2023
annual report

Van Lanschot Kempen
Investment Management NV

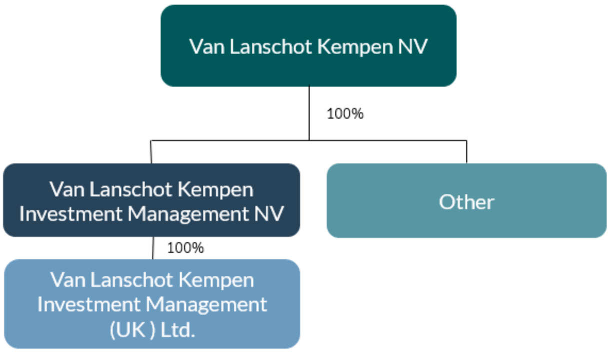
Contents

1. Report of the Management Board

1.1. Profile

Van Lanschot Kempen Investment Management NV (VLK Investment Management) is a full subsidiary of Van Lanschot Kempen NV (Van Lanschot Kempen).

Figure 1: Simplified legal structure



VLK Investment Management is a specialist investment manager with a keen focus on delivering strong investment returns. We serve clients from our offices in Amsterdam, London and Paris.

Our purpose is to preserve and create wealth for our clients and for society in a sustainable way. VLK Investment Management's clients can rely on us to be long-term stewards that take into account their financial and sustainability goals for the future, and to operate with a strong focus and clear investment outlook. In order to achieve our purpose, we seek to be a world-class, specialist investment manager and to exceed our clients' expectations. We work to create long-term partnerships built on transparency and trust with our clients and service providers. As part of this, we offer clients access to investments that would usually have a high entry threshold and demand a high degree of expertise and infrastructure, while also adding value in the long run. VLK Investment Management follows Van Lanschot Kempen's code of conduct.

Client solutions

VLK Investment Management offers two types of solutions to clients. Firstly, as a fund manager, we offer investment strategies, such as global and European equities (high-dividend equities, small caps, infrastructure and sustainable equity), bonds (euro credits), real estate and alternative investments (private markets, hedge funds and alternative credit) for institutional and private clients in the form of mandates and investment funds. Secondly, as a fiduciary manager, we offer total investment solutions for private clients via Van Lanschot Kempen as well as directly to wholesale and institutional clients. In addition, we offer solutions that support institutional clients with their day-to-day investment management activities. The individual client's objectives or commitments are leading in terms of the solutions we offer.

Commercial highlights in 2023

In 2023, we improved our proposition in illiquid and semi-illiquid investments. This was achieved primarily by strengthening our advisory services, especially for institutional clients. Within these alternative investment solutions, advising clients on the full range of illiquid investments is key. This guidance extends beyond merely selecting the appropriate asset class. It also encompasses setting objectives, identifying relevant themes such as climate, defining key performance indicators (KPIs) and implementing strategies through various means – be it a mandate, a customised fund or a multi-client fund.

In our fiduciary management business, we're well placed to act as a sparring partner in the overhaul of the Dutch pension system, based on our many years of experience in designing tailored investment portfolios for large groups of different ages. We understand the unique needs of large group schemes and have created investment mixes to meet those needs. In doing so, we help around 2.3 million pension scheme members in the Netherlands and the UK.

During the reporting year, we made significant progress on our sustainability approach for institutional clients. Specifically, we established a socially responsible investment (SRI) risk framework and broadened our range of transition and impact solutions. Furthermore, in 2023 we explored more opportunities in local alternative investments. This was particularly evident in sectors such as real estate, infrastructure, agriculture and private debt.

In 2023, we launched a range of initiatives focused on profitable growth, with an enhanced strategy. Our focus is on efficiently setting up the organisation and systems, while we are investing in our commercial strength – for instance, through extensive sales training courses. At the same time, we enhanced our digital service for clients by providing even better content on sustainable investing and private markets, expanding our client portal, and offering direct access to internal research. Moreover, we aim to achieve further business efficiency improvements by leveraging data-driven decision-making and generative AI solutions in areas where large information sets need to be interpreted.

Satisfaction levels among our wholesale and institutional clients are high. Our Net Promoter Score (NPS) was 30 in 2023, against a target of 20. Clients appreciate our dedicated and approachable team, along with our high-quality service.

1.2. Organisation

The Management Board of VLK Investment Management has two board members: Erik van Houwelingen (Chair) and Ernst Jansen (Chief Operating Officer). The composition of the Management Board did not change in 2023.

Key to Van Lanschot Kempen's strategy is to be a specialist wealth manager – focusing on private, wholesale, institutional and investment banking clients. VLK Investment Management, including Van Lanschot Kempen Investment Management (UK), plays a crucial role in this strategy as a specialist investment manager.

Van Lanschot Kempen (including VLK Investment Management) steers and reports on its business according to client segment.

1.3. Financial performance

Result before tax in 2023 amounted to €71.9 million, compared with €35.4 million in 2022, driven by higher levels of assets under management (AuM). Client assets increased to €104.7 billion (2022: €86.4 billion), driven by net inflows of €10.8 billion and a positive market performance of €7.5 billion in 2023.

As a direct result of the UK gilt crisis, VLK Investment Management UK showed a negative result over 2023. This has the full attention of our management, and we have refocused our strategic roadmap and its execution accordingly.

Commission income

Commission income grew by 35%, from €130.6 million in 2022 to €176.7 million in 2023, due to higher levels of AuM.

Operating expenses

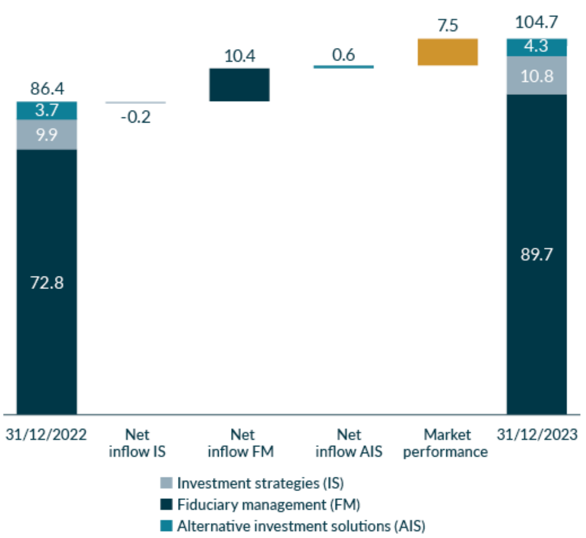
Compared with 2022, operating expenses increased by €11.0 million to €105.0 million.[1] This was mainly driven by higher other operating expenses, which grew by 28% to €59.4 million. Staffing costs decreased by 3%, from €46.7 million in 2022 to €45.1 million in 2023. The average number of FTEs remained stable at 205.

The cost/income ratio – i.e. the ratio of operating expenses (excluding costs incurred for special items) to income from operating activities – stood at 59.4%. This is an improvement compared with the 2022 cost/income ratio of 72.2%, driven by the higher income.

Client assets

Total client assets rose by 21% to €104.7 billion (2022: €86.4 billion), driven by net inflows of €10.8 billion and a positive market performance of €7.5 billion.

Client assets



Investment strategies saw a net outflow of €0.2 billion, driven by outflows in small caps and high-dividend equities. Inflow was reported for credits driven by the funds and a new mandate, as well as inflow coming from real estate. Over the course of 2023, the AuM in investment strategies was boosted by a positive market performance of €1.0 billion.

Fiduciary management showed net inflows of €10.4 billion, coming from Private Clients, new mandates and existing clients. The inflow of €7.7 billion relating to Private Clients was driven by the Mercier Van Lanschot funds, for which VLK Investment Management took over the management company services.

In the Netherlands, we started two new fiduciary management mandates: HNPF Xerox and HNPF PepsiCo. In the UK, we received the first fiduciary management mandate from Clara. Inflows were further boosted by a positive market performance of €6.5 billion in fiduciary management.

In 2023, asset class solutions was renamed as alternative investment solutions (AIS); with this change, private markets, farmland and private equity shifted from investment strategies to AIS. AIS involves the advice and selection of a wide range of illiquid and semi-illiquid asset classes for clients. In 2023, AIS showed net inflows of €0.6 billion, mainly coming from non-listed real estate and farmland. The total AuM of AIS amounted to €4.3 billion at year-end 2023.

