



## Main points

- Policy funding ratio 31 December 2023: 116.5% (2.2% decrease compared to the end of 2022).
- Present UFR coverage ratio 31 December 2023: 112.5% (0.7% increase compared to the end of 2022).
- Return on investments since the end of 2022: +11.7%.
- Invested assets 31 December 2023: € 32.0 billion.

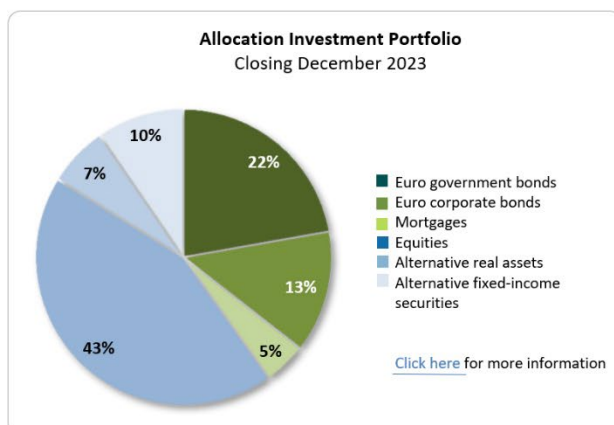
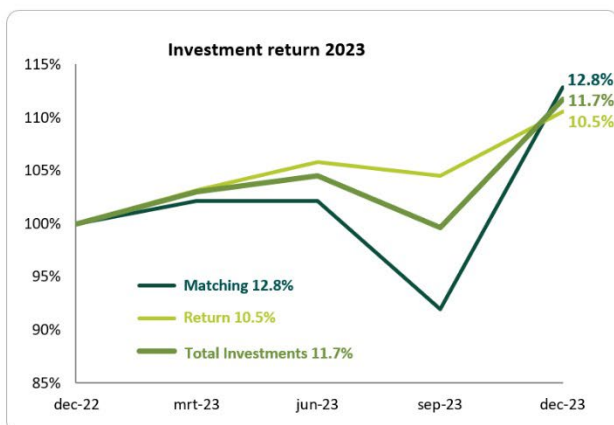
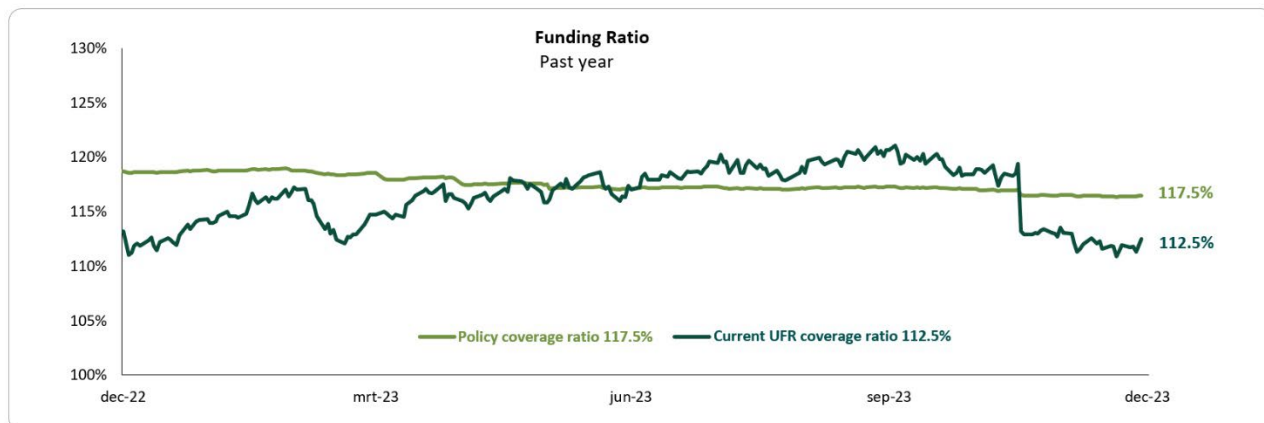
## Preface

Jochem Dijckmeester, Chairman of the Board of Pensioenfond PGB: “The 4<sup>th</sup> quarter was a good quarter for our investments. Significant price increases on the stock market ensured that many pension funds achieved a high return on their investments. That applied to us too. We closed 2023 with a return of +11.7%. However, our coverage ratio fell slightly in the 4<sup>th</sup> quarter compared to 3<sup>rd</sup> quarter, from 117.3% to 116.5%. This was caused by the sharp drop in interest rates in the last quarter and the increase in pensions by 5.2% as of 1 January 2024. This decision was made in November and the increase has been included in the figures for the past quarter.

In addition to the ongoing war in Ukraine, 2023 also saw a flaring conflict in the Middle East. This creates uncertainty worldwide. There was also change closer to home, politics, for instance: the government fell in the summer, resulting in elections. It is not yet clear what the new government will look like. Many people, including our participants, can notice on a daily basis that life has become more expensive. We are therefore very pleased that we were also able to increase pensions as of 1 January 2024, as we did in 2022 and 2023. The increase applies to everyone who is accruing, receiving or still owns a pension with us.

