Annual review 2018

FORMUES-
FORVALTNING

Steady course in a turbulent year

2018 was a challenging year in the financial markets. A solid upturn during the first three quarters of the year was replaced by a substantial market fall in the last quarter, hitting the Norwegian market particularly hard.

During turbulent market periods, many investors lose substantial sums because they make emotional and impulsive investment decisions. We help our clients avoid these mistakes by making sure they have long-term plans, a good advisor and diversified global investment portfolios.

Last year, the value of the capital we help manage for our clients decreased for the first time in ten years, by a total of NOK 1.1 billion. However, our focus is not on short-term stock market fluctuations, but on long-term returns, and in the first quarter of 2019, our clients had positive returns of NOK 2.7 billion.

We take a holistic perspective in our client relations. This means establishing a position as a trusted advisor, not only on asset management, but also including a tailor-made wealth plan, legal and tax advice, accounting and more.

We are very pleased with feedback confirming that this is appreciated. In 2018, Formuesforvaltning was named number 1 in the private banking category in Norway for the third consecutive year in the prestigious Prospera customer satisfaction survey. We also received solid feedback from clients in financial figures: In 2018, net new capital was NOK 5.7 billion.

Our historical results do not make us complacent; we are moving forward aggressively. While others in the industry are closing local offices, we believe in local presence, with 20 offices spread around in Norway and Sweden. In recent years, we have also invested a triple-digit million NOK amount in digital solutions to improve the information flow to clients, including a brand new app. The combination of close personal advice and an excellent digital platform is, in our opinion, the way to deliver the best client experiences.

2018 was a strong financial year for Formuesforvaltning. Sound operations, sound results and a solid balance enables us to invest further for the future, benefitting you as a client.

Our ambition is to give our clients a richer life - broadly defined. We continuously raise the bar for what we have to deliver in order to fulfill this ambition. We will continue to do so in 2019 and in the years to come.

We greatly appreciate your trust in us so far!

Øystein Bø, CEO

Highlights 2018

5,7 billion

New capital from clients

72,1 billion

Assets under management 31.12.2018

No. 1

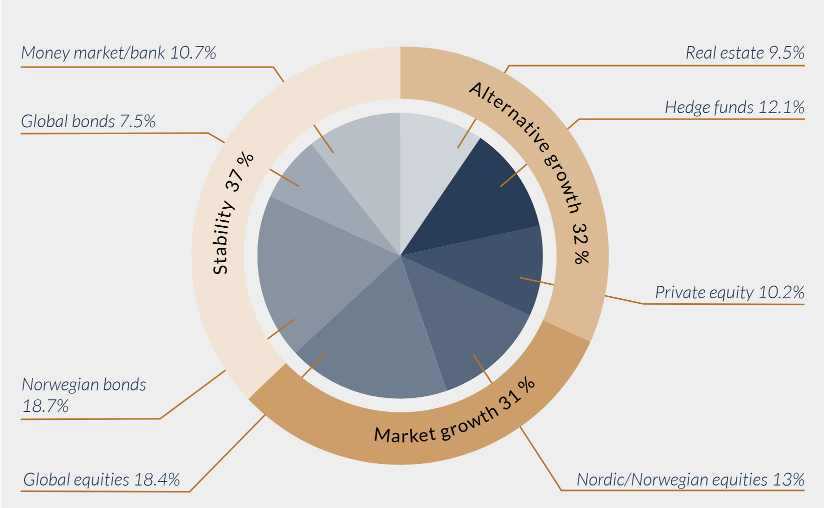
Customer satisfaction survey past 3 years (TNS Sifo Prospera, Private Banking category)

