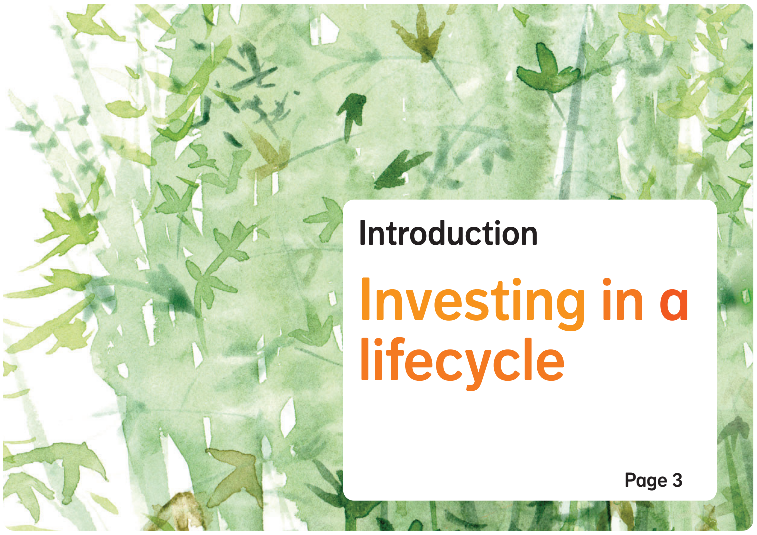
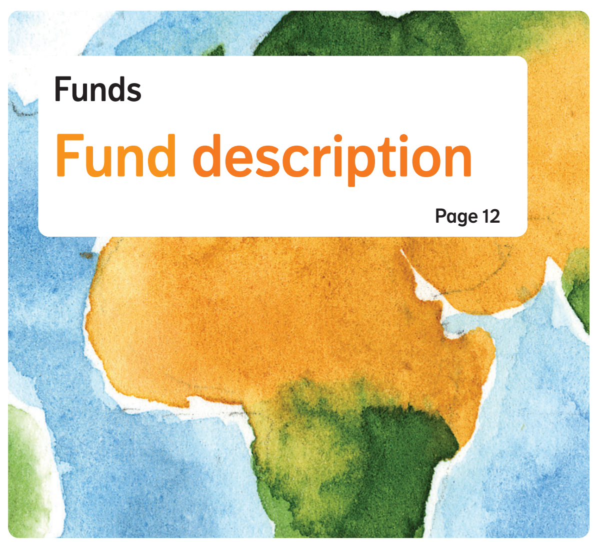
Persoonlijk Pensioen Plan Q3 2024

Index-tracking

NN

www.nn.nl/persoonlijkpensioenplan





Investing in a lifecycle

After a positive first half of the year, an upward trend was visible in the third quarter as well. Surprise profit warnings from several large technology companies and geopolitical tensions that worried investors initially led to a significant, but short-lived market correction at the end of July. Share prices fell sharply, with the technology and energy sectors being particularly hit hard. After this setback, the markets recovered in the subsequent period.

Interest rates fell after rising in the first half of the year. The decline was in line with market expectations that central banks would lower interest rates due to improved inflation prospects. After inflation actually turned out to have fallen, the ECB cut interest rates by 25 basis points in September, after having done so in June. The US Fed followed with a 50-basis point cut, trimming interest rates for the first time in more than four years.

The combination of falling interest rates, strong company results and favorable macroeconomic developments resulted in shares and corporate bonds performing well. Chinese equities benefited from the China government's stimulus measures, ensuring that emerging markets in particular posted strong returns within the equity portfolio.

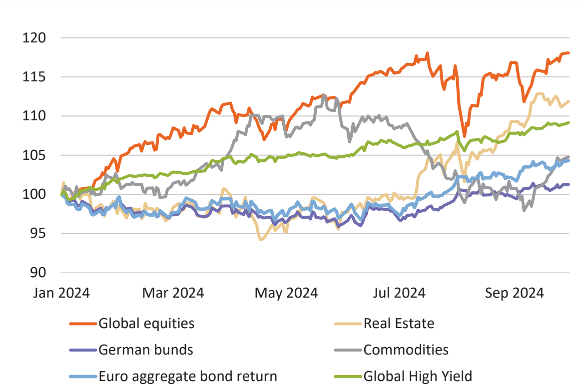
In addition to shares, there are of course more investment categories that are part of the Lifecycle. Consider, for example, commercial real estate, high-yield bonds, mortgages or corporate loans. Curious about how these asset classes performed in the past quarter? Then please read the update in this magazine.

