



Occupational Benefits News 1/2014  
Swisscanto Collective Foundation

## The Financial Year 2013 at a Glance

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**Swisscanto**

# 2013: Innovations from Within and from Without



Rolf Knechtli  
Chair of the Board  
of Foundation



Davide Pezzetta  
Managing Director

## Swisscanto Strategy Successfully Concluded

Over the last years a continuously repeated theme in all Swisscanto Collective Foundation publications was this: The new strategy with the aim to consequently position the Swisscanto Collective Foundation as a semi-autonomous provider of occupational benefits. The business year 2013 saw this work achieved on schedule.

As of January 1, 2014 all current and future old-age pensions are carried by the Swisscanto Collective Foundation itself and not any longer by Helvetia as reinsurer. The capital transactions necessary for this have taken place and the adaptations of the technical systems have been implemented faultlessly.

With the product option "coverage rate on the pension funds level" eligible companies can participate in the Foundation's performance in a more direct manner. The new product option furthermore enables companies to affiliate with Swisscanto Collective Foundation under certain circumstances even if their current pension plan is underfunded.

## Plebiscites and Reforms Affect Occupational Benefits

In 2013 Swiss voters sent a clear signal by accepting the initiative against rip-offs ("Abzocker-Initiative"). The discussion about excessively high salaries of managers almost succeeded in pushing aside the influence of the initiative on Corporate Governance, i.e. on how major investors vote at general assemblies of companies in which they have a share. This influence is considerable but has only a minor effect on the conduct of the Swisscanto Collective Foundation. The pension fund assets concerned by these new regulations, which clients entrust to the Swisscanto Collective Foundation, are invested entirely in investment groups of the Swisscanto Investment Foundations, who in turn votes independently and in the best

interest of investors. Furthermore, Swisscanto Investment Foundations makes its voting transparent by publishing votes down to share certificate level on the internet – and this not only since the acceptance of the anti-rip-off initiative: transparency has always been one of the most important tenets for the entire Swisscanto Group.

## An Interest-Rate Policy in the Interest of Active Employees as well as Pensioners

As part of their strategic review the Foundation's Board of Trustees also reassessed Swisscanto's performance strategy. The Board decided to determine the interest rates on retirement assets in future on the principle of equal treatment for insured active employees and old-age pensioners, provided the financial situation of Swisscanto allows it. In this respect the Board is guided in the long term by the technical interest (of currently 3 %) on the one hand and by Swisscanto's security requirements (building the necessary reserves and provisions) on the other. The aim is a long-term, balanced interest-rate policy, which considers the interests of both active employees and pensioners in equal measures. The Foundation's Board of Trustees will decide on the interest rate of the following year shortly before the end of the business year.

## Trust as the Basis of Cooperation

We would like to thank you for your confidence, which we hold dear. As in the year past we shall keep on investing into this very trust since it forms the foundation of our continued successful cooperation, to which we very much look forward!

Rolf Knechtli  
Chair of the Board of Foundation

Davide Pezzetta  
Managing Director

# Key Figures 2013

<b>Coverage ratio</b>	<b>2013</b>	<b>2012</b>
Coverage ratio as at 31.12. (in %)	109,4	108,2

<b>Portfolios</b>	<b>2013</b>	<b>2012</b>	<b>Changes absolute</b>	<b>Changes in %</b>
Statutory Capital (in CHF Mio.)	4 383	4 227	156	3,7
Investment Portfolio (in CHF Mio.)	4 989	4 716	299	6,3
Number of contracts	5 601	5 704	-103	-1,8
Insured persons	49 473	49 333	140	0,3

## Portfolios

The number of insured persons increased despite a very slight decrease in the number of affiliated enterprises, and the statu-

tory capital increased by 3.7% in the period under review. Altogether the pool of insured showed a slight turnover as compared to the previous year.

<b>Premium Income</b>	<b>2013 in CHF Mio.</b>	<b>2012 in CHF Mio.</b>	<b>Changes in CHF Mio.</b>	<b>Changes in %</b>
Periodical employee and employer contributions	385,1	385,9	-0,8	-0,2
Single premiums	366,5	327,1	39,4	12,0
<b>Total</b>	<b>751,6</b>	<b>713,0</b>	<b>38,6</b>	<b>5,4</b>

