

# Financial development during 2025

Pensioenfonds PDN



## Key figures

	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Policy funding level	125,7%	125,7%	127,1%	130,3%
Funding level	126,9%	129,5%	133,6%	135,6%
Pension assets	7.578	7.627	7.734	7.743
Pension liabilities	5.974	5.890	5.790	5.711
Actuarial interest rate	2,6%	2,7%	2,8%	3,1%
Annual return	-2,3%	-1,1%	0,9%	1,6%

The figures in this document are partly based on estimates and have not been verified by the external auditor and certifying actuary.

## Financial position of Pensioenfonds PDN

The table above shows a few key figures per quarter that express Pensioenfonds PDN's financial health. But what do those figures actually mean?

The **funding level** shows the ratio between the pension assets held by the pension fund and all obligations the fund has to pay pensions now and in the future. If the funding level is higher than 100%, Pensioenfonds PDN has more assets than are needed to pay the nominal pensions. To allow pensions to increase in line with inflation, the funding level must be well above 100%.

If Pensioenfonds PDN transitions to the new system on 1 January 2027, the funding level will indicate whether the fund has sufficient assets to increase the individual pension pots.

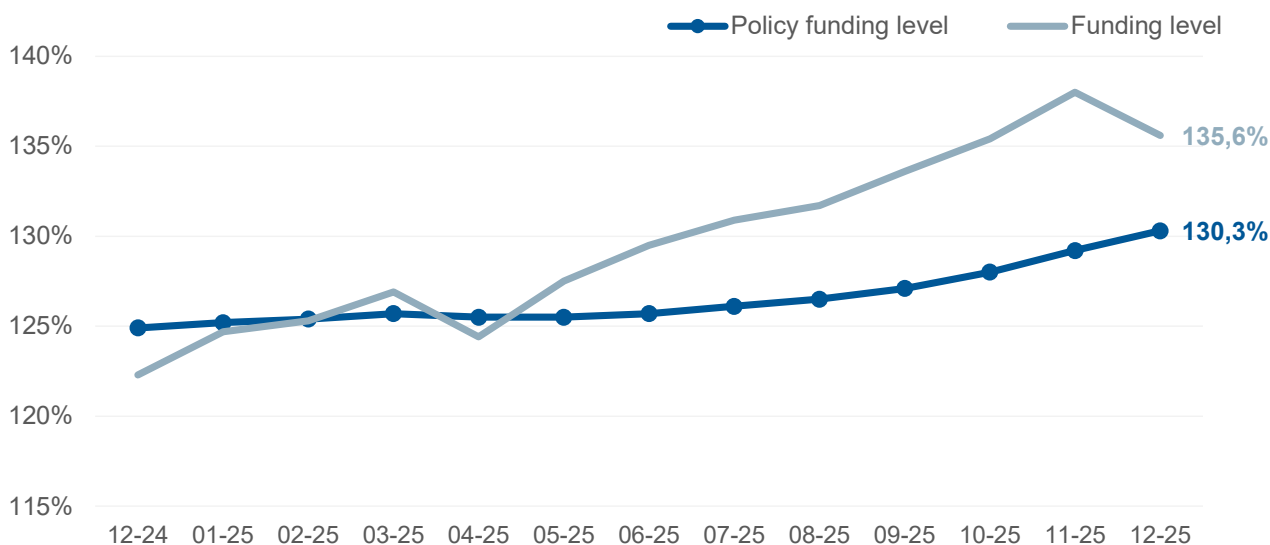
The **policy funding level** is equal to the average funding level over the past twelve months. In 2025 and 2026, the policy funding level will in principle determine whether the Management Board can increase pensions in order to (partially) maintain purchasing power.

The **pension assets** have been invested across various asset classes to generate returns and spread risks. The charts below show how Pensioenfonds PDN invests.

The **pension liabilities** show how much money Pensioenfonds PDN must have available to pay all pensions, now and in the future. PDN calculates this partly on the basis of the interest rate published by De Nederlandsche Bank.

