



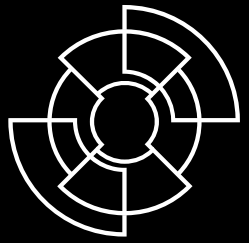
**PMT**  
pensioenfonds  
Metaal & Techniek

**Annual Report**  
**2009**



**people's**

**PMT**  
pensioenfonds  
Metaal & Techniek



# business





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## Foreword

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2009 saw signs of tentative recovery from the financial crisis. By the end of the year, the fund's assets had increased to €33 billion, almost back to the pre-crisis level. Despite this improvement, however, the coverage ratio had still not recovered fully, largely because of the sharp drop in interest rates. PMT implemented a recovery plan in 2009 to rebuild the reserves. That plan, which was approved by the Nederlandsche Bank in July 2009, aims for full recovery over a 15-year period.

The recovery plan demands sacrifices on the part of participants, pensioners and employers, in a sector that has been particularly hard hit. To help participants and employers, the Managing Board introduced a temporary scheme for part-time working and unemployment. A temporary scheme was also introduced to help those aged 58 and over who have lost their jobs as a result of the crisis.

PMT is putting into practice the lessons learned from the financial crisis. For example, the governance structure has been refined and there is now closer control of external asset managers. PMT's sole purpose in introducing these measures is to continue providing good and affordable pensions for everyone working in the engineering and mechanical and electrical contracting sector.

*Jan Berghuis, chairman*



# Key figures



## Employers and participants

(numbers)	2009	2008	2007	2006	2005
<b>Affiliated employers with staff</b>	34,502	34,516	33,735	33,302	31,293
<b>Participants</b>					
Active participants <sup>1)</sup>	410,842	424,940	417,772	402,450	340,286
Non-contributing participants	642,259	617,322	606,568	604,207	590,030
<b>Pensioners</b>					
Old-age pension	109,480	99,206	89,770	79,689	74,185
Early-retirement pension	5,053	8,987	12,617	15,531	17,350
Partner's pension	48,579	47,467	48,531	45,997	46,110
Orphan's pension	1,994	2,031	1,996	2,205	2,226
<b>Total pensioners</b>	165,106	157,691	152,914	143,422	139,871
<b>Total participants</b>	<b>1,218,207</b>	<b>1,199,953</b>	<b>1,177,254</b>	<b>1,150,079</b>	<b>1,070,187</b>
Members in receipt of ANW (General Surviving Dependants Act) benefit <sup>2)</sup>	871	824	747	656	590
Surrenders <sup>3)</sup>	10,759	13,668	10,455	8,607	9,040
<b>Contributing participants</b>					
Average salary (* 1 euro)	32,555	31,213	32,039	NB <sup>4)</sup>	NB <sup>4)</sup>
Average age (years)	39.9	39.6	39.4	40.5	41.8

## Pension liabilities and pension capital

(x 1 million euro)					
<i>Pension liabilities <sup>5)</sup></i>					
Contributing participants	14,842	16,036	10,812	11,262	10,688
Non-contributing participants	5,537	5,340	3,651	3,713	3,456
Pensioners	12,685	11,776	10,177	9,593	8,774
<b>Total pension liabilities</b>	<b>(a) 33,064</b>	<b>33,152</b>	<b>24,640</b>	<b>24,568</b>	<b>22,918</b>
Market interest rate for actuarial purposes	3.86%	3.51%	4.85%	4.26%	3.70%
General reserve	(b) 9	- 5,064	10,057	6,976	5,360
<b>Pension capital</b>	<b>(c = a+b) 33,073</b>	<b>28,088</b>	<b>34,697</b>	<b>31,544</b>	<b>28,278</b>
<b>Coverage ratio <sup>5)</sup></b>	<b>(d=c/a) 100%</b>	<b>84.7%</b>	<b>140.8%</b>	<b>128.4%</b>	<b>123.4%</b>

1) The age at which employees are able to join the PMT pension scheme was lowered in 2006 to enable those between 18 and 24 to participate. Until year-end 2005, the minimum age was 25.

2) Participants with a partner's pension who are also in receipt of benefit by virtue of their voluntary contributions to the reinsured 'ANW shortfall' product (making up the state benefit under the General Surviving Dependants Act).

3) The surrenders include surrenders prior to retirement date.

4) N.B.: Average salary has been included in the key figures for the first time in 2009. No information is available for the years 2005 and 2006.