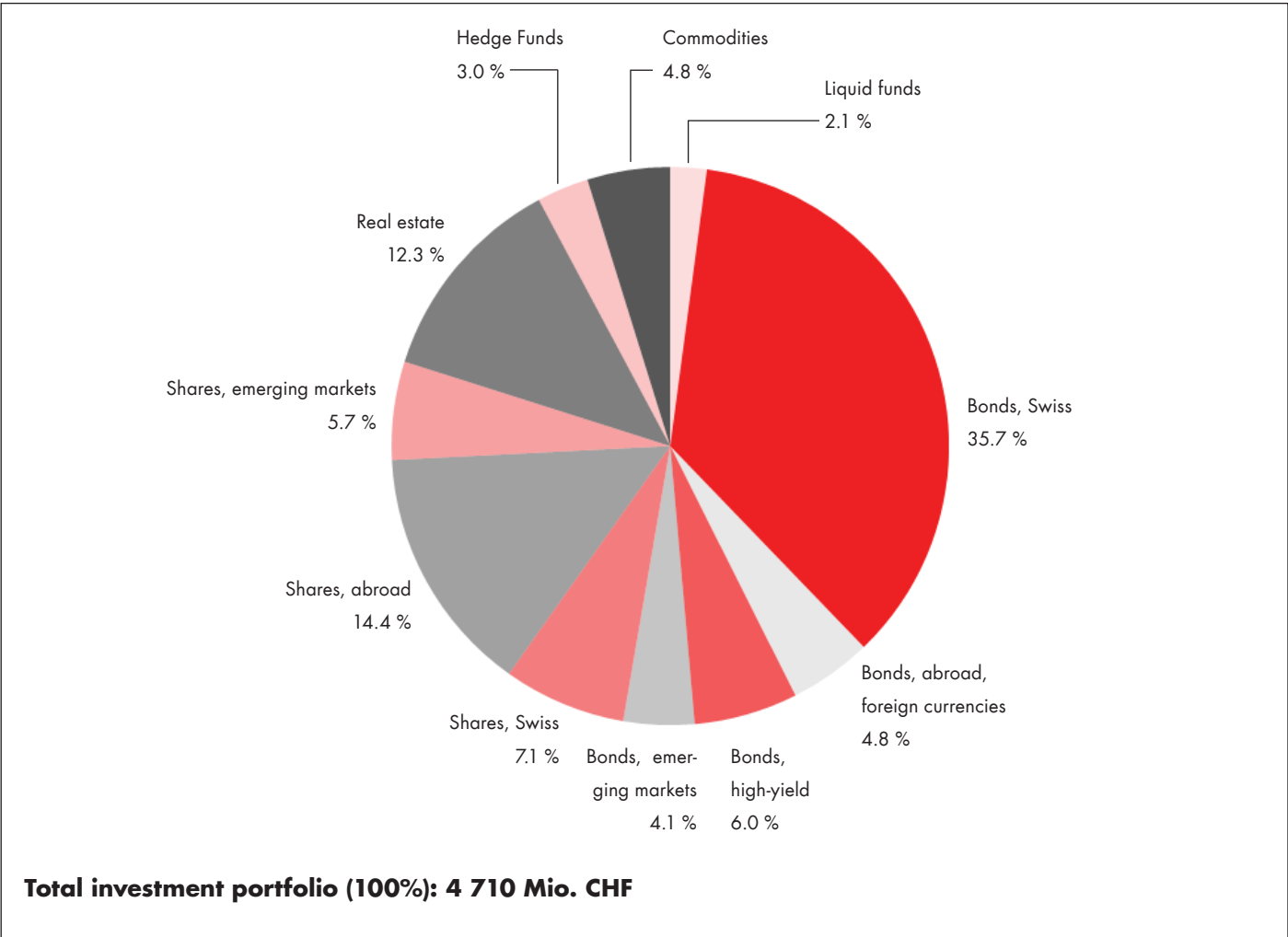
## Premium Income

The periodic contributions from employers and employees decreased slightly during the reporting period, while one-time payments increased markedly.

<b>Technical reserves</b>	<b>2013</b>	<b>2012</b>	<b>Changes absolute</b>	<b>Changes in %</b>
Technical reserves (in Mio. CHF)	80,9	74,4	6,5	8,7

# Investment Portfolio

## Asset Allocation as at 31.12.2013



# Performance: Report of the Investment Committee

## **2013: Monetary Policy as Defining Component; Successful Year for Shares**

The US Federal Reserve's monetary policy decisions shaped the events in the financial markets over the past investment year. Not least due to this, the year 2013 will go down in the annals as one of the more successful stock market years.

Many important stock indices ended the year on the highest levels for several years or even at all-time highs. In Switzerland the economically more sensitive segment of Small-Caps and Mid-Caps performed at +27% better than the broader SIP (Swiss Performance Index) at +24.6%. The MSCI World Index improved by roughly 23% (in CHF). The only drop of bitterness were the Emerging Markets which lost 5% in CHF. The Swiss bonds market (Swiss Bond Index AAA-BBB) realised for the first time since 2007 an annual loss. The biggest markdowns were suffered by the long-term Swiss Confederation bonds.

