



Swisscanto Supra Collective Foundation  
of the Cantonal Banks

# Annual Report 2014



**Swisscanto**

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Swisscanto Supra Collective foundation is a joint venture of the Cantonal Banks and Helvetia Insurances for the realisation of occupational benefit schemes.

# Higher interest, comfortable funding ratio

The so-called “redistribution problem” is a constantly recurring theme in the area of occupational benefit schemes: As people are getting older and older and therefore drawing retirement pensions for an increasingly long period of time, and, at the same time, the accumulated old-age savings are not sufficient, more funds from the investment income of the active, working participants have to be used to fund these pensions. This redistribution is alien to the system, as in contrast to the OASI, which is based on the pay-as-you-go system, each insured person in the 2<sup>nd</sup> pillar finances their old-age savings themselves.

## Higher interest dampens redistribution

The Swisscanto Supra collective foundation thinks it is vital that the generations are treated fairly and that actively insured persons and pension recipients have equal status. Therefore, it has restructured its performance strategy, with the performance target now based on the level of the technical interest rate of 3%. This means that even in the case of active, working insured persons, we shall strive to pay long-term interest on old-age savings of 3%. The Board of Foundation already made use of its new freedom in 2014: Thanks to a dividend distribution of 1.25%, the total interest on old-age savings could be increased to 3%. The Swisscanto collective foundation is even guaranteeing interest of 3.5% for 2015.

Naturally, all these measures are always approved after carefully weighing up and analysing the risks, and the security of pension assets is a priority at all times. The Board of Foundation will also be guided by this in the future when it decides whether to make further earnings distributions at the end of a year.

## Comfortable funding ratio

Swisscanto Supra’s funding ratio has reached a comfortable 113.9% in the year under review. This fact confirms the security-oriented policy of the Board of Foundation and is a testimony to the excellent financial position of Swisscanto Supra.

## Equipped for the future

With the measures taken and the changes in the interests of customers and insured persons, Swisscanto Supra is optimally equipped to meet the forthcoming challenges posed in particular by policymakers, and the investment markets. You can be sure that as a customer or insured person of Swisscanto you are in the best hands. We are committed to ensuring that the interests of the associated companies and the insured persons are optimally safeguarded even in times of necessary change.

Thank you for your trust.



Hanspeter Hess  
Chair of the Board  
of Foundation



Davide Pezzetta  
Managing Director



# Review 2014: Key Figures

| <b>Funding ratio</b>              | <b>2014</b> | <b>2013</b> |
|-----------------------------------|-------------|-------------|
| Funding ratio as at 31.12. (in %) | 113.9       | 110.8       |

| <b>Portfolios</b>               | <b>2014</b> | <b>2013</b> | <b>Change<br/>absolute</b> | <b>Change<br/>in %</b> |
|---------------------------------|-------------|-------------|----------------------------|------------------------|
| Statutory Capital (in CHF Mio.) | 196         | 182         | 14                         | 7.7                    |
| Investments (in CHF mio.)       | 235         | 217         | 18                         | 7.8                    |
| Number of contracts             | 367         | 373         | -6                         | -1.6                   |
| Insured persons                 | 1 426       | 1 402       | 24                         | 1.7                    |

## Portfolios

The statutory capital increased as expected during the period under review; the number of contracts fell slightly.

| <b>Premium Income</b>                                      | <b>2014</b> | <b>2013</b> | <b>Change<br/>absolute</b> | <b>Change<br/>in %</b> |
|--|-------------|-------------|----------------------------|------------------------|
| Periodic employer and employee contributions (in CHF Mio.) | 17.7        | 17.6        | 0.1                        | 0.6                    |
| One-time payments (in CHF Mio.)                            | 3.4         | 4.8         | -1.4                       | -29.2                  |
| <b>Total</b>   | <b>21.1</b> | <b>21.9</b> | <b>-1.3</b>                | <b>-3.7</b>            |

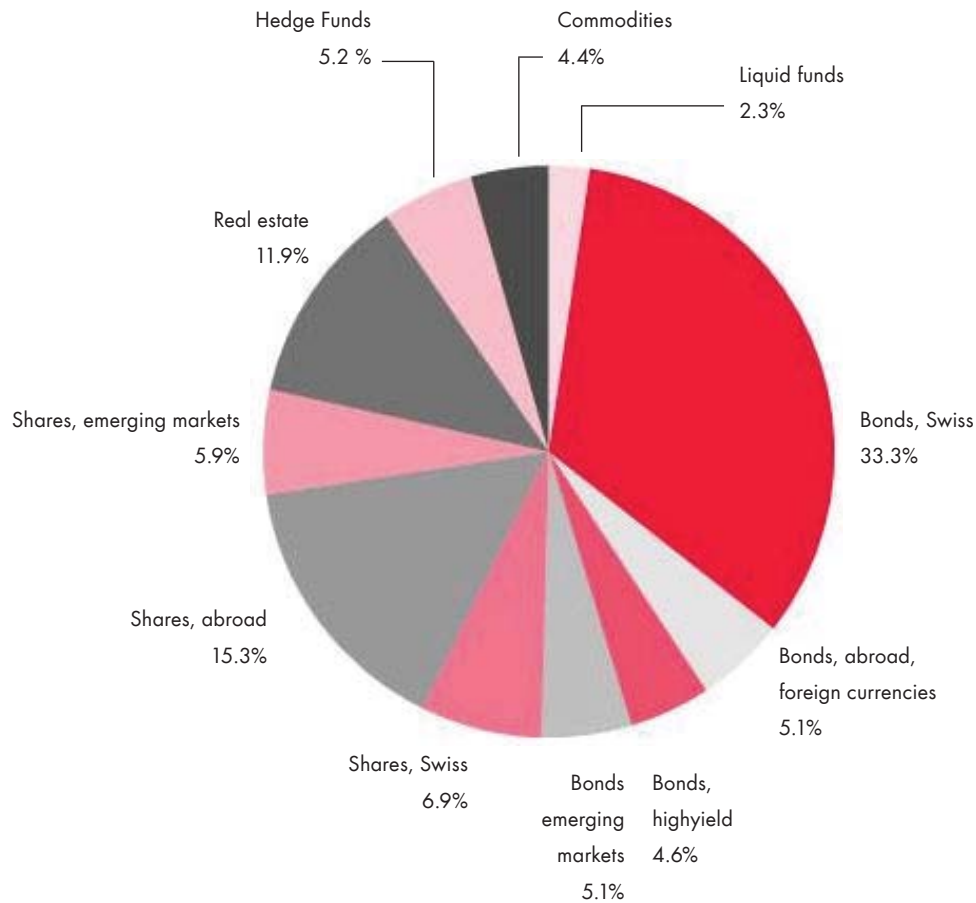
## Premium income

The periodic contributions of employers and employees increased slightly in the period under review. One-time payments, on the other hand, fell sharply.

| <b>Pensioners</b>   | <b>2014<br/>Number</b> | <b>Development<br/>Number</b> | <b>2013<br/>Number</b> |
|---------------------|------------------------|-------------------------------|------------------------|
| Retirement pensions | 40                     | 5                             | 35                     |
| Disability pensions | 14                     | 0                             | 14                     |
| Spouse's pensions   | 3                      | 0                             | 3                      |
| Orphan's pensions   | 1                      | 0                             | 1                      |
| <b>Total</b>        | <b>58</b>              | <b>5</b>                      | <b>53</b>              |

