



Swisscanto Supra Collective Foundation
of the Cantonal Banks

Annual Report 2016



Swisscanto

Stiftungen/Fondations/Fondazioni

Table of contents

2016: sound growth, stable situation, persistent challenges	4
Review 2016: Key Figures	6
Investments and Policy of Investments	8
Development of Funding ratio	9
Economic Situation and Investment Year 2016 in Review: Report of Swisscanto Fund Management Company Ltd.	10
Report of the Investment Committee	12
Annual Financial Statement 2016	13
Balance Sheet	14
Operative Account	16
Explanatory Notes to the Financial Statement	19
Auditor's Report	41

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

2016: sound growth, stable situation, persistent challenges

Dear Customer and Insured Persons,

The financial year 2016 was very positive for the Swisscanto Supra Collective Foundation. Apart from the encouraging trends evident from the Foundation's key figures, the Foundation's bodies and management were newly appointed, and important steps were taken for the future.

In view of these auspicious signs, the Executive Management as well as the Board of Foundation will endeavour to continue to promote growth and respond to economic and political developments with the needed prudence and farsightedness in the new financial year.

Sound growth

The Swisscanto Supra Collective Foundation grew in financial year 2016. This can be seen from the year-on-year increase of the balance sheet total and the capital from the pension fund. Moreover, the Foundation generated a surplus that was used to create value fluctuation reserves. This surplus is mainly attributable to the excellent investment result.

Additionally, 2016 was a highly successful year in terms of acquisition: last year, more companies than usual decided to entrust the Swisscanto Supra Collective Foundation with their occupational benefit schemes. However, this success is not yet visible in the annual report for 2016; the new contracts will only appear in the portfolio figures for 2017. The acquisition success is a clear indication of the trust that the Swisscanto Supra Collective Foundation enjoys on the market.

Economic situation still difficult

The financial sector in general as well as the development of the interest rates in particular remain difficult for occupational benefit schemes. When it comes to guaranteeing financial stability and security, politics and regulation create major challenges for the providers of occupational benefit schemes. Swisscanto Supra remains highly financially stable and secure. In this connection, the funding ratio of Swisscanto Supra, which amounted to 109.7% as at the end of the year despite the demanding financial and economic setting, is especially noteworthy.

Continuity in the benefits policy

Due to the ongoing changes in the investment policy environment, Swisscanto Supra also reviews and adjusts its relevant parameters and the investment strategy more frequently than it used to do a few years ago. In the financial year 2016, this review resulted in an adjustment of the interest paid on old-age savings to 2.25%. Supra customers and insured persons thus continue to benefit from a highly attractive return: the OPA minimal interest rate has been set to 1.00% and can be considered as an indicator of what is possible on the market. The fact that the Board of Foundation and expert committees consider an interest rate that is 1.25 percentage points higher to be viable substantiates the sound structure and stable risk capacity of Swisscanto Supra.

The Board of Foundation thus continues to stick to its benefits policy. The fact that Swisscanto Supra has been able to pay interest rates that are significantly higher than the minimal interest rate determined by the Federal Council on the old-age savings shows that the right decisions have been made in this area. On the occupational benefits market, the average interest rate of 2.4% for the last 10 years compares favourably.

Pension 2020 reform approaching conclusion

In recent years, the agenda of the pension provider sector was dominated by the "Pension 2020" reform of the Federal Council. Following intensive deliberations in parliament, some controversial disputes in parties and commissions as well as active contributions by stakeholder groups, this large project is now approaching its conclusion.

Occupational benefit schemes explained: www.swisscanto-foundations.ch

The entire subject area of the 2nd pillar has a persistent reputation of being absolutely cryptic for non-experts. Doubtlessly, the details specified in the laws as well as their actual implementation are often complex and not very intuitive. Therefore, the Swisscanto Foundations have made it their mission to make this information comprehensible for their customers and insured persons. Accordingly, Swisscanto Supra has fully redesigned its website. Though entertaining case examples, relevant expert texts as well as descriptive animations do not

make occupational benefit schemes less complex, they do make them more comprehensible. Visit www.swisscanto-foundations.ch to find your way through the information jungle of occupational benefit schemes.