Among the most important currencies only Euro and Danish krone were stronger than the Swiss franc. All other currencies lost and some massively, mainly those of developing nations and in particular the Japanese yen.

While positive yields could be registered for the stock markets, raw material and in particular gold suffered considerable losses. The price for one troy ounce of gold (31.1 grams) dropped roughly by 28% during the past year. Therefore the gold price will close for the first time in this millennium with a loss year.

## **Positive Impact of the Strategic Realignment**

Within the portfolio, the investment categories Shares Switzerland (+26.9%) and Shares Abroad (+19.5%) developed best, while in particular Bonds Switzerland (-2.2%) and Shares Emerging Markets (-9.8%) made a negative contribution. Alternative investments and real estates also contributed positively: Hedge Funds (+4.8%), Real Estates Switzerland (+5.9%) and Real Estates Abroad (+5.4%).

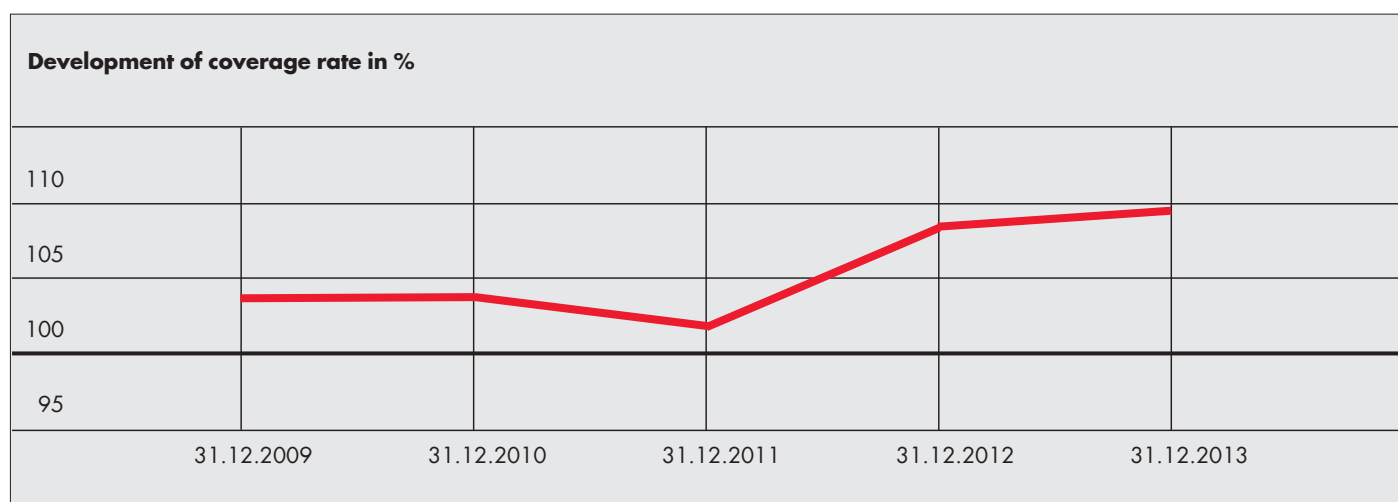
The total yield of the portfolio amounted to 4.1% at year-end and is on a similar level to the Pictet BVG 25-Index with +4.4%. The benchmark index reached only 2.0% and could be clearly outperformed. The reason for this is that the portfolio was gradually more dynamically oriented during the year and approached the new strategy. At year-end the share ratio reached roughly 28%, meeting the strategic objectives, while the previous strategy intended a stock ratio of about 13%.

Both the strategic realignment itself as well as its implementation had a positive impact. In future, a Risk Overlay will accommodate the higher dynamics of the new strategy. In extreme cases this will allow a reduction of the share ratio from 28% to nearing 10% in a negative market environment.

The positive yield has furthermore led to the improvement of the coverage rate from 108.2% to 109.4%.

# Development of Coverage Ratio, Reserves

Thanks to the investment portfolio's increased share ratio and the positive developments of the investment markets the coverage rate has further increased in the reported year from 108.2% to 109.4%.



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

	<b>2013 in CHF</b>	<b>2012 in CHF</b>
Assets without individual investments	5 019 007 400	4 751 890 081
Value fluctuation reserves as of December 31	417 507 383	352 321 940
Target figure for value fluctuation reserves	706 528 145	460 234 381

# 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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