1.4. Sustainable and impact investing

Our sustainable and impact investment policies are informed by our company's purpose, external laws and regulations, our clients' sustainability goals, and the international treaties that we and our clients endorse. Throughout 2023, we worked on the further implementation of the EU Sustainable Finance Disclosure Regulation (SFDR), the Markets in Financial Instruments Directive (MiFID II) and the EU taxonomy. Our fiduciary clients also implemented the applicable sustainability legislation. And we set new sustainability-related KPIs, focusing on climate and biodiversity, as well as advancing our sustainable investment approach.

For our discretionary AuM, our active, engaged ownership approach is shaped in different ways:

- **Integration of environmental, social and governance (ESG) criteria into investment processes** – ESG criteria are part of our funds' investment processes to ensure that sustainable investment risks and opportunities are appropriately reflected in the expected returns and that they contribute to investment decisions. In 2023, we launched our proprietary "social" score for real assets.
- **Engagement on controversial issues and exclusion in the absence of a favourable outcome** – We engage with companies involved in serious controversies and assess their alignment with the OECD Responsible Business Conduct approach and other relevant conventions on a case-by-case basis. By setting measurable engagement objectives and determining timelines for their achievement, we have an objective methodology for determining when an engagement is unsuccessful and when divestment should follow. Furthermore, portfolio

[1] Since the end of 2023, we have reclassified the pro rata allocation of VAT as part of the operating expenses in the financial statements. This VAT forms part of the costs and was wrongly classified as other income. We have adjusted the comparative figures accordingly; there is no impact on capital and result.

managers engage with companies on strategic, forward-looking ESG topics that are most material. Several of our engagement fact sheets can be found on our website: vanlanschotkempen.com/en-nl/investment-management/sustainability-approach/engagement-factsheets.

- **Positive impact** – In addition to using Sustainable Development Goal (SDG) alignment scores internally for some of our funds, we are working to increase the sustainability credentials of all our funds. Read more about our SDG Farmland Fund: vanlanschotkempen.com/en-nl/investment-management/investment-strategies/alternative-investments/farmland or the Global Impact Pool's results: Annual Impact Report 2022.
- **Climate change** – We have clear net-zero targets, as explained in our climate policy:
  - By 2025: align with a Paris Agreement pathway (listed investments);
  - By 2030: align with a Paris Agreement pathway (listed and non-listed investments);
  - By 2050: become a net-zero investor. Regarding the 2025 target, we align with the trajectory to achieve the goals of the Paris Agreement and Dutch *Klimaat-akkoord*.[2] Since 2022, we've had an annual carbon intensity reduction target of 7% in place for all listed funds.
- **Exercising our voting rights** – In 2023, we voted at 468 annual and extraordinary general meetings of shareholders. We voted against, abstained or withheld our vote on proposed agenda items (put forward by both management and shareholders) in 17% of cases. The table below shows the full breakdown of votes.

Voting in 2023

Meeting overview		
Category	**Number**	**Percentage**
Number of votable meetings	496	
Number of meetings voted	468	94%
Number of meetings with at least one vote against, abstained or withheld	346	70%

Proposal overview		
Category	**Number**	**Percentage**
Number of votable items	7,300	
Number of items voted	6,788	93%
– of which for	*5,604*	*83%*
– of which against	*1,011*	*15%*
– of which abstained	*33*	*1%*
– of which withheld	*55*	*1%*

For more detailed information on our sustainable investment approach and policies, see our website: vanlanschotkempen.com/en-nl/investment-management/sustainability-approach.

1.5. Risks and risk management

Sound risk management and compliance with external regulatory requirements are key to our licence to operate, and as such have our full attention.

The organisation of our risk management framework is based on the three lines of defence model. The first line of defence is the business, including internal control, responsible for day-to-day risk management. The second line of defence is provided by departments such as Financial and Non-Financial Risk Management and Compliance, which oversee the first line. The Internal Audit department acts as the third line of defence, providing an independent evaluation of the adequacy of the internal management and control systems. This set-up creates a clear, balanced and appropriate division of tasks, authorities and responsibilities, and ensures independent and effective operation of the risk management framework.

Risk and capital framework

VLK Investment Management conducts periodic value chain risk self-assessments and carries out an annual internal capital and risk assessment process (ICARAP). Notable steps include:

- Self-assessment of risks;
- Description of the control measures in place to mitigate the risks identified in the self-assessment;
- Determination of any additional capital and/or liquidity needed to be held as a buffer for the remaining risks;
- Development and analysis of stress scenarios covering VLK Investment Management;
- Assessment of the adequacy of our liquidity and capital position.

Our ultimate purpose is to assess both our current and future capital and liquidity adequacy. It is important that we maintain this adequacy, even in difficult market conditions.

Risk-related departments

The Financial Risk Management, Non-Financial Risk Management and Compliance departments are responsible for all second-line risk management activities at Van Lanschot Kempen, including VLK Investment Management.

[2] We use carbon intensity as a metric for arriving at the pathway of net-zero emissions. As we care about the direction of travel and reduction of carbon emissions in the economy, it is possible that the actual reduction trend deviates from the suggested average trend line. The pathway is derived from the pathway of the EU Benchmarks.

These departments support and advise the Management Board of VLK Investment Management on identifying and managing the risks to which we are exposed. The departments are organised independently and report directly to the Management Board of VLK Investment Management. The departments oversee compliance with the risk policies as adopted by the Management Board of VLK Investment Management, and report to the relevant risk management committees. For VLK Investment Management, this primarily entails the Compliance and Operational Risk Committee and the Group Risk Committee. In addition, risks relating to VLK Investment Management are also discussed by the Risk and Compliance Committee of Van Lanschot Kempen's Supervisory Board.

The Financial Risk Management, Non-Financial Risk Management and Compliance departments support the implementation of guidelines, regulations and internal control measures in relation to risk control. The Internal Control department (part of the first line) is responsible for control effectiveness reviews.

Investment compliance

The Financial Risk Management department monitors whether investment management activities are in line with contractual financial guidelines on clients and internal limits, determines whether any breaches have occurred, and reports these to the Management Board of VLK Investment Management and all relevant committees. This reporting entails fiduciary mandates, funds in the Netherlands, Luxembourg and Belgium, and private client contracts. The department is also responsible for monitoring VLK Investment Management UK's investment compliance. In 2023, no major investment compliance incidents occurred.

Operational risk

Operational risks are (potential) losses that result from inadequate or failed internal processes or systems, inadequate or incorrect human actions, external events and fraud. To identify and manage operational and IT risks, we have created a group-wide operational risk management (ORM) framework.

An integral part of the ORM framework is the implementation and performance of key controls, which are designed to mitigate unacceptable risk exposures effectively. These key controls are embedded in VLK Investment Management's systems, processes and value chains. To ensure the ongoing effectiveness of key controls, they undergo periodic review by the Internal Control department, part of the first line of defence. In addition, independent evaluations are conducted by the second line, the Non-Financial Risk Management and Compliance departments. These evaluations assess the operating effectiveness of key controls in our processes and systems. By regularly reviewing and evaluating our key controls, we can proactively identify areas that require improvement and take the necessary actions to strengthen our control environment.

In 2023, we remained dedicated to enhancing our ORM framework, resulting in improvements to several key areas of the framework. One of the major achievements in the reporting year was the recalibration of our risk appetite framework and risk taxonomy, enabling us to make more informed decisions regarding risk-taking and mitigation measures. Furthermore, we strengthened our data-driven monitoring capabilities, reporting processes and scenario analysis quantification methods.

Information risk

Preventing cybercrime remains one of our key focus areas. VLK Investment Management is aware of the risks concerning information security and cybercrime, and has further invested in technological and process-related measures to mitigate them. We continue to strengthen our security measures to keep pace with increasing cyberthreats and external fraud attempts. We have a dedicated team that monitors security incidents in the organisation, including outside office hours, to ensure we have sufficient coverage to mitigate potential threats.

