BeFrank Sustainable Lifecycle

Q1 2023

Investing in a lifecycle

In lifecycle investing, the investment risk is automatically reduced as the retirement date approaches. We do this by gradually reducing the proportion of the pension money that we invest in risky investments (such as equities) and allocating more to low-risk investments such as government bonds.

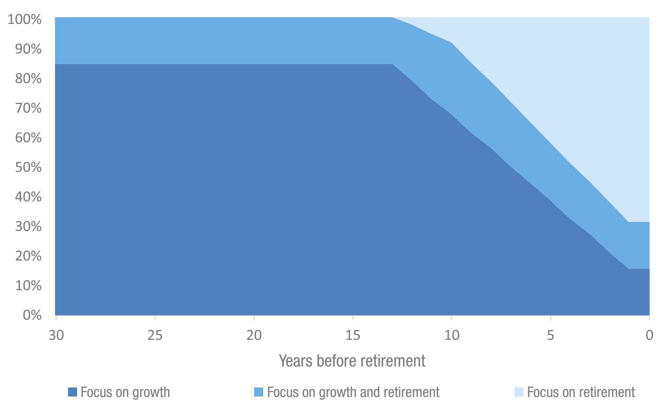
The lifecycle consists of three parts, also called building blocks:

- **Focus on growth**
  This part aims to generate attractive returns. To accomplish this, we invest in the Triodos Global Equities Impact Fund.This fund invests in global equities.

- **Focus on growth and retirement**
  This part combines generating attractive returns and reducing the investment risk ready for retirement. In order to achieve this, we invest in the Triodos Euro Bond Impact Fund. With this fund, we invest in less risky asset classes such as corporate bonds with high credit ratings and government bonds.

- **Focus on retirement**
  This part is intended to reduce interest rate risk. On retirement date, a benefit is purchased with the pension capital. The size of the pension benefit depends on a number of factors including the market interest rate at the time. If interest rates are low, more money is needed to buy the same pension benefit than when interest rates are high. The NN Liability Matching Funds reduce this interest rate risk. If interest rates fall, the returns generated by these funds increase. The reverse also applies. If interest rates rise, the value of investments decreases, but because interest rates are higher, less money is required to purchase the same pension benefit. This is how we try to 'match' the purchase of pensions with interest rate movements. We use three bond funds with different interest rate sensitivity profiles (NN Liability Matching Funds M, L, XL) that invest in European government bonds to do this. These bond funds reduce the risk associated with lower market interest rates.

Fixed pension benefit neutral profile



Source: BeFrank

Financial markets

Lifecycle returns depend on the performance of financial markets. How did markets perform over the last quarter?

Focus on growth: a good quarter overall for equities

- Global equities, as measured by the MSCI World index, rose by 6.0% in euro terms in Q1. At the start of the year the stock markets were boosted by optimism about China's reopening, a further fall in gas prices in Europe and moderating inflation and wage growth in the United States. They fell back somewhat in February as investors began to expect more rate hikes by central banks after the release of stronger-than-expected economic and inflation figures. But they managed to rise again in March, despite the collapse of banks in the United States and Europe. European equities rose by 8.8% over the quarter, while US stocks gained 5.8%. There was considerable dispersion of returns at the sector level: IT led the way, gaining 19.1%, followed by telecommunication services (+16.1%) and consumer discretionary (+14.5%). At the other end of the spectrum, energy (-4.9%) and financials and health care (both -3.2%) all fell in value over the quarter.

Focus on growth and retirement: bond markets generally up

The focus on growth and retirement is filled with "safe" investments in government bonds and corporate bonds with high credit ratings. Developments in interest rates are important here, and the credit spread is also important for corporate bonds. The credit spread is the surcharge on the interest rate over government bonds; this is the compensation for the risk.

- Investment-grade corporate bonds rose in value in the first quarter, both in the US and Europe, as investors were heartened by the improved prospects for the global economy. Their credit spreads increased somewhat in March on the back of the banking crisis, but the asset class still rose in value over the month. Government bonds also rose in value in the first quarter.

Focus on retirement: rising interest rates

For the focus on retirement, interest rate movements are important. For this we look at the monetary policy of the US Federal Reserve (Fed) and the European Central Bank (ECB). (ECB).

- Central banks had started to moderate the pace of monetary tightening towards the end of 2022, even though inflation remained well above target levels. The Fed hiked rates by 25 basis points (bps) in February, marking a further slowdown in the pace of hikes, and it did the same in March, even though some market participants believed the turbulence in the banking system might compel it to pause to ensure the financial system remained stable. However, the Fed noted the US banking system was sound and resilient and that recent developments were likely to result in tighter credit conditions for households and businesses and to weigh on economic activity, hiring and inflation. It was a similar story in Europe, with the ECB hiking rates by 50 bps in February and again in March despite Credit Suisse's troubles. ECB President Christine Lagarde made it clear that she believed inflation in the eurozone was too high, and that the region's banking sector was resilient.