Financial markets

Lifecycle returns depend on what's going on in the financial markets. So how did markets perform last quarter?

After a strong equity rally in the first half of 2024, the financial markets had to deal with major price fluctuations in the third quarter. Macroeconomic uncertainty increased due to setbacks in the US labor market, China and the global industrial sector. The race for the US presidency also led to uncertainty. Despite a major sell-off in early August, equities still ended the quarter on a positive note thanks to continued falling inflation, drastic easing by the major central banks and resilient growth in the global services sector. The bond markets outperformed equities on average, driven by expectations of further interest rate cuts in the coming quarters.

Figure 1: performance of asset classes (euros)



Source: MSCI, Bloomberg and Refinitiv Eikon. Data as of 30 September 2024.

The weakening US labor market was one of the key themes in the past quarter. The higher unemployment rate in July in particular led to rising economic growth concerns. However, the continued decline in US inflation allowed the Federal Reserve (Fed) to start its long-awaited easing cycle in September. To support the domestic economy, the Fed lowered interest rates by 50 basis points, the first cut since March 2020.

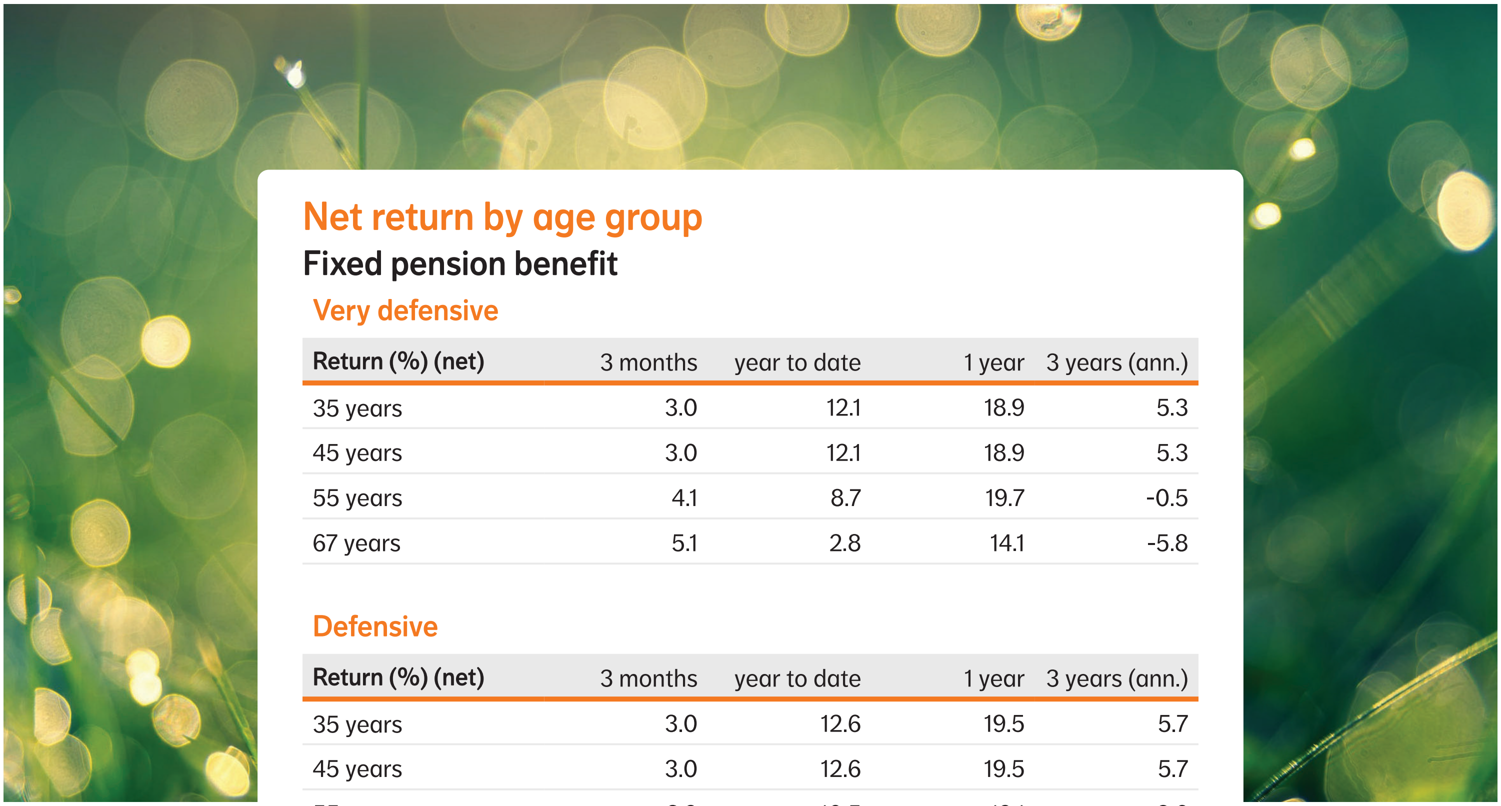
The Bank of England voted by the narrowest possible margin to cut rates by 25 basis points, thus starting its easing cycle. The ECB also lowered interest rates, again, by 25 basis points and left its economic forecasts largely unchanged. The Chinese central bank stepped up its easing measures to curb the further weakening of economic growth and the property market. The Bank of Japan raised its key interest rate, hinting at further increases.

