Annual Report 2020

FORMUES-
FORVALTNING

An unusual year

2020 turned out to be a very different, but also an instructive year. Shutdowns and social distancing hit the world hard. At the same time, the development and use of new, innovative solutions accelerated. Digital meetings and webinars which used to be unusual for many, are now a natural part of everyday life for most people.

When the pandemic hit the Nordic region in March last year, it was important for us to be there for clients with relevant and good advice in secure surroundings. We have gradually developed a hybrid advisory model where we combine good digital solutions with personal advisory services located where the clients are. It was impressive to see how quickly both clients and employees adapted to the new digital alternatives. The number of digital client meetings, the activity on our digital platforms and the high participation in webinars during the last year demonstrate that our hybrid advisory model makes us well equipped to deliver a good client experience even when operating conditions change quickly.

We shall contribute so our clients experience a richer life. A key task in this is to help our clients preserve and develop their wealth. Together, we form an investment strategy they can stick to regardless of how the market develops. That gives both a comfortable investment journey and, not least, good returns over time. Last year we clearly saw the value of having a diversified investment portfolio and sticking to the plans that were laid. After one of the deepest downturns the market has ever seen, the mood quickly shifted to new highs. By exploiting the market's movements to the benefit of the client, an average investment portfolio at Formuesforvaltning ended up around ten percent by the end of the year.

Despite Covid-19, the company achieved all the goals set for 2020. We had no employee layoffs, on the contrary, we added extra expertise and recruited many exciting, new talents. Our holistic advisory was expanded with specialists in pension advisory and we developed new digital solutions. Among other things, we launched a new digital wealth plan and better reporting within sustainability, where clients can follow the development in the ESG score and the CO_2 footprint in their portfolios. In the first quarter this year, we have launched several exciting functions both in the app and the web portal that will offer deeper insight into the contents of the portfolios.

Last autumn, we launched a new five-year plan for the company which, among other things, includes delivering even better advisory services to current and future clients. Very few of the new clients we meet have a wealth plan. That tells us that there is a great need for our advice. To be even better prepared to meet clients' needs in the future, we obtained two new minority shareholders in the first quarter, IK Investment Partners and ICG. The company now has an ownership structure which both maintains continuity in our vision, culture and values, and that can contribute with financial resources, networks and expertise when needed.

And finally, I would like to say thanks for all the great feedback from clients who sent us to the top for the fifth year in a row in Sifo Prospera Kantar's ranking of best companies in Private Banking in 2020. Satisfied clients are our best ambassadors and never before have we obtained as many new clients as last year.

We are inspired and motivated by the fact that our advisory and services help to make life easier and richer for more and more clients in Scandinavia. We look forward to helping even more in the years to come.

Øystein Bø
CEO

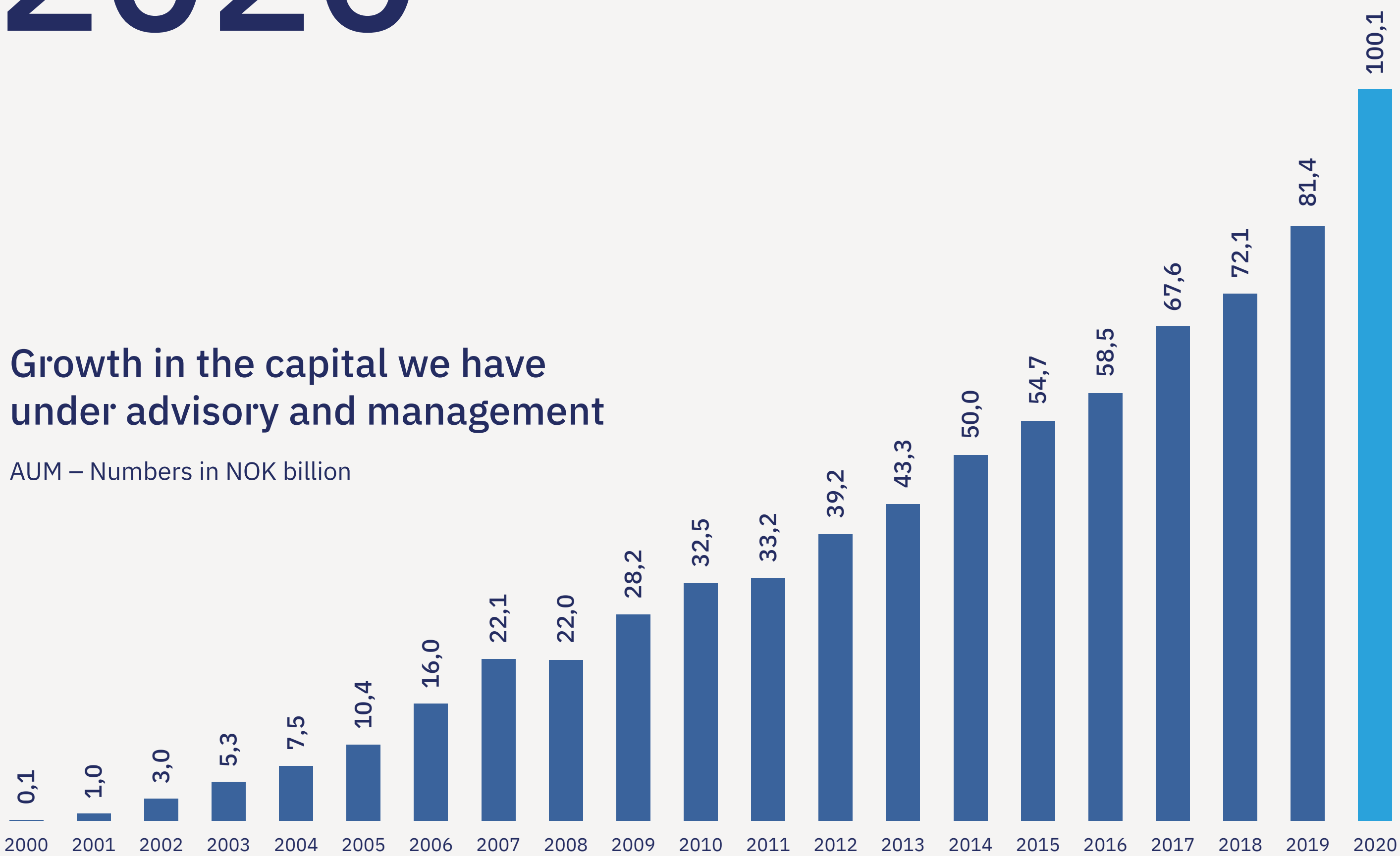
NO. 1 Voted as the best company in Private Banking five years in a row by Sifo Kantar Prospera

