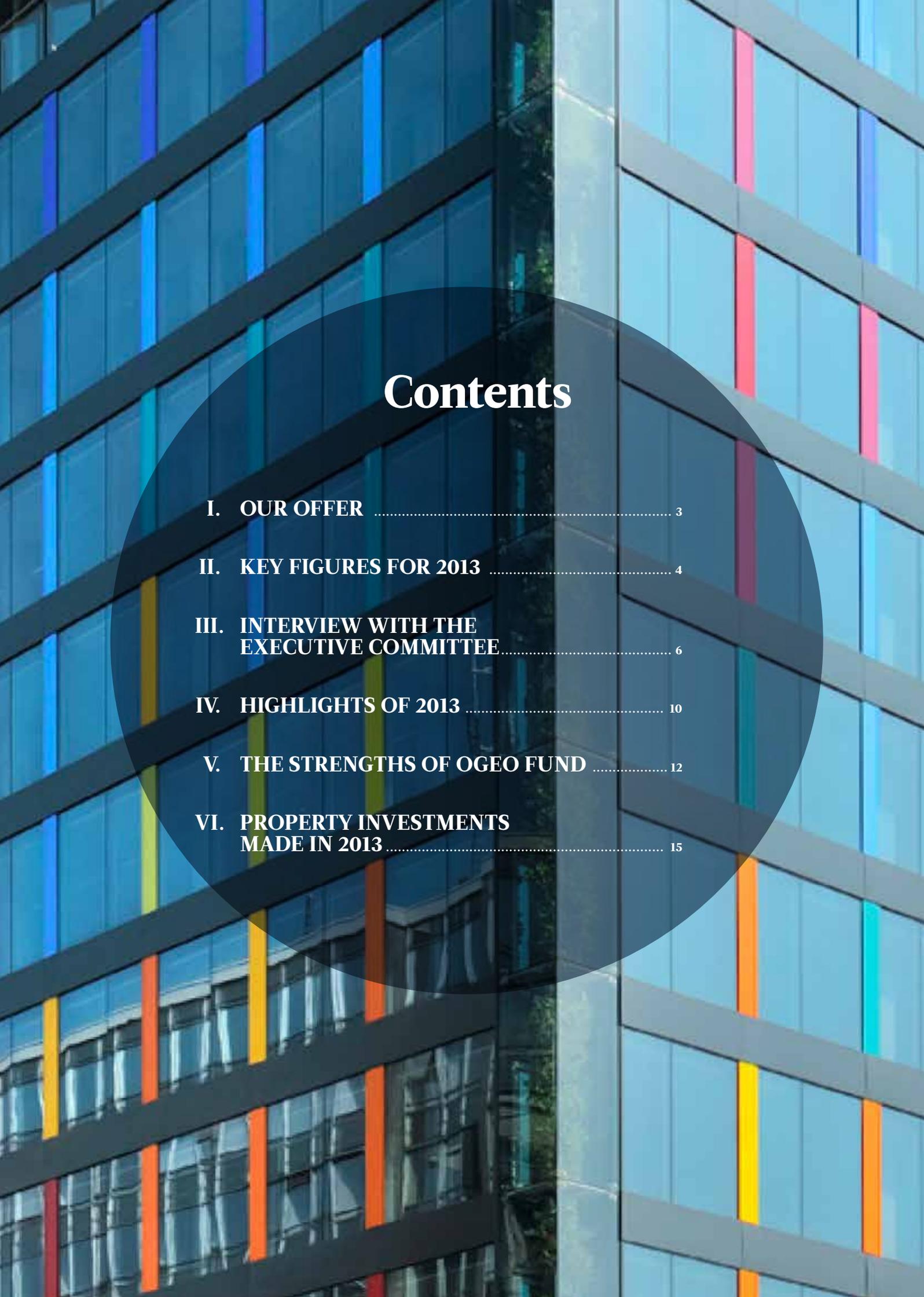




Annual Report |  
2013 SUMMARY



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# I. Our offer

## First pillar

OGEO FUND is an Organisation for Financing Pensions (OFP) founded in 2007. Its main purpose is to be a reliable source of financing for statutory pensions (first pillar), the management of which has been entrusted to OGEO FUND by its sponsoring companies.

OGEO FUND, **Belgium's fifth largest pension fund**, manages almost one billion euros of assets in a prudent and diversified manner. OGEO FUND provides its members with an efficient and rigorous organisation.

