Bewust Pensioen - Passive

A closer look at the LifeCycle

Data as per September 30, 2018





Anisa Salomons

Bewust Pensioen takes advantage of LifeCycle Investing by NN Investment Partners. With LifeCycle Investing, the experts at NN IP have developed a solution to achieve an optimal risk-return ratio. At a young age, one can afford to take a relatively high risk. If the value development of investments is negative, e.g. due to a drop in equity prices, there is indeed still plenty of time to make up for the losses. As retirement approaches, however, there is increasingly less time to offset shocks in the financial markets. At that point, there will be more focus on safer investments and risks will be hedged.

LifeCycle Investing is therefore composed of two parts:

- Pension returns: by means of a single fund that typically invests in a broad basket of mostly passive managed funds, with the aim to achieve attractive returns (NN First Class Selective Passive Return Fund).
- Pension matching: using three fixed income funds with passive characteristics and a duration profile, with the objective of limiting interest rate risks wherever possible (NN Liability Matching Funds M, L and XL).

LifeCycle Investing has three risk profiles: defensive, neutral and offensive. Based on of these profiles, we consecutively invest more and more in the return part. Consequently, the defensive profile has the lowest downside risk, compared to the neutral and offensive profiles.

Return (%) (Net)*	1 month	YTD	1 year
35 years	0.3	3.0	6.2
45 years	0.2	2.9	5.6
55 years	-0.3	1.7	3.7
67 years	-0.8	0.7	2.2

* All figures are based on a pensionable age of 68 years and a neutral risk profile as calculated on the basis of the most recent LifeCycle model (2017-2018).
Source: NN IP Performance Measurement Europe

The LifeCycle is exceptional thanks to the dynamic nature. This has a good reason: our world is changing faster than ever. All around the world there are economic developments with impact and in the Netherlands, laws and regulations regarding pensions are changing. Such changes may affect the course of the LifeCycle and consequently the expected pension at retirement. And so we find it a matter of course to evaluate and, if necessary, adjust the LifeCycle twice a year.

The autumn evaluation focused on the impact of interest rates on stabilizing pension purchases through the NN Liability Matching Funds. Based on current interest rates, it has been reviewed what the optimal ratio is between the matching funds. The evaluation showed that it was necessary to adjust the weights of NN Liability Matching Funds a little. The adjustment was implemented in November 2017.

Bewust Pensioen - Passive (Defensive risk profile)

Data as per September 30, 2018

35 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.34	3.37	2.69	6.62	5.30	80.0
Pension Matching							
NN Liability Matching Fund M	-0.48	-0.05	0.03	0.00	-0.09	-0.01	11.0
NN Liability Matching Fund L	-1.64	0.00	-0.02	0.00	0.00	0.00	0.0
NN Liability Matching Fund XL	-2.26	-0.20	0.16	0.01	4.89	0.42	9.0
TOTAL		**0.09**		**2.71**		**5.71**	

45 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.32	3.37	2.52	6.62	4.87	75.0
Pension Matching							
NN Liability Matching Fund M	-0.48	-0.09	0.03	0.00	-0.09	-0.02	19.0
NN Liability Matching Fund L	-1.64	0.00	-0.02	0.00	0.00	0.00	0.0
NN Liability Matching Fund XL	-2.26	-0.14	0.16	0.01	4.89	0.28	6.0
TOTAL		**0.09**		**2.53**		**5.12**	

55 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.18	3.37	1.38	6.62	2.60	41.0
Pension Matching							
NN Liability Matching Fund M	-0.48	-0.19	0.03	0.01	-0.09	-0.04	39.0
NN Liability Matching Fund L	-1.64	-0.16	-0.02	0.00	0.00	0.32	10.0
NN Liability Matching Fund XL	-2.26	-0.22	0.16	0.02	4.89	0.45	10.0
TOTAL		**-0.39**		**1.40**		**3.33**	

67 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.09	3.37	0.67	6.62	1.32	20.0
Pension Matching							
NN Liability Matching Fund M	-0.48	-0.19	0.03	0.01	-0.09	-0.04	39.0
NN Liability Matching Fund L	-1.64	-0.67	-0.02	-0.01	0.00	0.95	41.0
NN Liability Matching Fund XL	-2.26	0.00	0.16	0.00	4.89	0.00	0.0
TOTAL		**-0.77**		**0.67**		**2.23**	

* Over the years. the fund's weightings in the LifeCycle may change. The figures shown in the column 'weighting' are based on the most recent weighting of the LifeCycle. This means that the returns shown in the column 'year to date contribution' cannot exactly be derived from this report.

