



Occupational Benefits News 1/2013  
Swisscanto Collective Foundation

## The Financial Year 2012 at a Glance

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# 2012: Successfully mastered challenges



Rolf Knechtli  
Chair of the Board  
of Foundation



Davide Pezzetta  
Managing Director

External conditions at the beginning of the business year 2012 gave little cause for optimism: the period of low-interest rates continued, debt rescheduling in Europe and the US were in full swing and public debts in various countries were not only a topic for international politics but also preoccupied the citizens who were confronted with loss of prosperity and unemployment.

The overall good results which Swisscanto Collective Foundation is able to present for 2012 is thus even more gratifying: certainly the very high level of customer loyalty contributed substantially. Furthermore, Swisscanto Collective Foundation has been able to convince more and more brokers, an increasingly important trade channel, of the quality and performance of Swisscanto Collective Foundation products.

The upward trend of the stock markets, in combination with a moderate increase of the stock ratio in the investment portfolio, has influenced the Swisscanto Collective Foundation's coverage rate very positively. The coverage rate of 108.2% as of December 31, 2012 allows new reserves to be built, which in turn increase the financial stability of the Foundation and guarantee added security for associated enterprises.

A judgement of the Swiss Federal Supreme Court caused quite a stir last year: Asset managers must refund all remunerations which they receive through the investment of client funds (so called retrocessions) to the client. The judgement and its subsequent media attention led to various related client enquiries directed at Swisscanto Collective Foundation. However, Swisscanto Collective Foundation would like to emphasise that this judgement does not apply to Swisscanto Collective Foundation for several reasons. All refunds which Swisscanto Collective Foundation receives from investment partners are fully credited to the investment revenue and are therefore owned by the insured. Swisscanto Collective Foundation has all its investment partners confirm every year in writing that they did not receive any remunerations from third parties.

After the conclusion of the structural reform, occupational pension schemes in Switzerland already face another modification. The Federal Council Reform Package 2020 is currently widely discussed in the occupational benefit sector. Swisscanto in particular welcomes the reform's demands for transparency and supports all measures serving the reform of old-age provisions. Nevertheless, it should be mentioned that the increasing level of regulation concerning occupational benefits may produce only a small gain for the associated enterprises and insured persons while generating higher implementation and controlling efforts for the providers which result in higher costs.

Transparency and reliability will remain the fundamental values guiding Swisscanto Collective Foundation, irrespective of challenging general conditions, on which you as a client can always depend. We are looking forward to continue working with you and thank you for your trust.

Rolf Knechtli  
Chair of the Board of Foundation

Davide Pezzetta  
Managing Director

# Key Figures 2012

Coverage ratio	2012	2011
Coverage ratio as at 31.12. (in %)	108,2	102,7

Portfolios	2012	2011	Changes absolute	Changes in %
Statutory Capital (in CHF Mio.)	4 227	4 130	97	2,3
Investment Portfolio (in CHF Mio.)	4 716	4 359	357	8,2
Number of contracts	5 704	5 750	-46	-0,8
Insured persons	49 333	49 637	-304	-0,6

## Stocks

The regulatory capital increased by 2.3% during the reporting period despite a slight decrease in the number of as-

sociated enterprises and therefore correspondingly the number of insured persons.

Premium Income	2012 in CHF Mio.	2011 in CHF Mio.	Changes in CHF Mio.	Changes in %
Periodical employee and employer contributions	385,9	382,4	3,5	0,9
Single premiums	327,1	349,4	-22,3	-6,4
<b>Total</b>	<b>713,0</b>	<b>731,8</b>	<b>-18,8</b>	<b>-2,6</b>