100 million

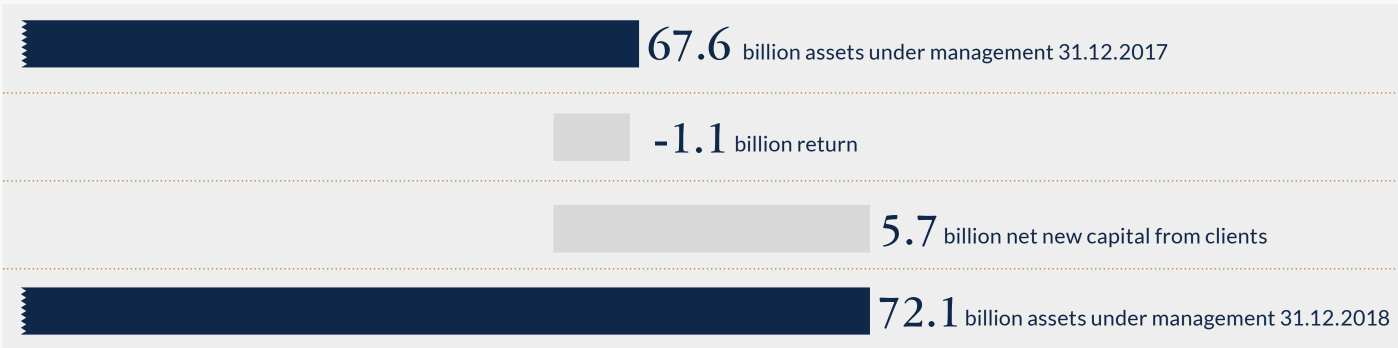
EBIT 2018

The investment year 2018

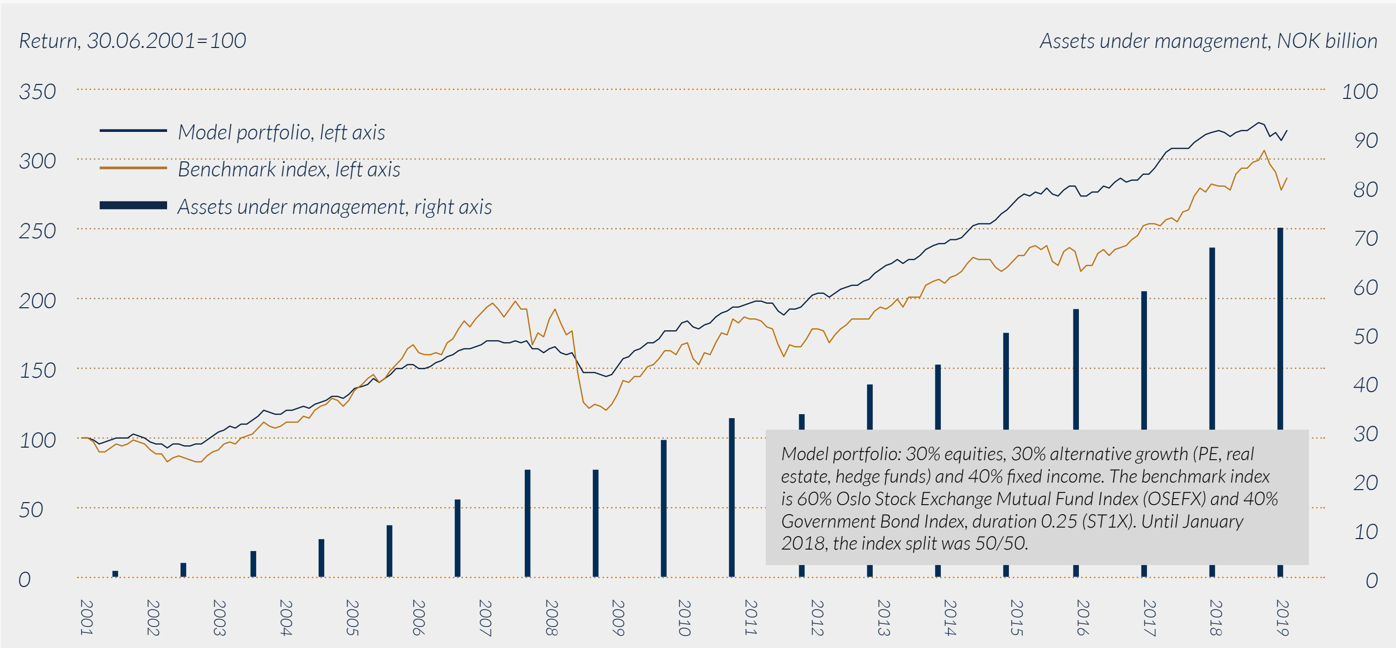
Well-diversified portfolios



Trust from clients in a difficult market in 2018



Solid, long-term returns have contributed to increase of assets under management



The value of our independent advice

No wealth situations are alike. We assist our clients in achieving their goals through a tailor-made advisory strategy. The starting point is a comprehensive plan that becomes the compass for our personal advice. This gives our clients the confidence and security needed to live a richer life.

Niclas Hiller

Chief Investment Officer

Access to the best fund products

Because emotions influence decision making, few investors achieve market returns. My job is to make sure that clients have a tailor-made investment portfolio with a risk level that matches the plan that has been prepared. As an independent firm we can choose the best fund managers in the world. Our results show that this creates value for our clients.

