



Occupational Benefits News 1/2016
Swisscanto Collective Foundation

The Financial Year 2015 at a Glance

Stability and progress: Not mutually exclusive	2
Key Figures 2015	4
Reserves	5
Funding ratio	6
Investment Portfolio	7
Performance: Report of the Investment Committee	8
Fairness through Transparency	9



Swisscanto

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Stability and progress: Not mutually exclusive

Dear Customer and Insured Persons,

In 2015, the uncertainties on the financial markets remained persisted. The framework conditions for the entire financial industry became even more difficult. However, for the Swisscanto Collective Foundation, the past financial year showed that despite unfavourable conditions, it is possible to generate a solid business result and with more than 40 years of experience to contribute to maintaining confidence in the security of the pension assets entrusted to it.

Credibility as a success factor

We are pleased that in 2015 many companies decided to entrust their employee benefit schemes to the Swisscanto Collective Foundation starting in 2016. This positive growth will first appear in the annual report for the coming year, when the corresponding contracts become included in the portfolio. But one thing is certain: The trust that these companies are placing in the Swisscanto Collective Foundation with their association can be achieved only with a high degree of credibility – a value that the Swisscanto Collective Foundation has acquired over many years by applying a consistent interest rate, adopting a cautious acceptance policy, and unwaveringly complying with its benefits commitments.

The Foundation's financial situation continues to be stable. The funding ratio of 104.7% as at 31 December 2015 is clear evidence of this. Creating provisions on a continual basis ensures that this will also remain the case. As a result of a cautious policy of reserves and hedges, the Swisscanto Collective Foundation was also able to largely cushion the blow from the abolishment of the minimum CHF/EUR exchange rate by the Swiss National Bank on 15 January 2015.

Need for action recognised

Stability and continuity: These terms have always been important guiding values for the Swisscanto Collective Foundation. While they continue to apply, these values should not be permitted to distort the view as regards necessary reforms. The

upcoming "Pension 2020" reform, about which we already extensively informed you in our "Occupational Benefit News", shows that the political bodies have also recognised the need for action: If we want to preserve the proven Swiss social-security system, incisive measures are necessary in some cases. The Swisscanto Collective Foundation is anticipating these reforms with forward-looking business policies that are characterised by security. These include regularly reviewing the applicable conversion rates in the supplementary area, i.e. the one in which the Board of Foundation currently has discretion to act.

In 2016, as well, the Board of Foundation will prioritise the technical parameters and deal with them intensively – in the interest of ensuring the long-term financial stability of the Swisscanto Collective Foundation, but as well also in light of the reform package Pension 2020.

Modern investment strategies, modern tools

Another important element for the long-term security of pensions is a balanced investment strategy: Here as well, the objective is to continuously redefine how security is to be balanced against the effort to generate the necessary income. Modern tools are available to the Investment Commission today for this purpose. Read more about this in the report of the Investment Commission on page 8.

Mainly as a result of the efforts in the investment area, coupled with an adjustment of the investment strategy, the Swisscanto Collective Foundation was able in the past year to keep the interest rate for old-age savings at 3.5% for both the mandatory and supplementary areas, which was well above the minimum interest rate set by the Federal Council (1.75%).

Continuity also on the Board of Foundation



The newly elected joint Board of Foundation began its work on 1 January 2016. The voters have shown us that they, too, are interested in continuity in the strategic decision-making bodies. All members who ran for election again were re-elect-

ed. In addition, two new members were elected to fill vacancies resulting from resignations. Numerous other candidates are available for future openings.

Focus on the interests of insured persons

For the new Board of Foundation, the focus of its activities and decisions will continue to be on the interests of associated companies and insured persons. Over the past years, the Board of Foundation but also the other decision-making bodies and employees of the Swisscanto Collective Foundation

have proved time and again that they know how to keep the ship on course even in turbulent times. But this is possible only if you as our customer consistently place your trust in us. We thank you for it.



Rolf Knechtli
Chair of the Board of Foundation

Davide Pezzetta
Managing Director



Key Figures 2015

Portfolios	2015	2014	Change absolute	Change in %
Statutory Capital (in CHF Mio.)	4 768	4 565	203	4.4
Investments (in CHF mio.)	6 567	6 457	110	1.7
Number of contracts	5 436	5 552	-116	-2.1
Insured persons	48 293	49 365	-1 072	-2.2

Portfolios

During the reporting period, both regulatory capital and investments increased in line with expectations. In the 2015 financial year, the number of both contracts and insured persons fell by roughly 2%. This was due to the fact that the

number of customers who terminated their benefit arrangement as at 31 December 2014 exceeded the number of new customers who were accepted as at 1 January 2015.