Political developments, such as the French parliamentary elections at the start of the quarter, continued to preoccupy investors. In addition, President Joe Biden dropped out of the race for the US presidency. Geopolitical unrest was further fueled by rising tensions in the Middle East and the ongoing war in Ukraine.

The MSCI AC World NR index ended the volatile quarter up 2.4% in euro terms. Emerging market equities posted the strongest gains of 4.4%, supported by strong Chinese stimulus and the subsequent rally in China. Globally, the real estate and utilities sectors posted gains of at least 12%. Financial, basic material and industrial stocks gained more than 6%. Energy, IT and telecommunications underperformed with losses of as much as 6.3%.

On the bond markets, the US 10-year yield fell 60 basis points, driven by falling inflation, recession concerns and the possibility of further monetary easing. Yields on German and French 10-year bonds fell 40 basis points. Japan's 10-year yield initially held steady, but later fell after the Bank of Japan hinted that market volatility could delay further rate hikes. Government bonds rose 4% in euro terms. Riskier corporate bonds gained 3.5%, while quality corporate bonds added 3.3%.

Source of data mentioned in the market overview: MSCI, Bloomberg and Refinitiv Eikon. Data as of end September 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	3.0	12.1	18.9	5.3
45 years	3.0	12.1	18.9	5.3
55 years	4.1	8.7	19.7	-0.5
67 years	5.1	2.8	14.1	-5.8

Defensive

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	3.0	12.6	19.5	5.7
45 years	3.0	12.6	19.5	5.7
55 years	3.9	10.5	19.1	2.6
67 years	5.0	4.1	15.9	-5.2

Neutral

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	3.0	13.1	20.1	6.2
45 years	3.0	13.1	20.1	6.2
55 years	3.0	13.1	20.1	6.2
67 years	5.1	4.8	17.0	-4.9

