ex-post checks.

#### Participation of Interest in Client Transactions

Degroof Petercam Asset Management does not have any Participation of Interest in any Client Transactions.

#### Employee Personal Trading

Personal securities transactions by an employee or Director of Degroof Petercam Asset Management or an investment adviser may raise a potential conflict of interest when that employee owns or trades in a security that is owned or considered for purchase or sale by a client, or recommended for purchase or sale by an employee to a client.

Degroof Petercam Asset Management has a separate Personal Account Dealing Policy intended to define the rules and provisions governing the operations of the employees and the Board of Directors of Degroof Petercam Asset Management when they carry out transactions involving financial instruments privately, whether within the Bank Degroof Petercam group or outside it. The Personal Account Dealing Policy also tackles subjects such as training, restrictions, holding periods and penalties for not observing these rules.

As they concern the conclusion of business, the employees and the Board of Directors assume full responsibility for the operations they carry out for their own account, and therefore bear the consequences of the risks involved.

The Degroof Petercam Asset Management Compliance department conducts regular ex-ante and ex-post checks. Transactions by an employee or a director on an account with Bank Degroof Petercam are reviewed every day.

### **Item 12 - Brokerage Practices**

Degroof Petercam Asset Management has outsourced its Dealing Desk to its parent company Bank Degroof Petercam (“*Bank Degroof Petercam*”) under certain specific exceptions (FX and other derivative contracts). The conditions, rights and obligations are described in a Service Level Agreement signed between Degroof Petercam Asset Management and Bank Degroof Petercam.

#### Selection of Brokers

Bank Degroof Petercam has established and implemented arrangements with a view to providing clients with the best possible result on a consistent basis. Bank Degroof Petercam strives to obtain "best execution" by taking all reasonable steps to obtain, when executing or receiving and transmitting orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

Based on the assessment of the services provided by the Dealing Desk of Bank Degroof Petercam and on the review of its Order Execution Policy, Degroof Petercam Asset Management uses the Dealing Desk of Bank Degroof Petercam for the transfer and execution of the trades generated within the framework of its activities. At least on an annual basis, Bank Degroof Petercam's Dealing Desk assesses the quality of services provided by independent brokers and reviews whether a better service from other brokers could be obtained. The Brokerage department of Bank Degroof Petercam is one of the (external) brokers; a client can (specifically) ask not to use Bank Degroof Petercam as a broker for his mandate.

#### Selection of Execution Brokers

Bank Degroof Petercam selects executing brokers based on their execution policy and ensures that these selected entities comply with the overarching best execution requirement when placing or transmitting an order to those for execution. One of these executing brokers may occasionally be the Brokerage department of Bank Degroof Petercam.

To this end, Bank Degroof Petercam does not duplicate the efforts of execution brokers, but conducts an in-depth review of their execution arrangements prior to their selection.

Bank Degroof Petercam selects executing brokers using the following criteria:

- Structure and level of trading fees;
- Financial solidity;
- Business reputation;
- Global relationship;
- Connectivity;
- Quality of middle-office/back-office support; and
- Client/back-office/middle-office feedback.

The process of selecting the executing brokers is primarily defined by the legal and regulatory constraints that Bank Degroof Petercam is required to comply with, especially the MiFid or fund legislation best execution framework. This process and its results are documented and are subject to be reviewed and controlled by internal and external bodies.

Bank Degroof Petercam's Order Execution Policy, as well as the procedure for choosing brokers, is reviewed by the Compliance department of Degroof Petercam Asset Management. The Compliance department monitors annually that the brokers' list has been reviewed.

The Broker Committee of Bank Degroof Petercam is in charge of the selection and review of execution brokers.

At least annually, the Broker Committee conducts an in-depth review of execution brokers based on quantitative and qualitative input and selects the execution brokers for the next period.

### Best Execution Factors

The execution methodology of Bank Degroof Petercam takes into account the following best execution factors:

- Price;
- Cost;
- Speed;
- Likelihood of execution and settlement;
- Size and nature of order; and
- Any other consideration relevant to the efficient execution of orders.

