



Occupational Benefits News 1/2012  
Swisscanto Collective Foundation

## The Financial Year 2011 at a Glance

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# 2011: A Year in the Sign of Consolidation, Expansion and Innovation



Rolf Knechtli  
Chair of the Board  
of Foundation



Davide Pezzetta  
Managing Director

If in 2011 Swiss occupational benefits for once were not characterized by any major political changes, they were deeply marked by the turbulence in the financial markets. Swisscanto Collective Foundation mastered the ensuing challenges successfully. At the same time, consolidation of achievements made so far as well as the expansion of established strengths and the development of innovation remained on the agenda.

## A Continuous Coverage of More than 100%

Customer confidence in semi-autonomous collective foundations such as Swisscanto remained intact in 2011, even though the numbers of affiliated enterprises and of insured persons were slightly regressive due to the market. This confidence is certainly justified since the coverage ratio remained distinctly positive throughout the entire year, even though the situation on the financial and capital markets remained difficult. Swisscanto Collective Foundation gives and will continue to give top priority to the security of the pension funds capital, which finds its expression in a sustainable and stability-oriented long-term investment policy.

## Innovations in a Dynamic Market

In parallel, numerous innovations to the benefit of our existing as well as our future customers are being implemented, since the quiet in the occupational benefits market cannot last long: The increasing saturation of some partial markets together with the growth potential of other segments creates a high level of dynamics.

## Reforms as Challenges

Swisscanto Collective Foundation sees political challenges such as the structural reform in a positive light: The structural reform serves to further improve transparency in occupational benefits – Swisscanto Collective Foundation has pre-empted this concern many years ago. Furthermore, the reform will strengthen the image of and the confidence in occupational benefits, both of which are ultimately in the best interest of providers as well the affiliated enterprises.

Swisscanto Collective Foundation is and will remain your reliable and innovative occupational benefits partner. We are looking forward to continuing our collaboration and thank you for your confidence.



Rolf Knechtli  
Chair of the Board of Foundation



Davide Pezzetta  
Managing Director

# Key Figures 2011

Portfolios	2011	2010	Changes absolute	Changes in %
Number of contracts	5 750	5 977	-227	-3,8
Insured persons	49 637	50 266	-629	-1,3

The numbers of affiliated enterprises (number of contracts) and of insured persons were slightly regressive in the year under review due to market conditions.

Premium Income	2011 in CHF Mio.	2010 in CHF Mio.	Changes in CHF Mio.	Changes in %
Periodical employee and employer contributions	382,4	403,8	-21,4	-5,3
Single premiums	349,4	344,8	4,6	1,3
<b>Total</b>	<b>731,8</b>	<b>748,6</b>	<b>-16,8</b>	<b>-2,2</b>

