

Press release

Quarterly Report Q2 ABP 2023

Heerlen/Amsterdam, July 20, 2023.

- **Current funding ratio rises to 113.6%**
- **Investment result: Q2 +1.1% (€5 billion), 2023 +3.4% (€15.7 billion)**
- **Policy funding ratio decreases to 116.0%**
- **ABP enthusiastically getting to work to implement Wtp: migration scheduled for 2027**

ABP's financial position improved slightly in the second quarter of 2023, following a similar slight improvement in the first quarter. ABP achieved a positive return of 1.1%. As a result, our available assets increased by €5 billion to €475 billion. Due to the increase in interest rates in the second quarter (0.1%), the value of all pensions ABP has to pay now and in the future decreased by €2 billion. As a result of the development of the assets and liabilities, our current funding ratio rose from 111.9% to 113.6% in the second quarter. The policy funding ratio decreased to 116.0%.

Harmen van Wijnen, Chair of the Board: "Our investments are performing well. We have achieved a positive return for the second consecutive quarter. As a result, our financial position has once again slightly improved. In addition, there is the positive news that the Dutch Senate has passed the Future of Pensions Act (*Wet toekomst pensioenen*, Wtp). Now we can really get to work. We had already started to prepare for the migration of the pensions to the new system. And together with our pension administrator, we are enthusiastically continuing with this process. However, in the interests of our participants, we have decided to allow a bit more time for this. The migration is now scheduled to take place on January 1, 2027. This will allow us to ensure that the migration is effected in an even more careful and controlled manner."

What can ABP participants expect?

ABP increased pensions by nearly 12% in January of this year. At the end of November, based on our financial position in October, ABP will decide whether pensions will change in 2024 or remain the same. It is unlikely that pensions will be reduced in 2024.

ABP's funding ratios in the second quarter

In the second quarter of 2023, the current funding ratio rose by 1.7%, from 111.9% to 113.6%. Assets increased by almost €5 billion due to a positive return, and liabilities decreased slightly by €2 billion. The funding ratio of a pension fund provides an indication of whether it is able to pay out all its pensions, now and in the future. It expresses the ratio between ABP's available assets (€475 billion) and its liabilities, which are all the current and future pension payments (€418 billion).

The policy funding ratio (the average of the current funding ratios over the past twelve months) decreased by 2.6% to 116.0%. The decrease is due to the fact that the relatively high current funding ratios from the second quarter of 2022 are now no longer included in this average funding ratio.

How did ABP's investments and liabilities fare in Q2 2023?

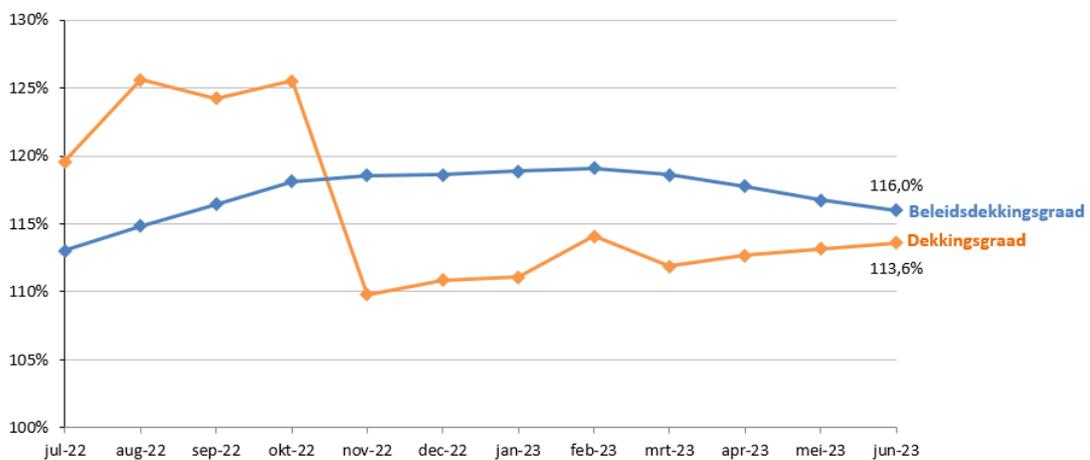
ABP's available assets rose from €470 billion at the end of March 2023 to €475 billion at the end of June 2023. ABP realized a return of +1.1% (+€5 billion) in the second quarter. The return for the first six months of 2023 came to +3.4% (€15.7 billion). The equity portfolio in particular made a positive contribution to this.

The actuarial interest rate rose by 0.1% (from 2.5% to 2.6%) in the second quarter. As a result, the value of the pensions ABP has to pay out now and in the future fell from €420 billion at the end of March 2023 to €418 billion at the end of June 2023. This decrease had a slightly positive effect on the funding ratio.

Key figures	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Current funding ratio (%)	122.7	124.2	110.9	111.9	113.6
Policy funding ratio (%)	111.6	116.4	118.6	118.6	116.0
Available assets (€ billion)*	486	460	459	470	475
Liabilities (€ billion)	396	370	414	420	418
Actuarial interest rate (%)	2.0	2.5	2.6	2.5	2.6

* The change in the available assets was mainly due to the achieved investment return, as a well as pension contributions and payments.

Ontwikkeling dekkingsgraden per maandeinde



Appendix: Notes to investment portfolio return

	Weighting in %	Q2 2023		2023		2022	
		Unhedged return		Return		Unhedged return	
		in %	in € billion	in %	in € billion	in %	in € billion
Fixed-income investments	39.8	-0.4	-0.7	2.2	4.0	-19.7	-44.1
Government bonds	9.9	-0.7	-0.3	1.2	0.6	-17.3	-8.9
Long-term government bonds	13.1	-1.6	-1.0	2.2	1.3	-33.0	-25.6
Corporate bonds	10.5	-0.1	-0.1	1.9	1.0	-13.4	-8.6
Emerging-market bonds	6.3	2.2	0.6	4.2	1.2	-3.3	-1.0
Equities	27.4	4.7	6.0	9.6	12.0	-15.1	-25.4
Developed-market equities	20.5	6.3	6.0	12.0	11.1	-14.2	-18.3
Emerging-market equities	7.0	0.1	0.0	2.7	0.9	-18.0	-7.0
Alternative investments	22.1	0.4	0.4	-0.4	-0.5	10.5	13.1
Private Equity	9.4	2.2	0.9	2.0	0.9	-1.7	-0.7
Commodities *	5.9	-3.2	-0.9	-6.1	-1.7	24.3	8.7
Infrastructure	5.3	1.0	0.2	1.7	0.4	6.0	1.3
Hedge funds (being wound down) **	1.4	1.5	0.1	0.3	0.0	18.9	3.8
Real estate	10.3	-0.4	-0.2	-2.1	-1.1	-8.8	-4.8
Real estate	10.3	-0.4	-0.2	-2.1	-1.1	-8.8	-4.8
Portfolio return (before overlay)	99.6	1.2	5.4	3.2	14.5	-11.1	-61.2
Overlay ***	0.4	-0.1	-0.4	0.3	1.2	-6.5	-35.7
Interest rate and inflation hedge ***		-0.1	-0.4	0.1	0.6	-5.1	-28.3
Currency hedge ***		0.0	0.1	0.3	1.2	-1.6	-8.8
Cash and other ***		0.0	-0.1	-0.1	-0.6	0.2	1.4
Total	100.0	1.1	5.0	3.4	15.7	-17.6	-96.9

* Commodities have 100% USD exposure; expressed in USD, the Q2 return was -2.8%

* Hedge funds have 100% USD exposure; expressed in USD, the Q2 return was +2.0%

*** Contribution to total return