The contribution is the contribution to the total net return based on the current weights in the LifeCycle model (2017-2018)
Source: NN IP Performance Measurement Europe

Bewust Pensioen - Passive (Neutral risk profile)

Data as per September 30, 2018

35 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.38	3.37	3.03	6.62	5.96	90.0
Pension Matching							
NN Liability Matching Fund M	-0.48	-0.03	0.03	0.00	-0.09	-0.01	5.5
NN Liability Matching Fund L	-1.64	0.00	-0.02	0.00	0.00	0.00	0.0
NN Liability Matching Fund XL	-2.26	-0.10	0.16	0.01	4.89	0.21	4.5
TOTAL		**0.26**		**3.04**		**6.16**	

45 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.36	3.37	2.86	6.62	5.55	85.0
Pension Matching							
NN Liability Matching Fund M	-0.48	-0.06	0.03	0.00	-0.09	-0.02	12.0
NN Liability Matching Fund L	-1.64	0.00	-0.02	0.00	0.00	0.00	0.0
NN Liability Matching Fund XL	-2.26	-0.06	0.16	0.00	4.89	0.12	3.0
TOTAL		**0.24**		**2.87**		**5.65**	

55 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.21	3.37	1.67	6.62	3.12	50.0
Pension Matching							
NN Liability Matching Fund M	-0.48	-0.17	0.03	0.01	-0.09	-0.04	35.0
NN Liability Matching Fund L	-1.64	-0.13	-0.02	0.00	0.00	0.24	8.0
NN Liability Matching Fund XL	-2.26	-0.17	0.16	0.01	4.89	0.38	7.0
TOTAL		**-0.25**		**1.69**		**3.70**	

67 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.09	3.37	0.67	6.62	1.32	20.0
Pension Matching							
NN Liability Matching Fund M	-0.48	-0.19	0.03	0.01	-0.09	-0.04	39.0
NN Liability Matching Fund L	-1.64	-0.67	-0.02	-0.01	0.00	0.95	41.0
NN Liability Matching Fund XL	-2.26	0.00	0.16	0.00	4.89	0.00	0.0
TOTAL		**-0.77**		**0.67**		**2.23**	

* Over the years. the fund's weightings in the LifeCycle may change. The figures shown in the column 'weighting' are based on the most recent weighting of the LifeCycle. This means that the returns shown in the column 'year to date contribution' cannot exactly be derived from this report.

The contribution is the contribution to the total net return based on the current weights in the LifeCycle model (2017-2018)
Source: NN IP Performance Measurement Europe

Bewust Pensioen - Passive (Offensive risk profile)

Data as per September 30, 2018

35 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.42	3.37	3.37	6.62	6.62	100.0
Pension Matching							
NN Liability Matching Fund M	-0.48	0.00	0.03	0.00	-0.09	0.00	0.0
NN Liability Matching Fund L	-1.64	0.00	-0.02	0.00	0.00	0.00	0.0
NN Liability Matching Fund XL	-2.26	0.00	0.16	0.00	4.89	0.00	0.0
TOTAL		**0.42**		**3.37**		**6.62**	

45 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.42	3.37	3.37	6.62	6.62	100.0
Pension Matching							
NN Liability Matching Fund M	-0.48	0.00	0.03	0.00	-0.09	0.00	0.0
NN Liability Matching Fund L	-1.64	0.00	-0.02	0.00	0.00	0.00	0.0
NN Liability Matching Fund XL	-2.26	0.00	0.16	0.00	4.89	0.00	0.0
TOTAL		**0.42**		**3.37**		**6.62**	

55 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.30	3.37	2.36	6.62	4.43	70.0
Pension Matching							
NN Liability Matching Fund M	-0.48	-0.07	0.03	0.00	-0.09	-0.02	15.0
NN Liability Matching Fund L	-1.64	-0.15	-0.02	0.00	0.00	0.30	9.0
NN Liability Matching Fund XL	-2.26	-0.14	0.16	0.01	4.89	0.29	6.0
TOTAL		**-0.06**		**2.37**		**5.01**	

67 years old

Net Return %	1 month Return	1 month Contribution	Year to date Return	Year to date Contribution	1 year Return	1 year Contribution	Weight*
Pension Returns							
NN First Class Selective Passive Return Fund	0.42	0.13	3.37	1.01	6.62	1.98	30.0
Pension Matching							
NN Liability Matching Fund M	-0.48	-0.13	0.03	0.01	-0.09	-0.03	27.0
NN Liability Matching Fund L	-1.64	-0.71	-0.02	-0.01	0.00	1.01	43.0
NN Liability Matching Fund XL	-2.26	0.00	0.16	0.00	4.89	0.00	0.0
TOTAL		**-0.71**		**1.01**		**2.96**	

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The contribution is the contribution to the total net return based on the current weights in the LifeCycle model (2017-2018)
Source: NN IP Performance Measurement Europe

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