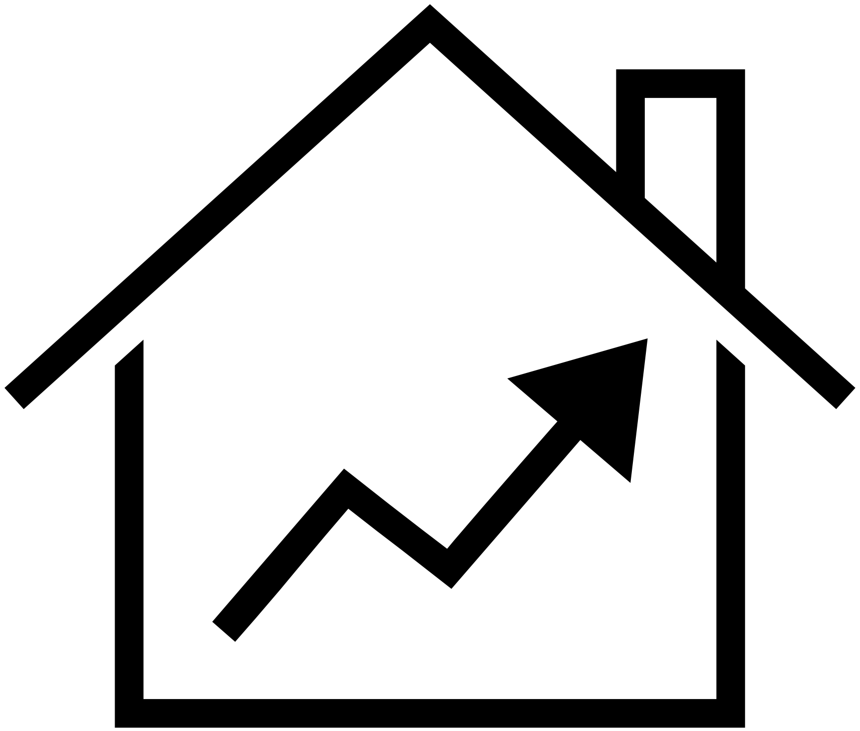


ASR Mortgage Fund

Semi-annual Report 2019

39898_0819

General information

Supervisory Board
Mr.B. Vliegenthart (chairman)
Mr. R.M.W.J. Beetsma
Mr. O.J. Labe

Office address of the Manager
ASR Vermogensbeheer N.V.
Archimedeslaan 10
3584 BA Utrecht
Website: www.asrvermogensbeheer.nl
Commercial Register of the Chamber of Commerce in Utrecht, number 30227237

Board of the Manager
Mr. J.Th.M. Julicher
Mr. J.J.M. de Wit
Mr. M.R. Lavooi

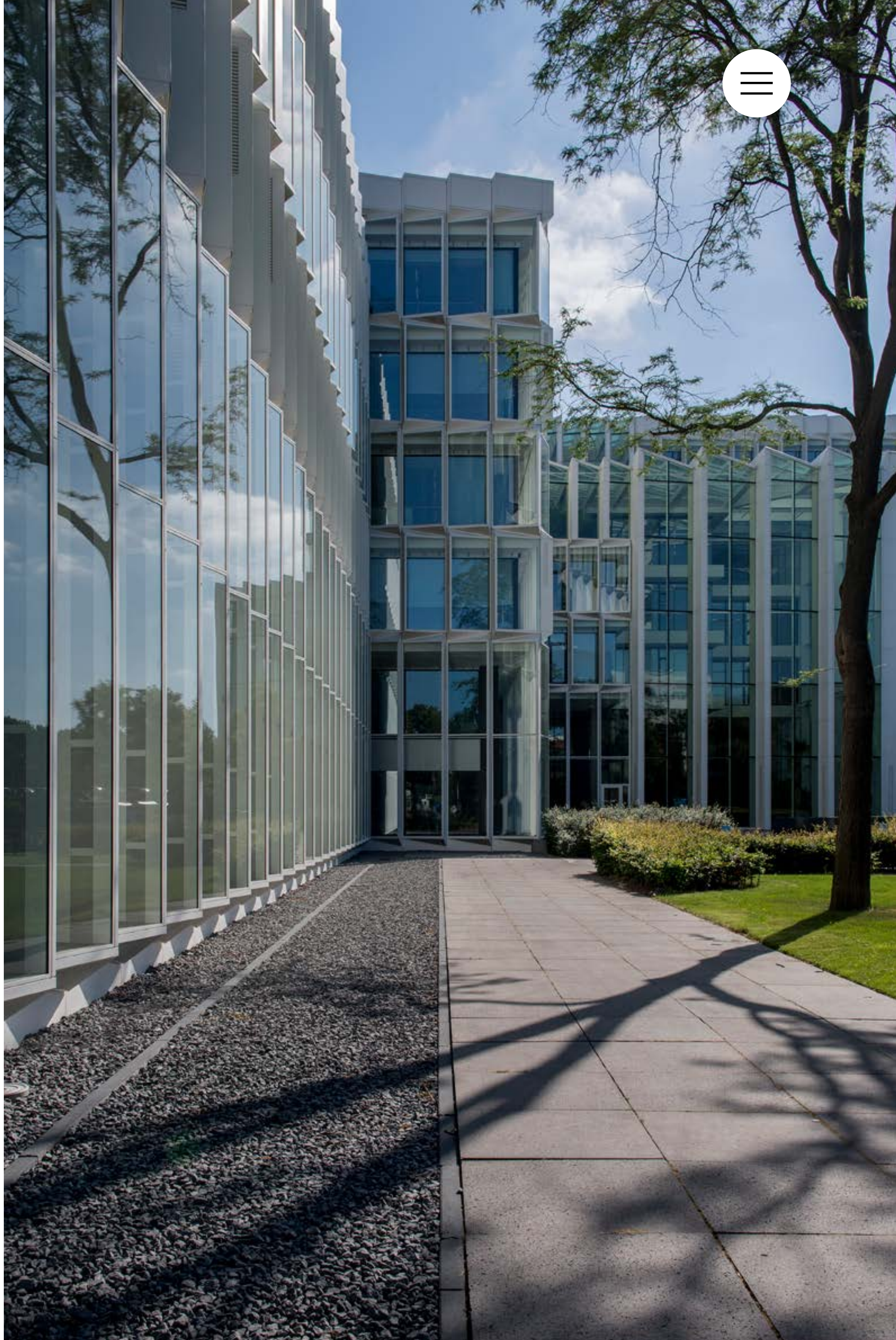
Legal owner of the investments
Stichting Juridisch Eigenaar ASR Hypotheekfonds
Archimedeslaan 10
3584 BA Utrecht

Depositary
BNP Paribas Securities Services SCA
Graadt van Roggenweg 250
3531 AH Utrecht

External Auditor
Ernst & Young Accountants LLP
Wassenaarseweg 80
2596 CZ Den Haag

Legal Advisor of the Manager
NautaDutilh N.V.
Beethovenstraat 400
1082 PR Amsterdam

Date of incorporation 17 March 2017



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Management board's report

General

ASR Vermogensbeheer N.V. (hereinafter referred to as 'a.s.r. vermogensbeheer' or 'the Manager') is the AIF manager of the ASR Mortgage Fund (the 'Fund'). a.s.r. vermogensbeheer has its registered office in Utrecht and is listed in the Commercial Register of the Chamber of Commerce in Utrecht under number 30227237. a.s.r. vermogensbeheer is wholly owned by ASR Nederland N.V.

a.s.r. vermogensbeheer's objective is to provide investment services, manage assets and act as asset manager on behalf of third parties. a.s.r. vermogensbeheer offers asset management services for pension funds, insurers, guarantee and donor-advised funds, charitable organizations, regional authorities, healthcare and educational institutions, network companies, housing associations and other players in the social domain, with a focus on services such as tailor-made solutions with a sound return. a.s.r. vermogensbeheer also offers institutional investment funds and integral management with modular elements such as ALM advice or reports for regulators. The product range consists of European corporate bonds, interest rate overlay, European government bonds, European stocks, American stocks, balanced mandates, tailored bond portfolios, mutual loans, fixed-rate index investments, real estate and mortgages. We purchase other investment categories in accordance with a.s.r.'s quality and sustainability criteria.

a.s.r. vermogensbeheer does not employ any staff members. All activities are carried out by employees of ASR Nederland N.V. on the basis of an employee loan agreement.

AIFM licence

a.s.r. vermogensbeheer holds a licence as manager of alternative investment institutions as referred to in Section 2:65 (1) (a) of the Financial Supervision Act (Wet op het financieel toezicht, "Wft").

Pursuant to Section 1: 102, paragraph 2, of the Wft, the scope of the licence is limited to the offering of participations in:

- investment institutions that invest in financial instruments; and
- investment institutions that invest in mortgage claims.

Under this licence, a.s.r. vermogensbeheer acts as the manager of the following alternative investment institutions: ASR Beleggingsfondsen, ASR Mixfondsen, the Luxembourg alternative investment institution ASR Fonds SICAV ('Sociéte d'investissement à Capital Variable'), ASR Hypotheekfonds, ASR Kapitaalmarktfonds, ASR Depositofonds, ASR ESG IndexPlus Institutionele Fondsen, ASR Duurzaam Institutioneel Nederlandse Aandelen Fonds, ASR ESG IndexPlus Fondsen, First Liability Matching N.V. and the Loyalis Global Funds.

a.s.r. vermogensbeheer also acts as the manager of ASR Beleggingspools, ASR Vastgoed Basisfonds, ASR Amerika Aandelen Basisfonds, ASR Basisfondsen, ASR Beleggingsmixfondsen, ASR Pensioen Staatsobligaties 15+ Jaar, ASR Pensioen Staatsobligaties 10-15 Jaar and ASR Pensioen Mixfondsen. Pursuant to Section 1:13a (1) (g) of the Wft, the management of these investment vehicles is exempt from the obligations set out in the Wft and derived regulations, and the management is therefore not subject to supervision by the Dutch Authority for the Financial Markets (AFM).

a.s.r. vermogensbeheer has been granted a licence by the Dutch Authority for the Financial Markets (AFM) to provide additional investment services to professional clients pursuant to Section 2:67a (2) (a), (b) and (d) of the Wft. The licence permits a.s.r. vermogensbeheer to provide investment services to professional clients. a.s.r. vermogensbeheer is therefore permitted to carry out asset management on behalf of third parties, including managing individual assets of pension funds, insurers, charitable foundations and government institutions. a.s.r. vermogensbeheer can also provide investment advice on financial instruments and receive and forward client orders relating to financial instruments.

Profile

Structure
The ASR Mortgage Fund (the 'Fund') is a mutual fund consisting of two Subfunds each with their own risk profile:

- The Subfund with a Dutch National Mortgage Guarantee (NHG Subfund). This Subfund only includes mortgage claims with a national mortgage guarantee (lower risk profile);
- The Subfund without a Dutch National Mortgage Guarantee (non-NHG Subfund). This Subfund only includes mortgage claims without a national mortgage guarantee (higher risk profile).

The Fund is classified as an Alternative Investment Fund (AIF) and was established on 17 March 2017. The first participations were issued on 21 March 2017. The official name of the Fund as stated in the fund documentation is ASR Mortgage Fund. The name 'ASR Hypotheekfonds' is used in Dutch version of the documents.

Investment philosophy of the Fund
The Fund offers investors the opportunity to invest in private residential mortgages in the Netherlands. The aim/goal of the fund is to generate a stable and direct income stream for the participants in the long term. The Subfunds do not use benchmarks.

The Fund invests in mortgage loans recently issued in the Netherlands by ASR Levensverzekering N.V. The Fund acquires mortgages by subscribing to a cross-section of the new mortgage production. Residential homes in the Netherlands serve as collateral for the loans. All loans acquired are subject to the Fund's strict selection criteria. The main selection criteria are: right of first refusal of the mortgage, a fixed-rate period longer than five years, a Loan-to-Value (LTV) ratio of maximum 100%, no savings-based mortgages and ceilings for interest-only percentages.

Manager and Legal Owner
The Fund has a Manager and a Legal Owner. The Manager of the Fund is a.s.r. vermogensbeheer. a.s.r. vermogensbeheer holds a licence issued by the Dutch Authority for the Financial Markets ('AFM') as referred to in Section 2:65 and 2:67a, paragraph 2(a), (b) and (d) of the Financial Supervision Act (Wet op het financieel toezicht).

The Legal Owner of the Fund is Stichting Juridisch Eigenaar ASR Hypotheekfonds. The Legal Owner was established on 30 June 2016 and is a foundation within the ASR Nederland group of companies. The Legal Owner has its registered office in Utrecht and is registered in the Commercial Register of the Chamber of Commerce under number 66366305.

The relationship between the Manager and the Legal Owner is set out in an agreement ('Agreement of Management and Custody'). This agreement governs the appointment of the Manager and determines the conditions under which the Manager is charged with the management of the Fund's assets.

Depositary
BNP Paribas Securities Services SCA has been appointed Depositary of the ASR Mortgage Fund. The Depositary is an entity subject to regulatory supervision whose legal responsibilities include monitoring cash flows, complying with investment policy and verifying the ownership of the financial assets within the investment funds.

Alternative Investment Fund Managers Directive (AIFMD)

a.s.r. vermogensbeheer holds an AIFMD licence and meets the requirements applicable to an AIFM, a more detailed description of which can be found in the report of the Manager. These requirements include the appointment of an independent depositary and having a risk management policy, a conflict of interest policy, an outsourcing policy, a remuneration policy (see also www.asr.nl) and a fund assets valuation policy. The requirements also relate to the annual reporting and capital requirements for the Manager and the Depositary.

Supervisory Board

The Supervisory Board is responsible for supervising the Manager's policy and performance of tasks and the general state of affairs within the Fund. The Supervisory Board is also charged with supervising compliance by the Manager with the Fund Governance Code and advises the Manager. The Supervisory Board's tasks and activities are set out in the Supervisory Board regulations. In fulfilling their duties, the members of the Supervisory Board will focus on the interest of the Fund and the collective interests of all participants in the Fund.

Meetings of participants

A Meeting of Participants is held at least once a year, subject to the relevant provisions of the Information Memorandum. During the first half-year of 2019, one Meeting of Participants was held, in which the 2018 annual report was discussed.

Distribution of interest income

Interest income of the previous month is distributed to the Participants each month. Participants can choose to either have the income paid in cash or to reinvest the income in exchange for participations. Participations in a particular Subfund as at the end of the previous month will receive an equal share of the interest income of the Subfund in question achieved in the relevant month. The Manager will determine the final distribution on the adoption of the annual report by the Meeting of Participants. The final distribution will be compared with the cumulative monthly distributions over the last year.

