

Funding ratio: investments and obligations

Year-to-date: to end of December 2025

Current funding ratio:	137.1%
Policy funding ratio:	128.7%
Portfolio investment return (for which the pension fund bears the risk): -1.41%	
<u>Scheme at the risk of the pension fund</u>	
Assets invested:	€3,964 million
Market value of liabilities:	€2,867 million
Portfolio average investment return (at the risk of participants): -3.76%	
<u>Scheme at the risk of participants</u>	
Assets invested:	€84.6 million
Market value of liabilities:	€84.6 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 assets¹ for which the pension fund bears the risk amounted to rounded €3,964 million at the end of 2025. Compared to year-end 2024 (€4,060 million), this represents a decrease of €96 million.

The market value of the pension liabilities² stood at €2,867 million at year-end 2025. This represents a decrease of €383 million compared to the fund's position at the end of December 2024 (€3,250 million).

Assets and liabilities of schemes at the risk of participants

The total assets managed by Goldman Sachs Asset Management (GSAM) amounted to €84.6 million at year-end 2025. Compared to the position of €98.4 million at year-end 2024, assets decreased by about €13.8 million. Moreover, the assets under management were transferred from Goldman Sachs to TNO Pension Fund in December 2025.

The total liabilities at the risk of participants are exactly equal to the assets managed by TNO Pension Fund and therefore also amount to €84.6 million.

¹ Amount of assets includes other liabilities (€6.6 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).

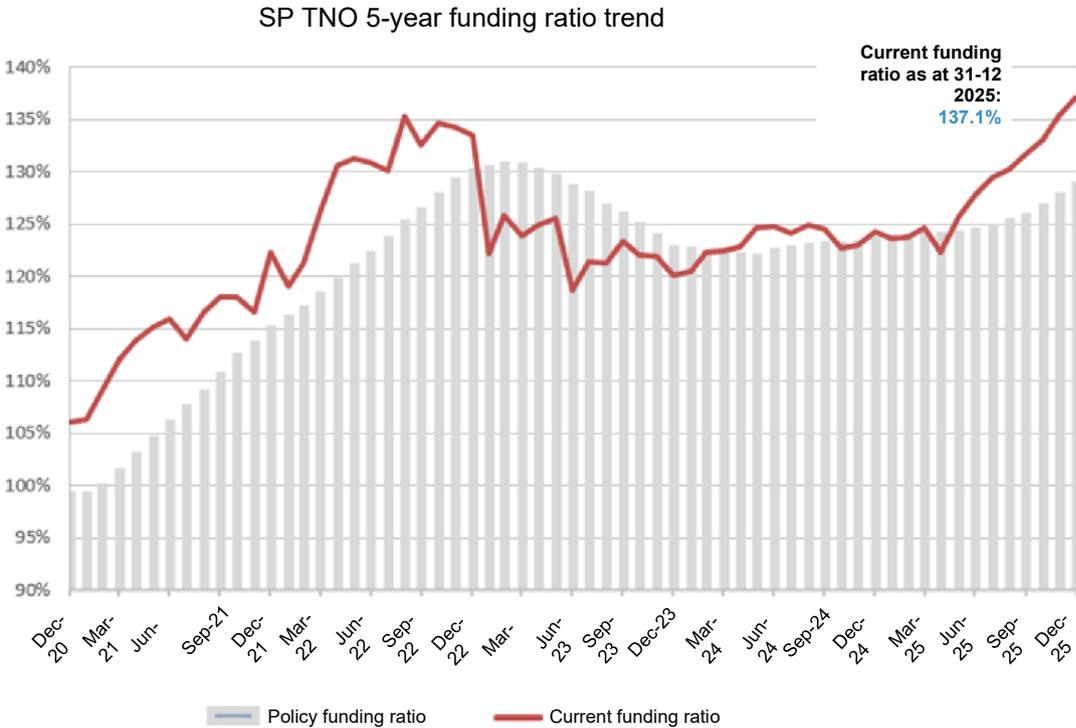
B) Funding ratios

SP TNO

- SP TNO's current funding ratio was 137.1% at year-end 2025. This position is 12.9 percentage points higher than the 124.2% year-end 2024 position.
- The policy funding ratio, calculated as a moving average of the current funding ratios over the past 12 months, stood at a rounded 128.7% at year-end 2025. This level is 5.3 percentage points higher than the 123.4% position at the end of last year.

The graph below shows the movement of SP TNO's current funding ratio from 31 December 2020 to the end of December 2025, 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 to the end of December 2025

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 the end of September 2025 was 3.08% versus a benchmark return of 2.87%. The overlays performed as follows:

- The decision to partially hedge the US dollar (i.e. the currency overlay) contributed 173 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 negative contribution to the total return of -622 basis points.

As a result, the total return including overlays ended up at -1.41%, exceeding our benchmark return (-1.55%) by rounded 14 basis points.

Table: YTD returns and assets

Investment categories	Amount in mln.	(% of total)	Returns to the end of Dec 2025	
			Portfolio	Benchmark
Shares	€1,166	29.4%	6.39%	6.13%
Bonds (incl. mortgages)	€1,936	48.8%	-0.33%	-0.44%
Real estate	€183	4.6%	-1.42%	-1.42%
Private equity	€517	13.0%	10.53%	10.53%
Other (incl. liquid assets, overlays and cash)	€162	4.1%		
Subtotal excl. overlays			3.08%	2.87%
Risk hedge contribution				
Currency overlay			1.73%	1.79%
Interest rate overlay			-6.22%	-6.21%
Total assets/result incl. overlays	€3,964	100.0%	-1.41%	-1.55%

D) Q4 2025 Market developments

The fourth quarter of 2025 started strong with good quarterly figures for a number of leading artificial intelligence companies. This resulted in a strong positive sentiment, with share prices reaching all-time highs as of the end of October. The euphoria was further supported by a US central bank rate cut in October and falling inflation figures, further increasing the likelihood of additional interest rate cuts. In November, euphoria turned to doubt about the promises of artificial intelligence after it became clear that some companies had taken on very large debt positions for investments and were to make little or no profit on them for the time being. This created doubt and a sector rotation in the market with technology stocks being divested in favour of more defensive sectors. Markets corrected as a result and this uncertain sentiment persisted until the end of 2025. On balance, the stock market did manage to end the quarter on a positive note.

In Europe, interest rates rose further, partly because future ECB rate cuts were priced out by the market. The market does not expect any further interest rate cuts from the ECB in 2026 and now estimates the probability of a rate hike to be even higher. In addition, European interest rates continued to rise partly due to concerns about the mounting and persistent budget deficits of, among others, France.

In summary, Q4 2025 thus offered a mixed picture: A net positive story in equity markets contrasted by further interest rate increases in Europe and falling bond prices. As a result of these developments, the euro showed some fluctuations in the fourth quarter, but closed virtually unchanged compared to the third quarter.