Persoonlijk Pensioen Plan Q4 2024

Index-tracking

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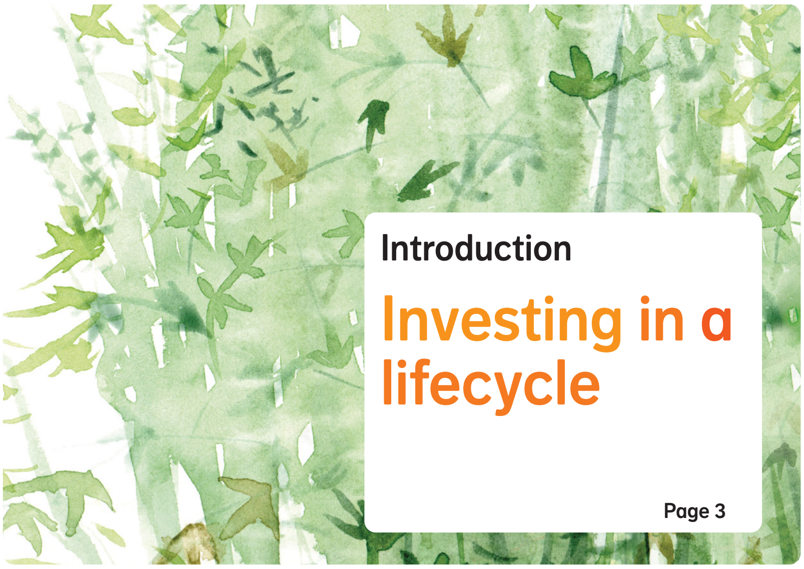
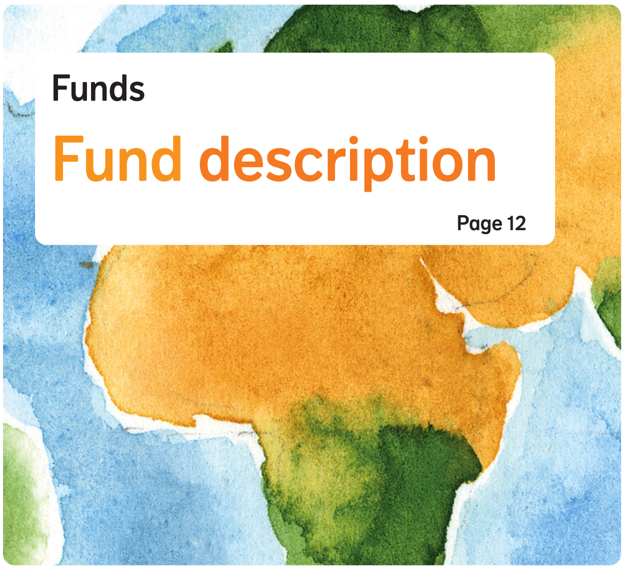




Investing in a lifecycle

Developed market equities rose sharply again in the fourth quarter of 2024, with major technology companies leading the way. Small caps and high-yield bonds also had positive returns. Emerging market equities posted a weaker quarter, led by falling Chinese stocks. Real estate under-performed as well. The sector was impacted by rising long-term interest rates at the end of the year.

The U.S. presidential election was the main event in the fourth quarter. Uncertainty about the outcome initially increased market volatility. Caution prevailed and demand for safe investments such as gold and government bonds increased. Donald Trump's quick and clear victory then caused strong positive sentiments in the financial markets, while at the same time large differences between companies and sectors were visible. Technology firms performed very well and more defensive sectors such as health care and manufacturing dropped. Companies that can be explicitly earmarked as sustainable, those focused on green energy, for example, also fell. Businesses focused on the U.S. domestic market did well. The dollar also gained in value. European companies' price performance lagged.