# Investment Portfolio and Policy of Investments

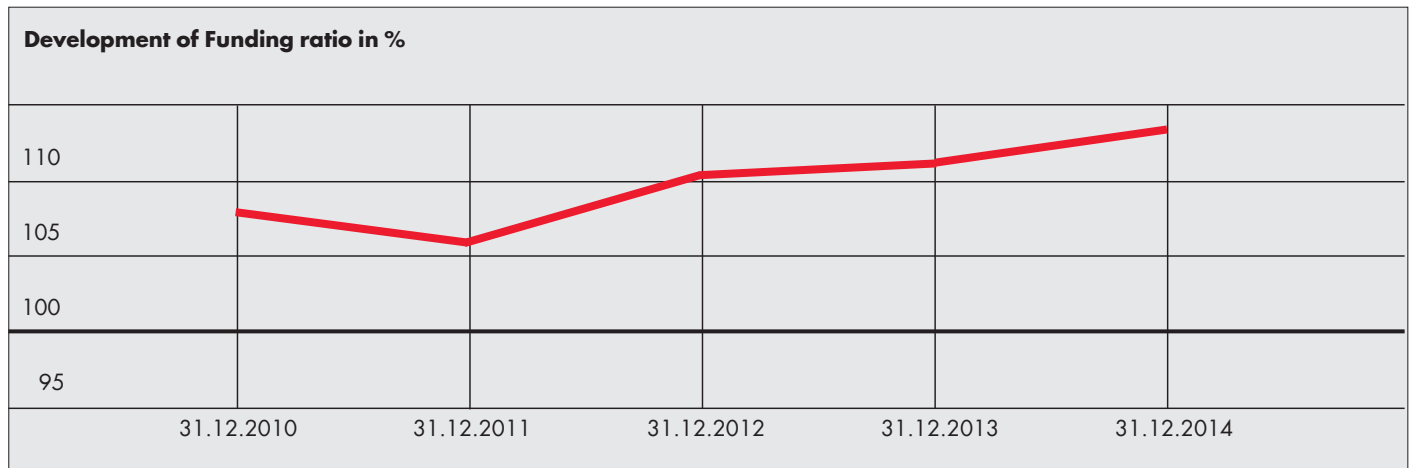
## Asset Allocation as at 31.12.2014



**Total investement portfolio (100%): 216.6 Mio. CHF**

# Development of Funding ratio

Owing to the fact that 2014 was a good investment year, the funding ratio of the Swisscanto Supra could be increased to a solid 113.9%.



# Economic Situation and Investment Year 2014 in Review: Report of Swisscanto Asset Management Ltd.

## Review 2014

One of the most noticeable features of the financial year 2014 was undoubtedly the different economic trends on this and the other side of the Atlantic. In the USA the economic recovery continued with impressive growth rates, the jobless rate fell and wage costs rose slightly towards the end of the year. By contrast, the trend in the eurozone was sluggish. To combat the looming deflationary risk the European Central Bank (ECB) continued to pursue an expansionary monetary policy and the returns on Swiss and German government bonds reached new record lows.

### Surprisingly good year for bonds

At the start of 2014 virtually all analysts agreed that yields would increase over the course of the year and prices would fall accordingly. The opposite was the case, with bonds posting a very strong performance once again both in the US and Japan and in Europe. In Switzerland, yields of ten-year Swiss government bonds dipped to below the lowest levels of 2012 and the yields of ten-year German bunds fell for the first time to less than 1%. The markets for corporate bonds developed positively overall. Contributory factors were the scarce supply and the continuing search for additional returns. One exception was the high-yield segment, when uncertainty about the development of interest rates in the USA in the first half of the year led to a striking drop in performance.

### Shares: an eventful and positive year

The sun also shone on the majority of equity markets, but it was a turbulent year. Recessionary fears in the eurozone, the results of the stress tests for European banks, the imminent end to bond purchases by the Fed, cases of Ebola in the USA and Europe, fighting at various flashpoints (Ukraine, Near and Middle East) and the Argentina's renewed bankruptcy – these were all disruptive factors that put pressure on the markets. While these events affected markets negatively to varying degrees, the positive economic and corporate news from the US proved to be a pillar of stability. The reasons for the worse performance in Europe compared with the US equity markets were, for example, the less than convincing reporting season in the first half of the year and the unrealised economic reforms. Therefore, mid-year the ECB dipped into its toolbox and lowered the interest rate for deposits of commercial banks to –0.1%. The aim of this negative interest rate was to boost lending by commercial

banks. Beside the injection of cash by the central banks, mergers and takeovers brought momentum to the market. Of note is the fact that a large number of acquisitions involved American firms buying companies in Europe. In the last few years US firms have accumulated a great deal of cash outside the country that they cannot repatriate without paying tax. With the increasing economic recovery in Europe, many US companies see an opportunity for strategic investment.

### Fall in oil prices as economic support

The general fall in commodity prices, particularly the striking crude oil price correction, acted like a large tax reduction for many parts of the global economy and therefore supported growth. Above all countries that require a lot of oil to produce a unit of GDP are the winners. These include Turkey and India. The losers, on the other hand, are the OPEC states and Russia.



## Outlook 2015

The bombshell that the Swiss National Bank (SNB) dropped in the middle of January by discontinuing the minimum exchange rate of CHF 1.20 per EUR will have an impact in the long term, at least in the real economy. Above all, export-oriented industrial companies and the tourism industry are challenged even more than they were before. Special efforts are required to compensate in some degree for their sudden loss in competitiveness. Once again investors have realised that the central banks are still making music on the financial markets, but sometimes also create discord. The fact is that the appreciation of the franc against the European currency and the introduction of negative interest rates by the SNB have pushed large parts of the Swiss interest rate landscape into the negative interest rate zone. The ECB's bond purchasing programme has also postponed an interest rate increase in Europe. As a result the investment crisis for fixed-interest securities has intensified.

### Modest prospects for bonds

The SNB's monetary hands were tied with the CHF/EUR lower limit. Correspondingly, the interest rates in Switzerland mirrored the trend in Europe. The lifting of the lower limit has changed little regarding this close relationship. On the contrary, the appreciation of the franc will strengthen deflationary trends if anything. The market is currently anticipating negative interest rates until 2019. Up to a term of 10 years the yield for Swiss government bonds is negative. We see few indications that the SNB can break out of this scenario. In a broadly invested portfolio, corporate bonds can partially compensate for this gloomy picture, but even here the expected additional yield is modest. Therefore, in the area of

fixed-interest investments, specialised segments such as contingent convertible bonds, also called CoCos, remain. Here the yields that can be achieved are currently very attractive compared with the risks incurred.

### Shares remain the first choice

The ECB's latest measures may force many investors into more risky investment classes. Sound corporate results, low commodity (especially oil) prices and a continued relaxed monetary policy in Europe and Japan should contribute to a good climate for shares. There are many reasons why Swiss investors should invest more in Europe, particularly in shares. The abandonment of the exchange rate floor has meant that Swiss investors' depreciation fears vis-à-vis euroland investments have decreased significantly. In view of the lower euro, lower interest rates, lower oil price and increased lending enforced by the ECB, the chances that the euroland may experience a growth spurt within the next few months are good. This would also be positive for the profit growth of companies. In light of the current valuation situation a significant overweight of euroland shares within a global share portfolio is therefore recommended. In our view, a share exposure in selected emerging countries is also worthwhile. The emphasis is on Korea, Taiwan, India and Indonesia.

Our existing overweight in Swiss real estate will be reduced slightly. Especially commercial real estate in regions bordering on Switzerland will feel the effects of the Swiss franc appreciation. In comparison with bonds, Swiss real estate is still preferable.

Swisscanto Asset Management AG

# Report of the Investment Committee

## Performance development

The 2014 investment year was once again characterised by the monetary interventions of various central banks, which, like in previous years, tried to stimulate the respective national economies. There was however one difference this time. While the ECB opted for intensive funding programmes, the US allowed its programmes to run out, although it was still pursuing an expansionary monetary policy. Global growth is supported by these measures, but the debt crisis is not over yet and is depressing expansion rates. When it comes to growth opportunities, the US can play a leading role. It benefits from good labour market conditions and low-cost energy. Europe is currently suffering from reform weakness. The crisis of individual member countries is anything but solved. Moreover, the emerging markets are still not in the best shape with regard to growth.