Premium Income	2015	2014	Change absolute	Change in %
Periodic employer and employee contributions (in CHF Mio.)	389.6	392.2	-2.6	-0.7
One-time payments (in CHF Mio.)	425.6	457.5	-31.9	-7.0
Total	815.2	849.7	-34.7	-4.1

Premium income

Both periodic contributions by employers and employees and single premiums fell during the reporting period. While the decline in periodic contributions was small (-0.7%), single

premiums fell 7% year on year. But it should also be noted that single premiums are by their nature subject to stronger fluctuations. In the 2014 financial year, for instance, they grew by +24.8%.

Reserves

Actuarial reserves	31.12.2015	31.12.2014	Change absolute	Change in %
Actuarial reserves (in CHF Mio.)	198.6	183.5	15.1	8.2

Investment Portfolio; Value Fluctuation Reserves and Target Value of the Value Fluctuation Reserves

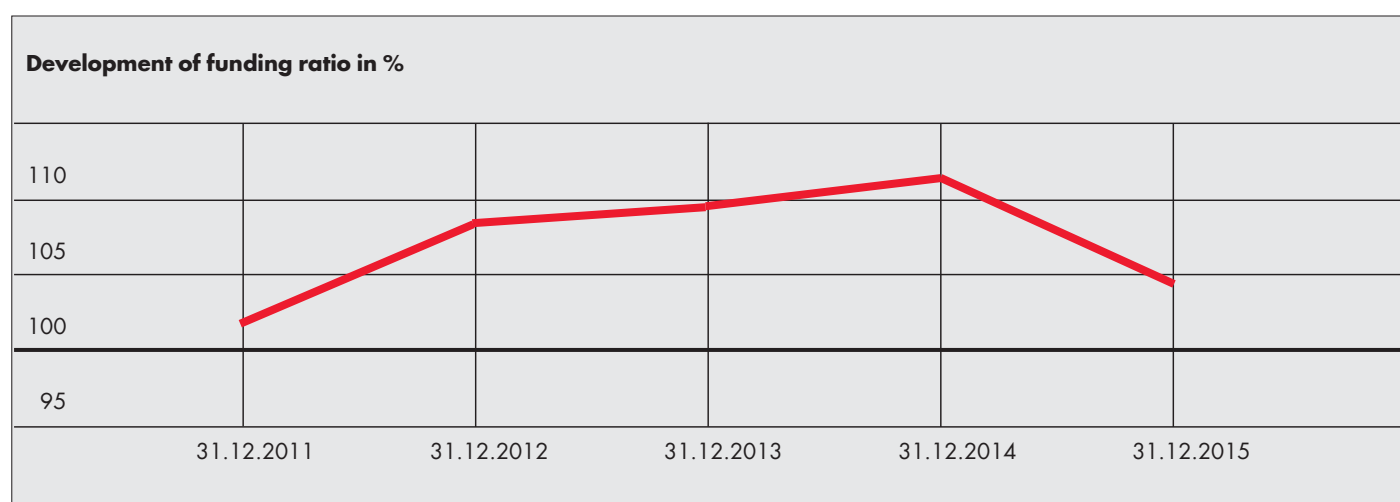
	31.12.2015 in CHF	31.12.2014 in CHF
Assets without individual investments	6 620 242 028	6 494 482 076
Value fluctuation reserves	280 702 641	629 790 238
Target value of the value fluctuation reserves	898 001 468	935 694 090

Funding ratio

The year 2015 was a very difficult one for investments (on this point, also see the reports of Swisscanto Fund Management Company Ltd. and the Investment Commission), and it left its mark on the funding ratio of the Swisscanto Collective Foundation. Nevertheless, the Swisscanto Collective Foundation

