

Main points

- Policy funding ratio 30 September 2023: 117.3% (1.4% increase compared to the end of 2022).
- Present UFR funding ratio 30 September 2023: 120.7% (7.5% increase compared to the end of 2022).
- Return on investments since the end of 2022: -0.4%.
- Invested assets 30 September 2023: € 28.6 billion.

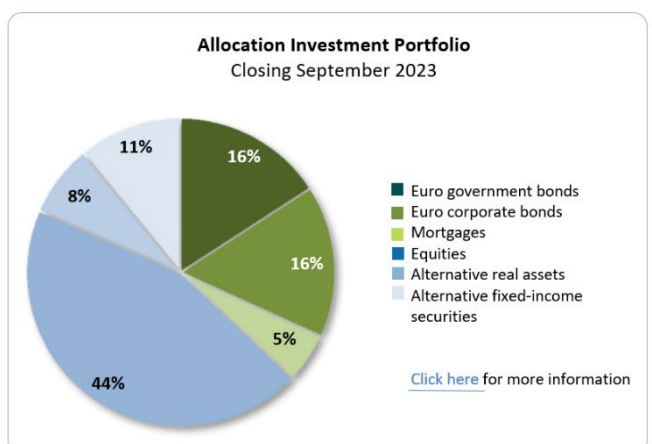
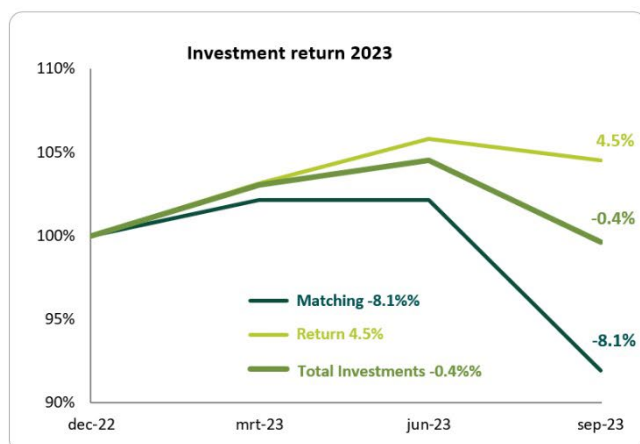
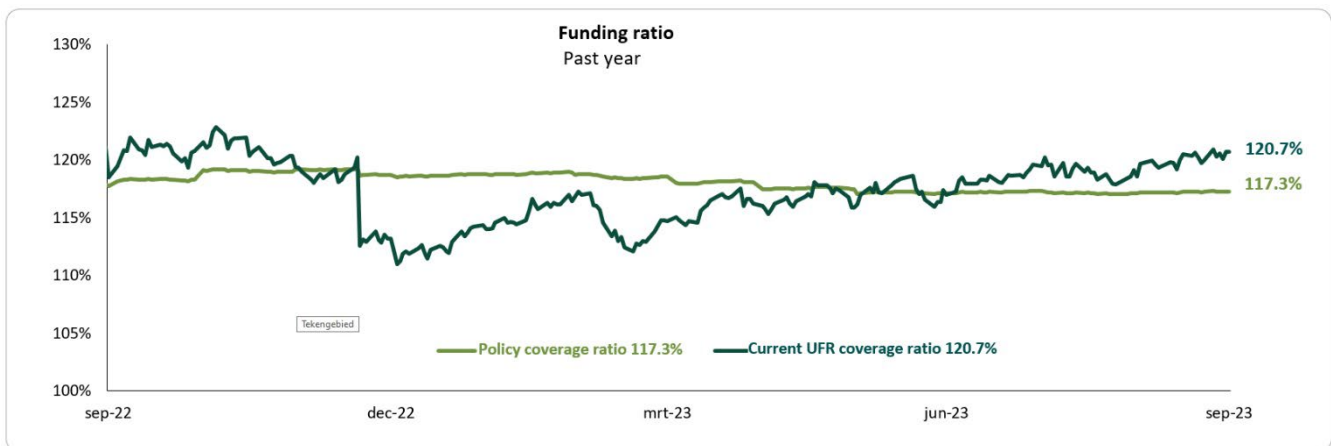
Preface

Jochem Dijckmeester, Chairman of the Board of Pensioenfondspgb: “We experienced negative results on the financial markets in the 3rd quarter. Our investments were also affected by this, causing us to achieve a negative return in the 3rd quarter. The return for the first half of the year was good. But because of a disappointing 3rd quarter, we ended up with a return of -0.4% at the end of September. However, our financial situation improved thanks to rising interest rates. Thanks to those higher interest rates, we do not need to keep so much money in reserve to pay the pensions.

