BeFrank Sustainable Lifecycle

Q4 2024

Certified B Corporation

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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.

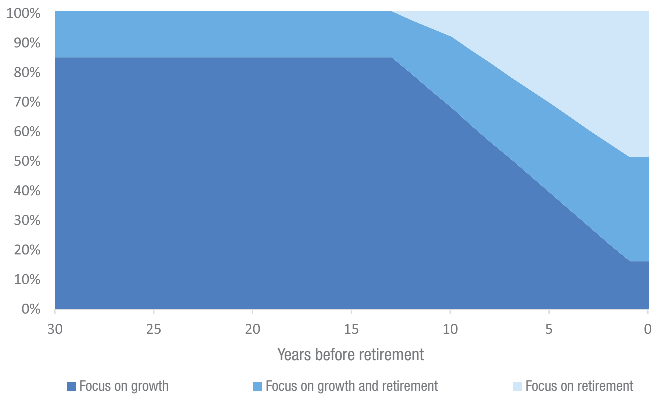
The lifecycle consists of three parts, also called building blocks:

- **Focus on growth**
  This part aims to generate attractive returns. To accomplish this, we invest in the First Class Sustainable Return. The investment in this funds are managed by Triodos Investment Management and 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 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 (Liability Matching Funds M, L, XL and XXL) 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

Financial market performance varied significantly both within and between the major asset classes. As expectations for the global economy were revised following the US elections, US equities surged higher on the back of a strong dollar and emerging markets and European equities decreased. The MSCI AC World NR index rose 6.7% in euros.

Focus on growth and retirement

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.

The Fed’s more aggressive tone weighed on the performance of risky assets and resulted in higher bond yields at the end of the quarter. The dollar performed strongly against the US’s main trading partners’ currencies. The US 10-year yield posted its biggest quarterly increase since the third quarter of 2022, rising 80 basis points. The UK and Japanese 10-year yields rose 60 and 20 basis points, respectively. The German 10-year government bond posted a volatile quarter, gaining 20 basis points. Government bonds lost 0.1% in euro terms and quality corporate bonds gained 0.9%.

Focus on retirement

Interest rate movements are important for the focus on retirement building block, so here we take a look at the monetary policy of the Federal Reserve (Fed) and the European Central Bank (ECB).

The key question in the fourth quarter was whether the US Federal Reserve (Fed) would make further rate cuts of 50 basis points or slow its pace. In both November and December, the Fed ended up reducing rates by 25 basis points, bringing them closer to neutral levels. The Fed also lifted its inflation forecast for this year from 2.2% to 2.5%, and said it expected to lower rates by 50 basis points in 2025. In September, the Fed predicted a total cut of twice that amount. The ECB also reduced interest rates by 25 basis points twice in the fourth quarter and indicated that the decline in inflation was well on track. The Bank of Japan kept rates unchanged but appeared open to implementing further hikes in 2025.

Net return by age group

Fixed pension benefit

Very defensive

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,2	9,0	9,0
45 years	-1,2	9,0	9,0
55 years	0,1	7,6	7,6
67 years	1,0	3,7	3,7

Defensive

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,3	9,4	9,4
45 years	-1,3	9,4	9,4
55 years	-0,8	8,4	8,4
67 years	0,7	4,5	4,5

Neutral

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,3	9,8	9,8
45 years	-1,3	9,8	9,8
55 years	-1,3	9,8	9,8
67 years	0,6	5,0	5,0

Offensive

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,4	10,2	10,2
45 years	-1,4	10,2	10,2
55 years	-1,4	10,2	10,2
67 years	0,6	5,1	5,1

Very offensive

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,5	10,6	10,6
45 years	-1,5	10,6	10,6
55 years	-1,5	10,6	10,6
67 years	0,5	5,3	5,3

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	-1,3	9,4	9,4
45 years	-1,3	9,4	9,4
55 years	-0,9	8,4	8,4
67 years	0,5	5,3	5,3

Neutral - reduced risk to 15%

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,3	9,8	9,8
45 years	-1,3	9,8	9,8
55 years	-1,3	9,8	9,8
67 years	0,5	5,5	5,5

Offensive - reduced risk to 15%

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,4	10,2	10,2
45 years	-1,4	10,2	10,2
55 years	-1,4	10,2	10,2
67 years	0,5	5,5	5,5

Very offensive - reduced risk to 15%

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,5	10,6	10,6
45 years	-1,5	10,6	10,6
55 years	-1,5	10,6	10,6
67 years	0,5	5,7	5,7