**The only multi-employer (first pillar) OFP in Belgium**, OGEO FUND's main function is to guide Belgian public and semi-public institutions (towns and municipalities, provinces, joint local authorities, Public Centres for Social Welfare [CPAS], etc) with their pension obligations:

- Pensions for municipal and provincial authority agents;
- Pensions for statutory staff (or those who have had a mixed career, i.e. statutory and contract positions).

## Second pillar

In April 2008, a new entity was created – OGEO 2 PENSION – to provide a 'second pillar' solution for its sponsoring companies. This organisation also has the legal form of an OFP, so as to benefit from the same prudent, flexible and appropriate framework as OGEO FUND.

OGEO 2 PENSION enables sponsoring companies to establish a system of supplementary pensions for their contract staff, if they wish to do so. A large number of contract staff are working for public authorities, and they are very often penalised with pensions lower than those of their statutory colleagues. This difference is 20% on average.

The solution offered by OGEO 2 PENSION is innovative and attractive:

- Choice between payment of a monthly income or a lump sum at retirement age;
- Choice between fully redistributed yields (minus management fees) or a formula with guaranteed capital and a guaranteed minimum return;
- Reduced management costs;
- No entry or exit fees.

## First pillar (statutory pensions)

- Local authority agents and statutory staff

## Second pillar (supplementary or extralegal pensions)

- Contract staff
- Public/semi-public bodies and/or companies

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*Throughout this summary you will see QR codes which will direct you to further information on OGEO FUND's website at [www.ogeofund.be/en](http://www.ogeofund.be/en)*





## II. Key figures for 2013

**5<sup>th</sup>** largest  
pension fund  
in Belgium <sup>1</sup>

Profit **€53** million

Overfunding<sup>2</sup> **€515** million

Assets under management:  
**€968** million

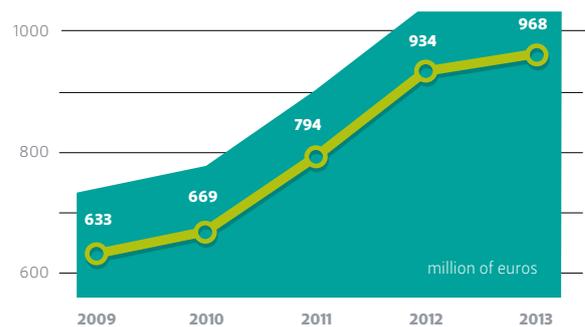
Yield: **7,38**% <sup>3</sup>

**4,019** current or future beneficiaries of annuities  
among its **7** sponsoring companies <sup>4</sup>

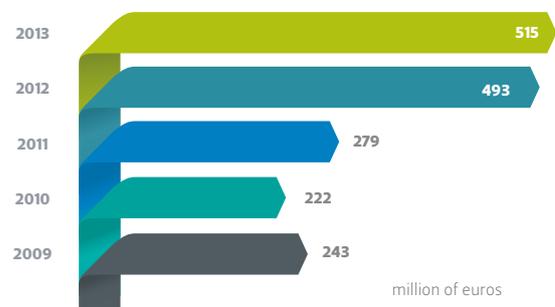
- <sup>1</sup> Rating as at 31/12/12 – Pending official confirmation from the ABIP (Belgian Association of Pension Funds) on 31/12/13.  
<sup>2</sup> Overfunding: at the end of 2013 OGEO FUND's assets were € 882 million worth to compare with liabilities of € 367 million, leading to an overfunding of 140%.  
<sup>3</sup> A yield higher than the average 6.73% yield for Belgian pension funds (source: ABIP).  
<sup>4</sup> For administrative simplification, Tecteo and ALG merged on 1/1/13.



## A growing volume of assets under management



## Significant overfunding of 140%<sup>5</sup>



<sup>5</sup> This overfunding is largely due to the transfer of some liabilities to the ONSSAPL (National Social Security Office for Provincial and Local Administrations).

# III. Interview with the Executive Committee

*Rigour and performance are there to see.*

A diversified and prudent investment policy enabled a yield of 7.38% to be obtained in 2013.

At the end of 2013, OGEO FUND posted a yield of 7.38%. Are you satisfied with that?

Given the difficult market situation during the first half of 2013, we can regard a yield of 7.38% as a good performance.

