

The investment policy of Brand New Day PPI is based on three key concepts:

- › Income security
- › The expected pension must be sufficient
- › A minimized chance of any unexpected losses

The investment policy of Brand New Day PPI aims to achieve the highest possible pension payments with the greatest possible security. We achieve this by investing the deposited contributions in shares and bonds. When doing this, we remain true to Brand New Day's "investment beliefs". First of all we believe that a widely diversified set of shares on the one hand, and bonds with a high credit rating on the other, are in practice the most efficient portfolio in terms of risk and returns. Secondly, we believe that index investment, in comparison with actively managed assets, offers higher expected returns at a lower risk.

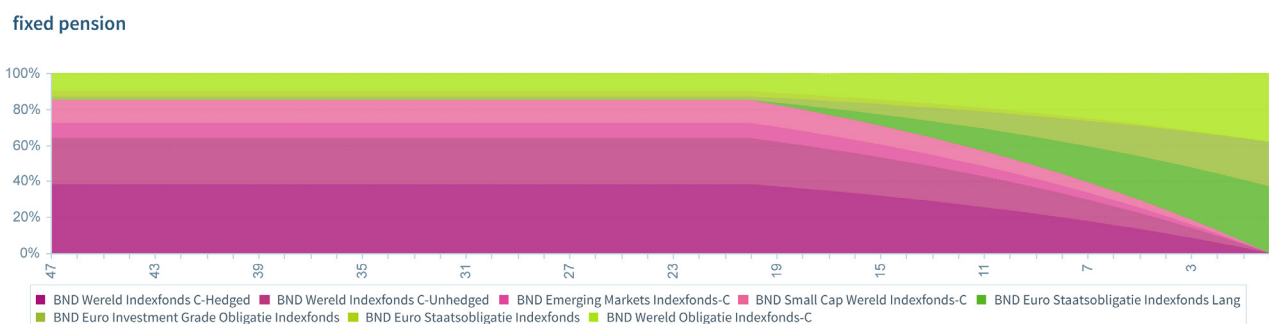
### Life-cycle based investment

Contributions are invested based on the principle of life-cycle investment. This means the investment portfolio is adjusted to the number of years until the retirement date. Still further away from the retirement date the profits of high-risk investments result in higher expected returns, and when the retirement date draws nearer, these high-risk investments are swapped for lower-risk investments in order to minimize the downward risk for the retirement income.

During the life-cycle both the market risk (the risk of fluctuating exchange rates) and the interest rate risk (the risk of unfavourable purchase rates for the pension payments as a result of low interest on the retirement date) will be gradually decreased.

We offer 3 different life-cycles, each with a different risk profile: defensive, neutral and offensive. In addition, if the employer allows it within the scheme, a personal life-cycle can be chosen, with which you can start out with your own mixture of shares and bonds. The neutral life-cycle is the default life-cycle with Brand New Day.

The neutral life-cycle is represented as follows:



## Investment for fixed or variable pension payments

Employees who are about to retire have two options: they can purchase either fixed or variable pension payments.

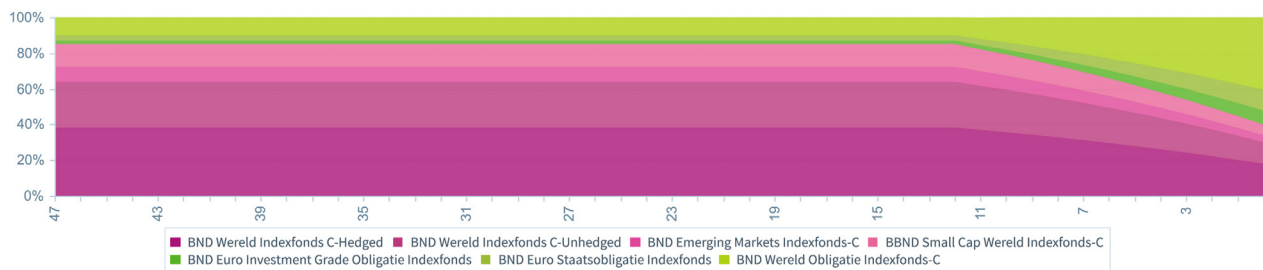
For fixed payments, employees utilize all of their pension capital at once when purchasing their pension payments. The pension payments are guaranteed and will remain unchanged. These are what we call fixed pension payments.

With variable payments, you continue to invest after the retirement date. This is what we call continued investment. The result of these investments influences the amount of pension you will receive. If the investments do well, your pension is able to increase. After a bad year of investing, your pension might decrease.

If you choose continued investment, the risk-reduction is applied differently. The risk is decreased less quickly and at a later time. Here too, we offer 3 different life-cycles, each with a different risk profile: defensive, neutral and offensive.

The neutral life-cycle is represented as follows:

variable pension



## Income security

The amount of the fixed pension payments to be purchased depends, in addition to the value of the pension capital, on the interest rate on the retirement date. A low interest rate means less pension can be purchased with the same amount of capital opposed to a higher interest rate. A lower interest rate leads to a lower retirement income.