Global fears of deflationary trends and the described stimulation measures by the central banks led to an unexpectedly sharp increase in bond prices. Consequently, the yields of individual countries fell to a record level. While this is gratifying from the standpoint of an individual investment year, it will lead to problems in the future. This is because in future the minimum yields let alone the target yields will not be covered by the current return on bonds. Moreover, a subsequent interest increase would lead to temporary price losses.

In the portfolio this led in the past year to a performance of 7.6% for the CHF bonds. The yield for hedged foreign currency bonds is at a similar level at +8.1% and at +5.8% the yield for emerging market bonds was more than satisfactory. The only fly in the ointment in the area of investments in nominal assets was high-yield bonds, whose performance on a hedged basis of -0.2% was slightly negative. Widening credit rating spreads prevented a better performance. Once again the outcome was also positive for shares, which yield-

ed a return of between 8.9% (emerging markets) and 14.9% (shares abroad). Swiss shares were sandwiched in between at 12.4%. Companies are benefiting from the high profit margins at present. Ultimately, the price increases also led to rising valuations, which are still accepted by market players in the current climate due to the lack of investment alternatives. Commodities, which achieved a negative performance of -28.7% last year, were disappointing. The funding ratio of the collective foundation has improved again overall and stands at 113.9%.

The portfolio performance of 5.7% was 0.55% short of the benchmark result. The reasons for the deficit were reshuffling effects in the portfolio at the start of the year due to the strategy reorganisation as well as a more cautious stance in the area of CHF bonds. Slight underperformances in the area of foreign shares were offset by the outperformance in the area of commodities.

## Future orientation

The strategic reorganisation involving an increase in the share ratio to 28% to the detriment of investments in nominal assets at the end of 2013 has already had a positive effect. Although the share valuations can in the meantime no longer be described as favourable, a balanced allocation to tangible fixed assets still makes sense from the point of view of future earnings perspectives. To ensure that the share quota can be reduced again if necessary in the event of a marked negative trend in share prices, the Swisscanto collective foundation uses a "risk management overlay".

In light of the current situation regarding interest rates other options are being considered in the area of alternative investments. 2015 will certainly not be an easy investment year, but we are convinced that with the current direction we are well prepared.

# Annual Financial Statement 2014

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# Balance Sheet as per December 31, 2014 and 2013

## Assets

|  | 31.12.2014<br>in CHF  | 31.12.2013<br>in CHF  |
|--|-----------------------|-----------------------|
| <b>Investments</b>                       |                       |                       |
| Liquid funds                             | 16 306 046.42         | 17 795 187.81         |
| Accounts receivable                      | 423 134.04            | 1 545 275.43          |
| Receivables from affiliated employers    | 1 340 456.54          | 1 371 339.24          |
| Investment portfolio                     | 216 580 246.61        | 196 018 714.15        |
| Liquid funds strategic                   | 2 639 324.17          | 36 340 428.26         |
| Collective investments bonds             | 105 207 229.12        | 85 840 529.21         |
| Collective investments convertible bonds | 0.00                  | 5 037 256.81          |
| Collective investments shares            | 64 524 232.75         | 30 011 954.81         |
| Collective investments real estate       | 25 788 888.90         | 22 975 312.80         |
| Collective investments hedge funds       | 11 287 151.35         | 6 174 858.13          |
| Collective investments commodities       | 7 133 420.32          | 9 638 374.13          |
| <b>Total investments</b>                 | <b>234 649 883.61</b> | <b>216 730 516.63</b> |
| <b>Prepayments and accrued income</b>    | <b>571 250.00</b>     | <b>471 750.75</b>     |
| <b>Total Assets</b>                      | <b>235 221 133.61</b> | <b>217 202 267.38</b> |

## Liabilities

|   | <b>31.12.2014</b><br>in CHF | <b>31.12.2013</b><br>in CHF |
|---|-----------------------------|-----------------------------|
| <b>Liabilities</b>  |                             |                             |
| Termination benefits and pensions   | 766 788.70                  | 418 000.55                  |
| Other liabilities   | 514 665.80                  | 1 578 131.80                |
| <b>Total liabilities</b>  | <b>1 281 454.50</b>         | <b>1 996 132.35</b>         |
| <b>Accrued liabilities and deferred income</b>                            | <b>7 206 773.60</b>         | <b>8 901 564.20</b>         |
| <b>Employer-paid contribution reserves</b>                                | <b>3 911 745.15</b>         | <b>4 046 164.45</b>         |
| <b>Pension liabilities and non-committed funds of pension plans</b>       |                             |                             |
| Pension liabilities for active insured persons                            | 195 322 394.60              | 181 682 978.70              |
| Non-committed funds of pension plans                                      | 372 608.94                  | 512 038.22                  |
| <b>Total pension liabilities and non-committed funds of pension plans</b> | <b>195 695 003.54</b>       | <b>182 195 016.92</b>       |
| <b>Asset value fluctuation reserves</b>                                   | <b>27 126 156.82</b>        | <b>20 063 389.46</b>        |
| <b>Dotation capital, non-committed funds</b>                              |                             |                             |
| Balance at the beginning of the period                                    | 0.00                        | 0.00                        |
| Income surplus/expense surplus  | 0.00                        | 0.00                        |
| <b>Total dotation capital, non-committed funds of the foundation</b>      | <b>0.00</b>                 | <b>0.00</b>                 |
| <b>Total Liabilities</b>  | <b>235 221 133.61</b>       | <b>217 202 267.38</b>       |

# Operative Account (I)

|  | 2014<br>in CHF        | 2013<br>in CHF        |
|--|-----------------------|-----------------------|
| <b>Regular and other contributions and transfers</b>                   | <b>29 305 637.60</b>  | <b>28 925 083.10</b>  |
| Employee contributions   | 5 682 940.80          | 5 630 904.90          |
| Employer contributions   | 12 617 598.65         | 12 726 566.40         |
| Withdrawal from employer contribution reserve for contributory funding | -580 627.85           | -754 299.00           |
| One-time payments and purchase amounts                                 | 11 085 725.30         | 10 451 769.25         |
| Transfers to employer-paid contribution reserves                       | 500 000.70            | 870 141.55            |
| <b>Entry lump-sum transfers</b>  | <b>3 373 204.65</b>   | <b>4 825 975.50</b>   |
| Termination benefit transfers  | 3 233 814.35          | 4 221 505.60          |
| Transfers for inclusion of portfolios of insured persons in            |                       |                       |
| - Non-committed funds  | 6 074.30              | 0.00                  |
| - Employer contribution reserves                                       | 0.00                  | 348 763.40            |
| Reimbursements of withdrawals for home ownership/divorce               | 133 316.00            | 255 706.50            |
| <b>Inflow from contributions and entry lump-sum transfers</b>          | <b>32 678 842.25</b>  | <b>33 751 058.60</b>  |
| <b>Regulatory benefits</b>   | <b>-8 026 205.50</b>  | <b>-10 303 555.90</b> |
| Retirement pensions  | -375 482.40           | -317 958.95           |
| Survivors' pensions  | -121 744.80           | -105 596.10           |
| Disability pensions  | -401 114.95           | -320 606.10           |
| Other regulatory benefits  | -14 318.40            | -14 318.40            |
| Lump-sum payments on retirement  | -7 064 866.15         | -9 340 911.05         |
| Lump-sum payments on death or disability                               | -48 678.80            | -204 165.30           |
| <b>Termination benefits</b>  | <b>-12 435 551.35</b> | <b>-15 410 562.20</b> |
| Termination benefits and termination of contracts                      | -11 358 754.50        | -14 006 081.00        |
| Carryover of additional means due to collective terminations           | -72 695.25            | -7 010.90             |
| Withdrawals for encouragement of home ownership/divorce                | -1 004 101.60         | -1 397 470.30         |
| <b>Outflow for benefits and withdrawals</b>                            | <b>-20 461 756.85</b> | <b>-25 714 118.10</b> |