Given the long-term characteristics of our activities, the significance of one year picked in isolation is relative. What matters to us are trends and minimum risk. **Let's remember that the 7.38% yield in 2013 comes after a 9.17% yield in 2012. Since 2008, our yields have frequently been among the best obtained by Belgian pension funds.** This is even more of a 'pleasant surprise' given that these latter funds generally invest more than us in equities.

How do you explain the fact that OGEO regularly registers a high performance?

OGEO FUND's primary concern is to combine performance and prudence in its asset management. To achieve this, **OGEO FUND's 'golden rule' is to diversify our assets, a diversification that we monitor on a global level and for each category of assets.**



Beyond this diversification, OGEO FUND's real estate strategy is a major asset. Unlike other pension funds, we place more emphasis on 'hard' real estate than on 'paper' real estate (Sicafi). To some extent these assets act as a float: even when the listed assets are not performing so well, we can still keep our head above water!

*In 2014, you will almost certainly have assets under management over one billion euros. Will this milestone influence your strategy?*

Our strategy will not be modified, although certain aspects of our organisation will be. **The one billion euro milestone imposes an even more regular and in-depth reporting schedule on us with regard to our supervisory authority.** From 1 January following the year in which the billion-euro mark of assets under management is reached, reporting must be on a monthly basis and include a wide range of information including details of the securities held, ISIN codes, custodian banks, etc. **Given the scale of the sums under management, OGEO FUND ensures that a very high standard of governance is maintained.**

With this in mind, we have launched an institutional open-end investment company (a SICAV) called OGESIP Invest. One of the main aims of OGESIP Invest is to exercise more control over our asset managers. The idea behind it is to have a constant and improved reporting procedure whilst maintaining a precise analytical overview of the assets and liabilities of each sponsoring organisation. This tool should also allow us to improve our transparency, in favour of our sponsoring companies in particular and the market in general.

*Is the introduction of a financial tool such as an institutional SICAV not too expensive and too complex for OGEO FUND?*

**The creation of our SICAV 'OGESIP Invest' will not incur any additional costs for our sponsoring companies and the overall costs for OGEO FUND itself will remain practically the same.** Through OGESIP Invest, management bodies, sponsoring companies and OGEO FUND's supervisory authority will have access to more detailed and more frequent reports, and will therefore have enhanced governance.

**Note that the amount of our assets under management allows OGEO FUND to make significant economies of scale and allows each of our sponsoring companies, regardless of size, to have access to the best professionals.**

*How can you explain the importance and unique nature of OGEO FUND's real estate strategy?*

Our absolute leitmotif is to diversify by using several different asset classes. Maximum and minimum limits are set by our management bodies for each class, thus our real estate portfolio cannot exceed the 20% mark at the moment. Of all the asset classes, real estate is the only tangible and concrete class and therefore attracts the most attention from the media.

**Our real estate investments are split geographically between Belgium and Luxembourg.** For the majority of our real estate investments, the principle is to search for buildings occupied by quality tenants who are committed for as long a period as possible and with indexed rents.

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**« Through the OGESIP Invest institutional SICAV, management bodies, sponsoring companies and OGEO FUND's supervisory authority will have access to more detailed and more frequent reports, and will therefore have enhanced governance. »**

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« At a time when the guaranteed yields offered by insurance companies are shrinking, our model, based on transparency, a non-profit approach, solidarity, and yield redistribution, provides more than just a simple alternative. »

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If you would like a copy of the conclusions of this study, please go to [www.ogeofund.be/en/study](http://www.ogeofund.be/en/study)



*In the autumn of 2013, you published a study on financing the pensions of provincial and local authority staff in Wallonia and Brussels. What key lessons did you draw from this study?*

**One of the most striking issues revealed by this study was that 70% of municipalities do not have sufficient reserves to deal with future pension costs.** This research has the merit of assessing the scale of the problem that provincial and local authorities will have to face. It is an accurate and scientifically grounded report <sup>1</sup>. Commissioned by OGEO FUND, this study was carried out by the Belgian section of CIRIEC (International Centre of Research and Information on the Public, Social and Cooperative Economy) and the University of Liège.

OGEO FUND does not want to use this study to set the alarm bells ringing, but as Belgium's fifth largest pension fund it would like to be part of a constructive and essential approach to future pension financing and be able to submit proposals. Our message has obviously arrived during the pre-election period but one thing is certain - there will be no solution without reform.