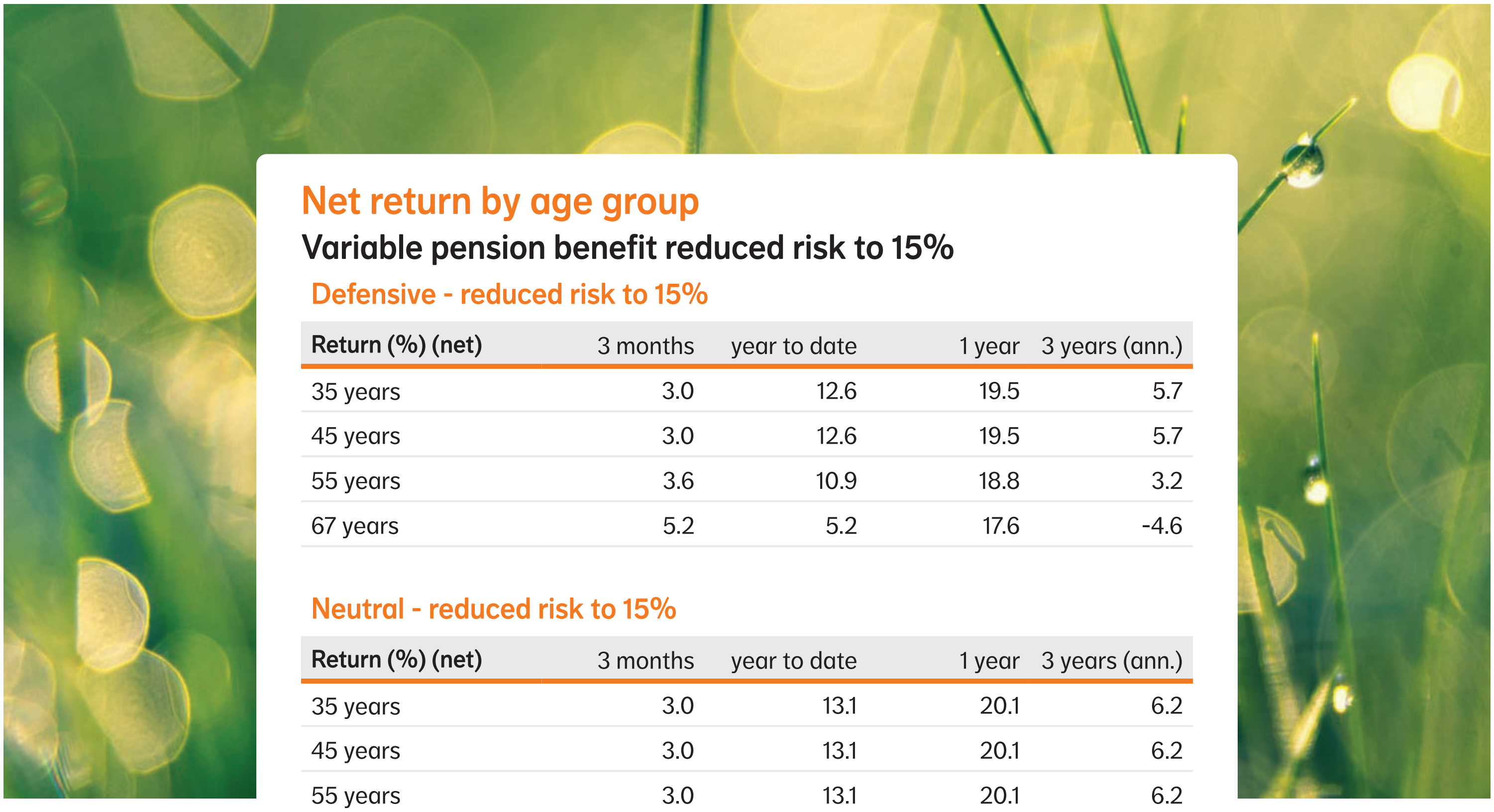
Offensive

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	3.0	13.6	20.8	6.6
45 years	3.0	13.6	20.8	6.6
55 years	3.0	13.6	20.8	6.6
67 years	5.1	5.0	17.3	-4.7

Very offensive

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	3.0	14.2	21.4	7.1
45 years	3.0	14.2	21.4	7.1
55 years	3.0	14.2	21.4	7.1
67 years	5.2	5.2	17.6	-4.6

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	3.0	12.6	19.5	5.7
45 years	3.0	12.6	19.5	5.7
55 years	3.6	10.9	18.8	3.2
67 years	5.2	5.2	17.6	-4.6

Neutral - reduced risk to 15%

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Offensive - reduced risk to 15%