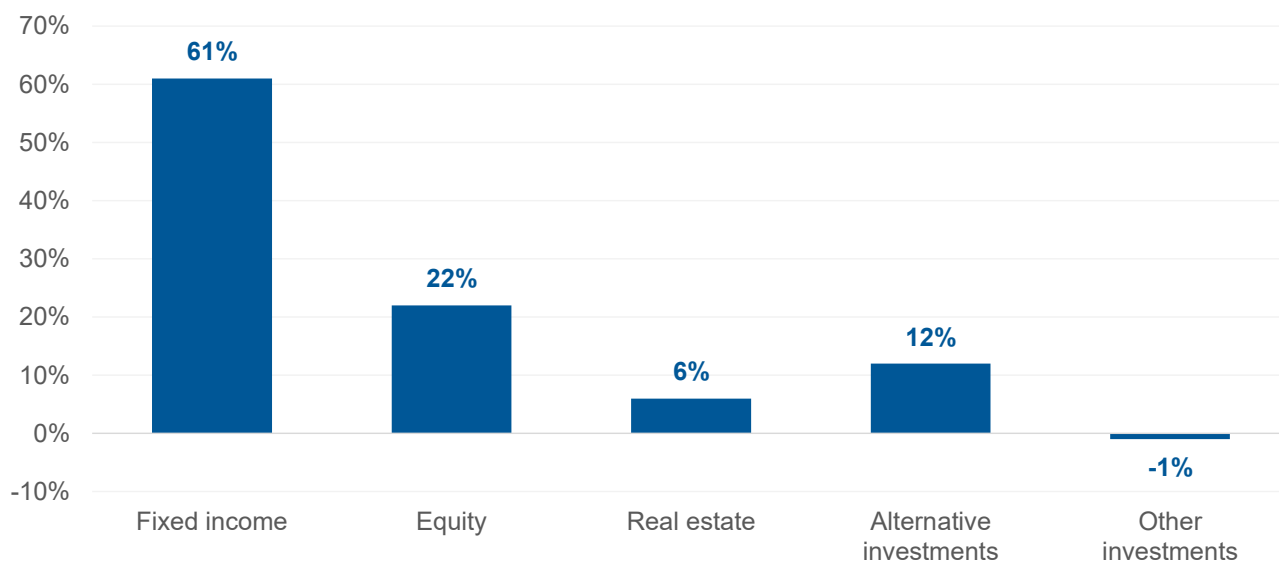
The **interest rate** affects the size of the liabilities. When the interest rate falls, the pension liabilities increase and the funding level decreases. When the interest rate rises, the pension liabilities decrease and the funding level increases. The level of interest rates therefore has a major impact on the funding level. Therefore, pension funds often refer to an interest-rate risk that they aim to hedge. If a pension fund fully hedges its interest-rate risk, movements in interest rates no longer affect the funding level. Pensioenfonds PDN currently hedges 76% of its interest-rate risk.

The **annual return** on the pension assets is the average return of the various asset classes, calculated from the start of the year.

**Figure 1** Development (policy) funding level

In the fourth quarter of 2025, the funding level increased further to 135.6%. Because Pensioenfonds PDN does not fully hedge its interest-rate risk, the funding level rose as interest rates increased. The pension fund's investments generated a negative return, which also had a negative impact on the funding level.

Because the funding level has increased over the past 12 months, the policy funding level has risen to 130.3%.

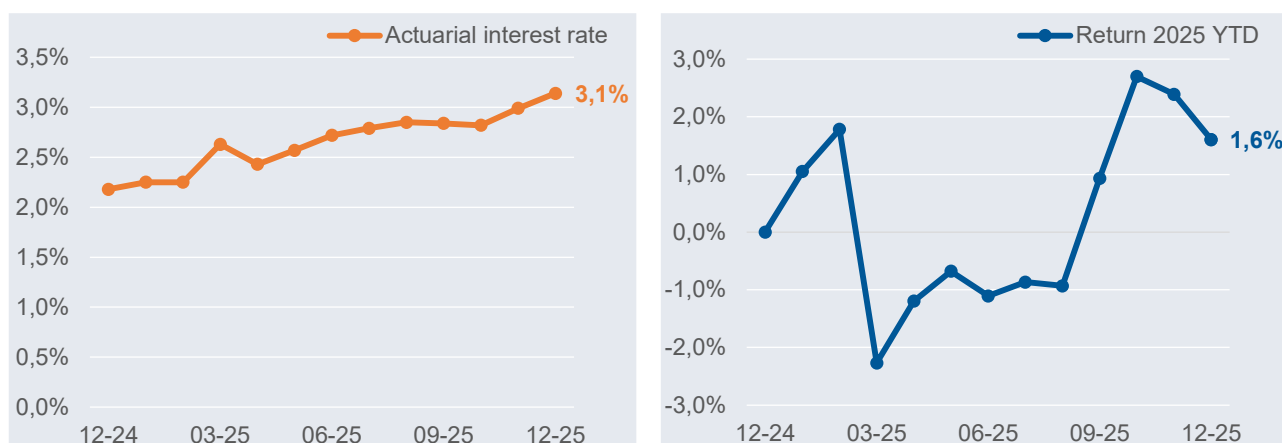
**Figure 2** Distribution of pension fund assets by asset class as of December 31, 2025

Pensioenfonds PDN has divided its investments between a matching portfolio and a return portfolio. The matching portfolio is used to partially hedge PDN's interest-rate risk. Within the matching portfolio, nominal government bonds, the inflation-linked bonds portfolio, investment-grade credits and the mortgage portfolio all contribute to this. The remaining investments consist of an interest-rate swap portfolio, which also forms part of the interest-rate hedge.