We have teams that simulate cyberattacks and conduct penetration testing for security purposes, including periodic phishing awareness tests. We monitor the risks involved in cybercrime using risk dashboards via defined key performance and risk indicators. The metrics in the dashboard are overseen by the interdepartmental Information Security Board. Major issues related to cybercrime are reported directly to the Management Board of VLK Investment Management.

A key project that began in 2023 involves applying a zero-trust approach, resulting in a more secure environment. Reducing the availability and accessibility of sensitive data reduces the potential impact of cyberattacks, supplementing the measures in place to prevent them. Cybercrime risks such as ransomware have an ongoing focus within the business. Emerging risks in the field of AI continue to develop rapidly, and require us to ensure mitigating measures are in place.

The Digital Operational Resilience Act 2023 (DORA) brings harmonisation of the rules relating to operational resilience for the financial sector. To ensure we are compliant with the DORA by 1 January 2025, a taskforce involving all three lines of defence has been established to update the IT risk and control framework accordingly.

In order to maximise operational resilience during and after (potential) disruptions, threats and incidents, we have robust business continuity measures in place. These include a business continuity policy, governance structure with a Business Continuity Committee and Crisis Management and Support teams, as well as working instructions. Moreover, multiple tests are performed during the year to assess whether these measures work in practice. As a result, we were able to run critical systems from our back-up site for at least one week, without any major disruptions.

Fraud

Both internal and external fraud pose risks to our business. Internal fraud occurs when fraud is committed as an intentional action by one or more employees in which deception or management override of controls is used, with the intent of gaining unlawful advantage for oneself or a personal acquaintance at the expense of others. Internal fraud conflicts with Van Lanschot Kempen's code of conduct, which provides guidelines to help ensure our reputation and integrity.

Maintaining our reputation as a trustworthy financial institution is of great importance to VLK Investment Management. The guidelines and processes for reporting and handling incidents are set out in Van Lanschot Kempen's group policy for handling integrity incidents.

External fraud risk is defined as fraud attempted or perpetrated against the organisation by an external party (i.e. a party without a direct relationship to VLK Investment Management) without the involvement of an employee or affiliate of the organisation.

Cases involving internal or external fraud are handled in accordance with the incident management procedure, which requires a root cause analysis to be conducted, as well as adequate follow-up to prevent reoccurrence. In 2023, no internal or external fraud, nor any attempt to commit fraud, was identified. As a result, no investigation of any person regarding fraud needed to be conducted.

Assessing and mitigating fraud risk is an integral part of our risk & control framework. Internal fraud risk is assessed through risk control self-assessments on processes and through the Systematic Integrity Risk Analysis (SIRA). The 2023 SIRA included various scenarios, such as the risk of employees stealing financial assets, physical assets or client data. The inherent risk of internal fraud in our overall risk assessment was evaluated as high: internal fraud can lead to substantial financial and reputational damage. However, effective control measures are in place to significantly reduce the risk. These control measures include the four eyes principle, access authentications, system-enforced checks on manual payments, and automated segregation of duties for payment systems.

Several initiatives are in place to maintain awareness of internal fraud risk. Actions and priorities for continuous staff awareness and improvement are identified in the business-as-usual cycle. Staff training, starting with on-boarding for new employees that covers the code of conduct (including incident management), as well as periodic updates, are part of fraud mitigation measures.

Sustainability risk

In our AuM activities, climate change and nature-related risks are taken into account when investments are made or investment managers are selected. As part of our responsible and sustainable investing process, we also have a climate change policy that we have improved over the years. In line with the Paris Agreement, we have set targets on reducing the carbon emissions of our investment funds, to be met by 2025, 2030 and 2050 respectively – enabling us to cope with the transition risks related to climate change. This also enhances resilience to physical climate change risks, as the companies in these investment funds will take climate change into account.

For more information, see Van Lanschot Kempen's 2023 annual report.

Compliance

When operating in financial markets, it is important that VLK Investment Management conducts its business activities in accordance with the expectations of its clients, employees, shareholders and supervisory authorities. We also follow high ethical standards, in alignment with our shared values, code of conduct and risk appetite, and within the boundaries of applicable laws, rules, regulations, internal policies, procedures and industry standards relevant for our business.

Van Lanschot Kempen has established a compliance framework to manage compliance risks appropriately, which also covers VLK Investment Management’s activities. This framework ensures business operations adhere to laws, rules and regulations, and makes sure we act in the best interests of our clients. In order to mitigate compliance risks efficiently and in line with (the spirit of) applicable rules and regulations, we focus on the continuous improvement of our policies, systems, processes and training and awareness, increasingly supported by the use of IT tooling and data analytics. The compliance framework applies across the entire organisation, including international locations.

Financial crime risks
Combatting financial and economic crime is one of our top priorities. Financial and economic crime risks relate to money laundering, terrorist financing, sanctions, client tax integrity, and bribery and corruption.

Client protection risks
As a wealth manager, we commit to safeguarding our clients' interests and providing fair, clear and relevant disclosures and marketing materials that are not misleading. Client protection risks relate to not treating clients fairly, such as providing them with products that do not meet their needs, objectives, (sustainability) preferences or risk appetite.

Business conduct risks
We are committed to upholding the integrity of the financial markets. We therefore manage business conduct risks via the compliance programme. Business conduct risks relate to conflicts of interest, market conduct, market abuse and employee integrity topics, such as secondary positions and personal account dealing.

Personal data integrity risks
Personal data integrity risks relate to data privacy, data retention and adherence to the General Data Protection Regulation (GDPR). We operate a personal data integrity programme to protect the data of clients and employees, to support the organisation in its obligations and to foster awareness, as well as to establish internal policies, advise on data privacy matters and monitor compliance with data privacy laws.

International alignment
Significant progress has been made to improve the international alignment of the compliance framework across Van Lanschot Kempen, ensuring effective oversight of subsidiaries and branches. In 2023, we focused on enhancing international team collaboration and embedding compliance processes. Compliance programmes have been aligned, including international group policies, driving consistency in the way of working. The set-up of the compliance risk & control framework is based on compliance risk assessments (according to the Systematic Integrity Risk Analysis – SIRA), executed for all business activities. Compliance risks stemming from business activities at the international locations are monitored and included in group compliance reporting.

Our code of conduct
Compliance goes beyond following rules and regulations: it involves fostering an ethical and responsible organisational culture that protects client-centricity, financial integrity and the interests of various stakeholders.

In 2023, the revision of our code of conduct was a group-wide project that involved close collaboration between different departments. One key aspect was the active involvement of stakeholders: by engaging employees from various levels and departments, as well as clients and other stakeholders, we incorporated diverse perspectives and ensured that the code of conduct reflects our purpose and values. Our code of conduct outlines what we consider the essence of ethical behaviour and guides us to determine the right decisions. It is not an exhaustive list of rules, but commitments based on three ethical principles:
- We are respectful towards others
- We act with discretion
- We think across generations

In addition, our code of conduct is supported by various (compliance) policies and guidelines that provide further details and rules about desired behaviour in daily practice. The revised code of conduct was launched in November 2023, underpinned by a communication and implementation plan, including dialogue sessions and a mandatory e-learning course. These initiatives will be periodically refreshed to continuously support ethical behaviour.

Internal audit
Internal Audit (the third line of defence) is responsible for ensuring that the first and second lines of defence work appropriately. All of Van Lanschot Kempen's activities – including those of VLK Investment Management – are included in Internal Audit's scope. The Internal Audit department tests the design and operational effectiveness of internal risk management and control systems, and aims to improve the efficacy of these systems. In doing so, it supports the Management Board of VLK Investment Management in performing its duties. Internal Audit operates independently and reports directly to the Chair of Van Lanschot Kempen's Management Board, the Chair of Van Lanschot Kempen's Supervisory Board's Audit Committee, and the Management Board of VLK Investment Management.

1.6. Financial and solvency risks

Market risk
The core activity of VLK Investment Management is to manage the assets owned by its fiduciary clients and fund investors. As such, we are not directly exposed to market risks via our AuM. However, if markets fall, this has an impact on our commission income. Such risks also affect the wealth preservation and creation of clients and investors, thereby having an indirect impact on our financial results. Although market volatility (notably interest rate markets) increased in 2023, the wide variety of products and solutions we offer, coupled with our diversified client base, helps to cushion this indirect impact to some extent. As such, we classify market risk as low.

