Funding ratio: investments and obligations

Year-to-date: up to and including March 2026

Current funding ratio:		**130.9%**
Policy funding ratio:		**130.8%**
Investment return (fund-risk portfolio):	**0.34%**	
Scheme at the risk of the pension fund		
Assets invested:		€3,963 million
Market value of liabilities:		€3,007 million
Average investment return (member-risk portfolio): 0.19%		
Scheme at the risk of participants		
Assets invested:		€81.5 million
Market value of liabilities:		€81.5 million

Further clarification

A) Assets and liabilities

Assets and liabilities of **scheme for which the pension fund bears the risk**

The value of the scheme's assets[1] for which the pension fund bears the risk amounted to rounded €3,963 million at the end of Q1 2026. Compared to year-end 2025 (€3,964 million), this represents a decrease of €1 million.

The market value of the pension liabilities[2] stood at €3,007 million at the end of Q1 2026. This represents an increase of €140 million compared to the fund's position at the end of December 2025 (€2,867 million).

Assets and liabilities of **schemes at the risk of participants**

Total DC assets amounted to €81.5 million at the end of Q1 2026. Compared to the position of €84.6 million at year-end 2025, assets decreased by about €3.1 million.

The total liabilities at the risk of participants are exactly equal to the assets managed by TNO Pension Fund and therefore also amount to €81.5 million.

B) Funding ratios

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[1] Amount of assets includes other liabilities (€4.0 million), but excludes the market value of the schemes' assets for which participants bear the risks (DC scheme).

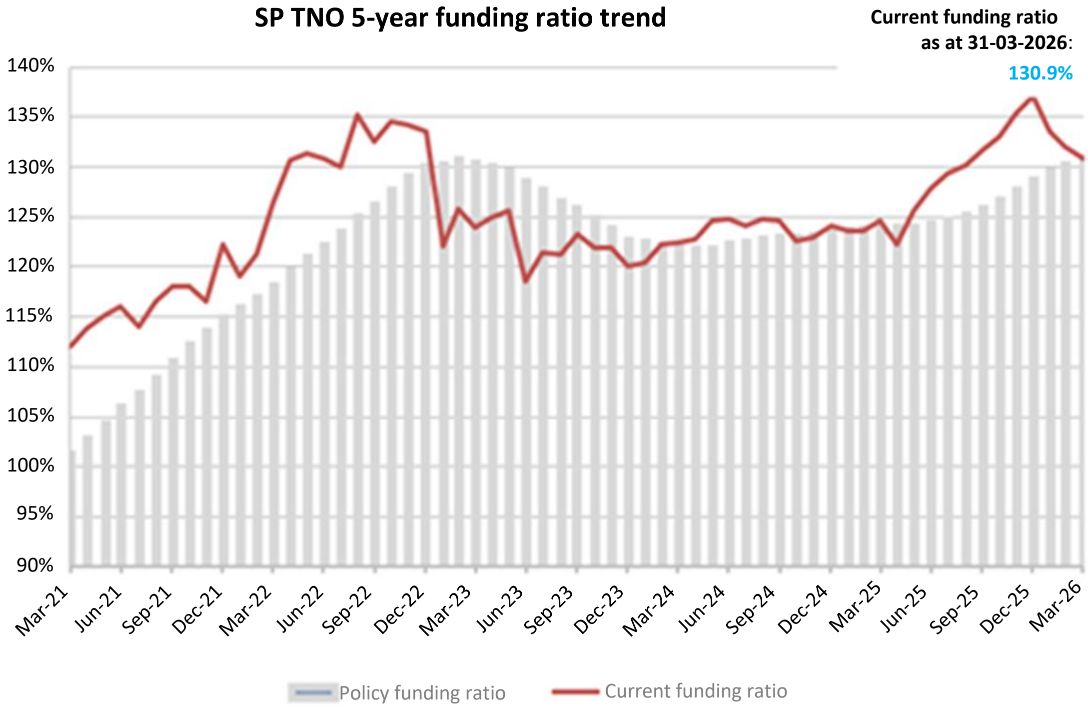
2 The market value of the liabilities excludes the market value of the schemes' assets for which participants bear the risk (DC scheme).

SP TNO

- SP TNO's current funding ratio was 130.9% at the end of March 2026. This is 6.2 percentage points lower than the 137.1% at year-end 2025.
- The policy funding ratio, calculated as a moving average of the current funding ratios over the past 12 months, stood at a rounded 130.8% at the end of March 2026. This is 2.1 percentage points higher than the 128.7% recorded at the end of last year.

The graph below shows the movement of SP TNO's current funding ratio from 31 March 2021 to the end of March 2026, including the policy funding ratio. The graph clearly shows that, due to averaging, the policy funding ratio (grey bars) is less volatile than the current funding ratio (red).

Graph: SP TNO funding ratio development



C) Investment returns up to and including March 2026

The **table** below shows the year-to-date returns of both the actual investment portfolio and the benchmark. Some asset classes have a benchmark return set equal to the actual return achieved. The table also shows the assets by asset class.

The total return excluding overlays to March 2026 was -1.12% versus a benchmark return of -0.97%. The overlays performed as follows:

- The decision to partially hedge the US dollar (i.e. the currency overlay) contributed negative 41 basis points to the total return.

- The interest rate sensitivity of our liabilities is partly hedged by interest rate swaps. The movement in swap rates resulted in a positive contribution to the total return of 104 basis points.
- In early March, a temporary put-option protection portfolio was added to protect the transition funding ratio. This put-option portfolio made a positive contribution of 83 basis points in Q1 2026.

As a result, the total return including overlays ended up at 0.34%, which is 11 basis points below the benchmark return of 0.45%. The underperformance is primarily due to a timing and data discrepancy between the PAB fund and its benchmark. By the end of 2025, this had yielded a very positive result. By 2026, this gap had widened again, resulting in a negative result.

Table: YTD returns and assets

			Returns to March 2026	
Investment categories	Amount in millions	% of total	Portfolio	Benchmark
Shares	€1,041	26.3%	-4.51%	-3.96%
Bonds (incl. mortgages)	€1,925	48.6%	-0.01%	-0.06%
Real estate	€186	4.7%	1.69%	1.69%
Private equity	€514	13.0%	0.89%	0.89%
Other (incl. liquid assets, overlays and cash)	€297	7.5%		
Subtotal excl. overlays			-1.12%	-0.97%
Risk hedge contribution				
Currency overlay			-0.41%	-0.45%
Interest rate overlay			1.04%	1.04%
Equity overlay (put options)			0.83%	0.83%
Total assets/result incl. overlays	€3,963	100.0%	0.34%	0.45%

D) Q1 2026 Market developments

Q1 2026 began neutrally, with markets moving sideways during the first two months without major fluctuations. Interest rates declined slightly due to falling growth and inflation expectations. In March, conditions changed significantly following the outbreak of the war in Iran. As a result, March was characterised by higher interest rates, wider credit spreads, higher energy prices, a stronger US dollar and lower equity prices. In the final week of March, markets partially recovered, with equities rising modestly and interest rates edging down again.

In summary, Q1 2026 presented a mixed picture: On balance, negative equity markets contrasted by falling interest rates in Europe leading to rising government bonds and swaps. Negative performance in spread categories such as EMD and Euro credit and therefore limited overall returns on fixed income. As a result of these developments, the euro weakened slightly over the quarter.