Continuity despite staffing changes

In the past, the Swisscanto Foundations – Collective Foundation, Supra Collective Foundation and Vested Benefits Foundation – were headed by a single Managing Director. Due to mounting regulatory requirements, the Executive Management was split. In March 2016, the management of the Swisscanto Vested Benefits Foundation and the Swisscanto Supra Collective Foundation was conferred on Dr. Svenja Schmidt. In April 2016, two vacancies in the Board of Foundation were staffed: Roland Sauter and Prof. Dr. Marc Hürzeler – both proven pension fund and social security experts – were appointed to the Board of Foundation. In the course of the financial year 2016, the Swisscanto Supra Collective Foundation conducted Board of Foundation elections for the first time, and all pension funds were called upon to participate. As of the beginning of the term on 1 January 2017, the Board of Foundation also welcomed two representatives of the insured persons – Ms Heidi Ott and Mr Markus Rusch – in its midst.

Despite or perhaps even because of all these staffing changes, the Board of Foundation and the Executive Management did their work with genuine commitment and extraordinary diligence. Most importantly, their activities were marked by trusting collaboration. Thus, Swisscanto Supra is as robust as ever, and the seamless continuation of the work is guaranteed. In their daily work, the Board of Foundation, the Managing Director and the employees of Swisscanto Supra do their best to meet the needs and requirements of their customers and insured persons as efficiently as possible. We would like to thank our customers and insured persons for the trust they put in us – that is what drives and supports us!



Hanspeter Hess
Chair of the Board
of Foundation



Dr. Svenja Schmidt
Managing Director



Review 2016: Key Figures

Funding ratio	2016	2015
Funding ratio as at 31.12. (in %)	109.7	107.5

Portfolios	2016	2015	Change absolute	Change in %
Statutory Capital (in CHF mio.)	214	208	6	2.9
Investments (in CHF mio.)	243	232	11	4.7
Number of contracts	336	346	-10	-2.9
Insured persons	1 378	1 383	-5	-0.4

Portfolios

In the year under review, the Foundation grew in terms of capital from the pension fund and investments. The regulatory capital increased 2.9%, and investments 4.7%. On the other hand, the number of contracts and thus the number of insured

persons underwent a slight decline. However, as 2016 was a highly successful acquisition year, it is likely that this portfolio decline will be compensated in the financial year 2017.

Premium Income	2016	2015	Change absolute	Change in %
Periodic employer and employee contributions (in CHF mio.)	16.9	17.2	-0.3	-1.7
One-time payments (in CHF mio.)	7.0	2.3	4.7	204.3
Total	23.9	19.5	4.4	22.5