# Operative Account (II)

|  | 2014<br>in CHF        | 2013<br>in CHF       |
|--|-----------------------|----------------------|
| <b>Decrease/Increase in pension liabilities, actuarial reserves and contribution reserves (pool)</b> | <b>-14 213 036.47</b> | <b>-9 811 528.80</b> |
| - Increase in pension liabilities of active insured persons  | -10 401 216.25        | -5 399 623.75        |
| - Interest on pension liabilities (regular)  | -3 238 199.65         | -2 647 741.65        |
| - Interest on pension liabilities (additional)   | -866 167.70           | -1 324 000.00        |
| +/- Decrease/Increase non-committed funds of pension plans   | 139 429.28            | 15 156.30            |
| +/- Decrease/Increase in contribution reserves   | 153 117.85            | -455 319.70          |
| <b>Income from insurance benefits</b>  | <b>1 769 701.10</b>   | <b>1 698 337.50</b>  |
| Insurance benefits   | 1 131 580.10          | 1 066 543.50         |
| Share of insurance surpluses   | 638 121.00            | 631 794.00           |
| <b>Insurance cost</b>  | <b>-3 582 341.25</b>  | <b>-3 620 301.30</b> |
| Insurance premiums   |                       |                      |
| - Risk premiums  | -2 752 151.45         | -2 765 858.90        |
| - Cost premiums  | -819 775.30           | -833 076.10          |
| Contributions to guarantee fund  | -10 414.50            | -21 366.30           |
| <b>Net result of insurance activities</b>  | <b>-3 808 591.22</b>  | <b>-3 696 552.10</b> |
| <b>Net result on investments</b>   | <b>11 483 548.04</b>  | <b>6 340 494.27</b>  |
| Income from liquid funds strategic   | -579 321.94           | 1 170 110.50         |
| Income from bonds  | 6 551 354.19          | -565 145.09          |
| Income from convertible bonds  | 3 316.44              | 1 177 860.73         |
| Income from shares   | 7 573 358.41          | 3 171 253.02         |
| Income from real estate  | 1 260 088.74          | 1 529 882.43         |
| Income from Hedge Funds  | 464 718.72            | 542 481.00           |
| Income from Commodities  | -2 856 296.32         | -63 841.85           |
| <b>Total income on investments</b>   | <b>12 417 218.24</b>  | <b>6 962 600.74</b>  |
| Interest income on bank receivables  | 3 877.09              | 8 826.33             |
| Interest income on accounts receivable   | 22 460.45             | 12 116.77            |
| Interest expenses for liabilities  | -19 149.30            | -11 691.25           |
| Interest expense for employer-paid contribution reserves   | -18 698.55            | -18 960.05           |
| Asset management expenses  | -922 159.89           | -612 398.27          |

## Operative Account (III)

|   | 2014<br>in CHF      | 2013<br>in CHF      |
|---|---------------------|---------------------|
| <b>Other Income</b>   | <b>7 054.10</b>     | <b>5 640.00</b>     |
| Other Income  | 7 054.10            | 5 640.00            |
| <b>Administrative expense</b>   | <b>-619 243.56</b>  | <b>-692 710.14</b>  |
| General administration  | -38 443.40          | -52 508.09          |
| Expense for marketing and publicity   | -11 733.31          | -11 645.20          |
| Negotiations and brokerage  | -491 485.65         | -588 299.25         |
| Auditors and pension fund actuary   | -57 781.20          | -38 173.60          |
| Supervisory authorities   | -19 800.00          | -2 084.00           |
| <b>Income/Expenses surplus before decrease/increase of asset value fluctuation reserves</b> | <b>7 062 767.36</b> | <b>1 956 872.03</b> |
| Decrease/Increase in reserves for asset value fluctuation reserves                          | -7 062 767.36       | -1 956 872.03       |
| <b>Income/Expenses surplus after decrease/increase of asset value fluctuation reserves</b>  | <b>0.00</b>         | <b>0.00</b>         |



# Explanatory Notes to the Financial Statement

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# Principles and Organisation

## Legal form and objectives

On 29 November 1984, the Swisscanto Collective Foundation of the Cantonal Banks set up a foundation in Basel under Swiss Civil Code Art. 80 et seq. with the name of Swisscanto Supra Collective Foundation of the Cantonal Banks.

The Foundation's purpose is to provide occupational benefit schemes above and beyond the obligatory benefits required under the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (LOB).

## LOB registration and guarantee fund

Register for occupational benefit plans  
LOB Guarantee Fund

non registered foundation  
Number NR 30

## Plan statutes and regulations

Foundation instrument

29.11.1984, last updated 12.12.2007

Investment rules

01.12.2009

Partial liquidation regulations

12.11.2010

Regulations on provisions

12.04.2010

Organisation rules

01.02.2000

Pension fund regulations

individual, according to the pension plan

The Foundation is managed by the Helvetia Swiss Life Insurance Company Ltd.(hereinafter referred to as Helvetia). The management agreement of December 28, 2004 between the

Foundation and Helvetia governs duties, competences and responsibilities of the persons in charge of the administration.

### Top governing body, management and authorised signatories

The members of the Board of Foundation and the other authorised signatories have joint dual signature authority.

|                               |  |  |
|-------------------------------|--|--|
| <b>Board of Foundation</b>    | Hanspeter Hess<br>Albert Gallegos<br>Martin Künzler<br>René Raths<br>Philipp Gmür<br>Donald Desax<br>Silvio Hefti<br>Beat Müller   | President<br>Member<br>Member<br>Member<br>Assessor<br>Assessor<br>Assessor<br>Assessor  |
| <b>Investment Committee</b>   | Hendrik van der Bie<br>Martin Flück<br>Herbert Joss<br>Stefan Kunzmann   | President<br>Member<br>Member<br>Member  |
| <b>Authorised signatories</b> | Davide Pezzetta<br>Claude Schreiber<br><br>Ulrike Bühler<br>René Eggimann<br>Roger Eisenring<br>Caroline Loewert<br>Michael Maxelon<br>Louis Rideau<br>Daniel Rossi<br>Christoph Schneider | Managing director<br>Assistant managing director;<br>Head Key Accounts and Underwriting<br>Teamleader ZKB, Client Service<br>Head Legal Services<br>Head Finances<br>Teamleader Broker, Client Service<br>Head Client Service<br>Teamleader Intercantonal, Client Service<br>Head Vested Benefits Foundation<br>Head Legal Services Swisscanto |

### Actuaries, auditors, advisors, supervisory authority

|                        |  |
|------------------------|--|
| Pension actuaries      | Beratungsgesellschaft für die zweite Säule AG, Basel |
| Auditors               | PricewaterhouseCoopers AG, Basel                     |
| Investment Controlling | Complementa Investment-Controlling AG, St.Gallen     |
| Supervisory authority  | BVG- und Stiftungsaufsicht beider Basel (BSABB)      |

## Affiliated employers

|  | 2014<br>Number | Development<br>Number | 2013<br>Number |
|--|----------------|-----------------------|----------------|
| As per 31.12. prior year               | 373            | 3                     | 370            |
| Entries                                | 15             | -9                    | 24             |
| Leavings                               | -21            | 0                     | -21            |
| <b>As per 31.12. year under review</b> | <b>367</b>     | <b>-6</b>             | <b>373</b>     |

