ROBECO

Robeco Afrika Fonds N.V.

Investment company with variable capital incorporated under Dutch law
Undertaking for Collective Investment in Transferable Se
Chamber of Commerce 24432814

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Annual report 2017

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Robeco Afrika Fonds N.V.

(investment company with variable capital, having its registered office in Rotterdam, the Netherlands)

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Management Report

General information

Legal aspects

Robeco Afrika Fonds N.V. (the 'fund') is an investment company with variable capital established in the Netherlands. The fund is an Undertaking for Collective Investment in Transferable Securities (UCITS), as referred to in Section 1:1 of the Dutch Financial Supervision Act ('Wft') and Directive 2014/91/EU dated 23 July 2014 ('UCITS V'). UCITS have to comply with certain restrictions to their investment policy in order to protect investors.
Robeco Institutional Asset Management B.V. ('RIAM') manages the fund. In this capacity, RIAM handles the asset management, administration, marketing and distribution of the fund. RIAM has been granted a license by the AFM, as referred to in Section 2:65 of the Wft. In addition, RIAM is licensed as a manager of UCITS (2:69b Wft), which includes managing individual assets and giving advice on financial instruments. RIAM is subject to supervision by the Dutch Authority for the Financial Markets ('AFM').
The assets of the fund are held in custody by Citibank Europe plc. Citibank Europe plc has been appointed custodian of the fund within the meaning of Section 4:56(1) of the Wft. The custodian is responsible for supervising the fund insofar as required under and in accordance with the applicable legislation. The manager and Citibank Europe plc have entered into a custody agreement.
The fund is subject to statutory supervision by the AFM. The fund is entered in the register, as referred to in Section 1:107 of the Wft.

Outsourcing some of the operational activities to J.P. Morgan

On 24 January 2018, Robeco announced that it would be outsourcing some of its operational and administrative activities to J.P. Morgan. This decision forms part of Robeco's 2017-2021 Strategic Plan, which anticipates further international growth for both the investment and client-servicing activities. J.P. Morgan will be Robeco's service provider for fund administration, operational activities, custody, transfers and securities lending.
The operational activities carried out by Robeco, established in Rotterdam, are currently being performed at a cost that is well within the competitive range. Given the developments in the sector and Robeco's global ambitions, the company would, however, have to invest an ever-increasing amount in order to continue performing these activities in the same manner. After receiving approval from the relevant regulatory authorities, the outsourcing process may take up to two years to complete.
J.P. Morgan has a global network and will perform operational activities on Robeco's behalf at multiple locations and in multiple time zones. This will enable Robeco to make smarter use of its global activities to support trade. By taking advantage of the global network, the technology and performance capacity of J.P. Morgan, Robeco will be better equipped to adapt to the changing market and to develop advanced financial instruments and products, so that it can keep offering investment solutions geared to the client, both now and in the future. By outsourcing these activities, Robeco will also be able to respond more quickly to the client requests it receives from all the different time zones.
Neither the investment policy or investment teams will change as a result of outsourcing the operational activities. The client portfolios will still be managed according to their current investment policy by the responsible portfolio managers and teams of portfolio managers. All portfolio managers will remain dedicated to delivering the best possible investment results to Robeco's clients.

Share classes

The ordinary shares are divided into two series, both of which are open. Each series is designated as a share class. The series include the following share classes:
Share class A: Robeco Afrika Fonds
Share class B: Robeco Afrika Fonds - EUR G (opened on 3 October 2013).

The management fee for the Robeco Afrika Fonds - EUR G share class (without distribution fee) is lower than for the Robeco Afrika Fonds share class.

Allocation to share classes

The administration of the fund is such that allocation of the results to the different share classes takes place on a daily basis and pro rata. Issues and repurchases of own shares are registered per share class. The differences between the various share classes are explained in notes 10, 12 and 15 in the financial statements.

Tax features

On the basis of Section 28 of the Dutch Corporate Income Tax Act, the fund has the status of a fiscal investment company. This means that 0% corporate-income tax is due, providing that, after deducting 15% in Dutch dividend tax, the fund makes its profit available for distribution to shareholders in the form of dividend within eight months of the close of the financial year and satisfies any other relevant regulations.

Liquidity of ordinary shares

The fund is an open-end investment company, meaning that, barring exceptional circumstances, it issues and repurchases ordinary shares on a daily basis at prices approximating net asset value, augmented or reduced by a limited surcharge or discount. The only purpose of this surcharge or discount is to cover the costs made by the fund related to the entry and exit of investors. The maximum current surcharge or discount is 1.00%. The surcharges and discounts are recognized in the profit and loss account.

The Robeco Afrika Fonds and the Robeco Afrika Fonds - EUR G share class are listed on Euronext Amsterdam[1], Euronext Fund Service segment.

Key investor information and prospectus

A prospectus and key-investor-information document with information on the fund, the costs and the risks are available for Robeco Afrika Fonds N.V. Both documents can be obtained free of charge from the fund offices or via www.robeco.com.

Information for investors in the respective countries

The information below applies only to investors in the respective countries.

Representative and paying agent in Germany

State Street Bank GmbH - Frankfurt Branch (Agent Fund Trading), Solmsstrasse 83, D-60486 Frankfurt am Main is the fund's appointed representative in Germany. The information address for Germany is Robeco Deutschland, Taunusanlage 17, D-60325 Frankfurt am Main. The prospectus, the Articles of Association and the annual/semi-annual reports may be obtained free of charge from the information address. The prices at which shares are bought and sold are published on www.robeco.de.

Financial services in Belgium

CACEIS Belgium N.V., Havenstraat 86C Bus 320, 1000 Brussels, is appointed as financial services provider in Belgium. The most recent periodic reports, the prospectus and the Key Investor Information and other information about the fund are available from them in Dutch and English.

Translations

This report is also published in Dutch and English. Only the original Dutch edition is binding and will be submitted to the General Meeting of Shareholders. The original financial statements were drafted in Dutch. This document is an English translation of the original. In the case of any discrepancies between the English and the Dutch text, the latter will prevail.

Depending on the distributor, investments can be made in Robeco Afrika Fonds or Robeco Afrika Fonds - EUR G.

Key figures per share class

Overview 2013-2017

Robeco Afrika Fonds	2017	2016	2015	2014	2013	Average
Performance in % based on:						
– Market price [1,2]	14.5	8.7	-18.1	5.1	6.8	2.7
– Net asset value [1,2]	14.6	6.9	-17.3	4.4	7.7	2.7
50% MSCI EFM Africa ex South Africa (Net Return) + 50% MSCI South Africa (Net Return) [3]	13.4	8.5	-13.0	14.7	1.7	4.6
Dividend in euros [4]	2.20	3.00 [7]	3.80	4.00	1.60	
Total net assets [5]	13	11	15	16	44	

Robeco Afrika Fonds - EUR G	2017	2016	2015	2014	2013 [6]	Average
Performance in % based on:						
– Market price [1,2]	15.5	9.7	-17.4	6.1	2.7	3.1
– Net asset value [1,2]	15.6	7.9	-16.5	5.3	4.8	3.3
50% MSCI EFM Africa ex South Africa (Net Return) + 50% MSCI South Africa (Net Return) [3]	13.4	8.5	-13.0	14.7	3.6	5.8
Dividend in euros [4]	3.00	4.00 [7]	3.60	3.00	1.40	
Total net assets [5]	26	28	33	45	15	

[1] Possible differences between the performance based on market price and on net asset value are caused by the fact that the last market price of the reporting periods and the net asset value are determined at different times. The last market price of the reporting period is the price on the last market day of the reporting period and uses the price data at 06:00h. The net asset value is based on the valuation figures from the close of trading on that same day.

[2] Any dividend payments that are distributed in any year are assumed to have been reinvested in the fund.

[3] This concerns a reference index.

[4] The dividend relates to the reporting year mentioned and is distributed in the following year. The figure for 2017 is a proposal. Further information on the proposed dividend can be found in the section Proposed profit appropriation on page 35.

[5] In millions of euros.

[6] Concerns the period 3 October 2013 through 31 December 2013.

[7] In order to meet the tax distribution obligation, a revised dividend proposal was submitted to the General Meeting of Shareholders (GMS). This proposal was approved by the GMS.

General introduction

Review of 2017

There was clearly strong and synchronous growth in the global economy in 2017. After a long period of unpleasant surprises, growth in the first half of 2017 was generally higher than expected and many leading indicators actually set new records in the second half of the year. The fear of long-term stagnation waned in an environment of expected global economic growth in real terms of 3.7% in 2017 (annualized, IMF estimate).

An uplift in producer and consumer confidence, combined with a pick-up in world trade and investment activity, supported the acceleration towards global economic strength. Despite rising utilization rates, inflation remained remarkably low and well below the central bank targets for the time being. While corporate earnings increased strongly (and thereby increased the share of earnings in the economy), the reward for workers clearly lagged the cyclical rally and the fall in unemployment. The – rather high – level of hidden unemployment, increase in the number of part-time jobs, automation and the rise of the 'gig economy' partly explain why the interplay between unemployment and wage-related core inflation seems to have weakened. Actual inflation remained moderate, due to a fall in the oil price to USD 45 per barrel in the first half of 2017. This benefited the real purchasing power of consumers.

All sectors made a positive contribution to economic growth in the eurozone, which grew by 2.3% in 2017 (annualized, IMF estimate). Unemployment fell to 8.7%, its lowest level since 2009.

In the United States (US), it was consumers that made a particularly positive contribution to the rise in gross domestic product, which was up 2.3% (annualized, IMF estimate). The industrial sector saw a strong increase in the number of orders, while the energy sector recovered on the back of new investment in shale oil. Healthy jobs growth at an average rate of 171,000 new jobs per month (excluding the agricultural sector) contributed to a decline in unemployment 4.1%.

Japan also experienced a strong uplift in producer confidence and investment, spurred by stronger exports and domestic demand. The labor market in Japan has tightened to levels not seen since the early 1990s Unemployment there declined to 2.7%, while activity in real terms rose by 1.8% (annualized, IMF estimate).

In China, policy was implemented to reduce overcapacity in sectors including real estate and industry. These policy measures led to a stabilization of producer prices and higher profitability at Chinese companies. Money growth eased, but this did not hinder economic activity, with growth continuing at a rate of 6.8% (annualized, IMF estimate).
There was continuing recovery elsewhere in emerging markets. Higher exports growth enabled Brazil to emerge from its deep recession. However, growth momentum marked time in India, since the introduction of new taxes and measures to combat money laundering had a negative effect on the real economy. All in all, there was less of an increase in the emerging economies' activity in 2017 than in developed markets, in spite of the cyclical resurgence experienced worldwide.

The decision by the United Kingdom (UK) to leave the European Union (EU) in 2016 progressed further with the formal invocation of Article 50 of the Lisbon Treaty, which covers the procedure for leaving. The UK will leave the EU in March 2019, most likely followed by an interim agreement prior to a definitive arrangement for future trade relations. It could however take several years to reach this final arrangement with the EU. Any agreement will have to be ratified by the British parliament and by a qualified majority of the remaining 27 EU Member States. While several difficult issues – such as an open border with Northern Ireland – have not yet been resolved, a 'hard Brexit' is still unlikely. The economic consequences of this for the UK are simply too great. Future economic agreements with the EU will probably take a long time to materialize and could mean that the UK remains a member of the European internal market, but without the right to participation.

The absence of inflation in the global economy has allowed the central banks to continue their monetary accommodation. Since we have not seen a classic wage-price spiral, inflation is not as yet a permanent feature. There is no longer a question of an economic slowdown because utilization rates have risen due to the increase in total demand. Longer delivery times and rising capacity limitations have not led to sharply rising consumer prices. In the US, core inflation leveled off at 1.5% (annualized).

Despite the moderate level of inflation, the Federal Reserve (Fed) raised its policy interest rate three times, referring to the continuing tightness in the labor market. The Fed has also made a start on reducing its own balance sheet by not reinvesting the proceeds of some of the bonds maturing in its portfolio. In turn, the European Central Bank (ECB) announced in October 2017 that it would halve monthly bond-buying, starting in January 2018, from EUR 60 billion to EUR 30 billion. The board members of the ECB were confident that inflation will return to a level of 'close to but lower than 2%'. At the same time, the ECB stated that its policy interest rate would remain unchanged until well after the end of the bond-buying program. The Japanese central bank (the BoJ) was the most cautious with respect to abandoning its accommodative monetary policy. The BoJ continues to apply the unconventional monetary policy approach of yield curve control, with a target interest rate of 0% for Japanese 10-year government bonds. The reason for this is that the 2% inflation target is still a long way off. But there is a debate in Japan as well regarding the negative effects of a low interest-rate policy on the domestic banking sector. China's central bank (the PBOC) left its policy rate unchanged, but tightened financial regulations and liquidity restrictions to combat excessive lending. The profitability of domestic companies improved in 2017, reducing the risk of a capital flight. The Chinese renminbi appreciated against the US dollar.