## Premium Income

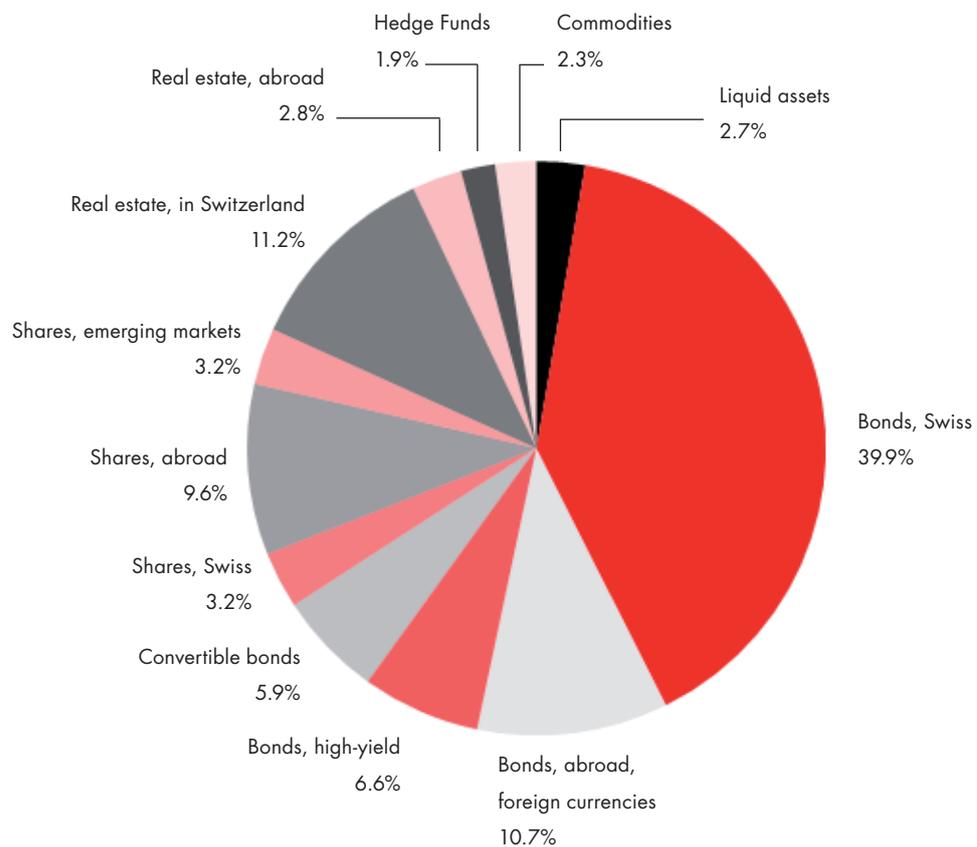
The periodic contributions from employers and employees increased slightly during the reporting period. In contrast, once-only contributions decreased by 6.4% in comparison to the previous year, which is largely explained by the fact that fe-

wer terminations and also fewer new associations were recorded against the previous year. The pool of insured thus showed a lower turnover in total than last year.

Technical reserves	2012	2011	Changes absolute	Changes in %
Technical reserves (in Mio. CHF)	74,4	73,2	1,2	1,6

# Investment Portfolio

## Asset Allocation as at 31.12.2012



**Total investment portfolio (100%): 4 716 Mio. CHF**

# Performance: Report of the Investment Committee

## Development of Performance

The past year proved to be a successful investment year since basically all investment categories developed positively. Although interest rates were very low already a year ago, even fixed-interest investments managed to yield a positive return. Returns sank accordingly for government, corporate as well as high-interest bonds. The strongest gains were achieved by corporate bonds and particularly bonds in the high-yield segment with a lower credit rating.

The stock markets as well gained within a double figure margin. Measured against the world stock market index Plus of 17.7%, the Swiss stock market (API) showed an above-average performance. Also comparatively very good results were achieved last year by the stock markets of Germany (DAX: 29.1%), Greece (+33.4%), Japan (Nikkei 225: 122.9%) as well as the threshold countries Thailand (+35.8%) and the Philippines (+33%).

Gold gained for the twelfth year in succession, even though slightly less so than in previous years (+7.1% in the US).

Of our portfolio the investment categories Properties Abroad (+24.4%) and High-Yield Bonds (+22.3%) showed the best development, which represented 2.8% and 6.6%, respectively, at the end of the year. The three stock categories Switzerland (+18.1%), Abroad (+14.4%) and Emerging Markets (+11.2%), which together represent a share of 16% in the portfolio, also performed positively.

Another positive contribution to profit came from Swiss Bonds (+3.2%) and Foreign Currencies (+15.4%), which at year's end accounted for 39.9% and 10.7%, respectively. Only Raw Materials had a negative impact with a performance of -2.1%.