Credit risk
VLK Investment Management does not directly face significant credit or counterparty risks. We do not issue loans and are not a formal counterparty to over-the-counter financial transactions (acting as an agent on behalf of clients who are formal counterparties). Our cash balances are entrusted to reliable parties. Our services involve some credit risk when management fees are received from clients. Given our diversified client base with substantial AuM, credit risk is considered low.

Liquidity risk
Our core activity is to manage the assets of our fiduciary clients and fund investors. We are therefore not directly exposed to liquidity risk via our AuM, although such risks may indirectly affect our liquidity profile. Fees charged to clients are collected periodically and benefit our liquidity profile. Overall, liquidity risk is considered low.
VLK Investment Management has sufficient qualifying capital and liquidity to meet the prudential capital and liquidity adequacy requirements set by De Nederlandsche Bank (DNB). If the calculation of the capital or liquidity requirement shows that the capital reserves will be inadequate without additional measures, steps will be taken in consultation with Van Lanschot Kempen to increase the amount of capital or liquidity.

1.7. Remuneration policy
Employees working for VLK Investment Management have an employment contract with Van Lanschot Kempen, the parent company of VLK Investment Management.
Van Lanschot Kempen's variable remuneration policy applies to all employees (including identified staff) of Van Lanschot Kempen and its subsidiaries, including VLK Investment Management. This means that Van Lanschot Kempen's remuneration policy applies to all employees working for VLK Investment Management, subject to several additional provisions specific to VLK Investment Management. These are described in the remuneration policy and govern the activities of VLK Investment Management.

General principles of VLK Investment Management's remuneration policy
Van Lanschot Kempen pursues a prudent, sound and sustainable remuneration policy in line with the group's strategy, risk appetite, targets and values. The remuneration policy contributes to sound and effective risk control and does not encourage taking more risks than the company considers acceptable. Van Lanschot Kempen ensures that its remuneration policy is applied across the group.

The following general remuneration policy principles apply to all employees working at VLK Investment Management:
- Outperformance is rewarded.
- A system of differentiated remuneration applies.
- Remuneration is set on a gender-neutral basis.
- An employee's variable remuneration is based on the respective performances of Van Lanschot Kempen, VLK Investment Management and individual employees.
- The assessment of an employee's personal performance is based on both quantitative (financial) and qualitative (non-financial) performance criteria, with some departments applying only qualitative criteria.
- At least 50% of variable remuneration is based on non-financial criteria.
- The performance criteria contain no incentives to take irresponsible risks.
- Appropriate account is taken of the interests of clients when striking a balance between the fixed and variable remuneration components; the performance criteria are determined in such a way as to avoid any conflicts of interest between employees and clients.

- The award of variable remuneration in part reflects Van Lanschot Kempen's long-term objectives.
- When assessing performance on the basis of the performance criteria set, financial performance is adjusted for (estimated) risks and costs of capital.
- Variable remuneration (including the conditional portion) is only awarded or paid if: i) this is reconcilable with Van Lanschot Kempen's financial position and is justified by the performance of Van Lanschot Kempen, VLK Investment Management and the employee concerned; and ii) Van Lanschot Kempen holds the capital buffers as required by the Dutch Financial Supervision Act (Wft) and implementing regulation.
- None of Van Lanschot Kempen's financial services or other activities, remuneration components or structures could lead to a risk of clients being treated without due care, and Van Lanschot Kempen will not introduce such activities, components or structures.
- In the event that Van Lanschot Kempen turns only a modest profit in a given financial year, variable remuneration pools may be established by Van Lanschot Kempen's Management Board with the approval of its Supervisory Board.
- At the reassessment stage preceding the payment and receipt of variable remuneration, the total variable remuneration may be lowered significantly by applying a hold- or claw-back clause – for instance, in the event of incompetent or incorrect conduct on the part of an employee.

Integration of sustainability risks

We take sustainability risks into account in our remuneration policy for investment professionals and other senior staff by aligning their financial incentives with the long-term interests of our clients and the long-term success of our own organisation.

Our remuneration policy promotes a sound and effective risk management culture that protects the value of the investment portfolios. Sustainability risks are defined as environmental, social or governance events or conditions that, if they were to occur, could cause an actual or potential material negative impact on the value of the investment. These risks are part of the risk management policy and culture, in the same way as all other forms of risk (i.e. strategic, operational, compliance, interest rate and liquidity risk).

A more detailed description of our remuneration policy can be found on our website, vanlanschotkempen.com, including how the fixed and variable remuneration components are drawn up. The policy describes the criteria that form the basis for determining the amount of variable remuneration, which non-standard rules apply for employees in control functions, and which parts of the variable remuneration are conditional. The policy also describes governance in relation to the annual determination of variable remuneration.

VLK Investment Management remuneration in 2023

On 31 December 2023, VLK Investment Management managed 81 alternative investment funds (AIFs) and 43 undertakings for collective investment in transferable securities (UCITS). On that date, total AuM for AIFs amounted to €15.1 billion, and for UCITS to €18.8 billion.

The table below provides information on the remuneration of senior management and other employees working at VLK Investment Management. The figures in the table are the most recently available and refer to VLK Investment Management's 2023 financial year, with the amounts in the table allocated on the basis of total fund assets on 31 December 2023. Out of the average total of 205 FTEs, 35 work outside the Netherlands.

In keeping with Article 1:120 (2) of the Dutch Financial Supervision Act (Wft), we report that no individual at VLK Investment Management received any remuneration in 2023 in excess of €1 million.

	Senior management[3]	Other employees	All employees
Number of employees (FTE average 2023)	7	198	205
Remuneration in 2023			
Total fixed remuneration	€2,900,496	€25,777,617	€28,678,114
Total variable remuneration[4]	€623,341	€5,176,122	€5,799,464

[3] Erik van Houwelingen and Ernst Jansen are directors of VLK Investment Management, and their allocation is therefore included in the table in the "senior management" category.
[4] In keeping with Dutch laws and regulations, variable remuneration relates to 2023 variable remuneration as recognised in profit and loss.

1.8. Statement by the Management Board

The strong relative investment performance of our products and solutions, highly motivated employees and personal connection with our clients mean that there are sound prospects for further long-term growth at VLK Investment Management. At the time of publication, the Management Board does not foresee any material capital-intensive investments, nor does it expect any changes to current funding.

Amsterdam, the Netherlands, 3 April 2024

Management Board

Erik van Houwelingen Ernst Jansen

Consolidated financial statements

2.1. Consolidated balance sheet at 31 December (before result appropriation)

(€1,000)

Consolidated balance sheet		2023	2022
Assets			
Non-current assets			
Intangible assets	1	**3,871**	**4,318**
Tangible assets	2	**2,983**	**123**
Current assets			
Receivables from related parties	4	131,898	48,345
Management fees receivable	5	34,657	45,274
Other receivables, prepayments and accrued income	5	16,490	7,963
		183,045	**101,582**
Cash and cash equivalents	6	**238**	**245**
Total assets		**190,137**	**106,267**
Equity and liabilities			
Equity	7		
Paid-up and called-up share capital		92	92
Share premium reserve		6,700	6,700
Currency translation reserve		39	63
Other reserves		29,755	26,278
Result for the period		52,255	23,680
		88,841	**56,812**
Provisions			
Other provisions	8	**–**	**495**
Non-current liabilities			
Deferred tax liabilities	9	999	**1,114**
Lease liability	9	2,822	–
		3,821	**1,114**
Current liabilities	10		
Management fees payable		10,247	10,821
Amounts owed to related parties		83,856	35,155
Tax and social insurance premiums		2,224	1,550
Other liabilities, accruals and deferred income		1,148	320
		97,475	**47,846**
Total equity and liabilities		**190,137**	**106,267**

2.2. Consolidated profit and loss account
(€1,000)

Consolidated profit and loss account		2023	2022
Income			
Management fees	11	176,716	130,575
Other income	12	37	-355
Total income		**176,753**	**130,220**
Expenses			
Staff costs	13	45,138	46,745
Amortisation of intangible assets	1	447	724
Depreciation of tangible assets	2	52	31
Other operating expenses	14	59,372	46,529
Total expenses		**105,009**	**94,029**
Operating result		**71,744**	**36,191**
Interest expenses		-88	-116
Other interest expenses and related costs		281	-722
Interest result	15	**193**	**-838**
Total result before tax		**71,938**	**35,354**
Income tax expense	16	19,683	11,674
Total result after tax		**52,255**	**23,681**

2.3. Summary of key accounting policies for the preparation of the consolidated financial statements

General
Van Lanschot Kempen Investment Management NV ("VLK Investment Management" or "the company") is a specialist independent wealth manager. Our purpose is to preserve and create wealth for our clients and for society in a sustainable way.