From the point of view of the financial markets, 2017 will go down as an exceptionally peaceful year in the history of Wall Street. The VIX, which measures the expected volatility of the S&P 500 Index, reached its lowest level since its launch in 1990. While daily price movements were limited, steady accumulation of small daily gains led to double-digit returns for most stock markets by the end of the year. This very low volatility in the stock markets reflects the exceptionally stable macroeconomic environment, although speculation that low volatility will continue (known as 'volatility selling') also contributed to the low level of expected volatility.

The outlook for equities

Equity markets had another excellent year, with the MSCI World Developed Index returning 18.5% in local currency terms. The return of this global benchmark was however more modest in euro terms at 7.5%. This was due to a strong appreciation of the euro against other currencies in 2017. The MSCI Emerging Markets Index posted a local return of 30.6%. From a macroeconomic point of view, the uptrend in stock markets could continue, given the very low

likelihood of a global recession. In addition, the positive momentum in stock markets could continue to be supported by a lack of better alternatives in this late phase of the economic cycle. The solid growth in earnings per share on the back of the continuing global economic expansion could support higher valuations in the short term, helped by tax cuts for businesses in the United States and share buy-backs. The risks lie mainly in market segments with high valuations and high levels of debt, now that central bank policy will become less accommodative. In the US, investors are now 'in overtime', as valuations there have only deviated this much from the average valuation over the last 137 years twice before in modern history (in 1929 and 1997). There is also a risk of economic overheating in the US, with business needing to invest in expansion in order to address capacity issues. But this country would seem to be the exception, since valuations elsewhere are more moderate. One favorable point is that earnings growth can increase further if the current cyclical rally continues, because the central banks will be cautious in reducing surplus liquidity. Moreover, equities are able to cope with a modest rise in inflation and capital market interest rates. Relatively speaking, global equities are still less expensive than government bonds, meaning that the flow of capital into stocks can continue.

The risks lie in an unexpected inflation shock that could cause a sharp reaction in the bond market. If capital market interest rates rise too fast, there could be a downturn in the economy and corporate earnings could be affected. A sharp decline in economic activity in China, an increase in geopolitical tensions or an overheating stock market could bring about further corrections, even if there is no immediate danger of a recession.

Outlook for Africa

The prospects for 2018 vary per African country. In the short term, we expect the South African economy to recover slightly, mainly as a result of renewed business confidence. Cyril Ramaphosa has been elected leader of the ANC, which means he will likely also be the presidential candidate for the 2019 elections. Ramaphosa wants to fight corruption and work with the business community to boost economic growth and promote job creation. Though his election has greatly improved the long-term prospects, a number of challenges remain in the short term. It will probably take longer than a few weeks or months for Ramaphosa to push South African president Jacob Zuma aside. So South Africa stands a real chance of having its credit rating lowered to non-investment grade by credit rating agency Moody's. Given that Standard & Poor's already did so in November 2017, if Moody's does the same, South Africa will be removed from a key bond index. That would greatly increase selling pressure and weaken the South African rand, unless there are enough positive fundamental developments to keep long-term investors on the buying side.

The Nigerian economy recovered from recession in 2017, thanks to higher oil production and higher average oil prices, which enabled the government to ratchet up investment and spending. Another positive development is that since a devaluation in August, the actual exchange rate is now at a balanced level and companies can again import and export goods normally. We expect the economy to grow approximately 3% in 2018.

Kenyan president Uhuru Kenyatta started his second term in November 2017. Some political uncertainty remains, however, since the key opponent boycotted the last round of elections and refuses to acknowledge Kenyatta's victory. As a result, the economy is not expected to experience the usual post-election boost. Nonetheless, we expect the economy to grow by more than 4% in 2018.

The Egyptian pound was devalued in November 2016, which eased foreign trade and made exports more competitive, thereby boosting the economy in 2017. We expect it to continue growing, in part due to significant increases in domestic gas production. In 2018, we expect the economy to grow approximately 5%.

Ghana's economy saw very rapid growth in 2017 thanks to a sharp rise in oil production and the new president's solid economic policy. The outlook for 2018 is also favorable. After peaking at 19%, inflation dropped down below 12%. That means there is room for additional interest rate cuts, which not only stimulate growth, but can also help attract more local investors to the stock market.

The Zambian economy also showed excellent growth in 2017 and is expected to continue this trend in 2018. Inflation is clearly under control and the exchange rate is stable. Another favorable factor is that the price of copper, the country's key export product, rose sharply in 2017. That will mean more tax income, higher wages in the mining industry and more consumer spending. In 2018, we expect the economy to grow around 5%.

Less exceptional developments are expected for other African countries. Botswana, Morocco and Mauritius are relatively developed countries, whose economies are expected to continue growing at a rate of 2-4%.

Investment policy

Introduction

Traditional problems in Africa, such as the poor business climate, political instability and low productivity growth are gradually disappearing. The laws and regulations have been further tightened and compliance levels are improving, which are important preconditions for long-term investment by entrepreneurs. South Africa's long-term prospects improved during the course of 2017, as a result of Cyril Ramaphosa's election as ANC president. Nigeria's outlook has also improved, since the national currency was again devalued and the area around the oil fields has been relatively calm.

In general, investments will be made in listed shares, although the fund may invest up to 10% of its total assets in unlisted shares.

Investment objective

The objective of the fund is to offer access to stocks of companies domiciled on the African continent or that make most of their sales and/or earnings in this region , with the aim of achieving a higher return than the reference index. The fund's reference index consists of 50% MSCI EFM Africa ex South Africa (Net Return) + 50% MSCI South Africa (Net Return).

Implementation of the investment policy

In 2017, Robeco Afrika Fonds N.V. invested in companies domiciled on the African continent or that make most of their sales and/or earnings in this region. Country allocation is the first step in this investment policy. After this, the most attractive stocks are selected in each country. Country allocation is based on an analysis of macro-economic and political variables. At the same time, stock-market valuation, expected earnings growth and available liquidity are also taken into account. The attractiveness of individual stocks is determined on the basis of a fundamental analysis of the business and the valuation of the stock.

In 2017, the policy implemented on inception to keep trading volumes low was maintained in light of the high transaction costs. The daily inflows/outflows were used to reposition the portfolio. But in 2017, we only made minor and limited changes.

With a wide spectrum of companies, suitable liquidity on the market and low transaction costs, South Africa is still the biggest country in the portfolio. The weight was reduced from 46.5% in late 2016 to 41.5% at the end of 2017.

In Nigeria, the fund is mainly invested banks, cement producers and food companies. Nigeria's weighting in the portfolio increased from 9.5% to 13.7% over the year. This was mostly due to very strong performance of the banks in our portfolio They rose much more sharply than the large beer and food producers in the reference index leading to a strongly positive stock-selection result. As a result, the Nigerian underweight turned into an overweight. This is also in line with what we consider to be an improved outlook for Nigeria

Kenya's weighting in the portfolio rose from 10.4% to 10.8% in 2017. During the year the fund was overweight and this made a slightly negative contribution to relative performance. Stock selection also made a negative contribution to the fund's relative performance. The smaller companies in our portfolio lagged behind the larger companies in the reference index.

In Egypt, the fund invests in a diversified portfolio of banks, a real estate developer, a telecom company, a poultry producer and other companies. The fund continued to be underweight relative to the reference index during the first ten months. In November, we participated in the listing of African Export-Import Bank. This bank is active throughout Africa but is classified under Egypt because of its Egyptian headquarters. As a result, the fund was overweight in Egypt at the end of 2017. The country allocation made a slightly positive contribution to relative performance. The share-selection result was very positive due to the exceptionally high return and several smaller shares, while the value of a large bank in the reference index, in which we had no position, dropped.

In Ghana, the fund has invested in banks and producers of beer and dairy products. The Ghanaian investments showed very strong performance in 2017, as banks recovered from a weak 2016. Ghana's weighting rose from 5.8% to 7.0%.

In Zambia, we sold the locally-listed shares of a meat producer as their prices remained high after operations showed weak development. The shares listed in London from the same company dropped in value, so we held on to that position. Due to the sale and the fact that Zambian stocks were lagging, the country weight dropped from 5.2% to 4.3%.

Our positions in Botswana delivered a slightly negative return and significantly lagged the African average. As a result, the weighting in the portfolio dropped slightly from 4.5% to 3.7%.

Morocco significantly lagged the African average. Relative to the reference index, the fund was considerably underweight throughout the year and that contributed positively to the relative performance. Stock selection was again strongly positive. Moroccan stocks performed well, as a result of which the country weight increased from 4.1% to 4.2%.

Our investments in Mauritius realized a positive return in line with the African average, but because we were underweight in a well-performing real-estate company, the relative performance was slightly negative. Tunisia's contribution was neutral because the negative country allocation (overweight while the market average lagged the African average) was compensated by the positive share selection. Our underweight in Senegal contributed positively to the relative performance because the country lagged the African average.

Our positions in companies that are active on the African continent but that are listed in Australia, Canada, Portugal and the United Kingdom contributed positively to the absolute and the relative performance for the second year in a row. These stocks by definition are not included in the fund's reference index.

Currency policy

An active currency policy is pursued with the euro as base currency. The fund may use forward exchange transactions to adjust these currency weights. The management of the currency risk is part of the total risk management of the fund. For further quantitative information on the currency risk, we refer to the information on currency risk provided on page 26.

Policy on derivatives

The prospectus permits the use of derivatives, but due to the cost of this, they will only be used in exceptional circumstances. This might involve large inflows or outflows at the point at which a number of key markets are closed. Using derivatives, exposure to equity markets can be bought or sold to avoid the fund gaining an excessively large or small exposure to equity markets.

Investment result

Investment result per share class

Share class	Price in EUR x 1 31/12/2017	Price in EUR x 1 31/12/2016	Dividend paid May 2017 [1]	Investment result reporting period in % [2]
Robeco Afrika Fonds			3.00	
– Market price	122.01	109.30		14.5
– Net asset value	123.23	110.01		14.6
Robeco Afrika Fonds - EUR G			4.00	
– Market price	100.95	91.07		15.5
– Net asset value	101.88	91.66		15.6

[1] Ex-date

[2] Any dividend payments that are distributed in any year are assumed to have been reinvested in the fund.

Net returns per share [1]

EUR x 1

Robeco Afrika Fonds	2017	2016	2015	2014	2013
Investment income	4.65	4.89	4.91	5.07	4.40
Change in value	14.19	2.47	-24.99	2.12	7.70
Management costs, service fee and other costs	-2.44	-2.18	-2.66	-2.72	-2.49
Net result	**16.40**	**5.18**	**-22.74**	**4.47**	**9.61**

Robeco Afrika Fonds - EUR G	2017	2016	2015	2014	2013 [2]
Investment income	3.77	4.31	4.18	4.33	0.38
Change in value	11.24	2.48	-19.98	2.52	-0.74
Management costs, service fee and other costs	-1.14	-1.06	-1.27	-1.29	-0.32
Net result	**13.87**	**5.73**	**-17.07**	**5.56**	-0.68

[1] Based on the average amount of shares outstanding during the reporting year. The average number of shares is calculated on a daily basis.

[2] Concerns the period from 3 October through 31 December 2013.

Compared to the reference index, which is comprised of 50% MSCI South Africa (Net Return) + 50% MSCI EFM Africa excluding South Africa (Net Return), with yearly re-balancing on 1 February, both share classes in the fund outperformed by 3.5% (based on the gross return). Based on the net return (after management fees), Robeco Afrika Fonds generated an outperformance of 1.2% and Robeco Afrika Fonds - EUR G outperformed by 2.2%. The key reasons for the outperformance were the strong share selection in Nigeria and Egypt. The underweight in Morocco and exposure to Ghana's strong performance contributed positively.

