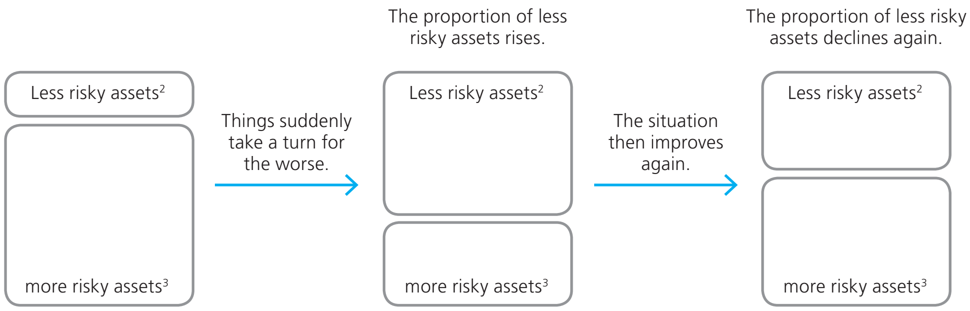
Invest with floor price protection

Many investors are looking for yield but are also conscious of the downside risk of their **investments. Investing with floor price protection** links an actively managed portfolio to a management model that sets out to keep the value of your investment above a particular floor price at all times.

The **floor price protection** technique is found in investments[1] **with no final maturity date**. Investments that use this technique try to prevent the value of an investment from falling below a predetermined floor price during a set period, generally one year. An example of a floor price is 90% or 95% of the price at the beginning of the period (the net asset value). If the floor is threatened, the manager will scale back the weighting of more risky assets (such as shares, share funds, medium and longer-term bonds, medium and longer-term bond funds, certain money market instruments, and alternative investments (like real estate and financial instruments that are linked to price movements on the commodity markets)) and switch to less risky assets (such as certain money market instruments, shorter-term bonds, shorter-term bond funds and cash). If necessary the manager can invest 100% in liquid (cash) investments.

The floor price protection technique helps limit the negative consequences of a sharp fall in the financial markets. This technique does not however offer any capital protection, capital guarantee or guaranteed return. Needless to say that the manager, such as KBC Asset Management, will do its level best to intervene in good time in order to protect the floor price.

The floor price is **valid for one year** and is reset at the end of that year for a further period of one year. If the value of the investment has risen at the end of that year, the floor price will be increased. If the investment has fallen, the floor price will be adjusted downwards. If the financial markets face disappointing results for several years in a row, **the floor price may be reduced repeatedly**. Investors may, consequently, lose a substantial part of their investment over a longer period.



1 Where the term 'investment' is used in this document, it relates to investment funds ('fund' or 'investment fund' are commonly used to refer to 'undertakings for collective investment').
2 Such as certain money market instruments, shorter-term bonds, shorter-term bond funds and cash.
3 Such as shares, share funds, medium and longer-term bonds, medium and longer-term bond funds, certain money market instruments, and alternative investments (like real estate and financial instruments that are linked to price movements on the commodity markets).

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