With the return portfolio, Pensioenfonds PDN aims to achieve the best possible return, given the fund's risk appetite. The return portfolio includes equities, listed real estate, high-yield bonds and alternative investments in the form of infrastructure and unlisted real estate.

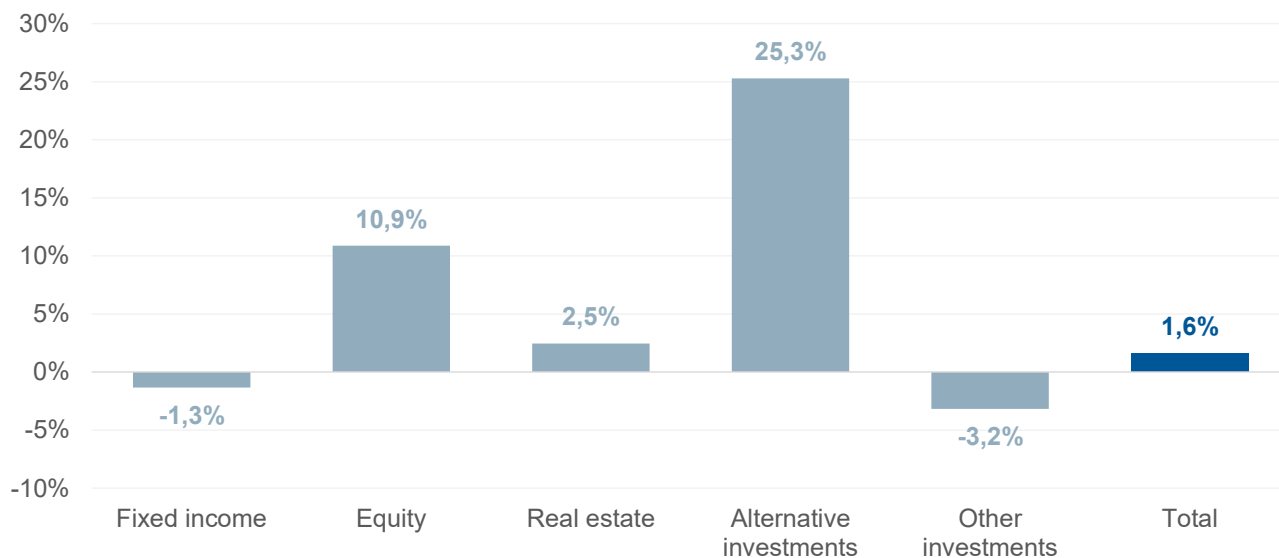
The composition of the investment portfolio is periodically reviewed through a strategic study and adjusted where necessary. For the allocation of the investment portfolio across the various asset classes, bandwidths have been set within which the asset manager may buy or sell investments.

**Figure 3 Development actuarial interest and annual return**



The size of the pension fund's liabilities depends on an interest rate curve prescribed by the DNB. The average interest rate, the actuarial rate, rose to 3.1% in the fourth quarter. While a rising actuarial rate results in a negative return on fixed-income securities at the current level of interest rate hedging (75%), it does lead to an increasing funding level.

The annual return amounts to 1.6%. We explain below, per investment category, how this negative investment result came about. You will then see that the increased interest rate, in particular, has a negative impact on the return in the matching portfolio and other investments. In the fourth quarter, the pension fund achieved a negative result on total assets.

**Figure 4 Annual return per asset class**

In the figure above, you can see the annual return of 1.6%, broken down by the various asset classes. Equities were the best-performing category in 2025, with a return of 25.3%. Fixed-income investments generated a negative return of -1.3% due to rising interest rates. The other investments, a portfolio of interest-rate swaps, also contributed negatively (-3.2%) as a result of the higher interest rates.

Listed real estate achieved a positive return of 2.5%. Alternative investments returned 10.9%, with the infrastructure portfolio making a significant positive contribution.

## Contact details

DPS is responsible for the administration of the pension scheme and asset management. If you have any questions about this information or concerning other pension topics, then please contact us via one of the following means:

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## Disclaimer

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The returns and funding levels are subject to fluctuations and do not provide any indication of future returns or funding levels.