



Valuations for Private Markets within the new pension contract

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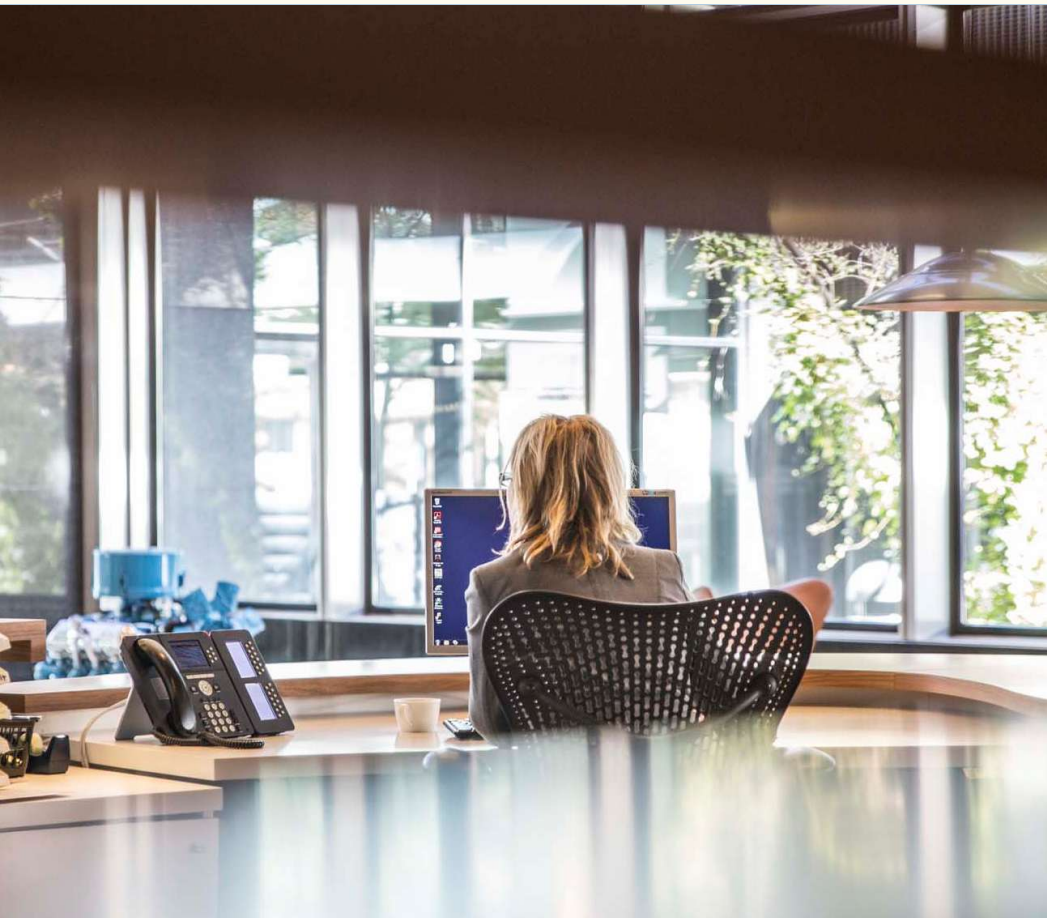
7 Dutch pension fund
clients

500 employees

€160 billion assets under
management (of which
50% in-house)

