

## Message from the Stakeholder Body Section RBS

We are rapidly approaching the end of the year 2022 and what a special year it has become. The year 2023 contains very real challenges for all of us and therefore also for pension funds.

The financial markets have had a tumultuous year with falling prices. Just now that the consequences of the pandemic are largely behind us, geopolitical tensions have flared up. Unfortunately, the war in Ukraine with all its horrors is not yet over and will continue to take its humanitarian and economic toll for the time being. Investors are also closely following developments in the relationship between the United States and China. The Liberal International Order, with its institutions built mainly by the West, such as the UN, the World Bank, the IMF and the international legal order, is being challenged both from outside and from within. The pension fund has revised its country policy in 2022 and is emphatically taking this into account in the composition of the investments. Partly due to the current energy crisis, the energy transition as a result of the climate crisis has moved even higher up the agenda.

But not only financial markets, geopolitical tensions and the climate crisis keep us busy. In addition to these subjects, we also have to deal with the new Pensions Act (WTP - Future Pensions Act) that is currently being discussed again in the Tweede Kamer (house of representatives). The effective date for the WTP law has been postponed to July 1, 2023. The postponement does not mean that the end of the transition period – intended for January 1, 2027 – will also end later. The WTP is said to be 'the biggest pension reform ever'. Whether and what the consequences will be for our circle will become clear in the coming months. We will come back to that in 2023. In any case, it is good to know that the Stakeholder Body (BO) RBS has made agreements with the board of the APF to put the subject on the agenda in 2023 and to consider what is in the best interest of pensioners and participants. The BO will be closely involved in the decision-making process.

We would like to draw your attention to the communication towards the participants of Section RBS from the pension fund and also from us as the Stakeholder Body. Because we have decided to communicate more frequently with the participants, this message is the first new style. What remains is that you can submit topics to us at any time that can also be discussed in these news items. A call to all our participants is because this newsletter will only be distributed by email from now on, it is necessary that you leave your email address with the client team, so that you can continue to receive these messages.

During this year we met the board 2 times and the following topics were discussed;

- Inflation expectations and protecting pensions against inflation – the consequences of the energy crisis, developments in the financial markets as a result of the geopolitical instability in the world
- The Future Pensions Act: what will happen and will there be an impact for our Section
- The Investment Policy and investment results in general

In 2022, the APF started with the sounding board group approach, in which all sections come together when there are actual matters to be discussed for the following topics: employer affairs, participant affairs, asset management and pension management. The Stakeholder Body Section RBS already plays an active role in these forums.

Our Section RBS in terms of participants currently has 257 pensioners including the disabled and 1,585 participants who have not yet reached retirement age.

In recent months, we have seen inflation and interest rates rise sharply as a result of Russia's invasion of Ukraine and the resulting oil and commodity crisis. As a result, share prices and the market value of the bond portfolio have fallen sharply. Nevertheless, our funding ratio has risen to 167.1% at the end of October 2022. This is because the discounted value of the pension obligations has fallen even more than the investments due to the rise in interest rates.

In the coming weeks, the board will determine the position of what the indexation will be for Section RBS over the past year, this will be an important assessment of the financial feasibility and taking into account the policy rules that have been agreed for this. The indexation decision will be announced to all participants in January and can be found in the online portal of the Centraal Beheer APF. A number of pension funds have already announced large indexations that are considerably higher than usual. It is to be expected that the indexation for our section will also be higher than in previous years. It is good that there is the financial room for this, but of course the combination of high indexation and negative investment returns cannot be maintained for long. Our nominal funding ratio may have risen, but at the same time the real funding ratio is under pressure and, should higher inflation continue for longer, the purchasing power-adjusted pension is expected in the longer term. We therefore hope that the political and economic situation will improve in 2023.

#### **Newsletter going forward only per email**

As this newsletter will only be distributed by email from now on, a call to all our participants who haven't yet provided their email address and who would like to continue to receive these messages, to leave their email address with the client team of Centraal Beheer APF.

Amsterdam, January 2023

On behalf of the Stakeholder Body of the Section RBS at the Centraal Beheer APF

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