NOK **8.1 bn.** Client returns 2020

Highlights 2020

Growth in the capital we have under advisory and management

AUM – Numbers in NOK billion



This is how the capital increased in 2020:

NOK **81.4 bn.**
in assets under management on 01.01.2020

+

NOK **8.1 bn.**
in client returns

+

NOK **10.6 bn.**
in new capital from existing and new clients

=

NOK **100.1 bn.**
in assets under management on 31.12.2020

We build tailor made investment portfolios for each individual client after a thorough assessment of the risk profile, liquidity needs, and which goals the client has with their wealth. The client's investment portfolio consists of dozens of funds that fulfil various functions divided into three modules: stability, market growth and alternative growth. The solid investment portfolios give a more comfortable investment journey that makes it easier for the client to stick to the plans laid. In this way, they achieve better returns over time.

How we created a better client experience in 2020

"Our independence and interdiscipli-nary expertise contribute to each client getting a full overview."

Now it will soon be one year since my pension team and I joined Formuesforvaltning. It has been exciting to get to know existing and new clients. Not least, it has been nice with all the feedback about how our pension expertise is valuable for clients. Not only as a private person, but also related to the client's other roles such as the company owner and/or a business leader. Our independence and interdisciplinary expertise contribute to each client getting a full overview, ensuring a best possible foundation for making the right choices.

Alexandra Plahte
Head of pension advisory

"The uncertainty from Covid-19 brought us into closer contact with the asset managers and our confidence was strengthened."

Mathilde Ragnhildstveit
Investment analyst, private equity

As an investment analyst on the private equity team at Formuesforvaltning, I identify good investment opportunities as well as follow up existing managers where clients have invested money. The uncertainty from Covid-19 brought us into closer contact with the asset managers and our confidence was strengthened. We have had more frequent and deeper contact, especially with the asset managers who have investments in sectors heavily impacted by Covid-19. We have been impressed by the managers' ability to adapt as well as the running, tight dialogue the managers have had with the portfolio companies. It is in these trying times you see the value of a broad and good investment portfolio, with both liquid and illiquid investments.

"Financial planning doesn't end after the first plan is written."

Morten Hermansen
Business developer

I lead a team at Formuesforvaltning that has one goal in mind: to continuously improve the client experience. Last year, among other things, we launched a new digital wealth plan that summarises the advisory process in a simpler way and that clients can access from their cell phones. Financial planning does not end after the first plan is written and put in a drawer. With a digital plan, we have a tool for the advisor and client that can be used continuously in the client relationship. We have also invested heavily in data and reporting. Some solutions have already been launched and in 2021 we will see many more exciting functions for reporting and insight into your portfolio in the app and on the client website.

“We launched our first portfolio lens that provides information about how the portfolio is performing from a sustainability perspective.”

In recent years, we have worked specifically on creating further insight and transparency in our clients’ investment portfolios. In the autumn of 2020, we could finally reap the first results and we launched our first portfolio lens that provides information about how the portfolio is performing from a sustainability perspective. During 2021, we will introduce new portfolio lenses that will tell more about which funds and companies the portfolio is invested in, which sectors the portfolio covers and which countries and continents the portfolio is exposed to. Follow it in our app!