The total yield of the portfolio was +7.5% at the end of the year and thus lay noticeably above the long-term target return. The performance was also in line with the defensively positioned Pictet BVG 25 Index (+7.6%) and the Credit Suisse PK Index (+7.2%). Both these indices comprise a higher rate of stocks, however. Our own benchmark was surpassed by +1.0%.

## Coverage Rate

Last but not least, the satisfactorily positive performance is reflected in the coverage rate which improved in 2012 from 102.7% to 108.2%.

## Review of the Investment Strategy

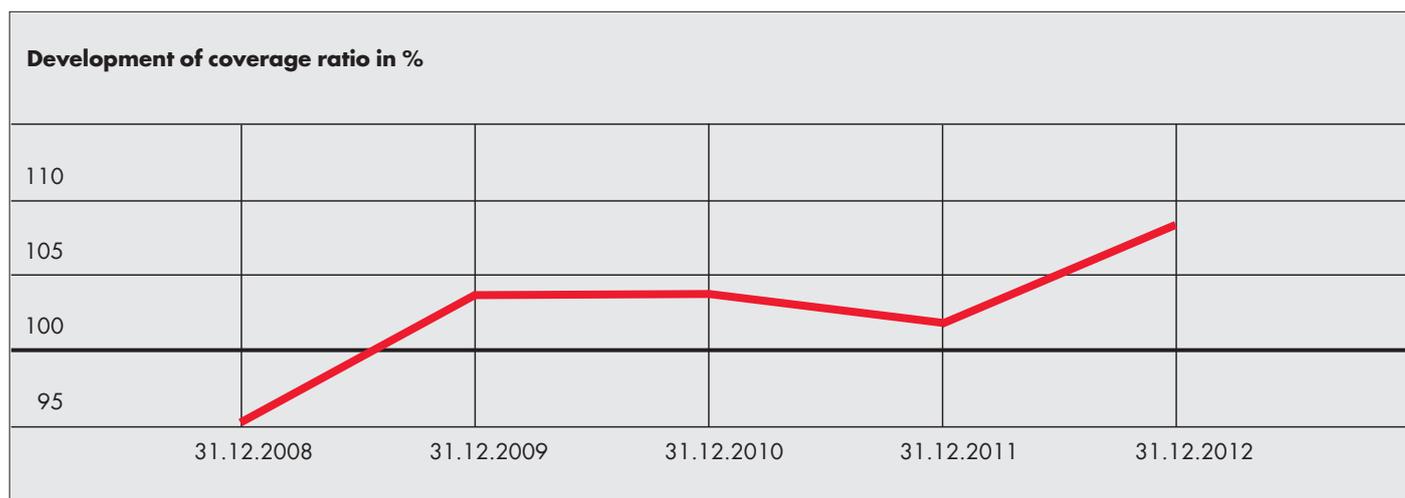
The revision of the investment strategy has been largely completed and will be implemented over the next few months. During the past several years, the more conservative investment strategy of Swisscanto Collective Foundation has had a comparatively positive effect with its stock quota of roughly 18% including raw materials and a high share of nominal value. In the meantime, however, the question arises whether the high ratio of bonds – considering the meanwhile very low interest rates with negative real interest – could not have a negative impact in future. Therefore the strategy will be aligned with current market conditions always allowing for benefit obligations. An increase in the stock ratio is planned in combination with the concurrent implementation of a risk overlay, thus optimising the potential yield while taking into account the increased risk.

# Development of Coverage Ratio, Reserves

## Development of the Coverage Rate

Owing to the slightly increased stock portion in the investment portfolio and the overall positive performance of the invest-

ment groups the coverage ratio shows a marked increase from 102.7% to 108.2% in the year reported.



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

	<b>2012 in CHF</b>	<b>2011 in CHF</b>
Assets without individual investments	4 751 890 081.42	4 416 801 206.45
Value fluctuation reserves as of December 31	352 321 939.79	112 686 774.39
Target figure for value fluctuation reserves	460 234 381.00	430 865 916.00

# 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 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), 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 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.

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