

Quarterly report

Second quarter of 2011

▪ Cover ratio	110%
▪ Assets under management:	€101.9 billion
▪ Second quarter 2011 return:	0.4%
▪ 2011 return to end of second quarter:	0.8%

Pensioenfonds Zorg en Welzijn had a cover ratio of 110% at the end of the second quarter of 2011. Despite concerns about Greece and poor economic data, a slightly positive return on investments of 0.4% was achieved in the second quarter. The assets under management at the end of the second quarter amounted to €101.9 billion.

Peter Borgdorff, Managing Director of Pensioenfonds Zorg en Welzijn: “We achieved a slightly positive return in the second quarter despite disquiet and sustained uncertainty in the financial markets. The quarter was again dominated to a large extent by the centrally concluded Pension Accord. We hope a ratified accord will soon be in place. The Board of our pension fund will then be able to make its own choices for a new pension contract serving the future interests of all our participants.”

Key figures

	Yearly average since 1971	Cumulative 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Cover ratio (quarter end)			110%	111%	104%	98%	99%
Total return	8.1%	0.8%	0.4%	0.4%	1.3%	6.9%	-1.2%
Interest			3.80%	3.81%	3.45%	2.78%	3.19%

The total return includes the result of the partial hedging of the interest rate and inflation risk.

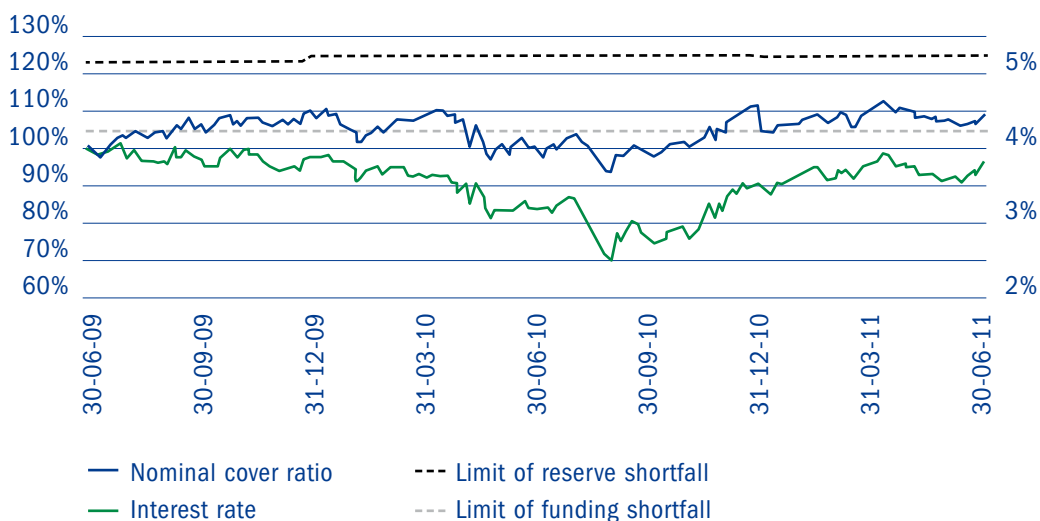
The average annual return since 1971, the year in which the pension fund began operating, is 8.1%. It is clear that a broadly diversified portfolio can generate a high and relatively stable average return in the long term, even if the annual return fluctuates widely, as in recent years. This bears out Pensioenfonds Zorg en Welzijn's policy of maintaining a long-term view.

Cover ratio

The cover ratio decreased from 111% to 110% in the second quarter of 2011. This was due to the decrease in interest rates and a slightly positive return in the second quarter. The interest rate fell to 3.80% at the end of June 2011. The market-based forecast for interest rates at the end of June 2011 was higher. In rounded terms, this difference had a negative impact of one percentage point on the cover ratio. The combination of the return, the addition of interest to the provision for pension liabilities and the hedging of the interest rate risk had no impact on the cover ratio during the quarter. Pensioenfonds Zorg en Welzijn has a policy of hedging part of the interest rate risk on its pension liabilities.

The cover ratio has been very volatile in the last two years, as a result of fluctuations in interest rates and returns. It can be seen that if interest rates decrease, the cover ratio also decreases. The cover ratio at the end of the second quarter of 2011 is above the limit specified in the short-term recovery plan (funding shortfall), but below the limit in the long-term recovery plan (reserve shortfall).

Cover ratio and interest rate



Investment portfolio and return

	Investments		Return	
	30-06-2011		YTD 2011	Q2 2011
	<i>in mln €</i>	<i>in %</i>	<i>in %</i>	<i>in %</i>
Equities	65,061	63.8%	2.6%	0.7%
Liquid Equities	38,500	37.8%	1.5%	0.0%
Real Estate & Infrastructure	15,849	15.5%	4.1%	2.1%
High Income Bonds	6,738	6.6%	5.6%	1.9%
Additional risk-return sources	3,974	3.9%	2.9%	1.0%
Commodities	6,828	6.7%	5.3%	-7.7%
Interest Rate and Inflation Risk	29,816	29.2%	-1.5%	2.1%
Interest rate and inflation mandate	25,839	25.3%	-2.1%	2.4%
Corporate Bonds	3,740	3.7%	1.9%	1.6%
Microfinance Credit	30	0.0%	-0.1%	-0.5%
Short-term Government Bonds	207	0.2%	1.0%	1.2%
Total	101,937	100.0%	0.8%	0.4%

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.

The problems in Greece and uncertainty about the future weighed on sentiment in the financial markets for a long time. Many macroeconomic data were also disappointing, fuelling growing fears of a return to recession. The Greek parliament's approval of fresh spending cuts generated some optimism at the end of the quarter. The equity markets ended almost unchanged after a turbulent quarter. The total return on equities was 0.7%, with strong, positive contributions from real estate & infrastructure and high-income bonds.

The lower economic outlook led to a decrease in long-term interest rates and positive returns on various types of bonds and in the interest and inflation mandate. The fall in the oil price reversed a large part of the previous quarter's gains on commodities. The oil price fall was partly a result of calls by the International Energy Agency to draw on strategic oil reserves.

Profile of Pensioenfonds Zorg en Welzijn

Pensioenfonds Zorg en Welzijn is responsible for the pension policy and pension assets of over 2.4 million current and former employees in the care and welfare sector. The pension fund is the owner of the pension assets, which amounted to €102 billion at the end of June. The fund is governed by representatives of employee and employer organisations. The board accounts to the Pension Council, which consists of participants, pensioners and employers. The Pension Council is also the co-determination body and issues recommendations on proposed decisions.

Pensioenfonds Zorg en Welzijn has outsourced the administration of the pension scheme and the management of the pension assets to PGGM.

Disclaimer

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In case there might be discrepancies between the Dutch version and the English version of the Quarterly Report the Dutch version will prevail.

All 2011 figures stated in this quarterly report are provisional, unaudited figures.

Zeist, 21 July 2011

Further information is available from:

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