If the annual income is higher than the monthly distributions, the remainder will be paid out. If the annual income is lower than the monthly distributions, the Participants must repay the amount overpaid.

Costs and fees

The Fund does not charge any costs for the issue and redemption of Participations.

Compensation in the event of an incorrectly calculated Net Asset Value

If the Net Asset Value of the Fund has been incorrectly calculated and the difference from the correct Net Asset Value is at least 1%, the Manager will compensate the current Participants in the Fund for any adverse effects. This compensation will only take place if the Manager identifies the incorrect calculation within thirty days after the date on which the Net Asset Value was incorrectly calculated. No such compensation took place in the first half-year of 2019.

Transactions with related parties

Where transactions are conducted with parties related with ASR Nederland, they will take place on the basis of conditions in line with the market. Where such transactions take place outside a regulated market, they will be carried out on an arm's length basis. If the transaction with a related party involves the issue and/or purchase of participation rights in an investment institution, the consideration will be calculated in the same way as for any other participant. In that case, an independent value assessment as referred to in the preceding paragraph will not take place. The Fund is allocated mortgages produced by ASR Levensverzekering N.V. on a monthly basis according to an objective allocation method.

Available documentation

The Manager's articles of association and the Depositary's articles of association are available for inspection at the offices of the Manager. A copy of the license and of the articles of association can be obtained free of charge. Up-to-date information about the Subfunds, as well as the Information Memorandum, the annual report and the semi-annual report can be obtained from the Manager free of charge upon written request. This information will also be published on the Manager's website www.asrvermogensbeheer.nl

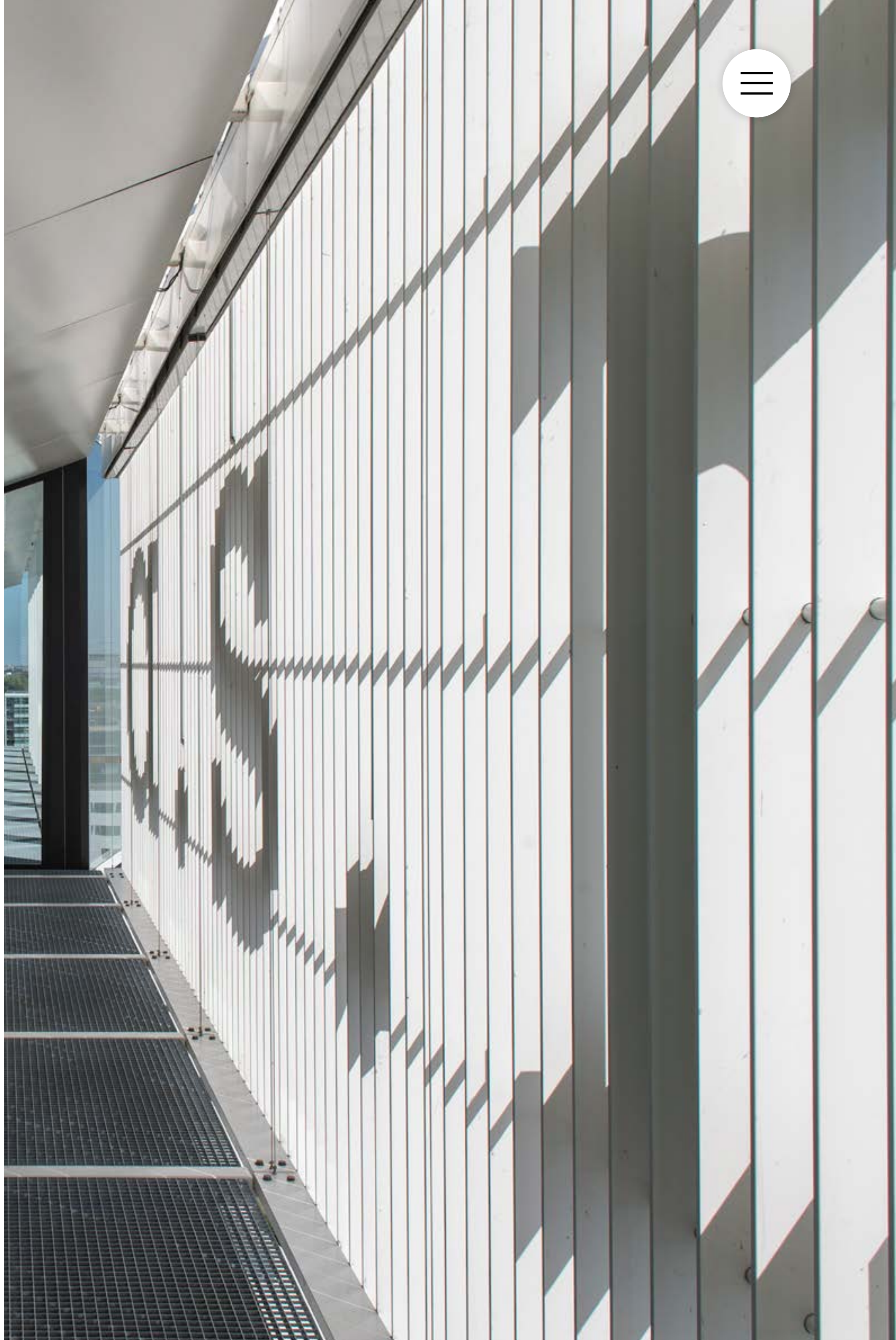
Complaints

Complaints may be submitted to the Manager in writing at the following address.

ASR Vermogensbeheer N.V.
Archimedeslaan 10
3584 BA Utrecht
The Netherlands

Specific enquiries regarding the mortgage fund can also be sent to asrmortgagefund@asr.nl

The Manager is registered with the Netherlands Financial Services Complaints Tribunal (KiFiD).



Report of the Manager

Key figures

In the first half-year of 2019, the ASR Mortgage Fund net assets increased by €1,898 million to €2,769 million. €583 million of this increase was attributable to the non-NHG Subfund, and €288 million to the NHG Subfund. Further information on the net assets and return can be found in the Subfunds section.

Risk management

Manager's risk structure

Risk management is the continuous and systematic monitoring of the organization and its activities for risks in order, on the basis of this assessment, to consciously take risks, reduce the likelihood of risks or limit the consequences of risks. The objectives are controlled and ethical business practices, compliance with the laws and regulations and to act in the interest of the Participant. The key to this is ensuring that the main risks that affect management are identified and clarified so that appropriate management measures can be taken and the effectiveness of these measures can be monitored.

In line with the AIFMD legislation (Article 80), responsibility for risk management is a separate activity within the Manager's organization. In accordance with the AIFM Directive, a distinction is made between risks relating to the funds and risks relating to the Manager's organization.

The director responsible for risk management at the Manager reports on risk management in relation to funds subject to supervision directly to the CEO (Chief Executive Officer) of ASR Nederland N.V. The management organization's riskmanagement complies with the Risk Charter that applies within ASR Nederland N.V. In accordance with the Risk Charter, the Manager reports for the management organization's risk management to the CFO (Chief Financial Officer) of ASR Nederland N.V., via the Manager's CFRO and ASR Nederland's Finance & Risk director.

a.s.r. vermogensbeheer applies the 'Three lines of defense' model as its risk management model. This model clearly sets out the responsibilities in relation to risk management. The business units within the first line of defense are responsible for the adequate management of the risks related to the business operations in the relevant business unit. The second line of defense is responsible for implementing an integrated and effective risk management framework for the first line of defense and monitoring risk management. The second line of defense is formed at ASR Nederland N.V. level and consists of the Group Risk Management division and the Integrity division (including Compliance). The Audit division forms the third line of defense and is responsible for independently assessing the effectiveness of the risk management system, the internal control structure and the soundness of the governance structure.

Risk management

Management of the mortgages included in the Subfunds has been outsourced to servicer ASR Levensverzekering N.V. The servicer is required to comply with the management conditions set out in both the Servicing Agreement and Mortgage Receivable Purchase Agreement. The obligations set out in these agreements include the periodic submission of reports on the development of arrears and losses. Developments in these areas are monitored by means of a number of agreed restrictions. The agreements also provide for the possibility of a "right to audit", and the servicer is required to issue an annual ISAE 3402 report.

The Manager uses a system of risk management measures to ensure that the Subfunds continuously comply with the requirements set out in the Fund Conditions and in the legal frameworks.

The Subfunds are sensitive to market movements in general (market risk), as well as to fluctuations in the value of collateral, the interest rate risk, liquidity risk and credit risk. However, the maximum loss for Participants is limited to the value of the Participations they hold.

The risk associated with the Subfunds is reduced by distributing the assets of a Subfund across a large number of mortgage claims. The main risks involved in investing in the Fund are described in the following table. An overview of all risk factors can be found in section 9 of the Information Memorandum.

Defined risk	Explanation
Credit risk	Credit risk concerns the possibility that the mortgage provider will fail to make timely coupon payments and mortgage repayments. This risk is managed by imposing restrictions on the maximum Loan-to-Value ratio at the time of origination and a concentration limit on the maximum concentration of interest-only mortgages. In the case of the Subfund with a national mortgage guarantee, this risk is further mitigated by the fact that the mortgages are covered by the National Mortgage Guarantee (Nationale Hypotheek Garantie, "NHG"). A strictly implemented acceptance and arrears policy at mortgage loan level by the servicer is essential to mitigate credit risks. Monitoring of these processes forms part of the ISAE 3402 Type II report for a.s.r. Hypotheken from the servicer ASR Levensverzekering N.V.
Counterparty risk	Counterparty risk is the risk that business will be conducted with an unreliable or uncreditworthy party. Customer due diligence procedures and measures apply for the purpose of managing this risk. The aim of these customer due diligence procedures and measures is to manage financial and/or non-financial losses resulting from the acceptance of potentially undesirable participants and transaction parties.
Concentration risk	Concentration risk is the risk that concentrations of mortgage loans with common characteristics will be held in the fund portfolio, which could have a negative impact on the fund's performance. One of the ways of mitigating concentration risk within the Subfunds is by applying a lending limit to mortgage loans (€1 million for mortgages without the National Mortgage Guarantee and the NHG lending limit for mortgages with the National Mortgage Guarantee). A geographical spread is achieved by the fact that approximately 5000 intermediaries are able to provide a.s.r. mortgage loans, thus guaranteeing national coverage.
Liquidity risk	Liquidity risk is the risk that the Fund will not be able to obtain the financial resources required to meet its obligations on time, and the risk that Participants will not have sufficient opportunity to withdraw from the Fund within a reasonable timeframe. The Fund invests in mortgage claims that cannot be converted into cash at short notice. Participants must submit a withdrawal request to the Manager, which the Manager is not obliged to grant. The Manager's decision will depend on the redemption requests received and/or liquid assets available from interest and repayments received. The limited liquidity may limit the possibility, and prolong the process, of withdrawing from the fund. Participations in the Fund cannot be transferred to a third party, and can only be repurchased by the Manager depending on the available cash and cash equivalents.
Collateral risk	Developments within the housing market in the Netherlands can potentially have a negative impact on the value of the collateral furnished for a mortgage loan. The government has taken measures to mitigate this risk in recent years, for instance by reducing the maximum permitted Loan-to-Value ratio to 100%, limiting the interest deductibility of mortgage interest for income tax purposes to annuity and linear repayment mortgage loans since 1 January 2013, by permitting the refinancing of interest-only mortgages up to a maximum of 50% of the market value of the security and reducing the interest deductibility percentage over the coming years.
Operational risk	Operational risk is the risk that errors will not be identified timely or that fraud may occur due to failing or inadequate internal processes, human error or system limitations, and unexpected external events. The Manager has a system that involves monitoring procedures, measuring defined constraints and identifying where limits have been exceeded to allow swift and appropriate action and risk mitigation. An escalation procedure is available as an additional tool for the rapid resolution of situations where limits have been exceeded. The most important processes carried out within the Manager are included in a.s.r. vermogensbeheer's ISAE 3402 Type II report.
Interest-rate risk	This risk relates to negative price trends caused by movements in the market interest rate.

Defined risk	Explanation
Early repayment risk	It is possible that the debtor will repay more than the mortgage debt he or she is contractually obliged to pay. If the current applicable mortgage rate is lower than the mortgage interest rate applicable to the loan in question, and the debtor repays more than the annual permitted penalty-free repayment percentage, the debtor is charged the present value of the interest rate difference applied to the amounts of loan outstanding.
Risk of anti-selection	This risk relates to the selection of mortgages that do not meet the conditions/criteria set out in the Fund's transaction documents. Portfolio Management and Risk Management respectively assess the proposed selection against the Fund's selection conditions prior to any acquisition of mortgage claims. If the outcome is positive, the acquisition is effected.
Valuation risk	Valuation risk is the risk that the mortgages within the Fund's portfolio will be incorrectly valued, resulting in an incorrect value (of the Participations) in the Fund. This risk is mitigated by valuing mortgages on the basis of a standard monthly process based on an established valuation method. The valuation method was validated by an external consultant at inception.

Table 1: main risks

The above mentioned risks did not have a significant impact on the financial position in the first half-year of 2019.

One of the purposes of the annual and semi-annual reports is to provide an insight into the risks that have occurred at the end of the reporting period. The best way to obtain this insight is by reviewing this risk section in conjunction with the Subfund report, which provides more detailed information on the specific portfolio risks associated with the Subfund in question.

Fund governance and policy regarding conflicts of interest (DUFAS code of conduct)

In order to provide the Participants with guarantees that the management of the Fund will be carried out in a controlled and ethical manner and that the services will be provided with due care as referred to in the Wft, the Manager has signed up to the code of conduct drawn up by the sector organization DUFAS (Dutch Fund and Asset Management Association). This code of conduct sets out good practices relating to fund governance and offers further guidelines for the organizational structure and procedures of managers of investment institutions, with the aim of ensuring the Manager acts in the interests of the participants in its investment institutions, and structures its organizations in a way that prevents conflicts of interest.

An important part of fund governance is the presence of a Supervisory Board or entity that is sufficiently independent from the Manager and that supervises the management of the investment institutions by the Manager. This supervisory body has the task of monitoring compliance by the Manager with its obligation to act in the interests of the participants in its investment institutions.

The Manager has set out its 'principles of fund governance' in a Fund Governance Code. In addition, the Manager has drawn up a policy regarding conflicts of interest for all its activities. The principles underlying the policy are the avoidance and management of conflicts of interest that could be disadvantageous to clients of the Manager, and the equal and fair treatment of clients.

The Fund Governance Code and the conflict of interest policy can be found on the Manager's Website.