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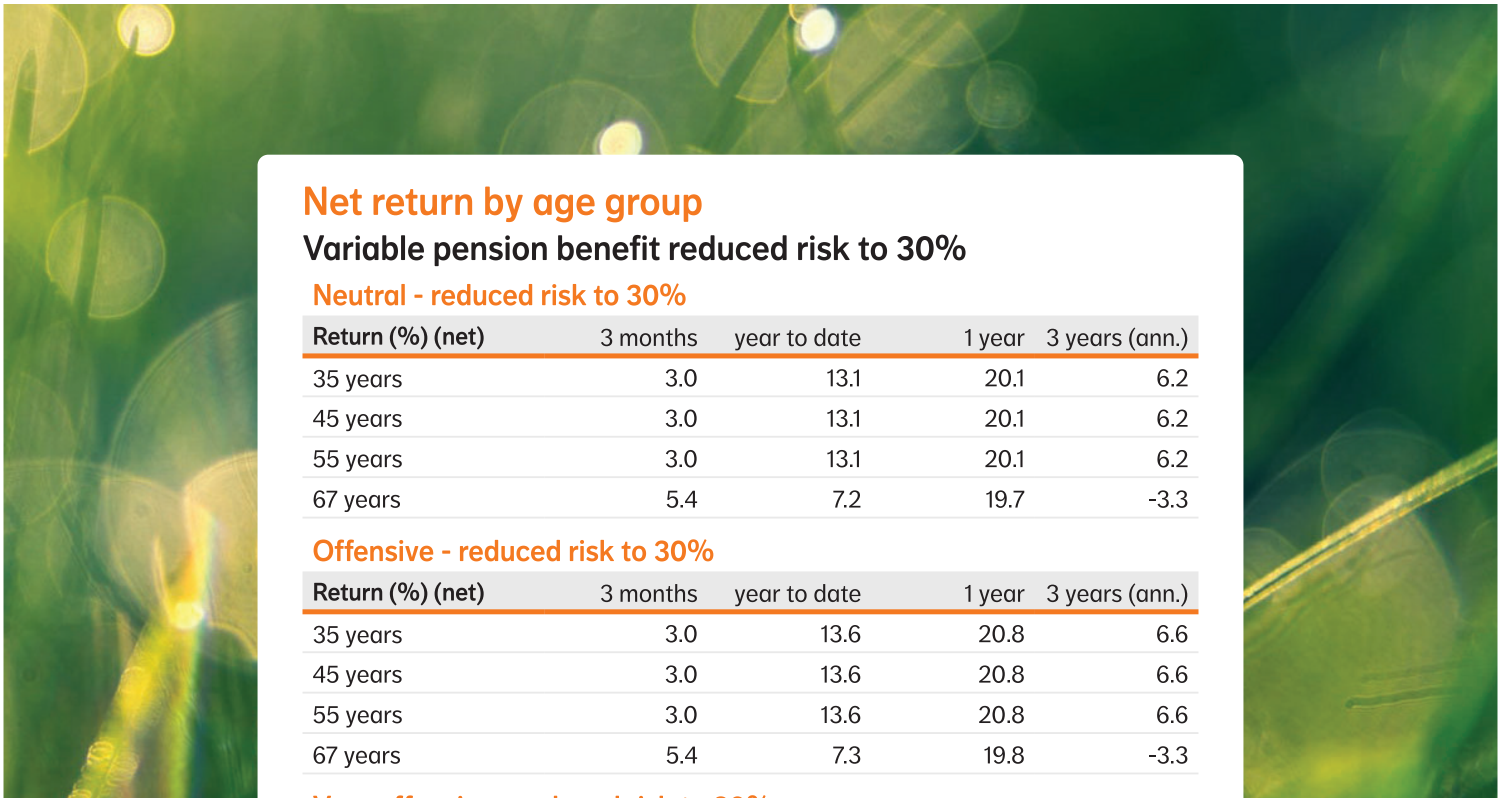
35 years	3.0	13.6	20.8	6.6
45 years	3.0	13.6	20.8	6.6
55 years	3.0	13.6	20.8	6.6
67 years	5.2	5.5	18.0	-4.4

Very offensive - reduced risk to 15%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	3.0	14.2	21.4	7.1
45 years	3.0	14.2	21.4	7.1
55 years	3.0	14.2	21.4	7.1
67 years	5.3	5.7	18.3	-4.3



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	3.0	13.1	20.1	6.2
45 years	3.0	13.1	20.1	6.2
55 years	3.0	13.1	20.1	6.2
67 years	5.4	7.2	19.7	-3.3

Offensive - reduced risk to 30%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	3.0	13.6	20.8	6.6
45 years	3.0	13.6	20.8	6.6
55 years	3.0	13.6	20.8	6.6
67 years	5.4	7.3	19.8	-3.3

Very offensive - reduced risk to 30%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	3.0	14.2	21.4	7.1
45 years	3.0	14.2	21.4	7.1
55 years	3.0	14.2	21.4	7.1
67 years	5.4	7.5	20.0	-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	3.0	13.6	20.8	6.6
45 years	3.0	13.6	20.8	6.6
55 years	3.0	13.6	20.8	6.6
67 years	5.7	8.3	21.7	-2.3

Very offensive - reduced risk to 45%

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
35 years	3.0	14.2	21.4	7.1
45 years	3.0	14.2	21.4	7.1
55 years	3.0	14.2	21.4	7.1
67 years	5.8	8.5	21.9	-2.2

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	3.0	14.2	21.4	7.1
45 years	3.0	14.2	21.4	7.1
55 years	3.0	14.2	21.4	7.1
67 years	5.9	9.8	23.8	-1.2

Developments in sustainable investing

Biodiversity stewardship: zooming in on plastics and deforestation

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. We focus our stewardship work related to biodiversity and nature on two themes: plastics and deforestation.

Biodiversity loss can pose a key investment risk that can manifest itself in a company's operations or across its supply chain. Biodiversity has a role in ensuring the resilience and preservation of natural capital assets on which society and business depend. However, land use change, climate change, exploitation and pollution are driving biodiversity and ecosystem loss creating risks and opportunities for society, business, and investors.