Return and risk

The investment result is important, but risk management for the portfolio is also significant. In terms of concentration risk, the fund follows the UCITS guidelines, which dictate that an individual share may not structurally make up more than 10% of the fund and that the largest ten positions together may not represent more than 40% of the portfolio. Furthermore, the fund managers try to spread the country weights across many African countries, insofar as it is possible to do this using shares that are considered attractive. Robeco Afrika Fonds N.V. is geographically more diversified than most other Africa funds. In 2016, we decided to reduce the number of names in our portfolio and to sharpen the focus. The number of positions has since been reduced from around 125 to about 90 and will probably be decreased further. Nonetheless, the number of individual shares is much greater than that held in the portofolios of nearly all competing funds. We do this not only to limit the risk, but also to be able to include relatively small companies in the portfolio. In the small cap segment, attractive shares can regularly be found because they are being ignored by many large investors. Finally, the fund managers factor in the liquidity of the portfolio so positions can be sold or reduced easily and without prohibitive costs in case of sharp outflows from the fund. Since the founding of the fund in June 2008, the fund has never had a problem generating cash for major outflows. This is largely due to the portfolio being invested in South Africa and the United Kingdom (partly via 'depositary receipts' of Egyptian and

Nigerian stocks with good levels of liquidity), while the markets of Egypt, Kenya and Nigeria usually show good liquidity levels.
The portfolio's beta versus the reference index was 0.85 in 2017, and 0.92 on average over the last three years. In general, a portfolio with a beta of less than 1 rises less than the market in a rising market and declines less than the market in a declining market. The fund does not have a specific beta target; the portfolio's beta is a result of the stocks selected. The fund has a very long investment horizon (more than five years). We buy equities that we expect to outperform the market over the longer term.

Risk management

A description of the risk management can be found in the notes to the financial statements on pages 23 through 28.

Movements in net assets

Over the reporting period, the assets under management of the Robeco Afrika Fonds N.V. declined by EUR 0.6 million to EUR 38.6 million. This decline can be explained by the following items. On balance, stocks to the amount of EUR 4.8 million were bought. Adding the net result increased these assets by EUR 5.7 million. EUR 1.5 million was distributed in dividend.

Survey of movements in net assets

EUR x thousand	2017	2016
Assets as at opening date	**39,207**	**48,219**
Own shares issued	6,332	2,845
Own shares repurchased	-11,083	-12,839
Situation as at closing date	**34,456**	**38,225**
Direct investment income	1,566	2,044
Indirect investment income	4,559	1,136
Received on surcharges and discounts on issuance and repurchase of own shares	144	136
Costs	-581	-613
Net result	**5,688**	**2,703**
Dividend payments	**-1,508**	**-1,721**
Assets at closing date	**38,636**	**39,207**

Remuneration policy

The fund itself does not employ any personnel and is managed by RIAM. In the Netherlands, persons performing duties for the fund at management-board level and portfolio managers are employed by Robeco Nederland B.V. The remuneration for these persons comes out of the management fee. RIAM's remuneration policy, which applies to all employees working under RIAM's responsibility, complies with the applicable requirements laid down in the European framework documents of the AIFMD, MiFID, the UCITS Directive, the ESMA guidelines for a responsible remuneration policy under the UCITS Directive, as well as the applicable Dutch Remuneration Act for Financial Undertakings (*Wet beloningsbeleid financiële ondernemingen*, or Wbfo). The remuneration policy has the following objectives:

a) To promote that employees act in the clients' interests and do not take any undesired risks.
b) To promote a healthy corporate culture aimed at realizing sustainable results in accordance with the long-term objectives of RIAM and its stakeholders.
c) To attract and retain good employees and to reward talent and performance fairly.

Responsibility for the remuneration policy

The Supervisory Board supervises the correct application of the remuneration policy and is responsible for the annual evaluation. Changes in the remuneration policy have to be approved by the Supervisory Board. RIAM's Remuneration Committee provides advice to the Supervisory Board in the execution of these tasks, with the involvement of the HR Department and the relevant internal control officers. In the application and evaluation of the remuneration policy, RIAM regularly makes use of the services of various external advisers. The remuneration of fund managers consists of a fixed component and, if applicable, a variable component.

Fixed salary

The fixed salary of each employee is based on his/her position and experience and is in accordance with the RIAM salary scales, which have also been derived from benchmarks in the investment management sector. The fixed salary is therefore in line with the market and the employees are not dependent on whether or not they receive variable remuneration.

Variable remuneration

In accordance with the applicable laws and regulations, the available budget for variable remuneration is approved in advance by the Supervisory Board of RIAM based on a proposal made by the Remuneration Committee. The total budget is based, in principle, on a percentage of RIAM's operating result. In order to ensure that the total variable remuneration adequately represents the performance of RIAM and the funds that it manages, when determining the budget, a correction is made for risks that may occur in the year concerned and furthermore for multiple-year risks that may affect the risk profile of RIAM.

The variable remuneration component for the fund managers depends on the multi-year performance of the fund. The system is linked to outperformance with regard to risk-adjusted pre-defined annual targets. The calculated outperformance over a one-year, three-year and five-year period is taken into account when determining the variable remuneration. Conduct, the extent to which team and individual qualitative and predetermined objectives have been achieved and the extent to which Robeco corporate values are observed are also important in this determination. The fund manager’s contribution to the various organizational objectives is also taken into consideration. Poor performance, unethical or non-compliant conduct lead to the allocation of a lower or even no variable remuneration. The senior fund manager is also subject to the Identified Staff regulations (see below).

Identified Staff

RIAM has a specific and more stringent remuneration policy for employees who may have a material impact on the risk profile of the fund. These employees are designated to be 'Identified Staff'. For 2017, in addition to the Management Board, RIAM has designated 84 other employees as Identified Staff, including all senior portfolio managers, senior management and the heads of the control functions (HR, Compliance, Risk Management, Business Control, Internal Audit and Legal). Among other things the performance targets of these employees that are used to determine the award of variable pay are subject to additional risk analyses, both prior to the performance year and at the end when the results are evaluated. In addition, in all cases, at least 70% of the payment of variable remuneration granted to these employees will be deferred for a period of four years, and 50% will be converted into hypothetical ‘Robeco’ shares, the value of which will follow the company's future results.

Risk control
RIAM has implemented additional risk management measures with regard to the variable remuneration. For instance, RIAM has the possibility with regard to all employees to reclaim the granted variable remuneration ('claw-back') when this has been based on incorrect assumptions, fraudulent acts, serious undesirable behavior, neglect of duties or conduct that has led to a considerable loss for RIAM. After the granting but before the actual payment of the deferred variable remuneration components to Identified Staff, an additional assessment is performed to check whether new information would result in decreasing the previously granted remuneration components (the so-called 'malus arrangement'). The malus arrangement can be applied because of (i) misconduct or serious incorrect actions (ii) a considerable worsening of RIAM's financial results that was not foreseen at the time the remuneration was granted (iii) a serious impairment of the risk management system, leading to different circumstances compared with the granting of the variable remuneration or (iv) fraud committed by the employee concerned.

Annual assessment
RIAM's remuneration policy and the application thereof was evaluated in 2017 under the responsibility of the Supervisory Board, advised by the Remuneration Committee. As a result of Robeco's new strategy 2017-2021, certain changes have been made to the remuneration policy to support a high performance culture.

Remuneration in 2017
Of the total amounts awarded in remuneration[1] in 2017 to the groups Management Board, Identified Staff and Other Employees, the following amounts are to be assigned to the fund:

Remuneration in EUR x 1		
Staff category	**Fixed pay for 2017**	**Variable pay for 2017**
Management Board (4 members)	521	664
Identified Staff (84) (ex Management Board)	3.747	2.258
Other employees (696 employees)	13.617	4.510

The total of the fixed and variable remuneration charged to the fund is EUR 25.317. Accrual occurs according to the following key:

$$\text{Total remuneration (fixed and variable) x } \frac{\text{Total fund assets}}{\text{Total assets under management (RIAM)}}$$

The fund itself does not employ any personnel and has therefore not paid any remuneration above EUR 1 million.

Remuneration manager
The manager (RIAM) has paid to two employees a total remuneration above EUR 1 million.

Sustainability investing
Sustainability Investing is one of the key pillars of Robeco's strategy, firmly incorporated in our investment beliefs. We are convinced that considering ESG[1] factors results in better-informed investment decisions. We also believe that exercising our voting rights and engaging with the companies in which we invest will have a positive impact on both our investment results and on society. In 2017, broad action was undertaken to further promote Sustainability Investing, not only within the Robeco organization, but also externally.

All Robeco's investing activities are in line with the Principles for Responsible Investing (PRI). In 2017 the United Nations Principles for Responsible Investment (UNPRI) awarded Robeco the highest possible score, A+, for Sustainability Investing for five modules, and an A for the two remaining modules used in the assessment. For the fourth year in a row, Robeco achieved the best possible score for the majority of the modules assessed by the UNPRI. Responsibility for implementing SI is allocated to the head of investments, who has a seat on Robeco's Executive Committee.

Focus on stewardship
Carrying out stewardship responsibilities is an integral part of Robeco's Sustainability Investing approach. A central aspect of Robeco's corporate mission statement is to fulfill its fiduciary duty to clients and beneficiaries. Robeco

[1] The remuneration relates to activities performed for one or more Robeco entities.
[1] ESG stands for Environmental, Social and Governance

manages assets for a variety of clients with a variety of investment needs. In our activities, we always strive to serve our clients' interests to the best of our capability.
We welcome the fact that stewardship codes are gaining momentum across the globe, and we strongly support the role of investors as active owners of the companies in which they invest. On our website, we therefore publish our own stewardship policy. This policy discloses how we manage potential conflicts of interest, monitor our investee companies, conduct engagement and voting activities and report on our stewardship activities.
As a further sign of our commitment to stewardship, we are signatories to many stewardship codes, which we extended in 2017. Robeco is now a signatory of stewardship codes in the UK, Japan and Brazil. In addition, Robeco complies with the Taiwan Stewardship Principles for Institutional Investors, the ISG stewardship principles in the US, the Hong Kong Principles for Responsible Ownership and the Korean Stewardship Code. We are further committed to act in accordance with the Eumedion Best Practices for Engaged Share-Ownership, the stewardship code of the Netherlands.

Contributing to the Sustainable Development Goals
In 2016, Robeco subscribed to the Sustainable Development Goals Investment Agenda in the Netherlands. In 2017, progress was made for the first time in analyzing and developing tools to help our clients contribute to these goals. Furthermore, an internal Robeco SDG working group was set up, comprising people from the various investment teams, the Active Ownership team and RobecoSAM's Sustainability Investing Research team.

Robeco contributes to the Sustainable Development Goals (SDGs) by integrating ESG factors into the investment decision-making process, and encourages companies to take action on the SDGs through constructive engagement. The Sustainable Development Goals (SDGs) are considered throughout the entire engagement and voting cycle and create the opportunity of emphasizing the impact engagement can have on society. The team aims to select new themes with direct links to at least one SDG. Robeco also initiated projects focused on researching the link between the RobecoSAM country ranking and the SDG contribution of countries in 2017. This covered the credit universe with regard to SDGs and, based on this analysis, the design of a new SDG impact strategy. A further aspect involved was piloting an active ownership strategy in emerging markets aimed at engaging with investee companies on their contribution to the SDGs.

ESG integration by Robeco
We consider sustainability to be a long-term driver of change in markets, countries and companies. Since change impacts future performance, we consider ESG factors to constitute a value driver in our investment process and look at them in the same way that we look at company financials or market momentum. We have access to research from leading sustainability specialists. One of these is our sister company, RobecoSAM, whose analysis is based on an extensive survey, the Corporate Sustainability Assessment (CSA), covering general and industry-specific sustainability criteria. We are particularly interested in materiality: which ESG elements impact the financial performance of companies and which do not? This enables us to focus on the information that is most relevant to our investment performance and leads to better-informed investment decisions.

Exclusions
Robeco has implemented an exclusion policy for companies involved in the production of, or trade in, controversial weapons, such as cluster munition and anti-personnel mines, and for companies that structurally and severely breach the United Nations Global Compact (UNGC). For this last category, Robeco considers exclusion to be an action of last resort, only to be used after an engagement dialogue to encourage a company to improve its ESG practices has failed. Robeco re-evaluates the practices of excluded companies at least once a year, and may decide to reinstate a company in the investment universe at any time if it can show that the desired change has been implemented and the Global Compact breach lifted. Robeco's exclusion policy and exclusion list are published on its website.
In 2017 we added one company to the exclusion list, for involvement in the production of Nuclear weapons outside the non-proliferation treaty.