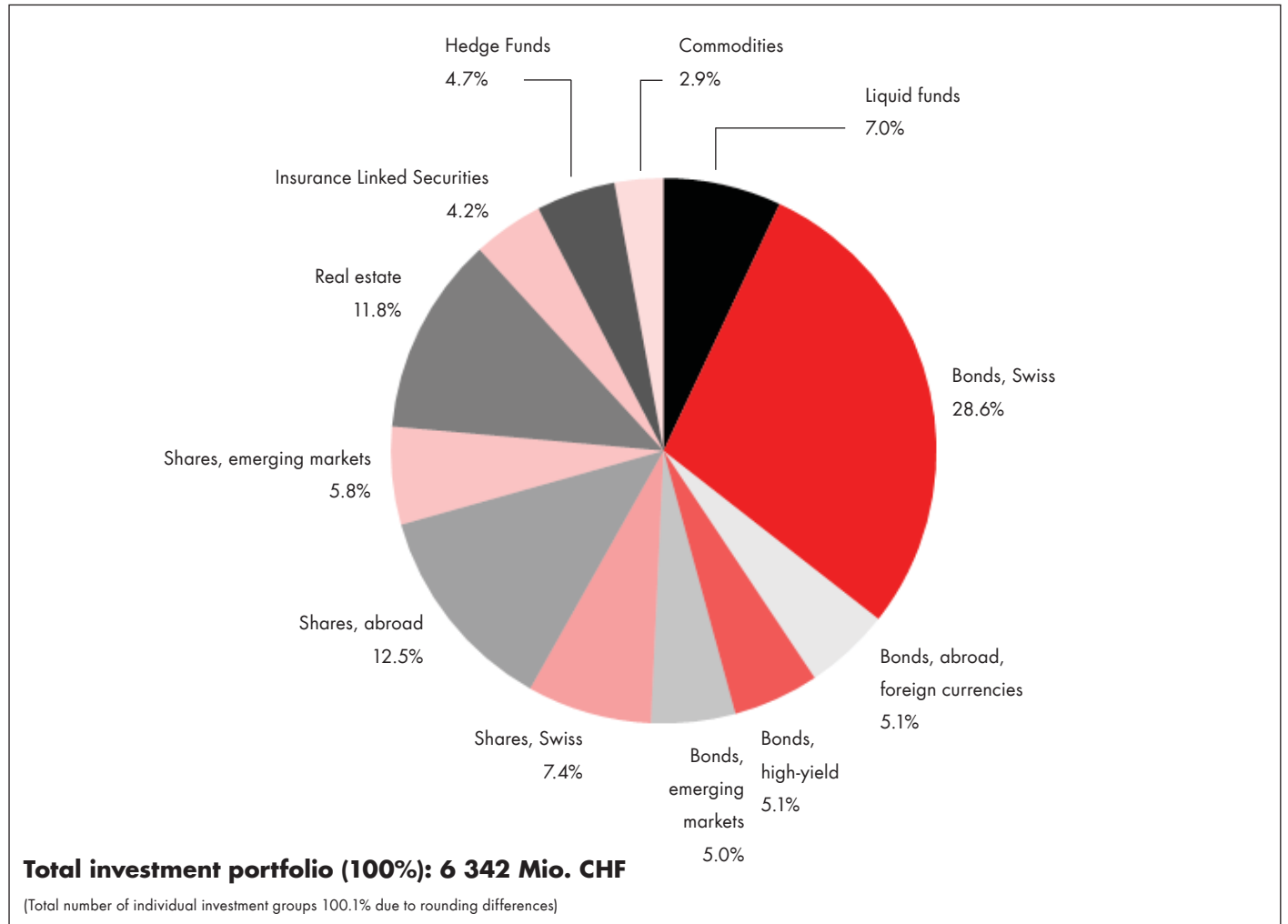
posted a comfortable funding ratio of 104.7% as at the end of 2015. This value takes technical provisions into account (e.g. for a potential lowering of the technical interest rate to 2.5%, provisions for future conversion rate losses and increased life expectancy).

Funding ratio	2015	2014
Funding ratio as at 31.12. (in %)	104.7	111.2



Investment Portfolio

Asset Allocation as at 31.12.2015



Performance: Report of the Investment Committee

Review

Here in Switzerland, the year 2015 started with a bang when in mid-January the Swiss National Bank surprised everyone by abolishing the minimum exchange rate of CHF 1.20 to EUR 1.00 and at the same time lowered interest rates still further into the negative zone. Just days later, the ECB announced a gigantic QE programme in which it planned to make monthly purchases of bonds in the amount of EUR 60 billion until the autumn of 2016. This flood of money was intended, on the one hand, to boost the inflation rate and, on the other, above all to stimulate the economy. In comparison to Europe, the macroeconomic environment in the U.S. turned out to be much more stable, for which reason the U.S. Fed raised interest rates slightly by 0.25% in December. This divergent stance by the central banks led to a strengthening of the USD against most currencies. Unsettling signals about economic trends in China began reaching investors in the summer. As a result, equities and bonds from emerging markets, as well as commodities, struggled over the course of the year. National economies with structural problems, such as Russia and Brazil, were disproportionately affected by the commodities slump and fell into recession.