Premium income

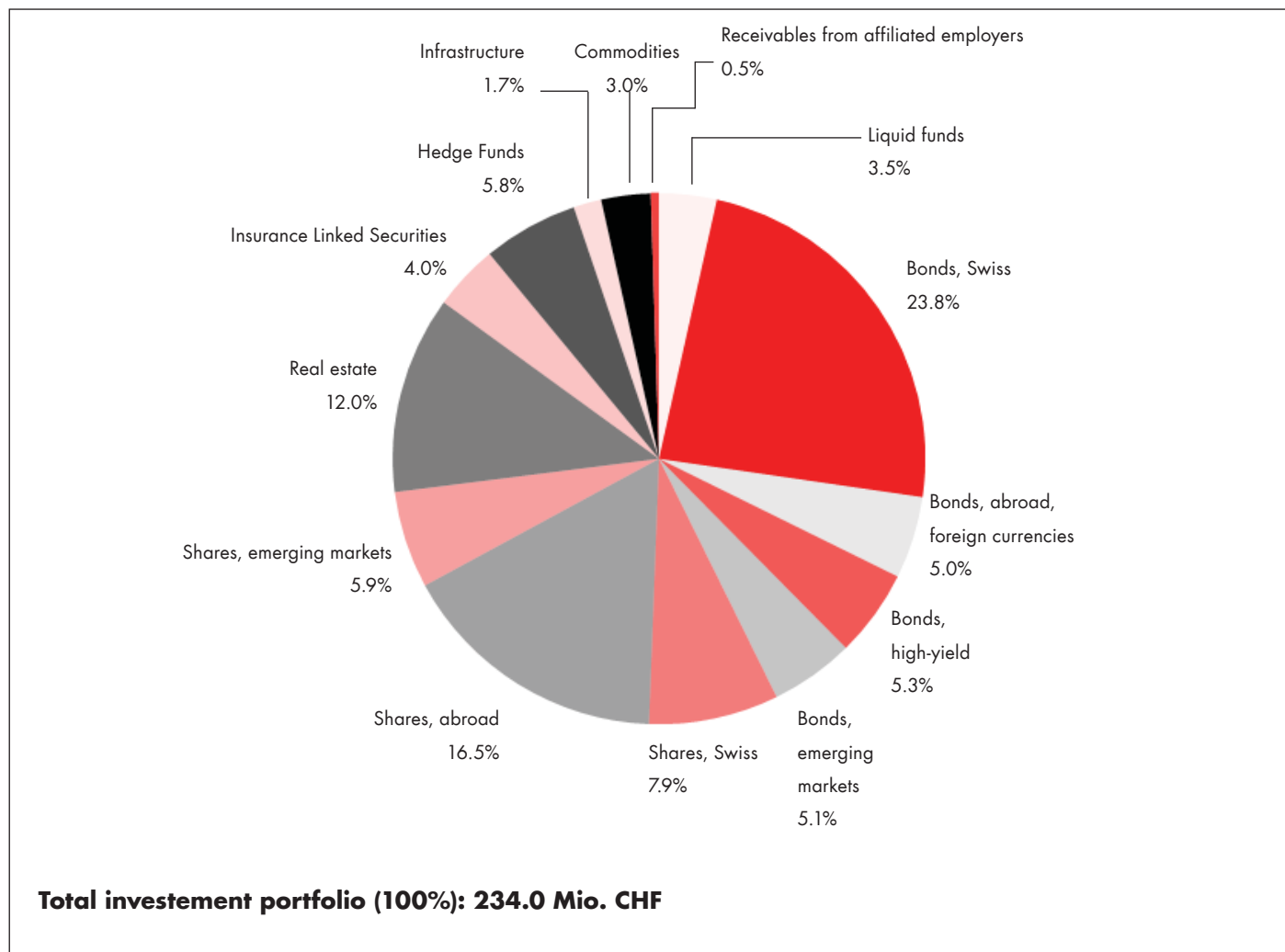
Due to the portfolio development in 2016, the income from regular employee and employer contributions declined in the year under review, though only by 1.7%. On the other hand,

single premiums of the insured persons increased by a total of CHF 4.7 million. At the bottom line, the contribution income went up 22.5% in 2016.

Pensioners	2016 Number	Development Number	2015 Number
Retirement pensions	50	5	45
Pensioner's children pensions	1	1	0
Disability pensions	14	2	12
Spouse's pensions	3	0	3
Orphan's pensions	1	1	0
Total	69	9	60