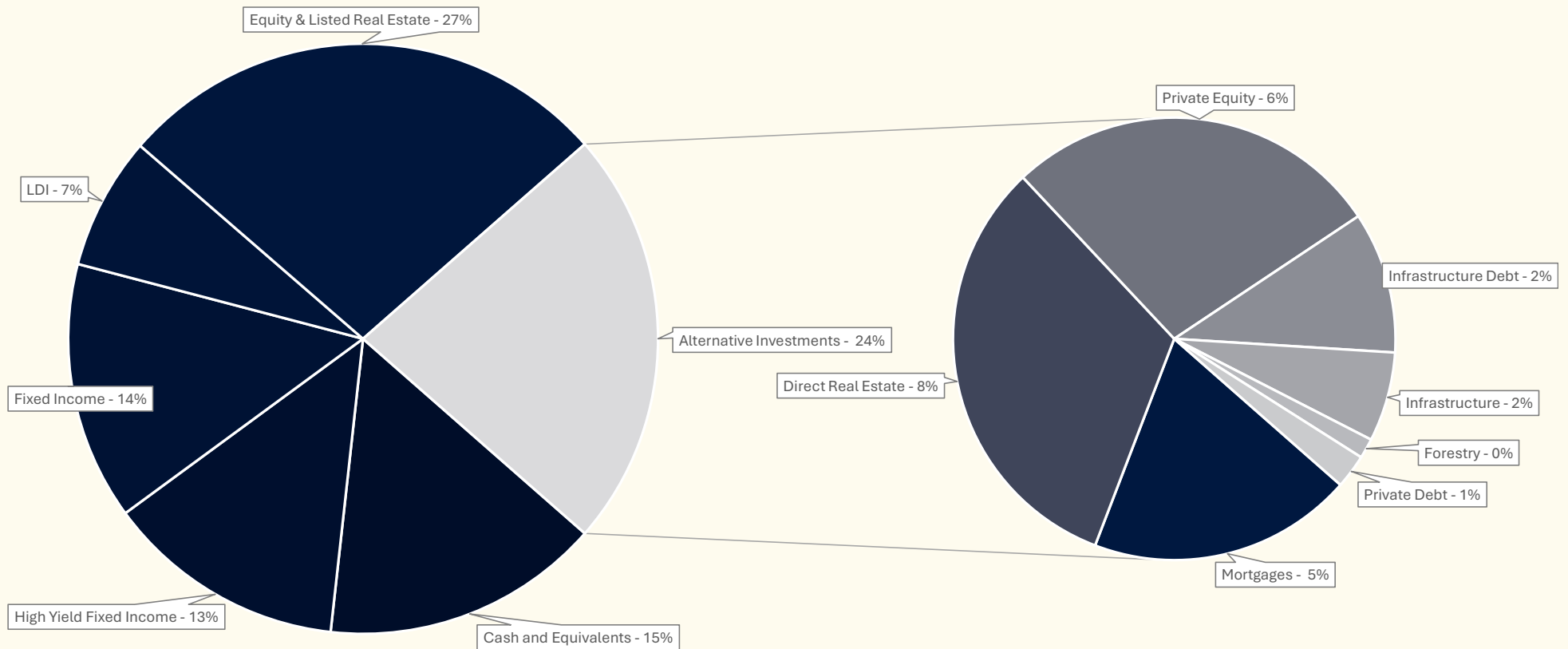
2 million pension plan
participants

For a good pension, now and in the future



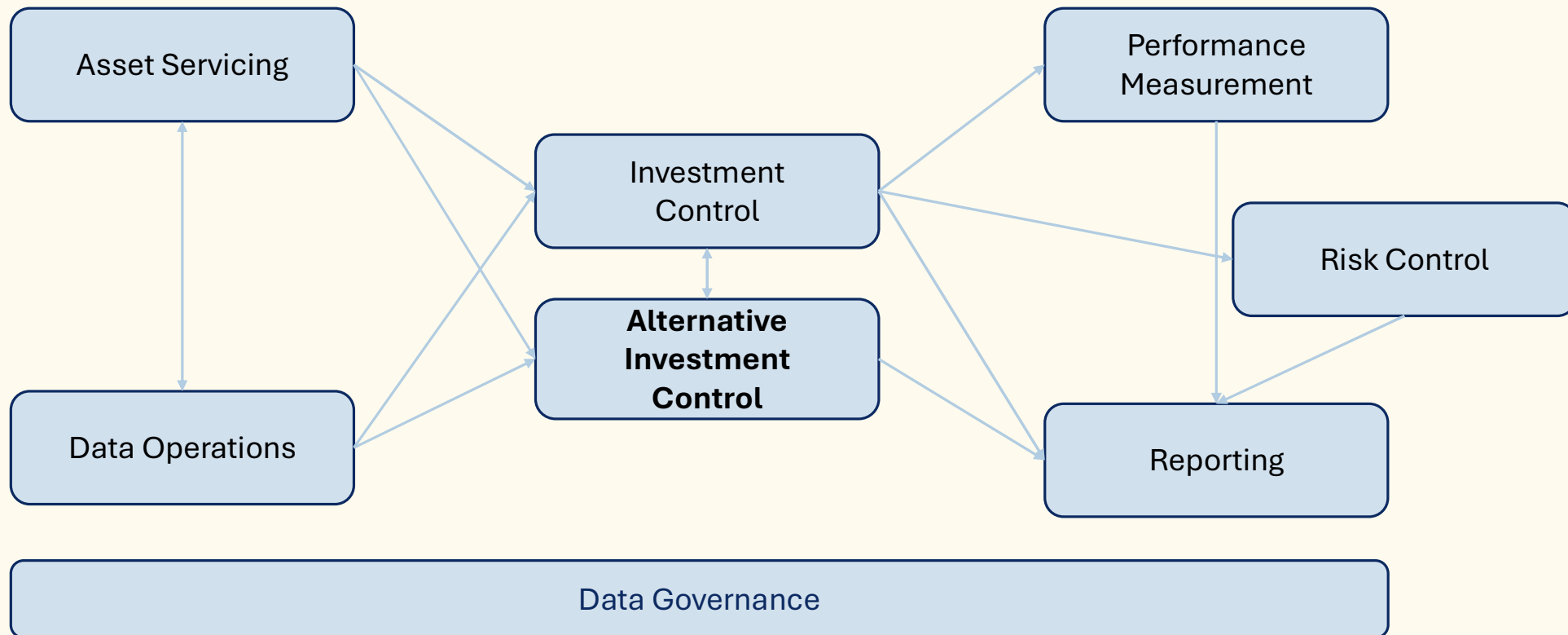
- Strategic advisor, designer, and implementer of investment solutions
- Responsible investment integrated across all investment stages
- Working in partnership with our clients
- Extensive track record with social stakeholders

We invest on behalf of our clients



Classificatie: Algemeen

Investment Management Services



Responsibilities Alternative Investment Control



Transactions

Book capital calls and distributions on a daily basis

Valuations

Process all valuations received before 13 on the same day

Backtesting process

Commitment check

Costs

Provide input for cost reporting for clients and for the Dutch Central Bank (DNB) J402

Validation of management fees and performance fees

Canoe en eFront



Canoe

Canoe is a machine-learning tool that enables the Alternative Investment Control team to extract manager PDF-data from investor portals, streamlining valuations, transactions, and cost processing.

1171 documents collected in the last 90 days.

eFront

eFront captures details of underlying alternative investments for product evaluation and managing currency hedging exposures.

Why accurate valuation matters in the new pension contract



Fair allocation

Accurate valuations ensure a fair distribution of pension assets among individual participants.

Allocation

Correct valuation supports (indirect) lifecycle investing and fair distribution of returns.

Communication

Valuation impacts benefit projections and correct valuations prevent misleading information.

Valuation of illiquid investments in the context of new pension contract



Illiquid assets are valued at latest manager estimate, adjusted for cash flows, with valuations typically delayed by a maximum of 45 days.

Considered ways of working:

- Apply backdated valuation adjustments when data is received
This option is practically unfeasible due to the data requirements for the pension administration.
- Introduction of valuation model
Research found no accurate valuation models. Backtesting confirmed unreliability, especially during extreme market conditions.
- Retaining the current valuation methodology and acknowledging delayed valuation
This is the selected approach.

Question Mentimeter

On which business day is the month-end close at your company?