Portfolio results

The past year was disappointing in terms of investments. With a performance of -2.3% , December in particular contributed to the negative annual result of -2.5% . For the year, it was primarily the slump in commodities as well as emerging market investments that were responsible for the result. With the price of oil standing at about USD 30, commodities fluctuated at a multi-year low. Clear exaggerations can currently be observed on the market, which are developing in a way that is detached from fundamental factors with a longer-term effect, such as supply costs. At the current price level, there will inevitably be adjustment processes in terms of supply, which in the medium term will likely lead to higher prices again. Many market observers are already expecting a corresponding easing over the course of the year.

With regard to emerging market bonds, the trends in exchange rates in particular had a negative influence. Many negative factors are already priced in, and because of interest rate differences, yields on local currency bonds are very high in comparison to industrialised nations. Nevertheless, in the medium to long term, a strategic share of emerging market bonds in local currencies is sensible.

The positive investment categories in the past year were CHF bonds, real estate, alternative investments, and Swiss equities.

Strategy adjustment

A positive performance of roughly 2% was again achieved with CHF bonds in the past year. However, the income perspectives have deteriorated. At the current rate level, the best case scenario is a yield that is still barely positive. This prompted the Board of Foundation to reduce the share of CHF bonds near the end of the year by 9% (now 24%) in favour of equities +3% (now 31%) and alternative investments +6% (now 16%). Investments in the area of alternative investments, such as CTA/global macro and infrastructure, are intended to further increase portfolio diversification and stabilise the portfolio result.

Risk management overlay

Due to risk considerations, the Swisscanto Collective Foundation implemented a risk overlay. In this regard, the share of equities will be reduced in the event of an overly negative market development. Whereas in the past year, this risk cover had not yet paid off, the share of equities was substantially reduced during the first several weeks of the new year. The negative performance on the equities markets was able to be considerably cushioned, particularly starting in February of this year. Through the overlay, the share of equities can be reduced from 31% to as little as 10% in an extreme case.

The year 2016 is likely to bring new challenges in terms of investments. With the slight strategy adjustment and the risk overlay, the conditions have been created for accepting these challenges and looking positively into the future.

Fairness through Transparency

Number 1 of Collective Bank Foundations

As a joint venture of the Cantonal Banks, Swisscanto Collective Foundation is the biggest collective bank foundation in Switzerland. So far, some 6 000 enterprises have entrusted their occupational benefits plans to Swisscanto.

Core Strengths of the Cantonal Banks

Surveys over the last years have repeatedly shown the extraordinarily high degree of confidence in the Cantonal Banks among Swiss banks. Furthermore, their branch network is the densest of all Swiss banks: You can reach your personal insurance consultant easily and any time.

The Cantonal Banks combine state-of-the-art financial service management with a tradition of comprehensive safety requirements. For specific tasks they can source their own specialists: In the case of occupational benefits this is Swisscanto Collective Foundation; Swisscanto Investment Foundation and Helvetia Insurances are additional partners.

To Optimize Returns:

Swisscanto Investment Foundation

Funds of occupational benefits plans demand a highly professional investment strategy which complies with all legal requirements but also satisfies demands for both security and yield. Swisscanto Investment Foundation, a joint venture of the Cantonal Banks as well and the biggest such foundation in Switzerland, is the ideal partner for fund placements in connection with occupational benefits. A member of the Conference of Managers of Investment Foundations (KGAST), Swiss-

canto Investment Foundation adheres to the high KGAST standards of quality. In KGAST performance comparisons among different categories of investment foundations Swisscanto Investment Foundation has continuously reached top ranks.

For Security: Helvetia Insurances

Thanks to Helvetia Insurance, co-founder of Swisscanto Collective Foundation, the risks of death and disability are covered. One of the biggest insurance enterprises in Switzerland, Helvetia Insurance offers comprehensive insurance protection at all times owing to their highly professional risk management.

To Maximize Security

Building on the same pillars of reliability and stability as Swisscanto Collective Foundation, Swisscanto Investment Foundation's prudent and professional investment policy aims to optimize returns while maximizing security at the same time. The insured can thus always be certain that their pension assets are in safe hands.

Transparency in the Administration thanks to Strict Parity

The Swisscanto Board of Foundation is composed equally and only of employees and employers representing the affiliated enterprises. This absolute parity ensures that all board decisions take into account the interests of both the insured persons and the affiliated enterprises – an important element supporting and assuring the independence of the foundation.

The detailed version of the annual report 2015 is available on
www.swisscanto-foundations.ch ▶ Downloads ▶ Annual
Reports

Swisscanto Collective Foundation of the Cantonal Banks
St. Alban-Anlage 26, PO Box 3855, 4002 Basel
Telephone 058 280 26 66
Fax 058 280 29 77

More information at

www.swisscanto-foundations.ch