Investment Portfolio and Policy of Investments

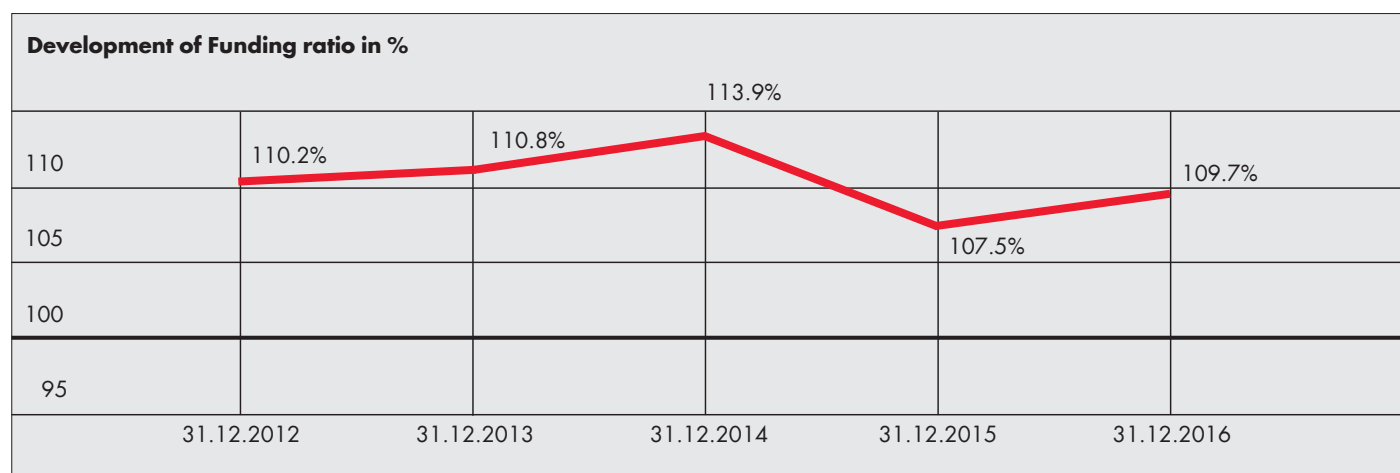
Asset Allocation as at 31.12.2016



Development of Funding ratio

The Foundation's funding ratio has remained steady on a long-term basis. As at the end of the year under review, it amounted to 109.7%, another 2.2 percentage points more than in the previous year. Over a period of five years, the funding ratio ranged from to 107.5% in 2015 to 113.9% in

2014. Since the financial crisis year 2008, the funding ratio of the Supra Collective Foundation has thus never fallen below 105%, which underlines the reliability and trustworthiness of the Foundation as a partner for its customers and insured persons.



Economic Situation and Investment Year 2016 in Review: Report of Swisscanto Fund Management Company Ltd.

2016 in review

The investment year 2016 was marked by political events, especially in the second half of the year. At the beginning of the year, the fear of a further decline of the oil price and concerns about a global recession made the markets very nervous. However, after the oil price stabilised, the stock markets managed to overcome their rock-bottom lows and largely recovered. The markets got off to a confident start in the second quarter, until June 2016, when the majority of UK voters voted in favour of leaving the European Union ("Brexit"). Initially, international stock markets reacted with severe price slumps. However, the depreciation of the pound sterling soon served as a catalyst that strengthened the international stock markets.

Many political uncertainties

In late summer, the economic signals continued to turn gloomy – as so often in recent years, in which the global growth remained below its potential (global annual GDP growth of only about 3% since 2012, compared to the long-term average of 3.5%). The mood was impaired by the upcoming US elections, major oil price fluctuations and the problems in Italy with respect to the lost referendum and the bank bailout. Despite the uncertainties, the economy continued to grow: in the third quarter, the GDP in the USA increased 3.5%, the development of US housing prices stabilised, the EU recorded the lowest unemployment rate since 2009 and China reported steady industrial growth. Additionally, positive impulses emerged after the US elections and from the OPEC.

