



True Partner releases new thought piece focused on Dutch pension funds

Should pension funds be taking advantage of low hedging costs?

This is a historically important moment for many Dutch pension funds.

After years of planning, several funds are expected to transition to the new pension system on January 1, 2026, with most others transitioning between then and January 1, 2027.

Many funds have increased interest rate hedging into the transition, but is that enough? Our stress testing suggests that **coverage ratios could drop sharply in a significant equity market downturn.**

While the fall in equities into April was mild by the standards of stress events such as 2008 and 2020, for some funds even a repeat of that move near transition dates could impact plans. If a more severe downturn was to occur, many funds could be impacted.

The good news is that with the V-shaped recovery, **hedging costs are well below historic averages**, despite a backdrop of policy uncertainty, geopolitical tensions and high valuations. **We believe that pension funds should be actively considering adding hedges to ensure a smooth transition.**

Hedging can seem like a complex topic, but working with an experienced partner can help enable a fund to evaluate different scenarios, identify an attractive solution and – if the event hits – monetise gains effectively.

But we would suggest that it is better to act now, while market pricing remains attractive – to quote Dutch football legend Johan Cruyff: “You have got to shoot, otherwise you can't score.”

In our latest article, we provide an update on what pension funds have done so far, provide stress testing analysis and a framework for how to think about hedging, with some simple examples. We hope it is a useful contribution to the discussion.

Download the PDF publication following the link below:

[Should pension funds be taking advantage of low hedging costs?>>](#)

About True Partner Capital

True Partner Capital is a global asset management firm founded by a team of former options market makers and technology specialists, with a primary focus on equity volatility strategies. The Firm has offices in the US, Europe and Asia and the key personnel have been working together for over 10 years. The Firm invests on behalf of a varied global investor base. Our investment expertise is accessible via commingled funds, separate mandates and customized solutions where we offer tailored volatility solutions, for example for tail risk hedging. The Firm’s longest running commingled fund has an over 10 year track record pursuing the Firm’s relative value volatility strategy. The Firm trades close to 24 hours a day across liquid global derivative markets and leverages proprietary technology developed by our experienced team, enabling the portfolio management team to identify and capitalize on trading opportunities.

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