In order to achieve our purpose, we manage and administer the assets of third parties, and we provide advice to, invest in, manage and finance other enterprises and companies. VLK Investment Management has its registered office at Beethovenstraat 300, 1077 WZ Amsterdam, the Netherlands, and is registered under number 33181992 at the Chamber of Commerce.

The company belongs to a group. At the head of this group is Van Lanschot Kempen NV in 's-Hertogenbosch, the Netherlands. The company's annual accounts are included in the consolidated annual accounts of Van Lanschot Kempen NV.

The consolidated financial statements of VLK Investment Management are prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board.

The accounting principles have remained unchanged from the prior year.

Currency
Items in the consolidated financial statements pertaining to each group company are stated in the currency of the economic environment in which the entity chiefly operates, i.e. the functional currency. Amounts in the consolidated financial statements are denominated in euros, the euro being both the functional and reporting currency. Unless stated otherwise, all amounts are presented in thousands of euros. The totals may not always match the sum of the individual values due to rounding.

Transactions in foreign currencies in the reporting period are recognised in the consolidated financial statements at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date. Translation differences arising on the settlement of such transactions are recognised in consolidated profit and loss account.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the reporting currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate.

Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

Estimates
In the process of applying the accounting policies, the company's Management Board uses estimates and assumptions which can have a significant impact on the amounts recognised in the consolidated financial statements. If necessary for the insight as required under Article 2:360 (1) of the Dutch Civil Code, we include the nature of these judgements and estimates as well as their underlying assumptions in the notes to the relevant consolidated financial statements items.

Intra-group relationships
The company is a 100% subsidiary of Van Lanschot Kempen NV. Van Lanschot Kempen Investment Management (UK) Limited (VLK Investment Management (UK)) is a 100% subsidiary of VLK Investment Management and is incorporated in London. Van Lanschot Kempen has it registered office at Hooge Steenweg 29, 's-Hertogenbosch, the Netherlands.

VLK Investment Management's financial data are consolidated in the financial statements of Van Lanschot Kempen. Operationally, VLK Investment Management is closely associated with Van Lanschot Kempen. Consequently, virtually all expenses disclosed in the consolidated profit and loss account represent amounts charged on by Van Lanschot Kempen.

Consolidation
The financial data of VLK Investment Management and its group companies are consolidated. A group company is a legal entity in which VLK Investment Management is able to exercise decisive control, directly or indirectly, because it holds the majority of the voting rights or is able to control the financial and operational activities in some other way.

Intercompany transactions and the ensuing results and intercompany receivables and payables are eliminated in the consolidation. The accounting policies of group companies and other legal entities included in the consolidation are adjusted where necessary to bring them into line with group accounting policies.

Related parties
Van Lanschot Kempen qualifies as a related party of VLK Investment Management and VLK Investment Management (UK). All related-party transactions take place on an arm's length basis.

Acquisitions and disposals of group companies
The results and identifiable assets and liabilities of an acquired company are recognised in the consolidated financial statements from the acquisition date. The acquisition date is the date from which decisive control can be exercised in the relevant company.

The acquisition cost comprises the amount or the equivalent thereof that is agreed for the acquisition of the relevant company, plus any directly attributable costs. If the acquisition price exceeds the net fair value of the identifiable assets and liabilities, the surplus is capitalised as goodwill under intangible assets. If the acquisition price is below the net fair value of the identifiable assets and liabilities, the difference (negative goodwill) is recognised as an accrued liability.

Cash flow statement
The company does not prepare a cash flow statement as its financial data is included in the consolidated cash flow statement of Van Lanschot Kempen NV, which will be filed at the trade register and is available on Van Lanschot Kempen's website.

Article 402
Since the company's profit and loss account is included in the consolidated financial statements, an abridged profit and loss account has been disclosed (in the company financial statements) in accordance with Section 402, Book 2 of the Dutch Civil Code.

2.4. Accounting policies

General
Assets and liabilities are generally stated at acquisition cost, unless another specific accounting policy is specified. The consolidated balance sheet and consolidated profit and loss account contain references to the notes in Section 2.5 below.

Intangible assets
Intangible assets with a limited useful life (such as client relationships) are valued at acquisition date on the basis of the present value of expected future cash flows and subsequently amortised on a straight-line basis over their estimated economic life.

With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please see “Impairments”, below.

Tangible assets
Tangible assets used within VLK Investment Management are stated at acquisition cost less depreciation, calculated on the basis of the estimated economic life of the asset and taking into account any residual value. The tangible assets are amortised on a straight-line basis. Account is taken of impairments expected to be recognised at the reporting date. If the depreciation method, estimated useful life and/or residual value change over time, these are disclosed as changes in estimates. Decommissioned tangible assets are stated at the lower of cost price or realisable value.

Impairments
VLK Investment Management considers at every reporting date whether there are indications that a fixed asset may be subject to impairment. If such indications are found, the recoverable amount of the asset is determined. If it is impossible to determine a recoverable amount for the individual asset, the recoverable amount of its cash-generating unit is determined.

Asset impairment exists if the carrying value of the asset is greater than its recoverable amount; the recoverable value is the greater of the fair value less cost to sell and the value in use. An impairment loss is recognised in profit and loss and the carrying value of the asset is reduced simultaneously.

If it is established that an impairment recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset had been reported.

For financial assets recognised at amortised cost, the impairment is measured as the difference between the asset’s carrying amount and the best available estimate of future cash flows, discounted at the financial asset’s original effective interest rate upon initial recognition.

The impairment loss recognised is reversed if the reduction of the impairment is related to an objective event after amortisation, up to a maximum of the amount needed to value the asset at amortised cost at the time of the reversal if there had not been an impairment. The reversed loss is recognised in the consolidated profit and loss account.

Leases
VLK Investment Management applies IFRS 16, as allowed by the Dutch Accounting Standards Board. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the profit and loss account.

Right-of-use assets comprise solely of buildings in own use. Lease contracts which we entered into as a lessee are classified as right-of-use assets. Right-of-use assets are presented under tangible fixed assets on the balance sheet and are measured at cost, comprising the following:
- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Amortisation

Lease liabilities are presented in the balance sheet as a separate line item. Interest payments and amortisation in the year are charged on a straight-line basis over the term of the lease, and disclosed within the profit and loss account. Lease liabilities consist of interest and amortisation payments and are initially measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate.

Receivables
On initial recognition, receivables are valued at the fair value of the consideration. After initial recognition, receivables are carried at amortised cost. If the receipt of a receivable is deferred for reasons of an agreed extension of a payment term, its fair value is determined on the basis of the present value of the expected receipts and interest income is taken to the consolidated profit and loss account based on the effective rate of interest. Provisions for uncollectable amounts are deducted from the carrying value of the receivable.

Cash and cash equivalents
This concerns funds that are immediately due and payable. Bank overdrafts are disclosed under amounts owed to credit institutions. Cash and cash equivalents are stated at face value.

Provisions
A provision is a commitment where there is uncertainty regarding its size or time of settlement. A provision is formed on the consolidated balance sheet if there is a commitment which arose in the past, if it is likely that settlement of the provision would require an outflow of funds and if a reliable estimate can be made. Other provisions are stated at the face value of expenditure necessary to settle obligations, unless stated otherwise. Provisions are discounted only if the time value of the cash or the commitment has a material effect.