Active ownership
Constructive and effective active ownership, encourages companies to improve the way they manage ESG risks and opportunities. This in turn enhances competitiveness and profitability, and has a positive impact on society. Active Ownership activities comprises voting and engagement. Robeco exercises voting rights worldwide on stocks in its investment funds. Robeco also maintains an active dialogue with the companies in which it invests on environmental,

social and governance issues. In 2017, our Active Ownership activities were again awarded the highest A+ rating by the PRI (Principles for Responsible Investment). Active Ownership specialists are located both in Rotterdam and Hong Kong.

Voting

Robeco started voting for its investment funds and on behalf of its institutional clients in 1998. The voting is carried out by dedicated voting analysts in the Active Ownership team. We visit several shareholder meetings in person, but cast most of our votes electronically. Our voting activity is published on our website shortly after the shareholder meeting takes place, which is in line with best practice on voting disclosure.

Our comprehensive voting policy is based on 20 years of experience and insights, and we anticipate the specific policy wishes of our mandates as and when required. We vote at all meetings where this is possible. In practice, we refrain from voting only in specific cases of share blocking. In these cases, we assess the priority of the meeting and the voting impact of our positions.

Our voting policy and analysis is based on the internationally accepted principles of the International Corporate Governance Network (ICGN) and on local guidelines. The ICGN principles provide a broad framework for assessing companies' corporate governance practices. They also give ample scope for companies to be assessed according to local standards, national legislation and codes of conduct relating to corporate governance. Our assessment takes into account company-specific circumstances.

High-profile voting decisions are made in close collaboration with the portfolio managers and analysts of Robeco's investment teams and engagement specialists. Information captured at shareholder meetings is taken into account in future engagement activities and in the investment process applied by Robeco's funds.

In 2017, we updated our voting policy to ensure that our provisions remain up-to-date, relevant and aligned with best practice. Key changes include the addition of board-diversity criteria in assessing nominee directors.

Within the fund Robeco Afrika Fonds N.V., we voted on 93 shareholder meetings. In 74 (80%) out of 93 meetings we have cast one or more votes against management recommendation.

Engagement

In 2005, we began encouraging the executives of companies in which we invest to exercise good corporate governance and to pursue environmental and social policies. The aim of our engagement dialogues is to increase long-term shareholder value and to produce a positive impact on society. For Robeco, engagement and voting are critical elements of a successfully integrated sustainability investing strategy that leads to better-informed investment decisions and can improve the risk-return profile of our portfolios.

For our engagement activities, we apply a focused approach in which a relevant subset of investee companies is targeted for engagement in a constructive dialogue on ESG factors such as board quality, human rights and environmental risk management. We distinghuish between two types of engagement: the pro-active value engagement approach, and the enhanced engagement approach following a breach of the UN Global Compact principles.

Our value engagement activities focus on a limited number of sustainability themes with the greatest potential to create value for our investee companies. We select these themes on the basis of financial materiality by conducting a baseline study and developing engagement profiles for the companies to be engaged. New engagement themes are selected in close collaboration with engagement specialists, portfolio managers and analysts, who work together closely throughout the engagement dialogue. We prioritize companies in Robeco's portfolios and clients that have most exposure to the selected engagement theme.

Our enhanced engagement program focuses on companies that severely and structurally breach the principles of the United Nations Global Compact (UNGC) in the areas of human rights, labor, environment and anti-corruption. It is aimed at influencing these companies to act in line with the UNGC principles. Our engagement typically runs over a three-year period, during which regular meetings and conference calls are held with company representatives to monitor their progress against our engagement objectives.

If an enhanced engagement dialogue does not lead to the desired result, the Executive Committee member responsible for investments can exclude this company from Robeco's investment universe. The process for enhanced engagement is a formal part of Robeco's exclusion policy.

Within the fund Robeco Afrika Fonds N.V., we conducted 1 engagement case, which was a value engagement and no enhanced engagement.

Integration of ESG factors in investment processes

Our research shows that companies that score highly on the major ESG factors are ultimately also winners in the stock markets. The way in which Robeco integrates sustainability data in its investment process is designed specifically for the features of each investment strategy. Our quantitative equity strategies use the ESG scores of companies. These scores are based on the information collected using the proprietary questionnaires developed by RobecoSAM. Our other equity strategies integrate ESG factors in the fundamental analysis process. This means not only that we can identify potential reputational and financial risks, we can also identify opportunities for companies developing solutions to the challenges with respect to sustainability.

ESG factors are included in the decision-making at both macro and company level. At macro level, factors such as transparency, strengthening of democratic institutions, political stability and protection of shareholders are assessed and considered in the positioning of a country in the portfolio.

When selecting shares, ESG information is integrated into the business analysis and can affect the company's valuation. We believe this helps us better understand the current and potential risks and opportunities.

To assess a company's ESG performance, we use the RobecoSAM ESG dashboard, which gathers information about the quality of corporate governance, the environment and social issues from 1125 companies in emerging markets. These are all of the MSCI Emerging Markets Index companies (including in South Africa and Egypt), plus several key companies in emerging markets. The outcome of this analysis is integrated in the fundamental research by the team We use additional qualitative information obtained from RobecoSAM's Corporate Sustainability Assessment and external research conducted by Glass Lewis and Sustainalytics.

All of our investment cases include an ESG chapter, in which we discuss the sustainability profile of each share and how it could influence the valuation. ESG performance is not our only reason for buying or selling a share, but if ESG risks and/or opportunities are significant, the ESG analysis will affect the valuation.

Statement of operational management

Robeco Institutional Asset Management B.V. has a statement of operational management, which meets the requirements of the Dutch Financial Supervision Act [*Wet op het financieel toezicht*, or 'Wft'] and the Dutch Market Conduct Supervision of Financial Enterprises Decree [*Besluit Gedragstoezicht financiële ondernemingen*, or 'BGfo'].

Activities

During the past financial year we evaluated different aspects of corporate governance with the aid of a model with three 'lines of defense' as described in the section on Risk Management on page 23. In our assessment we noted nothing that would lead us to conclude that the description of the structural aspects of operational management within the meaning of Section 121 of the BGfo failed to meet the requirements as specified in the Wft and related regulations.

Statement of operational management

On the basis of this we declare, on behalf of Robeco Institutional Asset Management B.V., that we possess a statement of operational management as defined in Section 121 BGfo that meets the requirements of the BGfo. In our assessment we noted nothing that would lead us to conclude that operational management does not function as described in this statement. We therefore declare with reasonable assurance that operational management has been effective and has functioned as described throughout the reporting year.

Rotterdam, 29 March 2018
The Executive Committee

Report of the Supervisory Board of Robeco Institutional Asset Management B.V.

Since the appointment of a Supervisory Board at Robeco level, this Board has assumed oversight of the funds managed by Robeco from the former Supervisory Board of Robeco Groep N.V. and has taken on an advisory role in relation to optimizing Robeco's governance model.

The Supervisory Board consisted of Jeroen Kremers (chair), Gihan Ismail, Masaaki Kawano and Jan Nooitgedagt in 2017. A majority of the members are independent.

Fund governance
Robeco's Supervisory Board has stipulated that Robeco's principles for fund governance are to be applied. These principles are harmonized with the basic principles drawn up by the Dutch Fund and Asset Management Association (DUFAS). The aim of these basic principles is to provide a stronger footing for the organizational structure and methodology of fund managers or stand-alone funds. Furthermore they offer participants in the funds a guarantee of best business practices and a duty of care. These basic principles are published on Robeco's website. Robeco's Compliance department ensures that the basic principles are applied at Robeco and reports on fund governance issues to the Executive Committee and the Supervisory Board through quarterly reports and an annual review of the audit activities. At least once every three years, the Internal Audit carries out an audit and assesses fund governance, as drawn up and implemented by Robeco. Furthermore this department also audits whether the basic principles of Robeco are still in line with the DUFAS. The findings of both departments are discussed during the meetings of the Supervisory Board.

Meetings of the Supervisory Board
The Supervisory Board met a number of times in 2017 and has also conducted meetings via conference calls. The meetings all took place in Rotterdam and were attended each time by the majority of members.

During the meetings of the Supervisory Board, as well as during the associated committees, attention was given to developments in financial markets, the performance of products and the financial results.
In terms of changes to rules and regulations, the Supervisory Board understands and recognizes the emphasis on upholding these. The Board therefore also ensures that sufficient attention is given to this matter. The interests of clients are central and are therefore a key focus area. Developments on financial markets are also regularly discussed at meetings of the Supervisory Board. With respect to human resources, the Supervisory Board acknowledges the importance of retaining, training, developing and attracting talent, as this is considered to be an important aspect of successful management of an investment manager. This means that professionals need to have the right opportunities and that remuneration is in line with market standards and complies with applicable legislation and regulations. Developments in the area of human resources are regularly assessed and discussed during the meetings of the Supervisory Board.

Attention was also given to the Strategic Plan 2017-2021, which was presented by the ExCo and extensively discussed at an additional meeting of the Supervisory Board held in May 2017. The Supervisory Board and the shareholder have approved this Strategic Plan, as well as the strategic policy and strategic actions that will have to be taken in the coming years.

Committees
The Supervisory Board has two committees: the Audit & Risk Committee (ARC) and the Nomination & Remuneration Committee (NRC).

Audit & Risk Committee
This committee comprises Jan Nooitgedagt (chairman), Jeroen Kremers, Gihan Ismail and Masaaki Kawano. Based on the quarterly reports of the departments concerned, the A&RC meetings covered internal audits, issues relating to compliance and risk management.
The meetings were attended by members of the ExCo, the heads of the Internal Audit, Compliance, Risk Management and Legal departments and by the independent auditor KPMG. Closed meetings were held with KPMG prior to these meetings. Regular agenda items included interim financial reporting, reports from the monitoring functions, reports

from the independent auditor, various issues relating to risk management, incident management and policy in relation to liquidity management. Appropriate attention was given to issues relating to fund governance and the role and responsibilities of the Supervisory Board. The following additional items were on the agenda: monitoring of fund principles, fee-split for securities lending, the annual reports, an assessment of Robeco products and the voting policy of the funds.

Nomination & Remuneration Committee
This committee comprises Gihan Ismail (chairman), Jeroen Kremers and Masaaki Kawano. In 2017, during the meetings of the committee, issues relating to nominations and remuneration were discussed. The CEO and the head of Human Resources attended a number of meetings. Items relating to remuneration that were regularly on the agenda included variable remuneration for 2016 and the allocation of long-term bonuses. In addition, the N&RC Charter was established and the findings of the Employee Engagement Survey 2017 and proposals for changes to the Robeco Reward Framework were discussed.

Rotterdam, March 2018
On behalf of the Supervisory Board of Robeco Institutional Asset Management B.V.
Jeroen Kremers, chairman

Annual financial statements

Balance sheet

Before profit appropriation, EUR x thousand		31/12/2017	31/12/2016
ASSETS			
Investments			
Financial investments			
Equities	1	38,533	38,970
Total investments		**38,533**	**38,970**
Accounts receivable			
Receivables on securities transactions		233	180
Dividends receivable	2	23	13
Amounts owed by affiliated parties	3	17	0
Other receivables, prepayments and accrued income	4	67	113
		340	**306**
Other assets			
Cash and cash equivalents	5	**65**	**127**
LIABILITIES			
Accounts payable			
Payable to credit institutions	6	119	74
Payable to affiliated parties	7	42	41
Payable on securities transactions		90	0
Other liabilities, accruals and deferred income	8	51	81
		302	**196**
Accounts receivable and other assets less accounts payable		**103**	**237**
Assets minus accounts payable		**38,636**	**39,207**
Composition of shareholders' equity	9,10		
Issued capital	9	357	407
Share-premium reserve	9	37,192	41,893
Other reserves	9	-4,601	-5,796
Undistributed earnings		5,688	2,703
		38,636	**39,207**
Net asset value Robeco Afrika Fonds per share		**123.23**	**110.01**
Net asset value Robeco Afrika Fonds - EUR G per share		**101.88**	**91.66**

The numbers of the items in the financial statements refer to the numbers in the Notes.