The ECB and Fed both cut interest rates by 25 basis points in December, causing short-term rates to fall by 100 basis points on balance for both the euro and dollar last year. According to market expectations, these were the last rate hikes for now as inflation struggles to further decline. In addition, President Trump's intended policies, which include higher trade tariffs, are expected to create inflation in both the U.S. and Europe. Central banks are therefore most likely less inclined to cut interest rates further soon. Rising inflation concern resulted in long-term interest rates slightly increasing in the fourth quarter.

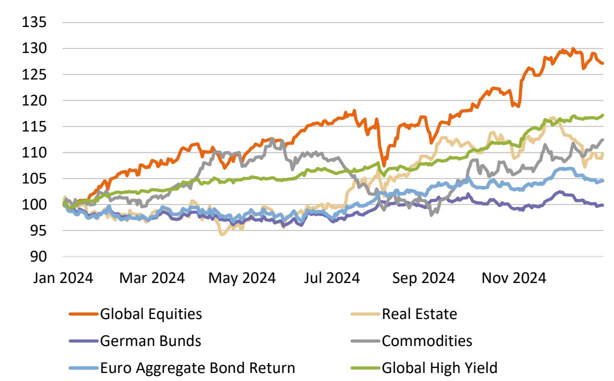
All in all, 2024 was a good investment year. If you want to find out more about the Lifecycles' returns and further developments, then please have a look at the update in this magazine.

Financial markets

Global equity markets posted a positive fourth quarter, following a strong yet volatile third quarter. US and Japanese stocks led the way. In the final months of 2024, the US presidential elections and the pace at which the major central banks cut interest rates got the most attention.

While polls predicted a neck-and-neck race, Donald Trump managed to win the US presidential election in November comfortably. The Republican Party also won the majority in the Senate and the House of Representatives. Trump's policy agenda includes imposing import tariffs, stricter measures against illegal immigration, extending the Tax Cuts and Jobs Act, more support for local gas and oil production, and additional deregulation. The US economy could further outperform the rest of the world if these plans are implemented. And more trade uncertainty could negatively impact the Asian and European economies. Increasing uncertainty about trade and growth could also further complicate the major central banks' tasks.

Figure 1: performance of asset classes (euros)



Source: MSCI, Bloomberg and Refinitiv Eikon. Data as of 31 December 2024.

The key question in the fourth quarter was whether the US Federal Reserve (Fed) would make further rate cuts of 50 basis points or slow its pace. In both November and December, the Fed ended up reducing rates by 25 basis points, bringing them closer to neutral levels. The Fed also lifted its inflation forecast for this year from 2.2% to 2.5%, and said it expected to lower rates by 50 basis points in 2025. In September, the Fed predicted a total cut of twice that amount. The ECB also reduced interest rates by 25 basis points twice in the fourth quarter and indicated that the decline in inflation was well on track. The Bank of Japan kept rates unchanged but appeared open to implementing further hikes in 2025.

After US unemployment figures rose significantly earlier in 2024, US labor market data was in the spotlight on the macro front. The US labor market appeared more resilient than expected at the start of the fourth quarter, but the picture became more mixed later on. While unemployment rose again after an initial decline, new jobs continued to be created.

The US and the eurozone both experienced healthy economic growth in the third quarter. However, business confidence in the eurozone remained fairly cautious. This led to doubts about how sustainable this growth was, given Trump's election victory. Growth in China remained subdued and downside risks to growth increased following the US election results. Chinese policymakers therefore continued to support the economy with monetary and fiscal easing measures.

Financial market performance varied significantly both within and between the major asset classes. As expectations for the global economy were revised following the US elections, US equities surged higher on the back of a strong dollar and emerging markets and European equities decreased. The MSCI AC World NR index rose 6.7% in euros.

The Fed's more aggressive tone weighed on the performance of risky assets and resulted in higher bond yields at the end of the quarter. The dollar performed strongly against the US's main trading partners' currencies. The US 10-year yield posted its biggest quarterly increase since the third quarter of 2022, rising 80 basis points. The UK and Japanese 10-year yields rose 60 and 20 basis points, respectively. The German 10-year government bond posted a volatile quarter, gaining 20 basis points. Government bonds lost 0.1% in euro terms, riskier corporate bonds gained 1.8% and quality corporate bonds added 0.9%.