On 1 July 2023, the Future Pensions Act (Wtp) also came into effect. Now we, together with our employers and social partners, can continue with the introduction of the new pension rules. We work together on this and offer guidance on the choices they have to make. We also continue to notify our participants so they know where they stand. And that they can rely on us to take care of their pension as best as possible. We do this for each other.

It is not yet known whether Pensioenfondspgb can increase pensions again. The board will decide on this in November. We look at the price increase (inflation) in the past period and how can we best calculate inflation to keep the pensions inflation-proof. Whether we can increase pensions always depends on our financial situation. This is also important for the transition to the new pension in 2027. This transition must of course be fair on everyone. For more information, read our [news item](#). We will of course keep you informed through our various communication channels,”

Overview financial position and investment return



See the appendix on page 4 for an explanation of the most important terms.

Explanation of financial position and investment return

Financial position

At the end of 2022, the Board decided to increase all pensions by 7% from 1 January 2023. This decision has been incorporated in the financial position from the end of 2022. Compared to year-end 2022, the current UFR funding ratio rose from 113.2% to 120.7%. The policy funding ratio fell from 118.7% to 117.3% over the same period. The two coverage ratios do not move evenly because the present UFR funding ratio is a snapshot (as of end of September) while the policy funding ratio is the average of the present UFR funding ratios of the past twelve month-ends. The coverage ratios are criteria for any increase or decrease in pensions. It is tested annually whether this is the case.

Investment return

The return on the investments is -0.4% over the first three quarters of 2023. The investments to hedge the interest rate risk (Matching Portfolio) achieved a return of -8.1%. This is the result of rising interest rates in the third quarter. The value of the Matching Portfolio decreases when interest rates rise. When interest rates fall, the value rises. The Return Portfolio, which mainly consists of equities, achieved a return of +4.5% over the first three quarters of 2023.

Distribution of investments

The value of the pension liabilities rises or falls as a result of interest rate movements. As of 30 September, 69% of the effect of this movement on our financial position will be absorbed (interest hedging) through investments in the Matching Portfolio, which consists of Euro government bonds, among other things. The aim of the Return Portfolio, which largely consists of equities, is to create extra return on investments in order to be able to increase pensions. The value of the total investments is € 28.6 billion as of 30 September. This is a decrease of €0.2 billion compared to the end of 2022.

Investment Returns Defined Contribution Schemes

Some of the participants have a pension capital through a defined contribution scheme. The details depend on the pension scheme. An appropriate investment portfolio has been drawn up for each age category. In addition, younger participants invest a larger part of their capital in the Return Portfolio (RP). This involves a bigger risk. Older participants invest more in the portfolio with less risk (Matching Portfolio, MP), so their pension capital is better protected against falls in interest rates and falls in share prices.

Result per age cohort	Weight		Return
	MP	RP	2023
Age up to and including 49	15%	85%	2.6%
Age 50-55	25%	75%	1.4%
Age 56-61	35%	65%	0.1%
Age from 62	45%	55%	-1.2%

Pension liabilities

Liabilities (UFR): The value of the liabilities decreased from € 25.6 billion at the end of 2022 to € 23.8 billion at the end of September 2023. The notional interest rate of De Nederlandsche Bank increased from 2.58% at the end of 2022 to 3.11% at the end of September 2023. An interest rate increase results in a lower market value of the pension liabilities.