Profit and loss account

EUR x thousand		2017	2016
Investment income	11	**1,566**	**2,044**
Changes in value	1		
Unrealized profit		10,935	16,412
Unrealized losses		-5,741	-12,031
Realized profit		4,071	4,374
Realized losses		-4,706	-7,619
Received on surcharges and discounts on issuance and repurchase of own shares		**144**	**136**
Total operating income		**6,269**	**3,316**
Costs	15,16		
Management costs	12	452	467
Service fee	12	47	50
Other costs	14	82	96
Total operating expenses		**581**	**613**
Net result		**5,688**	**2,703**

Cash flow statement

Indirect method, EUR x thousand		2017	2016
Cash flow from investment activities			
Net result		5,688	2,703
Unrealized changes in value	1	-5,194	-4,381
Realized changes in value	1	635	3,245
Purchase of investments	1	-10,709	-8,522
Sale of investments	1	15,813	18,653
Increase (–)/decrease (+) accounts receivable	2,3,4	-60	34
Increase (+)/decrease (–) accounts payable	7,8	114	-21
		6,287	**11,711**
Cash flow from financing activities			
Received on issuance of own shares		6,332	2,845
Paid on repurchase of own shares		-11,083	-12,839
Dividend payments		-1,508	-1,721
Increase (–)/decrease (+) accounts receivable	4	26	-10
Increase (+)/decrease (–) accounts payable	8	-53	47
		-6,286	**-11,678**
Net cash flow		**1**	**33**
Currency and cash revaluation		-108	14
Increase (+)/decrease (–) cash		**-107**	**47**
Cash as at opening date	5	127	65
Accounts payable to credit institutions at opening date	6	-74	-59
Total cash at opening date		**53**	**6**
Cash at closing date	5	65	127
Accounts payable to credit institutions at closing date	6	-119	-74
Total cash at closing date		**-54**	**53**

The numbers of the items in the financial statements refer to the numbers in the Notes.

Notes

General

The annual financial statements have been drawn up in conformity with Part 9, Book 2 of the Dutch Civil Code and the Wft. The fund's financial year is the same as the calendar year. The notes referring to fund shares concern ordinary shares outstanding.

The original financial statements were drafted in Dutch. This document is an English translation of the original. In the case of any discrepancies between the English and the Dutch text, the latter will prevail.

The ordinary shares are divided into two series, both of which are open. Each series is designated as a share class. The series include the following share classes:

Share class A: Robeco Afrika Fonds
Share class B: Robeco Afrika Fonds - EUR G.

System change

Due to a change in the regulations, the fund's receipts on surcharges and discounts on issuance and repurchase of the fund's shares are recognized in the profit and loss account with effect from 1 January 2017. These surcharges and discounts were previously recognized directly in equity. The comparative figures have been adjusted accordingly. This change has no effect on the fund's assets. The effect on the result for 2016 was EUR 136 thousand.

Accounting principles

General

The financial statements are produced according to the going concern assumption. Unless stated otherwise, items in the financial statements are included at nominal value and expressed in thousands of euros. Assets and liabilities are recognized or derecognized in the balance sheet on the transaction date.

Tradability

The fund is an open-end investment company, meaning that, barring exceptional circumstances, it issues and repurchases ordinary shares on a daily basis at prices approximating net asset value, augmented or reduced by a limited surcharge or discount. The only purpose of this surcharge or discount is to cover the costs made by the fund related to the entry and exit of investors. The maximum current surcharge or discount is 1.00%. The surcharges and discounts are recognized in the profit and loss account.

Financial investments

Financial investments are classified as trading portfolio and are valued at fair value, unless stated otherwise. The fair value of stocks is determined on the basis of market prices and other market quotations at closing date. For derivatives and futures, the value is based on the market price and other market quotations at closing date. For forward exchange contracts, internal valuation models are used and the value is based on quoted currency rates and reference interest rates at closing date. Transaction costs incurred in the purchase and sale of investments are included in the purchase or sale price as appropriate. Transaction costs incurred in the purchase of investments are therefore recognized in the first period of valuation as part of the value changes in the profit and loss account. Transaction costs incurred in the sale of investments art part of the realized results in the profit and loss account. Changes to the valuation model for forward currency contracts may lead to a different valuation. Derivative instruments with a negative fair value are recognized under the derivatives item under investments on the liability side of the balance sheet.

Recognition and derecognition of items in the balance sheet

Investments are recognized or derecognized in the balance sheet on the transaction date. Equities and derivatives are recognized in the balance sheet on the date the purchase transaction is concluded. Equities are derecognized in the balance sheet on the date the sale transaction is concluded. Derivatives are fully or partially derecognized in the balance sheet on the date the sales transaction is concluded or the contract is settled on the expiry date. Accounts receivable and payable are recognized in the balance sheet on the date that contractual rights or obligations with respect to the receivables or payables exist. Receivables and payables are derecognized in the balance sheet when as a result of a transaction the contractual rights or obligations with respect to the receivables or payables no longer exist.

Cash and cash equivalents
Cash is rated at nominal value. If cash is not freely disposable, this is factored into the valuation.
Cash expressed in foreign currencies is converted into the functional currency as at the balance sheet date at the exchange rate applicable on that day. Please refer to the currency table on page 36.

Accounts receivable
Receivables are valued after initial recognition at amortized cost based on the effective interest method, less impairments. Given the short-term character of the receivables, the value is equal to the nominal value.

Debt
Short-term debt and other financial obligations are valued, after initial inclusion, at the amortized cost price based on the effective interest method. Given the short-term character of the debt, the value is equal to the nominal value.

Foreign currencies
Transactions in currencies other than the euro are converted into euros at the exchange rates valid at the time. Assets and liabilities expressed in other currencies are converted into euros at the exchange rate prevailing at balance-sheet date. The exchange rate differences thus arising or exchange rate differences arising on settlement are recognized in the profit and loss account. Investments in foreign currencies are converted into euros at the rate prevailing on the balance sheet date. This valuation is part of the valuation at fair value. Exchange rate differences are recognized in the profit and loss account under changes in value.

Principles for determining the result

General
Investment results are determined by investment income, rises or declines in stock prices, rises or declines in foreign exchange rates and results of transactions in currencies, including forward transactions and other derivatives. Results are allocated to the period to which they relate and are accounted for in the profit and loss account.

Recognition of income and expenses
Income items are recognized in the profit and loss account when an increase of the economic potential associated with an increase of an asset or a reduction of a liability has occurred and the amount of this can be reliably established. Expense items are recognized when a reduction of the economic potential associated with a reduction of an asset or an increase of a liability has occurred and the amount of this can be reliably established.

Investment income
Net cash dividends declared during the year under review, the nominal value of stock dividends declared, interest paid and received and proceeds. Accrued interest at balance sheet date is taken into account.

Changes in value
Realized and unrealized capital gains and losses on securities and currencies are presented under this heading. Realization of capital gains takes place on selling as the difference between the realizable sales value and the average historical cost price. Unrealized capital gains relate to value changes in the portfolio between the beginning of the financial year and the balance sheet date, corrected by the realized gains when positions are sold or settlement takes place.

Principles for cash flow statement

General
This cash flow statement has been prepared using the indirect method. Cash comprises items that may or may not be immediately payable. Accounts payable to credit institutions include debit balances in bank accounts.

Allocation to share classes

The fund is managed in such a way that the allocation of results to the different share classes occurs proportionately on a daily basis. Issues and repurchases of own shares are registered per share class.

Risk management

The presence of risks is inherent to asset management. It is therefore very important to have a procedure for controlling these risks embedded in the company's day-to-day operations. The manager (RIAM) ensures that risks are

effectively controlled via the three-lines-of-defense model: RIAM management (first line), the Compliance and Risk Management departments (second line) and the Internal Audit department (third line).

The management of RIAM has primary responsibility for risk management as part of its day-to-day activities. The Compliance and Risk Management departments develop and maintain policy, methods and systems that enable the management to fulfill their responsibilities relating to risk. Furthermore, portfolios are monitored by these departments to ensure that they remain within the investment restrictions under the Terms and Conditions for Management and Custody and the information memorandum, and to establish whether they comply with the internal guidelines. The Risk Management Committee decides how the risk-management policies are applied and monitors whether risks remain within the defined limits. The Internal Audit department carries out audits to assess the effectiveness of internal control.

RIAM uses a risk-management and control framework that helps control all types of risk. Within this framework, risks are periodically identified and assessed as to their significance and materiality. Internal procedures and measures are focused on providing a structure to control both financial and operational risks. Management measures are included in the framework for each risk. Active monitoring is performed to establish the effectiveness of the procedures and measures of this framework.

Operational risk

Operational risk is the risk of loss as a result of inadequate or failing processes, people or systems. Robeco constantly seeks opportunities to simplify processes and reduce complexity in order to mitigate operational risks. Automation is a key resource in this regard and uses systems that can be seen as the market standard for financial institutions. The use of automation increases the risk associated with IT. This risk can be divided into three categories. The risk of access by unauthorized persons is managed using preventive and detective measures to control access to both the network and systems and data. Processes such as change management and operational management provide for monitoring of an operating system landscape. Finally, business continuity measures are in place to limit the risk of breakdown as far as possible and to recover operational status as quickly as possible in the event of a disaster. The effectiveness of these measures is tested periodically by means of internal and external monitoring.

Compliance risk

Compliance risk is the risk of sanctions, financial loss or reputational damage as a result of non-compliance with the laws and regulations applicable to the activities of Robeco and the funds it manages. Robeco's activities – collective and individual asset management – are subject to the European and national rules of financial supervision. Observance of these rules is supervised by the empowered regulators (in the Netherlands the Authority for the Financial Markets, AFM and the Central Bank of the Netherlands, DNB). It is also in the interest of investors in Robeco-managed funds that Robeco complies with all the applicable laws and regulations. Robeco has implemented a meticulous process with clear responsibilities in order to ensure that new laws and regulations are identified and implemented in a timely fashion.

In 2017, there were also significant changes in the field of legislation and regulations that could affect the funds managed by Robeco. An important example of this is the European directive on markets for financial instruments. This Directive, also known as MiFID II, took effect on 3 January 2018. European distributors of funds managed by Robeco will in principle no longer be permitted to receive and hold commission based on MiFID II. Robeco has defined what is known as a 'target market' for each fund and has development, approval and review procedures to ensure that the funds it manages reflect the needs, characteristics and objectives of the target groups concerned. Since January 2018, Robeco has also facilitated the supply of information to distributors of its funds, so that investors will receive more information over matters such as the costs associated with the fund and its distribution prior to the provision of services and – where applicable – periodically. Robeco also applies the stricter rules with regard to best execution for the funds. Robeco will accordingly publish on its website the top five trading locations where it executes orders and/or refers orders with an analysis of the quality of execution for each category of financial instrument each year by 30 April at the latest. Robeco has decided to take the costs of investment research for its own account and not to pass these on to its clients. The requirements under this directive have been fully implemented in a timely manner.

Another notable development concerns the introduction of a new European framework for the use of indices as benchmarks for financial instruments or to measure the performance of investment funds (the Benchmark Regulation). In line with this regulation that took effect immediately on 1 January 2018, Robeco has formulated solid written plans for the funds that refer to a benchmark for cases where the content of a benchmark is changed or the benchmark is no

longer offered. Furthermore, in the next update the prospectus will contain clear information stating whether the benchmark is offered by a registered or authorized manager.

During the reporting year, Robeco also made the necessary preparations for the implementation of the new European directive for the prevention of the use of the financial system for money laundering or the financing of terrorism (the Fourth Anti-Money Laundering Directive). Although the Fourth Anti-Money Laundering Directive came into effect on 26 June 2017, it still has to be transposed into Dutch legislation. Robeco has reviewed its procedures and policy and made the necessary adjustments to ensure that the client investigation is adequate in view of the risks of the client, Robeco's products and services and the countries in which the products are offered.

The European regulation relating to the central settlement of derivatives (EMIR) contains three different types of obligations for certain forms of derivatives: (1) reporting to the regulators, (2) central settlement via central clearing institutions, and (3) supplementary requirements for bilateral transactions, such as the periodic reconciliation of derivatives positions and exchange of collateral. This regulation entered into force at the end of 2012 and is taking effect in stages. The reporting, reconciliation and exchange of collateral obligations have already entered into effect and have been implemented for the Robeco funds. The requirement of central settlement of interest-rate swaps came into effect for Robeco funds in 2016. This requirement applies to credit default swaps with effect from 9 August 2017. Robeco also introduced the variation margining requirements for all Robeco funds in 2017.

The Securities Financing Transaction Regulation (SFTR) entered into force on 12 January 2016. As a result, information on securities lending and repo transactions as well as total return swaps is included in the prospectuses of the funds managed by Robeco. Information on securities financing transactions entered into is also included in the funds' semi-annual and annual reports with effect from 13 January 2017. Robeco has also made preparations in connection with the obligation to report securities financing transactions to an entity known as a trade repository, which will take effect as of the third quarter of 2019 for the funds managed by Robeco.