Sustainability policy

a.s.r. as a sustainable investor

As an institutional investor, one way in which a.s.r. takes ownership of social responsibility is through the use of ethical and sustainability criteria in its investment policy.

All investments managed by the a.s.r. vermogensbeheer are screened on the basis of the socially responsible investment (SRI) policy, focusing on aspects such as social and environmental criteria. Countries and businesses that do not meet the criteria are excluded. The screening of companies is based on external, independent research by Vigeo Eiris (www.vigeo-eiris.com/en/vigeo-eiris-rating) in accordance with Arista standards. In addition, there is an external, independent certification by Forum Ethibel (forumethibel.org/content/home.html) via a semi-annual audit of the investment portfolio of a.s.r. vermogensbeheer.

Investment selection takes place based on best practices and products according to the United Nations Sustainable Development Goals (UN SDGs) and the ESG criteria (Environmental, Social and Governance). This relates to all investments in countries (government loans) and in companies (equities and corporate bonds) which score highest and comply with the investment guidelines. In addition, a.s.r. invests in companies which provide a significant sustainability contribution to society.

a.s.r. applies a strict exclusion policy with regard to controversial activities of countries and companies. This relates for instance to producers of controversial or offensive weapons, nuclear energy, the gambling sector, tobacco and coal, oil sands and shale oil. a.s.r. also requires companies to continue to comply with international conventions in the areas of the environment, human and employment rights. We believe in engagement via constructive dialogue with the companies we invest in, with the aim of increasing the long-term enterprise value and social return. Where a company is involved in controversial activities and this dialogue does not produce positive results, the company will be excluded from the investment portfolio. For the investments in government loans, a.s.r. excludes companies that score low in the Freedom in the World Index and the Corruption Perception Index.

In 2011 a.s.r. signed the United Nations Principles for Responsible Investment (UNPRI). The aim of these principles is to encourage socially responsible investment. In addition, since 2011 a.s.r. has been a signatory of the United Nations Global Compact Principles (UNGC). The UNGC Principles require companies to embrace, support and also implement in their sphere of influence several principles in the area of human rights, employment standards, the environment and combatting corruption. This is in response to legislation such as the IORP II Directive, with provisions concerning environmental, social and governance factors derived from the United Nations' principles on investment policy and risk management systems.

a.s.r. also complies with the Sustainable Investment Code for insurers of the Dutch Association of Insurers, which has been effective since 1 January 2012. In 2018 the Dutch Association of Insurers, along with the Dutch government and civil society organizations, signed the IRBC Agreement for the insurance sector (agreement on international responsible business conduct regarding human rights) on behalf of its members, which include a.s.r. The aim of the agreement is to obtain more insight into the international chains connecting our investments, thus avoiding and tackling problems such as human rights violations, environmental damage and animal suffering.

For further information about a.s.r.'s sustainable investment policy, see: https://www.asrnl.com/about-asr/sustainable-business

a.s.r.'s sustainable investment policy is valued

After already having been awarded the number 1 score in the Fair Insurance Guide (Eerlijke Verzekeringswijzer) six times, a.s.r. was also ranked first in the insurance benchmark of the Dutch Association of Investors for Sustainable Development (VBDO) in July 2019. VBDO has been comparing the socially responsible investment policies of the 30 largest insurers of the Netherlands since 2009. As the best-performing insurer, a.s.r. achieved a score of 4.5 out of a maximum of 5.

Climate and energy transition
The topics of climate and energy transition have been an integral part of a.s.r.'s investment policy since 2017. In 2018, a.s.r. started to publish quarterly data on the carbon emissions of its entire investment portfolio and individual funds. As an active participant in the Platform for Carbon Accounting Financials (PCAF), in 2019 we are working with other financial institutions in the Netherlands to further develop calculation methods for all asset classes.
Along with Ortec Finance, academic institutions and a number of pension funds, a.s.r. launched a pilot in 2018 to integrate climate risks and opportunities relating to various scenarios (1.5°C, 3°C and 4+°C global warming) in strategic asset allocation models. The results show that this top-down approach is essential if we are to gain a full picture of the impact of climate change on investment portfolios, including risk management.

The a.s.r. Mortgages ESG policy
a.s.r. is keen to play a leading role in terms of ESG (Environmental, Social and Governance) policy as part of its mortgage lending.

Environmental
Through its mortgage lending activities, a.s.r. can help to reduce the carbon footprint of the urban environment. Mortgage lenders are taking part in the conversation regarding the Climate Agreement at the sector table for the Urban Environment. In consultation with the government and regulators, possibilities have been developed to offer consumers additional opportunities to include extra options in their financing arrangement to make their homes more sustainable. a.s.r. is committed to enabling mortgage clients to make their home 'greener' in two ways: by providing specific information about measures to improve the sustainability of properties and, where possible, by funding such measures. The portfolio is monitored, and clients with a high energy label will be informed based on a duty of care.

The following activities are carried out:
- the possibility for the adviser to print out a savings report by address for new applications;
- energy savings budget offer for existing clients;
- monitoring of the composition and development of the portfolio based on energy labels; portfolio breakdown by energy label included in the ASR Mortgage Fund quarterly report as standard;
- from 2019, the carbon footprint of all a.s.r. mortgage portfolios will be calculated;
- existing clients with low energy labels will be actively approached with an energy savings budget, starting with energy label G. Once all G label clients have been approached, the next higher energy labels will follow. Clients will be actively approached in order to raise awareness of the options in terms of saving on energy costs and the risks to clients associated with rising energy costs;
- functionality is being developed in order to make clients who want to make early repayments aware of the options to make their home more energy efficient.

All these possibilities are part of the a.s.r. product range and a.s.r. does not charge any additional costs for these services.

a.s.r. monitors the composition of the portfolio based on energy labels once a quarter. Figures 1 and 2 show the composition of each Subfund as at 30 June 2019:

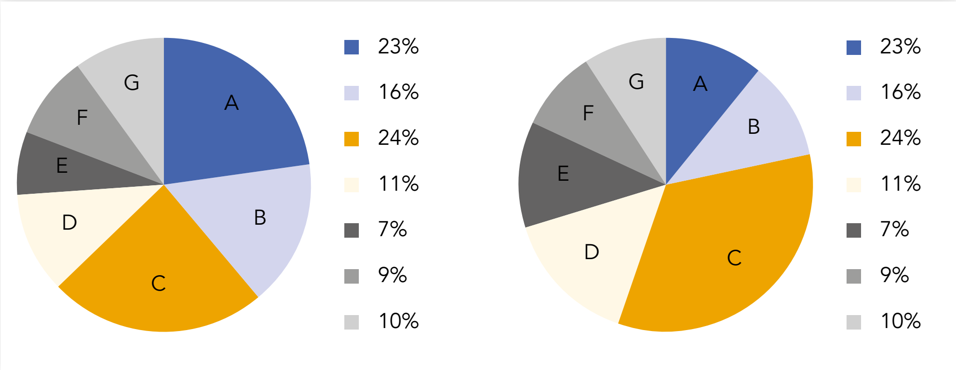


Figure 1: breakdown of the Subfund with the National Mortgage Guarantee portfolio by energy label

Figure 2: breakdown of the Subfund without national mortgage guarantee portfolio by energy label

a.s.r. no longer sends paper-based statements in principle, unless requested to do so by the client. Administrative tasks (deposit payments, interest rate reviews) are processed digitally wherever possible.

Social

Through its mortgage lending activities, a.s.r. plays a role in meeting our clients' housing needs. We believe it is important that homeownership remains achievable for as many people as possible. In this context, we pay special attention to clients who struggle to access the housing market. In collaboration with the government and regulators, solutions have been designed for various groups, which a.s.r. now implements in its systems and processes:

- First-time buyers: a.s.r. introduced its first-time buyer mortgage in 2018 specifically for first-time buyers. With this option, a.s.r. gives these buyers the opportunity to finance a home at a lower monthly mortgage payment by spreading the repayments over a term of longer than 30 years. The underwriting standards for the first-time buyer mortgage are the same as for the standard 30-year WelThuis mortgage, including regular opportunities for the borrower to make higher repayments during the mortgage term.
- Senior citizens: a.s.r. provides senior citizens who are looking to move house with the option to take part in the senior citizen scheme offered by the National Mortgage Guarantee. Under this scheme, lenders can now consider mortgage applications from consumers who are receiving the basic state pension ("AOW") or who will reach state AOW pension age in the next 10 years on the basis of actual expenditure rather than the usual financing standards.
- Preventive management: a.s.r. offers clients who are at risk of experiencing payment problems support in the form of:
  - Budget coaches. For clients who should be able to make their repayments based on their income but who find it difficult to do so, a budget coach can help to bring structure to their income and expenditure.
  - Job coaches. For clients who are unemployed or at risk of becoming unemployed, a.s.r. can provide in a job coach.
  - Interest rate averaging. Clients who are experiencing difficulties meeting their monthly mortgage repayments can in certain instances reduce these repayments through interest rate averaging.

Governance

a.s.r.'s mortgage business is a flat organization in which initiatives from the office floor are a key driver of continuous performance improvement. In a culture that centres around our client promise, we work as a team to achieve clear, measurable goals. Employees have flexible working hours and are location independent.

Market developments and outlook

Review of the financial markets in the first half of 2019

The most notable development in the financial markets was the further decrease of interest rates on government bonds, actually reaching new historic lows in the Eurozone. Following a strong first quarter, corporate bonds also posted reasonable to good performance in the second quarter.

Government bonds

Interest rates on European government bonds continued to decrease, with long-term interest rates eventually falling to below the previous lowest levels, recorded in the summer of 2016. Like German government bonds, Dutch government bonds also yielded negative interest rates at the end of the first half of the year, at -0.3% for German and -0.2% for Dutch 10-year interest rates, respectively. Interest rates in the European 'periphery' fell even more sharply in relative terms than those on Dutch and German government bonds, to around 0.4% for Spanish and Portuguese, 2.1% for Italian and 2.4% for Greek 10-year interest rates, respectively.

Outside Europe, most bond markets also recorded falling interest rates, from several (Canada, Japan) to several dozen (including the US and Australia) basis points. In absolute terms, interest rates on non-European government bonds generally did remain above the low levels of the summer of 2016, at 2.0% for US, 1.5% for Canadian and -0.2% for Japanese 10-year interest rates at the end of the quarter, respectively.

Credits

The performance of European corporate bonds was again reasonable to good, on a combination of tightened credit spreads and lower interest rates. Spreads of European high-yield bonds likewise tightened. In terms of spread movements, US investment-grade corporate bonds performed in line with European bonds of that type. US high-yield bonds, on the other hand, lagged behind European high-yield bonds (as well as US investment-grade bonds.

Mortgages

Mortgages performed reasonably well. In relative terms, the increase of the performance relative to corporate bonds was moderate, mainly due to further growth of the swap spread. In other words, the market interest rate fell much more sharply than the average mortgage interest rate.

The table below shows the movements of the swap spread of the two subfunds within the ASR Mortgage Fund.

	NHG	non-NHG
Weighted average swap spread, June 2019	1,938%	2,231%
Weighted average swap spread, March 2019	1,813%	2,142%
Weighted average swap spread, December 2018	1,479%	1,801%
Weighted average swap spread, September 2018	1,402%	1,589%

The most important reason for the relatively slight decrease in the average mortgage interest rates may be that Dutch banks fund themselves to a significant extent using savings and deposits at an interest rate of around 0% (for the time being, savings rates are unlikely to move into negative territory). A further decrease of the mortgage interest rates would entail an erosion of interest income for banks.

Banks' market share has fallen in recent years, as the level of lending by insurers and pension funds for mortgages has increased sharply, rising from EUR 50 billion to some EUR 100 billion between 2010 and year-end 2018. At present, an estimated 25% of new mortgages are provided by insurers and pension funds, through a mortgage fund or (collective) mandate or otherwise (source: DNB).

Macroeconomic environment

Economic growth prospects

After growth expectations for the global economy were pegged back earlier this year, they have remained relatively stable in the past few months. The downward trend for indicators for manufacturers' confidence also appears to have ended (for the time being). Overall, these indicators now point to average to slightly below-average growth prospects for the period ahead. The US economy continues to be positioned best in relative terms. Growth has been positive for 10 years in a row. This means that the US is experiencing its longest period of uninterrupted positive economic growth since 1854. With unemployment at 3.6% (the lowest level since 1969) and stock exchanges at near record levels, a recession still does not appear to be in sight, even if prospects are currently less favorable than earlier in this cycle. It should be noted that confidence indicators are not near 'recession' levels in other regions either.

Trade war

At present, the trade war mainly appears to be detrimental for the Chinese business sector. The Chinese government is seeking to combat the negative consequences for the economy with additional government spending and lending. The renminbi, the Chinese currency, has meanwhile also depreciated, thus offering Chinese exporters some mitigation of the impact of higher trade tariffs. On balance, Chinese growth does appear to be slowing, but not by much more than had already been expected before the recent resurgence of the trade war.

Any further expansion of the trade war would pose a threat to other emerging markets (such as Mexico) and possibly also to Europe (particularly Germany). At present, however, the Trump administration appears to be mainly targeting China.

Inflation and interest rates

Both in the US and in the Eurozone, the actual inflation picture 'deteriorated' slightly during the past quarter. Year-on-year, the increase in consumer prices slowed to 1.8% in the US and to 1.2% in the Eurozone. This was partly due to the fall in oil prices during the past year. At the same time, core inflation (excluding food and energy prices) decreased to 2% in the US and to 1.1% in the Eurozone. In the current phase of the economic cycle, core inflation is likely to rise gradually, mainly as a result of rising wage costs. These are currently already increasing by around 3% year-on-year in the US and by 2.5% in the Eurozone, respectively.

With the lower actual inflation rates, financial markets have in the past period also downgraded their expectations for future inflation. Given the valuation of 'inflation swaps', for instance, financial markets are currently assuming for the Eurozone that the ECB will be unable, even in the longer term, to achieve the target of inflation 'below, but close to 2%'. In view of the adjusted inflation outlook, interest rate markets have also proceeded to factor in a different scenario with regard to central banks' future monetary policy. A few years ago, interest rate markets still expected that central banks (particularly the Fed and the ECB) would further increase base rates in 2019 and 2020. Interest rate markets are now expecting 2-3 interest rate reductions by the Fed in 2019, to be followed by further interest rate reductions in 2020. A first interest rate reduction by the ECB is expected in 2019.

Market outlook for the second half of 2019

Given the current interest rate levels, bond markets are expecting a protracted period of below-average economic growth and inflation, and an impending new round of monetary easing. We, too, are not expecting an economic growth spurt, sharply increasing inflationary pressure or monetary tightening.