*Do you think that OGEO FUND can be part of the solution?*

Everyone agrees that concrete action with regard to financing provincial and local authority pensions is urgently required. Everyone also agrees that this is a complex issue and that the solutions to be implemented will have to be multi-faceted and involve all levels of governance.

**OGEO FUND can be an integral part of the solution, offering innovative solutions that take account of the financing difficulties encountered by provincial and local authorities.**

*Does OGEO FUND's offer differ from the market's offer?*

Pension commitments are contracted out in response to concerns about transparency and prudent management. **At a time when the guaranteed yields offered by insurance companies are shrinking, our model, based on transparency, a non-profit approach, solidarity, and yield redistribution, provides more than just a simple alternative.**

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<sup>1</sup> The conclusions of this study are available on OGEO FUND's website (see opposite).

How can you explain the fact that you regularly outperform the yields offered by insurance companies?

**This can be explained by several factors: OGEO FUND is a small, high-performance, responsive and low-cost structure.** Furthermore, OGEO FUND's approach provides a harmonious combination of funding and 'solidarity'. Finally, and most importantly, OGEO FUND is not a trading company and therefore has no shareholders to pay. This allows the sponsoring companies to benefit from OGEO FUND's entire performance.

What are your main projects for 2014?

**The technical work for implementing the institutional SICAV referred to earlier, was carried out in 2013 but the assets were transferred in early 2014.** This will induce some modifications in the way we and our asset managers operate.

**We shall strengthen our position as a centre of expertise in pensions, mainly by using a variety of tools:** a perception survey whose results will be available soon, a blog, a Twitter account, a round-table discussion to which several pensions experts will be invited, etc... **and of course we shall continue to roll out the OGEO FUND model to other sponsoring companies in 2014.**

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**In 2013, group insurance posted a yield of 3.25%. Insurers offset the drop in guaranteed rates with profit-sharing**

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*L'Echo, 29 March 2013.*

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**« Pension commitments are contracted out in response to concerns about transparency and prudent management. OGEO FUND offers an innovative and original approach where 'solidarity' and funding join forces for the greater benefit of employers and future beneficiaries. »**

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Stéphane Moreau, Chairman of the Executive Committee of OGEO FUND.

# IV. Highlights of 2013

## The Salon des Mandataires 2013

OGEO FUND was present at the Salon des Mandataires [local authority agents' fair] which was held on 7 February 2013 at the WEX exhibition centre in Marche-en-Famenne, Belgium.

OGEO FUND organised a conference entitled "Local authorities and the pension issue: financing and challenges". OGEO FUND was able to welcome numerous leading figures responsible for the day-to-day management of the towns, municipalities, provinces and joint local authorities of Wallonia.

Contributors included:

- **Maya Abada**, Research Assistant, University of Liège;
- **Philippe Nys**, Deputy Director, ONSSAPL;
- **Stéphanie Kiproski**, Advisor, and **Marco Aliboni**, Deputy Principal Private Secretary, **representing the Office of the Minister for Local Authorities, Cities and Tourism, Paul Furlan**;
- **Members of the Executive Committee of OGEO FUND.**



The text of the presentations given at the fair is available on OGEO FUND's website via the following link:  
[www.ogeofund.be/en/salon0702](http://www.ogeofund.be/en/salon0702)



# OGEO FUND's round table



OGEO FUND organised a round table of experts to present the conclusions of the study on “Financing the pensions of provincial and local authority staff in Wallonia and Brussels”. This event, whose theme was “The pension challenge in the public sector”, was held on 15 October 2013 in Brussels.

Contributors included:

- **François-Xavier de Donnée**, Independent Director, OGEO FUND;
- **Ivan Van De Cloot**, Chief Economist, Itinera Institute;
- **Hervé Noel**, Vice Chairman of ABIP (The Belgian Association of Pension Institutions) and Director of Tractebel's pension fund;
- **Barbara Sak**, General Secretary of CIRIEC-Belgium;
- **Pierre Devolder**, Professor, Université Catholique de Louvain;
- **Emmanuel Lejeune**, Member of the Executive Committee of OGEO FUND.

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**« On the one hand, an awareness of the issues of financing the pensions of provincial and local authority staff is required, and on the other, even if there is no one simple solution, it is vital that we set to work as soon as possible. »**

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François-Xavier de Donnée, Independent Director, OGEO FUND, at the round table held on 15/10/13.