5) The future pension liabilities have been measured at market value with effect from 2006. The 2005 figures have not been restated on this basis.



## Contributions

	2009	2008	2007	2006	2005
<i>Contribution rates</i>					
Old-age pension and partner's pension <sup>6)</sup>	27.3	25.2	26.0	26.8	17.0
Early-retirement pension <sup>7)</sup>	n.v.t.	n.v.t.	n.v.t.	n.v.t.	8.4
<i>Contributions (x 1 million euro)</i>					
Old-age pension and partner's pension	1,840	1,644	1,599	1,537	727
Early-retirement pension	-	-	2	2	772
<b>Total contributions</b>	<b>1,840</b>	<b>1,644</b>	<b>1,601</b>	<b>1,539</b>	<b>1,499</b>

## Benefits

<i>(x 1 million euro)</i>					
Old-age pension	830	672	550	363	322
Early-retirement pension	175	278	351	413	406
Partner's pension	153	145	138	121	111
Orphan's pension	3	3	3	3	2
ANW shortfall benefits	10	9	8	7	6
Subtotal	1,171	1,107	1,050	907	847
Surrenders	18	18	15	13	13
<b>Total benefit payments</b>	<b>1,189</b>	<b>1,125</b>	<b>1,065</b>	<b>920</b>	<b>860</b>
<i>(x 1 euro)</i>					
<i>Average benefit payments <sup>8)</sup></i>					
Old-age pension and early-retirement pension	8,776	8,779	8,800	8,150	7,953
Partner's pension	3,153	3,061	2,844	2,631	2,407
Orphan's pension	1,424	1,434	1,503	1,361	898
Surrenders	1,660	1,330	1,435	1,510	1,438

6) Contributions are charged at this rate on that part of the participant's annual pensionable salary which lies between the contribution-free allowance of €15,004 (2008: €14,520) an upper limit in 2009 of €73,287 (2008: €70,809). Contributions are charged at 17.7% on the pensionable salary in excess of the upper limit.

7) No contributions have been charged since the early-retirement pension was terminated in 2006.

8) The average figure shown represents the total benefit expense relative to the total number of pensioners as at year-end.



## Other results

(x 1 million euro)	2009	2008	2007	2006	2005
Investment return	4,301	- 7,277	1,911	2,596	4,308
Inward value transfers	77	316	819	155	220
Outward value transfers	2	118	99	65	73
Costs (including investment costs)	103	101	111	107	101



## Investments

(x 1 million euro)	2009	2008	2007	2006	2005
<i>Composition of portfolio at year-end <sup>9)</sup></i>					
Fixed-income investments	17,443	15,013	13,385	11,930	11,250
Equities	7,464	5,234	11,919	12,072	10,315
Real estate	3,753	3,874	4,644	4,251	3,275
Alternative investments	4,358	3,975	4,587	3,260	3,419
<b>Total invested capital</b>	<b>33,018</b>	<b>28,096</b>	<b>34,535</b>	<b>31,513</b>	<b>28,259</b>
<i>Composition of portfolio at year-end <sup>9)</sup></i>					
Fixed-income investments	52.8%	53.4%	38.8%	37.9%	39.8%
Equities	22.6%	18.6%	34.5%	38.3%	36.5%
Real estate	11.4%	13.8%	13.4%	13.5%	11.6%
Alternative investments	13.2%	14.2%	13.3%	10.3%	12.1%
<b>Total invested capital</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Total return per asset class <sup>9)</sup></i>					
Fixed-income investments <sup>10)</sup>	11.3% <sup>10)</sup>	-7.1%	-0.3%	0.2%	8.2%
Equities	39.3%	-43.1%	8.7%	15.2%	31.5%
Real estate	-2.0%	-15.6%	6.3%	22.9%	22.3%
Alternative investments	13.3%	-26.6%	25.3%	7.6%	19.9%
<i>Split of return on total invested capital</i>					
Direct return	3.6%	3.3%	3.2%	3.2%	3.2%
Total return	15.1%	-20.7%	5.9%	9.1%	18.5%
<i>Z-score</i>					
Z score for year	1.06	- 4.25	1.14	1.09	1.59
Performance test	1.56	1.31	3.09	2.28	1.62

<sup>9)</sup> The investment categories (value and returns) are presented in key figures and the minutes of the Management Board according to the strategic investment policy.

This results in the fact that profits related to derivatives, cash-like instruments and foreign exchange are allocated to the respective investment category.