The monetary easing as it is currently being priced in by interest rate markets, particularly in the US (i.e. some 100 basis points interest rate reduction over the next 12 months), appears to imply that a sharp slowdown in economic growth is imminent. While such a scenario cannot be excluded, certainly in the current, advanced phase of the economic cycle, neither actual economic growth figures nor forward-looking macro-economic indicators are pointing into that direction. An important proviso in this connection, however, is that we are assuming that the political risks that pose a threat to the global economy (particularly trade war, US/Iran confrontation, Brexit) will not get much further out of hand.

From the perspective of our base scenario of continuing moderate economic growth and limited to slightly rising inflationary pressure, corporate bonds and especially mortgages appear to be relatively more attractive at the present time than government bonds. Fundamentally, corporate bonds continue to be well positioned and spreads for mortgages are attractive while the likelihood and level of potential losses continue to be very low.

Mortgage investments appear to be interesting for insurance companies in particular, given the different treatment of NHG loans under Solvency II.

Developments in the Dutch Mortgage Market

The increase in house prices continued in the first half of 2019, but was lower than in 2018. The prices of owner-occupied dwellings were 6.9% higher on average than in June 2018. In May 2018, the price index for owner-occupied dwellings exceeded the peak of August 2008 for the first time. In June 2019, the index reached its highest level ever. Compared with the low point in June 2013, prices in June 2019 were almost 38 percent higher. There are, however, significant regional differences.

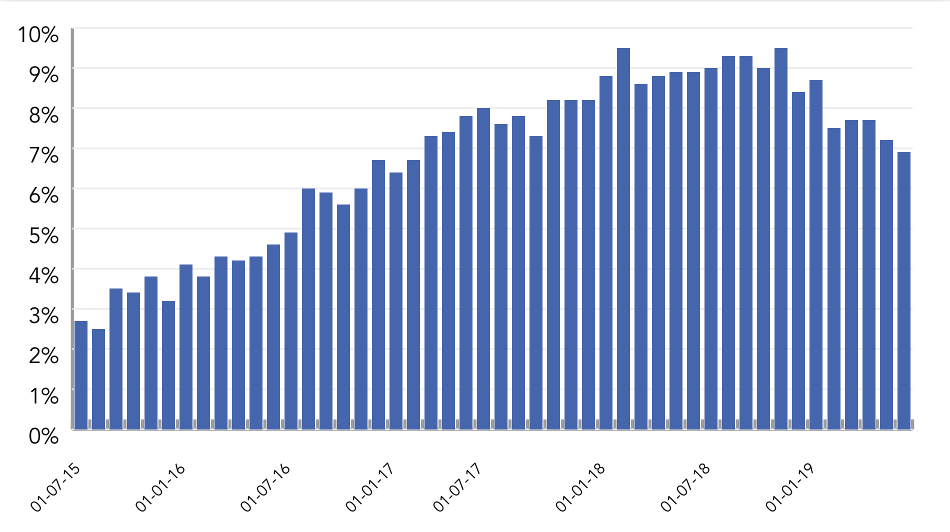


Figure 3: price development of existing owner-occupied dwellings (year-on-year % change; source: Statistics Netherlands)

All provinces recorded increases in the past quarter compared with Q2 2018. The largest increase in Q2, of 9.2% compared with a year ago, was posted by the province of Flevoland (Q2 2018: no. 1 with 11.6%), followed by the province of Zeeland with 8.1% (which had recorded the lowest price increase, of 4.4%, in Q2 2018). The top 3 is completed by the province of North Holland, with 8% (Q2 2018: no. 3 with 10.3%). The province of Groningen has showed the lowest increase in Q2 2019 with 5.7% (Q2 2018: mid-table position with 7.8%; source: Statistics Netherlands).

Further, a total of 99,937 residential properties were sold in the first half year of 2019. That is almost 5% less than in the same period in 2018 (source: Land Registry Office), while in June 2019 sales of 15,495 residential properties were recorded, almost 16% less than a year earlier. A total of 52,506 residential properties were sold in the second quarter of 2019, almost 1% less than a year earlier (Q2 2018: approx. 53,000, or 9.3% less than in Q2 2017). The decrease in the number of transactions that was observed in 2018 therefore appears to have largely come to an end. This is striking, as there was neither a decrease in house prices nor any relaxation of conditions compared with 2018. The strong decrease was curbed mainly due to the fact that sales of existing residential properties are picking up again (+2% compared with Q2 2018). Sales are able to pick up because more houses are being put up for sale again. The increased supply is attributable to consumers responding to news about the housing market cooling down. Specifically in the major cities, estate agents observe that private landlords are selling their properties again, as they are experiencing trouble finding tenants (source: Dutch Association of Real Estate Brokers and Real Estate Experts).

The interest rates on prime residential new mortgage loans have hardly moved, on balance, in the past 12 months (source: DNB):

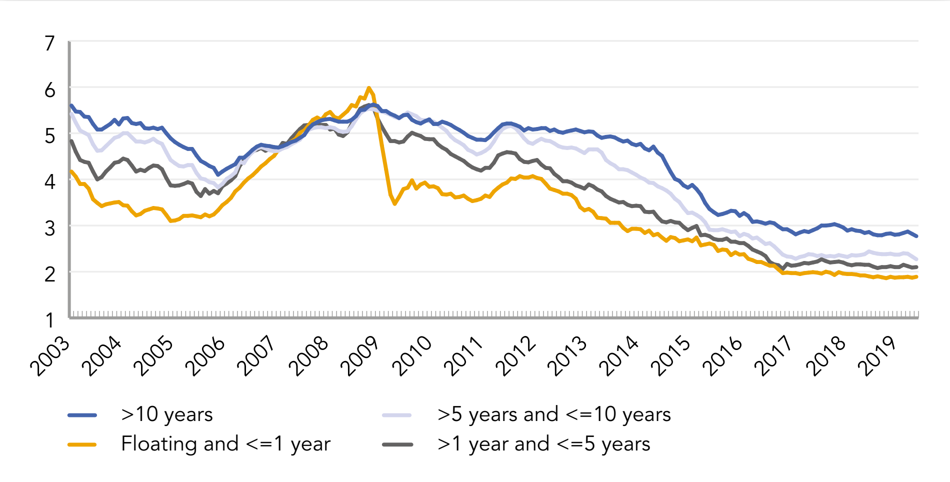


Figure 4: movement in mortgage interest rates (source: DNB)

As mortgage interest rates have remained relatively stable in the past period or have only decreased to a limited extent. Therefore, the spread relative to the risk-free interest rate movement increased substantially in the past few months.

A continuing limited increase in house prices, driven by tightness in the housing market and the favorable economic climate in conjunction with low interest rates, can be expected for the period ahead. A continuation of the current low mortgage interest rates can be expected for as long as the present geopolitical uncertainties in the world persist and banking regulators worldwide keep interest rates low by providing ample liquidity in a situation of limited economic growth.

ASR Mortgage Fund Subfunds

Subfund with a Dutch National Mortgage Guarantee

The Subfund offers investors the opportunity to invest in residential mortgages in the Netherlands. The long-term goal of the Subfund is to generate a stable and direct income stream for its participants. Only mortgage claims with a national mortgage guarantee are included in the NHG Subfund (low risk profile).

Characteristics	Subfund with a national mortgage guarantee
All-in management fee*	0.45% of the total assets of the Subfund
Entry and exit charges	0.00% of the net asset value of the Subfund

Table 2: Mortgage fund charges

** The management fee also covers costs owed by a.s.r. vermogensbeheer in respect of mortgage lending and servicing of the mortgage portfolio.*

Return and portfolio policy

The Net Assets saw a sharp increase in the first half-year of 2019 from € 451.8 million to € 739.5 million.

	Net Assets (x €1,000)	Subfund Returns
30-06-2019	739,491	2.69 %
31-12-2018	451,767	2.23 %
31-12-2017	129,752	3.07 %

Table 3: Return

Over the reporting period, the Subfund achieved a return of 2.69% based on the Net Asset Value. A key driver of the Net Asset Value movement is the movement in a.s.r. WelThuis NHG headline mortgage rates. Both the NHG headline rates and the non_NHG headline rates fell sharply in the first half-year of 2019. The reference index return for the first half-year of 2019 was 7.67%.

The reference index for the NHG Subfund is a composite index consisting of Merrill Lynch swap indices with a similar duration to that of the expected cashflows of the NHG Subfund. The composition of the index is updated on a monthly basis according to the new duration of expected cashflows. The reference index is not a benchmark. The purpose of the reference index is to provide insight into the interest-rate sensitivity of the profitability. The 7.67% index return is higher than the 2.69% annual return on the NHG Subfund. This is mainly due to the fact that the swap curve fell more sharply than the mortgage interest rate curve in the last half-year.

Value movement per participation	01-01-2019 to 30-06-2019	01-01-2018 to 31-12-2018	12-05-2017 to 31-12-2017
Income	119.61	239.47	143.31
Changes in value	208.27	170.53	306.16
Costs	-22.88	-45.17	-29.08
Result after tax	**305.00**	**364.83**	**420.39**

Table 4: value movement

Amounts per participation are based on the average number of participations during the financial year (12 measurement points in the first-half year).

Risk management:

The main portfolio-specific risks associated with the NHG Subfund are:

Concentration risk:

If multiple investments are made in the same sector, geographical area or investment category, concentrations can occur in these sectors, areas or categories resulting in a risk that this concentration will make the investment portfolio as more sensitive to market movements in these sectors, areas and categories. The Subfund Manager will seek to limit the risk to the investor to an acceptable level by maintaining a certain degree of geographical spread across the investments. There is also a large number of mortgagors. A concentration limit of 25% applies to interest-only mortgages.

Mortgage portfolio by product	30-06-2019	31-12-2018
Annuity	78.80%	79.99%
Interest-only	15.25%	14.17%
Straight-line	5.95%	5.84%

Table 5: portfolio breakdown by product

Mortgage portfolio by province	30-06-2019	31-12-2018
Drenthe	4.84%	5.06%
Flevoland	2.11%	2.20%
Friesland	3.46%	3.17%
Gelderland	12.75%	13.68%
Groningen	4.39%	4.62%
Limburg	9.72%	9.62%
North Brabant	14.28%	14.20%
North Holland	8.64%	7.78%
Overijssel	8.85%	8.02%
South Holland	18.67%	18.78%
Utrecht	5.98%	6.29%
Zeeland	3.91%	3.36%
Other (new developments)	2.40%	3.22%

Table 6 : portfolio breakdown by province

The percentages in the above and below tables have been calculated based on nominal loan amounts.

Credit risk:

The Subfund invests in mortgage loans that are characterized by a credit risk. The value of the mortgage claims is influenced in part by positive or negative developments in the creditworthiness of the debtor. A deterioration in creditworthiness can potentially mean that the debtor no longer meets his or her obligations.

Stringent selection criteria are applied when including mortgage claims in the fund, including the Loan-to-Value ratio (maximum of 100% since 1 January 2018, maximum of 106% for investments in energy-saving features) and interest-only percentage limits. Within the Subfund, credit risk is also limited by only investing in mortgage claims covered by a national mortgage guarantee. The national mortgage guarantee is a guarantee on mortgage loans for the purchase and improvement of an owner-occupied property. If the property unexpectedly needs to be sold for reasons such as divorce, unemployment or death and the proceeds are less than the mortgage debt, the Homeownership Guarantee Fund (Waarborgfonds Eigen Woning, WEW) will pay the remaining debt to the lender. In the context of the WEW, this remaining debt is determined on the basis of a 30-year annuity repayment schedule. The WEW is a private organization that has backstop agreements with the Dutch government and municipalities. Consequently, DNB views the national mortgage guarantee as a government guarantee. Since 1 January 2014, lenders have been required to pay an excess of 10% on the secured loss for new national mortgage guarantee loans for which offers are submitted from 1 January. Where loss claims are submitted in respect of lending that has taken place since this date, WEW calculates the excess for the lender.

The following overview shows a breakdown of the portfolio by loan size. The 2019 national mortgage guarantee cost limit was €290,000 (2018: 265,000).

Breakdown by remaining debt (%)	30-06-2019	31-12-2018
Less than 50,000	0.06%	0.09%
50,001 – 100,000	1.50%	1.72%
100,001 – 150,000	15.63%	16.79%
150,001 – 200,000	31.61%	33.83%
200,001 – 250,000	37.45%	40.79%
250,001 – 300,000	13.09%	6.78%
More than 300,000	0.66%	0.00%

Table 7: portfolio breakdown by remaining debt

At 30 June 2019, a provision for credit losses amounting to € 1,650 has been recorded. Two loans (€ 241,000) had arrears of more than three months.

Interest-rate risk:

The value of the investments is sensitive to changes in the market interest rate. Rising interest rates will generally lead to a fall in the value of the mortgage portfolio. The following overview shows a breakdown of the portfolio by fixed-rate term:

Breakdown by fixed-rate term (%)	30-06-2019	31-12-2018
Shorter than one year	0.30%	0.13%
Between 1 and 5 years	0.14%	0.12%
Between 5 and 10 years	12.78%	13.95%
Between 10 and 15 years	4.83%	3.51%
Between 15 and 20 years	52.99%	43.75%
Between 20 and 25 years	2.55%	2.89%
Between 25 and 30 years	26.40%	35.65%
More than 30 years	0.01%	0.00%

Table 8: portfolio breakdown by fixed-rate term

The effective duration of the portfolio, taking into account moving and early repayment options, was 10.2 as at 30-06-2019 (31-12-2018: 10.2).

The following overview shows a breakdown of the portfolio by mortgage interest rate at lending level.

Breakdown by coupon %	30-06-2019	31-12-2018
1.0 % - 1.5 %	0.40%	0.34%
1.5 % - 2.0 %	11.98%	13.25%
2.0 % - 2.5 %	50.07%	35.09%
2.5 % - 3.0 %	37.51%	51.26%
3.0 % - 3.5 %	0.04%	0.07%

Table 9: portfolio breakdown by coupon

Subfund without a Dutch National Mortgage Guarantee

The Subfund offers investors the opportunity to invest in residential mortgages in the Netherlands. The long-term goal of the Subfund is to generate a stable and direct income stream for its participants. Only mortgage claims without a national mortgage guarantee are included in the non-NHG Subfund (higher risk profile, higher return).

Characteristics	Subfund with a national mortgage guarantee
All-in management fee*	0.45% of the total assets of the Subfund
Entry and exit charges	0.00% of the net asset value of the Subfund

Table 10: Mortgage fund charges

* The management fee also covers costs owed by a.s.r. vermogensbeheer in respect of mortgage lending and servicing of the mortgage portfolio.

Return and portfolio policy

The Net Assets saw a sharp increase in the first half-year of 2019 from € 1,446.0 million to € 2,029.2 million.

