

Quarterly report

Third quarter of 2010

▪ Cover ratio	98%*
▪ Assets under management	€97.3 billion
▪ 2010 return over third quarter	6.9%
▪ 2010 return to end of third quarter	11.2%

Pensioenfonds Zorg en Welzijn recorded a return of 6.9% in the third quarter. The total return up to the end of the third quarter 2010 accordingly amounted to 11.2%. Better than expected macroeconomic data generated positive sentiment in the financial markets. The assets under management at the end of the third quarter 2010 amounted to €97.3 billion.

Despite the achieved return of 6.9%, the fall in interest rates caused Pensioenfonds Zorg en Welzijn's cover ratio to decrease to 98% at the end of the third quarter, one percentage point lower than in the previous quarter.

The decrease in the cover ratio was due to the historically low level of European interest rates resulting partly from the accommodative monetary policies maintained by the central banks. The average long-term interest rate fell further to 2.78% in the third quarter, over 1% below the level at the start of this year.

Peter Borgdorff, Managing Director of Pensioenfonds Zorg en Welzijn: "We achieved an excellent return on investments in the third quarter. At more than €97 billion, our assets under management are higher than ever before. However, due to the sharp fall in interest rates we are in a considerably worse position than at the beginning of this year. This is a worrying situation. We are also seeing sharp upward and downward movements in interest rates. Our cover ratio rose by 4% in September because interest rates moved somewhat higher again. Such day-to-day rates are thus clearly an increasingly inaccurate indicator of the fund's actual strength."

** The cover ratio excludes the effect of the new mortality table. As a result of the new life expectancy forecast, the cover ratio is expected to decrease by approximately six percentage points. This effect will be incorporated in the cover ratio at the end of 2010.*

Key figures

	Yearly average since 1971	Cumulative 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009
Cover ratio (quarter end)			98%	99%	109%	108%	107%
Total return	8.2%	11.2%	6.9%	-1.2%	5.2%	4.2%	9.1%
Interest			2.78%	3.19%	3.63%	3.89%	3.87%

The total return includes the result of the interest rate and inflation mandate. The 2010 figures are provisional.

Cover ratio

The cover ratio fell in 2010, from 108% at the start of the year to 98% at the end of the third quarter. The decline in the long-term interest rate from 3.89% at the beginning of this year to 2.78% at the end of September had a negative impact of 22 percentage points on the cover ratio. The combined effect of the return, the addition of interest to the provision for pension liabilities and the hedging of the interest rate risk had a positive impact of 12 percentage points on the cover ratio. Pensioenfondsen Zorg en Welzijn hedges part of the interest rate risk on its liabilities. The cover ratio excludes the effect of the new mortality table.