Ordinarily price will merit a high relative importance in obtaining the best possible result for the client. Bank Degroof Petercam will determine the relative importance of each factor on an order-by-order basis, taking into account criteria such as the characteristics of the client, the order, the financial instrument and the execution broker used.

Bank Degroof Petercam will monitor the effectiveness of its Order Execution Policy to identify and, where appropriate, correct any deficiencies. Bank Degroof Petercam will monitor particular transactions by sampling and verifying whether the execution of the order has complied with the Order Execution Policy and whether the resulting transaction has delivered the best possible result for the client.

Bank Degroof Petercam will review the Order Execution Policy at least annually or whenever a material change occurs that affects its ability to obtain the best result for the execution of its client orders.

Any material change to the Order Execution Policy will be updated on the website of Bank Degroof Petercam or be at the disposal of its clients in its offices.

### Research

With full unbundling under MiFID II and the decision of DPAM to procure research & related services via its own P&L, the execution relationship and business with trading counterparties suffer from no influence or interference with the potential research component.

DPAM sets the ex-ante research budget and conducts the selection and review of research providers according to its own procedures.

### Methodology of Order Execution

The Dealing Desk (Bank Degroof Petercam) will not execute orders directly, but merely transmits them to an executing broker and/or to the brokerage department of Bank Degroof Petercam for execution if a financial instrument trades on a liquid trading and/or its liquidity is shared among execution venues. This generally is the approach chosen for equities, some fixed income products, and listed derivatives. The Dealing Desk (Bank Degroof Petercam) will choose to execute orders directly if a financial instrument primarily does not trade, or is not listed, on a securities exchange, or

in other words trades OTC This generally is the approach for Eurobonds, other fixed income products and structured products.

#### Brokerage for Client Referrals

Degroof Petercam Asset Management does not currently receive any client referrals from any broker-dealers that it uses.

#### Directed Brokerage

Degroof Petercam Asset Management does not permit, recommend or require clients to use directed brokerage.

#### Aggregation and Allocation Practices

Client orders are executed in a prompt, fair and expeditious manner and in the order that they are received by Bank Degroof Petercam taking into account the channel through which the order is received. Comparable orders are executed sequentially unless the characteristics of the order or prevailing market conditions make this impossible, or the interest of the client requires otherwise.

When aggregating client orders, Bank Degroof Petercam establishes a pre-allocation grid that will enable a fair allocation of aggregated orders and transactions covering both volume and price aspects. When an aggregated order is partially executed, Bank Degroof Petercam allocates the related trades in accordance with the pre-allocation grid, and if a reallocation occurs, this may not be detrimental to the client interest.

Bank Degroof Petercam warns that if an order is aggregated with other client orders, the effect of aggregation may not necessarily work to the advantage of a client in comparison to an individual order.

### **Item 13 - Review of Accounts**

Degroof Petercam Asset Management reviews and evaluates client accounts for compliance with each client's investment objectives, policies and restrictions. There are two levels of investment compliance controls which are executed and monitored by different departments within the company, with different frequencies, and covering a different scope of restrictions:

Firstly, pre-trade compliance controls are implemented in a compliance module linked directly to the front office tool G2. This is done before the execution of the trade.

Secondly, on a daily basis post-trade compliance controls are performed through the G2 front office tool based on the end-of-day positions of every mandate.

The frequency of the reports is determined at client discretion and depends on the individual client contract. It can be done as frequently as daily. The content of these reports also depends on client requirements and needs. Content and characteristics are validated prior to signing of the contract by Degroof Petercam Asset Management mandate acceptance committee.

### **Item 14 - Client Referrals and Other Compensation**

Degroof Petercam Asset Management has a code of conduct that requires all dealings to be in the best interest of our clients.

Degroof Petercam Asset Management may enter into an agreement with another registered investment adviser where the parties recognize that a synergy exists between the services offered by both parties and that those clients of one firm could benefit from services rendered by the other firm. Services rendered by Degroof Petercam Asset Management include advisory or consulting services on investment assets.