	Net Assets (x €1,000)	Subfund Returns
30-06-2019	2,029,242	3.49 %
31-12-2018	1,446,000	1.80 %
31-12-2017	381,074	2.56 %

Table 11: return

Over the reporting period, the Subfund achieved a return of 3.49% based on the Net Asset Value. A key driver of the Net Asset Value movement is the movement in a.s.r.'s non-NHG WelThuis headline mortgage rates. Both the NHG headline rates and the non_NHG headline rates fell sharply in the first half-year of 2019. The reference index return for the first half-year was 7.37%.

The reference index for the non-NHG Subfund is a composite index consisting of Merrill Lynch swap indices with a similar duration to that of the expected cashflows of the non-NHG Subfund. The composition of the index is updated on a monthly basis according to the new duration of expected cashflows. The reference index is not a benchmark. The purpose of the reference index is to provide insight into the interest-rate sensitivity of the profitability. The 7.37% index return is higher than the 3.49% annual return on the non-NHG Subfund. This is mainly due to the fact that the swap curve fell more sharply than the non-NHG mortgage interest rate curve in the last half-year.

Value movement per participation	01-01-2019 to 30-06-2019	01-01-2018 to 31-12-2018	12-05-2017 to 31-12-2017
Income	129.63	257.92	196.19
Changes in value	268.92	22.63	470.07
Costs	-22.65	-45.52	-36.38
Result after tax	**375.90**	**235.03**	**629.88**

Table 12: value movement

Risk management

The main portfolio-specific risks associated with the non-NHG Subfund are:

Concentration risk:

If multiple investments are made in the same sector, geographical area or investment category, concentrations can occur in these sectors, areas or categories resulting in a risk that this concentration will make the investment portfolio as a whole more sensitive to general and specific market movements in these sectors, areas and categories. The Subfund Manager will seek to limit the risk to the investor to an acceptable level by maintaining a certain degree of geographical spread between the investments. There is also a large number of mortgagors. A concentration limit of 50% applies to interest-only mortgages.

Mortgage portfolio by product	30-06-2019	31-12-2018
Annuity	66.43%	64.94%
Interest-only	28.75%	30.03%
Straight-line	4.82%	5.03%

Table 13: portfolio breakdown by product

Mortgage portfolio by province	30-06-2019	31-12-2018
Drenthe	2.48%	2.39%
Flevoland	0.96%	1.05%
Friesland	1.41%	1.48%
Gelderland	11.77%	12.07%
Groningen	1.55%	1.54%
Limburg	5.68%	5.21%
North Brabant	15.43%	15.07%
North Holland	16.52%	16.29%
Overijssel	5.18%	4.92%
South Holland	18.40%	17.92%
Utrecht	12.16%	12.06%
Zeeland	2.57%	2.41%
Other (new developments)	5.89%	7.59%

Table 14: portfolio breakdown by province

The percentages in the above and below tables have been calculated based on nominal loan amounts.

Credit risk:

The Subfund invests in fixed-interest securities that are characterized by a credit risk. The value of investments in fixed-interest securities is affected by positive or negative developments in the creditworthiness of the debtor. A deterioration in creditworthiness can potentially mean that the debtor no longer meets his or her obligations.

Stringent selection criteria are applied when including mortgage claims in the fund, including with regard to the Loan-to-Value ratio (maximum of 100% since 1 January 2018, maximum of 106% for investments in energy-saving features) and interest-only percentage limits.

The following overview shows a breakdown of the portfolio by loan size. One of the selection criteria for the Subfund is a maximum mortgage sum of € 1 million.

Breakdown by remaining debt (%)	30-06-2019	31-12-2018
Less than 100,000	0.98%	1.15%
100,001 – 200,000	6.93%	7.11%
200,001 – 300,000	26.85%	28.10%
300,001 – 400,000	34.10%	32.69%
400,001 – 500,000	16.04%	15.64%
500,001 – 600,000	8.47%	8.40%
600,001 – 700,000	3.89%	3.76%
700,001 – 800,000	1.94%	2.24%
>800,000	0.80%	0.91%

Table 15: portfolio breakdown by remaining debt

No losses occurred within the portfolio in the first half-year of 2019. There were no arrears of more than three months as at 30-06-2019.

Interest-rate risk:
The value of the investments is sensitive to changes in the market interest rate. Rising interest rates will generally lead to a fall in the value of the mortgage portfolio. The following overview shows a breakdown of the portfolio by fixed-rate term:

Breakdown by fixed-rate term (%)	30-06-2019	31-12-2018
Shorter than one year	1.02%	0.76%
Between 1 and 5 years	0.45%	0.37%
Between 5 and 10 years	20.51%	23.94%
Between 10 and 15 years	4.00%	3.82%
Between 15 and 20 years	61.18%	59.29%
Between 20 and 25 years	0.94%	0.83%
Between 25 and 30 years	11.90%	10.99%

Table 16: portfolio breakdown by fixed-rate term

The effective duration of the portfolio, taking into account moving and early repayment options, was 9.8 as at 30-06-2019 (31-12-2018: 9.8).

The following overview shows a breakdown of the portfolio by mortgage interest rate at lending level.

Breakdown by coupon %	30-06-2019	31-12-2018
1.0 % - 1.5 %	0.15%	0.11%
1.5 % - 2.0 %	4.33%	5.10%
2.0 % - 2.5 %	19.17%	21.60%
2.5 % - 3.0 %	63.60%	56.84%
>3.0 %	12.75%	16.35%

Table 17: portfolio breakdown by coupon

In Control statement

AO/IC statement

The Manager's description of its business operations meets the requirements of the Financial Supervision Act (Wet op het financieel toezicht, "Wft"). The Manager has reviewed various aspects of its business operations during the past financial year. In the course of these activities, there have been no findings that would lead to the conclusion that the description of the structure of the business operations does not meet the requirements as set out in the Wft and related legislation.

The Manager has also not come across any findings that indicate that the business operations do not function effectively or not in accordance with the description. We therefore declare with a reasonable degree of certainty that the business operations functioned in accordance with the stated description in the first half-year of 2019.

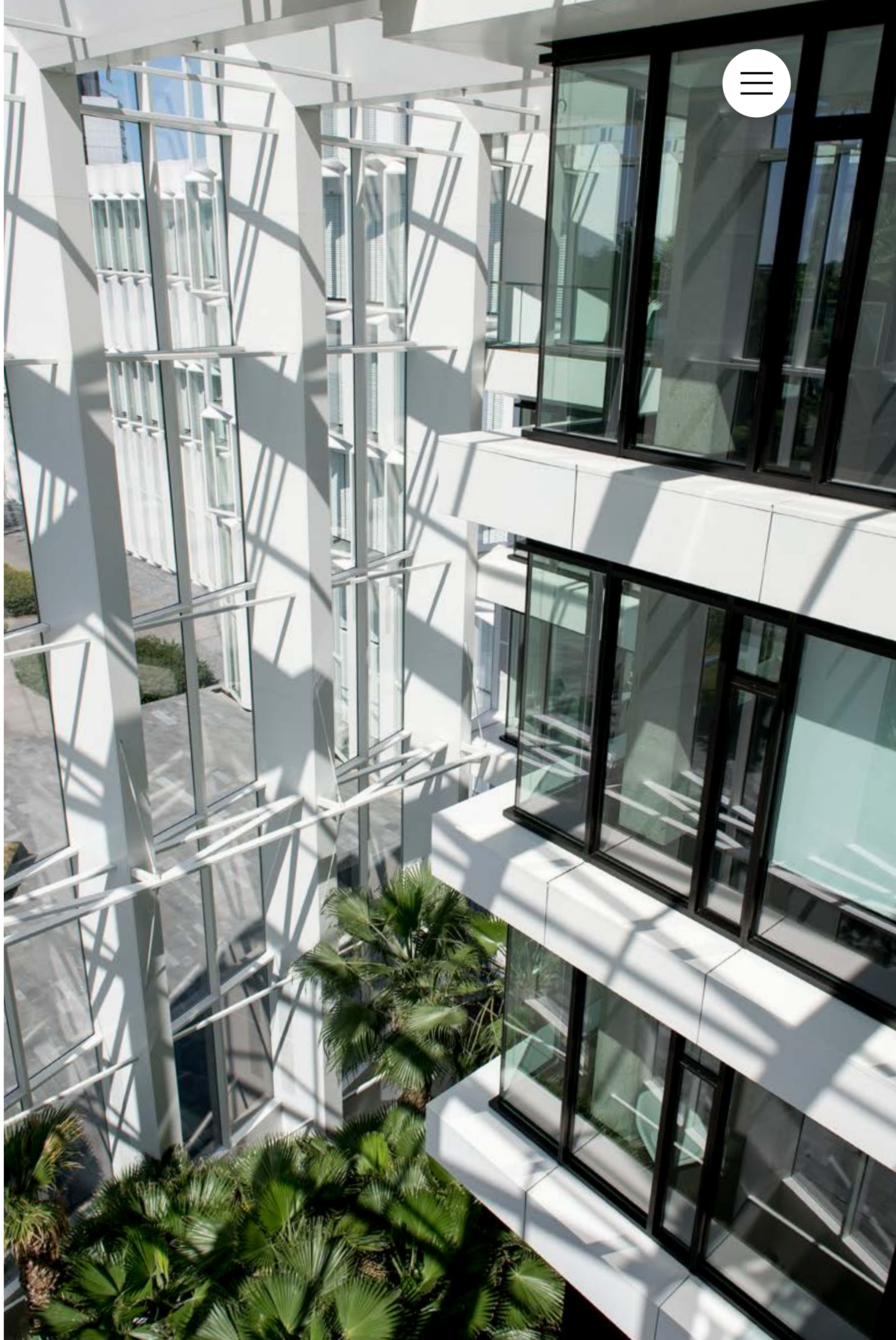
The Fund's asset management is carried out by ASR Nederland N.V. staff employed by the Manager under an employee loan agreement. The Manager has issued an ISAE 3402 Type II report on 2018 and has obtained an external audit opinion on this. The opinion confirms the Manager's view regarding the investment and other processes. For 2019, the Manager will also opt for the external audit opinion in the ISAE 3402 Type II report.

Utrecht, 28 August 2019

ASR Vermogensbeheer N.V.

On behalf of ASR Mortgage Fund

The management,
Mr. J.T.M. Julicher (director)
Mr. J.J.M. de Wit (director)
Mr. M.R. Lavooi (director)
Mr. R.S. Gokoel (CFRO)



Interim financial statements
For the six-month period ended 30 June 2019

Subfund with Dutch National Mortgage Guarantee

Balance sheet

Balance sheet as at 30 June 2019 (before appropriation of the result x €1,000)

Balance sheet	30-06-2019	31-12-2018	Reference
Investments			
Mortgages	735.192	449.155	
Total investments	**735.192**	**449.155**	**1**
Receivables	16.021	8.211	2
Other assets			
Cash and cash equivalents	325	167	3
Current liabilities	-12.047	-5.766	4
Receivables and other assets less current liabilities	**4.299**	**2.612**	
Assets less current liabilities	**739.491**	**451.767**	
Issued participation capital	719.873	444.232	
Other reserves	2.471	-4.432	
Unappropriated result	17.147	11.967	
Total Net Assets	**739.491**	**451.767**	**5**

Profit and loss account

Profit and loss account for the period from 1 January 2019 until 30 June 2019
(x € 1.000)

Balance sheet	01-01-2019 to 30-06-2019	01-01-2018 to 30-06-2018	Reference
Investment income	6.725	2.905	7
Realized changes in the value of investments	-	4	8
Unrealized changes in the value of investments	14.410	-2.728	8
Other income	-2.701	-534	9
Total operating income	**18.434**	**-353**	
Management fee	1.285	-545	
Other expenses	-2		
Total operating expenses	**-1.287**	**-545**	**10**
Profit after tax	**17.147**	**-898**	

Cashflow statement

Cashflow statement for the period 1 January 2019 to 30 June 2019 (x €1,000)
Prepared according to the indirect method

Cashflow statement	01-01-2019 to 30-06-2019	01-01-2018 to 30-06-2018	Reference
Total investment result	17.147	-898	
Changes in the value of investments	-14.410	2.724	1
Change in provision for credit losses	2	0	1
Acquisition of investments (-)	-286.242	-224.091	1
Sales of investments (+)	14.613	4.623	1
Increase (-)/Decrease (+) in receivables	-7.810	-5.243	2
Increase (+)/Decrease (-) in liabilities	6.281	4.573	4
Net cash flow from investment activities	**-270.419**	**-218.312**	
Issue of participations	276.780	220.429	5
Redemption of participations	-1.139	-	5
Dividend payment	-5.064	-1.981	
Net cash flow from financing activities	**270.577**	**318.448**	
Movement in cash and cash equivalents	**158**	**136**	
Cash and cash equivalents per January 1	167	20	3
Cash and cash equivalents per June 30	325	156	3
Movement in cash and cash equivalents	**158**	**136**	

Principles of valuation and determination of results

General
The ASR Mortgage Fund ('the Fund') is a mutual fund. The Fund consists of two Subfunds with their own risk profiles:

- The Subfund with NHG (National Mortgage Guarantee). This Subfund only includes mortgage receivables with a National Mortgage Guarantee (lower risk profile). This Subfund was established on 12 May 2017;
- The Subfund without NHG (National Mortgage Guarantee). This Subfund only includes mortgage receivables without a National Mortgage Guarantee (higher risk profile). This Subfund was established on 21 March 2017.

The semi-annual report of the Subfund is prepared in accordance with Guideline 615 'Investment Institutions' of the Dutch Accounting Standards Board, in Title 9, Book 2, of the Dutch Civil Code (Burgerlijk Wetboek, "BW") and in the Financial Supervision Act. All amounts included in the semi-annual report are in thousands of euros, unless stated otherwise. The amounts stated in the tables are rounded figures, therefore rounding differences may occur. The Manager compiled the interim financial statements on 28 August 2019.

Reporting period and comparative figures
The semi-annual report covers the period from 1 January 2019 to 30 June 2019. The data for the period 1 January 2018 to 30 June 2018 have been included in the income statement and the cashflow statement as comparative figures.

Foreign Currency
Transactions in foreign currency are converted at the rate of exchange on the transaction date. Assets and liabilities in foreign currency are converted into euros at the rate of exchange on the balance sheet date.

Currency differences arising from the conversion are presented in the income statement under realized and unrealized changes in the value of investments. No investments in foreign currency were recorded within the Fund as at 30 June 2019.