## Active participants and pensioners

| <b>Active participants</b>            | 2014<br>Number | Development<br>Number | 2013<br>Number |
|---------------------------------------|----------------|-----------------------|----------------|
| As at 31.12. prior year               | 1 402          | -27                   | 1 429          |
| Entries                               | 183            | 2                     | 181            |
| Leavings                              | -134           | 43                    | -177           |
| Retirements                           | -25            | 6                     | -31            |
| <b>As at 31.12. year under review</b> | <b>1 426</b>   | <b>24</b>             | <b>1 402</b>   |

| <b>Pensioners</b>                   | <b>2014<br/>Number</b> | <b>Development<br/>Number</b> | <b>2013<br/>Number</b> |
|-------------------------------------|------------------------|-------------------------------|------------------------|
| <b>Retirement pensions</b>          |                        |                               |                        |
| Number at beginning                 | 35                     | 1                             | 34                     |
| Entries                             | 5                      | 3                             | 2                      |
| Leavings                            | 0                      | 1                             | -1                     |
| End number of retirement pensioners | 40                     | 5                             | 35                     |
| <b>Disability pensions</b>          |                        |                               |                        |
| Number at beginning                 | 14                     | -1                            | 15                     |
| Entries                             | 2                      | -2                            | 4                      |
| Leavings                            | -2                     | 3                             | -5                     |
| End number of disability pensioners | 14                     | 0                             | 14                     |
| <b>Spouse's pensions</b>            |                        |                               |                        |
| Number at beginning                 | 1                      | 0                             | 1                      |
| Entries                             | 0                      | 0                             | 0                      |
| Leavings                            | 0                      | 0                             | 0                      |
| End number of spouse's pensioners   | 1                      | 0                             | 1                      |
| <b>Orphan's pensions</b>            |                        |                               |                        |
| Number at beginning                 | 3                      | 1                             | 2                      |
| Entries                             | 0                      | -1                            | 1                      |
| Leavings                            | 0                      | 0                             | 0                      |
| End number of orphan's pensioners   | 3                      | 0                             | 3                      |
| <b>Total</b>                        |                        |                               |                        |
| Number at beginning                 | 53                     | 1                             | 52                     |
| Entries                             | 7                      | 0                             | 7                      |
| Leavings                            | -2                     | 4                             | -6                     |
| <b>End number of pensioners</b>     | <b>58</b>              | <b>5</b>                      | <b>53</b>              |

# Implementation of Objectives

Affiliation with the foundation is carried out by means of the conclusion of an affiliation contract between the employer and the foundation. The affiliated companies form separate pension plans within the foundation.

## **Characteristics of the pension plan**

Every pension plan has its own benefit plan as part of the mandatory occupational benefit scheme. The retirement benefits are based on the defined contribution plan, the risk benefits on either the defined benefit plan or the defined contribution plan, depending on the pension plan and benefits.

## **Financing, financing method**

Financing is governed separately for each pension plan. As a rule, the financing of the benefit costs is carried out by the employees and employers, whereby the employer must meet at least 50% of such costs.

# Significant Accounting Policies and Valuation Methods, Consistency

## Statement of compliance with Swiss GAAP FER 26

The accounts are prepared in accordance with the special accounting recommendations of Swiss GAAP FER 26, version dated 01.01.2014.

## Significant accounting policies and valuation methods

### Significant accounting policies

The financial statements give a true and fair view of the assets, financial position and earnings within the meaning of Swiss law and Swiss GAAP FER 26.

### Bewertungsgrundsätze

|                                  |                             |
|----------------------------------|-----------------------------|
| Liquid funds                     | Par value                   |
| Derivative financial instruments | Market value                |
| Collective investments           | Market value                |
| Foreign currency conversion      | Day's rate                  |
| Accounts receivable              | Par value less amortisation |
| Prepayments and accrued income   | Par value                   |

# Actuarial Risks, Risk Benefit Coverage, Funding ratio

## Type of risk benefit coverage, reinsurance

To cover the insurance risks of death and invalidity as well as to purchase retirement benefits the Foundation has taken out collective life insurance with Helvetia.

Policyholder and beneficiary is the Foundation. Any difference between the retirement benefits according to the pension scheme and the conditions of the insurance contract shall be borne by the Foundation. The difference shall be financed by an amount for the purchase of retirement benefits (pay-as-you-go assessment of pension value).

## Explanations on assets and liabilities from insurance contracts

All retirement pensions are reinsured. The actuarial reserves for the pensions is not recognised in the balance sheet and amounts to CHF 15 930 000 (previous year CHF 12 700 000)

## Development and interest rates of retirement savings in the contribution plan

|   | 2014<br>in CHF     | 2013<br>in CHF     |
|---|--------------------|--------------------|
| Retirement savings as at the end of the previous year             | 181 682 979        | 173 635 613        |
| Saving contributions  | 15 058 537         | 15 089 173         |
| Saving contributions from disability insurance                    | 170 241            | 124 460            |
| Termination benefit transfers, purchase amounts and new contracts | 14 454 365         | 14 681 168         |
| Reimbursements of withdrawals for home ownership/divorce          | 133 316            | 255 707            |
| Termination benefits for leavers and on termination of contracts  | -11 346 275        | -13 991 941        |
| Dissolution due to retirement, death and disability               | -7 064 866         | -9 361 472         |
| Withdrawals for encouragement of home ownership/divorce           | -1 004 102         | -1 397 470         |
| Interest payments on pension capital (regular)                    | 3 238 200          | 2 647 742          |
| <b>Retirement savings as at the end of the year under review</b>  | <b>195 322 394</b> | <b>181 682 979</b> |
| Interest on savings capital (regular)                             | 1.75%              | 1.50%              |

## Old-age savings total pursuant to LOB

The Foundation only provides non-compulsory benefits.

## Composition, development and explanation of the technical provisions

Based on the congruent cover of all the insurance risks it is not necessary for the foundation to accrue actuarial reserves.



### **Conclusions of the latest actuarial report**

In his actuarial report as of 31 December 2013 and dated 7 April 2014, the pension actuary arrives at the following conclusions:

No additional technical reserves are required to guarantee the actuarial obligations because of the special actuarial structure of the Foundation, under which all insurance risks are fully reinsured on an individual basis.

The portfolio of insured persons remained virtually unchanged during the reporting period. The absence of growth, however, has no adverse impact on the Foundation's capacity for insurance risk, which remains excellent because the Foundation has no pension obligations.

The portfolio of pensioners saw a net increase of five old-age pensioners, bringing the number up to 58 pensioners. Helvetia's actuarial reserves for this portfolio of pensioners amount to CHF 15,930,000.

As the investment strategy did not change in 2014, the target value fluctuation reserve remains unchanged at 15.0%. It is

mainly thanks to the performance of 5.7% that the value fluctuation reserve has grown from approx. CHF 20.1 million to approx. 27.1 million. The deficit for the value fluctuation reserve has fallen from 31.8% to 16.5% of the target value within one year; in other words, more than 75% of the target value fluctuation reserve has been achieved. So in the year under review the foundation's risk capacity in terms of investment has improved yet again.

In the year under review the funding ratio grew from 110.8% to 113.9%. It must be taken into account that the additional yield distribution decided by the Board of Foundation is already included in the obligations shown and therefore contained in the funding ratio. In view of this, the recognised expert for occupational benefit schemes has no objection to the additional yield distribution.

As recognised pension actuaries, we therefore certify that, given the key underwriting data presented to us and the changes in this data over the last 12 months, the Foundation will continue to be able to meet its obligations in the future and that no measures need to be taken at present.

## Actuarial principles and other significant actuarial assumptions

At the level of individual pension funds the following positions exist, which are carried in the balance sheet at foundation level as free assets of pension plans:

| Composition of non-committed funds of pension plans             | 31.12.2014<br>in CHF | 31.12.2013<br>in CHF |
|---|----------------------|----------------------|
| <b>Non-committed funds of pension plans</b>                     |                      |                      |
| Non-committed funds of the affiliated pension plans             | 162 250              | 276 201              |
| Deposits of surpluses of the affiliated pension plans           | 166 630              | 179 853              |
| Individual surpluses and income of the affiliated pension plans | 43 729               | 55 984               |
| <b>Total non-committed funds of pension plans</b>               | <b>372 609</b>       | <b>512 038</b>       |

## Changes in actuarial principles and assumptions

There are no changes compared with the prior year.

