

Press release

Quarterly report Q1 ABP 2023

Heerlen/Amsterdam, April 20, 2023.

- **Current coverage ratio rises slightly to 111.9%**
- **Investment result +2.3% (€10.7 billion)**
- **Policy funding ratio stable at 118.6%**

ABP's financial position improved very slightly in the first quarter of 2023. For the first time in a year, the fund again recorded a plus of 2.3% on the investment result. Available assets increased by almost €11 billion to €470 billion in the first three months. Because interest rates fell slightly (0.1%) in this first quarter, the value of all pensions that ABP must pay out now and in the future increased by €6 billion. The current coverage ratio increased slightly in the first quarter from 110.9% to 111.9% due to the development in returns and liabilities. The policy funding ratio remained stable at 118.6%.

Harmen van Wijnen, Chairman of the Board of Trustees: "I am pleased that after a turbulent investment year in 2022, we made money again this quarter with our investments. Our financial position is adequate and we have some buffer capital. I look forward to the moment when the Dutch Senate approves the Future of Pensions Act (Wtp). It is rightly taking the time to carefully study this legislation. At the same time, it is clear to us at ABP that this legislation must be enacted: all our participants will benefit from an updated, modern pension system: a system that suits working participants who change jobs more often and who want an indexed pension. And that also suits pensioners whose pension money has sometimes not ended up on their bank account, but has remained in the buffer due to strict rules. That can and must change, and I assume that the Senate agrees with this and is therefore in agreement with the Wtp. We have started with thorough preparations to ensure a smooth transition. Our relocation plan is still focused on 2026."

What can ABP participants expect?

The pension increase of 11.96% took effect on January 1 of this year. Participants who are still accruing pension will see this reflected in MijnABP. Pensioners have already seen this on their checking account. Pensions will remain the same for the rest of this year. At the end of November this year, ABP will assess, on the basis of the financial position, whether the pensions in 2024 will change or remain the same.

ABP's coverage ratios in the first quarter

In the first quarter of 2023, the current coverage ratio rose by 1% from 110.9% to 111.9%. Assets increased by almost €11 billion due to a positive return and liabilities also increased by €6 billion. The coverage 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 (€470 billion) and its liabilities, which are all the current and future pension payments (€420 billion).

The policy funding ratio (the average of the current funding ratios over the last twelve months) remained at the same level this quarter: 118.6%. This funding ratio was therefore higher than the level of 110% above which a pension increase is possible (Financial Assessment Framework).

How did ABP's investments and liabilities fare in Q1 2023?

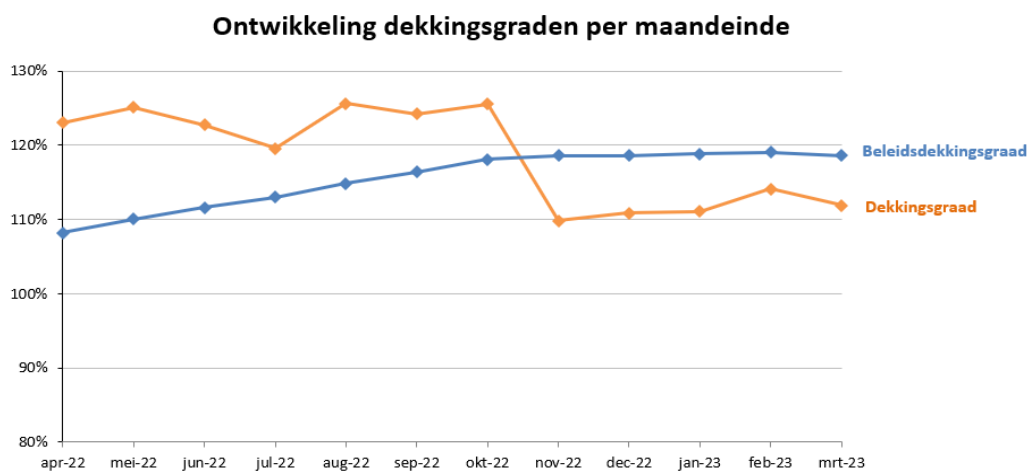
ABP's available assets rose from €459 billion at the end of 2022 to €470 billion at the end of March 2023. ABP realized a return of +2.3% (+€10.7 billion) in the first quarter. The equity portfolio in particular made a positive contribution to this.

