



# Investment returns

Second quarter 2023



# Foreword

## **Second quarter 2023: calm has apparently returned to the financial markets.**

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The financial markets look as though they have calmed down at the end of this quarter. First of all, stock prices rose. In addition, interest rates remained relatively flat. We also see that investor confidence in the credit markets has increased.

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Inflation was again one of the biggest killjoys in the past quarter. Core inflation remains stubbornly high, but central bank policy rate increases seem to be doing their job. Growth forecasts for Europe and the US have moreover been revised downward, which has a dampening effect on future inflation.

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For the second quarter in a row, global stocks had high returns above 6%. Real estate and commodities had a negative quarter. Within fixed income, higher-risk bonds generated positive returns, but the safer bonds achieved slightly negative returns.



# Notes to the results

## Marketable securities

Marketable securities includes stocks, real estate and commodities. The main developments were:

- ✓ Global stocks had a positive quarter but returns varied widely depending on the region concerned. US stocks led the way this quarter with a return of 7.0%. Returns in Europe were lower, reversing the trend seen in previous quarters.
- ✓ Global stock returns also varied widely by sector in this quarter. The technology sector delivered positive returns due to the development of artificial intelligence. In contrast, the energy sector and utilities achieved negative returns due to the decline in oil prices.
- ✓ Real estate markets showed slight negative returns, driven by a further increase in interest rates and higher volatility.
- ✓ Commodities produced negative returns last quarter, mainly due to lower oil prices. This negative trend has continued for a year due to stagnant economic growth. In June, grain prices on the other hand rose, due to concerns surrounding the ending of the grain deal between Ukraine and Russia.

## Conclusion

Due to all of the above developments, the returns on marketable securities were positive on balance this quarter.

# Notes to the results

## Fixed-income securities

Fixed-income securities include government and corporate bonds. The main developments were:

- ✓ Low-risk bonds showed limited negative returns this quarter. After a sharp increase, interest rates appear to have stabilized in most developed economies. This limited the negative return.
- ✓ Bonds with a higher risk profile, such as high-yield bonds and emerging market bonds, showed the most positive returns. Short-term bonds, such as Asset Backed Securities, did less well, but still performed positively.
- ✓ Risk premiums on corporate bonds and emerging markets declined during the quarter. This is a favorable development for these bonds.

## Conclusion

Returns on fixed-income securities were on balance positive this quarter.

## The strategic investment allocation remains in place

Financial markets are in flux, and we analyze them continuously. This analysis leads to forecasts, which we then compare to the risk profile of the participants. In this way, we ensure that the allocation to marketable securities, fixed-income securities and possibly cash still corresponds to the risk profile of the participants.

The financial markets have been very turbulent and volatile over the past few quarters. This is a logical consequence of geopolitical tensions and rising inflation and interest rates. Investment performance has accordingly been disappointing this calendar year, but ultimately what counts most is the expected pension benefit for our participants. Because interest rates have risen sharply, the expected pension benefit for participants close to retirement is generally higher now than it was at the beginning of the year.

For now, we are maintaining the existing strategic investment allocation for all risk profiles. But we continue to monitor developments closely.

## In conclusion

The value of investments can rise or fall. Past performance is no guarantee of future results.



# Life Cycle Investing

The tables below show returns calculated according to an investment mix that changes as a person ages. For example, when calculating the return over the past 5 years for a 65-year-old, we assume that the person concerned was 60 years of age 5 years ago.

	Returns for 35 year old participant									
	Single Manager					Multi Manager				
	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle
3 - Month	4.05%	4.47%	4.68%	4.68%	4.90%	4.13%	4.54%	4.75%	4.75%	4.96%
1 - Year	6.87%	7.68%	8.09%	8.09%	8.50%	7.01%	7.87%	8.29%	8.29%	8.72%
3 - Year	26.14%	30.66%	32.95%	34.49%	35.26%	25.47%	23.19%	27.10%	30.29%	35.20%
5 - Year	30.02%	34.53%	36.82%	38.32%	39.12%	31.03%	30.71%	34.31%	37.11%	41.65%
Year to date	8.51%	9.25%	9.62%	9.62%	9.99%	8.57%	9.32%	9.70%	9.70%	10.08%

	Returns for 45 year old participant									
	Single Manager					Multi Manager				
	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle
3 - Month	3.99%	4.44%	4.68%	4.68%	4.90%	4.05%	4.50%	4.75%	4.75%	4.96%
1 - Year	3.11%	5.64%	8.09%	8.09%	8.50%	3.28%	5.79%	8.29%	8.29%	8.72%
3 - Year	8.77%	18.10%	30.46%	32.78%	35.39%	8.47%	12.66%	27.10%	30.29%	35.20%
5 - Year	19.97%	21.76%	34.32%	36.62%	39.25%	21.18%	20.04%	34.31%	37.11%	41.65%
Year to date	7.68%	8.80%	9.62%	9.62%	9.99%	7.74%	8.88%	9.70%	9.70%	10.08%

