DEGROOF PETERCAM **ASSET MANAGEMENT**

Morningstar ★★★★★ (*)

Focus ▪ December 2019

FIVE YEARS, FIVE STARS

DPAM L GLOBAL TARGET INCOME

DPAM Multi-Asset Talent Confirmed

*DPAM L Global Target Income has recently received **Morningstar's highest rating** in the EUR Cautious Allocation – Global fund category. The 5 star rating is testimony of the fund's **stellar risk-return track-record over five years**.*

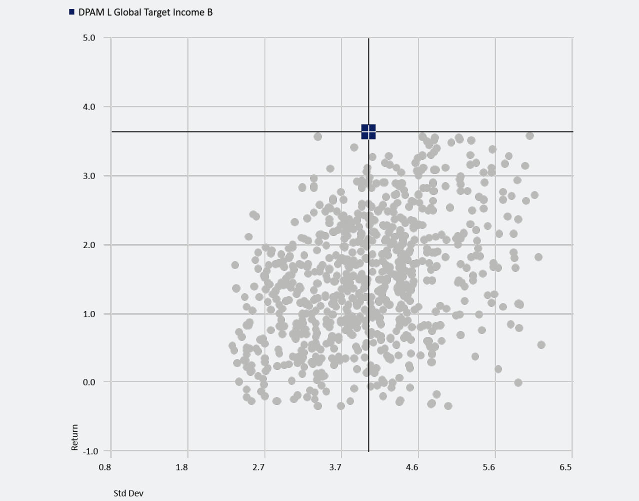
This is added recognition of the fund's consistency of returns over the medium term. Indeed, the strategy was already awarded this rating in 2017 for its performance over three years.

DPAM L Global Target Income is a global multi-asset fund that aims to deliver an **annual dividend of minimum 3%**. To achieve this goal, which has been met every year, the fund has a strong focus on dynamic risk controls through proprietary models and on investments in income-generating asset classes, mainly through dedicated DPAM funds.

The Top 5%

Since launch five years ago, the fund has steadily posted **very attractive risk/returns versus peers**. It also ranks in the top 5% of Morningstar's EUR Cautious Allocation – Global fund category based on five-year returns.

Five-year risk/return versus Morningstar category



Source: MorningstarDirect, 1.12.2014 - 30.11.2019.

(*) Morningstar Rating Overall

A Dependable Income Solution

Designed to provide **steady income and potential capital growth over a 3-to-5-year horizon**, DPAM L Global Target Income is well-suited to meet the investment needs of:

Insurers and fund distributors with **retail investors** as end-clients.

All types of institutions.

Defensive & Income-generating

Many retail investors look for ways to earn recurring income while also enjoying greater capital growth than with traditional products like savings accounts. A defensive balanced strategy is in order here since the goal is often to supplement dwindling pensions or finance a personal project.

Meanwhile, all kinds of institutions like foundations, trade unions, pension shemes, insurers, etc. need to be able to meet financial liabilities and fund their activities over the medium to long term and thus look for **predictable income and strong capital defenses** rather "fast and furious" investing strategies.

Annual **dividend of minimum 3%**

Defensive balanced fund:

UCITS risk classification framework	Lower risk – Higher risk Typically lower rewards – Typically higher rewards 1 2 **3** 4 5 6 7
Morningstar Category	EUR Cautious Allocation – Global

Easy to Own

Amid continuous market moves, judicious **rebalancing can be challenging** for retail investors and those institutions that do not have the expertise or manpower to carry it out and returns can be lower as a result.

- Inertia: investors often expect that once they have invested, there is nothing left to do.
- Transaction costs due to the selling/buying of positions needed to recover the appropriate risk balance.
- Potential ill-timing due to biased behavior.

The fund's **allocation is reviewed every week** by a proprietary quantitative model. The goal is to continuously identify diversification opportunities to reduce risk as much as possible. Also, the fund largely invests in **no-fee** DPAM fund share classes. This is an **efficient one-stop solution** since clients do not need to follow up on portfolio risk when market risk changes.

Investors Use it Better

According to behavioral finance studies, investors tend to let their **emotions get in the way of sound decisions**. In case of a rising investment, they might hang on to it too long in the hope that it will shine indefinitely (e.g. the 2000 tech bubble). Alternatively, they might hesitate to buy a beaten-down (but undervalued) investment due to fears that it will keep on falling.

According to Morningstar[1], balanced funds, and in particular, conservative balanced funds, are not impacted as much by behavioral biases. These studies compare a fund's calendar-year performance with returns actually earned by investors (taking into account the timing and impact of in- and outflows). Most of the time, the gap is narrowest for balanced funds.

This is due in part to their lower volatility versus funds focused on a single asset class or theme. Investors are less likely to act out of panic or exuberance and can potentially capture a greater share of a fund's returns.