Net return by age group

Fixed pension benefit

Very defensive

Return (%) (net)	3 months	Year to date	1 year
35 years	5,7	5,7	-5,2
45 years	5,7	5,7	-5,2
55 years	3,5	3,5	-13,0
67 years	1,3	1,3	-16,0

Defensive

Return (%) (net)	3 months	Year to date	1 year
35 years	5,9	5,9	-4,9
45 years	5,9	5,9	-4,9
55 years	4,6	4,6	-8,9
67 years	1,9	1,9	-16,2

Neutral

Return (%) (net)	3 months	Year to date	1 year
35 years	6,1	6,1	-4,6
45 years	6,1	6,1	-4,6
55 years	6,1	6,1	-4,6
67 years	2,2	2,2	-16,4

Offensive

Return (%) (net)	3 months	Year to date	1 year
35 years	6,4	6,4	-4,3
45 years	6,4	6,4	-4,3
55 years	6,4	6,4	-4,3
67 years	2,3	2,3	-16,4

Very offensive

Return (%) (net)	3 months	Year to date	1 year
35 years	6,6	6,6	-4,0
45 years	6,6	6,6	-4,0
55 years	6,6	6,6	-4,0
67 years	2,4	2,4	-16,5

Net return by age group

Variable pension benefit reduced risk to 15%

Defensive - reduced risk to 15%

Return (%) (net)	3 months	Year to date	1 year
35 years	5,9	5,9	-4,9
45 years	5,9	5,9	-4,9
55 years	4,9	4,9	-7,9
67 years	2,5	2,5	-16,4

Neutral - reduced risk to 15%

Return (%) (net)	3 months	Year to date	1 year
35 years	6,1	6,1	-4,6
45 years	6,1	6,1	-4,6
55 years	6,1	6,1	-4,6
67 years	2,5	2,5	-16,4

Offensive - reduced risk to 15%

Return (%) (net)	3 months	Year to date	1 year
35 years	6,4	6,4	-4,3
45 years	6,4	6,4	-4,3
55 years	6,4	6,4	-4,3
67 years	2,6	2,6	-16,5

Very offensive - reduced risk to 15%

Return (%) (net)	3 months	Year to date	1 year
35 years	6,6	6,6	-4,0
45 years	6,6	6,6	-4,0
55 years	6,6	6,6	-4,0
67 years	2,7	2,7	-16,5

Variable pension benefit reduced risk to 30%

Neutral - reduced risk to 30%

Return (%) (net)	3 months	Year to date	1 year
35 years	6,1	6,1	-4,6
45 years	6,1	6,1	-4,6
55 years	6,1	6,1	-4,6
67 years	2,8	2,8	-16,2

Net return by age group

Variable pension benefit reduced risk to 30%

Offensive - reduced risk to 30%

Return (%) (net)	3 months	Year to date	1 year
35 years	6,4	6,4	-4,3
45 years	6,4	6,4	-4,3
55 years	6,4	6,4	-4,3
67 years	2,8	2,8	-16,2

Very offensive - reduced risk to 30%

Return (%) (net)	3 months	Year to date	1 year
35 years	6,6	6,6	-4,0
45 years	6,6	6,6	-4,0
55 years	6,6	6,6	-4,0
67 years	2,8	2,8	-16,1

Variable pension benefit reduced risk to 45%

Offensive - reduced risk to 45%

Return (%) (net)	3 months	Year to date	1 year
35 years	6,4	6,4	-4,3
45 years	6,4	6,4	-4,3
55 years	6,4	6,4	-4,3
67 years	3,3	3,3	-16,0

Very offensive - reduced risk to 45%

Return (%) (net)	3 months	Year to date	1 year
35 years	6,6	6,6	-4,0
45 years	6,6	6,6	-4,0
55 years	6,6	6,6	-4,0
67 years	3,3	3,3	-15,9

Variable pension benefit reduced risk to 60%

Very offensive - reduced risk to 60%

Return (%) (net)	3 months	Year to date	1 year
35 years	6,6	6,6	-4,0
45 years	6,6	6,6	-4,0
55 years	6,6	6,6	-4,0
67 years	3,7	3,7	-15,6

Sustainable investing with impact

Sustainability is a concept with multiple definitions. For BeFrank, it means that together with our asset managers we invest pension contributions within available contribution schemes in a responsible manner, with an emphasis on people, the environment and society.