Source of data: MSCI, Bloomberg, Refinitiv Eikon, Haver Analytics, Multi Asset Solution Goldman Sachs. Data as of end of December 2024.

Net return by age group

Fixed pension benefit

Very defensive

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.1	16.7	16.7	4.6
45 years	4.1	16.7	16.7	4.6
55 years	3.8	12.9	12.9	-0.6
67 years	1.2	4.0	4.0	-5.2

Defensive

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.3	17.5	17.5	5.0
45 years	4.3	17.5	17.5	5.0
55 years	3.7	14.6	14.6	2.1
67 years	1.8	6.0	6.0	-4.7

Neutral

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.5	18.2	18.2	5.4
45 years	4.5	18.2	18.2	5.4
55 years	4.5	18.2	18.2	5.4
67 years	2.0	6.9	6.9	-4.4

Offensive

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.6	18.9	18.9	5.8
45 years	4.6	18.9	18.9	5.8
55 years	4.6	18.9	18.9	5.8
67 years	2.1	7.2	7.2	-4.4

Very offensive

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.8	19.6	19.6	6.2
45 years	4.8	19.6	19.6	6.2
55 years	4.8	19.6	19.6	6.2
67 years	2.2	7.5	7.5	-4.3

The strategic weightings of these lifecycles can be found on www.nn.nl

Net return by age group

Variable pension benefit reduced risk to 15%

Defensive - reduced risk to 15%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.3	17.5	17.5	5.0
45 years	4.3	17.5	17.5	5.0
55 years	3.8	15.0	15.0	2.7
67 years	2.2	7.6	7.6	-4.3

Neutral - reduced risk to 15%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.5	18.2	18.2	5.4
45 years	4.5	18.2	18.2	5.4
55 years	4.5	18.2	18.2	5.4
67 years	2.3	7.8	7.8	-4.2

Offensive - reduced risk to 15%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.6	18.9	18.9	5.8
45 years	4.6	18.9	18.9	5.8
55 years	4.6	18.9	18.9	5.8
67 years	2.3	7.9	7.9	-4.2

Very offensive - reduced risk to 15%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.8	19.6	19.6	6.2
45 years	4.8	19.6	19.6	6.2
55 years	4.8	19.6	19.6	6.2
67 years	2.4	8.2	8.2	-4.1

Net return by age group

Variable pension benefit reduced risk to 30%

Neutral - reduced risk to 30%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.5	18.2	18.2	5.4
45 years	4.5	18.2	18.2	5.4
55 years	4.5	18.2	18.2	5.4
67 years	2.9	10.3	10.3	-3.2

Offensive - reduced risk to 30%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.6	18.9	18.9	5.8
45 years	4.6	18.9	18.9	5.8
55 years	4.6	18.9	18.9	5.8
67 years	2.9	10.4	10.4	-3.2

Very offensive - reduced risk to 30%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.8	19.6	19.6	6.2
45 years	4.8	19.6	19.6	6.2
55 years	4.8	19.6	19.6	6.2
67 years	3.0	10.6	10.6	-3.1

Variable pension benefit reduced risk to 45%

Offensive - reduced risk to 45%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.6	18.9	18.9	5.8
45 years	4.6	18.9	18.9	5.8
55 years	4.6	18.9	18.9	5.8
67 years	3.3	11.9	11.9	-2.6

Very offensive - reduced risk to 45%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.8	19.6	19.6	6.2
45 years	4.8	19.6	19.6	6.2
55 years	4.8	19.6	19.6	6.2
67 years	3.2	12.0	12.0	-2.5

Variable pension benefit reduced risk to 60%

Very offensive - reduced risk to 60%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	4.8	19.6	19.6	6.2
45 years	4.8	19.6	19.6	6.2
55 years	4.8	19.6	19.6	6.2
67 years	3.7	13.9	13.9	-1.7

Developments in sustainable investing

Stewardship and corporate governance: keeping it sound
Goldman Sachs Asset Management, the asset manager of the lifecycle funds, is committed to promoting and exercising effective stewardship among the companies in the portfolios we manage on behalf of our clients. As part of our stewardship in the field of corporate governance, we seek to hold boards accountable for actions and results related to their governance responsibilities. Sound corporate governance can create a framework for managing a company in the interests of its shareholders. If directors do not meet our expectations, we may seek to hold them accountable through proxy voting.

