

Quarterly report

Fourth quarter of 2008

- Cover ratio of 92%
- Assets under management decline to €71.5 billion
- No indexation in 2009

Pensioenfonds Zorg en Welzijn (the pension fund for the care and welfare sector) recorded a 13.1% loss on investments in the fourth quarter. The global economy went into recession, and financial institutions and the automotive sector had to contend with major problems. Demand for equities and other risky investments declined sharply, causing steep falls in prices. Writedowns in the illiquid investment categories pushed the fund return further into the red.

The assets under management decreased to €71.5 billion in the fourth quarter. Since long-term interest rates also declined by almost one percentage point, Pensioenfonds Zorg en Welzijn's cover ratio fell to 92% as at 31 December 2008.

Peter Borgdorff, managing director of Pensioenfonds Zorg en Welzijn: "The worldwide economic recession and low long-term interest rates had an impact on the results for the past quarter and on our pension fund's financial position. As a result, we have unfortunately had to take the decision not to index pensions this year. The contribution for 2009 remains unchanged. We are working to restore the financial position and have submitted a proposal to De Nederlandsche Bank to allow more time for this than the specified three years, because it is undesirable to take short-term measures which may prove unfavourable in the long term."

Key figures*

	Yearly average since 1970	2008 cumulative	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Cover ratio (quarter end)			92%	125%	143%	137%	148%
Total return	7.9%	-20.2%	-13.1%	-5.5%	0.2%	-2.9%	-0.5%

* The figures for the previous quarter have been converted to present value; the total return includes the result of the interest-rate hedge. The 2008 figures are provisional.

Cover ratio

The cover ratio decreased from 148% to 92% in 2008. Of this decrease, 29 percentage points are 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 the liabilities. The decline in interest rates from 4.86% to 3.55% in 2008 accounted for 27 percentage points of the decrease in the cover ratio.

Investment portfolio and return

	Investments		Return	
	as of 31-12-2008		cum. 2008	Q4 2008
	in mln €	in %	in %	in %
Equities	28,182	39.4%	-37.5%	-23.3%
Liquid equities	23,002	32.1%	-40.2%	-22.0%
Private Equity	4,137	5.8%	-26.9%	-28.5%
Structured Credit	992	1.4%	-23.9%	-28.9%
Bonds	11,185	15.6%	0.7%	0.3%
Government bonds and credits	8,983	12.5%	3.8%	2.6%
High income bonds	2,202	3.1%	-13.6%	-10.6%
Inflation linked bonds	11,796	16.5%	0.6%	-2.3%
Commodities	3,749	5.2%	-50.4%	-52.9%
Real estate & Infrastructure	10,746	15.0%	-20.3%	-17.8%
Real estate	9,899	13.8%	-21.5%	-18.8%
Infrastructure	847	1.2%	-2.3%	-3.5%
Portfolio of Strategies	3,452	4.8%	-32.4%	-17.5%
Contribution of liability hedge			€ 5,444	€ 4,310
Total	71,503	100.0%	-20.2%	-13.1%

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 global economy went into recession. The outlook grew steadily worse, leading to increasing uncertainty with regard to the creditworthiness of financial institutions and sectors such as the automotive industry. Governments and central banks took extensive measures to support the economy. However, these failed to prevent steep falls in the value of equities (-22.0%), real estate (-18.8%), high-income bonds (-10.6%) and the investments in the Portfolio of Strategies (-17.5%). The less

liquid investments, whose valuations had hardly been adjusted in the first three quarters, were now the subject of substantial writedowns. Structured Credit (-28.9%) and private equity (-28.5%) consequently lost more than a quarter of their value.

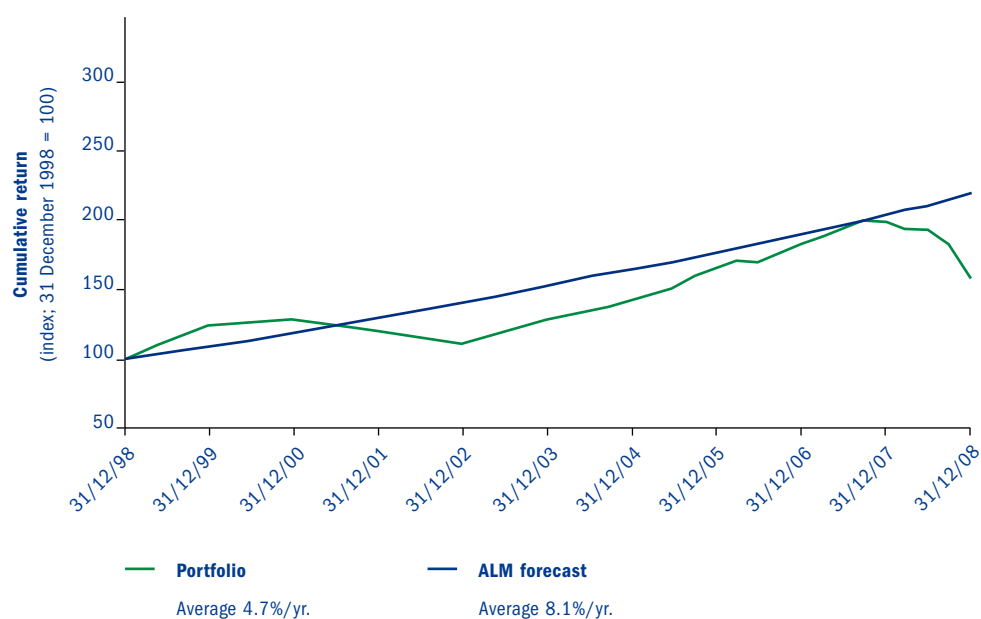
Only government bonds remained unscathed. As a result of the sharp fall in interest rates, a positive return of 2.6% was recorded on these investments. In the case of inflation-linked bonds, the positive effect of lower interest rates was overshadowed by lower inflation expectations.