Recognizing this risk and understanding the regulatory landscape, we seek to engage with a targeted group of companies across our public markets investing business portfolios to understand their approach to managing risks associated with nature and biodiversity and to promote accountability and best practices.

Fast Moving Consumer Goods (FMCG) companies can have a significant impact on total global plastics and waste. Plastic packaging accounts for nearly half of all plastic waste globally, and much of it is thrown away within just a few minutes of its first use. We seek to engage with FMCG companies for whom plastic packaging represents a potentially material investment risk to encourage disclosure of plastic packaging usage in line with relevant sustainability accounting standards.

In the past decade, about two thirds of global deforestation was driven by the production of a few agricultural forest risk commodities: palm oil, timber and paper products, soy, beef and leather. In response, we interact with companies with exposure to deforestation risks from these commodities. We seek to engage with companies that have not publicly disclosed deforestation-reduction plans, and are large holdings across various investing portfolios.

Case Study: portfolio consumer staples company from Japan

Our Global Stewardship Team engaged with a Japanese consumer staples company in December 2023. We had identified the company for engagement under our

'Biodiversity and Nature – Plastics' thematic framework, in which we seek to engage with consumer goods companies to encourage disclosure of packaging metrics in line with relevant standards.

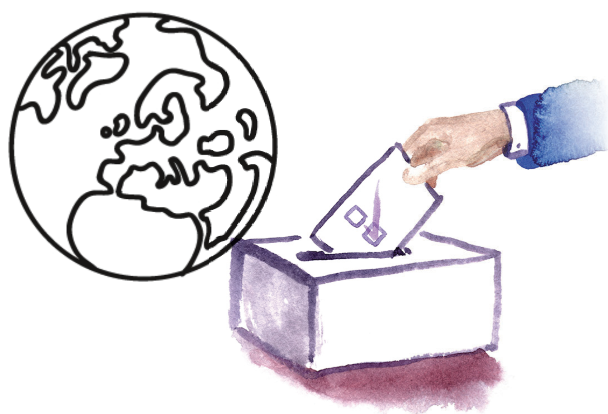
We encouraged the company to disclose the total weight of plastics used for their products in line with the relevant sustainability accounting framework.

On its progress towards achieving 100% sustainable bottles by 2030, the company noted regulations in some Asian countries that forbid the use of recycled plastics. However, changes to regulations in Vietnam in 2022 and Thailand in 2023 have led to increased use of recycled plastics.

We will seek to continue engaging with the company on its progress on its packaging disclosures and strategy.

In practice

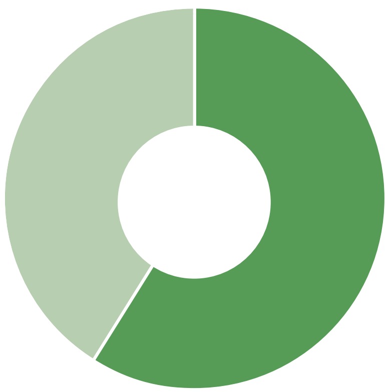
In our quarterly review, we added 35 companies to the eligible ESG investment universe and excluded 23 firms. The total number of eligible securities in the investment universe is now 990, which is approximately 30% below the total number of securities in the benchmark. Not all stocks added to the investment 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, two 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 59% 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 m^3	623 m^3

Difference in water consumption 716 m^3

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 31/12/2023.

Index Mix Fund (NL)

The fund posted positive returns in the third quarter. All investment categories contributed positively to this result. Equities, which have a relatively large strategic weighting in the portfolio, made the largest contribution. Small caps in particular performed well, followed by emerging market equities. Global equity investments lagged somewhat behind.

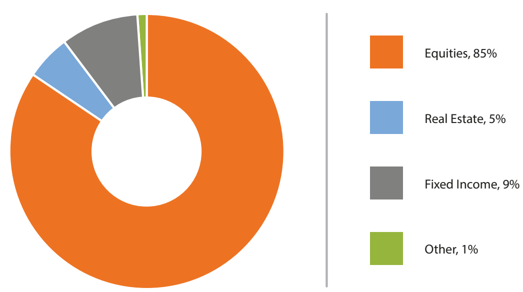
Fixed-income securities' positive contribution to total returns was more limited due to the small weighting within the portfolio. Riskier corporate bonds contributed the least. Emerging market bonds had a strong quarter and accounted for the majority of the fixed-income portfolio's contribution.