## Funding ratio according to art. 44 OBB2

|   | 31.12.2014<br>in CHF | 31.12.2013<br>in CHF |
|---|----------------------|----------------------|
| Balance assets  | 235 221 134          | 217 202 267          |
| Liabilities; accruals and deferrals                         | -8 488 228           | -10 897 697          |
| Employer-paid contribution reserves                         | -3 911 745           | -4 046 164           |
| <b>Verfügbares Vorsorgevermögen</b>                         | <b>222 821 160</b>   | <b>206 304 571</b>   |
| Pension capital of active insured persons                   | 195 322 395          | 181 682 979          |
| Non-committed funds of pension plans                        | 372 609              | 512 038              |
| <b>Pension capital non-committed funds of pension plans</b> | <b>195 695 004</b>   | <b>186 241 181</b>   |
| <b>Funding ratio in %</b>                                   | <b>113.9</b>         | <b>110.8</b>         |

## Funding ratio

The funding ratio taking into account assets and liabilities from insurance contracts not shown in the balance sheet amounts to 112.8% (previous year: 110.3%) for the year under review.

The funding ratio shown and its increase from 110.8% to 113.9% between 31 December 2013 and 31 December 2014 are based on the following assumptions: a 1.75% return on old-age savings in 2014 plus an increase in the accrual for an additional yield distribution of CHF 866 168.

# Explanatory Notes on Investments and Net Result of Investments

## **Organisation of investment activities, investment adviser and investment manager, investment regulations**

The organisation of the Swisscanto Supra investment activities is governed by the investment regulations. Investment organisation is entrusted to the Board of Foundation, the investment committee, the board of directors, portfolio managers, and overlay managers as well as the investment controller.

The Board of Foundation nominates the members of the investment committee and defines the investment organisation. At the request of the investment committee and in accordance with legal requirements the Board authorises the investment strategy, investment guidelines, overlay management as well as the investment controlling.

The investment committee is responsible for the supervision, implementation and initiation of adjustments to the investment strategy and the overlay management.

Depositaries are Zurich Cantonal Bank and Credit Suisse.

The overlay management is realised with Zurich Cantonal Bank. Through the overlay portfolio the weight of the base assets is managed indirectly by buying and selling derivative financial instruments and currency hedging. The hedging of specific investment categories is also carried out. The tasks and responsibilities are defined in the asset management mandate with Zurich Cantonal Bank dated 11.12.2013. Additionally, the Advisory Mandate with Finreon AG of December 2, 2013 exists in order to hedge investment categories.

Complementa Investment-Controlling AG is responsible for the investment controlling. It consolidates the assets, verifies statutory compliance, adherence to the investment guidelines as well as the implementation of the overlay management and reports the consolidated investment and supervision results to the investment committee. The tasks are defined in the mandate agreement dated January 13, 2011.

The board of directors ensures operational solvency and the necessary reporting to the investment committee as well as the overlay manager. Furthermore the board executes rebalancing transactions for asset classes which cannot be controlled by overlay management.

The portfolio managers (Swisscanto Asset Management AG, Zurich Cantonal Bank, Credit Suisse) report periodically to the investment commission on the development of assets and market expectations.

The foundation only holds collective investments. This is along with liquid funds, including time deposits as well as derivative financial instruments for the overlay management.

## Target value for and calculation of the value fluctuation reserves

| <b>Target value of the value fluctuation reserves</b>               | <b>31.12.2014<br/>in CHF</b> | <b>31.12.2013<br/>in CHF</b> |
|---|------------------------------|------------------------------|
| Total of investments  | 216 580 247                  | 196 018 714                  |
| of which 15% as target value of the value fluctuation reserves      | 32 487 037                   | 29 402 807                   |
| <b>Value fluctuation reserves</b>                                   | <b>2014<br/>in CHF</b>       | <b>2013<br/>in CHF</b>       |
| Value fluctuation reserves as of 1.1.                               | 20 063 389                   | 18 106 517                   |
| Allocated and charged to/released and credited to operative account | 7 062 767                    | 1 956 872                    |
| <b>Value fluctuation reserves as of 31.12.</b>                      | <b>27 126 157</b>            | <b>20 063 389</b>            |
| <b>Target value of the value fluctuation reserves</b>               | <b>32 487 037</b>            | <b>29 402 807</b>            |
| <b>Deficit for the value fluctuation reserves</b>                   | <b>5 360 880</b>             | <b>9 339 418</b>             |

## Breakdown of investments into investment categories

|   | Strategy %   | Spread      |             | Market value according to balance sheet in CHF | Economic exposure of derivatives in CHF | Economic exposure of investments, in CHF | Share %      |
|---|--------------|-------------|-------------|--|---|--|--------------|
|   |              | Min. %      | Max. %      |  |   |  |              |
| Liquid funds strategic                    | 2.0          | 0.0         | 22.0        | 2 639 324                                      | 2 248 523                               | 4 887 847                                | 2.3          |
| Bonds, CHF                                | 33.0         | 30.0        | 36.0        | 72 779 669                                     | -647 000                                | 72 132 669                               | 33.3         |
| Bonds, foreign currencies                 | 5.0          | 4.0         | 6.0         | 11 397 601                                     | -405 667                                | 10 991 934                               | 5.1          |
| Bonds high-yield                          | 5.0          | 4.0         | 6.0         | 10 031 856                                     | 0                                       | 10 031 856                               | 4.6          |
| Bonds, emerging markets                   | 5.0          | 4.0         | 6.0         | 10 998 103                                     | 0                                       | 10 998 103                               | 5.1          |
| <b>Collective investments bonds</b>       | <b>48.0</b>  | <b>42.0</b> | <b>54.0</b> | <b>105 207 229</b>                             | <b>-1 052 667</b>                       | <b>104 154 562</b>                       | <b>48.1</b>  |
| Shares, Swiss                             | 7.0          | 0.0         | 8.0         | 15 684 340                                     | -674 260                                | 15 010 080                               | 6.9          |
| Shares, abroad                            | 15.0         | 0.0         | 17.0        | 35 408 281                                     | -2 348 268                              | 33 060 013                               | 15.3         |
| Shares, emerging markets                  | 6.0          | 0.0         | 7.0         | 13 431 612                                     | -666 133                                | 12 765 479                               | 5.9          |
| <b>Collective investments shares</b>      | <b>28.0</b>  | <b>0.0</b>  | <b>32.0</b> | <b>64 524 233</b>                              | <b>-3 688 661</b>                       | <b>60 835 571</b>                        | <b>28.1</b>  |
| <b>Collective investments real estate</b> | <b>12.0</b>  | <b>10.0</b> | <b>14.0</b> | <b>25 788 889</b>                              | <b>0</b>                                | <b>25 788 889</b>                        | <b>11.9</b>  |
| <b>Collective investments Hedge Funds</b> | <b>5.0</b>   | <b>4.0</b>  | <b>6.0</b>  | <b>11 287 151</b>                              | <b>0</b>                                | <b>11 287 151</b>                        | <b>5.2</b>   |
| <b>Collective investments commodities</b> | <b>5.0</b>   | <b>4.0</b>  | <b>6.0</b>  | <b>7 133 420</b>                               | <b>2 492 805</b>                        | <b>9 626 225</b>                         | <b>4.4</b>   |
| <b>Total investments</b>                  | <b>100.0</b> |             |             | <b>216 580 247</b>                             |   | <b>216 580 247</b>                       | <b>100.0</b> |
| Liquid funds                              |              |             |             | 16 306 046                                     |   |  |              |
| Accounts receivable                       |              |             |             | 423 134  |   |  |              |
| Receivables from employers                |              |             |             | 1 340 457                                      |   |  |              |
| Prepayments and accrued income            |              |             |             | 571 250  |   |  |              |
| <b>Other assets</b>                       |              |             |             | <b>18 640 887</b>                              |   |  |              |
| <b>Balance sheet total</b>                |              |             |             | <b>235 221 134</b>                             |   |  |              |

The implementation of the new investment strategy was concluded in the year under review.