Developments

RIAM constantly works to improve and tighten its processes and methods for measuring and controlling financial risks, among others in the field of liquidity risk and market risk. With respect to liquidity risk, Risk Management has taken a new system for measuring and managing this risk into operation. The system provides RIAM with more effective insight into liquidity risks in a portfolio and also increases the usefulness of liquidity stress tests. Regarding market risk, Risk Management implemented a new method for measuring the risks of contingent convertible bonds, also known as Cocos, last year. These instruments have some of the characteristics of options, the risks of which are now more measurable. These and other developments contribute to a more robust risk framework.

Risks relating to financial instruments

Investment risk

The value of investments may fluctuate. Past performance is no guarantee of future results. The net asset value of the fund depends on developments in the financial markets and can therefore either rise or fall. Shareholders run the risk that their investments may end up being worth less than the amount invested, or even worth nothing. The general investment risk can also be characterized as market risk.

Market risk

Market risk can be divided into three types: price risk, currency risk and concentration risk. Market risks are contained using limits on quantitative risk measures such as tracking error, volatility or value-at-risk. This means that the underlying risk types (price risk, currency risk and concentration risk) are also indirectly contained.

Price risk

The net asset value of the fund is sensitive to market movements. In addition, investors should be aware of the possibility that the value of investments may vary as a result of changes in political, economic or market circumstances, as well as changes in an individual business situation. The entire portfolio is exposed to price risk. The degree of price risk that the fund runs depends among other things on the risk profile of the fund's portfolio. More detailed information on the risk profile of the fund's portfolio can be found in the section on Return and risk on page 11.

Currency risk

All or part of the fund's securities portfolio may be invested in currencies, or financial instruments denominated in currencies other than the euro. As a result, fluctuations in exchange rates may have both a negative and a positive effect on the investment result of the fund. Currency risks may be hedged with currency forward transactions and currency options. Currency risks can be limited by applying relative or absolute currency concentration limits.

As at the balance sheet date, there were no positions in currency futures contracts. The table below shows the gross and net exposure to the various currencies, including cash, receivables and debts. Further information on the currency policy can be found on page 10.

Currency exposure

In EUR x thousand

Currency	Gross position 31/12/2017	Exposure to forward exchange contracts 31/12/2017	Net position 31/12/2017	In % 31/12/2017	In % 31/12/2016
ZAR	15,923	0	15,923	41.2	46.2
KES	4,168	0	4,168	10.8	10.4
NGN	4,782	0	4,782	12.4	8.4
GHS	2,672	0	2,672	6.9	5.8
EGP	2,633	0	2,633	6.8	5.6
BWP	1,418	0	1,418	3.7	4.4
MAD	1,605	0	1,605	4.2	4.0
USD	1,367	0	1,367	3.5	3.8
ZMW	1,237	0	1,237	3.2	3.0
MUR	1,173	0	1,173	3.0	2.6
GBP	540	0	540	1.4	2.6
TND	489	0	489	1.3	1.2
AUD	195	0	195	0.5	0.8
XOF	251	0	251	0.6	0.7
CAD	72	0	72	0.2	0.3
EUR	111	0	111	0.3	0.2
Total	**38,636**	**0**	**38,636**	**100.0**	**100.0**

Concentration risk

Based on its investment policy, the fund may invest in financial instruments from issuing institutions that (mainly) operate within the same sector or region, or in the same market. In the case of concentrated investment portfolios, events within the sectors, regions or markets in which they invest have a more pronounced effect on the fund assets than in less concentrated investment portfolios. Concentration risks can be limited by applying relative or absolute country or sector concentration limits.

The portfolio includes positions in stock market index futures at balance sheet date. The table below shows the exposure to stock markets through stocks and stock-market index futures per country in amounts and as a percentage of the fund's total equity capital.

Concentration risk by country

	Equities	Stock index futures	Total exposure	In % of net assets	In % of net assets
	31/12/2017	31/12/2017	31/12/2017	31/12/2017	31/12/2016
Africa					
South Africa	15,944	0	15,944	41.3	46.2
Kenya	4,157	0	4,157	10.8	10.3
Nigeria	5,252	0	5,252	13.6	9.5
Egypt	3,376	0	3,376	8.7	7.6
Ghana	2,672	0	2,672	6.9	5.8
Zambia	1,761	0	1,761	4.6	5.2
Botswana	1,411	0	1,411	3.7	4.4
Morocco	1,605	0	1,605	4.2	4.0
Mauritius	1,173	0	1,173	3.0	2.6
Tunisia	487	0	487	1.3	1.2
Senegal	251	0	251	0.6	0.7
Australia					
Australia	195	0	195	0.5	0.8
Europe					
United Kingdom	0	0	0	0.0	0.4
Portugal	48	0	48	0.1	0.1
Ireland	0	0	0	0.0	0.0
The Netherlands	0	0	0	0.0	0.0
America					
Canada	86	0	86	0.2	0.4
Asia					
United Arab Emirates	115	0	115	0.2	0.2
Total	**38,533**	**0**	**38,533**	**99.7**	**99.4**

The sector concentrations are shown below.

Sector allocation

in %	31/12/2017	31/12/2016
Financials	41.6	40.0
Consumer discretionary	13.6	14.8
Consumer staples	11.6	12.5
Telecom services	10.2	11.1
Real estate	4.7	5.6
Materials	6.7	4.9
Industrials	3.2	3.5
Energy	3.6	3.4
Information technology	1.7	1.7
Utilities	1.5	1.2
Pharmaceutical and health care	1.4	0.7
Other assets and liabilities	0.2	0.6
Total	**100.0**	**100.0**

Leverage risk

The fund may make use of derivative instruments, techniques or structures. They may be used for hedging risks, and for achieving investment objectives and ensuring efficient portfolio management. These instruments may be leveraged, which will increase the fund’s sensitivity to market fluctuations. The risk of derivative instruments, techniques or structures will always be limited within the conditions of the Fund's integral risk management. The degree of leveraged

financing in the fund, measured using the gross method (where 0% exposure indicates no leveraged financing) over the year, as well as on the balance sheet date, is shown in the table below. The gross method means that the absolute underlying value of the long positions and the short positions in derivatives are added up and represented as a percentage of the assets.

Leverage risk

	Lowest exposure during the reporting period	Highest exposure during the reporting period	Average exposure during the reporting period	Exposure as at 31/12/2017
	0%	8%	1%	1%

Counterparty risk

Counterparty risk is an unintentional form of risk that is a consequence of the investment policy. It occurs when a counterparty of the fund fails to fulfill its financial obligations arising from financial transactions with the fund. Counterparty risk is limited as far as possible by exercising an appropriate degree of caution in the selection of counterparties. In selecting counterparties, the assessments of independent rating bureaus are taken into account, as are other relevant indicators. Wherever it is customary in the market, the fund will demand and obtain collateral in order to mitigate counterparty risk. The figure that best represents the maximum credit risk is given in the table below.

Counterparty risk

	31/12/2017		31/12/2016	
	In EUR x thousand	In % of net assets	In EUR x thousand	In % of net assets
Accounts receivable	340	0.9	306	0.8
Cash and cash equivalents	65	0.2	127	0.3
Total	**405**	**1.1**	**433**	**1.1**

No account is taken of collateral received in the calculation of the total credit risk. Counterparty risk is contained by applying limits on the exposure per counterparty as a percentage of the fund assets. As of the balance sheet date there were no counterparties with an exposure of more than 5% of the fund's total assets.

Liquidity risk

Liquidity risk is an unintentional form of risk that is a consequence of the investment policy. Liquidity risk occurs when financial instruments cannot be sold in a timely fashion unless additional costs are incurred. Liquidity risk can be divided into two categories: exit risks and the liquidity risk of financial instruments.

Exit risk

Exit risks occur when the fund's value is negatively affected by the exit of one or more clients, with negative consequences for existing clients. The extent to which the value of the fund can be negatively affected depends on the liquidity of the financial instruments in the portfolio, and on the concentration of clients. An exit charge is made to cover the exit costs in order to prevent exits from having a negative effect on the fund.

Liquidity risk of financial instruments

The actual buying and selling prices of financial instruments in which the fund invests partly depend upon the liquidity of the financial instruments in question. It is possible that a position taken on behalf of the fund cannot be quickly liquidated at a reasonable price due to a lack of liquidity in the market in terms of supply and demand. The fund minimizes this risk by mainly investing in financial instruments that are tradable on a daily basis. Moreover, liquidity risks of financial instruments are contained using limits on the non-liquid portion of the securities portfolio.

Manager

Robeco Institutional Asset Management B.V. ("RIAM") manages the fund. In this capacity RIAM handles asset management, administration, marketing and distribution of the fund. RIAM has been granted a license by the AFM, as defined by Section 2:65 of the Wft. In addition, RIAM is licensed as a manager of UCITS (2:69b Wft), which includes managing individual assets and giving advice on financial instruments. RIAM is subject to supervision by the Netherlands Authority for the Financial Markets (the 'AFM'). RIAM has listed the fund with AFM. RIAM is a 100% subsidiary of ORIX Corporation Europe N.V. via Robeco Holding B.V. (until 1 January 2018 Robeco Groep N.V.) ORIX Corporation Europe N.V. is a part of ORIX Corporation.

Custodian
Citibank Europe plc has been appointed custodian of the Fund within the meaning of Section 4:56(1) of the Wft. The custodian is responsible for supervising the fund insofar as required under and in accordance with the applicable legislation. The manager and Citibank Europe plc have entered into a custody agreement.

Liability of the custodian
The custodian is liable to the fund and/or the shareholders for the loss of a financial instrument under the custody of the custodian or of a third party to which custody has been transferred. The custodian is not liable if it can demonstrate that the loss is a result of an external event over which it in all reasonableness had no control and of which the consequences were unavoidable, despite all efforts to ameliorate them. The custodian is also liable to the fund and/or the participants for all other losses they suffer because the custodian has not fulfilled its obligations as stated in this custodial agreement either deliberately or through negligence. Shareholders may make an indirect claim upon the liability of the custodian through the manager. If the manager refuses to entertain such a request, the shareholders are authorized to submit the claim for losses directly to the custodian.

Affiliated parties
The fund and the manager may utilize the services of and carry out transactions with parties affiliated to the fund as defined in the BGfo, such as RIAM, Robeco Nederland B.V and ORIX Corporation. The services entail the execution of tasks that have been outsourced to these parties such as (1) securities lending, (2) hiring temporary staff and (3) issuance and repurchase of the fund's shares. Transactions that can be carried out with affiliated parties include the following: treasury management, derivatives transactions, lending of financial instruments, credit extension, purchase and sale of financial instruments on regulated markets or through multilateral trading facilities. All these services and transactions are executed at market rates.

Notes to the balance sheet

1 Equities

Movements in the stock portfolio		
EUR x thousand	2017	2016
Book value (fair value) at opening date	38,970	47,979
Purchases	10,709	8,522
Sales	-15,813	-18,653
Unrealized gains	5,194	4,381
Realized gains	-527	-3,259
Book value (fair value) at closing date	**38,533**	**38,970**

EUR – 3,629 thousand of the realized and unrealized results on the equity portfolio relates to exchange rate differences.

A breakdown of this portfolio is given under Equity Portfolio, in the Notes section. A sub-division into regions and sectors is provided under the information on concentration risk under the information on risks relating to financial instruments.

Transaction costs

Brokerage costs and exchange fees relating to investment transactions are discounted in the cost price or the sales value of the investment transactions. These costs and fees are charged to the result ensuing from changes in value. The quantifiable transaction costs are shown below.

Transaction costs		
EUR x thousand	2017	2016
Transaction type		
Equities	53	29

Robeco wants to be certain that counterparties for order execution (brokers) are selected on the basis of procedures and criteria that ensure the best results for the fund (best execution).

The costs charged by brokers are not necessarily just for the order they have executed, but may also relate to research supplied by the brokers. Robeco only pays for research if this leads to an improvement in the investment decisions made at Robeco. The costs for research can be paid for by the fund through full service fees or commission sharing agreements (CSA).

The breakdown of the transaction costs over the reporting period is as follows:

Breakdown of equity transaction costs		
EUR x thousand	2017	2016
Type of transaction		
Order execution	17	12
Exchange fees	24	10
Research paid for via full service	12	7
Research paid for via CSA	-	-
Total transaction costs	**53**	**29**

2 Dividend receivable

These are receivables arising from net dividends declared but not yet received.