PFWZ Investment Portfolio and Return

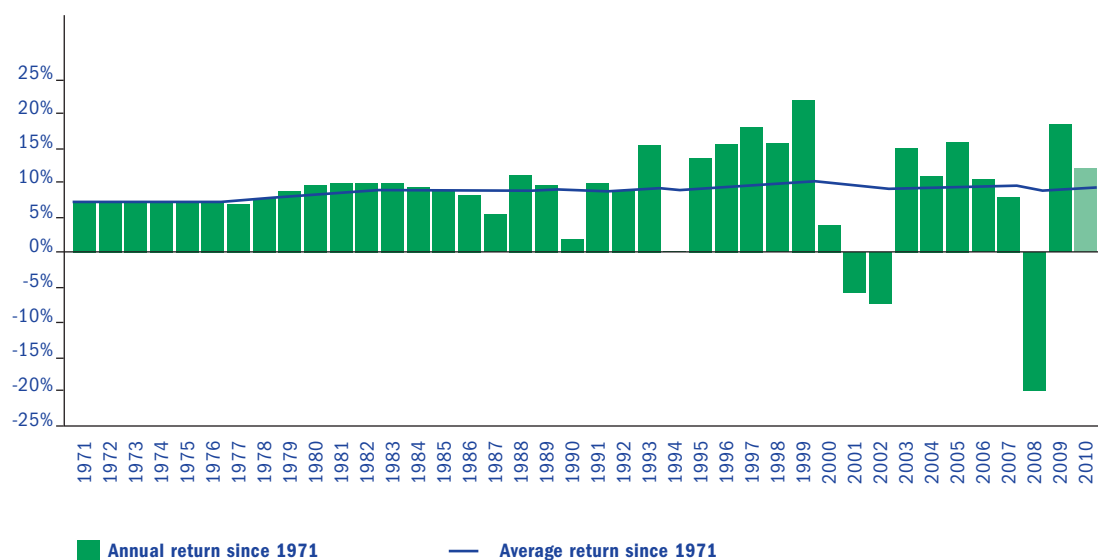
	Investments		Return	
	30-09-2010	30-09-2010	YTD 2010	Q3 2010
	<i>in € mln</i>	<i>in %</i>	<i>in %</i>	<i>in %</i>
Equities	60,167	61.9%	6.0%	5.8%
Liquid Equities	30,033	30.9%	3.5%	6.7%
Private Equity	5,992	6.2%	13.6%	1.9%
Real Estate	13,430	13.8%	6.9%	7.7%
Alternatives	4,701	4.9%	4.3%	2.3%
Structured Credit	1,564	1.6%	16.5%	4.7%
Infrastructure	1,295	1.3%	-2.0%	0.5%
High Income Bonds	3,152	3.2%	14.7%	4.9%
Commodities	7,161	7.4%	-6.4%	6.5%
Interest Rate and Inflation Risk	27,659	28.4%	27.7%	9.2%
Interest rate and inflation mandate	23,602	24.3%	35.0%	10.6%
Non-euro Inflation Linked Bonds	201	0.2%	6.7%	3.3%
Credits	3,824	3.9%	7.7%	3.6%
Microfinance Debt	32	0.0%	0.6%	0.4%
Total	97,269	100.0%	11.2%	6.9%

The above table shows the main investment categories. A number of small categories, including Cash, are not shown in the table. As a result, the totals are not exactly equal to the sum of the various investment categories.

Better-than-expected macroeconomic data generated predominantly positive sentiment in the stock markets during the third quarter. In Europe, major countries such as Germany and France fared remarkably well, while in the US the downturn in economic growth was not as severe as expected. The optimism in the financial markets was further strengthened by the US central bank's repeated assertions that it would do everything in its power to avert a return to recession. The central bank's stimulus measures are thus being expanded rather than scaled back. Despite the increased risk appetite in the financial markets, interest rates declined around the world. At the end of August, long-term interest rates in Europe even reached an all-time low.

The positive sentiment and the lower interest rates led to price gains across all investment categories. A rise in commodity prices also benefited commodity investments. The interest rate and inflation mandate set up to hedge part of the interest rate and inflation risk had a positive result due to the lower interest rates. The impact of the fall in interest rates on the cover ratio was thereby reduced.

Returns since 1971



2010 figures are for the first nine months

The average annual return since 1971, the year of inception of the pension fund, is 8.2%. The chart above shows the returns since 1971. It clearly demonstrates that a broadly diversified portfolio can generate a high and relatively stable return in the long term, even when the annual return fluctuates widely, as in recent years. This underlines Pensioenfonds Zorg en Welzijn's long-term view.

Profile of Pensioenfonds Zorg en Welzijn

Pensioenfonds Zorg en Welzijn is responsible for the pension policy and pension assets of over 2.3 million current and former employees in the care and welfare sector. The pension fund is the owner of the pension assets, which amounted to €97 billion at the end of September. Pensioenfonds Zorg en Welzijn has outsourced the administration of the pension scheme and the management of the pension assets to PGGM.

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All 2010 figures stated in this quarterly report are provisional, unaudited figures.

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