Due to this, invested capital and investment return in the annual accounts differ from the key figures.

On the balance sheet and in the profit and loss account, investments are presented in line with financial instruments.

As a consequence part of the invested capital on the balance sheet is included in Other Assets and Liabilities (in stead of under the item Investments). In the explanation of the annual accounts on the items Returns (6) and Investment Returns (16) more details are disclosed.

<sup>10)</sup> Including duration overlay



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## The road to recovery

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PMT drew up a recovery plan in 2009 with the aim of restoring the level of reserves. With this plan, which was approved by the Nederlandsche Bank in July 2009, PMT expects to achieve the required minimum coverage ratio (the ratio between current and future liabilities and current fund capital) of 105% within five years.

The effectiveness of the recovery plan was evaluated by the Managing Board for the first time at the end of 2009. The recovery is progressing well. Although the situation of collapsing financial markets and sharply falling interest rates (which translated into a sharp increase in the liabilities) that had proved so toxic for pension funds in 2008 was turned around in 2009, it has not yet recovered completely. In 2009, PMT achieved a return on investments of 15.1%, compared with the average return of 6.5% assumed in the recovery plan. The long-term interest rate used by PMT to calculate its liabilities also rose, from 3.51% to 3.86%. As fund capital rose, benefiting from the healthy return and higher contribution rates, the liabilities decreased, reflecting the higher interest rate. This enabled PMT's coverage ratio to rise from 85% at year-end 2008 to 100% at year-end 2009, well ahead of the target set in the recovery plan.

### PMT's coverage ratio





## Contribution and indexation policy for 2010

The contribution and indexation policy for 2010 was adopted in December 2009. Given PMT's financial position, the contribution rate for 2010 was increased by one percentage point to 16.1% of salary, consistent with PMT's financial policy framework. This equates to 28.6% of pensionable salary. Contributions are charged at this rate on that part of a participant's annual pensionable salary which lies between the contribution-free allowance of €15,295 and the upper limit of €75,486. Contributions are charged at 18.7% on the pensionable salary in excess of the upper limit. The cost-covering contribution rate for 2010 has been set at 14.7% of salary. As in 2009, therefore, the actual contribution rate for 2010 is above the level required to cover costs, so together the contributions paid by employees and employers are helping the fund's recovery.

### Indexation

It was decided by PMT in December 2009 not to increase accrued pension rights and pensions currently in payment in 2010. In the opinion of the Managing Board and under the terms of the policy framework, the fund's financial position at year-end 2009 did not permit adjustment for inflation. For active participants, this means that their accrued pension rights will not be increased and will therefore lag behind pay inflation for the second year in succession. For pensioners and former participants, it means that their pensions and other benefits will not keep pace with price inflation in 2010. PMT intends to apply make-up indexation as soon as the fund's financial position permits. In 2008, PMT applied all indexation adjustments that had been forgone in the past.

#### Indexation 1999–2010

1 January	Active participants		Former participants and pensioners	
	Wage index	Increase	Price index	Increase
1999	0.75%	0.75%	1.75%	1.75%
2000	3.00%	3.00%	1.53%	1.53%
2001	2.75%	2.75%	2.35%	2.35%
2002	4.00%	4.00%	3.68%	3.68%
2003	4.02%	2.01%	3.37%	1.69%
2004	0.00%	0.00%	1.98%	0.99%
2005	2.50%	1.88%	0.65%	0.49%
2006	3.22%	3.72%	1.38%	1.88%
2007	1.25%	2.20%	1.72%	2.71%
2008	1.00%	2.36%	1.29%	2.79%
2009	3.50%	0.00%	2.96%	0.00%
2010	3.00%	0.00%	0.00%	0.00%



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## Strategic investment policy

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PMT's investment policy has been revised to focus more closely on risk management, building on the policy of rapid risk reduction which PMT embarked upon in 2008. From 2010, a larger portion of the portfolio will be placed under passive management. The aim will be to track the market rather than attempting to outperform it, with exposure to extra risk which that inevitably involves. The proportion of the portfolio invested in equities, which PMT had started reducing in 2008, was further reduced in 2009. New investment in potentially higher-risk asset classes, such as private equity, international real estate, infrastructure and hedge funds, has been put on hold for the time being. The decision to suspend securities lending operations was revoked in 2009. Lastly, the fund has decided to give priority to hedging downward interest rate movements, as part of its policy of focusing on the coverage ratio in the future.