# OGEO FUND seminar

On 18 November 2013, OGEO FUND organised a seminar at the Cercle de Wallonie in Seraing, entitled: “Financing pensions: challenges and choices”. The results of the study on financing the pensions of provincial and local authorities and their agents were presented.

Presentations were made by several delegates:

- **André Gilles**, Chairman of the Board of Directors, OGEO FUND: Introduction;
- **Roland Gillet**, Professor of Finance at the Sorbonne and at ULB (Solvay), an internationally recognised expert: “Do Europe and the eurozone still have the resources to pursue their policies?”;
- **Barbara Sak**, Secretary General of CIRIEC-Belgium (International Centre of Research and Information on the Public, Social and Cooperative Economy): “Strategic solutions and conclusions drawn from the study on financing the pensions of provincial and local authorities”;
- **Marc Beyens** and **Emmanuel Lejeune**, Members of the Executive Committee, OGEO FUND: “A rigorous organisation – a full and innovative offer”;
- **Dominique Drion**, Vice-Chairman of the Board of Directors, OGEO FUND: Conclusion.



The text of the **presentations given at the seminar** is available on OGEO FUND's website via the following link: [www.ogeofund.be/en/seminar1810](http://www.ogeofund.be/en/seminar1810)



The **media reports** from the **round table** and the seminar are available on OGEO FUND's website via the following link: [www.ogeofund.be/en/reports](http://www.ogeofund.be/en/reports)



# V. The strengths of OGEO FUND

By harmoniously combining 'solidarity' and financing, OGEO FUND stands out from most of the existing solutions available on the Belgian market. Several organisational, fiscal and financial characteristics make the OGEO FUND model particularly attractive.

## Lower costs

### Management costs are kept to a minimum

The sponsoring companies are not charged entry or exit fees. Management costs cover all the services that OGEO FUND offers its 'clients'.

### Yields are better than those of classic systems

With its non-commercial and associative nature, OGEO FUND stands out from banks, insurers and other institutions. OGEO FUND's 'clients' benefit from its performance.

### All the sponsoring companies benefit from economies of scale

With almost one billion euros of assets under management, OGEO FUND has access to the best professionals and can offer a very high standard of service at low cost to all its sponsoring companies, whatever their size.

## Rigorous management

### Management is participative

The sponsoring companies are directly involved with the preparation and implementation of investment policy and all important decisions, primarily via the General Council.

### Financial reporting is at market value

The Royal Decree of 12/1/07 on the Prudential Supervision of Institutions of Occupational Retirement Provision, requires Organisations for Financing Pensions (unlike insurance companies) to value their financial assets at market value on a constant basis.

### Analytical accounting leads to total transparency

Each sponsoring company has a concrete and precise overview of its assets.

## Strengthened governance

### Important procedures which extend beyond legal and statutory requirements

Since OGEO FUND was founded, the issue of good governance has been a constant concern for all its decision-making bodies.

OGEO FUND has voluntarily implemented various major structures and procedures which are more demanding than the legal and statutory requirements:

- **The establishment of a Financial Committee** which includes renowned independent experts.
- **The introduction of a ‘preliminary review’** of our accounts halfway through the year by our approved auditor (PwC) which is responsible for auditing our annual accounts.
- **Splitting the functions of technical actuary and appointed actuary:** financial plans and calculations of technical provisions are first drawn up by technical actuaries from IIServices (Integrale Insurance Services). These plans and calculations are then submitted to our appointed actuary (ESOFAC) who presents his actuarial report to the Board of Directors every year. OGEO FUND is one of the few – if not the only – Belgian OFP to have done this.
- **Possession of external certification (ISAE)** is requested of our main suppliers.
- **The introduction of a good governance charter, updated on a regular basis:** this charter is a tool for our directors, managers and colleagues and aims to optimise management and introduce greater transparency, thus facilitating the monitoring process.

### Multi-level monitoring process

Internal monitoring	External monitoring
<ul style="list-style-type: none"> <li>➤ Internal audit (IIServices)</li> <li>➤ Compliance officer</li> <li>➤ Financial Committee</li> </ul>	<ul style="list-style-type: none"> <li>➤ Appointed actuary (ESOFAC)</li> <li>➤ Approved auditor (PwC)</li> </ul>

## Effective and innovative solutions

### The centre of expertise adds fuel to the debate

OGEO FUND’s position as a centre of expertise for pensions allows it to present lines of thought about the future financing of pensions.