Variable pension benefit reduced risk to 30%

Neutral - reduced risk to 30%

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,3	9,8	9,8
45 years	-1,3	9,8	9,8
55 years	-1,3	9,8	9,8
67 years	0,1	6,9	6,9

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	-1,4	10,2	10,2
45 years	-1,4	10,2	10,2
55 years	-1,4	10,2	10,2
67 years	0,1	7,0	7,0

Very offensive - reduced risk to 30%

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,5	10,6	10,6
45 years	-1,5	10,6	10,6
55 years	-1,5	10,6	10,6
67 years	0,1	7,2	7,2

Variable pension benefit reduced risk to 45%

Offensive - reduced risk to 45%

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,4	10,2	10,2
45 years	-1,4	10,2	10,2
55 years	-1,4	10,2	10,2
67 years	0,0	8,0	8,0

Very offensive - reduced risk to 45%

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,5	10,6	10,6
45 years	-1,5	10,6	10,6
55 years	-1,5	10,6	10,6
67 years	0,0	8,2	8,2

Variable pension benefit reduced risk to 60%

Very offensive - reduced risk to 60%

Return (%) (net)	3 months	Year to date	1 year
35 years	-1,5	10,6	10,6
45 years	-1,5	10,6	10,6
55 years	-1,5	10,6	10,6
67 years	-0,2	9,3	9,3

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 Investment Management' '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. Triodos focuses on five transition themes. 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 megatrends that Triodos believes will shape the future, they are at the heart of the investment and impact management approach.

The transition themes are:
- Wellbeing
- Societal
- Food
- Resource
- Energy

Every investment in the Triodos portfolios must materially contribute to the transition themes 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 conside¬red. Comparing these data provides insight into the savings of CO2 emissions, water consumption and waste production of our sustaina¬ble 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 30/06/2023. Participants can find the savings associated with the value of their investments on their BeFrank personal pension page.

CO2 emissons	water consumption	waste
40 tons	**6.038** m^3	**-0,74** tons
You can compare that with **366.972** kilometres driven	You can compare that with showering **96.300** times	You can compare that with **-74** garbage bags

Funds BeFrank Sustainable Lifecycle

First Class Sustainable Return Fund (NL)

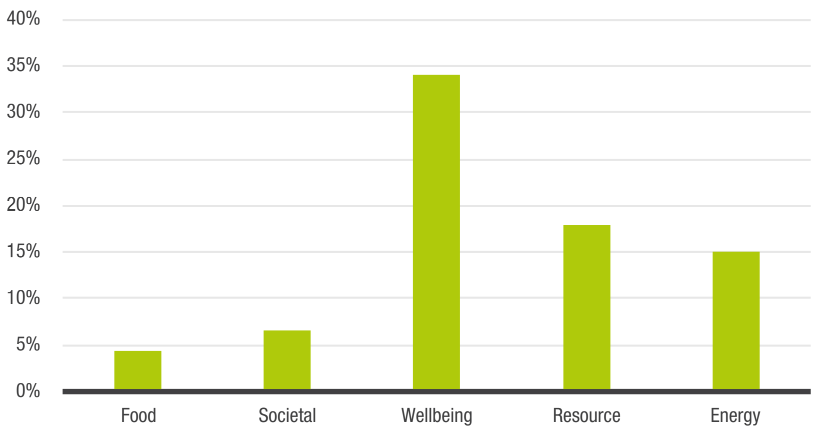
The investments in the First Class Sustainable Return Fund (NL) are managed by Triodos Investment Management. In the portfolio, Triodos Investment Management aims to achieve positive impact and competitive returns from a diversified portfolio of equities issued by large-, mid- and small-cap companies that offer sustainable solutions. The integrated financial and sustainability analysis puts impact at the heart of the stock selection process. Triodos' rigorous screening based on companies' contribution to their transition themes and compliance with their minimum standards currently results in an investable universe consisting of around 400 mission-oriented companies, compared to around 6,600 companies in the broad investment universe.