We generally believe companies should seek to comply with commonly accepted corporate governance best practices as well as the corporate governance standards applicable in their jurisdiction of incorporation. The Global Stewardship Team has developed a process for evaluating companies that have been identified by third party data providers as in violation of global norms including the United Nations Global Compact and the OECD's Guidelines for Multinational Enterprises. We may also engage with companies that, in our view, exhibit poor governance practices and those involved in controversial incidents.

We seek to hold the Board of Directors accountable for actions and results related to their responsibilities. It should be accountable to shareholders and stakeholders and should base its decisions on what is the best long-term interests of the company, its shareholders and its stakeholders.

Boards should have a majority of independent directors or meet local market best practices. We generally believe diverse teams have the potential to outperform and we expect the directors of public companies to have diverse skill sets and experiences. Boards should generally consist of directors with varied tenures and focus on succession planning for refreshment of directors over time.

Boards should establish committees to oversee areas such as audit, executive and non-executive compensation, director nominations and risk oversight as required by their local market best practices or as appropriate for the company's circumstances and operations. The responsibilities and membership of these committees should be publicly disclosed. Board members should ensure they have sufficient time available to discharge their duties and should attend board and committee meetings regularly.

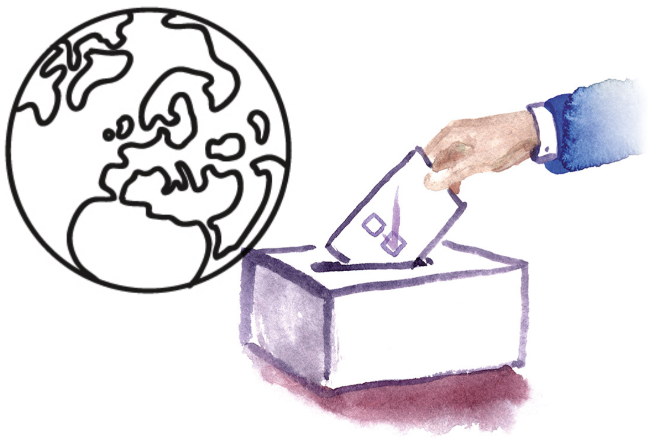
Case Study: portfolio healthcare company from the US

Our Global Stewardship Team engaged with the Chairman and CEO of a US healthcare company in December 2023 to discuss its corporate governance framework. This was a follow-up to a previous engagement on governance topics where we recommended that the Board adopt a declassified board structure allowing shareholders to vote on each director annually. We also explained our history of voting against selected board members due to the company's classified board structure and other bylaws which limited shareholders rights.

During the December engagement, the company announced a plan to seek shareholder approval to declassify the board at the 2024 annual meeting. Additionally, the company proposed amendments to its articles of incorporation that will provide shareholders the right to amend bylaws and call special meetings. We will seek to continue engaging with the company to monitor its progress and to provide feedback as the company evolves its corporate governance framework.

In practice

In our quarterly review, we added 66 companies to the eligible ESG investment universe and excluded 27 firms. The total number of eligible securities in the investment universe is now 1,015, which is approximately 27% below the total number of securities in the benchmark. Not all stocks added to the investment universe were included in the actual portfolio. As part of the portfolio optimization, we aim for a risk profile that is line with the benchmark. Ultimately, six new equities were added to the portfolio. For companies that were moved to the “excluded” list, most of them were not eligible for the investment universe due to governance risk.