Jonas Tufte
Reporting specialist, innovation & sustainability

In the past year, I have been fortunate to get to know more young families, who have become clients of Formuesforvaltning by selling their companies. They have truly appreciated our holistic way of working with tax advice, pension planning and especially setting up important documents. One thing they have in common is starting their own companies in their early twenties and working hard for many years. By selling, they find themselves in a completely new situation early in life. They still have many years left, where they will be able to create new values and see the benefit of good cooperation with a professional advisor who will be able to preserve and develop the wealth that has been created.

Kaia Woldøen
Asset manager
Tønsberg

“They have truly appreciated our holistic way of working.”

All new clients in Formuesforvaltning receive a tax and legal review of their financial and personal situation. With that starting point, we at Formue’s legal office give advice about how you can ensure that taxes are not higher than necessary and what you potentially need to organise better. We also assess the need for a will, future power of attorney, marriage pact and a shareholder agreement. Even after more than 30 years as a legal advisor in inheritance, tax and generational shifts, it is always motivating to find and propose solutions that provide value to the clients and to future generations. This year we have worked much with clients who want more insight into the new Inheritance Act and how they should arrange their affairs if the inheritance tax returns.

Tore Fritsch
Attorney and tax expert

“This year we have worked much with clients who want more insight into the new Inheritance Act.”

This is how we work with sustainability

In 2020, we continued to work with sustainability within all parts of the business, from our own operations to capital invested. Together with the other participants in the network *Skift* (Shift) from the financial sector, we will improve climate reporting, set climate targets that can be verified and report on climate risks. We have included sustainability as part of our advisory and expanded our investment universe to better meet our clients' preferences.

Highlights of 2020

2025

Target of net zero emissions from operating activities by 2025 at the latest

2030

Target of reducing the investment portfolio's CO_2 emissions by 50 percent by 2030

Climate reporting

Launched climate reporting for each individual client's investment portfolio in the Formue app.

Integrated preferences

Integrated preferences within sustainability in the advisory

Annual climate report

The Group published an annual climate report in cooperation with Skift.

The company in 2020

Key figures from the accounts

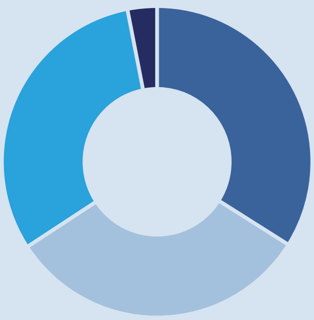
NOK million, IFRS

	2020	2019
Revenues	765	685
Operating profit (EBIT)	116	93
After-tax profit*	128	48
Total assets	734	663
Equity ratio	43%	48%

*The partial divesture of Kron, where Formuesforvaltning reduced its stake to 19%, gave net financial income of NOK 45 million. Kron continued its good trend in 2020.

Formuesforvaltning's ownership structure

On 31.12.2020



- 34% Management & employees
- 32% Ringgården
- 31% Pecunia
- 3% External

Subject to supervisory approval of the two new shareholders, the company will have four main shareholder groups from the summer of 2021, consisting of management and employees, Ringgården, IK Investment Partners and ICG.

Employees

We continue to invest more and more in our employees' skills, with increased use of video and net-based education. Every year we sponsor Executive MBAs at the Stockholm School of Economics and the Norwegian Business School in Oslo, among other schools, for selected employees. Over 16 years we have helped 36 talented candidates who have finished their secondary education take a step in their careers by spending one to two years with us as trainees. They are good ambassadors, and many return for project work. We are ranked among the 50 most attractive employers in the Universum survey.

290
Employees 31.12.2020

7
Increase in no. of employees in 2020

30%
Share of female managers

11 years
Average number of years as advisor

39%
Share of women

12
Nationalities

1,1%
Sickness absence rate

Important events

- Acquired the pension team from Gabler and we offer all clients pension advisory services.
- Keen interest from international investors to become owners and contribute to the development of the company going forward. That interest led to the company strengthening its ownership structure.
- A large number of families have received help with tax and legal reviews, including generational shifts, future power of attorney and wills.
- Frequent digital webinars with good attendance. In total, 7 700 registrations for 24 webinars.
- Formuesforvaltning Aktiv Forvaltning received a report from Finanstilsynet's on-site audit that confirmed solid internal controls and that the quality of our independent advisory fulfilled all regulatory requirements.
- Burenstam & Partners increased their total assets under advisory and management to NOK 14 billion. They are heavily prioritising holistic advisory services in 2021.
- The subsidiary Griff Kapital, which focuses on institutional clients, passed NOK 30 billion in assets under advisory.

Our framework and services

Safety

You shall feel confident that you can you live the life you desire no matter what.

Legal services, business management, digital security services, pension advisory

Preserve & develop

You shall preserve and develop what you have created for the future, and for your heirs.

Discretionary investment management, investment advisory

Create

You shall have the liberty to pursue your dreams.

Art, philanthropy

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