## Portfolio analysis in categories according to art. 55 OBB2

| Article    | Category   | Value in CHF       | Commitment<br>changing effect of<br>derivates | Relevant value<br>according to<br>art. 55 OBB2 | in % of<br>total<br>assets | Limits<br>OBB2 |
|------------|--|--------------------|---|--|----------------------------|----------------|
|            | <b>Accounts receivable on definite amount of money, liquid funds incl.</b> | <b>126 487 440</b> | <b>1 121 582</b>                              | <b>127 609 022</b>                             | <b>54.3</b>                | <b>100.0</b>   |
|            | Total in CHF   | 103 637 426        | 17 674 224                                    | 121 311 650                                    | 51.6                       |                |
|            | Total in foreign currencies  | <b>22 850 014</b>  | <b>-16 552 643</b>                            | <b>6 297 372</b>                               | <b>2.7</b>                 |                |
| <b>55a</b> | <b>Mortgage titles and mortgage bonds</b>                                  | <b>0</b>           | <b>0</b>                                      | <b>0</b>                                       | <b>0.0</b>                 | <b>50.0</b>    |
|            | in CHF   | 0                  | 0   | 0  | 0.0                        |                |
| <b>55b</b> | <b>Shares</b>  | <b>64 524 233</b>  | <b>-3 614 386</b>                             | <b>60 909 846</b>                              | <b>25.9</b>                | <b>50.0</b>    |
|            | in CHF   | 15 684 340         | -679 089                                      | 15 005 251                                     | 6.4                        |                |
|            | in foreign currencies  | 48 839 893         | -2 935 297                                    | 45 904 596                                     | 19.5                       |                |
| <b>55c</b> | <b>Real estate</b>   | <b>25 788 889</b>  | <b>0</b>                                      | <b>25 788 889</b>                              | <b>11.0</b>                | <b>30.0</b>    |
|            | Swiss  | 25 788 889         | 0   | 25 788 889                                     | 11.0                       |                |
|            | Abroad   | 0                  | 0   | 0  | 0.0                        | 10.0           |
|            | in CHF   | 0                  | 0   | 0  | 0.0                        |                |
|            | in foreign currencies  | 0                  | 0   | 0  | 0.0                        |                |
| <b>55d</b> | <b>Alternative investments</b>   | <b>18 420 572</b>  | <b>2 492 805</b>                              | <b>20 913 376</b>                              | <b>8.9</b>                 | <b>15.0</b>    |
|            | in CHF   | 12 564 900         | 0   | 12 564 900                                     | 5.4                        |                |
|            | in foreign currencies  | 5 855 672          | 2 492 805                                     | 8 348 477                                      | 3.5                        |                |
|            | <b>Total assets in balance sheet</b>                                       | <b>235 221 134</b> |   |  |                            |                |
| <b>55e</b> | <b>Positions in foreign currencies without collateralization</b>           | <b>77 545 579</b>  | <b>-16 995 135</b>                            | <b>60 550 444</b>                              | <b>25.7</b>                | <b>30.0</b>    |

### Current (open) derivative financial instruments

Derivative financial instruments are used within the framework of overlay management. This is implemented by Zurich Cantonal Bank. Through the overlay portfolio the weight of the base assets is managed indirectly by buying and selling derivative financial instruments and currency hedging. The hedging of specific investment categories is also carried out.

All exposure-reducing derivative positions must be covered by base investments at all times. A leverage effect (exposure is larger than available liquidity) and short sales are strictly pro-

hibited. The provisions of Art. 56a OOB2 and the specialist recommendation of the Swiss Federal Social Insurance Office in relation to the use of derivative financial instruments must be adhered to by the asset manager.

The use of derivative financial instruments is dealt with in the asset management agreement concluded with Zurich Cantonal Bank in December 11, 2013.

### Forward contracts

The forward currency exchange contracts were at all times fully covered by the core investments.

As per December 31, 2014 forward contracts (expiry date January 2015) with a marketable value of CHF -174 757 (previous year CHF 35 579) were open.

| Investment category                  | Market value in CHF | Economic exposure in CHF | Exposure OBB2 in CHF* |
|--------------------------------------|---------------------|--------------------------|-----------------------|
| Liquid funds strategic/time deposits | 218                 | 218                      | 0                     |
| Bonds, foreign currencies            | -92 262             | -92 262                  | 0                     |
| Shares, abroad                       | -82 713             | -82 713                  | 0                     |
| <b>Total</b>                         | <b>-174 757</b>     | <b>-174 757</b>          | <b>0</b>              |

\* Solvency requirements pursuant to BVV2

The market value of forward currency exchange contracts is recorded under "Liquid funds strategic" in the balance sheet.

### Open derivatives: Futures

The future contracts were at all times fully covered by the core investments. As per December 31, 2014 the following future contracts (expiry date 1<sup>st</sup> quarter 2015) were open:

| Investment category              | Market value in CHF | Economic exposure in CHF | Exposure OBB2 in CHF* |
|----------------------------------|---------------------|--------------------------|-----------------------|
| Bonds Swiss, CHF                 | 0                   | -647 000                 | 0                     |
| Bonds abroad, foreign currencies | 0                   | -313 405                 | 0                     |
| Shares Swiss                     | 0                   | -674 260                 | 0                     |
| Shares abroad                    | 0                   | -2 265 555               | 0                     |
| Shares emerging markets          | 0                   | -666 133                 | 0                     |
| Commodities                      | 0                   | 2 492 805                | 2 793 746             |
| <b>Total</b>                     | <b>0</b>            | <b>-2 073 548</b>        | <b>2 793 746</b>      |

\* Solvency requirements pursuant to BVV2

The success of futures contracts is reported under "Rebalancing Overlay".

### Comments on net result of investments

Investment yields are continuously monitored by the investment controller and compared to the benchmark performance. Performance is measured by the customary TWR

(time-weighted return) method and according to the systematic of the described investment strategy. The following performance values can thus be established:

|  | Net result in CHF |                  | Performance % |             |
|--|-------------------|------------------|---------------|-------------|
|  | 2014              | 2013             | 2014          | 2013        |
| Liquid funds strategic                                   | -157 567          | 2 472            | n/a           | n/a         |
| Bonds Swiss CHF  | 5 061 421         | -1 712 985       | 7.61          | -2.23       |
| Bonds abroad, foreign currencies                         | 774 972           | 107 465          | 8.12          | 0.61        |
| Bonds high-yield   | 90 617            | 1 040 375        | -0.19         | 8.26        |
| Bonds emerging markets                                   | 624 344           | 0                | 5.81          | 0.00        |
| Convertible bonds  | 3 316             | 1 177 861        | 1.07          | 11.82       |
| Shares Swiss   | 1 752 127         | 1 836 555        | 12.44         | 25.01       |
| Shares abroad  | 4 670 419         | 1 982 522        | 14.85         | 22.03       |
| Shares emerging markets                                  | 1 150 812         | -647 824         | 8.91          | -9.51       |
| Real estate  | 1 260 089         | 1 529 882        | 4.68          | 5.46        |
| Hedge Funds  | 464 719           | 542 481          | 0.74          | 8.80        |
| Commodities  | -2 856 296        | -63 842          | -28.72        | -2.77       |
| Rebalancing Overlay                                      | -421 755          | 1 167 639        | n/a           | n/a         |
| <b>Total investments</b>                                 | <b>12 417 218</b> | <b>6 962 601</b> | <b>5.70</b>   | <b>3.63</b> |
| Interest income on liquid funds                          | 3 877             | 8 826            |               |             |
| Interest income on accounts receivable                   | 22 460            | 12 117           |               |             |
| Interest expense for liabilities                         | -19 149           | -11 691          |               |             |
| Interest expense for employer-paid contribution reserves | -18 699           | -18 960          |               |             |
| <b>Total income from other assets and liabilities</b>    | <b>-11 510</b>    | <b>-9 708</b>    |               |             |
| <b>Expenses for asset management</b>                     | <b>-922 160</b>   | <b>-612 398</b>  |               |             |
| <b>Net result of investments</b>                         | <b>11 483 548</b> | <b>6 340 494</b> |               |             |

The asset management expenses for collective investments are directly charged to the individual investment groups by the supplier.

