APF Quarterly update Q2 2024 DC plan

Pensioenfonds APF provides a quarterly update about the developments of your investment in the DC-plan. Share prices continued to rise in the three months of this quarter. An exception was the French stock market, which declined in June by 6,4%. Following the results for the European elections president Macron proclaimed early elections for the French parliament. But financial markets have – since the Brexit referendum of prime minster Cameron - a strong dislike of this kind of bravado. The rise of the Rassemblement National party would, with its populist policy and hostile attitude versus the EU, mean bad news for the French public finances and in particular the French banks.
In the DC-plan investments are made in stock market funds that follow the Index, with low costs and broad diversification. This way we mirror the broader market and will achieve adequate returns in the long term. It remains important not to be influenced by the short-term market developments, and to stick to the long-term investment policy of the chosen Lifecycle.

As of the fourth quarter, the composition of the Matching Module will change. Hedging of the interest risk for long durations will from then on be covered through a so-called "Duratiefonds" (Duration Fund). The investment policy of the Achmea Investment Management Duratiefonds does not differ from the current fund in the Matching Module, but the annual management fees turn out to be around € 22.000 lower. The participants of the DC-Plan will benefit from the cost advantage for this module.

Module Rendement (Return)

In this module worldwide investments are primarily made in equities. The climate of the stock markets was still good this quarter. Investment returns are obtained with shares in companies in developed markets and emerging markets. In the course of this quarter, the positive returns were mostly due to the emerging markets shares fund.

Module Rente (Interest)

In this module creditworthy bonds and private mortgages compose the portfolio.
Bonds had mildly negative returns this quarter as interest rates remained higher than expected. On June 6th 2024 the European Central Bank (ECB) announced its first rate cut since 2019. The deposit rate, the most important ECB interest rate, decreased by 0,25%point from 4,00% to 3,75%. It is expected that this rate can be lowered further provided inflation rates continue to fall. This would have a positive effect on the Interest Module.

Module Matching

This module holds derivatives that are highly interest sensitive in combination with liquidities (cash equivalents). The purpose of this module is to hedge the risk of a drop in interest rates at the time of pension purchase upon retirement. The Matching module is required to provide adequate protection for very long durations until the retirement date. The interest rate for long duration bonds went up this quarter, and this resulted in lower prices and a negative yield for this module.

Overview of yields in the 2nd quarter and year-to-date 2024

	Return (net[1]) Q1 2024	Return benchmark Q1 2024	Return (net[1]) Year-to-date 2024	Return benchmark Year-to-date 2024
Module Rendement	3,5%	3,4%	13,0%	12,6%
Module Rente	-0,7%	-0,9%	-0,8%	-1,4%
Module Matching	-8,8%	-8,7%	-9,5%	-9,4%

Your realised return depends on the selected risk profile and your age. You will find this in our regular reports indicating the returns of the different Lifecycles.

The returns of the Lifecycles for recent years are shown on the website. The level of the pension that can be purchased also depends on the conversion factor, which fluctuates monthly; see the next paragraph.

[1] These are yields, corrected for all investment expenses. The return of the benchmark is always shown gross (without correction for costs). The return in de module is, therefore, not exactly comparable to the benchmark but it provides a good indication.