Strong year for US shares

Against this backdrop, the share prices went up, causing the annual performance to reach a respectable level despite the weak start into the year. From the annual perspective and that of Swiss franc investors, the S&P 500 delivered the by far best performance of 13.7%, while the loser in 2016 was the SPI with -1.4%. Towards the end of the year, the hitherto weak European shares achieved significant gains, while the emerging markets lagged behind. Especially the US financial sector and the US small cap market benefited from the US elections. The steeper interest-rate curve increases the profitability of banks, which, together with hopes for an end of the regulation wave, is driving up profit expectations in the US and in Europe alike (+9% for 2017 after -3% in 2016). The

doubling of the oil price to more than USD 50/barrel caused the shares of the energy sector to surge, making it the best-performing sector. The massive capacity reductions of recent years also had a positive effect in this area.

Interest rate rebound in sight?

Though the prime rate increase by the Fed had been anticipated due to the increasing dynamics of the US economy, the fourth quarter provided a foretaste of the consequences of a possible interest rate rebound, as bonds with longer terms suffered significant losses (10-year US treasuries: -4.8%). The Swiss Bond Index AAA-BBB temporarily lost 4%. The losses suffered by corporate bonds were slightly lower, allowing them to finish the year with a remarkable performance of +4%. The reasons for the substantial, fast rise in interest rates included growing inflation expectations. The US prime rate increase further strengthened the US dollar, while the gold price went down. The year was difficult for hedge funds as well; at the beginning of the year, they sustained massive losses (HFRX Global Hedge Fund USD Index: -6.12% in the first quarter). However, this loss was compensated in the second half of the year.

Outlook for 2017

Since summer, the price performance has turned around in favour of cyclical sectors. This is regarded as a clear indication of an economic upturn. Furthermore, the business indicators are demonstrating an ongoing upward trend, though regional differences exist. Despite the packed election agendas, we do not expect any major election surprises in France and Germany, as Euro-critical parties appear to be unable to come to power. Based on the positive price trend, we will thus stick to our overweighting in shares, and we expect the coming year as well to be generally positive for shares.

Bonds unattractive

As a result of the economic upturn, further central banks will follow the example of the Fed and gradually normalise their monetary policy. As the interest rate hike in December was most likely only a temporary base effect associated with the inflation expectations as a result of the recovery of the oil prices, we do not anticipate any further yield increase for the time being. Nevertheless, this turn towards normalisation of the monetary policy will at least limit the performance opportunities of bonds in 2017.

Swiss shares have potential to catch up

The stock markets, too, are likely to feel the effects of the normalisation of the monetary policy. At the crossroads of the higher economic dynamics and the normalisation of the monetary policy, highly valued stock markets – such in the USA – could be susceptible to temporary turbulence. Partly due to the recovery of the banking sector, the situation is better in other regions, e.g. in Europe. In the Swiss stock market – the clear loser in 2016 – we see catch-up potential in the pharmaceutical and banking sectors; at the same time, the global economic brightening could benefit cyclical Swiss securities.

Alternative investments offer chances

Commodities also offer income opportunities. Due to the short-term increase of the oil price, the forward curve is moving towards backwardation, which would eliminate the significant losses sustained upon reinvestment after the contracts reach maturity. Moreover, the outlook for the oil price has improved considerably thanks to the OPEC deal. Despite the rise in the valuation of cat bonds, we still consider them to be attractive in the current setting. The anticipated yield is much higher than for bonds, and due to the variable interest rates, this bond type would not suffer in the case of global rise in interest rates.

Real estate

As previously, we will retain an overweighting in Swiss real estate, though we have slightly reduced it. In view of the clear relationship between the higher valuation of properties and the low interest rates, the annual performance was again excellent. However, this quality comes at a price – an average premium of 27% is usually due on investments in real estate funds. Moreover, the rents went down throughout Switzerland for the first time in more than 10 years. Demand remains high for inexpensive apartments and low for expensive properties. In the office space segment, the market cycle has already passed its zenith and is unlikely to recover any time soon.

Swisscanto Fund Management Company Ltd.