Sustainable investing

NN's investments are becoming increasingly sustainable. This is reflected, for example, in global sustainable equities, which represent a large proportion of pension investments. To give an idea of the sustainability of the global sustainable equities, we have expressed this in the CO2 footprint for the standard investment form.

Your lifecycle breakdown - Index-tracking

Did you know....

that your participants up to 56 years with a neutral/ balanced profile invest for 61% in global sustainable equities?

Your global sustainable equities

Here you can see the **CO_2 footprint** (Type 1 & 2), **water consumption** and **waste generation** of companies (based on enterprise value) of the global sustainable shares within your lifecycle distribution, compared to the benchmark MSCI World (NR). The lower the CO_2 emissions, water consumption or waste production, the higher the degree of sustainability.

CO_2 emission*

Benchmark	Your equities
59 tons	20 tons

Difference in CO_2
39 tons

Footprint

65% less
than the benchmark

Equal to the CO_2 emission of:

x 2	Household(s)
x 8	Around the world

Water consumption*

Benchmark	Your equities
1,339 m³	623 m³

Difference in water consumption 716 m³

Footprint

53% less
than the benchmark

Equal to the water consumption of:

x 6	Household(s)
x 11,323	Showers

Waste generation*

Benchmark	Your equities
138 tons	42 tons

Difference in waste
96 tons

Footprint

70% less
than the benchmark

Equal to the waste generation of:

x 86	Household(s)
x 2,006	Waste bins

* Per EUR 1 million invested

Source: Nationale-Nederlanden Levensverzekering. All figures on this page are as of 31/12/2024

Index Mix Fund (NL)

The fund had positive fourth-quarter returns. Equities, which have a relatively large strategic weighting within the portfolio at 85%, performed strongly and made the largest contribution to total returns. The strategic weighting of developed markets was increased with 2.5% during the quarter, while the emerging markets' weighting was decreased. Equity funds lagged their respective benchmarks somewhat. The Northern Trust fund, which focuses on equity investments in emerging markets, was replaced by the Enhanced Index Sustainable Emerging Markets Equity Fund I (NL) fund. Small caps and emerging markets in particular lagged behind developed market returns, marking a reversal of direction compared with the previous quarter.

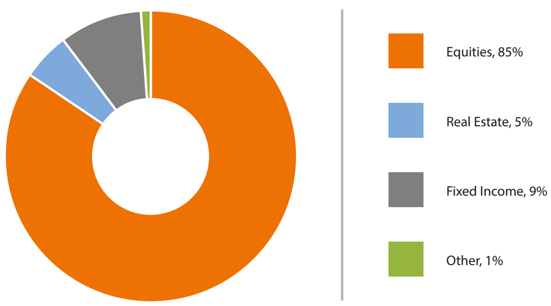
The fixed-income securities also made a positive contribution to the total return, which was more limited due to their small weighting in the portfolio. The riskier corporate bonds contributed the lion's share on the back of very good returns. Emerging market bonds had a disappointing quarter.

Listed real estate had a very disappointing quarter, posting the biggest decline, which was a reversal of direction compared with the previous three months. The negative contribution to total returns was limited because of listed real estate's modest weighting within the fund.

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)	5 years (ann.)
Index Mix Fund (NL)	4.8	19.6	19.6	6.2	9.3

Statistics	
ISIN code	NL0013089022
Inception date	January 2019
Ongoing charges	0.15%

