

Press release

Quarterly Report for Q2 2024

Heerlen/Amsterdam, July 18, 2024.

- **Current funding ratio rose to 115.6% in Q2**
- **Second-quarter return on investments: -0.7% (-€ 3.6 billion)**
- **Pension liabilities fell in Q2 to € 441 billion**
- **Policy funding ratio rose to 114.2% in Q2**

The financial position of ABP improved in the second quarter of 2024. The current funding ratio rose from 112.9% at the end of March to 115.6% by the end of June 2024. ABP posted a small negative return in the second quarter. The value of ABP's assets fell slightly to € 510 billion. The fact that the fund's financial position nevertheless improved is an effect of the increased interest rates. This higher interest rate means that the value of all pensions to be paid will decrease now and in the future. This has a positive effect on the funding ratio.

Harmen van Wijnen, Chair of the Board of Trustees: "For the first half of 2024, ABP's performance was up 1.8% (€ 9.1 billion). Equity markets continue to perform well and the economy continues to operate. That is quite special in this turbulent time of great tension because of war and conflicts in Ukraine and the Middle East. Our financial position, too, continued to improve this quarter. This was mainly due to rising interest rates. Our funding ratio, the measure of our financial position, rose by 2.7 percentage points to 115.6%. This means that for every € 100 of pension that ABP pays now and in the future, we have € 115.60 in cash."

What can ABP participants expect?

Starting this year, ABP will consider every July whether pensions should be reduced. The fund will do this until the transition to the new system in 2027. In view of the fund's financial position, there is currently no pension reduction.

At the end of November this year, ABP will again assess whether pensions can be increased in 2025 and, if so, by how much. When doing so, the fund will consider the financial position at the end of October and the rise in prices between September 2023 and September 2024, taking into account the interests of all groups of participants. The Board of Trustees will then decide what increase is appropriate.

ABP's funding ratios in Q2 2024

In the second quarter of 2024, the latest funding ratio rose from 112.9% to 115.6%. The higher actuarial interest rate made a significant contribution to this.

The policy funding ratio (the average of the latest funding ratios over the past twelve months) increased by 0.4% in the second quarter, from 113.8% to 114.2%. The funding ratios are important for increasing pensions. ABP increases pensions if the current funding ratio is 110% or higher. A precondition for this is that the policy funding ratio is at least 105%.

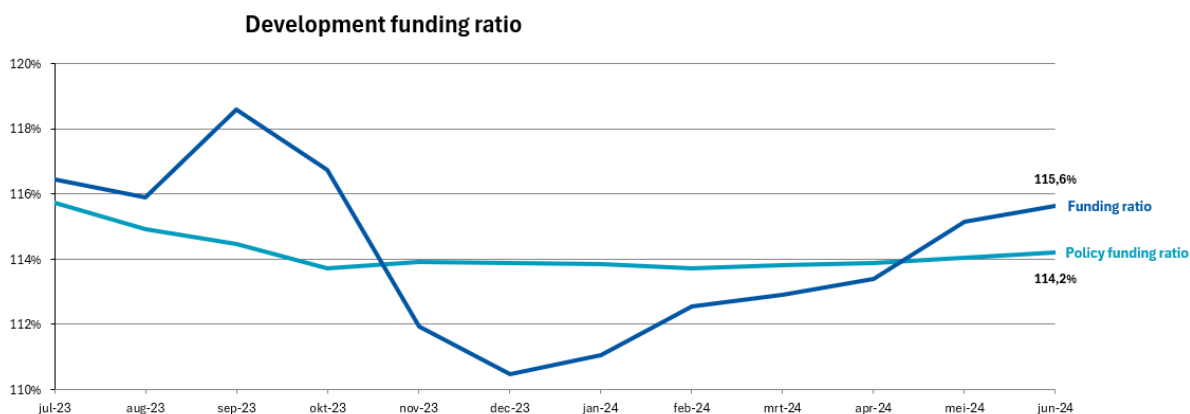
How did ABP's investments and liabilities fare in Q2 2024?

ABP's available assets decreased from € 514 billion at the end of March to € 510 billion at the end of June 2024. ABP posted a return on investments for Q2 of -0.7% (-€ 3.6 billion). The categories equities, alternative investments and real estate scored a plus. The fixed-income investments category was negative (-1.6%), driven by interest rates (see appendix).

The actuarial interest rate rose to 2.5% in the second quarter. As a result, the value of the pensions that ABP must pay out now and in the future fell to €441 billion. The impact was € 14 billion.

Key figures	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Current funding ratio (%)	113.6	118.6	110.5	112.9	115.6
Policy funding ratio (%)	116	114.5	113.9	113.8	114.2
Available assets (€ billion)*	475	457	502	514	510
Liabilities (€ billion)	418	386	454	455	441
Actuarial interest rate (%)	2.6	3.1	2.3	2.3	2.5

* the main reasons for change in available assets are achieved investment returns, contributions, and pension payments.



Appendix: explanation of return on ABP investment portfolio

	Weighting	Q2 2024		YTD 2024		2023	
		Return		Return		Return	
		in %	in %	in € billion	in %	in € billion	in %
Fixed-income investments	39.0	-1.6	-3.2	-2.6	-5.3	6.3	11.6
Government bonds	9.9	-1.0	-0.5	-1.9	-0.9	5.3	2.4
Long-term government bonds	12.8	-4.1	-2.7	-7.1	-4.9	5.4	3.5
Corporate bonds	10.5	0.2	0.1	0.3	0.2	6.3	3.1
Emerging-market bonds	5.8	-0.3	-0.1	0.9	0.3	9.2	2.6
Equities	29.7	3.1	4.6	13.7	18.9	15.4	18.7
Developed-market equities	23.1	2.3	2.7	14.0	14.9	19.0	17.0
Emerging-market equities	6.5	6.2	2.0	12.8	4.0	5.5	1.8
Alternative investments	19.6	1.5	1.5	4.9	5.0	2.9	3.1
Private Equity	9.1	1.2	0.6	2.8	1.3	5.9	2.6
Commodities *	3.9	2.2	0.5	11.2	2.7	-3.1	-0.8
Infrastructure	5.5	1.6	0.5	3.4	0.9	5.5	1.4
Hedge funds (being wound down) **	1.0	1.1	0.1	3.0	0.1	-1.3	-0.1
Real estate	9.9	0.5	0.2	1.2	0.6	0.0	0.0
Real estate	9.9	0.5	0.2	1.2	0.6	0.0	0.0
Portfolio return (before overlay)	98.9	0.6	3.2	3.9	19.3	7.3	33.4
Overlay ***	1.1	-1.3	-6.8	-2.0	-10.2	2.0	9.2
Interest rate and inflation hedge ***		-1.2	-6.1	-1.6	-8.1	1.8	8.4
Currency hedge ***		-0.1	-0.6	-0.4	-2.1	0.2	1.1
Cash and other ***		0.0	-0.1	0.0	0.0	-0.1	-0.3
Total	100.0	-0.7	-3.6	1.8	9.1	9.3	42.6

* Commodities have 100% USD exposure. Expressed in USD, the return on investments for Q2 is 1.4%

** Hedge funds have 100% USD exposure. Expressed in USD, the return on investments for Q2 is 0.3%

*** Contribution to total return on investments