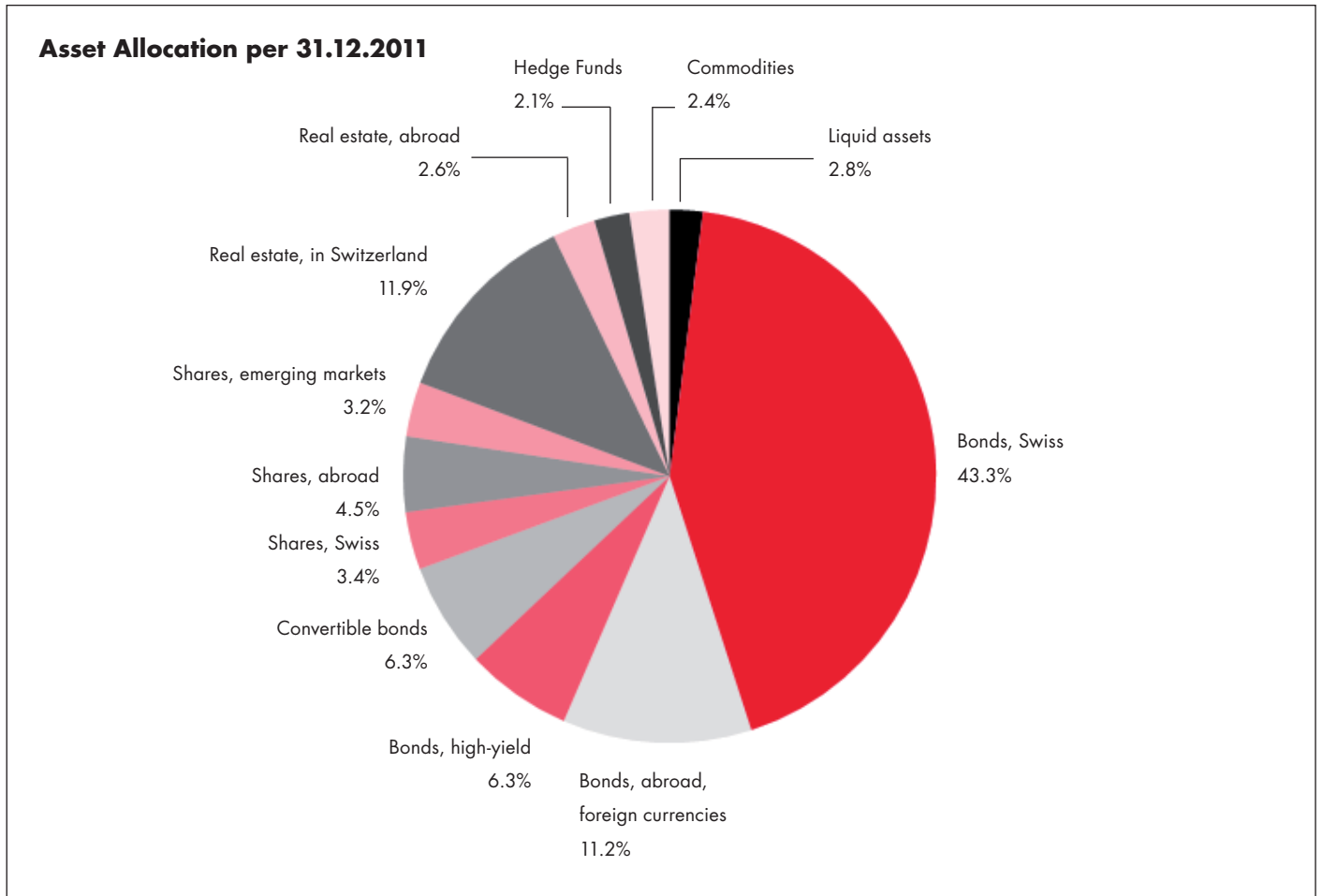
Premium income has decreased compared to the previous year, which is explained on the one hand by regressing portfolios as indicated above and by lowered costs and risk premiums on the other. Single premiums business has slightly increased in volume.

Statutory Capital	2011	2010	Changes absolute	Changes in %
Statutory Capital (in CHF Mio.)	4 130	4 148	-18	-0,4

Following the above-mentioned portfolio regression, vested benefits payments due to withdrawals and contract cancellations increased compared to the previous year, which led to a small decrease in the statutory capital.

Technical reserves	2011	2010	Changes absolute	Changes in %
Technical reserves (in Mio. CHF)	73,2	97,0	- 23,8	- 24,5

# Investment Portfolio



# Performance

## Performance Development

In the past year, the saying "Sell in May and go away" could not have been truer. In connection with the Euro and government debt crisis, stock markets lost significantly in value after May and were corrected in some cases by more than 30%, depending on indices. The Swiss Performance Index suffered a loss of roughly 28.7% from peak to low point. The market did not calm down before August. Bonds, in particular, profited from the tense market situation, not least due to the worldwide low-interest policy of central banks, which is likely to be continued for an extended period of time.

With regard to the portfolio, CHF-denominated bonds therefore developed best with +6.4%. With 44% this category shows the highest allocation of the portfolio. Bonds in foreign currencies also developed positively (+2.6%) but lagged behind CHF-denominated bonds due to the negative currency developments. Until the end of September this category even showed a negative performance, which turned markedly positive after the intervention of the Swiss National Bank in August. Besides the nominal assets, real estate in Switzerland also provided a positive contribution with a raise of +5.6%.

Stocks impacted negatively since they finished the year -8.0% (Switzerland), -10.9% (world) and -23.5% (emerging markets). Commodities (-2.8%) and Hedge Funds (-4.0%) also lost value, though to a much lesser degree: they could not realize a supplementary contribution as diversification placements. As in previous years, the markets were defined by risk on, risk off regimes, which concerned all high-risk categories.

The total yield of the portfolio reached 0.7% at year's end and remained significantly under the long-term expected value. The tactical overlay, which decreased value particularly during the negative market phase between May and August, negatively influenced the result by -0.5%. In order to safeguard the coverage ratio, the Investment Committee decided to suspend tactical overlay as of end of August and to implement instead an assets strategy of index-tracking allocation.