	Returns for 55 year old participant									
	Single Manager					Multi Manager				
	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle
3 - Month	3.11%	3.78%	4.27%	4.68%	4.79%	3.18%	3.85%	4.33%	4.75%	4.85%
1 - Year	-0.58%	1.42%	4.62%	8.09%	8.30%	-0.47%	1.48%	4.74%	8.29%	8.47%
3 - Year	-8.06%	-7.57%	6.52%	26.57%	35.91%	-8.41%	-6.03%	10.93%	29.08%	34.88%
5 - Year	12.63%	9.08%	28.50%	41.11%	39.78%	13.42%	0.55%	17.14%	35.74%	41.32%
Year to date	5.69%	7.11%	8.34%	9.62%	9.80%	5.73%	7.18%	8.41%	9.70%	9.88%

	Returns for 65 year old participant									
	Single Manager					Multi Manager				
	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle
3 - Month	1.01%	1.86%	2.31%	2.94%	3.65%	1.14%	1.97%	2.42%	3.04%	3.72%
1 - Year	-2.76%	-1.16%	1.24%	2.15%	2.69%	-2.84%	-1.17%	1.25%	2.22%	2.82%
3 - Year	-18.78%	-15.68%	-5.51%	6.26%	6.74%	-20.34%	-21.00%	-8.20%	4.02%	6.43%
5 - Year	-1.62%	2.45%	17.70%	22.04%	20.03%	-3.58%	-10.80%	-1.11%	9.23%	21.25%
Year to date	2.22%	3.72%	4.88%	5.94%	6.99%	2.16%	3.70%	4.86%	5.95%	7.04%

# Fixed Asset Allocation

A fixed mix means that returns are calculated with an investment mix that does not change as a person ages. For example, when calculating the return over the past 5 years for a 65-year-old, we assume that the person concerned was 65 years of age 5 years ago. Please note that the rest of the calculations work in the same way as life cycle investing. In reality, investments are also not made according to a fixed mix.

	Returns for 35 year old participant									
	Single Manager					Multi Manager				
	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle
3 - Months	4.05%	4.47%	4.68%	4.68%	4.90%	4.13%	4.54%	4.75%	4.75%	4.96%
1 - Year	6.87%	7.68%	8.09%	8.09%	8.50%	7.01%	7.87%	8.29%	8.29%	8.72%
3 - Year	26.14%	30.66%	32.95%	34.49%	35.26%	25.47%	23.40%	27.34%	30.56%	35.20%
5 - Year	30.02%	34.53%	36.82%	38.32%	39.12%	31.03%	30.94%	34.57%	37.40%	41.65%
Year to date	8.51%	9.25%	9.62%	9.62%	9.99%	8.57%	9.32%	9.70%	9.70%	10.08%

	Returns for 45 year old participant									
	Single Manager					Multi Manager				
	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle
3 - Months	3.99%	4.44%	4.68%	4.68%	4.90%	4.05%	4.50%	4.75%	4.75%	4.96%
1 - Year	3.11%	5.64%	8.09%	8.09%	8.50%	3.28%	5.79%	8.29%	8.29%	8.72%
3 - Year	6.72%	13.90%	27.70%	31.36%	35.52%	6.49%	11.12%	27.34%	30.56%	35.20%
5 - Year	23.66%	22.87%	39.78%	39.25%	39.38%	24.98%	18.41%	34.57%	37.40%	41.65%
Year to date	7.68%	8.80%	9.62%	9.62%	9.99%	7.74%	8.88%	9.70%	9.70%	10.08%

	Returns for 55 year old participant									
	Single Manager					Multi Manager				
	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle
3 - Months	3.11%	3.78%	4.27%	4.68%	4.79%	3.18%	3.85%	4.33%	4.75%	4.85%
1 - Year	-0.58%	1.42%	4.62%	8.09%	8.30%	-0.47%	1.48%	4.74%	8.29%	8.47%
3 - Year	-10.64%	-9.63%	4.09%	25.57%	35.09%	-11.13%	-8.89%	8.02%	28.57%	33.85%
5 - Year	10.46%	9.28%	29.05%	42.28%	38.98%	10.69%	-2.12%	13.89%	35.09%	40.18%
Year to date	5.69%	7.11%	8.34%	9.62%	9.80%	5.73%	7.18%	8.41%	9.70%	9.88%