3 Amounts owed by affiliated parties

This concerns the following receivables from RIAM:

Amounts owed by affiliated parties		
EUR x thousand	31/12/2017	31/12/2016
Receivables from custodian's fees	5	0
Receivables from	12	0
Total	**17**	**0**

4 Other receivables, prepayments and accrued income

This concerns:

Other receivables, prepayments and accrued income		
EUR x thousand	31/12/2017	31/12/2016
Dividend tax to be reclaimed	63	63
Bank transactions to be classified	0	20
Subtotal (investment activities)	**63**	**83**
Receivables from issuance of own shares	4	30
Subtotal (financing activities)	**4**	**30**
Total	**67**	**113**

5 Cash and cash equivalents

This concerns:

Cash and cash equivalents		
EUR x thousand	31/12/2017	31/12/2016
Freely available cash	65	127
Total	**65**	**127**

6 Payable to credit institutions

This concerns temporary debit balances on bank accounts caused by investment transactions.

7 Payable to affiliated parties

This concerns the following payables to RIAM:

Payable to affiliated parties		
EUR x thousand	31/12/2017	31/12/2016
Liabilities on management fee	38	37
Liabilities on service fee	4	4
Total	**42**	**41**

8 Other liabilities, accruals and deferred income

This concerns:

Other liabilities, accruals and deferred income		
EUR x thousand	31/12/2017	31/12/2016
Costs payable	4	0
Bank transactions to be classified	19	
Subtotal (investment activities)	**23**	**0**
Liabilities from acquisition of own shares	28	81
Subtotal (financing activities)	**28**	**81**
Total	**51**	**81**

9 Shareholders' equity

Composition of and movements in shareholders' equity		
EUR x thousand	**2017**	**2016**
Issued capital – Robeco Afrika Fonds		
Situation on opening date	102	140
Received for shares issued	25	5
Paid for shares repurchased	-23	-43
Situation on closing date	**104**	**102**
Issued capital – Robeco Afrika Fonds – EUR G		
Situation on opening date	305	376
Received for shares issued	36	26
Paid for shares repurchased	-88	-97
Situation on closing date	**253**	**305**
Share-premium reserve Robeco Afrika Fonds		
Situation on opening date	14,093	17,985
Received for shares issued	2,837	533
Paid for shares repurchased	-2,598	-4,425
Situation on closing date	**14,332**	**14,093**
Share-premium reserve Robeco Afrika Fonds – EUR G		
Situation on opening date	27,800	33,793
Received for shares issued	3,434	2,281
Paid for shares repurchased	-8,374	-8,274
Situation on closing date	**22,860**	**27,800**
Other reserves		
Situation on opening date	-5,796	5,240
Addition of result in previous financial year	1,195	-11,036
Situation on closing date	**-4,601**	**-5,796**
Undistributed earnings		
Situation on opening date	2,703	-9,315
Dividend payment Robeco Afrika Fonds	-325	-404
Dividend payment Robeco Afrika Fonds - EUR G	-1,183	-1,317
Addition to other reserves	-1,195	11,036
Undistributed earnings financial year	5,688	2,703
Situation on closing date	**5,688**	**2,703**
Shareholders' equity	**38,636**	**39,207**

The company's authorized share capital is EUR 1,500,000, divided into 1,499,990 ordinary shares with a nominal value of EUR 1 each and 10 priority shares with a nominal value of EUR 1 each. The priority shares have already been issued. The ordinary shares are divided into 749,990 Robeco Afrika Fonds shares and 750,000 Robeco Afrika Fonds - EUR G shares. Fees are not included in the share premium reserve.

Special controlling rights under the Articles of Association

The ten priority shares in the company's share capital are held by Robeco Holding B.V. According to the company's Articles of Association, the rights and privileges of the priority shares include the appointment of managing directors and the amendment to the Articles of Association. The Management Board of Robeco Holding B.V. determines how the voting rights are exercised:

Gilbert Van Hassel
Karin van Baardwijk
Peter Ferket
Roland Toppen

Survey of movements in net assets

EUR x thousand	2017	2016
Assets as at opening date	**39,207**	**48,219**
Company shares issued	6,332	2,845
Company shares repurchased	-11,083	-12,839
Situation on closing date	**34,456**	**38,225**
Investment income	1,566	2,044
Received on surcharges and discounts on issuance and repurchase of own shares	144	136
Management costs	-452	-467
Service fee	-47	-50
Custody costs	-66	-64
Other costs	-16	-32
	1,129	**1,567**
Changes in value	**4,559**	**1,136**
Net result	**5,688**	**2,703**
Dividend payments	**-1,508**	**-1,721**
Assets at closing date	**38,636**	**39,207**

10 Assets, shares outstanding and net asset value per share

Assets, shares outstanding and net asset value per share

	Afrika Fonds			Afrika Fonds – EUR G		
	31/12/2017	31/12/2016	31/12/2015	31/12/2017	31/12/2016	31/12/2015
Assets in EUR x thousand	12,866	11,246	14,960	25,770	27,961	33,259
Status of number of shares issued as at the beginning of the financial year	102,229	140,128	117,243	305,025	375,240	410,547
Shares issued in financial year	24,903	5,143	56,726	35,522	26,624	48,947
Shares repurchased in financial year	-22,726	-43,042	-33,841	-87,612	-96,839	-84,254
Number of shares outstanding	104,406	102,229	140,128	252,935	305,025	375,240
Net asset value per share in EUR x 1	123.23	110.01	106.76	101.88	91.66	88.63
Dividend paid per share during financial year	3.00 [1]	3.80	4.00	4.00 [1]	3.60	3.00

[1] In order to meet the tax distribution obligation, a revised dividend proposal was submitted to the General Meeting of Shareholders (GMS). This proposal was approved by the GMS.

Notes to the profit and loss account

Income

11 Investment income

This concerns:

Investment income		
EUR x thousand	**2017**	**2016**
Dividends received*	1,569	2,048
Interest	-3	-4
Total	**1,566**	**2,044**

This concerns net dividends received. Factored into this amount as withholding tax reclaimable from the country that withheld the tax plus withholding tax that is subject to a remittance reduction from the Dutch tax authorities. The remittance reduction is offset against the dividend tax payable on dividends distributed by the fund.

Costs

12 Management costs and service fee

The management fee and service fee are charged by the manager. Management costs only relate to management fees. The fees are calculated daily on the basis of the fund assets.

Management costs and service fee specified in the prospectus		
In %	**Robeco Afrika Fonds**	**Robeco Afrika Fonds - EUR G**
Management costs	1.75	0.88
Service fee [1]	0.12	0.12

[1] For the share classes, the service fee is 0.12% per year on assets up to EUR 1 billion, 0.10% on assets above EUR 1 billion,and 0.08% on assets above EUR 5 billion.

The management costs cover all current costs resulting from the management and marketing of the fund. If the manager outsources operations to third parties, any costs associated with this will also be paid from the management fee. The management costs for the Robeco Afrika Fonds share class also include the costs related to registering participants in this share class.

The service fee paid to RIAM covers the administration costs, the costs of the external auditor, other external advisers, regulators, costs relating to reports required by law, such as the annual and semi-annual reports, and the costs relating to the meetings of shareholders. Costs for the external auditor are not included in the fund's results. Of the costs paid by RIAM for the external auditor, EUR 8 thousand related to the audit of Robeco Afrika Fonds N.V.. The other costs paid by RIAM for the external auditor relate exclusively to assurance activities for the regulator that the the fund complies with the UCITS provisions and assurance activities for the examination of the prospectus

13 Performance fee

Robeco Afrika Fonds N.V. is not subject to a performance fee.

14 Other costs

This concerns:

Other costs		
EUR x thousand	**2017**	**2016**
Custody fee	65	64
Bank charges	1	9
Costs for fund agent	10	8
Other costs relating to own shares	2	11
Costs of custodian	4	4
Total	**82**	**96**

15 Ongoing charges

Ongoing charges	Robeco Afrika Fonds		Robeco Afrika Fonds - EUR G	
in %	2017	2016	2017	2016
Cost item				
Management costs	1.75	1.75	0.88	0.88
Service fee	0.12	0.12	0.12	0.12
Other costs	0.22	0.23	0.21	0.23
Net result	**2.09**	**2.10**	**1.21**	**1.23**

The percentage of ongoing charges is based on the average net assets per share class. The average assets are calculated on a daily basis. The ongoing charges include all costs charged to the share classes in the reporting period, excluding the costs of transactions in financial instruments and interest charges. Not included in the ongoing charges are also any payment of entry or exit costs charged by distributors.

16 Maximum costs

For some cost items, the fund prospectus specifies a maximum percentage of average net assets. The table below compares these maximum percentages with the costs actually charged.

Maximum costs			
	2017 in EUR x thousand	2017 in % of net assets	Maximum as specified in the prospectus [1]
Management costs Robeco Afrika Fonds share class	209	1.75	1.75
Service fee Robeco Afrika Fonds share class	14	0.12	0.12
Management costs Robeco Afrika Fonds - EUR G share class	243	0.88	0.88
Service fee Robeco Afrika Fonds - EUR G share class	33	0.12	0.12
Custody charge and bank costs	66	0.17	0.20
Costs for fund agent	9	0.02	0.02
Costs of custodian	4	0.01	0.01

[1] The prospectus also specifies a maximum percentage of the total cost. This amounts to 4.60% for the Robeco Afrika Fonds share class, and 3.73% for the Robeco Afrika Fonds - EUR G share class.

17 Turnover rate

The turnover ratio for the reporting period was 23% (for the previous reporting period it was 35%). This ratio shows the fund's portfolio turnover rate and is a measure of the incurred transaction costs resulting from the portfolio policy pursued and the ensuing investment transactions. The turnover ratio is determined by expressing the amount of the turnover as a percentage of the average fund assets. The average fund assets are calculated on a daily basis. The amount of the turnover is determined by the sum of the purchases and sales of investments less the sum of issuance and repurchase of own shares. The sum of issues and repurchases of own shares is determined as the balance of all issues and repurchases in the fund. Cash and money-market investments with an original life to maturity of less than one month are not taken into account in the calculation.

18 Transactions with affiliated parties

No transactions were effected with affiliated parties during the reporting period other than calculated management costs and the service fee. During the reporting period the fund paid RIAM the following amounts in management costs and service fees:

Management costs and service fee paid			
In EUR x thousand	Counterparty	2017	2016
Management fees	RIAM	452	467
Service fee	RIAM	47	50

19 Fiscal status

The fund has the status of an investment institution. A further description of the fiscal status is included in the general information of the management report on page 5.

20 Proposed profit appropriation

For the financial year 2017, dividend distribution will take place on the basis of the fiscal result in order to fulfill the fiscal distribution obligation. Based on the number of shares outstanding on 31 December 2017 it has been proposed to fix the dividend per share for the financial year 2017 at:

– EUR 2.20 per share (last year: EUR 3.00) for the Robeco Afrika Fonds share class.
– EUR 3.00 per share (last year: EUR 4.00) for the Robeco Afrika Fonds – EUR G share class.

If necessitated by legislation and regulations or changes in the number of shares outstanding, the General Meeting of Shareholders shall submit a revised dividend proposal. If this proposal is accepted, the dividend will be payable on 11 June 2018. The shares of Robeco Afrika Fonds and Robeco Afrika Fonds – EUR G will be quoted ex-dividend from 17 May 2018.

Shareholders will be offered the opportunity to reinvest the dividend (less dividend tax) in Robeco Afrika Fonds and Robeco Afrika Fonds – EUR G shares. The price used to calculate this is the transaction price of the shares on the stock market of Euronext Amsterdam, Euronext Fund Service segment, on 6 June 2018. Costs charged by distributors to their customers for this will be borne by the shareholder. In some countries and with some distributors, reinvestment will not be possible for technical reasons.

21 Register of Companies

The fund has its registered office in Rotterdam and is listed in the Trade Register of the Chamber of Commerce in Rotterdam, under number 24432814.