Monica Salthella

Managing Director, region West

Long-term support for clients

My job as a wealth manager is about more than just creating returns. There is a craft to the process of tailor-making a wealth plan that takes the individual client's goals and values into account. Our clients trust us to be there as a long-term supporter who provides guidance far beyond achieving the best possible returns. This is where we create the most value.

Kjersti Holm

Managing director, FF business management

Simpler everyday life

Our accountants are experts on accounting for investment companies and are always updated on tax and accounting regulations. We help our clients prepare important documents and contracts, ensure that deadlines are met and that all documents are in one place. This gives our clients a simpler everyday life.

Tonje Johnsrud

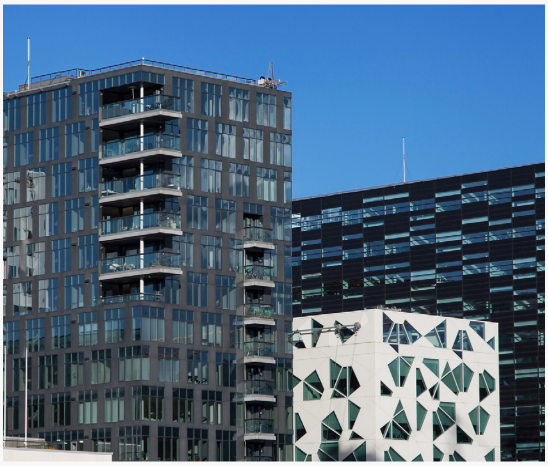
Managing Director, FF law firm

In control of tax and law

My job is to make sure that wealth is properly organized for tax purposes and that clients have planned for life crises such as illness, divorce or death. Such incidents can damage wealth more than market fluctuations. We perform a tax and legal review of all new clients to give them better control of this.

Our clients

We have a varied client base. They come from all over the Nordics and represent a wide range of Nordic businesses. We work for individuals, families and foundations.



Why they choose us

Our clients choose us because we add value beyond building an investment portfolio.

1 **Personal commitment**
We provide advice with great personal commitment and create a tailor-made plan based on each clients's unique needs.

2 **Independent**
We are the leading independent wealth management firm in the Nordic region. Our loyalty is exclusively with our clients.

Preserves and develops wealth

3 **Solid investment advice**
We have experts on fixed income, equities and alternative investments. They work systematically to identify the best funds in the market. Our size and professionalism provide access to fund products that are normally unavailable to most investors.

4 **Comprehensive service offering**
We are a knowledge-based firm with expertise in asset management, law, tax and accounting. Our comprehensive service offering is unique in the Nordic region.

We recently signed a new ten-year lease for our head office in Oslo. The building will be significantly upgraded to today's standards of energy efficiency - while also preserving this historic building from 1867.

Corporate social responsibility

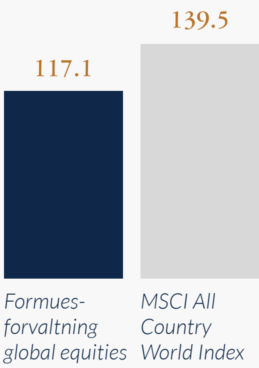
Competent wealth management and investments in value-creating businesses have great social significance. Wise distribution of capital for long-term value creation provides good returns to capital owners as well as improved welfare for society at large. In addition, investments must be sustainable.

This is not a side activity to be applied to selected and earmarked portfolios. Our investment department aims to ensure that all our portfolios live up to the UN's sustainability goals in the best possible way.

In addition to our own expertise, we also seek external advice. We recognize that sustainability is an immature area and that many fund managers take a simplistic approach . For example, various rankings of listed companies' sustainability diverge significantly. We are therefore looking for several sources to gather additional information and be able to challenge fund managers with tough questions.

Sustainability also includes ensuring that inequality is reduced. For many years we have had a close and mutual cooperation with Partnership for Change. This foundation focuses on helping women become self-reliant through education and entrepreneurship. Our employees are also strongly involved in this collaboration, which has delivered solid results.

Carbon intensity



Tonnes CO2 per million USD invested

Alexander Heiberg, Managing Director, family office

Family office

The number of family offices has grown rapidly. In addition to the management of family assets, a modern family office will provide comprehensive assistance concerning all wealth-related issues. Setting up this on one's own is very demanding. Formuesforvaltning therefore has an offer specifically tailored for particularly wealthy families.