In the Sustainable Lifecycle, we shape this with Triodos' 'impact investment strategies'. Impact investing is a method of sustainable investing that goes beyond other well-known ways such as 'best-in-class' and 'exclusions'. The following four basic principles apply to the composition of the investment portfolio:

- Targets companies that offer sustainable products and/or have sustainable business processes
- Screens destructive and exploitative industries (e.g., fossil fuels, arms)
- Assesses company ESG practices and sustainability policies
- Encourages company transparency and public disclosure

Transition themes

Triodos invests in equities and bonds of companies, institutions and projects that drive the transition to a sustainable society. Each investment has been carefully selected for its contribution to the seven sustainable transition themes formulated by Triodos. These themes provide a comprehensive overview of the transitions the world needs to make to solve our most urgent sustainability challenges. Based on the challenges presented by global mega-trends that Triodos believes will shape the future, they are at the heart of the investment and impact management approach.

The seven transition themes are:

1. Sustainable food and agriculture
2. Renewable resources
3. Circular economy
4. Sustainable mobility and infrastructure
5. Innovation for sustainability
6. Prosperous and healthy people
7. Social inclusion and empowerment

Every investment in the Triodos portfolios must materially contribute to at least one transition theme through its products, services, and/or business operating model. Additionally, to be eligible for investment, companies must meet with Triodos' process, product and precautionary minimum standards.
Once companies are deemed eligible for investment, integrated financial and sustainability analysis is conducted to determine whether companies qualify as portfolio candidates. Triodos evaluates the company's financial value drivers and assess the potential impact of internal and external sustainability factors on future financial value, making the approach both solutions-focused and forward-looking.

Sustainability Impact

The sustainability of an investment fund is determined by several factors. We request data on CO2 emissions, water consumption and waste generation from our (underlying) investment funds and their benchmarks. In the benchmark, sustainability criteria are not considered. Comparing these data provides insight into the savings of CO2 emissions, water consumption and waste production of our sustainable funds compared to the benchmark. Note: these are factors that say something about sustainability, but the impact on sustainability is also determined by other factors such as the exclusion of certain sectors or companies. The overview below shows the savings per million EUR invested in the combination of the Triodos Global Equities Impact Fund and the Triodos Euro Bond Impact Fund, based on figures as of 30/06/2022. Participants can find the savings associated with the value of their investments on their BeFrank personal pension page.

26,2 tons

CO2 emissons

You can compare that with **240.275** kilometres driven

6.735 m^3

water consumption

You can compare that with showering **107.411** times

-2,05 tons

waste

You can compare that with **-205** garbage bags

Funds BeFrank Sustainable Lifecycle

Triodos Global Equities Impact Fund

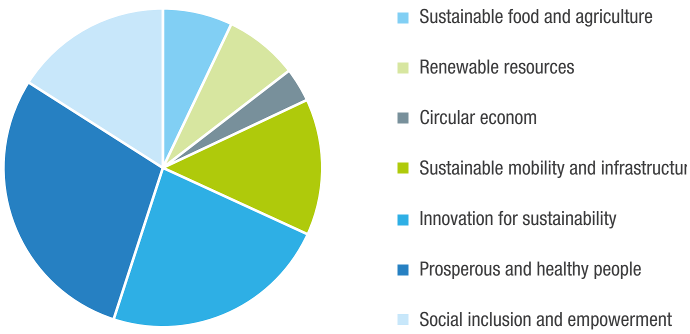
The Triodos Global Equities Impact Fund aims to generate positive impact and competitive returns from a concentrated portfolio of equities issued by large-cap companies offering sustainable solutions. Integrated financial and sustainability analysis makes impact the cornerstone of the stock selection process. Triodos' strict screening based on companies' contribution to their transition themes and compliance with their minimum standards, currently results in an investable universe comprised of approximately 200 mission-aligned companies, compared to circa 1,600 companies in the fund's reference index (MSCI World).As impact investing does not intend to invest in line with the benchmark or to outperform the benchmark, the composition of the investments will differ significantly from the reference benchmark and therefore there may be major differences between the fund's returns and the reference benchmark.

Return (%) (net)	3 months	Year to date	1 year	3 years (ann.)
Triodos Global Equities Impact Fund (I-II-cap)	6,94	6,94	-3,61	9,66
MSCI World Index EUR	6,16	6,94	-5,20	16,76

As impact investing does not intend to invest in line with the benchmark or to outperform the benchmark, the composition of the investments will differ significantly from the reference benchmark and therefore there may be major differences between the fund's returns and the reference benchmark.