Currency table

Exchange rates

EUR 1	31/12/2017	31/12/2016
AUD	1.5353	1.4566
BWP	11.8016	11.2688
CAD	1.5045	1.4145
EGP	21.3502	19.1227
GBP	0.8877	0.8536
GHS	5.4307	4.5038
KES	123.9827	108.0803
MAD	11.2234	10.6751
MUR	40.5871	37.9816
NGN	432.2881	332.2253
TND	2.9985	2.4263
USD	1.2008	1.0548
XOF	655.9571	655.9571
ZAR	14.8659	14.4237
ZMW	11.9780	10.4684

Equity portfolio

As of 31 December 2017

Market value	*Market value*	
	Africa	
	South Africa	
EUR	ZAR	
342,401	5,090,100	Astral Foods Ltd
187,409	2,786,000	Attacq Ltd
849,260	12,625,010	Barclays Africa Group Ltd
203,932	3,031,640	Barloworld Ltd
273,768	4,069,810	Clicks Group Ltd
288,227	4,284,750	DataTec Ltd
355,657	5,287,161	EOH Holdings Ltd
327,932	4,875,000	Exxaro Resources Ltd
259,162	3,852,671	Foschini Group Ltd/The
180,235	2,679,350	Lewis Group Ltd
225,994	3,359,610	Liberty Holdings Ltd
343,627	5,108,320	Mondi Ltd
781,049	11,611,000	MTN Group Ltd
114,046	1,695,400	Murray & Roberts Holdings Ltd
120,790	1,795,651	Nampak Ltd
3,934,807	58,494,450	Naspers Ltd
415,811	6,181,400	Raubex Group Ltd
1,090,313	16,208,480	Remgro Ltd
828,682	12,319,104	Rhodes Food Group Pty Ltd
608,291	9,042,800	SA Corporate Real Estate Ltd
632,051	9,396,000	Sanlam Ltd
682,627	10,147,866	Sasol Ltd
453,929	6,748,065	Shoprite Holdings Ltd
491,058	7,300,013	Spur Corp Ltd
1,105,804	16,438,766	Standard Bank Group Ltd
187,567	2,788,355	Super Group Ltd/South Africa
241,844	3,595,226	Transaction Capital Ltd
145,299	2,160,000	Trencor Ltd
73,193	1,088,080	Wilson Bayly Holmes-Ovcon Ltd
199,411	2,964,421	Woolworths Holdings Ltd/South Africa
	Nigeria	
EUR	NGN	
716,703	309,822,332	Access Bank PLC
365,786	158,125,000	Dangote Cement PLC
453,401	196,000,000	Dangote Sugar Refinery PLC
382,532	165,363,966	Diamond Bank PLC
259,862	112,335,422	Ecobank Transnational Inc
306,322	132,419,179	FBN Holdings Plc
126,051	54,490,323	FCMB Group Plc

Market value	*Market value*	
277,362	119,900,400	Fidelity Bank PLC
373,142	161,304,718	Lafarge Africa PLC
218,146	94,302,000	UAC of Nigeria PLC
592,391	256,083,750	United Bank for Africa PLC
710,208	307,014,642	Zenith Bank PLC
EUR	USD	
26,947	32,358	Diamond Bank PLC GDR
443,522	532,582	Guaranty Trust Bank PLC GDR
	Kenya	
EUR	KES	
213,645	26,488,320	Barclays Bank of Kenya Ltd
439,594	54,502,000	East African Breweries Ltd
519,387	64,395,000	Equity Group Holdings Ltd/Kenya
796,006	98,690,940	KCB Group Ltd
338,757	42,000,000	KenolKobil Ltd Group
231,202	28,665,000	Kenya Power & Lighting Ltd
1,618,170	200,625,000	Safaricom Ltd
	Egypt	
EUR	EGP	
133,351	2,847,065	Al Baraka Bank Egypt
106,248	2,268,408	Alexandria Mineral Oils Co
243,051	5,189,184	Cairo Poultry Co
16,656	355,600	Citadel Capital SAE
523,778	11,182,765	Credit Agricole Egypt SAE
130,411	2,784,311	Egyptian Financial Group-Hermes Holding
110,478	2,358,720	ElSewedy Electric Co
175,277	3,742,200	Ezz Steel
681,428	14,548,615	Global Telecom Holding SAE
68,317	1,458,584	Suez Cement Co SAE
328,940	7,022,925	Talaat Moustafa Group
EUR	USD	
537,142	645,000	African Export-Import Bank/The GDR
321,135	385,619	Commercial International Bank GDR
	Ghana	
EUR	GHS	
940,243	5,106,132	CAL Bank Ltd
244,446	1,327,500	FAN Milk Ltd
670,928	3,643,575	Ghana Commercial Bank Ltd
183,076	994,222	Guinness Ghana Breweries Ltd
329,795	1,791,003	Societe Generale Ghana Ltd

Market value	*Market value*	
303,745	1,649,532	Standard Chartered Bank Ghana Ltd
	Zambia	
EUR	GBP	
524,418	465,500	Zambeef Products PLC
EUR	ZMW	
362,575	4,342,919	Copperbelt Energy Corp PLC
106,594	1,276,788	Lafarge Cement Zambia PLC
601,519	7,205,000	Real Estate Investments Zambia
67,976	814,221	Zambia National Commercial Bank PLC
	Morocco	
EUR	MAD	
90,882	1,020,000	Alliances Developpement Immobilier SA
283,891	3,186,225	Lesieur Cristal
596,967	6,700,000	Maroc Telecom
632,824	7,102,440	TOTAL Maroc SA
	Botswana	
EUR	BWP	
207,711	2,451,322	Botswana Insurance Holdings Ltd
1,203,371	14,201,708	Letshego Holdings Ltd
	Mauritius	
EUR	MUR	
807,154	32,760,000	MCB Group Ltd
365,578	14,837,753	SBM Holdings Ltd
	Tunisia	
EUR	TND	
167,805	503,163	Banque de l'Habitat
26,834	80,461	Banque de l'Habitat
292,646	877,500	Banque Nationale Agricole

Market value	*Market value*	
	Senegal	
EUR	XOF	
250,779	164,500,000	Sonatel
	Australia	
	Australia	
EUR	AUD	
72,744	111,681	Base Resources Ltd
97,628	149,884	Mineral Deposits Ltd
	Asia	
	United Arab Emirates	
EUR	EGP	
115,089	2,457,175	Orascom Construction Ltd
	North America	
	Canada	
EUR	CAD	
70,552	106,145	NextSource Materials Inc
EUR	GBP	
15,420	13,688	Avesoro Resources Inc
	Europe	
	Portugal	
EUR	EUR	
48,257	48,257	Teixeira Duarte SA
38,410,971		**Total**

Rotterdam, 29 March 2018

Robeco Institutional Asset Management B.V.
Policy makers of RIAM:
Gilbert O.J.M. Van Hassel
Maureen C.J. Bal
Karin van Baardwijk
Monique D. Donga
Peter J.J. Ferket
Martin O. Nijkamp
Hans-Christoph von Reiche
Roland Toppen
Victor Verberk

Other information

Profit appropriation

According to Article 20 of the fund's Articles of Association, the profit less allocations to the reserves deemed desirable by the Management Board shall be at the disposal of the General Meeting of Shareholders.

Directors' interests

On 1 January 2017 and 31 December 2017 the policymakers of the Management Board (also the manager) of the fund held no personal interests in the investments of the fund.

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Robeco Afrika Fonds N.V.

Report on the audit of the annual financial statements 2017

Our opinion

In our opinion the financial statements give a true and fair view of the financial position of Robeco Afrika Fonds N.V. ("the company") as at 31 December 2017, and of its result and cash flows for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the 2017 financial statements of Robeco Afrika Fonds N.V., based in Rotterdam.

The financial statements consist of:

1 the balance sheet at 31 December 2017;
2 the profit and loss account for 2017;
3 the cash flow statement for 2017; and
4 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Robeco Afrika Fonds N.V. as required in the European Regulation concerning specific requirements for statutory audits of financial statements of public interest entities, the Dutch Audit Firms (Supervision) Act (*Wet toezicht accountantsorganisaties*, or 'Wta'), the Regulation on the independence of auditors in assurance engagements (*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten*, or 'ViO') and other relevant independence regulations in the Netherlands. We have also complied with the Dutch rules of professional conduct and practice for auditors (*Verordening gedrags- en beroepsregels accountants*, or 'VGBA').

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

Audit approach

Summary

MATERIALITY
- Materiality of EUR 0.4 million
- 1.0% of shareholders' equity

KEY AUDIT MATTER
- The existence and valuation of investments

UNQUALIFIED OPINION

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 0.4 million (2016: EUR 0.4 million).

Materiality is determined based on the equity of the company (1%). We consider the equity to be the most appropriate measure, since the equity of an investment entity represents the value that an investor could receive on the sale of their share in the investment entity. Changes in the value of the investments are an important part of the investment proceeds and therefore the result of an investment entity. Due to the dependency on the value changes both the total revenues and the profit before tax are inherently volatile and therefore less suited as benchmark for determining materiality. The materiality is determined on the basis of the characteristics of the fund, including the investment category.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements. Materiality, as a percentage of shareholders' equity, is unchanged relative to the last financial year.

We have agreed with the Supervisory Board, the manager and the Management Board of the company, Robeco Institutional Asset Management B.V. (RIAM) that we would report differences identified during our audit in excess of EUR 19,300 to them, as well as smaller differences that we believe to be relevant for qualitative reasons.

Scope of the audit

Delegation of business processes to service providers

Robeco Afrika Fonds N.V. has no employees and its portfolio management, risk management and financial and investment administration are therefore performed by RIAM.

Consequently, the fund is dependent on RIAM for generating financial information and drafting the financial statements. Taking into account our responsibilities for the audit of the financial statements we are responsible for assessing the nature and significance of the services provided by RIAM and its effect on the internal controls relevant to the audit. Based on this assessment we identify the risks of material misstatement and design audit procedures to address these risks.

As part of our audit procedures we rely on the procedures performed by the external auditor of RIAM on the relevant administrative organisation and internal controls of RIAM. The outcome of these procedures is included in the ISAE 3402 type II report of RIAM. Our audit procedures consisted of determining the minimum expected controls at RIAM, and evaluating the controls which are included in the ISAE 3402 type II report, the procedures performed in order to test the effectiveness of those controls and the outcome of these procedures.

Based on the above procedures performed over these processes and additional work performed by us, we have collected sufficient appropriate audit evidence in relation to the fund's investments and investment income in order to opine on the financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Supervisory Board. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The existence and valuation of investments

Description

The company's investments amount to more than 95% of the total assets. The investments are valued at fair value based on market information. The determination of the fair value for each investment category is disclosed on pages 22 and 30. The valuation of the investments has a significant impact on the financial results. We assess the risk of a material misstatement in the valuation of the investments as low due to the fact that the portfolio consists of liquid, listed investments which are traded on an active market. In addition, the remainder of the investments consist of derivative instruments (forward currency contracts and futures). Due to the amount of the investments in relation to the financial statements as a whole we identify the existence and valuation of investments as a key audit matter.

Our approach

Our audit procedures consisted of the following:

- determining the existence of the investments by custodian confirmation and other relevant counterparties.
- determining that the used price is based on the method which is defined for the relevant investment category. We performed this procedure by comparing the used valuations of the investments with our independent valuation which is based on observable market prices. In performing these procedures we have used our valuation specialists.

Furthermore we evaluated the disclosure in the financial statements pages 22 through 30.

Our observation

Based on our procedures we conclude that the investments exist and that the Management Board's valuation of the investments resulted in an acceptable valuation of the investments in the financial statements.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

— the report by the board;
— other information.

Based on the below procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements;

— contains the information as required by Part 9 of Book 2 of the Netherlands Civil Code.

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

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

The Management Board is responsible for the preparation of the other information, including the report by the board in accordance with Part 9 of Book 2 of the Netherlands Civil Code and other information pursuant to Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting on 24 April 2014 as auditor of the company as of the audit for year 2014 and have operated as statutory auditor since then.

No prohibited services

We have not provided any prohibited services as defined in Article 5 (1) of the European regulation on specific requirements for statutory audits of financial statements of Public Interest Entities.

Description of the responsibilities for the financial statements

Responsibilities of the Management Board and Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the requirements set with regard to the financial statements by or pursuant to the Wft. Furthermore, the Management Board is responsible for such internal control as the

Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during the audit.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Further details of our responsibilities with respect to the audit of the financial statements is included in the appendix to this audit report. This appendix forms part of our audit report.

Amstelveen, 29 March 2018

KPMG Accountants N.V.

W.L.L. Paulissen RA

Appendix: Our responsibilities for the audit of the financial statements

Appendix

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

— Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

— Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

— Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

— Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

— Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

In case of a group audit we are, given our ultimate responsibility for the opinion, also responsible for directing, supervising and performing the group audit. In this respect we determine the nature and extent of the audit procedures to be carried out for group entities. Decisive are the size and/or the risk profile of the group entities or operations. On this basis, we select group entities for which an audit or review has to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements . We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.