Return (%) (net)	3 months	Year to date	1 year
First Class Sustainable Return Fund (NL)	-1,35	11,15	11,15
MSCI World Index EUR	7,61	26,60	26,60

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	NL0015001HS4
Inception date	21/08/2023
Ongoing charges	0,32%

Exposure to transition themes



Source: Triodos Investment Management

Triodos Euro Bond Impact Fund

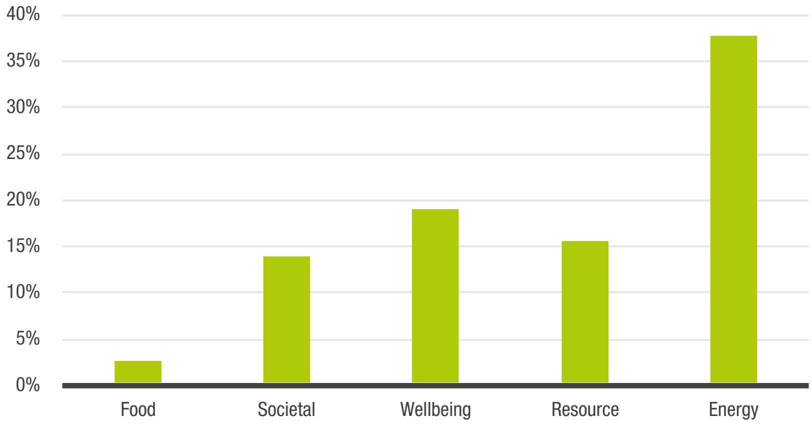
The Triodos Euro Bond Impact Fund aims to generate positive impact and stable income from a concentrated portfolio of investment-grade, euro-denominated bonds issued by listed companies, semi-public institutions, and EU member state governments. Integrated financial and sustainability analysis makes 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)	0,25	2,50	2,50	-3,11
Compounded Benchmark Triodos Euro Bond Impact Fund	0,51	3,70	3,70	-2,01

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%

Exposure to transition themes



Source: Triodos Investment Management

Liability Matching funds

The four Liability Matching funds have different interest rate sensitivity profiles (Liability Matching Fund (M) (NL), Liability Matching Fund (L) (NL), Liability Matching Fund (XL) (NL) and Liability Matching Fund (XXL) (NL)). 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 is enhanced with interest rate swaps and bond futures. The Liability Matching Fund (M) (NL) strives for an interest rate sensitivity of about 4 years and (L) (NL), (XL) (NL) and (XXL) (NL) of approximately 20, 40 and 42 years, respectively. The four 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?
Swap rates fell across most maturities in the fourth quarter, with the decline being limited to as much as about 15 basis points. The 5-year swap rate rose several basis points, while the 10-year swap rate remained virtually unchanged.

Volatility increased during the quarter. Interest rates fell in October and in November there was a sharp decline of around 20 to 30 basis points for the various maturities. In December, rising rates erased this decline. Longer maturities fell more in the quarter than other categories on the curve. This resulted in a negative contribution to the existing curve position's results.

Continued global economic expansion is expected, a further decline in inflation and more interest rate cuts by central banks in 2025. However, the outcome of the US elections and possible policy changes in the US are causing increased uncertainty about the outlook. The import tariffs announced by new President Trump pose a significant downside risk to global economic expansion, which could further exacerbate existing growth weakness in the eurozone and China. Conversely, global growth could improve with the help of fiscal stimulus in China or more accommodative fiscal policy in Germany after the elections.

The ECB lowered interest rates four times in 2024. It is expected that the ECB and other major central banks as well will cut rates this year. The pace of adjustment will differ by region.

Because these funds have been set up to cover the risk of an interest rate increase or decrease on the pension to be purchased upon retirement, positive returns for a 67-year-old are not necessarily advantageous: the pension to be purchased has also become more expensive. Negative returns for a 67-year-old are not necessarily disadvantageous: the pension to be purchased has also become cheaper.

Liability Matching Fonds M-T

Return (%) (net)	3 months	Year to date	1 year	3 years (ann.)
Liability Matching Fund M-T	0,4	2,9	2,9	-1,5
Benchmark	0,0	2,3	2,3	-1,9

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

Liability Matching Fonds L-T

Return (%) (net)	3 months	Year to date	1 year	3 years (ann.)
Liability Matching Fund L-T	2,1	5,0	5,0	-10,4
Benchmark	2,2	4,6	4,6	-10,7

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

Liability Matching Fonds XL-T

Return (%) (net)	3 months	Year to date	1 year	3 years (ann.)
Liability Matching Fonds XL-T	5,3	7,7	7,7	-18,1
Benchmark	5,2	7,5	7,5	-18,3

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

Liability Matching Fonds XXL-T

Return (%) (net)	3 months	Year to date	1 year	3 years (ann.)
Liability Matching Fonds XXL-T	1,9	N.v.t.	N.v.t.	N.v.t.
Benchmark	1,4	N.v.t.	N.v.t.	N.v.t.

Statistics	
ISIN code	NL0015001QX5
Inception date	February 2024
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.