While the government formation is still under way, we are working hard behind the scenes to introduce the new pension rules. The law that was passed in the Senate in 2023 is leading. The aim is to have everything ready in our systems in time, so we can inform you in time and properly about how this transition will affect your pension. 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. On 16 November 2023, the Board decided to increase all pensions by 5.2% from 1 January 2024. This decision has been incorporated in the financial position from Q4 of 2023. Compared to year-end 2022, the present UFR coverage ratio fell from 113.2% to 112.5%. The policy funding ratio fell from 118.7% to 116.5% over the same period. The two coverage ratios do not move evenly because the present UFR coverage ratio is a snapshot (as of end of December) while the policy funding ratio is the average of the present UFR funding ratios of the past 12 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 +11.7% over 2023. The investments to hedge the interest rate risk (Matching Portfolio) achieved a return of +12.8%. This positive result was achieved after the fall in interest rates in the 4th quarter. The value of the Matching Portfolio decreases when interest rates rise. In contrast, when interest rates fall, the value rises. The Return Portfolio, which mainly consists of equities, achieved a return of +10.5% over 2023.

### Distribution of investments

The value of the pension liabilities rises or falls as a result of interest rate movements. As of year-end 2023, 71% of the effect of this movement on our financial position will be absorbed (rate 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 € 32.0 billion at the end of 2023. This is an increase of € 3.2 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%	10.8%
Age 50-55	25%	75%	11.1%
Age 56-61	35%	65%	11.3%
Age from 62	45%	55%	11.5%

## Pension Obligations

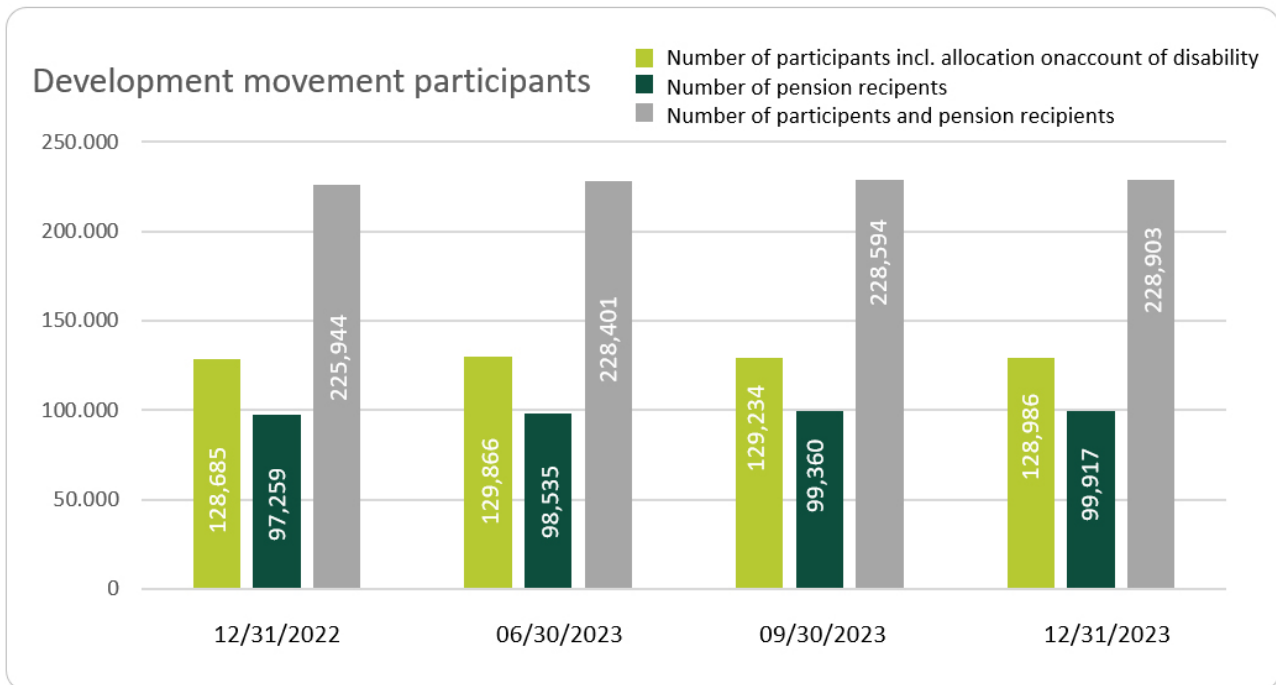
Liabilities (UFR): The value of the obligations increased from € 25.6 billion at the end of 2022 to € 28.5 billion at the end of December 2023. The notional interest rate of De Nederlandsche Bank decreased from 2.58% at the end of 2022 to 2.32% at the end of December 2023. An interest rate decrease results in a higher market value of the pension liabilities.

## Developments at Pensioenfonds PGB

- [Chairman of the board Jochem Dijkmeester reappointed for a third term](#)
- [Your pension will increase by 5.2% in 2024](#)
- [Additional pension choice 'lump sum payment' postponed again](#)
- [Pensioenfonds PGB wins Pensioenwegwijzer public award](#)
- [Pension contribution for average pay systems unchanged at 28% in 2024](#)

## Development participants

The number of participants accruing pension with Pensioenfonds PGB - including allocation due to occupational disability - decreased by 248 in the 4<sup>th</sup> quarter, from 129,234 to 128,986. The number of participants receiving a pension increased in the 4<sup>th</sup> quarter of 2023 from 99,360 to 99,917, an increase of 0.8%. At the end of December 2023, a total of 228,903 participants were accruing or receiving a pension.



### Development of participants from the end of 2022 to 31 December 2023

The total number of participants - including participants who left their pension with Pensioenfonds PGB (those who have finished accruing their pensions) after leaving - came to approximately 442,000 at the end of December 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, Pensioenfond's PGB. The risk on these investments is limited, as it is customary for governments to repay the loans. Pensioenfond's 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 obligations). 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 obligations 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, partly based on estimates, and have not been verified by the certifying auditor and external actuary.