Positioning



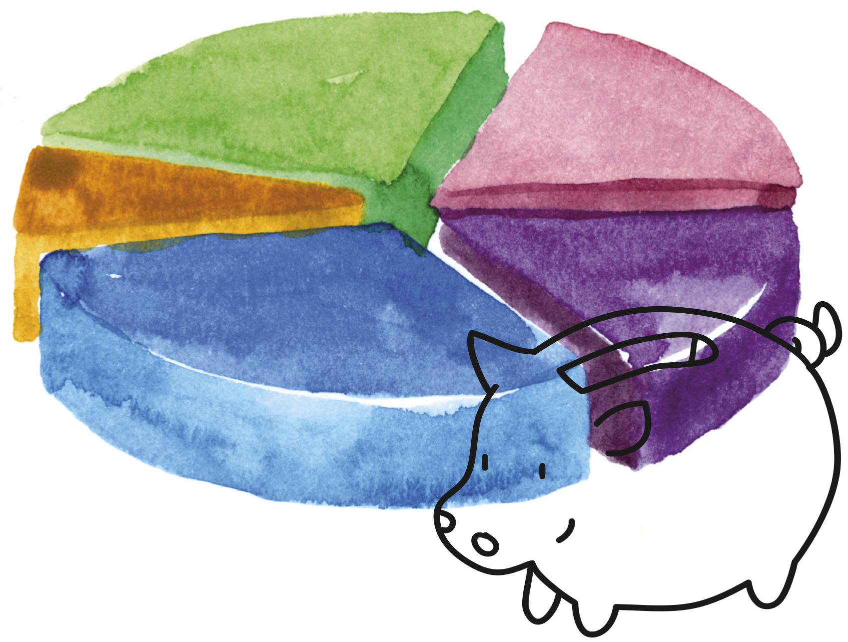
Source: Goldman Sachs Asset Management, all figures are as of 31/12/2024.

Performance

Index Mix Fund - I

Return (%) (net) Equities	3 months	year to date	weight
Enhanced Index Sustainable Equity Fund (NL)	-1.7	24.0	67.4
MSCI World Net TR Index	-0.7	26.6	
Enhanced Index Sustainable Emerging Markets Equity Fund I (NL)*			12.7
MSCI Emerging Markets (NR)			
Enhanced Index Sustainable Global Small Caps Equity Fund (NL)	-4.1	13.2	5.0
MSCI World Small Cap Index (NR) EUR	-4.1	15.4	
Real Estate			
Northern Trust Developed Real Estate ESG index fund	-5.0	8.7	5.0
FTSE EPRA Nareit Global Real Estate Index	-5.1	8.2	
Fixed Income			
Northern Trust EMD Fund	-0.2	3.3	5.0
BBG Barclays EM LC Government 10% Country Cap index	0.0	4.4	
Global High Yield Bond Fund (NL)*			4.2
Bloomberg Barclays 70% US 30% Pan-European ex Fin Subord 2% Issuer Capped High Yield EUR (unhedged)			

* Added in December 2024.
Source: Goldman Sachs Asset Management, all figures are as of 31/12/2024.



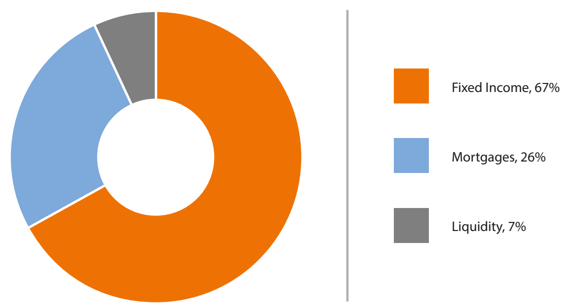
Hybrid Index Fund

Despite a rise in long-term eurozone government bond interest rates, the fund posted positive returns in the fourth quarter. Accrued interest income and favorable developments impacting corporate bonds contributed to this plus. All underlying asset classes contributed positively to total returns. The mortgage portfolio generated the best relative returns.