## Conclusion and Outlook

The year 2011 was marked by the Euro and government debt crisis as well as the continuously less promising macro perspective, which could lead Europe in particular into a recession by the end of 2011. After a good start early in the year, stocks were negatively impacted, above all during the second and third quarter 2011, and the overall positive performance of the portfolio was diminished.

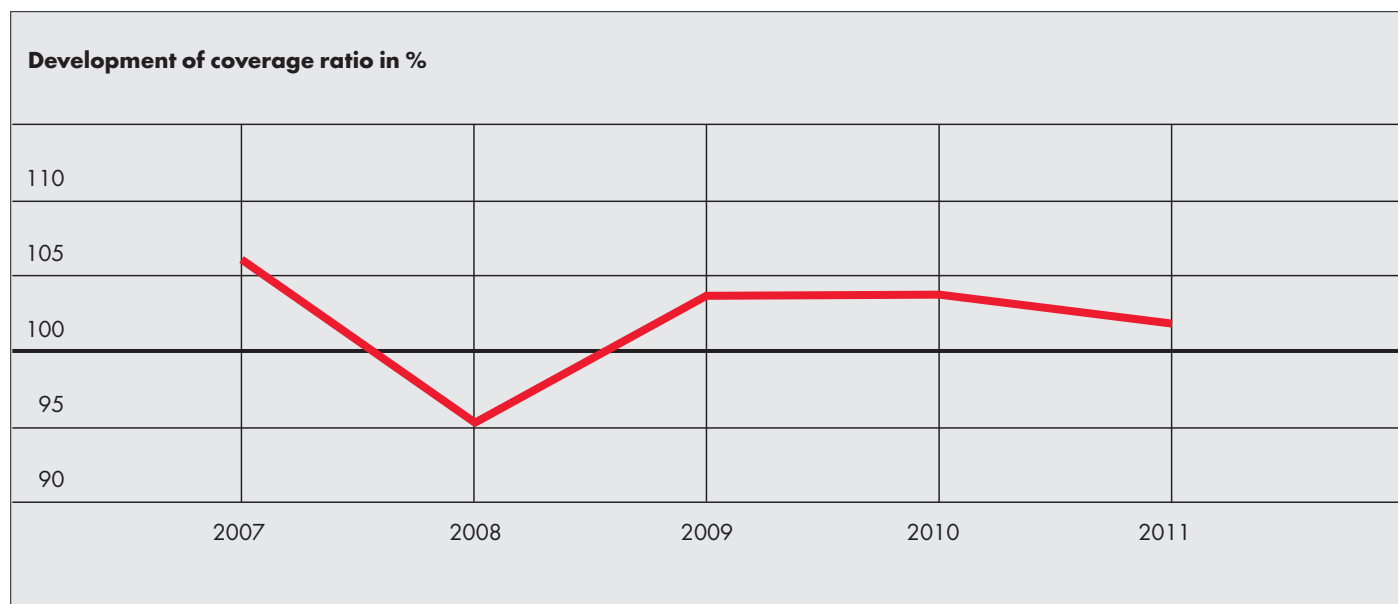
A review of the investment strategy is currently under way and will be concluded during 2012. Swisscanto Collective Foundation's generally conservative investment strategy, with a stock quota including commodities of around 13% plus a high nominal value quota, has had a comparatively positive effect over the last years.

# Development of Coverage Ratio, Reserves

## Development of coverage ratio

Thanks to a safety-oriented investment policy, Swisscanto Collective Foundation managed to keep the coverage ratio above the 100% barrier for the entire duration of year under

review, despite the turbulent financial markets, and could further strengthen its excellent position in comparison to the market.



## Investment Portfolio; Target Figure and Calculation of Value Fluctuation Reserves

	<b>2011 in CHF</b>	<b>2010 in CHF</b>
Assets without individual investments	4 416 801 206.45	4 504 898 457.40
Value fluctuation reserves as of December 31	112 686 774.39	173 872 299.15
Target figure for value fluctuation reserves	430 865 916.00	438 266 380.00

# 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 integrated 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 second biggest such foundation in Switzerland, is the ideal partner for all fund placements in connection with occupational benefits. A member of the Conference of Managers of Investment Foundations (KGAST), Swisscanto 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 five biggest insurance enterprises in Switzerland, Helvetia Insurance offers comprehensive insurance protection at all times owing to their highly professional risk and claims 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.

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