This is why we increase hedging of this risk as the retirement date approaches. How? With bonds. Because when the interest rate decreases, the value of bonds (and consequently the value of your pension capital) increases. The increasing value of bonds with a decrease in interest compensates (roughly) the adverse effects of a decreased interest rate on the pension income.

Please note: when opting for continued investment the interest risk is hedged to a smaller extent.

## The Investments

The basic principle regarding stocks is the widest possible spread. This is why we invest in large listed stocks ('large caps'), medium sized ('mid caps') and smaller listed stocks ('small caps'). We do this in developed as well as in developing markets.

The large, mid and small caps consist of the following stock funds:

### › BND Wereld Indexfonds C-Hedged

Invests in around 2,100 of the largest listed businesses, listed in 24 countries, with hedging of the currency risk.

- › **BND Wereld Indexfonds C-Unhedged**  
Invests in around 2,100 of the largest listed businesses, listed in 24 countries ,without hedging of the currency risk.
- › **BND Emerging Markets Indexfonds-C**  
Invests in around 900 of the largest listed businesses in developing markets, listed in 24 countries.
- › **BND Small Cap Wereld Indexfonds- C**  
Invests in around 4,300 relatively small businesses, listed in 23 countries

For bonds we aim for the widest possible spread as well: worldwide and across as many companies in as many countries as possible. Key aspect in order to achieve this, is a high credit rating. We only invest in ‘investment grade’ bonds. These are bonds from countries and companies with a relatively high credit rating (at least BBB-, the credit rating for Heineken), in order to reduce the risk of bankruptcy or defaulted payments.

These bonds are in the following funds:

- › **BND Wereld Obligatie Indexfonds-C**  
Invests in around 3,400 company and non-government bonds (40%) as well as in around 5,100 government bonds (60%), listed in 51 countries worldwide.
- › **BND Euro Investment Grade Bond Index Fund**  
Invests in around 800 in company and non-government bonds from 43 countries.
- › **BND Euro Government Bond Index Fund**  
Invests in around 700 government bonds listed in Euros, issued in 14 countries from the Euro-zone.
- › **BND Euro Government Bond Index Fund Long**  
Invests in around 27 long-term government bonds from 6 countries in the Euro-zone with a minimum credit rating of AA-.

#### How much do I pay for the investments?

For each deposited contribution we charge a one-off purchase fee of 0.50%. The total running investment charges consist of fund management fees (expressed as ‘running expense ratio’) and the fees for managing the life-cycles (‘portfolio management fees’). These are charged within the funds. The total running investment costs (i.e. both expenses together) for the standard life-cycles are in total always 0.40% of the invested capital per year.

Investment category	Brand New Day Fund	Sub-fund	Spread	Running expense ratio	Portfolio management fee
Developed market stocks, large and mid cap	BND Wereld Indexfonds C-Hedged	Vanguard FTSE Developed World II CCF	24 countries, 2.100 stocks	0,15%	0,25%
Developed market stocks, large and mid cap	BND Wereld Indexfonds C-Unhedged	Vanguard FTSE Developed World II CCF	24 countries, 2.100 stocks	0,15%	0,25%

Sustainable developed market stocks, large and mid cap	BND Duurzaam Wereld Indexfonds-C	Vanguard SRI FTSE Developed World II CCF	24 countries, 1.800 stocks	0,17%	0,30%
Developing market stocks, large and mid cap	BND Emerging Markets Indexfonds-C	Vanguard Emerging Markets Stock Index Fund	24 countries, 900 stocks	0,26%	0,14%
Small cap stocks worldwide	BND Small Cap Wereld Indexfonds-C	Vanguard Global SmallCap Index Fund	23 countries, 4.300 stocks	0,24%	0,16%

Investment category	Brand New Day Fund	Sub-fund	Spread	Running expense ratio	Portfolio management fee
Investment grade bonds worldwide	BND Wereld Obligatie Indexfonds-C	Vanguard Global Bond Index Fund	51 countries, 8.400 bonds	0,15%	0,25%
Investment grade bonds Euro	BND Euro Investment Grade Obligatie Indexfonds	Vanguard SRI Euro Investment Grade Bond Index Fund	43 countries, 800 bonds	0,15%	0,25%
Investment grade government bonds long term	BND Euro Staatsobligatie Indexfonds Lang	Vanguard 20+ Year Euro Treasury Index Fund	6 countries, 27 bonds	0,15%	0,25%
Investment grade government bonds Euro	BND Euro Staatsobligatie Indexfonds	Vanguard Euro Government Bond Index Fund	14 countries, 700 bonds	0,15%	0,25%

### Mixture of shares and bonds for each life-cycle

Please consult the Brand New Day PPI Investment Policy for the distribution of shares and bonds within each of the life-cycles.

### Want to know more?

Would you like to have more information regarding the funds and the framework of our investment policy, please [click here](#) for additional clarification.