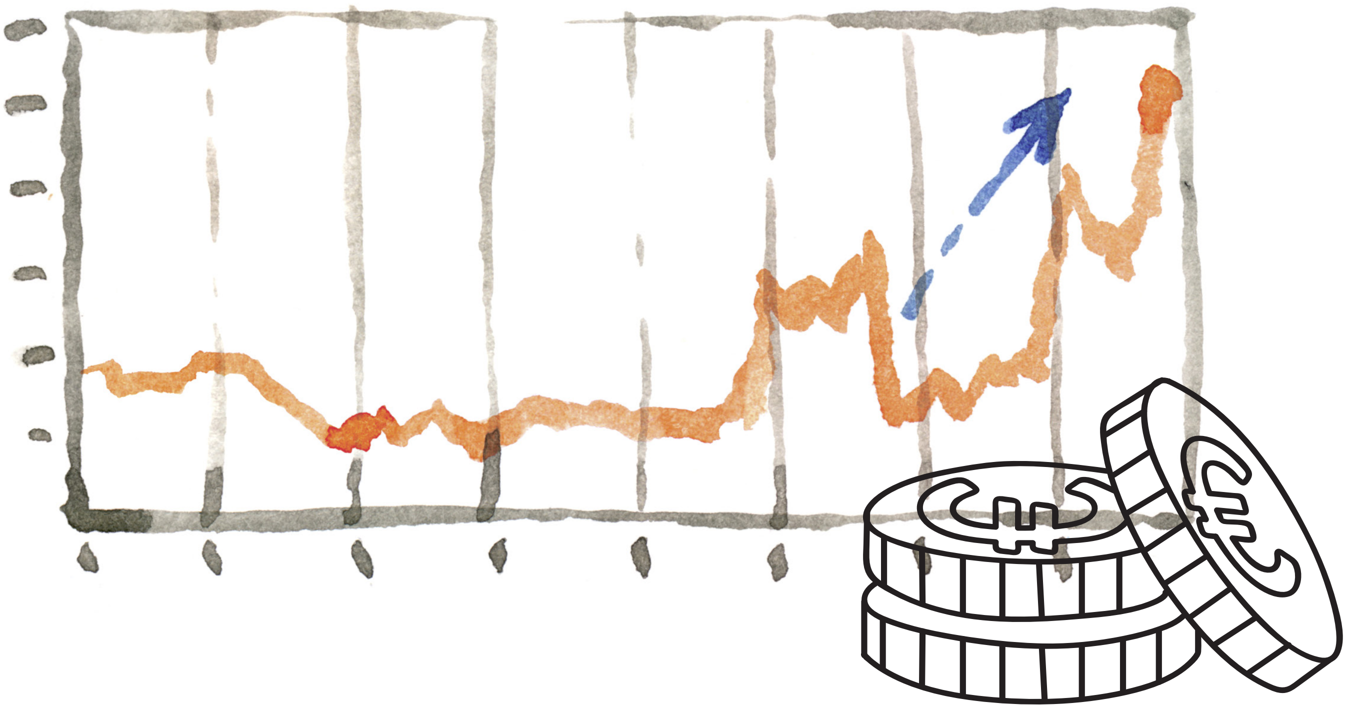
Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
Hybrid Index Fund	1.1	5.1	5.1	-1.6

Statistics	
ISIN code	NL0013995152
Inception date	November 2019
Ongoing charges	0.21%

Positioning



Source: Goldman Sachs Asset Management, all figures are as of 31/12/2024.



Liability Matching funds

The four Liability Matching funds have different interest rate sensitivity profiles (Liability Matching Fund (M) (NL), Liability Matching Fund (L) (NL), Liability Matching Fund (XL) (NL) and Liability Matching Fund (XXL) (NL)). They invest in a combination of euro-denominated interest rate swaps, high-quality money market funds, high-quality government bonds and cash. The interest rate sensitivity of the funds is enhanced with interest rate swaps and bond futures.

The Liability Matching Fund (M) (NL) strives for an interest rate sensitivity of about 4 years and (L) (NL), (XL) (NL) and (XXL) (NL) of approximately 20, 40 and 42 years, respectively. The four Liability Matching funds have different interest rate profiles that are composed in such a way that, used in combination, they can offer the best possible match in the period leading up to retirement.

What did the interest rates do?