Statistics	
ISIN code	LU1782629478
Inception date	07/09/2018
Ongoing charges	0,61%

Breakdown by theme



Source: Triodos Investment Management

Triodos Euro Bond Impact Fund

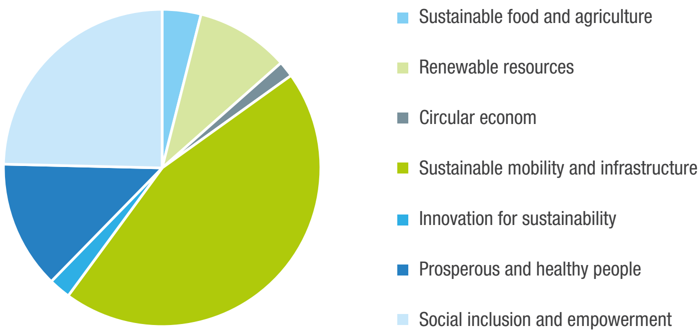
The Triodos Euro Bond Impact Fund aims to generate positive impact and stable income from a concentrated portfolio of investment-grade, euro-denominated bonds issued by listed companies, semi-public institutions, and EU member state governments. Integrated financial and sustainability analysis makes impact the cornerstone of the bond selection process. Triodos' strict screening based on issuers' contribution to their transition themes and compliance with their minimum standards, currently results in an investable universe comprised of approximately 1,500 mission-aligned bonds, compared to over 5,000 in the fund's reference index.

Return (%) (net)	3 months	Year to date	1 year	3 years (ann.)
Triodos Euro Bond Impact Fund (I-II-cap)	1,79	1,79	-10,04	-5,28
Compounded Benchmark Triodos Euro Bond Impact Fund	1,76	1,76	-8,94	-4,00

As impact investing does not intend to invest in line with the benchmark or to outperform the benchmark, the composition of the investments will differ significantly from the reference benchmark and therefore there may be major differences between the fund's returns and the reference benchmark.

Statistics	
ISIN code	LU1782629122
Inception date	07/09/2018
Ongoing charges	0,36%

Breakdown by theme



Source: Triodos Investment Management

NN Liability Matching funds

The three Liability Matching funds have different interest rate sensitivity profiles (NN Liability Matching Fund M, L and XL). They invest in a combination of euro-denominated interest rate swaps, high-quality money market funds, high-quality government bonds and cash. The interest rate sensitivity of the funds can be increased using interest rate swaps and bond futures. The NN Liability Matching Fund M strives for an interest rate sensitivity of approximately 4 years and L and XL of approximately 20 and 40 years, respectively. The three NN Liability Matching funds have different interest rate profiles that are composed in such a way that, used in combination, they can offer the best possible match in the period leading up to retirement.

What did the interest rate do?
Market views on the possible direction monetary policy in major economies will take have seen notable shifts over the past quarter. For instance, the market-implied Federal Reserve interest rate peaked at 5.7% in early March due to overheating fears, before falling to a 4.6% low on credit crunch concerns. The recent banking industry turmoil creates new uncertainty and further complicates central bankers' tasks. We expect the interest rate increase cycles in the U.S., the U.K. and the eurozone to end in the second quarter.

NN Liability Matching Fonds M-T

Return (%) (net)	3 months	Year to date	1 year	3 years (ann.)
NN Liability Matching Fund M-T	1,14	1,14	-7,72	-4,36
Benchmark	1,06	1,06	-8,10	-4,76

Statistics	
ISIN code	NL0013040348
Inception date	November 2018
Ongoing charges	0,15%

NN Liability Matching Fonds L-T

Return (%) (net)	3 months	Year to date	1 year	3 years (ann.)
NN Liability Matching Fund L-T	1,44	1,44	-27,46	-16,02
Benchmark	1,36	1,36	-27,83	-16,58

Statistics	
ISIN code	NL0013040355
Inception date	November 2018
Ongoing charges	0,15%

NN Liability Matching Fonds XL-T

Return (%) (net)	3 months	Year to date	1 year	3 years (ann.)
NN Liability Matching Fund XL-T	-2,37	-2,37	-41,72	-24,75
Benchmark	-2,32	-2,32	-41,61	-25,00

Statistics	
ISIN code	NL0013040363
Inception date	November 2018
Ongoing charges	0,15%

Source: GSAM

Disclaimer

The purpose of this report is to provide insight into the investments within the lifecycle of BeFrank and is not an investment advice. The performance overview has been compiled with care by BeFrank. No rights can be derived from this information. The returns in the report are after deduction of the fund costs but exclude the management costs charged by BeFrank.