### Seeking national and international development

The OGEO FUND model is regularly presented to new parties, both in Belgium and abroad.

### The long term and indexed returns of the real estate asset class match the needs of pension liabilities

Moreover, real estate is an excellent stabiliser when listed assets are negatively affected.

### An institutional SICAV promoting transparency

This SICAV allows for closer monitoring of asset managers. It bolsters the transparency of the OGEO model notably through improved and more frequent reports.

## A prudent and diversified investment strategy

### Long term strategy

OGEO FUND guarantees the long-term payment of pensions. In order to minimise risk, OGEO FUND plays the diversification card, using seven different asset classes.

### The Financial Committee is supported by renowned independent experts

The main role of the Financial Committee is to assess, in a neutral and independent manner, the key financial indicators, portfolio quality and investment strategy.

### Managers are subject to a selection process

The renowned fund managers that OGEO FUND calls upon are subject to ongoing competition. These asset managers are given wide-ranging discretionary management mandates.

### Real estate: a 'stabiliser' when compared to assets that are directly affected by market fluctuations

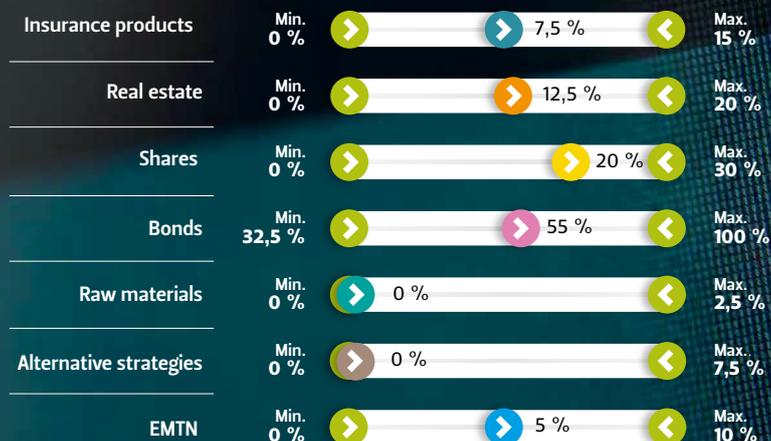
OGEO FUND selects and retains projects whose net medium-term yield is at least 5%. OGEO FUND focuses on the acquisition of commercial property occupied by quality tenants who are committed to a rental period that is as long as possible, with index-linked rent.

This property portfolio sets OGEO FUND apart from most other Belgian pension funds which rarely invest in 'bricks and mortar'; their real estate investments are generally made through investment funds.

**Full details of the real estate investments made in 2013 can be found on page 15.**

## How OGEO FUND diversifies its portfolio

To minimise risk, OGEO FUND diversifies its portfolio by using 7 different classes of assets. For each class, minimum and maximum limits are set to optimise the 'prudence/performance' duo whilst taking account of market developments.



▶ = current strategic allocation

# VI. Property investments made in 2013

## Immo Haecht 1442

An investment in partnership with Integrale.  
Located on Chaussée de Haecht, 1442 in Haren.

- Office space: ± 16,000 sq. m
- Parking: 212 spaces

Tenant:

- Atos Worldline Propco



## Cerep Loi 15

An investment in partnership with Integrale.  
Located at Rue de La Loi, 15-19 in Brussels.

- Office space: ± 19,000 sq. m
- Parking: ± 80 spaces
- Major renovation: 2006
- Refurbishment: 2012-2013

Main tenant:

- European Commission
- Floor space: ± 18,000 sq. m



## Belval in Luxembourg

Located in Esch-Belval (a western suburb of Esch-sur-Alzette) in the Grand Duchy of Luxembourg.

- Office space: ± 10,000 sq. m
- Parking: 135 spaces

Tenant:

- Ministry of Finance

Main occupier:

- ADEM (Employment Development Agency)





You have to sow to reap



**OGEO FUND OFP**

Approved as a Pension  
Institution (IRP)  
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The annual report for 2013  
is available on  
OGEO FUND's website at:  
[www.ogeofund.be/en/  
publications](http://www.ogeofund.be/en/publications)