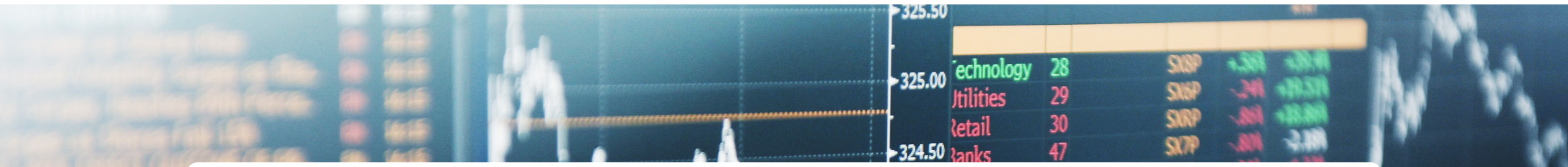
Swap rates fell across most maturities in the fourth quarter, with the decline being limited to as much as about 15 basis points. The 5-year swap rate rose several basis points, while the 10-year swap rate remained virtually unchanged.

Volatility increased during the quarter. Interest rates fell in October and in November there was a sharp decline of around 20 to 30 basis points for the various maturities. In December, rising rates erased this decline. Longer maturities fell more in the quarter than other categories on the curve. This resulted in a negative contribution to the existing curve position's results.

We expect continued global economic expansion, a further decline in inflation and more interest rate cuts by central banks in 2025. However. the outcome of the US elections and possible policy changes in the US are causing increased uncertainty about the outlook. The import tariffs announced by new President Trump pose a significant downside risk to global economic expansion, which could further exacerbate existing growth weakness in the eurozone and China. Conversely, global growth could improve with the help of fiscal stimulus in China or more accommodative fiscal policy in Germany after the elections.

The ECB lowered interest rates four times inn 2024. We expect the ECB and other major central banks as well to cut rates this year. The pace of adjustment will differ by region. We remain positioned for a steeper yield curve, as weaker growth prospects imply more ECB easing.

Because these funds have been set up to cover the risk of an interest rate increase or decrease on the pension to be purchased upon retirement, positive returns for a 67-year-old are not necessarily advantageous: the pension to be purchased has also become more expensive. Negative returns for a 67-year-old are not necessarily disadvantageous: the pension to be purchased has also become cheaper.



Liability Matching Fund (M) (NL) - T

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)	5 years (ann.)
Liability Matching Fund (M) (NL) - T	0.4	2.9	2.9	-1.5	-1.1
Bloomberg Barclays Euro Treasury AAA 1-3 Yr Downgrade Maturity Tolerant, incl derivatives to increase duration (M)	0.0	2.3	2.3	-1.9	

Statistics	
ISIN code	NL0013040348
Inception date	November 2018
Ongoing charges	0.15%

Liability Matching Fund (L) (NL) - T

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)	5 years (ann.)
Liability Matching Fund (L) (NL) - T	2.1	5.0	5.0	-10.4	-6.1
Bloomberg Barclays Euro Treasury AAA 1-3 Yr Downgrade Maturity Tolerant, incl derivatives to increase duration (L)	2.2	4.6	4.6	-10.7	

Statistics	
ISIN code	NL0013040355
Inception date	November 2018
Ongoing charges	0.15%

Liability Matching Fund (XL) (NL) - T

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)	5 years (ann.)
Liability Matching Fund (XL) (NL) - T	5.3	7.7	7.7	-18.1	-10.2
Bloomberg Barclays Euro Treasury AAA 1-3 Yr Downgrade Maturity Tolerant, incl derivatives to increase duration (XL)	5.2	7.5	7.5	-18.3	

Statistics	
ISIN code	NL0013040363
Inception date	November 2018
Ongoing charges	0.15%

Liability Matching Fund (XXL) (NL) - T*

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)	5 years (ann.)
Liability Matching Fund (XXL) (NL) - T	1.9				
Bloomberg Barclays Euro Treasury AAA 1-3 Yr Downgrade Maturity Tolerant, incl derivatives to increase duration (XXL)	1.4				

Statistics	
ISIN code	NL0015001QX5
Inception date	February 2024
Ongoing charges	0.15%

* Performance measurement are as of 1/3/2024.
Source: Goldman Sachs Asset Management, all figures are as of 31/12/2024.