Listed real estate had a very positive quarter and was the investment category that rose the most. The positive contribution to total returns was, however, limited due to its modest weighting within the fund.

Return (%) (net)	3 months	year to date	1 year	3 years (ann.)	5 years (ann.)
Index Mix Fund (NL)	3.0	14.2	21.4	7.1	9.3

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

Positioning



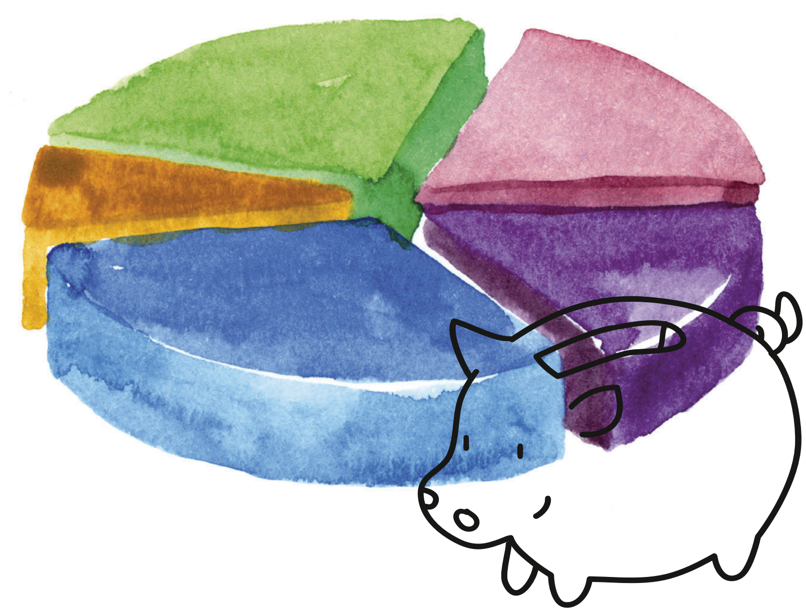
Source: Goldman Sachs Asset Management, all figures are as of 30/09/2024.

Performance

Index Mix Fund - I

Return (%) (net) Equities	3 months	year to date	weight
Enhanced Index Sustainable Equity Fund (NL)	1,9	15,8	64,4
MSCI World Net TR Index	2,1	17,6	
Northern Trust Emerging Markets ESG Customs	4,4	15,7	15,9
MSCI NT EM Custom ESG NR EUR	4,7	15,7	
Enhanced Index Sustainable Global Small Caps Equity Fund (NL)	5,2	8,2	5,0
MSCI World Small Cap Index (NR) EUR	5,0	9,9	
Real Estate			
Northern Trust Developed Real Estate ESG index fund	12,3	11,9	5,0
FTSE EPRA Nareit Global Real Estate Index*	12,1	11,4	
Fixed Income			
Northern Trust EMD Fund	4,8	2,9	5,0
BBG Barclays EM LC Government 10% Country Cap index	4,9	3,7	
GS Global High Yield	1,5	6,3	4,3
Bloomberg Barclays 70% US 30% Pan-European ex Fin Subord 2% Issuer Capped High Yield EUR (unhedged)	1,8	6,7	

* This is a proxy benchmark.
Source: Goldman Sachs Asset Management, all figures are as of 30/09/2024.



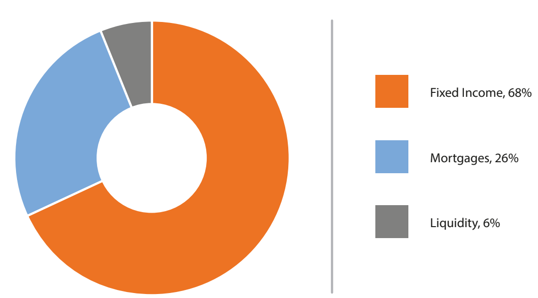
Hybrid Index Fund

The fund had positive quarterly returns as a result of falling interest rates and accrued interest income. All underlying asset classes contributed positively to this result, with the contribution of the mortgage portfolio lagging somewhat.