Non-current liabilities
Deferred tax is recognised using the temporary differences between the carrying amounts of assets and liabilities for tax reporting purposes and the carrying amounts recognised in these consolidated financial statements. Deferred tax is calculated at the tax rate in force at the end of the financial

year, or at rates to be applied in future years, in so far as legally enacted. Deferred tax is recognised at nominal values. Deferred tax assets are only recognised in so far as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

Current liabilities
On initial recognition, current liabilities are stated at fair value. After initial recognition, they are carried at amortised cost, being the amount received plus premiums or discounts and less transaction costs. This is typically the face value due to the short-term nature of these liabilities.

Income and expenses
Income and expenses are attributed to the financial year to which they relate, regardless of whether they led to receipts and expenditures in that financial year. Losses and risks originating in a financial year are attributed to that financial year.

Management fees
Management fees include fees earned for management activities, fiduciary and related activities by which VLK Investment Management holds or invests in assets on behalf of its clients. Service fees are fees collected with the purpose of covering the operational costs of a fund. These operational costs include (but are not limited to) audit fees, regulatory costs, registration fees, depositary and administration agent fees.

Other income
Other income comprises income not directly related to management fees or services as part of normal – not one-off – business activities.

Staff costs
Wages, salaries and social security contributions are taken to profit and loss in accordance with employment conditions in so far as these are payable to staff or the tax authorities. Staff costs for the period are charged on to VLK Investment Management by Van Lanschot Kempen.

Share-based payments
Employees may be eligible to receive remuneration in the form of share-based payments. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the equity instruments are granted. The fair value is determined based on the share price on the grant date, taking into account the discounted value of expected dividends over the vesting period. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, in the period in which the employee’s performance criteria are fulfilled, ending on the date on which the employee becomes fully entitled to the award (the vesting date).

Other operating expenses
Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Interest result
Interest income and interest expenses are recognised as they accrue using the effective interest rates of the relevant assets and liabilities. Interest expenses are stated while taking account of the recognised transaction costs of loans received.

Currency exchange differences
Currency exchange differences arising upon the settlement or conversion of monetary items are recognised in the consolidated profit and loss account in the period that they arise. Non-monetary assets measured at historical cost in a foreign currency are converted at the exchange rate on the transaction date (historical rate). The currency exchange differences are presented in the profit and loss account under other interest expenses and related costs.

Taxation
Income tax expense is calculated on the result before tax in the consolidated profit and loss account, factoring in any available unrecognised tax losses from previous financial years (in as much as these are not included in deferred tax) and tax-exempt profits plus non-deductible costs. For VAT purposes, VLK Investment Management forms a tax entity with Van Lanschot Kempen. For the purpose of corporate income tax, VLK Investment Management also forms a tax entity with Van Lanschot Kempen. Settlement takes place between Van Lanschot Kempen and VLK Investment Management, based on the taxable result. Van Lanschot Kempen as head of the tax entity settles the current and deferred income tax with the company through the intercompany accounts, as if the company is independently liable for income tax.

2.5. Notes to the consolidated balance sheet at 31 December
(€1,000)

1. Intangible assets

Changes in intangible assets break down as follows:

Intangible assets	2023	2022
At start of year	4,318	5,050
Amortisation	-447	-730
At end of year	**3,871**	**4,318**
Historical cost	9,200	9,200
Accumulated amortisation	5,329	4,882
At end of year	**3,871**	**4,318**

Intangible assets represent the carrying value of the client relationships in respect of the acquisition of the fiduciary management activities of VermogensParaplu Beheer BV (€6.7 million in 2017). These client relationships are valued at acquisition date on the basis of the present value of expected future cash flows and subsequently amortised over the estimated economic life at a rate of 6.7% per annum.

No impairment to these assets was recognised in 2023 or 2022.

2. Tangible assets

Changes in tangible assets can be broken down as follows:

Tangible assets	2023	2022
Renovation & refurbishment	79	93
IT & communications equipment	67	28
Right of use buildings	2,816	–
Other	22	2
Total tangible assets	**2,984**	**123**

Changes in tangible assets in 2023	Renovation & refurbishment	IT & communications equipment	Right of use buildings	Other	Total
At 1 January 2023	93	28	–	2	123
Investments	–	46	2,846	22	2,914
Disposals	–	–	–	–	–
Depreciation	14	7	30	2	52
At 31 December 2023	**79**	**67**	**2,816**	**22**	**2,984**
Cumulative acquisition costs	138	445	2,846	64	3,495
Cumulative depreciation	60	378	30	43	511
At 31 December	**79**	**67**	**2,816**	**22**	**2,983**

Changes in tangible assets in 2022	Renovation & refurbishment	IT & communications equipment	Right of use buildings	Other	Total
At 1 January	107	9	–	7	123
Investments	–	30	–	–	30
Disposals	–	–	–	–	–
Depreciation	14	10	–	7	31
At 31 December	**93**	**29**	**–**	**–**	**123**
Cumulative acquisition costs	213	118	–	2,021	2,352
Cumulative depreciation	120	89	–	2,021	2,230
At 31 December	**93**	**29**	**–**	**–**	**123**

Depreciation is applied at the following rates:
- Renovation & refurbishment: 20% per annum;
- IT & communications equipment: 20% per annum;
- Right of use buildings: 12.5% per annum;
- Other: 20% per annum.

No impairments were recognised in 2023 and 2022.

3. Deferred tax assets

Changes in deferred tax assets were as follows:

Deferred tax assets	Tax losses
At 1 January 2022	1,218
(Charged/credited)	
- Revaluation	-84
- To profit and loss	-1,134
At 31 December 2022	–
(Charged/credited)	–
- Revaluation	–
- To profit and loss	–
At 31 December 2023	–

Unrecognised tax losses amounted to €13.3 million at year-end 2023 (2022: €8.1 million) and relate to carry-forward losses incurred by Van Lanschot Kempen Investment Management (UK) until 31 December 2023. As the United Kingdom applies no time limit for offsetting losses, these tax losses can be carried forward indefinitely.

4. Receivables from related parties

This item comprises receivables (loro accounts, current accounts, payable tax) from related party Van Lanschot Kempen with a term of less than one year. There are no relevant contractual terms that have a material effect on these amounts or the risks to future cash flows. Interest is charged on the current account balances. The fair value approximates the carrying amount due to the short-term nature of these receivables; provisions for bad debts are recognised where necessary. Recognition of a provision is not deemed necessary.

5. Current receivables, prepayments and accrued income

There are no relevant contractual terms that could have a material effect on these amounts or the risks to future cash flows. For information about credit risk, see risks and risk management section as set out in the Management Board's report.

Management fees receivable

This relates to the balance of management fees receivable and allowances payable involving the same counterparties, which are settled simultaneously but had not yet been settled by 31 December 2023. Management fees receivable have a term of less than one year.

Other receivables, prepayments and accrued income

This item relates mainly to prepaid costs. All other receivables, prepayments and accrued income have a term of less than one year.

6. Cash and cash equivalents

This item comprises bank balances with a term of less than 12 months which are readily available to VLK Investment Management.

7. Equity

Paid-up and called-up share capital

The authorised share capital amounts to €454,000 (2022: €454,000) and is divided into 1,000 (2022: 1,000) ordinary shares, each having a nominal value of €454 (2022: €454).

Of this total, 202 (2022: 202) shares have been issued and are fully paid up.

Share premium reserve

The share premium reserve did not change in 2023. The share premium reserve is freely distributable.

Currency translation reserves

Changes in the currency translation reserve relate to Van Lanschot Kempen Investment Management (UK) and break down as follows:

Currency translation reserves	2023	2022
At start of year	63	151
Currency exchange difference on translation	-23	-88
At end of year	**39**	**63**

Other reserves

Changes in reserves break down as follows:

Other reserves	2023	2022
At start of year	26,278	23,410
Profit distribution (undistributed profit previous year)	23,680	27,509
Dividend payments	-20,000	-25,000
Share plans	-3	-20
Other changes	–	38
Foreign exchange difference	-200	341
At end of year	**29,755**	**26,278**

Undistributed profit

The result for the period for the current financial year amounts to €52.3 million. The Management Board will propose a dividend in the amount of €30.0 million, equivalent to €148,515 per share.

