Samen bouwen
aan goed pensioen
in een leefbare wereld

Press release
Quarterly report Q4 2024

Heerlen/Amsterdam, 23 January 2025.

Key Points:

- **Decision in November 2024 to increase pensions by 1.84%**
- **Current funding ratio at year-end 2024: 111.9% (year-end 2023: 110.5%)**
- **Investment performance 2024: +8.6%**
- **Liabilities at year-end 2024: €486 billion (year-end 2023: €454)**

In 2024, ABP's financial position appeared stable because the current funding ratio at the beginning and end of 2023 did not vary greatly. Yet there was movement throughout the year. In the first half of the year, the current funding ratio rose, before falling back down to a level of 111.9% in the last two quarters. In those two quarters, interest rates fell, due in part to interest rate cuts by the central bank. As a result, the ambition of a full pension increase for the participants could not be realised. An increase of 1.84% was put through for 2025, offsetting half of inflation. In 2024, the annual return was +8.6%. Available assets rose from €502 billion to €544 billion in 2024. Thanks to the reduced interest rates, the value of all our pensions also increased by €31 billion. The policy funding ratio decreased from 113.9% at the end of 2023 to 113.1% at the end of 2024.

Chairman of the Board Harmen van Wijnen: "We ended the year 2024 with a financial position that has remained fairly stable. If we had to move to the new scheme now, this position would be good enough for us to do so in a responsible and balanced way. But for ABP that won't be up for discussion until 2027. We are well on track with our preparations and we intend to continue along our chosen path, in the firm belief that it will be better for our participants. Because, no matter what others say about it, the fact is that the money that's left in the buffers now largely ends up where it belongs: with our participants.
It would therefore be very unwise of politicians to put a spanner in the works. The plans of the NSC and BBB to organise referendums strike at the roots of the new pension system. Anyone opting for the 'old' system would also be keeping the 'old' rules, greatly reducing the prospect of indexation and a pension with great purchasing power. Having two systems coexist is also very ill-advised and costly. The plans of the NSC and BBB are not in the interest of our participants and will not lead to improvement. In fact: they are downright bad for our participants and may lead to unnecessary complications, unaffordable implementation, postponement or possibly even abandonment of the much-needed renewal of our system. The law is the law, pension funds have already been put at risk, other funds are already well advanced in preparation: my appeal to the politicians is let us continue unhindered."

What can ABP participants expect?

In January this year, ABP increased pensions by 1.84%. This offset the price increase from September 2023 to September 2024 (3.56%) by half. In the three years prior to this, ABP was able to fully index the pensions. At the end of November this year, ABP will again assess whether and how much pensions can be increased in 2026. As ABP will be switching to the new pension system in 2027, the fund will be able to make use of the more flexible rules. ABP will be able to increase the pensions if the fund meets two conditions. The current funding ratio must exceed 110% on 31 October 2025. And the policy funding ratio must be higher than 105%. The fund will then look at the price increase between 1 September 2024 and 1 September 2025, taking into account the interests of all groups of participants. The Board will determine which increase is appropriate in this regard.

ABP funding ratios in 2024

In 2024, the current funding ratio rose from 110.5% to 111.9%. In the first and second quarters, the funding ratio rose to 115.6%. Returns in the first quarter and rising interest rates in the second quarter contributed to this. In the third and fourth quarters, the central bank cut interest rates and ABP incorporated the pension increase of 1.84% in the funding ratio. This had a negative impact on the funding ratio, as the fund's liabilities rose in value as a result of the increase.
The policy funding ratio (the average of the current funding ratios over the last twelve months) fell slightly in 2024: from 113.9% to 113.1%.

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

ABP's available assets increased from €502 billion at the end of 2023 to €544 billion at the end of 2024. ABP posted a return of +8.6% (+€43.0 billion) for 2024. In the fourth quarter, the return was +2.0% (€10.5 billion). Virtually all asset classes ended positive.
The actuarial interest rate fell by 0.2 percentage points in 2024 (from 2.3% to 2.1%). This, in addition to the pension increase, had an impact on the value of the pensions that ABP must pay out now and in the future. Liabilities rose from €454 billion at the end of 2023 to €486 billion at the end of December 2024. This increase had a negative impact on the funding ratio.

Key figures	**Q4 2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**	**Q4 2024**
Current funding ratio (%)	110,5	112,9	115,6	114,6	111,9
Policy funding ratio (%)	113,9	113,8	114,2	113,6	113,1
Available assets (€ billion)*	502	514	510	533	544
Liabilities (€ billion)	454	455	441	465	486
Actuarial interest rate (%)	2,3	2,3	2,5	2,2	2,1

* the main reasons for the change in available assets are achieved investment returns, premiums and distributions.