	Returns for 65 year old participant									
	Single Manager					Multi Manager				
	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle	Very Defensive Life Cycle	Defensive Life Cycle	Neutral Life Cycle	Offensive Life Cycle	Very Offensive Life Cycle
3 - Months	1.01%	1.86%	2.31%	2.94%	3.65%	1.14%	1.97%	2.42%	3.04%	3.72%
1 - Year	-2.76%	-1.16%	1.24%	2.15%	2.69%	-2.84%	-1.17%	1.25%	2.22%	2.82%
3 - Year	-20.10%	-15.93%	-5.91%	5.43%	4.58%	-21.80%	-22.29%	-11.87%	1.17%	4.29%
5 - Year	-5.84%	0.11%	13.82%	20.66%	20.47%	-8.34%	-10.17%	-1.22%	7.17%	21.42%
Year to date	2.22%	3.72%	4.88%	5.94%	6.99%	2.16%	3.70%	4.86%	5.95%	7.04%

# Free Investing

Single manager	3 - Month	1 - Year	3 - Year	5 - Year	Year to date
AEAM World Equity Index Fund (EUR)	6.43%	13.45%	33.83%	43.95%	13.41%
AEAM Global Real Estate Fund	-0.16%	-15.31%	-1.99%	-5.97%	-1.09%
AEGON Global Commodity Fund (EUR)	-3.65%	-17.01%	85.50%	4.11%	-9.24%
AEGON Core Eurozone Government Bond Index Fund	-0.64%	-7.67%	-24.05%	-22.74%	0.31%
AEGON Emerging Market Debt Fund (EUR)	-0.27%	-1.72%	-25.81%	-31.20%	-0.29%
AEGON Global High Yield Fund (EUR)	-0.09%	1.18%	-8.50%	-16.98%	1.12%
AEGON European Credit Fund	-0.13%	-1.44%	-12.29%	-10.81%	1.31%
AEGON ABS Fund	0.57%	0.20%	-1.05%	-3.30%	1.81%
AEAM Money Market Euro Fund	0.85%	1.68%	0.86%	0.26%	1.41%

Multi manager	3 - Month	1 - Year	3 - Year	5 - Year	Year to date
Global Equity (passive hedged)	7.28%	15.63%	38.34%	49.48%	14.98%
Global Equity (active hedged)	7.06%	16.66%	36.05%	55.39%	16.84%
Socially Responsible Equity (passive hedged)	7.03%	17.09%	40.06%	60.17%	16.17%
AEGON Global Commodity Fund (EUR)	-3.65%	-17.01%	85.50%	4.11%	-9.24%
Emerging Markets Equity (active)	1.81%	2.07%	15.46%	24.04%	5.35%
Global Listed Real Estate (passive hedged)	-0.65%	-8.61%	5.09%	-3.57%	-2.29%
AEGON Core Eurozone Government Bond Index Fund	-0.64%	-7.67%	-24.05%	-22.74%	0.31%
Corporate Bonds (active)	0.59%	0.57%	-8.80%	-4.16%	2.29%
Global Corporate Bonds ex. Financials (passive hedged)	-0.61%	-1.76%	-14.39%	-5.81%	1.81%
Global High Yield Bonds (active hedged)	1.16%	6.60%	1.99%	3.98%	3.71%
Emerging Markets Bonds (active)	3.58%	8.31%	-10.86%	-7.90%	5.23%
Inflation Linked Bonds - Germany (Passive)	0.01%	-2.94%	-0.80%	-1.44%	2.19%
AEAM Money Market Euro Fund	0.85%	1.68%	0.86%	0.26%	1.41%

# Good to know:

## Free Investing

- The table on Free Investing shows the provisional return on the starting balance for a period through June 30, 2023.
- That time period is, for example, the past quarter or year. In reality, new contributions are paid in monthly. An employee's total return may therefore differ from that shown.
- The figures in the table include fund managers' fees, but exclude fees charged by Aegon Cappital. which vary per employer.

## Life Cycle Investing

- The tables on Life Cycle Investing shows the provisional return on the starting balance for a period through June 30, 2023. That time period is, for example, the past quarter or year. In reality, new contributions are paid in monthly. An employee's total return may therefore differ from that shown.
- The figures in the tables include fund managers' fees, but exclude fees charged by Aegon Cappital. which vary per employer.
- In the second halves of 2021 and 2022, the investment mix improved incrementally. We have included these improvements in the above figures.
- The highly defensive and highly offensive profiles have been available since July 1, 2021. The table also shows returns prior to that. These are the returns that would have been achieved if these profiles had been available at that time. This enables proper comparison between profiles.
- Any cash calls and dividends from the Aegon Liability Matching Fund II are offset against the Aegon Diversified Bond Fund II on the Single Manager funds side. And with Euro Government Bonds Extra Long (passive) on the Multi Manager funds side. From October 2022, cash calls and dividends from LiMa will be offset against the Aegon Fixed Income Stability Fund and the MM Fixed Income Stability Fund.
- For the 3 and 5-year periods, we rebalance on an annual basis, with no entry and exit fees, on each occasion 12 months from the start of the measurement period.