The difference between the result after tax of €52.3 million and the dividend to be distributed, amounting to €22.3 million, will be added to Other reserves. The financial statements do not yet reflect this proposal.

8. Provisions

Other provisions

Changes in other provisions break down as follows:

Other provisions	2023	2022
At start of year	495	523
Foreign exchange difference	-2	-28
Utilisation	-493	–
At end of year	**–**	**495**

The provision, which was related to a received legal claim, was fully used in 2023.

9. Non-current liabilities

Deferred tax liabilities

Changes to deferred tax liabilities break down as follows:

Deferred tax liabilities	2023	2022
At start of year	1,114	1,230
Amortisation Intangible assets	-115	-115
At end of year	**999**	**1,114**

Upon the acquisition of VermogensParaplu Beheer BV, a deferred tax liability of €1.7 million was recognised in 2017, which is being amortised on a straight-line basis over a period of 15 years. Of this provision, €0.9 million can be classified as longer than one year.

Lease liability

Van Lanschot Kempen Investment Management UK entered into a long-term lease agreement on 25 September 2023 which will run from 28 November 2023 until 31 October 2031. The total obligation until the end of the contract amounts to €3.5 million. The lease contract is recognised as right-of-use asset under Tangible assets.

10. Current liabilities, accruals and deferred income

All current liabilities, accruals and deferred income have a term of less than one year. There are no relevant contractual terms that could have a material effect on the amounts or the risks of future cash flows. The fair values approximate the carrying amounts due to their short-term nature.

Management fees payable

This item concerns management fees that had not yet been settled at 31 December 2023 and that cannot be offset against outstanding receivables.

Amounts owed to related parties

This item concerns a current account with related party Van Lanschot Kempen with a maturity of less than one year. No interest is charged or credited on the current account balance.

Tax and social insurance premiums

This relates to value added tax payable in respect of the fourth quarter of 2023.

Other liabilities, accruals and deferred income

This relates to accruals, human resources and accounts payable to suppliers.

2.6. Notes to the consolidated profit and loss account
(€1,000)

11. Management fees

Management fees	2023	2022
Management fees	156,208	112,569
Service fee income	24,843	21,805
Service fee expenses	-4,335	-3,798
Total management fees	**176,716**	**130,576**

Total management fees increased by 35% in 2023 compared with 2022. Of the total management fees, €150.3 million relates to the Netherlands (2022: €124.7 million) and €5.9 million to the UK (2022: €5.9 million). Of the total service fee relates €24.8 million (2022: €21.8 million) to the Netherlands and €0 to the UK (2022: €0) .

12. Other income

Other income comprises other advice fees.

13. Staff costs

Staff costs	2023	2022
Salaries	33,379	35,262
Pension costs	4,031	3,844
Social security contributions	3,051	3,075
Other staff costs	4,677	4,563
Total staff costs	**45,138**	**46,745**

Staff costs comprise salaries, expenses, travel allowances, social security costs, employer's pension costs and variable remuneration passed on to VLK Investment Management by Van Lanschot Kempen based on costs related to staff working at VLK Investment Management. Van Lanschot Kempen is responsible for the commitments ensuing from the pension scheme agreed with employees.

In 2023, share-based payments had an impact on equity of -€2,602 (2022: -€19,813). Of the total expenses arising from share-based payments, €0 is included in salaries (2022: €0).

The fair value is determined based on the volume-weighted day price for depositary receipts for Class A ordinary shares on the second trading day after release of Van Lanschot Kempen's annual figures. The fair value is equal to the share price less the discounted value of expected dividends during the vesting period.

Conditional depositary receipts for shares will vest if:
- Van Lanschot Kempen's financial position allows this in the year of vesting;
- Risks have been reviewed and no material, unforeseen risks have occurred;
- The individual has not left the company in the three or four-year period.

Average number of staff

Staff working at VLK Investment Management are employed by Van Lanschot Kempen. The average number of staff employed on a full-time basis between 1 January and 31 December 2023 was 205 (2022: 205). The average number of staff employed on full-time basis working outside the Netherlands was 35 (2022: 32).

Management Board remuneration

The company's Management Board comprised two members in the 2023 financial year. Management Board remuneration in 2023 amounted to €1.1 million, compared with €1.0 million in 2022. The Management Board members hold positions within Van Lanschot Kempen and are part of the allocated internal costs for VLK Investment Management, with a percentage of the Management Board remuneration being allocated to VLK Investment Management.

14. Other operating expenses

Other operating expenses	2023	2022
IT costs	14,254	12,609
Charged-on overheads	27,669	18,144
News services	5,442	5,621
Accommodation costs	4,184	3,460
Commercial costs	1,131	605
Consultancy fees	4,283	4,278
Fund costs	1,765	1,589
Office costs	1,714	1,690
Other	-1,070	-1,468
Total other operating expenses	**59,372**	**46,529**

Charged-on overheads consist of costs from head office departments, such as the Corporate Centre, Operations and DAAT. These costs are allocated to VLK Investment Management based on various allocation keys (e.g. time allocation, AuM and FTEs).

The independent auditor's fees related to VLK Investment Management are disclosed in Note 29 of Van Lanschot Kempen's consolidated financial statements, in line with Article 2: 382a.3 of the Dutch Civil Code.

15. Interest result

Total interest income includes €0 from group companies (2022: €0). Total interest expenses from group companies amounted to €87,924 (2022: €115,923).

16. Income tax expense

Tax	2023	2022
Deferred taxes	–	–
Income tax expense from previous years	-208	-7
Income tax expense for the current financial year	19,892	11,682
	19,683	**11,674**
Effective tax rate	27.4%	33.0%
Applicable tax rate	25.8%	25.8%

The effective tax rate exceeds 25.8% mainly because of unrecognised deferred tax assets in the UK for 2023 fiscal losses (€1.203.770), which is included under line item tax non-deductible losses in the table below.

The reconciliation between the statutory and effective tax rate is as follows:

The reconciliation between the statutory and effective tax	2023
Result before tax according to the financial statements	**71,938**
Expected tax based on the statutory rate in the Netherlands of 25.8%	18,560
Tax non-deductible costs	176
Tax non-deductible losses	1,166
Adjustments to taxes for prior financial years	-208
Tax rate difference foreign operations	37
Other	-48
Corporate income tax	**19,683**
Effective tax rate	27.4%

17. Contingent liabilities

Off-balance sheet liabilities relating to fiscal unity

For VAT and income tax purposes, VLK Investment Management forms a tax entity with Van Lanschot Kempen. VLK Investment Management and Van Lanschot Kempen are both severally and jointly liable for the tax liabilities of the combination.

Liabilities not recognised in balance sheet:

Contingent liabilities	31/12/2023	31/12/2022
Office rental obligations		
< 1 year	–	325
≥ 1 year < 5 years	–	–
≥ 5 years	–	–
Total	**–**	**325**

Events after the reporting period

There have been no significant events since the reporting date.

Company financial statements

3.1. Company balance sheet at 31 December (before result appropriation)

(€1,000)

		2023	2022
Assets			
Non-current assets			
Intangible assets		**3,871**	**4,318**
Tangible assets	1	**80**	**94**
Investment in group companies	2	**3,923**	**1,061**
Current assets			
Receivables from related parties		127,888	43,179
Tax assets		–	60
Management fees receivable		32,299	43,486
Other receivables, prepayments and accrued income		16,011	5,628
		176,198	**92,293**
Cash and cash equivalents		**–**	**132**
Total assets		**184,072**	**97,959**
Equity and liabilities			
Equity	3		
Paid-up and called-up share capital		92	92
Share premium reserve		6,700	6,700
Currency translation reserve		39	63
Other reserves		29,755	26,278
Result for the period		52,254	23,680
		88,841	**56,812**
Non-current liabilities			
Tax liabilities		999	1,143
		999	**1,143**
Current liabilities			
Management fees payable		7,567	8,708
Amounts owed to related parties		82,670	29,001
Tax and social insurance premiums		1,954	1,366
Other liabilities, accruals and deferred income		2,042	930
		94,232	**40,004**
Total equity and liabilities		**184,072**	**97,959**

3.2. Company profit and loss account
(€1,000)

		2023	2022
Result from group companies	3	-4,618	-5,888
Company result after tax		56,872	29,568
Result after tax	**3**	**52,254**	**23,680**

3.3. Notes to the company balance sheet and profit and loss account

Basis of preparation

General

The company financial statements are prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board (*Raad voor de Jaarverslaggeving*).