- A Business day 1, 2 or 3
- B Business day 4 or 5
- C Business day 6 or later
- D Not applicable for the company I work for



Month end close moved to business day 2

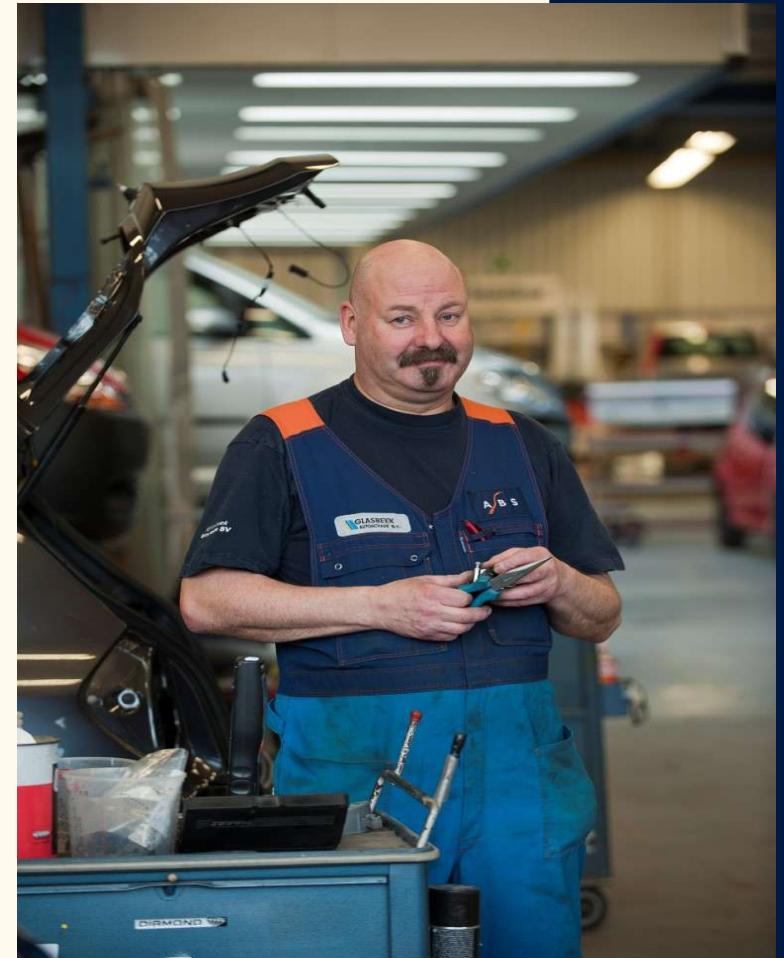
- In 2025, the month end close process has shifted from business day 3 to business day 2.
- For an illiquid fixed income product, we developed our internal valuation model.
- One of the external managers for mortgages managed to provide a valuation on business day 2. For all the other mortgages funds, the valuation is one month behind.

Classificatie: Algemeen



Client specific illiquid bond portfolio

- External manager provided valuations at business day 5 which was misaligned with our month-end closing at business day 2.
- Developed our second-opinion model as an alternative to the external valuation.
- The model was validated by an external party and afterwards it was approved by MN's valuation committee as the official valuation methodology.
- This approach will also be investigated for valuations for Private Corporate Debt and Infrastructure Debt.



Changes in valuation policy for new pension contract



Impairment

If MSCI World Euro has a decrease over 15% in a quarter, impact on illiquid assets is analyzed and reviewed by the valuation committee.

Held for sale positions

When illiquid assets are sold before maturity, valuation shifts to the agreed preliminary price approved by the client.

US Corporate Income Tax

Change the way of incorporating federal US corporate tax refunds: from cash accounting to a receivable.

Valuation of alternative investments at transition moment



- Clients have established a policy outlining how to handle significant revaluations during the transition to the new pension scheme, taking into account the impact on different categories of participants in the fund.
- Clients adhere to a consistent policy with regards to their annual report.
- For their annual report, some clients consistently include revaluations of alternative investments, while others only do so when the amount exceeds a defined materiality threshold.



Question Mentimeter

For which illiquid asset class do you (or your colleagues) have the biggest challenge with regards to valuations?

- A Private Equity or Infrastructure
- B Real Estate
- C Illiquid Bond Products
- D Others
- E Not applicable for the company I work for





Questions?

**Thanks
for
your
attention**



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