



# “ Inflation and Rising Interest Rates

## Perspectives from Europe

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# Observations

- Single mandate ECB; struggle between inflation and stability Eurozone
- Retirement provision in Europe very diverse:
  - Large economies highly reliant on PAYGO-schemes
  - NL responsible for 75% of pension assets in the Eurozone
  - Private savings are high in many countries

# Sources of retirement income

- First pillar Pay-As-You-GO → affordability at stake
- Second Pillar DB → depending on discount rates & indexation promises
- DC arrangements → usually nominal promises
- Private savings → bonds more attractive, inflation detrimental
- Home ownership → higher rents, higher taxes & maintenance

# Return expectations (nominal, geometric)

