

#### 4. The Association

Strategy: sword and shield

The VEB's management, staff and supervisory board paid close attention to the association's strategy in 2013.

Membership has hovered around 48,000 for several years. The operational budget deficit was 340,000 euro in 2012, which was well below the 1 million euro deficit in the five years up to 2010. Yet while much has been invested in 'information for beginners' (Books like *Beleggen Kun je zelf 1 and 2*, *Wat en Hoe met Geld*) and relevant information for passive investors (in particular the VEB Fund Ratings), growth in membership among this target group has not been impressive.

Yet these facts only tell part of the story. Membership of the VEB has gone up 20 percent since the beginning of 2008, the start of the most serious financial crisis since the 1930s.

This membership increase is mainly down to a number of significant legal campaigns and the policy of discouraging free riders. The settlements in the World Online and KPNQwest cases had an important role in this and we have been clear in our communication that non-members may miss out. In comparison, recruitment campaigns based on other services have booked disappointing results.

The legal campaigns have brought more than an increase in members. The financial benefits of the settlements have also allowed us to build up a considerable war chest to fund future action.

Collective damages claims are a direct and highly tangible form of representing members' interests. They have led to more members and financial security. And they have also given the VEB a recognisable public profile.

The VEB has a unique market position as a 'collective campaigner'. An organisation with tens of thousands of members is by definition independent and authoritative when it comes to representing the collective interests of investors. Counter-parties and the relevant advisors know the VEB will not shy away from actively pursuing legal

action over a period of years but that it is also always willing to talk about realistic settlements.

By not asking participants in advance to contribute towards legal action but to simply stress the benefits of membership, the VEB offers in effect an extremely cheap, risk-free way of taking part in a class action suit. The compensation for investors depends on the amount of money agreed, the costs and the amount of effort.

In short, the VEB has a very strong position in the market for collective legal procedures. But it is not a given right. Foundations set up to pursue a particular claim, law firms and litigation finance companies are also after their piece of the pie.

To ensure we keep and expand our position as a collective campaigner in the years to come, we must continue to work on the three elements which make us strong: our people, finances and representation.

The VEB's legal team must be of the highest quality to make sure we can properly present our cases and manage procedures. This also applies to out of court settlements. The economic department must be able to deliver the necessary information. Communications, marketing, investors services and the administration department all have a duty to make sure the VEB message reaches investors, that questions are answered properly and that registration is accurate. In short, the VEB has to be strong in both content and operation. Investing in the quality of our people is a continuous necessity.

Costs come before benefits. We need to maintain strong financial buffers. The cost of lawyers not included in the budget has to be compensated for by income from legal action.

Representation is key in order to be convincing and strong when it comes to collective action. So it is important to continue investing in keeping and expanding our membership base and in the necessary products and services.

Collective action is not by-catch or an incidental event. It is the cork that keeps us afloat. Our leading position as the representative of the private investor needs to be defended