Report of the Investment Committee

Review

Risky investment classes suffered severe losses at the beginning of 2016, especially due to the newly emerging concerns regarding growth in China. In the USA, the macroeconomic data and the corporate reporting also initially lagged behind consensus expectations, triggering global recession fears. To counteract these risks, the leading central banks decided to undertake further comprehensive easing measures. During the second quarter, the emerging-market economies stabilised, and the growth figures in the industrial countries also picked up. Owing to the returning optimism, the stock markets rallied in spring, also backed by the significant recovery of the oil prices.

The “Brexit referendum” is considered to be the main political event that affected the market in the first half of the year. Due to the narrow opinion poll forecasts, the international financial and commodity markets were already very volatile and nervous prior to the referendum. After the vote, abrupt turbulence occurred, and the risk affinity was temporarily curbed to a major extent.

Despite grave economic concerns, the “Brexit effect” quickly lost momentum in the weeks that followed. Instead, the focus increasingly shifted to positive fundamental factors related to the US economy and the reporting season, brightening up the investor mood. In the remaining summer months, it became more and more evident that the Fed could abandon its ultra relaxed measures. Rising inflation data and the hawkish statements of several Fed representatives pointed to an imminent change in US interest rates, making the stock markets move sideways.

In the last quarter, the US presidential elections dominated the scene. The victory of Republican Donald Trump over his opponent was considered a surprise and briefly irritated the markets. However, Trump’s moderate tone in his victory speech and his announcements to stimulate the economy with tax cuts and higher public spending caused investors’ risk appetite to grow and made the stock markets and the USD rise.

Portfolio results

2016 saw excellent performance of +4.9%. Especially the categories that had posted negative figures in the previous year accounted for the positive result. In particular, this applies to high-yield bonds (+11.2%), emerging-market bonds

(+8.1%), emerging-market shares (+15.5%) and commodities (+11.5%). The other categories also achieved sound results. For example, real estate (+5.8%) benefited from the declining interest rates. CHF bonds also remained positive (+1.6%), though this item put the overall performance under pressure. In future, it is unlikely that this category will deliver any major performance, especially as the current performance is slightly negative on average, and losses must be expected in the case of higher interest rates.

Strategy and shifting

At the end of 2015, due to the gloomier performance perspectives, the quota of CHF funds was reduced by 9% in favour of shares and particularly alternative investments (infrastructure/hedge funds). So far, this move has proved successful, especially as the performance of the new investments has been much better than that of the CHF bonds. As the interest situation has grown even more acute in the meantime and the mere holding of bonds is likely to result in negative performance, the Board of Foundation reacted again and further reduced the bond quota by 5% in favour of mortgages at the beginning of the year. As of the new year, the CHF bond quota has thus dropped to 19%. Last year, various portfolios were established and developed in the field of alternative investments.

Risk management overlay

Due to risk considerations, the Swisssanto Collective Foundation has implemented a risk overlay. Under this arrangement, the share quota is reduced in the event of an overly negative market development. This risk protection was partly activated in spring, with a slightly negative impact on performance.

Outlook

Though we are happy with last year’s result, it will become more difficult for the entire sector to reach the required yield targets. The gloomier performance perspectives of investments in nominal values stand against higher share valuations. At least in this year, however, the shares are again supported by the positive profit perspectives and increasing growth. We are convinced that with our strategy adjustments and risk management, we have established the preconditions for successfully mastering future challenges.

We are looking forward to an exciting investment year 2017.

