

By this update Pensioenfonds APF provides a quarterly report about the developments of your investment in the BP-plan. A lot can happen on the stock market in a short time period, and the past three months were a good illustration.

There was a lot to report due to the unrest surrounding a number of financial institutions, the development of inflation and the economy worldwide. For an interested investor it may be nice to follow the news, but pension investments have a very long term horizon for most participants. Sometimes the premium is invested at low rates and at other times at high rates.

Module Rendement (Return)

In this module worldwide investments are made in shares and these performed well in the first quarter, in spite of the panic around American banks and a Swiss Bank.

These banks were facing scandals since several years. In the module Rendement we are fortunately invested in a well-diversified portfolio of stocks. Share prices recovered somewhat after the unfavorable investing year 2022.

Module Rente (Interest)

In this module creditworthy bonds and private mortgages compose the portfolio. The rates of these investments rose in the first quarter. The expectation is that central banks will raise interest rates less aggressively in the coming period.

The interest rates of bonds declined somewhat, and positive returns were realised for this category in the past quarter. Central banks only determine the interest rates in the money market, so the rates on short term loans. The interest rate for loans and bonds with a longer duration are determined by 'the market', so based on supply and demand. Market parties pay sharp attention to what central bankers say. If the European Central Bank indicates that inflation will stay higher for longer, these market parties conclude that the interest rate will presumably also stay higher for a longer period. This in turn can be a reason to trade in long term bonds with a higher coupon.

Module Matching

For this module investments are made in interest derivatives that are highly interest rate sensitive in combination with liquidities. The purpose of this module is to hedge the risk of a drop in interest rate at the moment of pension purchase upon retirement. To a large extent this already occurs in the Module Rente. The module Matching is required to offer adequate protection for long duration exposure. The interest rate of bonds with long duration also went down and this resulted in a positive return for this module. netto¹

Overview of yields in the 1st quarter and year-to-date 2023

	Return (netto1) Q1 2023	Return benchmark Q1 2023	Return (netto1) Year-to-date 2023	Return benchmark Year-to-date 2023
Module Rendement	6,2%	5,9%	6,2%	5,9%
Module Rente	2,2%	1,9%	2,2%	1,9%
Module Matching	4,5%	4,7%	4,5%	4,7%

¹ These are yields, corrected for all investment expenses. The return of the benchmark 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.

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 positive returns for this quarter are nice to report, but ultimately investors need to remain focused on much longer time periods. 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.

Example of the movement of the extra pension purchased from BP-capital

The additional pension from the BP-plan depends on the development of the BP-capital and of the BP-conversion factors. The conversion factors are determined monthly. The conversion factors for month M are based on a reference moment for the interest rate as per the end of month M-2.

In our quarterly BP-report we will follow a fictive 66 year old active participant, who intends to convert the accrued BP-capital into additional pension at age 67.

This model participant has a BP-capital of € 200.000 as per the end of 2022, and the monthly deposit from the BP-premium is € 509.

We show an indication of the development of the BP-capital and the gross annual pension that can be purchased for this amount. Next to that we show the purchased surviving partner pension set at 70% of the retiree pension.

In our quarterly BP-report we will show the results for the months of January, April, July, and October:

Age 66

Conversion at age 67

Indicatie per	Invested BP-capital	Conversion factor	Retirement pension	Surviving Partner Pension
1-1-2023	€ 200.000	17,9479	€ 11.143	€ 7.800
1-4-2023	€ 210.272	16,7210	€ 12.575	€ 8.803
1-7-2023				
1-10-2023				

Explanation 1st quarter 2023:

Return for 66-year old participant (neutral lifecycle profile): 4,37%

Deposited from BP-premium € 1.527

The conversion factor was lower due to a higher interest rate which increases the pension amount.