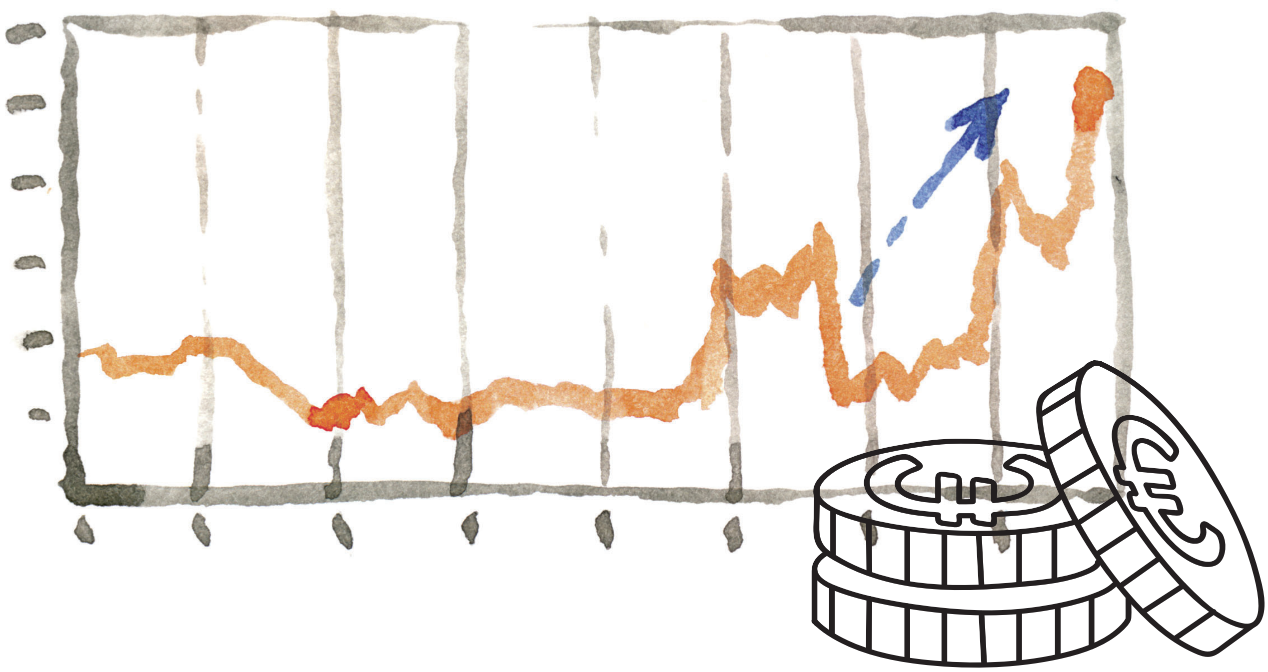
Return (%) (net)	3 months	year to date	1 year	3 years (ann.)
Hybrid Index Fund	3.1	4.1	9.1	-1.9

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

Positioning



Source: Goldman Sachs Asset Management, all figures are as of 30/09/2024.



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 all maturities in the third quarter, with the month of July particularly showing strong declines. With the exception of short-term rates, which continued to fall, August was characterised by limited fluctuations. All maturities again showed strong rate decreases in september. The longer-term maturities posted less severe declines than the other categories. Consequently, the fund reported a positive result.

Central banks have switched from taming inflation to a conventional business cycle policy. In September, the US Federal Reserve responded to the deteriorating labour market with a 50 basis point interest rate cut, aiming to achieve a soft landing for the economy.

This proactive easing encouraged other central banks, including in emerging markets, to resume or initiate interest rate cuts as well. For example, China introduced a stimulus policy to stabilise the real estate sector and boost domestic demand. The ECB also cut interest rates as expected in September, by 25 basis points to 3.5%. We expect the ECB to lower rates further this year. Rates still look moderately attractive, given our expectation of disinflation and high real yields. Finally, the US presidential elections in November could lead to more volatility in the markets.

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	3.6	2.5	7.7	-1.9	-1.4
Bloomberg Barclays Euro Treasury AAA 1-3 Yr Downgrade Maturity Tolerant, incl derivatives to increase duration (M)	3.6	2.8	7.9	-2.1	-1.7

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	7.7	2.9	22.8	-11.2	-8.0
Bloomberg Barclays Euro Treasury AAA 1-3 Yr Downgrade Maturity Tolerant, incl derivatives to increase duration (L)	7.5	3.1	22.8	-11.4	-8.3

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	8.7	2.3	34.3	-19.3	-13.9
Bloomberg Barclays Euro Treasury AAA 1-3 Yr Downgrade Maturity Tolerant, incl derivatives to increase duration (XL)	8.6	3.4	35.6	-18.8	-13.8

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	15.6				
Bloomberg Barclays Euro Treasury AAA 1-3 Yr Downgrade Maturity Tolerant, incl derivatives to increase duration (XXL)	15.9				

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 30/09/2024.