The accounting principles are the same for both the company financial statements and the consolidated financial statements. Investments in group companies are recognised at net asset value. The accounting principles are the same as those set out in the consolidated financial statements.

Investment in group companies

Participating interests in which the company is able to exercise a material influence are stated using the net asset value method. If able to exercise 20% or more of the voting rights, the company is assumed to have material influence.

The net asset value is calculated in accordance with the accounting principles governing these financial statements.

Initial measurement of purchased participating interests is based on the fair value of the identifiable assets and liabilities at the time of purchase. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

Notes to individual items in the company financial statements

For other individual items, the disclosure is included as per the consolidated financial statements

1. Tangible assets

Changes in tangible assets break down as follows:

Tangible assets	2023	2022
At start of year	93	107
Investments	–	–
Depreciation	-14	-14
At end of year	**80**	**93**
Historical cost	138	213
Accumulated depreciation	59	120
At end of year	**80**	**93**

Tangible assets	Renovation & refurbishment	Total
At 1 January 2023	93	93
Investments	–	–
Disposals	–	–
Depreciation	14	14
At 31 December 2023	**80**	**80**

Cumulative	Renovation & refurbishment	Total
Acquisition costs	138	138
Cumulative depreciation	59	59
At 31 December 2023	**80**	**80**

Depreciation is applied at the following rates:
- Renovation & refurbishment: 20% per annum.

No impairments were recognised in 2023 and 2022.

2. Investment in group companies

Subsidiaries include the following company:
- VLK Investment Management (UK), in which 100% of paid-up capital is held.

Changes in investment in group companies break down as follows:

Investments in group companies	2023	2022
At 1 January 2023	1,061	1,828
Capital addition	7,415	5,295
Result from group companies	-4,618	-5,888
Share plans	3	20
Currency translation differences	62	-193
At 31 December 2023	**3,923**	**1,061**

3. Equity

Paid-up and called-up share capital

The authorised share capital amounts to €454,000 (2022: €454,000) and is divided into 1,000 (2022: 1,000) shares, each having a nominal value of €454 (2022: €454). Of this total, 202 (2022: 202) shares have been issued and are fully paid up.

Share premium reserve

The share premium reserve did not change in 2023. The premium reserve is freely distributable.

Other reserves

Changes in other reserves break down as follows:

Other reserves	2023	2022
At start of year	26,278	23,410
Profit distribution (undistributed profit previous year)	23,680	27,509
Dividend payments	-20,000	-25,000
Share plans	-3	-20
Other changes	–	38
Currency translation differences	-200	341
At end of year	**29,755**	**26,278**

Undistributed profit

Undistributed profit	2023	2022
At start of year	23,680	27,509
Profit distribution	-23,680	-27,509
Result for the financial year	52,254	23,680
At end of year	**52,254**	**23,680**

Currency translation reserves

Changes in the currency translation reserve relate to VLK Investment Management (UK) and break down as follows:

Currency translation reserves	2023	2022
At start of year	63	151
Currency exchange difference on translation	-23	-88
At end of year	**39**	**63**

Staff

Average number of staff

Staff working at VLK Investment Management are employed by Van Lanschot Kempen. The average number of staff employed on a full-time basis between 1 January and 31 December 2023 was 172 (2022: 174). The average number of staff working outside the Netherlands was 2 (2022: 2).

Amsterdam, the Netherlands, 3 April 2024

Management Board

Erik van Houwelingen

Ernst Jansen

Other information

4. Other information

4.1. Profit appropriation

Pursuant to Article 31, paragraph 1 of VLK Investment Management's Articles of Association, the profit is at the free disposal of the general meeting of shareholders in so far as the reserves are adequate for this purpose.

4.2. Independent auditor’s report

The independent auditor’s report may be found on page 33.

Independent auditor's report

To: the general meeting of Van Lanschot Kempen Investment Management N.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion, the financial statements of Van Lanschot Kempen Investment Management N.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2023, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of Van Lanschot Kempen Investment Management N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2023;
- the consolidated and company profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

NLE00024350.1.1

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

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Independence

We are independent of Van Lanschot Kempen Investment Management N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Group and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control, as well as the outcomes.

We refer to section 'Risks and risk management –fraud' of the director's report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the Group's system of internal control and in particular the fraud risk assessment, as well as amongst others the code of conduct, whistle-blower procedures and the incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks. We performed inquiries with the management board and a selection of senior management members to evaluate their fraud awareness, the group (internal) control environment in relation to fraud, the 'tone at the top' and entity level controls.

As part of our process of identifying fraud risks, we evaluated, discussed and assessed fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether the respective fraud risk factors indicate that a risk of material misstatement due to fraud is present or should be defined in light of the audit of the financial statements.

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Based on this assessment and an overall evaluation, we identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	*Our audit work and observations*
The risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls. In this respect, specific consideration is given to: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • possible management bias in management estimates; and • significant transactions, if any, outside the normal course of business for the Group. In assessing the fraud risk and discussing and evaluating the interrelation between incentive/pressure, opportunity and rationalisation, we consider: 1. authenticity of documentation; 2. validity of respective data used; and 3. accuracy of calculations made in relation to management's estimates as an important cornerstone of our fraud related specific audit work. We also considered the risk of management override of controls in relation to our audit work on IT systems and environment.	We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT systems and the possibility that these lead to violations of the segregation of duties. We have selected journal entries based on risk criteria and conducted specific audit activities for these entries. These procedures include, amongst others, inspection of the entries to source documentation. We also performed fraud related specific audit work on important estimates of management. In this context, we paid specific attention to the following estimates: • the measurement of intangible assets; • the measurement of deferred tax assets; and • the revenue over the fourth quarter of the year 2023. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

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Identified fraud risks	*Our audit work and observations*
The risk of fraud in revenue recognition (management fees) As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions or assertions give rise to the risk of fraud in revenue recognition. The risk of fraud in revenue recognition is specifically identified in the management fees income stream due to the diversity in calculations and agreements in place, specifically focused on the accuracy and cut-off risk.	We assessed the design and tested the operating effectiveness of the internal control measures related to revenue recognition. This includes both automated controls (e.g. system calculations and segregation of duties in the core applications) and (IT dependent) manual controls (e.g. monthly reconciliations). We also paid specific attention to the access safeguards in the relevant IT systems and the possibility that this could lead to breaches of the segregation of duties. For the management fees income stream, we designed and performed substantive procedures which comprise for example: independent recalculation of a selection of management fees based on the underlying net asset value and contractual conditions, testing of a sample of transactions with reconciliation to underlying supporting documentation (e.g. contract, invoices, bank statements) also covering the cut-off risk. As part of our journal entry testing, queries have been run to identify higher risk journal entries, specifically on the management fees income stream, based on pre-defined risk criteria (unusual account combination) and we assessed their appropriateness through the substantiation with supporting evidence. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition of management fees.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures, evaluated the authenticity of audit evidence obtained and evaluated whether any findings were or could be indicative of fraud or non-compliance.

Audit approach going concern

The management board performed their assessment of the Company's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern (hereafter: going-concern risks). Our procedures to evaluate the management board's going-concern assessment included, amongst others:

- considering whether management's going-concern assessment includes all relevant information of which we are aware as a result of our audit and inquire with management regarding management's most important assumptions underlying their going-concern assessment. These assumptions include the capital and liquidity position, financial performance and current macroeconomic context and uncertainty;
- we evaluated the developments in respect of funding, liquidity and solvency of the Group.
- evaluating the company's 2024 budget, current developments in the industry and all other relevant information of which we are aware as a result of our audit; and
- performing inquiries of management as to their knowledge of going-concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to management board's assumptions and judgements used in the application of the going-concern assumption.

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Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the management board

The management board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error.

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They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 3 April 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by J. Brouwer RA

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Appendix to our auditor's report on the financial statements 2023 of Van Lanschot Kempen Investment Management N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.