



Brochure

SPF's Investment policy

SPF's Investment policy

Why does SPF invest?

Employers and employees pay pension contributions every month, which are later used to pay employees' pensions. However, these contributions are not enough to maintain the buying power of the pension.

That is why this pension capital has to be invested. The pension fund can use the returns on these investments to index pension accrual and payable pensions, to maintain their buying power as far as possible.

In SPF's investment policy, the Board has decided how to invest the assets of the fund. This policy also stipulates what risks can be taken with the investments. The ultimate aim is to obtain the highest possible returns within the set parameters. These parameters thus determine the returns and what risks the fund runs with the investments.

How does SPF invest its assets?

In order to limit the risks associated with investments, SPF invests across a number of so-called asset classes.

Shares

Shares are used to buy an interest in companies worldwide. The aim of these companies is to remunerate shareholders for providing the capital which is used to make investments. This remuneration relates to the distribution of dividend to the shareholders.

Fixed interest investments

These are bonds and loans, which are used worldwide to lend money to governments and businesses. By and large, the returns (known as interest compensation) take the form of a fixed remuneration for the amount which has been loaned. In addition SPF also invests in Dutch residential mortgages.

Inflation-linked bonds

These are bonds with a fixed real rate of return. This means that the investor is compensated in the event of inflation (monetary depreciation). The remuneration thus depends in part on the level of inflation.

Alternative investments

The alternative investment in which the fund invests is infrastructure. Within infrastructure, investments are made for exviva funds which then reinvest in public-private partnership (PPP) projects and in wind and solar energy projects.

Real estate

There are two ways of investing in real estate: directly (houses, shops and offices) and indirectly (shares in real estate funds). SPF only invests indirectly in real estate worldwide.

Currency overlay

The investments mentioned above are made in various different currencies. Since the value of currencies can rise or fall with respect to the euro, part of the returns from the internationally diversified portfolio consists of currency returns. Currency overlay is used to limit the influence of currencies on the returns in euros.

In this way, the fund covers itself against currency movements.

Interest rate overlay

The interest rate sensitivity of the pension liabilities varies from the Investments.

This gives rise to an interest rate risk. In order to limit this risk, part of the interest rate risk is hedged.

For this purpose, investments are made into fixed interest investments and use is made of derivatives. The interest rate overlay helps to determine part of the fund returns.

Who sets the SPF investment policy?

The SPF Board sets its investment policy in the investment plan on an annual basis. This investment plan is the detailed plan regarding investing over the course of a year. The plan sets out in detail which asset classes are invested in, and what percentage of investments is invested in each class. It also states which currency and interest rate risks are hedged by which instruments, and which benchmark is used to compare the fund's investment result.

The total return on invested assets consists of direct and indirect yields, in other words, items like interest and dividends as well as price trends.

The investment plan is based on the fund's strategic investment policy. In this strategic investment policy, the Board has among other things set down its vision for a number of important control variables for the fund. The variables include the expected interest rate and investment returns over the coming years. The investment plan also sets down the fund's risk attitude.

How well is the pension fund performing?

The funding level is an important benchmark for the financial situation of the fund.

The funding level indicates the extent to which the fund's pension assets are adequate for the (future) pension liabilities.

Or, to put it another way: is there enough money in the pot to be able to pay all of the current and future pensions?

A funding level of 100% is enough to meet the nominal liabilities. In order to compensate for any setbacks, it is necessary to have a significantly higher funding level.

On 1 January 2015 the law changed, and pension funds now have to hold higher buffers (reserves) in order to be able to guarantee benefits in the future (also see the brochure '[Indexation](#)' on the SPF website).

When making policy decisions (e.g. on indexation), funds have to use the so-called policy funding level. This funding level is the average calculated over the funding levels of the past 12 months.

More information on the current policy funding level can be found on this website under '[Funding level and other financial figures](#)'.

You can read more about the '[investment policy](#)' on the SPF website.



Contact



If you have any questions about your pension visit the website: www.spf-pensioenen.nl
or contact our Pension Desk:
phone: 045 - 5788100
or email: info.PensioenfondSABIC@dsm.com

Pension regulations



Read more about SPF's Investment policy in the pension regulations by clicking on the icon.

Disclaimer

The information provided in this brochure by Stichting PensioenfondS SABIC, based in Sittard (the pension fund) is general, purely indicative and subject to change. It is intended only to provide members with a general view. The information provided is assumed to be reliable, but is used entirely at the user's risk. Neither the administrator (DSM Pension Services B.V.), nor the pension fund accepts any liability for damage arising from errors or omissions in the information, or for damage arising in connection with the use of, reliance on, or distribution of the information. Rights can be derived only from the pension regulations applying to the member.