[1] Morningstar studies include https://www.morningstar.com/articles/377076/mind-the-gap-2011 and https://www.morningstar.com/articles/582626/mind-the-gap-why-investors-lag-funds .

The fund's disciplined risk management approach protects investors from behavioral biases since the quantitative model analyzes a set of **objective metrics**. Also, as already seen in chart 1, DPAM L Global Target Income offers the highest returns with substantially less risk than many peers. Thus, investors are more likely to stick to their investment and enjoy fuller returns. An investor who **stayed in the fund** since launch earned a **cumulative return of close to 20%** (B share).

DPAM L Global Target Income (B share): 5-year cumulative returns

Source: DPAM, 29.11.19.

On Target for DPAM Clients

The choice of funds is vast in the balanced category but not all funds offer a combination of steady dividends, global diversification, flexible allocation based on unbiased objective factors and attractive medium-term returns that are not artificially boosted by excessive risk-taking. All these key features and more define DPAM L Global Target Income as we aim to satisfy demand from our clients for **security of income AND outcomes**.

Steady source of income: annual dividend of minimum 3%, which can be paid out on a quarterly basis.

Five-year track-record of **compelling capital growth**.

Abundant **diversification** opportunities due to global scope and fund of funds, multi-asset structure. Maximum allocation of 20% per fund.

DPAM building-blocks: award-winning expertise in risk asset classes such as European small-caps and emerging market sovereign bonds and less volatile asset classes such as listed real estate and OECD investment grade sovereign bonds.

Multi-level **efficiency** in terms of costs (no management fee is charged on the underlying funds), look-through (since mostly DPAM funds) and ease of use (daily liquidity).

Allocation latitude: investments are not restricted by benchmark-related guidelines. Asset class allocation is fully flexible and solely dictated by the fund's main goal of generating income and limiting risk through diversification.

Cutting-edge risk analysis approach: Allocation is mostly determined by the DPAM risk analysis model that assesses the correlations and volatility of multiple asset classes. This approach helps avoid investor behavior biases and fits DPAM's belief in active asset management.

Real balance: Based on dynamic risk contribution analysis, this tactical strategy delivers true risk control instead of the false sense of security given by so-called balanced strategies that rely on return contribution (e.g. pre-set allocations of equity/bonds/cash).

Always participates in the markets. The fund "does not hide" under the apparent safety of cash during periods of market stress but remains fully invested in order to participate in recovery rallies.

Currencies are considered in the model as individual risk/return contributors that are managed actively as, in turns, they can take a defensive or dynamic role.

Muted volatility: The fund's average monthly volatility since launch stands at a low 3.6%

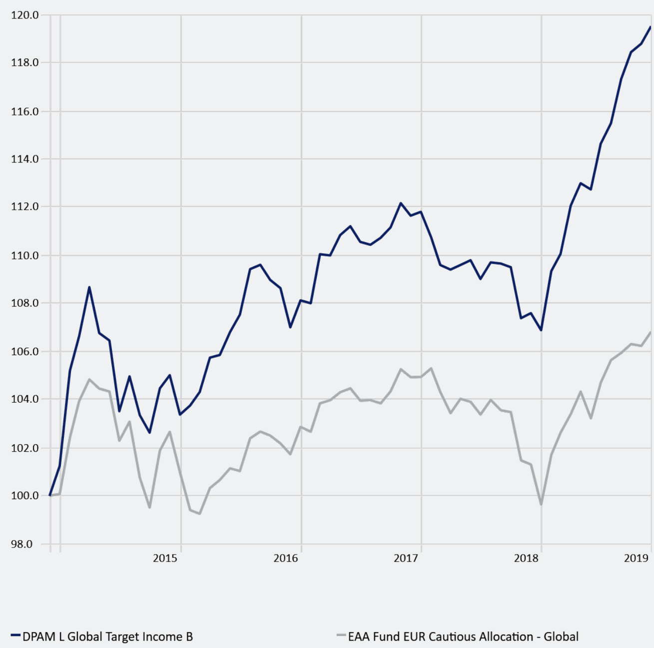
(29/11/19). Smoother returns make for a better investor experience and increase the probability of getting a greater share of the profits.

Head of the class: Top Morningstar ranking versus peers on 5-year risk- adjusted returns.

Sustainable quality: An increasing share of DPAM's strategies have a sustainable investment process. At the same time, sustainability is not absent from DPAM's classic strategies. Our Buy-side team is always sustainability-aware when conducting bottom-up analysis.

Thus, investments in DPAM funds lend DPAM L Global Target Income a level of sustainable quality that fits DPAM's commitment. DPAM has been a signatory of the United Nations Principles for Responsible Investments (UN PRI) since 2011. In 2019, DPAM's sustainability expertise received the UN PRI's highest rating (A+) for the third consecutive year.

DPAM L Global Target Income's capture of up and downside versus Morningstar category



Source: MorningstarDirect, 1.12.2014 - 30.11.2019.

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