Manager
a.s.r. vermogensbeheer is the manager within the meaning of Section 1.1 of the Financial Supervision Act (Wet op het financieel toezicht, hereinafter referred to as the "Wft"). The fund conditions have remained unchanged. The Manager is responsible for managing the fund assets in accordance with the investment policy and performing the participant administration and financial accounts. The Manager holds a license granted by the supervisory authority in accordance with Section 2:65 (1) (a) of the Wft and is included in the register kept by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, "AFM").

Custodian
Stichting Juridisch Eigenaar ASR Hypotheekfonds acts as the owner (the title holder) in a legal sense, in accordance with the general management and custody conditions, at the expense and risk of the Participants of the Fund. As set out in the Information Memorandum, the Foundation has been appointed as the Custodian of the Fund under the conditions of the Management and Custody Agreement.

Depositary
As set out in the Information Memorandum, the Manager appointed BNP Paribas Securities Services S.C.A. as the Depositary for the Fund. The Depositary is an entity under legal supervision whose legal duties include monitoring cash flows, compliance with the investment policy and ownership verification with regard to the financial assets of the investment funds.

Basis of preparation
An asset will be recognized in the balance sheet if it is probable that the future economic benefits will flow to the Fund and its value can be reliably determined. A liability will be recognized in the balance sheet if it is probable that its settlement can be associated with an outflow of funds and the extent of the amount can be reliably determined. The manner in which the asset management activities are structured may result in the legal ownership of an asset and/or liability, of which all or nearly all rights to the economic benefits and risks flow to the Fund, vesting with related parties.

Income is recognized in the profit and loss account if an increase in the economic potential associated with an increase in an asset or a decrease in a liability has taken place, the extent of which can be reliably determined. Expenses are recognized if a decrease in the economic potential associated with a decrease in an asset item or an increase in a liability has taken place, the extent of which can be reliably determined.

If a transaction results in (practically) all future economic benefits and risks with regard to an asset item or a liability being transferred to a third party, the asset item or the liability will no longer be recognized in the balance sheet. Furthermore, assets are no longer recognized in the balance sheet from the moment when the probability conditions of the future economic benefits and reliability of the value assessment can no longer be satisfied. A liability will no longer be recognized in the balance sheet from the moment when the probability conditions of the expected outflow of funds and reliability of the value assessment can no longer be satisfied.

Offsetting

A financial asset and a financial liability are netted and entered in the balance sheet as a net amount if there is a legal or contractual right to settle the asset item and the liability whilst being netted at the same time, and there is in addition the intention to settle the items in this manner. The interest income and interest expenses associated with the financial assets and liabilities entered as netted will also be recognized as netted.

Related party transactions

A related party is a party that can exert a predominant policy-setting influence on another party, or can exert a significant influence on the financial and business policy of the other party. Transactions with related parties are performed at rates in line with the market. The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Fund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price, being the fair value (see paragraph below for further explanation).

Investments

The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Fund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price, this being the fair value. At the moment of transfer the mortgages are not older than two months and therefore it is presumed that the fair value on the transfer date is equal to the nominal value. Mortgages which at the moment of transfer are more than two months old are valued at the actual value upon acquisition which differs from the nominal value.

At year-end the mortgages are also valued at their fair value. Unrealized and realized changes in the fair value of investments are recognized in the income statement. A revaluation reserve will be created for unrealized changes in fair value, insofar as the fair value exceeds the historic cost price, for the difference between the fair value and the historic cost price.

Valuation of mortgages

The fair value of the mortgages is calculated on the basis of a Discounted Cash Flow (DCF) model. The expected cash flow profile of each individual mortgage will be determined on the basis of the fixed interest duration, the mortgage interest rate, the repayment profile and expected early repayments as a result of demographic factors (for instance relocation) which are independent of the interest rate developments. The expected cash flows are discounted at the a.s.r. day rates and adjusted for optionality. The value of the mortgage-specific options are deducted from the DCF, namely (i) the relocation option (the option available to the client to take his mortgage with when relocating); this is highly dependent on the interest rate, and (ii) the early repayment option (the option available to the client to repay the mortgage early without a penalty); this option is partly driven by the interest rate and partly dependent on consumer trends, and

(iii) the offer risk. No deduction for origination costs are included in the discount rate and these costs form part of the management fee (see 'Management fee'). The representativity of the a.s.r. day rates is validated on monthly basis with reference to the average top 10 lowest day rates as observed in the market. In case the a.s.r. day rates are outside the predetermined bandwidth compared to the average day rates, these rates will be adjusted in accordance with a fixed margin or surcharge.

For mortgages with payment arrears in excess of 90 days a provision is made amounting to the expected loss which will be deducted from the fair value of mortgages.

Cash and cash equivalents

Bank account credit balances are stated at fair value, which is the nominal value. Cash and cash equivalents include current account credit balances with banks, any cash at bank and in hand and outstanding time and other deposits insofar as not included in the investments.

Other assets and liabilities

Receivables are initially stated at fair value, including transaction costs. Receivables are subsequently revalued at amortized cost based on the effective interest method, without deducting impairment losses. Provisions are determined on the basis of individual assessment of the recoverability of the receivables.

Current liabilities, accruals and deferred income are initially stated at fair value. Current liabilities, accruals and deferred income are subsequently revalued at amortized cost based on the effective interest method. If there is no premium or discount and there are no transaction costs, the amortized cost is equal to the nominal value of the debt

Determination of result

The result is determined as the difference between the income and the expenditure. Income and expenditure are allocated to the period to which they relate. Results in foreign currencies are translated into euros at the exchange rates applicable on the transaction date.

Changes in the value of investments

Realized changes in value are determined by deducting the average cost price (including purchase costs) from the sales proceeds (including selling costs). Unrealized changes in value are determined by deducting the average cost price (including purchase costs) from the balance sheet value at the end of the financial year.

The realized and unrealized changes in value of investments are presented in the period to which they relate as realized or unrealized changes in the value of investments respectively under investment income in the income statement.

The changes in fair value of mortgages are in principle always unrealized since the mortgages are held to the end of the period of maturity, with the exception of the early repayment of the mortgages by the mortgagor.

Any purchase and sales costs of investments are included in the cost price or deducted respectively from the sales proceeds of the respective investments and therefore form part of the changes in fair value of investments.

Income tax

The Subfund is a closed-end mutual fund and tax transparent, meaning that the fund is not tax liable for income tax and is not subject to the payment of dividend tax.

Management fee

Costs are charged to the Fund by the Manager for the management of the Fund Assets. The provisions made are transferred to the Manager on a monthly basis. The amount of the management fee for each Subfund is 0.45% on an annual basis. This management fee serves also to cover the costs which are payable by a.s.r. vermogensbeheer with regard to origination of mortgages and servicing the mortgage portfolio.

Costs on the issue and redemption of Participations

The Fund will not charge any costs on the issue and redemption of Participations. Mortgages are produced for the benefit of the new client on the basis of a commitment, therefore upon issuance of Participations the offer risk is exclusively allocated to the new Participant. The number of Participations to be issued is calculated on the basis of the fair value of the new mortgages to be purchased. The offer risk relates to the difference between the purchase value of the Participations (on the basis of the fair value of the new mortgages to be purchased) less the value of the amount paid by the new Participant. This difference is recognized under 'Other operating income'.

Cashflow statement

The cashflow statement has been prepared according to the 'indirect method', whereby a distinction is made between cash flows from investment and financing activities. Cash and cash equivalents relate to credit balances with banks that are available on demand. In the cash flow from investment activities, the result is adjusted for costs that are not expenditure and proceeds that are not revenue.

Notes to the balance sheet and profit and loss account

1. Investments

The investments can be broken down as follows (x €1,000):

Investments	30-06-2019	31-12-2018
Mortgages	735.194	449.155
Provision for credit losses	-2	-
Total investments	**735.192**	**449.155**

The movement in investments during the reporting period was as follows (x €1,000):

Movement schedule of investments					
	Fair Value 01-01-2019	Purchases	Repayments	Revaluation	Fair Value 30-06-2019
Mortgages	449.155	286.242	-14.613	14.410	735.194
Total	**449.155**	**286.242**	**-14.613**	**14.410**	**735.194**

Movement schedule of investments					
	Fair Value 01-01-2018	Purchases	Repayments	Revaluation	Fair Value 30-06-2018
Mortgages	129.228	326.541	-13.125	6.511	449.155
Total	**129.228**	**326.541**	**-13.125**	**6.511**	**449.155**

The net present value calculation is used for the valuation of mortgages. Please refer to the principles of value calculation for the assumptions applied to this connection. At 30 June 2019 the provision for credit losses amounted to € 2 (31 December 2018: € 0).

2. Receivables

The receivables have a term of less than one year and can be broken down as follows (x €1,000):

Receivables	30-06-2019	31-12-2018
Mortgage debtors	18	7
Amounts receivable for construction depots	11.722	5.567
Mortgage interest receivable	1.421	898
Other mortgage receivables	2.860	1.739
Total	**16.021**	**8.211**

The construction depots amounts payable relate to the amounts to be settled with the mortgagor on account of the construction depot. When mortgages are purchased from ASR Levensverzekering N.V., the full amount including the construction depot will be settled. The payments from the construction depot to the mortgagors are subsequently settled with the mortgagors via ASR Levens-verzekering N.V. The receivable of the Fund from ASR Levensverzekering N.V. is recognized as ' Construction depot amounts receivable'. Other mortgage receivables relate mostly to mortgage repayments of the preceding month.

3. Cash and cash equivalents

Cash and cash equivalents concerns credit balances with banks that are available on demand.

4. Current liabilities

The current liabilities all have a term of less than one year and can be broken down as follows (x €1,000):

Current liabilities	30-06-2019	31-12-2018
Management fee payable	-263	-171
Construction depots amounts payable	-11.722	-5.567
Other liabilities	-62	-28
Total	**-12.047**	**-5.766**

The construction depots amounts payable relate to the amounts to be settled with the mortgagor on account of the construction depot.

5. Issued participation capital, unappropriated result and other reserves

Multi-year overview Subfund with NHG

Net Asset Value	30-06-2019	31-12-2018	31-12-2017
Fund Net Assets (x € 1.000)	739.491	451.767	129.752
Number of participations	71.515	44.453	12.818
Net Asset Value in euros per participation	10.340,43	10.162,87	10.123,10

For investments for which no frequent market quotation is available, a revaluation reserve must be formed for unrealized changes in fair value - insofar as the fair value exceeds the historic cost price. As at 30 June 2019 this amounts to € 23.652 (31-12-2018: € 9.242).

The development of the subscribed participation (Unit) capital during the period under review is as follows (x €1,000):

Issued participation capital	01-01-2019 to 30-06-2019	01-01-2018 to 31-12-2018
Balance at the start of the reporting period	444.232	128.379
Issued during the reporting period	276.780	341.896
Repaid to participants during the reporting period	-1.139	-26.043
Balance at the end of the reporting period	**719.873**	**444.232**

The movement in the number of participations during the reporting period was as follows:

Movement schedule of number of Participations	Number 01-01-2019	Issue	Redemp-tion	Number 30-06-2019
Subfund with NHG	44.453	27.174	-112	71.515

Movement schedule of number of Participations	Number 01-01-2018	Issue	Redemp-tion	Number 30-06-2018
Subfund with NHG	12.818	34.251	-2.616	44.453

The movement in other reserves during the reporting period was as follows (x €1,000):

Other reserves	01-01-2019 to 30-06-2019	01-01-2018 to 31-12-2018
Balance at the start of the reporting period	-4.432	-282
Addition in the reporting period	11.967	1.655
Dividend payment	-5.064	-5.805
Balance at the end of the reporting period	**2.471**	**-4.432**

The movement in unappropriated result during the reporting period was as follows (x €1,000):

Unappropriated result	01-01-2019 to 30-06-2019	01-01-2018 to 31-12-2018
Balance at the start of the reporting period	11.967	1.655
Profit distribution in the previous financial year	-11.967	-1.655
Unappropriated result of the current financial year	17.147	11.967
Balance at the end of the reporting period	**17.147**	**11.967**

6. Contingent assets and liabilities

There are no contingent assets and liabilities

7. Investment income

The investment income can be specified as follows (x €1,000):

Investment income	01-01-2019 to 30-06-2019	01-01-2018 to 31-12-2018
Interest from mortgages	6.727	2.908
Interest from cash and cash equivalents	-2	-3
Total	**6.725**	**2.905**

8. Changes in the value of investments

The realized changes in the value of the investments are the results from sales, including any selling costs. The unrealized changes in the value of investments held include any purchasing costs.

The realized changes in the value of investments can be specified as follows (x €1,000):

Realized changes in the value of investments	01-01-2019 to 30-06-2019 (positive)	01-01-2019 to 30-06-2019 (negative)	01-01-2018 to 30-06-2018 (positive)	01-01-2018 to 30-06-2018 (negative)
Mortgages	-	-	4	-
Total	**-**	**-**	**4**	**-**

The unrealized changes in the value of investments can be broken down as follows (x €1,000):

Unrealized changes in the value of investments	01-01-2019 to 30-06-2019 (positive)	01-01-2019 to 30-06-2019 (negative)	01-01-2018 to 30-06-2018 (positive)	01-01-2018 to 30-06-2018 (negative)
Mortgages	14.647	-237	-	-2.728
Total	**14.647**	**-237**	**-**	**-2.728**

9. Other income

Mortgages are produced for the benefit of the reinvestment of cash or the new client on the basis of a commitment, therefore upon issuance of Participations the offer risk is exclusively allocated to the reinvesting or new Participant. The number of Participations to be issued is calculated on the basis of the fair value of the new mortgages to be purchased. The offer risk relates to the difference between the purchase value of the Participations (on the basis of the fair value of the new mortgages to be purchased) less the value of the amount paid by the new Participant. This difference is recognized under 'Other operating income'.

10. Operating expenses

The operating expenses can be broken down as follows (x €1,000):

Operating expenses	01-01-2019 to 30-06-2019	01-01-2018 to 30-06-2018
Management fee	-1.285	-545
Other expenses	-2	-
Total	**-1.287**	**-545**

Other expenses refer to the change in the provision for credit losses.

Total Expense Ratio (TER)			
	Information Memorandum	01-01-2019 to 30-06-2019	01-01-2018 to 30-06-2018
Subfund with NHG	0,45%	0,45%	0,45%

The Total Expense Ratio (TER) includes all costs charged to the Fund in the period under review including the management and service fee of the underlying funds and pools, excluding the interest charges, any taxes and transaction costs as a result of the acquisitions and disposals of investments which the Subfund carries out. The TER is calculated by dividing the total costs in the period under review by the average net asset value of the Subfund.

