

## Press release

### Pensioenfonds Zorg en Welzijn shows gradual recovery

Pensioenfonds Zorg en Welzijn (the pension fund for the care and welfare sector) publishes its 2009 annual report today.

There has been a steady recovery in the pension fund's financial position over the past year. Despite the low interest rates, the cover ratio rose from 92% at the end of 2008 to 108% in 2009. In the first quarter of 2010, the cover ratio rose fractionally by one percentage point from 108% to 109%. The assets under management rose from EUR 86.1 billion to EUR 90.8 billion.

**Peter Borgdorff, managing director Pensioenfonds Zorg en Welzijn:** "We are in considerably better shape than last year, that is certain. But we are not there yet; the recovery is still fragile. In 2009 we sought the dialogue with our participants. This is something we are continuing to do, to explain the state of their pension and to hear their views. We are taking active part in the debate on the future of the pension system. Our aim remains to offer a good pension package at an acceptable price."

#### Main points of the 2009 annual report

- Cover ratio : 108% (2008: 92%)
- Assets under Management : EUR 86.1 billion (2008: EUR 71.3 billion)
- Total return : 17.6% (2008: -20.5%)

#### Improved financial position

The general recovery in the financial markets had a strong, positive impact on the pension fund's assets under management, which rose from EUR 71.3 billion to EUR 86.1 billion. The interest rate used to value the provision for pension liabilities rose from 3.55% to 3.89%. A higher interest rate has a positive impact on the valuation of future pension liabilities. Higher returns combined with higher interest rates lead to a higher cover ratio.

#### Liquid equities make biggest contribution to investment results

The total return on investments in 2009 was 17.6%. That makes 2009 the third-best investment year for Pensioenfonds Zorg en Welzijn. With the exception of Private Real Estate and Infrastructure, all components of the portfolio contributed positively to the result.

#### Recovery plan: situation after one year

In 2009, the cover ratio recovered better than was expected on the basis of the economic assumptions. The expected cover ratio of 96% for 2009 was comfortably exceeded, with the actual level reaching 108%. Since the cover ratio is above the required level of 105%, partial indexation was granted on 1 January.

## Rise in number of affiliated employers and participants

The number of affiliated employers rose by 3.1% to 19,900 in 2009. The number of contribution-paying participants grew by 3.2% to 1,181,500. That is a bigger increase than in past years.

The number of pensioners rose by 6.5% to 295,300. This growth rate is the lowest in the fund's history and is due in particular to a reduction in the use of the OBU bridging pension scheme.

It can be inferred from this that people are working longer.

## Responsible Investment remains a key issue

Responsible Investment, based on social responsibility, is an established part of the pension funds' investment policy. Its aim is to integrate environmental, social and corporate governance (ESG) factors. At the end of 2009, 33 companies and five countries (Government Bonds) were excluded. The number of excluded companies therefore rose by three compared to 2008, while the number of excluded Government Bonds remained unchanged. The pension fund achieved a higher percentage of voting at shareholders' meetings, more self-initiated dialogue projects and more targeted ESG investments.

## Dialogue with participants

The year 2009 was characterised by an intensification of the dialogue with participants. Pensioenfonds Zorg en Welzijn took various initiatives to give participants an insight into pension accumulation and the associated risks. A great deal of attention was also paid to the personal pension situation of participants. Client panels, regional meetings and other events were organised to ensure optimum communication with participants.

## Results for the first quarter of 2010

- Cover ratio : 109%
- Assets under management : EUR 90.8 billion
- First-quarter return : 5.2%

Pensioenfonds Zorg en Welzijn achieved a return on investments 5.2% in the first quarter of 2010. After a weak start in the first few weeks of the year, optimism about the economic recovery led to an upturn in the financial markets, which particularly benefited Equities, Structured Credit and High Risk Bonds. A decrease in European interest rates led to a positive result from the investments made to provide partial hedging of interest-rate and inflation risks.

The assets under management amounted to EUR 90.8 billion at the end of the first quarter of 2010. The average long-term interest rate fell in the first quarter by approximately one-quarter of a percentage point to 3.63%. The cover ratio of Pensioenfonds Zorg en Welzijn consequently amounted to 109%.

### Key figures\*

	Yearly average since 1971				
	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Cover ratio (quarter end)	109%	108%	107%	100%	89%
Total return	8.1%	5.2%	4.2%	9.1%	-4.5%

\* The total return includes the result of the interest-rate hedge. The 2010 figures are provisional.

## Cover ratio

The cover ratio rose from 108% to 109% in the first quarter of 2010. Six percentage points of the rise is attributable to the combined effect of the return, the addition of interest to the provision for pension liabilities and the hedging of the interest-rate risk. Pensioenfonds Zorg en Welzijn has a policy of hedging part of the interest-rate risk on its liabilities.