Distribution remunerations, which the Foundation receives through its asset investments, are included in the asset yield of the individual investment groups.

### Income from Overlay Management

|   | 2014<br>in CHF    | 2013<br>in CHF   |
|---|-------------------|------------------|
| Currency overlay                            | -1 117 218        | 0                |
| Rebalancing Overlay                         | -421 755          | 1 167 639        |
| <b>Total income from Overlay Management</b> | <b>-1 538 973</b> | <b>1 167 639</b> |



### Comments on asset management expense

The reporting and determination of the asset management expense is executed pursuant to the OAK BV instructions (W-02/2013).

- The sum of all expense figures for the collective investments amounts to CHF 829 715.06 for the year under review (previous year CHF 544 161.00).

- The total asset management expenses indicated in the operative account as a percentage of cost-transparent investments amounts to 0.39% in the year under review (previous year 0.28%).
- The cost transparency ratio is 100% for the year under review.

### Comments on investments in the employer and employer-paid contribution reserves

#### Investments in the employer

The assets for affiliated employers amounting to CHF 1 340 456.54 (prior year: CHF 1 371 339.24) are premium receivables. An interest of 0.125% is paid on these assets.

The risk and cost premiums are each owed as per January 31 respectively within 30 days after joining the pension fund.

The savings premiums are payable by December 31. The foundation monitors the punctual receipt of premiums and institutes the necessary claims proceedings if default occurs.

Any premium losses incurred by the foundation are borne by the foundation after deduction of the loss cover by the LOB Guarantee Fund.

| Employer-paid contribution reserves                    | 2014<br>in CHF   | 2013<br>in CHF   |
|--|------------------|------------------|
| <b>Balance at the beginning of the period</b>          | <b>4 046 164</b> | <b>3 571 885</b> |
| Transfers into the employer-paid contribution reserves | 500 001          | 870 142          |
| Transfers from new contracts                           | 0                | 348 763          |
| Benefits from termination of contracts                 | -72 491          | -1 393           |
| Used for premium payments                              | -580 628         | -754 299         |
| Used for one-time payments*                            | 0                | -7 893           |
| Interest   | 18 699           | 18 960           |
| <b>Balance at the end of the period</b>                | <b>3 911 745</b> | <b>4 046 165</b> |

\* Utilisation for single premiums can only be granted upon submission of an explicit declaration of non-objection issued by the appropriate tax authority or in the event of a liquidation of the portfolio.

The employer-paid contribution reserves earned interest at 0.5% (previous year 0.5%).

# Comments on other balance sheet and operative account positions

| <b>Comments on accounts receivable</b> | <b>31.12.2014<br/>in CHF</b> | <b>31.12.2013<br/>in CHF</b> |
|--|------------------------------|------------------------------|
| Receivables from insurances            | 166 778                      | 1 420 528                    |
| Withholding tax                        | 256 356                      | 124 747                      |
|  | <b>423 134</b>               | <b>1 545 275</b>             |

| <b>Comments on prepayments and accrued income</b> | <b>31.12.2014<br/>in CHF</b> | <b>31.12.2013<br/>in CHF</b> |
|---|------------------------------|------------------------------|
| Prepaid benefits                                  | 571 250                      | 316 309                      |
| Income from distribution compensations            | 0                            | 155 442                      |
|   | <b>571 250</b>               | <b>471 751</b>               |

| <b>Comments on accrued liabilities and deferred income</b>  | <b>31.12.2014<br/>in CHF</b> | <b>31.12.2013<br/>in CHF</b> |
|---|------------------------------|------------------------------|
| Expense for distribution compensations/broker's commissions | 8 175                        | 250 000                      |
| Prepaid premiums  | 715 990                      | 965 039                      |
| Outstanding entry benefits                                  | 4 230 123                    | 6 321 799                    |
| Additional yield distribution                               | 2 190 168                    | 1 324 000                    |
| Other accruals  | 62 318                       | 40 726                       |
|   | <b>7 206 774</b>             | <b>8 901 564</b>             |

| <b>Comments on insurance cost</b> | <b>2014<br/>in CHF</b> | <b>2013<br/>in CHF</b> |
|-----------------------------------|------------------------|------------------------|
| Risk premium                      | 2 752 151              | 2 765 859              |
| Cost premium                      | 819 775                | 833 076                |
| Contributions to guarantee fund   | 10 415                 | 21 366                 |
|                                   | <b>3 582 341</b>       | <b>3 620 301</b>       |

| <b>Comments on administrative expenses</b> | <b>2014<br/>in CHF</b> | <b>2013<br/>in CHF</b> |
|--|------------------------|------------------------|
| Distribution compensations                 | 326 730                | 327 097                |
| Broker's commissions                       | 164 756                | 261 203                |
| Auditors, pension actuaries                | 70 285                 | 48 943                 |
| Supervisory authority                      | 19 800                 | 2 084                  |
| Other administrative expenses              | 25 939                 | 41 739                 |
|  | <b>607 510</b>         | <b>681 065</b>         |

# Supervisory Authority Requirements

The supervisory authority has not commented on the annual financial statement of 2013 until the end of the year under review.

## **Information on the regulations in force concerning retrocession payments**

The institutions entrusted with investing assets confirm that they have received no compensation within the meaning of the Swiss Federal Court's case law.

## **Information on the regulations in force concerning surpluses**

The Foundation is entitled to the surplus shares Helvetia confers from the collective life insurance. The annual financial statement 2014 includes the sum of CHF 638 121 (previous year: CHF 631 794) in surpluses. In accordance with the regulations this sum was used to support the coverage ratio in the current year.

## Further Information Regarding the Financial Situation

### **Partial liquidations**

No partial liquidations were to be carried out in 2014.

### **Pending Litigations**

On the basis of the current status for each pending litigation we do not assume that the Foundation will incur other than legal costs.

### **Events after balance sheet date**

We are not aware of any events after the reporting date that are likely to have a material impact on the financial statements.



Report of the statutory auditor  
to the Foundation Board of  
Swisscanto Supra Sammelstiftung der Kantonalbanken  
Basel

### **Report of the statutory auditor on the financial statements**

As statutory auditor, we have audited the accompanying financial statements of Swisscanto Supra Sammelstiftung der Kantonalbanken, which comprise the balance sheet, operating accounts and notes, (on pages 12 - 35) for the year ended 31 December 2014.

#### *Foundation Board's responsibility*

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation's deed of formation and the regulations. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Responsibility of the expert in occupational benefits*

In addition to the auditor, the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with article 52e paragraph 1 of the Occupational Pensions Act (OPA) and article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and with the foundation's deed of formation and the regulations.

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### Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (article 52b OPA) and independence (article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by article 52c paragraph 1 OPA and article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organisation, management and investments are applied.

We have assessed whether

- organisation and management comply with the legal and regulatory requirements and whether internal controls exist that is appropriate to the size and complexity of the foundation;
- funds are invested in accordance with legal and regulatory requirements;
- measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfil their duties of loyalty and disclosure of interests;
- the discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- the legally required information and reports have been given to the supervisory authority;
- the pension fund's interests are safeguarded in disclosed transactions with related entities.

We confirm that the applicable legal and statutory requirements have been met.


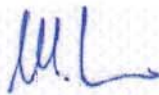
We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Roland Sauter

Audit expert  
Auditor in charge



Matthias Sutter

Audit expert

Basel, 3 July 2015

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**Swisscanto**