If a client of the other firm enters into an agreement with Degroof Petercam Asset Management to perform such services, then Degroof Petercam Asset Management will pay the referring investment adviser firm a fee agreed to by both parties. Prior to the client entering into an advisory agreement with Degroof Petercam Asset Management, a complete disclosure will be made to the client by the referring adviser, and a signed disclosure form will be required from the client. Fees paid to the referring entity are included in the fee paid to Degroof Petercam Asset Management by the client and it is generally expected that the client will not incur any additional costs related to this relationship. However, if such costs arise, they will be fully disclosed and consented to by the client prior to the client entering into an advisory agreement with us.

In accordance with its Code Of Conduct, Degroof Petercam Asset Management is acting in an honest, fair and professional manner that best serves the interests of a client when, in connection with the provision of an individual management service to this client, it pays or receives a remuneration or commission or provides or receives a non-monetary benefit.

The remuneration, commission or non-monetary benefit paid or provided to a third party or to a person acting on behalf of this third party or by this person, meet the following conditions:

- i) the client is clearly informed of the existence, nature and amount of the remuneration, commission or benefit or, where this amount cannot be determined, of its method of calculation. This information is provided in a complete, accurate and understandable form before the investment or auxiliary service in question is provided; and
- ii) the payment of the remuneration or commission, or the granting of the non-monetary benefit, improves the quality of the service provided to the client and does not affect the company's obligation to act in the best interests of the client.

Appropriate remunerations that allow the investment services concerned to be provided or are necessary for this purpose, such as custody fees, foreign exchange and settlement commissions, legal contributions and legal fees, do not lead to a conflict with the obligation the company has to act in an honest, fair and professional manner towards its clients that best serves their interests.

## **Item 15 - Custody**

All assets owned by clients are physically held by external custodians, selected and chosen by our clients, either held at Bank Degroof Petercam or another group entity. Clients usually receive monthly and quarterly statements from custodian. Clients do receive, on a monthly and quarterly basis, reporting from Degroof Petercam Asset Management regarding their segregated mandate, and specific reporting regarding the investment guidelines (eg. Risk management reports).

## **Item 16 - Investment Discretion**

Degroof Petercam Asset Management has generally discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Degroof Petercam Asset Management in the applicable Investment Management Agreement. Discretionary authority will only

be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Management Agreement containing all applicable limitations to such authority. All discretionary trades made by Degroof Petercam Asset Management will be in accordance with each client's investment objectives and goals.

## **Item 17 - Voting Client Securities**

Degroof Petercam Asset Management, as a registered investment adviser that exercises proxy voting authority over client securities, has a fiduciary duty to vote proxies in a timely manner and make voting decisions that are in our clients' best interests.

Our Shareholder's responsibility is reflected in our Proxy Voting Policy, which may be obtained on request and free of charge by contacting [votingpolicy@degroofpetercam.com](mailto:votingpolicy@degroofpetercam.com).

Voting activity allows us to make our voice heard for the companies we invest in, thus exercising influence to stimulate best practices in terms of corporate responsibility. We make sure the rights of shareholders are respected, but also those of other stakeholders. We fully disclose our vision on corporate governance within listed companies, our expectations as well as our approach as a responsible investor. Through the United Nations-supported Principles for Responsible Investment (PRI) Initiative, DPAM is participating in collaborative engagement initiative on the prevention of corruption. The four principles below that govern our Voting Policy are revised on an annual basis in order to optimally address legal and regulatory changes as well as international best practices in terms of corporate governance:

1. Protection of shareholders aimed at creating long-term value and the equal treatment of shareholders in accordance with the "one share, one vote, one dividend" principle and the protection of minority shareholders.
2. Good corporate governance, which necessitates an effective and independent system of management and control.
3. Transparency and integrity of information, which must be reliable, clear, complete and communicated at the right time.
4. Social and environmental responsibility, which is key to the responsibility and sustainability of companies that place their human capital at the heart of their interests and which respect, in its totality, the environment in which they act.

## **Item 18 - Financial Information**

Degroof Petercam Asset Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.



Financial statements of Degroof Petercam Asset Management are publicly disclosed and available on the National Bank of Belgium's website [www.nbb.be](http://www.nbb.be) .