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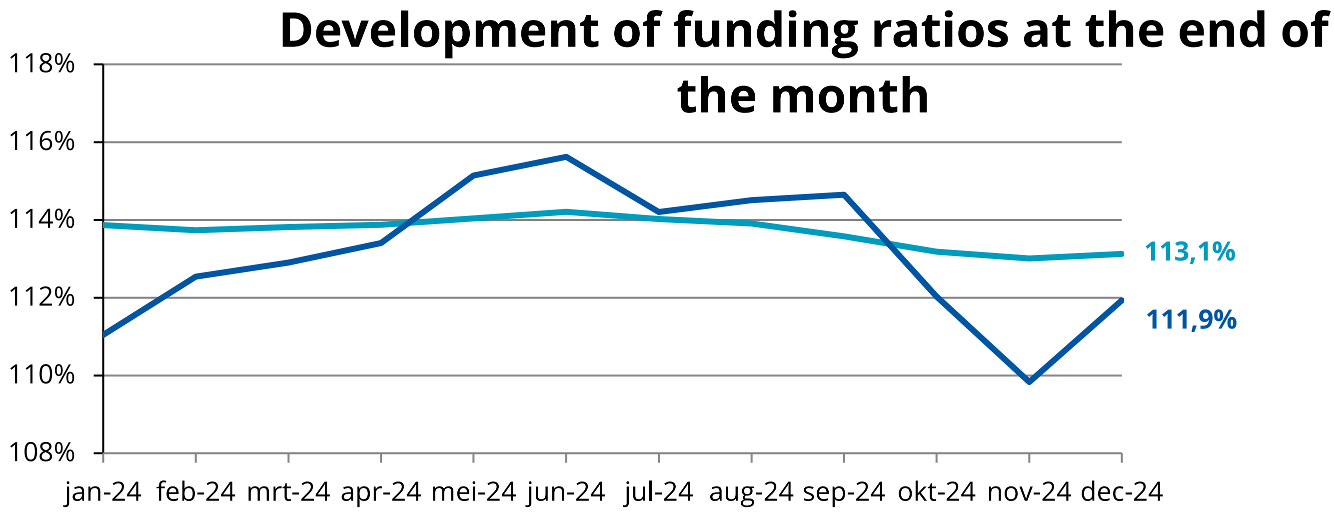
Appendix 1: Notes on return on ABP investment portfolio

final results	Weight %	Q4 2024 Return in %	Q4 2024 Return in billion €	YTD 2024 Return in %	YTD 2024 Return in billion €	2023 Return unhedged in %	2023 Return unhedged in billion €
Fixed Income	**38.3**	**-1.7**	**-3.8**	**-0.2**	**-0.6**	**6.3**	**11.6**
Treasuries	9.9	-1.0	-0.5	0.6	0.3	5.3	2.4
Treasuries Long Duration	12.5	-4.5	-3.2	-6.4	-4.4	5.4	3.5
Credits	10.7	-1.1	-0.6	3.1	1.7	6.3	3.1
Emerging Market Debt	5.3	1.6	0.5	6.4	1.8	9.2	2.6
Equity	**29.7**	**4.9**	**7.6**	**21.9**	**29.9**	**15.4**	**18.7**
Equity Developed	24.6	6.1	7.7	23.6	25.2	19.0	17.0
Equity Emerging	5.1	-0.2	-0.1	15.8	4.7	5.5	1.8
Alternative investments	**20.2**	**9.3**	**9.4**	**14.4**	**14.1**	**2.9**	**3.1**
Private Equity	9.4	13.1	5.9	14.8	6.6	5.9	2.6
Commodities *	4.1	6.8	1.4	19.7	4.3	-3.1	-0.8
Infrastructure	6.0	5.6	1.7	10.4	3.0	5.5	1.4
Hedge Funds (in winddown) **	0.8	7.3	0.3	6.6	0.3	-1.3	-0.1
Real Estate	**9.4**	**-0.4**	**-0.2**	**5.5**	**2.7**	**0.0**	**0.0**
Real Estate	9.4	-0.4	-0.2	5.5	2.7	0.0	0.0
Portfolio return (before overlay)	**98.8**	**2.4**	**13.0**	**9.3**	**46.4**	**7.3**	**33.4**
Overlay ***	**1.2**	**-0.5**	**-2.5**	**-0.7**	**-3.4**	**2.0**	**9.2**
Interest- and inflationhedge ***		0.2	1.3	0.2	1.0	1.8	8.4
Currency hedge ***		-0.7	-3.8	-0.9	-4.5	0.2	1.1
Other ***		0.0	0.0	0.0	0.1	-0.1	-0.3
Total	**100.0**	**2.0**	**10.5**	**8.6**	**43.0**	**9.3**	**42.6**

* Commodities has 100% USD exposure, expressed in USD the return over Q4 is -0.9%.
** Hedge funds has 100% USD exposure, expressed in USD the return over Q4 is-0.5%
*** contribution to total portfolio

Appendix 2


Development of funding ratios at the end of the month
118%
116%
114%
112%
110%
108%
jan-24
feb-24
mrt-24
apr-24
mei-24
jun-24
jul-24
aug-24
sep-24
okt-24
nov-24
dec-24
113,1%
111,9%