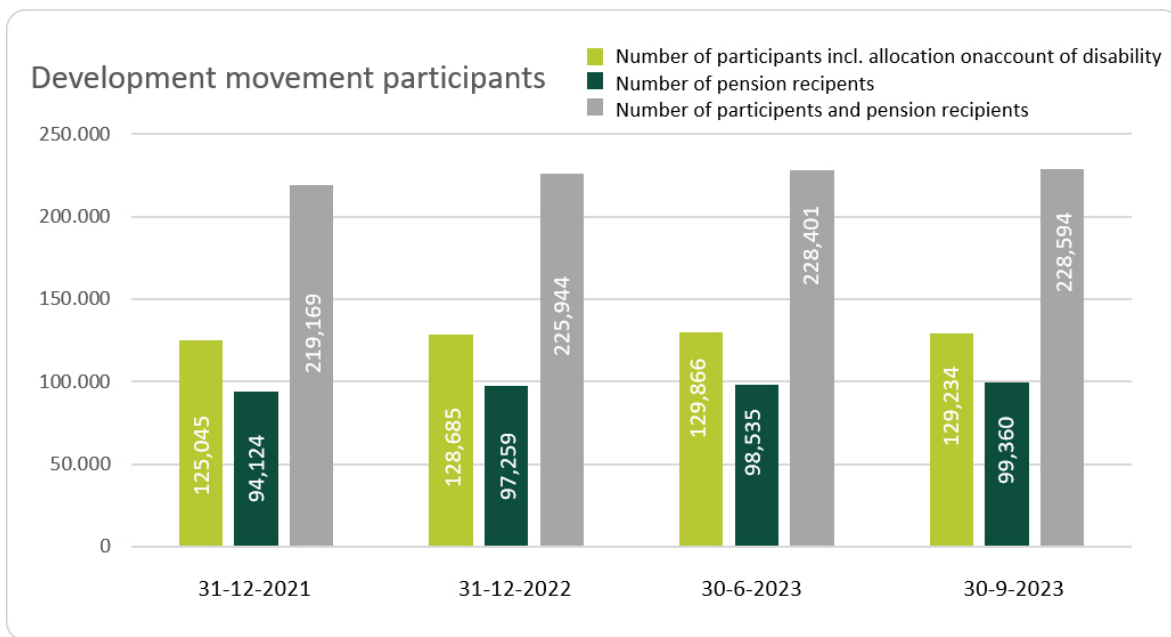
Developments at Pensioenfonds PGB

- [Additional pension choice 'lump sum' postponed again](#)
- [Cabinet fall does not affect your pension](#)
- [Further improvement in our financial position](#)

Development participants

The number of participants accruing pension with Pensioenfonds PGB - including allocation due to occupational disability - decreased by 632 in the 3rd quarter, from 129,866 to 129,234. The number of participants receiving a pension increased in the 3rd quarter of 2023 from 98,535 to 99,360, an increase of 0.8%. At the end of September 2023, a total of 228,594 participants were accruing or receiving a pension.

Development of participants from the end of 2021 to 30 September 2023



The total number of participants - including participants who left their pension with Pensioenfonds PGB (deferred members) after leaving - came to approximately 440,000 at the end of September 2023.

Explanation of the most important terms

Matching (Portfolio)

Investments that depend in particular on interest rate movements, such as Euro government bonds. The Dutch government issues loans and these are financed by, for example, Pensioenfonds PGB. The risk on these investments is limited, as it is customary for governments to repay the loans. Pensioenfonds PGB mainly invests in bonds of the Dutch and German governments. All these investments are in Euros.

Return (Portfolio)

These investments should provide extra returns. This category mainly consists of equities (worldwide), private real assets (mainly immovable property and infrastructure) and high-interest-bearing assets (mainly bonds from emerging countries). These investments are mainly in Euros, US Dollars and British Pounds.

Coverage ratio

The coverage ratio is the ratio between our assets (the investments) and the pensions we have to pay out (our liabilities). Is the coverage ratio 100%? Then there is just enough money to pay out the pensions. How our coverage ratio develops depends mainly on our investment results and interest rates.

Interest rates

The value of the pension liabilities and the Matching Portfolio changes with an interest rate movement. An interest rate increase generally has a positive effect on the coverage ratio, even if the value of the Matching Portfolio decreases as a result, because the liabilities fall more sharply in value. It works the other way around when interest rates fall.

Real assets

These are equities and private real assets that are part of the Return Portfolio.

Disclaimer

The figures in this quarterly report are provisional figures, based in part on estimates, and have not been verified by the certifying auditor and external actuary.