

Press release

Quarterly report Q3 2024

Heerlen/Amsterdam, 17 October 2024.

- **Current coverage ratio falls to 114.6 per cent in Q3**
- **Third quarter investment return: +4.6 per cent (+€23.4 billion)**
- **Pension liabilities increased in Q3 by €24 billion to €465 billion**
- **Policy coverage ratio falls to 113.6 per cent in Q3**

Despite an investment return of +4.6 per cent, ABP's financial position deteriorated slightly in the third quarter. The current coverage ratio fell from 115.6 per cent at the end of June to 114.6 per cent at the end of September 2024. Compared with the €23 billion growth of the invested assets, there was a €24 billion increase in the value of all the future pension payments. A fall in interest rates had a detrimental effect on this. ABP's available assets rose to €533 billion.

Chairman of the Board Harmen van Wijnen: 'ABP's financial position is fairly stable. We posted a good return this quarter, which almost compensated for the sharp increase in the value of all the future pension payments. That is a good thing. After all, our financial position is important to achieving our ambition of a pension with great purchasing power. Over the past three years, we have succeeded in achieving this: we have been able to allow pensions to grow in line with increased prices. We want to index the pension benefits of pensioners and the entitlements of people who are still accruing a pension next year as well. We have a few more exciting weeks to go until we reach a balanced decision at the end of November on the possible increase in pensions in 2025. Fortunately, as in the previous three years, ABP is able to make use of more flexible rules that allow us to make greater increases. We can, because we will be switching to the new pension system in 2027.'

Board decision on indexation at the end of November

At the end of November this year, ABP will again assess whether and how much pensions can be increased in 2025. The fund will look at the financial position at the end of October and the price increase between 1 September 2023 and 1 September 2024. Statistics Netherlands (CBS) has calculated inflation for this period at 3.56 per cent. If ABP can and is allowed to increase pensions, this is the maximum rate. In the indexation decision, the Board will take into account the interests of all groups of participants.

ABP's third quarter 2024 coverage ratios

In the third quarter of 2024, the current coverage ratio fell by 1.0 per cent from 115.6 per cent to 114.6 per cent. The lower actuarial interest rate was largely responsible for this. The policy coverage ratio (the average of the current coverage ratios over the last twelve months) fell by 0.6 per cent in the third quarter: from 114.2 per cent to 113.6 per cent. The coverage ratios are important for increasing pensions. ABP increases pensions if the current coverage ratio is higher than 110 per cent. A condition is that the policy coverage ratio is at least 105 per cent.

What did ABP's investments and liabilities do in Q3 2024?

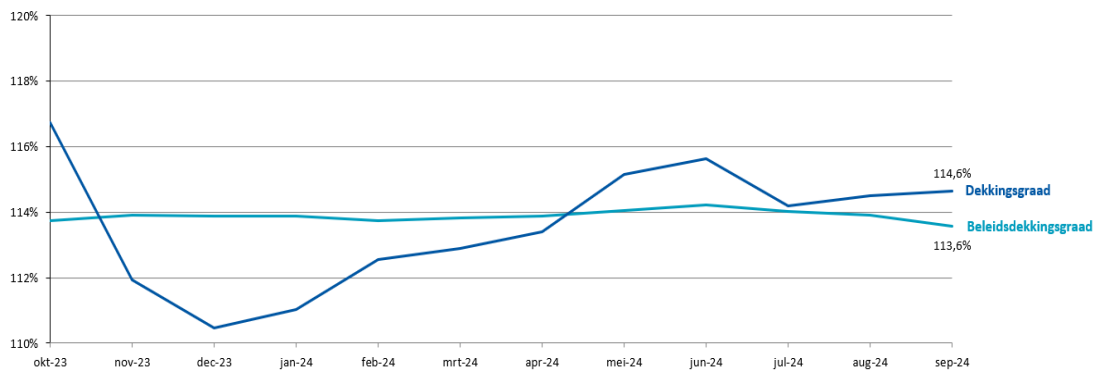
ABP's available capital increased from €510 billion at the end of June to €533 billion at the end of September 2024. ABP posted a return of +4.6 per cent (+€23.4bn) in the third quarter. The bonds, equities and real estate categories scored a plus. The alternative investments category was negative (-0.3 per cent). (See appendix.)

The actuarial interest rate fell by 0.3 per cent to 2.2 per cent in the third quarter. As a result, the value of the pensions that ABP must pay out now and in the future rose to €465 billion. The impact was +€24 billion.

Kerncijfers	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Actuele dekkingsgraad (%)	118,6	110,5	112,9	115,6	114,6
Beleidsdekkingsgraad (%)	114,5	113,9	113,8	114,2	113,6
Beschikbaar vermogen (€ miljard)*	457	502	514	510	533
Verplichtingen (€ miljard)	386	454	455	441	465
Rekenrente (%)	3,1	2,3	2,3	2,5	2,2

* de belangrijkste redenen voor verandering van het beschikbaar vermogen zijn behaald beleggingsrendement, premies en uitkeringen.

Ontwikkeling dekkingsgraden per maandeinde



Appendix: Notes on return on ABP investment portfolio

	Weighting	Q3 2024		YTD 2024		2023	
		Return		Return		Return	
		%	billion €	%	billion €	%	billion €
Fixed-income investments	38.7	4.3	8.6	1.6	3.2	6.3	11.6
Government bonds	9.7	3.6	1.7	1.7	0.8	5.3	2.4
Long-term government bonds	13.0	5.6	3.6	-1.9	-1.2	5.4	3.5
Corporate bonds	10.6	3.9	2.1	4.2	2.3	6.3	3.1
Emerging market bonds	5.5	3.8	1.1	4.7	1.3	9.2	2.6
Equities	29.5	2.2	3.4	16.2	22.3	15.4	18.7
Developed market equities	23.5	2.2	2.6	16.5	17.5	19.0	17.0
Emerging market equities	6.0	2.8	0.8	16.0	4.8	5.5	1.8
Alternative investments	19.0	-0.3	-0.3	4.7	4.8	2.9	3.1
Private Equity	8.6	-1.3	-0.6	1.4	0.7	5.9	2.6
Commodities *	3.9	0.9	0.2	12.1	2.9	-3.1	-0.8
Infrastructure	5.6	1.1	0.3	4.5	1.3	5.5	1.4
Hedge funds (in run-off) **	0.8	-3.5	-0.2	-0.6	0.0	-1.3	-0.1
Real estate	9.8	4.7	2.3	6.0	2.9	0.0	0.0
Real estate	9.8	4.7	2.3	6.0	2.9	0.0	0.0
Portfolio return (for overlay)	97.7	2.8	14.1	6.7	33.4	7.3	33.4
Overlay ***	2.3	1.8	9.3	-0.2	-0.9	2.0	9.2
Interest rate and inflation hedge ***		1.5	7.7	-0.1	-0.4	1.8	8.4
Currency hedge ***		0.3	1.4	-0.1	-0.7	0.2	1.1
Cash and other ***		0.0	0.2	0.0	0.2	-0.1	-0.3
Total	100.0	4.6	23.4	6.5	32.5	9.3	42.6

* Commodities have 100% USD exposure, expressed in USD the return over Q3 is 5.0%

** Hedge funds have 100% USD exposure, expressed in USD the return over Q3 is 0.5%

*** contribution to total return