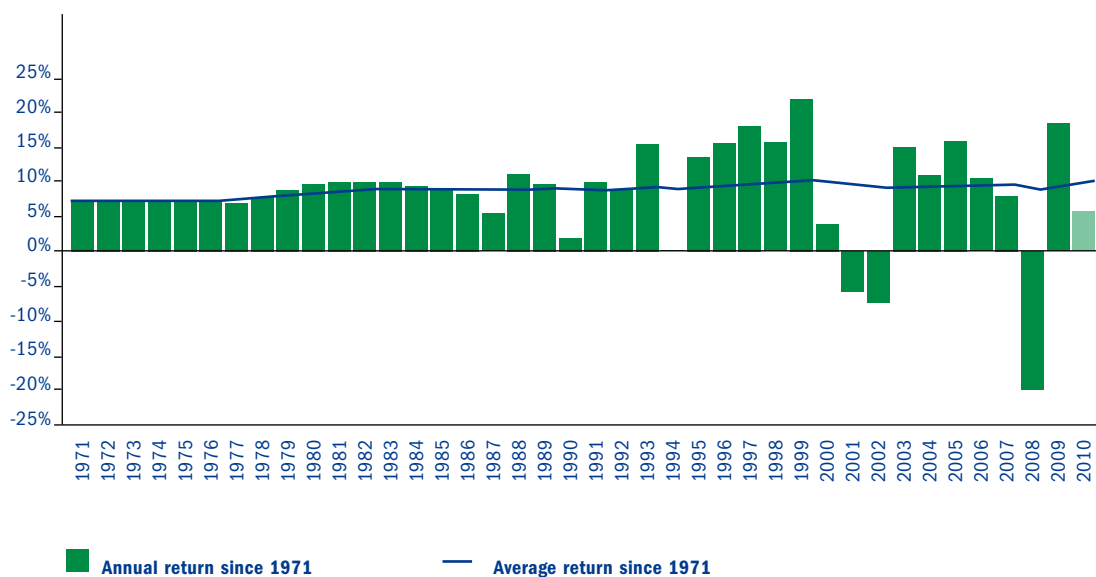
The decrease in the long-term interest rate from 3.89% at the beginning of this year to 3.63% at the end of March had a negative impact of five percentage points on the cover ratio.

## Investment portfolio and return

	<i>Investments</i>		<i>Return</i>
	<i>as of 31-03-2010</i>		<i>Q1 2010</i>
	<i>in mln €</i>	<i>in %</i>	<i>in %</i>
<b>Equities</b>	<b>58,393</b>	<b>64.3%</b>	<b>4.4%</b>
Liquid Equities	29,854	32.9%	4.9%
Private Equity	5,438	6.0%	4.8%
Real Estate	13,360	14.7%	3.2%
Alternatives	4,190	4.6%	2.7%
Structured Credit	1,264	1.4%	12.2%
Infrastructure	1,083	1.2%	-2.1%
High Income Bonds	3,204	3.5%	6.2%
<b>Commodities</b>	<b>6,545</b>	<b>7.2%</b>	<b>2.8%</b>
<b>Interest rate and inflation risk</b>	<b>25,741</b>	<b>28.3%</b>	<b>7.4%</b>
Interest rate and inflation mandate	18,937	20.9%	10.1%
Non euro Inflation Linked Bonds	3,108	3.4%	0.6%
Credits	3,665	4.0%	3.1%
Microfinance Debt	31	0.0%	0.4%
<b>Other</b>	<b>158</b>	<b>0.2%</b>	<b>0.5%</b>
<b>Total</b>	<b>90,837</b>	<b>100.0%</b>	<b>5.2%</b>

Due to the positive sentiment in the markets, the total portfolio generated a positive return of 5.2%. Structured credit and high-income bonds delivered good returns. The interest-rate and inflation mandate also generated an excellent return due to a decrease in interest rates. The returns on Infrastructure and Alternatives (previously part of the Portfolio of Strategies) are less influenced by market sentiment. The returns in these investment categories were small or even slightly negative. Commodities generated a gain of almost 3%, which was due particularly to the rise in the oil price.

## Returns since 1971



2010 concerns only the first quarter

The average annual return since 1971, the year in which the pension fund began operating, is 8.1%.

## Profile of Pensioenfonds Zorg en Welzijn

Pensioenfonds Zorg en Welzijn is responsible for the pension policy and pension assets of over 2.2 million current and former employees in the care and welfare sector. The pension fund is the owner of the assets, which amounted to EUR 90.8 billion at the end of March 2010. Pensioenfonds Zorg en Welzijn has outsourced the administration of the pension scheme and the management of the pension assets to PGGM.

## Disclaimer

PGGM, acting as the implementing organisation under the authority of Pensioenfonds Zorg en Welzijn, has taken the utmost care in compiling this press release. The published information may nevertheless be incomplete or inaccurate. Neither Pensioenfonds Zorg en Welzijn nor PGGM accepts any liability in this regard.

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All 2010 figures stated in this press release are provisional, unaudited figures.

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