The actuarial interest rate rose by 0.1% (from 2.6% to 2.5%) in the first three months. The value of the pensions that ABP has to pay out now and in the future increased from €414 billion at the end of 2022 to €420 billion at the end of March 2023. This increase has a negative impact on the funding ratio.

Investment outlook

The fund's financial position is supported by the increased value of the investment portfolio. Because economic growth can slow down due to either the fight against inflation or further weaknesses in the financial system, there is a possibility of disappointing returns. ABP protects itself against this with a diversified portfolio and protection against falling interest rates.

Key figures	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Current coverage ratio (%)	117.4	122.7	124.2	110.9	111.9
Policy coverage ratio (%)	106.5	111.6	116.4	118.6	118.6
Available assets (€ billion)	531	486	460	459	470
Liabilities (€ billion)	452	396	370	414	420
Notional interest rest (%)	1.1	2.0	2.5	2.6	2.5



1. De beleidsdekkingsgraad is gebaseerd op een 12 maandsgemiddelde van de aan DNB gerapporteerde maanddekkingsgraden.

2. De week- en maanddekkingsgraden zijn gebaseerd op voorlopige cijfers van de beleggingen en de VPV. Bij kwartaal ultimo 's zijn de cijfers gebaseerd op definitieve cijfers.

	Weighting	Q1 2023		2023		2022	
		Portfolio return		Portfolio return		Portfolio return	
		in %	in € billion	in %	in € billion	in %	in € billion
Fixed-income investments	40.1	2.6	4.7	2.6	4.7	-19.7	-44.1
Government bonds	10.1	1.9	0.9	1.9	0.9	-17.3	-8.9
Long-term government bonds	12.9	3.8	2.2	3.8	2.2	-33.0	-25.6
Corporate bonds	10.9	2.1	1.1	2.1	1.1	-13.4	-8.6
Emerging-market bonds	6.3	2.0	0.6	2.0	0.6	-3.3	-1.0
Equities	27.4	4.6	6.0	4.6	6.0	-15.1	-25.4
Developed-market equities	20.4	5.3	5.2	5.3	5.2	-14.2	-18.3
Emerging-market equities	7.0	2.6	0.8	2.6	0.8	-18.0	-7.0
Alternative investments	22.1	-0.8	-0.8	-0.8	-0.8	10.5	13.1
Private Equity	9.3	-0.2	-0.1	-0.2	-0.1	-1.7	-0.7
Commodities *	5.9	-3.0	-0.8	-3.0	-0.8	24.3	8.7
Infrastructure	5.3	0.7	0.2	0.7	0.2	6.0	1.3
Hedge funds (winding down) **	1.5	-1.3	-0.1	-1.3	-0.1	18.9	3.8
Real estate	10.4	-1.7	-0.8	-1.7	-0.8	-8.8	-4.8
Real estate	10.4	-1.7	-0.8	-1.7	-0.8	-8.8	-4.8
Portfolio return (before overlay)	100.0	2.0	9.0	2.0	9.0	-11.1	-61.2
Overlay ***	0.0	0.4	1.6	0.4	1.6	-6.5	-35.7
Interest and inflation hedge ***		0.2	1.0	0.2	1.0	-5.1	-28.3
Currency hedge ***		0.2	1.1	0.2	1.1	-1.6	-8.8
Cash and other ***		-0.1	-0.5	-0.1	-0.5	0.2	1.4
Total	100.0	2.3	10.7	2.3	10.7	-17.6	-96.9

* Commodities have 100% USD exposure, expressed in USD the Q1 return is -1.3%

** Hedge funds have 100% USD exposure, expressed in USD the Q1 return is +0.5%

*** contribution to total return