We assist several of the region's wealthiest families. At Formuesforvaltning Family Office, the family meets a comprehensive service offering supplied by a team of experienced specialists within asset management, tax, law and accounting. The families benefit from all the expertise in Formuesforvaltning and our partners. We also offer one of the industry's best operating platforms.

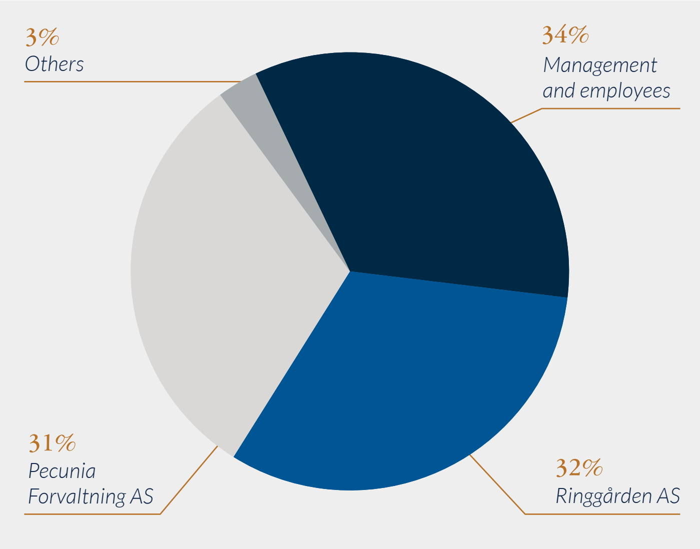
Transitions to future generations is key for wealthy families, and we assist with succession planning

Our company

Important events in 2018

- The long-term growth for Formuesforvaltning continued in 2018 – our clients entrusted us with NOK 5.7 billion of net new capital.
- MiFID II was fully implemented. Formuesforvaltning is one of a limited number of independent investment advisors in Norway and Sweden.
- Our digital savings robot Kron makes fund investing easy, fun, affordable and profitable. Kron grew sharply; it now has 1500 customers, and it won the personal finance magazine Dine Penger's test of savings robots.
- Started offering business management as a service in Gjøvik and Trondheim.
- Continued strong effort with 12 new wealth managers.
- Started using the leading CRM system Salesforce.
- Hosted 70 client events.
- Tax and legal review, a new service, was carried out for 140 clients.

Ownership structure of Formuesforvaltning



Our employeest

Number of employees 31.12.2018	273
Increase in number of employees in 2018	16
Percentage female	37%
Sickness absence rate	1.3%
Average number of years as advisor with Formuesforvaltning	11

Key financial figures

(NOK million)	2018	2017
Revenues	685	611
Operating profit (EBIT)	100	78
After-tax profit	73	56
Total assets	541	468
Equity ratio	58%	60%

What do we invest in to get even better?

Formuesforvaltning has a long history for investing heavily in employees, technology and innovation. Unlike many traditional players in the financial industry, we're not tied to old-fashioned legacy systems in our digital platform.

Platform
During the year, we have further developed the digital savings robot Kron (kron.no) to give more people the opportunity to save better. We have also developed a mobile app for Formuesforvaltning's clients and a data warehouse that provides both clients and advisors with information and analysis. These solutions give our clients better access to our own and our partners' investment expertise, including investment events in the unlisted market.

Staff
For many years we have offered our employees the opportunity to take Executive MBAs through collaboration with, among others, the Stockholm School of Economics and BI Norwegian Business School in Oslo. In cooperation with Partnership for Change, we send ambassadors each year to their projects, for example in Ethiopia and Myanmar. Through our own management academy, we train our employees on an ongoing basis in order to provide the best possible client experience.

We are ranked among Norway's 100 most attractive employers in Universum's survey, and our internal surveys show that we have positive and loyal employees.

What we do

Formuesforvaltning is Norway's largest privately owned and independent consulting and management company. You will find us in Sweden under the Burenstam & Partners brand and in London. In addition, the subsidiaries Kron and Griff Kapital operate in Norway.

Our services

Service models

- Discretionary investment management
- Investment advisory

Comprehensive service offerings

- Wealth plan
- Legal services
- Business administration
- Philanthropy
- Family Office services
- Art

Research and insight

- Regular research from the investment department
- Newsletter and blog that provide insight into comprehensive wealth management
- Podcast

Contact us

Please visit our web site *formue.no* if you would like more information about Formuesforvaltning or our services.

Our offices