The average net asset value of the Fund is the sum of the net asset values divided by the number of times at which the net asset value is calculated during the reporting year. The net asset value is calculated twice a month for the mortgage fund. The number of measurement points is considered as the weighted average.

Portfolio Turnover Rate (PTR)		
	01-01-2019 to 30-06-2019	01-01-2018 to 30-06-2018
Subfund with NHG	4,00%	3,40%

The Portfolio Turnover Ratio (PTR) provides an indication of the turnover rate of the investments relative to the average fund capital and is a benchmark for the degree to which an investment policy is active. For example, a turnover ratio of 200 indicates that purchase and sales transactions amounting to twice the value of the average fund capital have been executed in addition to purchase and sales transactions resulting from subscriptions and redemptions.

In the calculation used, the turnover is equal to the sum of purchases and sales of investments in the reporting period less the sum of issues and redemptions of participations. This includes all investment categories except deposits with an original term of less than one month. The PTR is determined by the turnover expressed as a percentage of the average Net Asset Value of the Subfund, calculated in the same way as when determining the TER for the reporting period.

Related party transactions

The Subfund has the following relations with related parties:

- a.s.r. vermogensbeheer is the Manager of the Fund and charges a management fee;
- The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Subfund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price, this being the fair value. The total value of the acquisitions during the financial year is evident from the movement schedule of investments.
- Group companies of ASR Nederland participate for an amount of € 31,2 million in the Subfund with NHG (3.020 participations).

Transactions with related parties are performed at rates in line with the market.

Personnel

The Manager does not employ any personnel. As at 30 June 2019 153 employees and 149 FTEs were subcontracted by a.s.r. vermogensbeheer pursuant to an employee loan agreement with ASR Nederland N.V. The personnel expenses, which are charged to a.s.r. vermogensbeheer consist entirely of fixed remuneration (AIFMD Article 22, paragraph 2 e). The Manager does not share in the investment performance as remuneration for the management of the investment funds and, hence, there is no issue related to 'carried interest' (the share of the profit of the Fund intended for the Manager of the Fund as remuneration for the management). The salary expenses of the Directors are included in the recharged personnel expenses, which are charged to a.s.r. vermogensbeheer based on a fixed distribution formula.

The table below includes the total remuneration with regard to the employees loaned by the Manager (numbers according to the year-end position). Allocation of these amounts to the fund is not possible since relevant information is not available. Further information about the remuneration policy is included on the website (www.asr.nl).

Personnel costs (x € 1)	01-01-2019 to 30-06-2019	Beneficiaries
Management Board	397.419	3
Identified Staff	230.182	2
Employes	9.423.261	148
Total	**10.050.862**	**153**

Other

Entry charges, exit charges, management fees and service fees are exempt from VAT.

Profit appropriation
Following the adoption of the annual report, the profit is added to the other reserves as part of the fund assets.

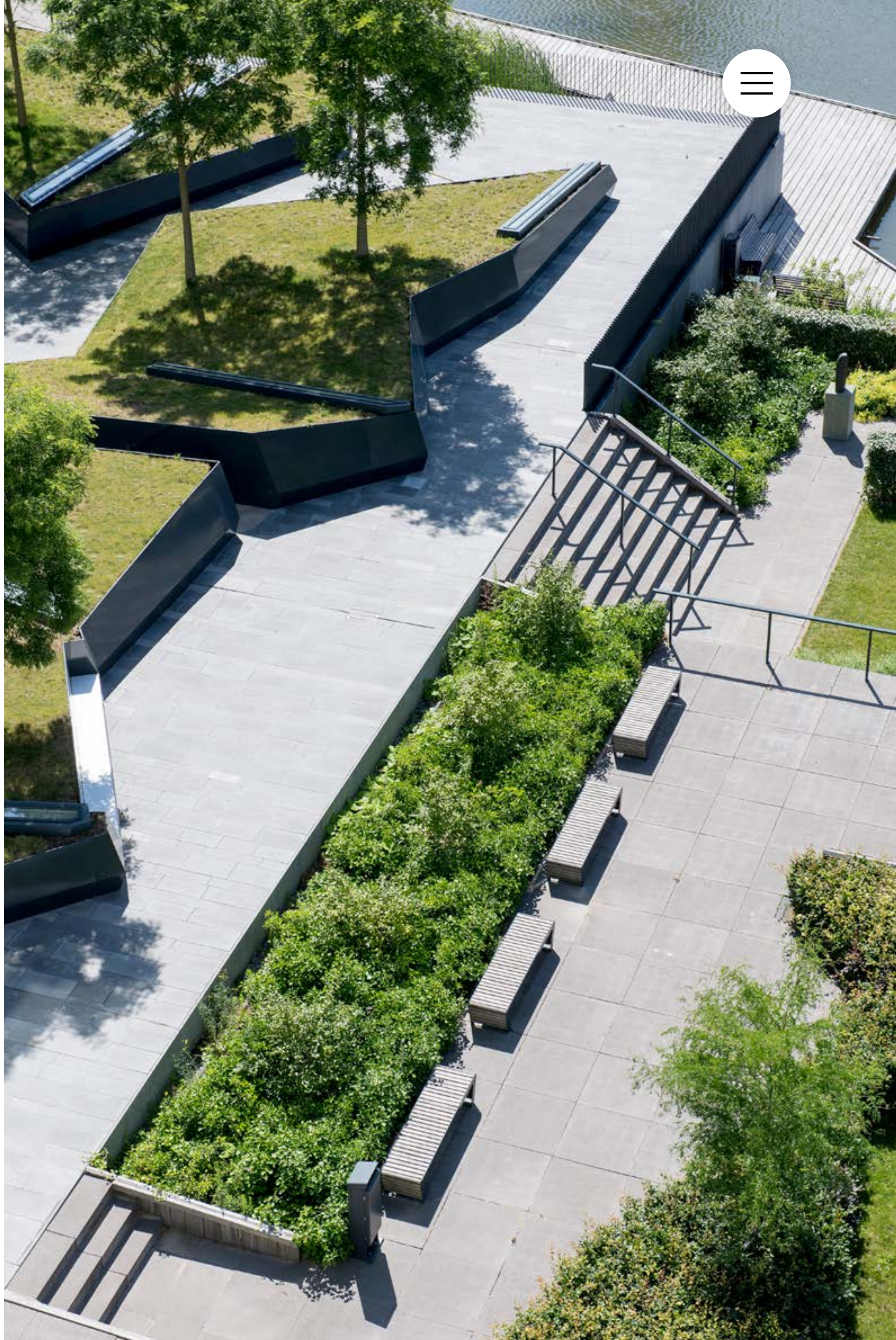
Proposed dividend
Every month the Subfund pays the interest result of the previous month to the Participants, which is equal to the interest received less the interest paid and the management fee. Upon adoption of the annual report the interest result on an annual basis will be determined and following on from this any surplus / deficit will be settled with the Participants.

Events subsequent to the balance sheet date
No events occurred in the period up to the preparation of this semi-annual report that require any changes or explanatory notes to the interim financial statements.

SIGNING OF THE INTERIM FINANCIAL STATEMENTS
Utrecht, 28 August 2019

ASR Vermogensbeheer N.V.
On behalf of Subfund with NHG

The management,
Mr. J.T.M. Julicher (director)
Mr. J.J.M. de Wit (director)
Mr. M.R. Lavooi (director)
Mr. R.S. Gokoel (CFRO)



Other information

Interim financial statements
For the six-month period ended 30 June 2019

Subfund without Dutch National Mortgage Guarantee

Balance sheet

Balance sheet as at 30 June 2019 (before appropriation of the result x €1,000)

Balance sheet	30-06-2019	31-12-2018	Reference
Investments			
Mortgages	2.015.512	1.436.163	
Total investments	**2.015.512**	**1.436.163**	**1**
Receivables	70.394	65.483	2
Other assets			
Cash and cash equivalents	893	928	3
Current liabilities	-57.557	-56.574	4
Receivables and other assets less current liabilities	**13.730**	**9.837**	
Assets less current liabilities	**2.029.242**	**1.446.000**	
Issued participation capital	1.972.261	1.435.645	
Other reserves	-6.858	-10.734	
Unappropriated result	63.839	21.089	
Total Net Assets	**2.029.242**	**1.446.000**	**5**

Profit and loss account

Profit and loss account for the period from 1 January 2019 until 30 June 2019
(x € 1.000)

Balance sheet	01-01-2019 to 30-06-2019	01-01-2018 to 30-06-2018	Reference
Investment income	22.015	7.874	7
Realized changes in the value of investments	-	-	8
Unrealized changes in the value of investments	52.979	2.707	8
Other income	-7.309	-5.497	9
Total operating income	**67.685**	**5.084**	
Management fee	-3.846	-1.377	
Total operating expenses	**-3.846**	**-1.377**	**10**
Profit after tax	**63.839**	**3.707**	

Cashflow statement

Cashflow statement for the period 1 January 2019 to 30 June 2019 (x €1,000)
Prepared according to the indirect method

Cashflow statement	01-01-2019 to 30-06-2019	01-01-2018 to 30-06-2018	Reference
Total investment result	63.839	3.707	
Changes in the value of investments	-52.979	-2.707	1
Acquisition of investments (-)	-569.160	-492.211	1
Sales of investments (+)	42.790	13.736	1
Increase (-)/Decrease (+) in receivables	-4.911	-23.096	2
Increase (+)/Decrease (-) in liabilities	983	20.144	4
Net cash flow from investment activities	**-519.438**	**-480.427**	
Issue of participations	544.458	486.405	5
Redemption of participations	-7.842	-	5
Dividend payment	-17.213	-5.643	
Net cash flow from financing activities	**519.403**	**480.762**	
Movement in cash and cash equivalents	**-35**	**335**	
Cash and cash equivalents per January 1	928	107	3
Cash and cash equivalents per June 30	893	442	3
Movement in cash and cash equivalents	**-35**	**335**	

Principles of valuation and determination of results

General
The ASR Mortgage Fund ('the Fund') is a mutual fund. The Fund consists of two Subfunds with their own risk profiles:

- The Subfund with NHG (National Mortgage Guarantee). This Subfund only includes mortgage receivables with a National Mortgage Guarantee (lower risk profile). This Subfund was established on 12 May 2017;
- The Subfund without NHG (National Mortgage Guarantee). This Subfund only includes mortgage receivables without a National Mortgage Guarantee (higher risk profile). This Subfund was established on 21 March 2017.

The semi-annual report of the Subfund is prepared in accordance with Guideline 615 'Investment Institutions' of the Dutch Accounting Standards Board, in Title 9, Book 2, of the Dutch Civil Code (Burgerlijk Wetboek, "BW") and in the Financial Supervision Act. All amounts included in the semi-annual report are in thousands of euros, unless stated otherwise. The amounts stated in the tables are rounded figures, therefore rounding differences may occur. The Manager compiled the interim financial statements on 28 August 2019.

Reporting period and comparative figures
The semi-annual report covers the period from 1 January 2019 to 30 June 2019. The data for the period 1 January 2018 to 30 June 2018 have been included in the income statement and the cashflow statement as comparative figures.

Foreign Currency
Transactions in foreign currency are converted at the rate of exchange on the transaction date. Assets and liabilities in foreign currency are converted into euros at the rate of exchange on the balance sheet date. Currency differences arising from the conversion are presented in the income statement under realized and unrealized changes in the value of investments.No investments in foreign currency were recorded within the Fund as at 30 June 2019.

Manager
a.s.r. vermogensbeheer is the manager within the meaning of Section 1.1 of the Financial Supervision Act (Wet op het financieel toezicht, hereinafter referred to as the "Wft"). The fund conditions have remained unchanged. The Manager is responsible for managing the fund assets in accordance with the investment policy and performing the participant administration and financial accounts. The Manager holds a licence granted by the supervisory authority in accordance with Section 2:65 (1) (a) of the Wft and is included in the register kept by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, "AFM").

Custodian
Stichting Juridisch Eigenaar ASR Hypotheekfonds acts as the owner (the title holder) in a legal sense, in accordance with the general management and custody conditions, at the expense and risk of the Participants of the Fund. As set out in the Information Memorandum, the Foundation has been appointed as the Custodian of the Fund under the conditions of the Management and Custody Agreement.

Depositary
As set out in the Information Memorandum, the Manager appointed BNP Paribas Securities Services S.C.A. as the Depositary for the Fund. The Depositary is an entity under legal supervision whose legal duties include monitoring cash flows, compliance with the investment policy and ownership verification with regard to the financial assets of the investment funds.

Basis of preparation
An asset will be recognized in the balance sheet if it is probable that the future economic benefits will flow to the Fund and its value can be reliably determined. A liability will be recognized in the balance sheet if it is probable that its settlement can be associated with an outflow of funds and the extent of the

amount can be reliably determined. The manner in which the asset management activities are structured may result in the legal ownership of an asset and/or liability, of which all or nearly all rights to the economic benefits and risks flow to the Fund, vesting with related parties.

Income is recognized in the profit and loss account if an increase in the economic potential associated with an increase in an asset or a decrease in a liability has taken place, the extent of which can be reliably determined. Expenses are recognized if a decrease in the economic potential associated with a decrease in an asset item or an increase in a liability has taken place, the extent of which can be reliably determined.

If a transaction results in (practically) all future economic benefits and risks with regard to an asset item or a liability being transferred to a third party, the asset item or the liability will no longer be recognized in the balance sheet. Furthermore, assets are no longer recognized in the balance sheet from the moment when the probability conditions of the future economic benefits and reliability of the value assessment can no longer be satisfied. A liability will no longer be recognized in the balance sheet from the moment when the probability conditions of the expected outflow of funds and reliability of the value assessment can no longer be satisfied.

Offsetting

A financial asset and a financial liability are netted and entered in the balance sheet as a net amount if there is a legal or contractual right to settle the asset item and the liability whilst being netted at the same time, and there is in addition the intention to settle the items in this manner. The interest income and interest expenses associated with the financial assets and liabilities entered as netted will also be recognized as netted.

Related party transactions

A related party is a party that can exert a predominant policy-setting influence on another party, or can exert a significant influence on the financial and business policy of the other party. Transactions with related parties are performed at rates in line with the market. The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Fund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price, being the fair value (see paragraph below for further explanation).

Investments

The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Fund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price, this being the fair value. At the moment of transfer the mortgages are not older than two months and therefore it is presumed that the fair value on the transfer date is equal to the nominal value. Mortgages which at the moment of transfer are more than two months old are valued at the actual value upon acquisition which differs from the nominal value.

At year-end the mortgages are also valued at their fair value. Unrealized and realized changes in the fair value of investments are recognized in the income statement. A revaluation reserve will be created for unrealized changes in fair value, insofar as the fair value exceeds the historic cost price, for the difference between the fair value and the historic cost price.