The economic slump led to lower demand for oil. The oil price fell from over \$100 to less than \$50 in the fourth quarter. With prices of industrial metals also under pressure, investments in commodities performed very poorly (-52.9%).

The interest-rate hedge generated a positive result due to the decline in interest rates.

Long-term overview

Cumulative return Pensioensfonds Zorg en Welzijn since 1999

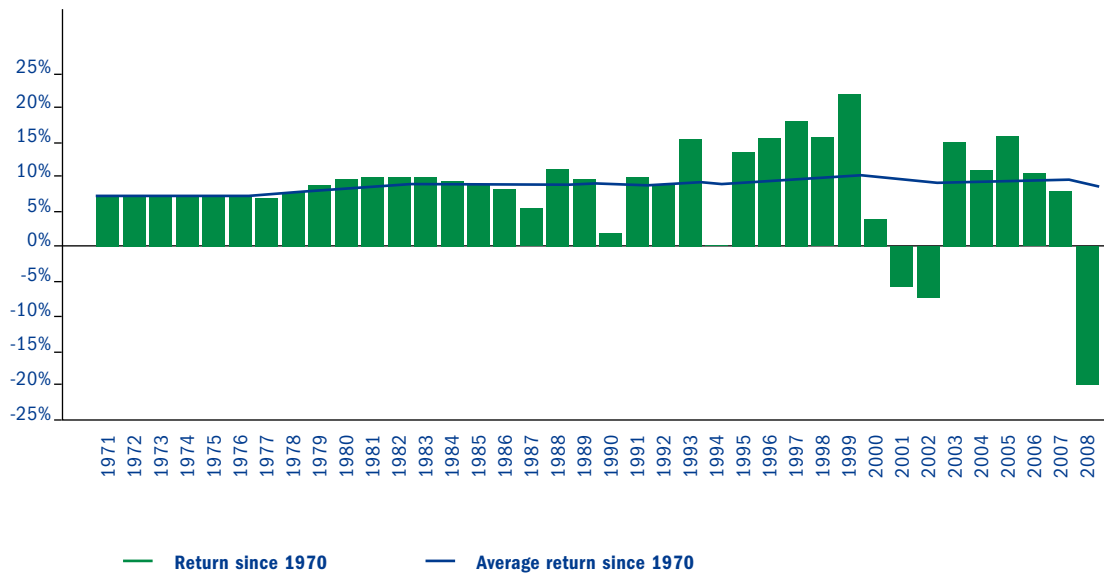


In the chart above, the cumulative return over the last 10 years is compared to the cumulative forecast used in the ALM policy. The chart shows that the actual return in the years 1998 and 1999 was above the ALM forecast. In the years 2000-2002, the actual return was lower, after which it recovered up to 2006 inclusive. As a consequence particularly of the negative result for 2008, the cumulative return over the last 10 years is substantially lower than the ALM forecast.

The ALM forecast is used to align the investment policy with future pension payments. The ALM policy is revised each year. Realised results from previous years are taken into account.

The average annual return since 1970, the year in which the pension fund began operating, is 7.9%.

Return since 1970



The average annual return since 1970, the year in which the pension fund began operating, is 7.9%. In the chart above the cumulative return since 1970 is shown. These graphs prove that a widely diversified portfolio can generate a high and stable return in the long term, even if the return fluctuates sharply from year to year. This underlines the long-term view of Pensioenfonds Zorg en Welzijn.

Profile of Pensioenfonds Zorg en Welzijn

Pensioenfonds Zorg en Welzijn provides a compulsory group pension scheme for the healthcare and social work sector. The aim is to provide participants with a high-quality pension package at the lowest possible price. The basic principle of the scheme is solidarity. Participants and employers can accumulate a supplementary pension by means of the Extra Pensioen product in the group scheme.

Pensioenfonds Zorg en Welzijn invests the contributions paid by employers and employees with the aim of achieving a high, stable and responsible return over the long term at an acceptable level of risk. The fund invests globally in the investment categories of equities, private equity, fixed-income securities, real estate, commodities and Portfolio of Strategies.

Pensioenfonds Zorg en Welzijn has the status of a foundation (stichting). The board of the foundation is responsible for the policy and implementation of the group pension scheme. It comprises six representatives of employer organisations in the sector, six representatives of employee organisations and an independent chairperson.

The Pension Council, consisting of participants, pensioners and employers, is an important part of our organisation. In order to implement the principles of good pension fund governance, it has been decided to integrate co-determination and the new accountability function into the Pension Council.

Disclaimer

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All 2008 figures stated in this quarterly report are provisional, unaudited figures.

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