Valuation of mortgages

The fair value of the mortgages is calculated on the basis of a Discounted Cash Flow (DCF) model. The expected cash flow profile of each individual mortgage will be determined on the basis of the fixed interest duration, the mortgage interest rate, the repayment profile and expected early repayments as a result of demographic factors (for instance relocation) which are independent of the interest rate developments. The expected cash flows are discounted at the a.s.r. day rates and adjusted for optionality. The value of the mortgage-specific options are deducted from the DCF, namely (i) the relocation option (the option available to the client to take his mortgage with when relocating); this is highly dependent on the interest rate, and (ii) the early repayment option (the option available to the client to repay the mortgage early without a penalty); this option is partly driven by the interest rate and partly dependent on consumer trends, and (iii) the offer risk. No deduction for origination costs are included in the discount rate and these costs form part of the management fee (see 'Management fee').

The representativity of the a.s.r. day rates is validated on monthly basis with reference to the average top 10 lowest day rates as observed in the market. In case the a.s.r. day rates are outside the predetermined bandwidth compared to the average day rates, these rates will be adjusted in accordance with a fixed margin or surcharge.

For mortgages with payment arrears in excess of 90 days a provision is made amounting to the expected loss which will be deducted from the fair value of mortgages.

Cash and cash equivalents
Bank account credit balances are stated at fair value, which is the nominal value. Cash and cash equivalents include current account credit balances with banks, any cash at bank and in hand and outstanding time and other deposits insofar as not included in the investments.

Other assets and liabilities
Receivables are initially stated at fair value, including transaction costs. Receivables are subsequently revalued at amortized cost based on the effective interest method, without deducting impairment losses. Provisions are determined on the basis of individual assessment of the recoverability of the receivables.

Current liabilities, accruals and deferred income are initially stated at fair value. Current liabilities, accruals and deferred income are subsequently revalued at amortized cost based on the effective interest method. If there is no premium or discount and there are no transaction costs, the amortized cost is equal to the nominal value of the debt

Determination of result
The result is determined as the difference between the income and the expenditure. Income and expenditure are allocated to the period to which they relate. Results in foreign currencies are translated into euros at the exchange rates applicable on the transaction date.

Changes in the value of investments
Realized changes in value are determined by deducting the average cost price (including purchase costs) from the sales proceeds (including selling costs). Unrealized changes in value are determined by deducting the average cost price (including purchase costs) from the balance sheet value at the end of the financial year.

The realized and unrealized changes in value of investments are presented in the period to which they relate as realized or unrealized changes in the value of investments respectively under investment income in the income statement.

The changes in fair value of mortgages are in principle always unrealized since the mortgages are held to the end of the period of maturity, with the exception of the early repayment of the mortgages by the mortgagor.

Any purchase and sales costs of investments are included in the cost price or deducted respectively from the sales proceeds of the respective investments and therefore form part of the changes in fair value of investments.

Income tax

The Subfund is a closed-end mutual fund and tax transparent, meaning that the fund is not tax liable for income tax and is not subject to the payment of dividend tax.

Management fee

Costs are charged to the Fund by the Manager for the management of the Fund Assets. The provisions made are transferred to the Manager on a monthly basis. The amount of the management fee for each Subfund is 0.45% on an annual basis. This management fee serves also to cover the costs which are payable by a.s.r. vermogensbeheer with regard to origination of mortgages and servicing the mortgage portfolio.

Costs on the issue and redemption of Participations

The Fund will not charge any costs on the issue and redemption of Participations. Mortgages are produced for the benefit of the new client on the basis of a commitment, therefore upon issuance of Participations the offer risk is exclusively allocated to the new Participant. The number of Participations to be issued is calculated on the basis of the fair value of the new mortgages to be purchased. The offer risk relates to the difference between the purchase value of the Participations (on the basis of the fair value of the new mortgages to be purchased) less the value of the amount paid by the new Participant. This difference is recognized under 'Other operating income'.

Cashflow statement

The cashflow statement has been formulated according to the so-called 'indirect method' making a distinction between cash flows from investment and financing activities. The cash and cash equivalents are demand deposits held by banks. With regard to the cash flow from investment activities the result is adjusted for costs not being expenditure and income not being revenue.

Notes to the balance sheet and profit and loss account

1. Investments

The investments can be broken down as follows (x €1,000):

Investments	30-06-2019	31-12-2018
Mortgages	2.015.512	378.916
Provision for credit losses	-	-
Total investments	**2.015.512**	**378.916**

The movement in investments during the reporting period was as follows (x €1,000):

Movement schedule of investments					
	Fair Value 01-01-2019	Purchases	Repayments	Revaluation	Fair Value 30-06-2019
Mortgages	1.436.163	569.160	-42.790	52.979	2.015.512
Total	**1.436.163**	**569.160**	**-42.790**	**52.979**	**2.015.512**

Movement schedule of investments					
	Fair Value 01-01-2018	Purchases	Repayments	Revaluation	Fair Value 30-06-2018
Mortgages	378.916	1.089.594	-44.206	11.859	1.436.163
Total	**378.916**	**1.089.594**	**-44.206**	**11.859**	**1.436.163**

The net present value calculation is used for the valuation of mortgages. Please refer to the principles of value calculation for the assumptions applied in this connection.
At 30 June 2019 the provision for credit losses amounted to € 0 (31 December 2018: € 0).

2. Receivables

The receivables have a term of less than one year and can be broken down as follows (x €1,000):

Receivables	30-06-2019	31-12-2018
Mortgage debtors	21	5
Amounts receivable for construction depots	56.542	55.973
Mortgage interest receivable	4.334	3.157
Other mortgage receivables	9.497	6.348
Total	**70.394**	**65.483**

When mortgages are purchased from ASR Levensverzekering N.V., the full amount including the construction depot will be settled. The payments from the construction depot to the mortgagors are subsequently settled with the mortgagors via ASR Levensverzekering N.V. The receivable of the Fund from ASR Levensverzekering N.V. is recognized as ' Construction depot amounts receivable'. Other mortgage receivables relate mostly to mortgage repayments of the preceding month.

3. Cash and cash equivalents

Cash and cash equivalents concerns credit balances with banks that are available on demand.

4. Current liabilities

The current liabilities all have a term of less than one year and can be broken down as follows (x €1,000):

Current liabilities	30-06-2019	31-12-2018
Management fee payable	-721	-540
Construction depots amounts payable	-56.542	-55.973
Other liabilities	-294	-61
Total	**-57.557**	**-56.574**

The construction depots amounts payable relate to the amounts to be settled with the mortgagor on account of the construction depot.

5. Issued participation capital, unappropriated result and other reserves

Multi-year overview Subfund without NHG

Net Asset Value	30-06-2019	31-12-2018	31-12-2017
Fund Net Assets (x € 1.000)	2.029.242	1.446.000	381.074
Number of participations	196.470	143.396	37.714
Net Asset Value in euros per participation	10.328,53	10.083,93	10.104,42

For investments for which no frequent market quotation is available, a revaluation reserve must be formed for unrealized changes in fair value - insofar as the fair value exceeds the historic cost price. As at 30 June 2019 this amounts to € 76.021 (31-12-2018: € 23.042).

The development of the subscribed participation (Unit) capital during the period under review is as follows (x €1,000):

Issued participation capital	01-01-2019 to 30-06-2019	01-01-2018 to 31-12-2018
Balance at the start of the reporting period	1.435.645	374.663
Issued during the reporting period	544.458	1.061.341
Repaid to participants during the reporting period	-7.842	-359
Balance at the end of the reporting period	**1.972.261**	**1.435.645**

The movement in the number of participations during the reporting period was as follows:

Movement schedule of number of Participations	Number 01-01-2019	Issue	Redemp-tion	Number 30-06-2019
Subfund without NHG	143.396	53.852	-778	196.470

Movement schedule of number of Participations	Number 01-01-2018	Issue	Redemp-tion	Number 30-06-2018
Subfund without NHG	37.714	105.718	-36	143.396

The movement in other reserves during the reporting period was as follows (x €1,000):

Other reserves	01-01-2019 to 30-06-2019	01-01-2018 to 31-12-2018
Balance at the start of the reporting period	-10.734	-1.388
Addition in the reporting period	21.089	7.799
Dividend payment	-17.213	-17.145
Balance at the end of the reporting period	**-6.858**	**-10.734**

The movement in unappropriated result during the reporting period was as follows (x €1,000):

Unappropriated result	01-01-2019 to 30-06-2019	01-01-2018 to 31-12-2018
Balance at the start of the reporting period	21.089	7.799
Profit distribution in the previous financial year	-21.089	-7.799
Unappropriated result of the current financial year	63.839	21.089
Balance at the end of the reporting period	**63.839**	**21.089**

6. Contingent assets and liabilities
There are no contingent assets and liabilities

7. Investment income
The investment income can be specified as follows (x €1,000):

Investment income	01-01-2019 to 30-06-2019	01-01-2018 to 31-12-2018
Interest from mortgages	22.019	7.884
Interest from cash and cash equivalents	-4	-10
Total	**22.015**	**7.874**

8. Changes in the value of investments
The realized changes in the value of the investments are the results from sales, including any selling costs. The unrealized changes in the value of investments held include any purchasing costs.

The realized changes in the value of investments can be specified as follows (x €1,000):

Realized changes in the value of investments	01-01-2019 to 30-06-2019 (positive)	01-01-2019 to 30-06-2019 (negative)	01-01-2018 to 30-06-2018 (positive)	01-01-2018 to 30-06-2018 (negative)
Mortgages	-	-	-	-
Total	-	-	-	-

The unrealized changes in the value of investments can be broken down as follows (x €1,000):

Unrealized changes in the value of investments	01-01-2019 to 30-06-2019 (positive)	01-01-2019 to 30-06-2019 (negative)	01-01-2018 to 30-06-2018 (positive)	01-01-2018 to 30-06-2018 (negative)
Mortgages	53.532	-553	2.707	-
Total	**53.532**	**-553**	**2.707**	**-**

9. Other income
Mortgages are produced for the benefit of the reinvestment of cash or the new client on the basis of a commitment, therefore upon issuance of Participations the offer risk is exclusively allocated to the reinvesting or new Participant. The number of Participations to be issued is calculated on the basis of the fair value of the new mortgages to be purchased. The offer risk relates to the difference between the purchase value of the Participations (on the basis of the fair value of the new mortgages to be purchased) less the value of the amount paid by the new Participant. This difference is recognized under 'Other operating income'.

10. Operating expenses

The operating expenses can be broken down as follows (x €1,000):

Operating expenses	01-01-2019 to 30-06-2019	01-01-2018 to 30-06-2018
Management fee	-3.846	-1.377
Total	-3.846	-1.377

Other expenses refer to the change in the provision for credit losses.

Total Expense Ratio (TER)	Information Memorandum	01-01-2019 to 30-06-2019	01-01-2018 to 30-06-2018
Subfund without NHG	0,45%	0,45%	0,45%

The Total Expense Ratio (TER) includes all costs charged to the Fund in the period under review including the management and service fee of the underlying funds and pools, excluding the interest charges, any taxes and transaction costs as a result of the acquisitions and disposals of investments which the Subfund carries out. The TER is calculated by dividing the total costs in the period under review by the average net asset value of the Subfund.

The average net asset value of the Fund is the sum of the net asset values divided by the number of times at which the net asset value is calculated during the reporting year. The net asset value is calculated twice a month for the mortgage fund. The number of measurement points is considered as the weighted average.

Portfolio Turnover Rate (PTR)	01-01-2019 to 30-06-2019	01-01-2018 to 30-06-2018
Subfund without NHG	3,46%	3,18%

The Portfolio Turnover Ratio (PTR) provides an indication of the turnover rate of the investments relative to the average fund capital and is a benchmark for the degree to which an investment policy is active. For example, a turnover ratio of 200 indicates that purchase and sales transactions amounting to twice the value of the average fund capital have been executed in addition to purchase and sales transactions resulting from subscriptions and redemptions.

In the calculation used, the turnover is equal to the sum of purchases and sales of investments in the reporting period less the sum of issues and redemptions of participations. This includes all investment categories except deposits with an original term of less than one month. The PTR is determined by the turnover expressed as a percentage of the average Net Asset Value of the Subfund, calculated in the same way as when determining the TER for the reporting period.

Related party transactions

The Subfund has the following relations with related parties:

- a.s.r. vermogensbeheer is the Manager of the Fund and charges a management fee;
- The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Subfund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price, this being the fair value. The total value of the acquisitions during the financial year is evident from the movement schedule of investments.
- Group companies of ASR Nederland participate for an amount of € 279,9 million in the Subfund without NHG (27.099 participations).

Transactions with related parties are performed at rates in line with the market.

Personnel

The Manager does not employ any personnel. As at 30 June 2019 153 employees and 149 FTEs were subcontracted by a.s.r. vermogensbeheer pursuant to an employee loan agreement with ASR Nederland N.V. The personnel expenses, which are charged to a.s.r. vermogensbeheer consist entirely of fixed remuneration (AIFMD Article 22, paragraph 2 e). The Manager does not share in the investment performance as remuneration for the management of the investment funds and has therefore no question of 'carried interest' (the share of the profit of the Fund intended for the Manager of the Fund as remuneration for the management). The salary expenses of the Directors are included in the recharged personnel expenses, which are charged to a.s.r. vermogensbeheer based on a fixed distribution formula.

The table below includes the total remuneration with regard to the employees loaned by the Manager (numbers according to the year-end position). Allocation of these amounts to the fund is not possible since relevant information is not available. Further information about the remuneration policy is included on the website (www.asr.nl).

Personnel costs (x € 1)	01-01-2019 to 30-06-2019	Beneficiaries
Management Board	397.419	3
Identified Staff	230.182	2
Employes	9.423.261	148
Total	**10.050.862**	**153**

Other

Entry charges, exit charges, management fees and service fees are exempt from VAT.

Proposed dividend
Every month the Subfund pays the interest result of the previous month to the Participants, which is equal to the interest received less the interest paid and the management fee. Upon adoption of the annual report the interest result on an annual basis will be determined and following on from this any surplus / deficit will be settled with the Participants.

Events subsequent to the balance sheet date
No events occurred in the period up to the preparation of this semi-annual report that require any changes or explanatory notes to the interim financial statements.

SIGNING OF THE INTERIM FINANCIAL STATEMENTS
Utrecht, 28 August 2019

ASR Vermogensbeheer N.V.
On behalf of Subfund without NHG

The management,
Mr. J.T.M. Julicher (director)
Mr. J.J.M. de Wit (director)
Mr. M.R. Lavooi (director)
Mr. R.S. Gokoel (CFRO)

Other information

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