Annual Financial Statement 2016

Balance Sheet as per December 31, 2016 and 2015	14
Operative Account	16
Explanatory Notes to the Financial Statement	19

Balance Sheet as per December 31, 2016 and 2015, Assets

Assets

	31.12.2016 in CHF	31.12.2015 in CHF
Investments		
Liquid funds	8 152 002.50	10 696 952.04
Accounts receivable	755 016.30	961 729.66
Investment portfolio	233 956 815.17	220 708 842.15
Liquid funds strategic	4 771 793.23	3 785 597.29
Assets for affiliated employers	1 089 301.19	761 927.87
Collective investments bonds	92 121 178.64	94 348 233.99
Collective investments shares	73 813 546.70	68 544 426.91
Collective investments real estate	27 980 140.20	27 372 266.70
Collective investments, alternative investments	34 180 855.21	25 896 389.39
Total investments	242 863 833.97	232 367 523.85
Prepayments and accrued income	873 932.25	477 130.20
Total Assets	243 737 766.22	232 844 654.05

Balance Sheet as per December 31, 2016 and 2015, Liabilities

Liabilities

	31.12.2016 in CHF	31.12.2015 in CHF
Liabilities		
Termination benefits and pensions	183 233.70	986 406.80
Other liabilities	317 106.82	605 658.65
Total liabilities	500 340.52	1 592 065.45
Accrued liabilities and deferred income	4 428 402.47	3 620 383.50
Employer-paid contribution reserves	4 080 412.65	3 913 992.15
Pension liabilities and non-committed funds of pension plans		
Pension liabilities for active insured persons	213 754 252.70	205 846 723.15
Non-committed funds of pension plans	292 528.26	2 247 554.34
Total pension liabilities and non-committed funds of pension plans	214 046 780.96	208 094 277.49
Asset value fluctuation reserves	20 681 829.62	15 623 935.46
Dotation capital, non-committed funds		
Balance at the beginning of the period	0.00	0.00
Income surplus/expense surplus	0.00	0.00
Total dotation capital, non-committed funds of the foundation	0.00	0.00
Total Liabilities	243 737 766.22	232 844 654.05

Operative Account (I)

	2016 in CHF	2015 in CHF
Regular and other contributions and transfers	25 410 315.80	27 907 346.52
Employee contributions	5 434 336.25	5 492 211.70
Employer contributions	12 115 058.75	12 468 161.12
Withdrawal from employer contribution reserve for contributory funding	-599 937.55	-742 563.65
One-time payments and purchase amounts	7 492 882.80	9 926 747.60
Transfers to employer-paid contribution reserves	967 975.55	762 789.75
Entry lump-sum transfers	6 982 004.90	2 263 717.10
Termination benefit transfers	6 599 548.05	2 062 901.80
Transfers for inclusion of portfolios of insured persons in - Non-committed funds	0.00	2 597.00
Reimbursements of withdrawals for home ownership/divorce	382 456.85	198 218.30
Inflow from contributions and entry lump-sum transfers	32 392 320.70	30 171 063.62
Regulatory benefits	-12 224 202.10	-7 211 214.85
Retirement pensions	-518 780.25	-455 825.10
Survivors' pensions	-122 807.30	-120 682.30
Disability pensions	-276 976.05	-258 172.25
Other regulatory benefits	-14 318.40	-14 318.40
Lump-sum payments on retirement	-11 291 320.10	-6 255 288.40
Lump-sum payments on death or disability	0.00	-106 928.40
Termination benefits	-18 373 650.25	-17 322 696.00
Termination benefits and termination of contracts	-17 709 011.35	-16 992 729.05
Carryover of additional means due to collective terminations	-119 867.50	-134 383.70
Withdrawals for encouragement of home ownership/divorce	-544 771.40	-195 583.25
Outflow for benefits and withdrawals	-30 597 852.35	-24 533 910.85

Operative Account (II)

	2016 in CHF	2015 in CHF
Decrease/Increase in pension liabilities, actuarial reserves and contribution reserves (pool)	-6 109 028.72	-10 197 639.25
- Increase in pension liabilities of active insured persons	-1 969 546.40	-4 053 990.90
- Interest on pension liabilities (regular)	-5 937 983.15	-6 470 337.65
- Interest on pension liabilities (additional)	797.70	17 582.80
+/- Decrease/Increase non-committed funds of pension plans	1 959 228.38	292 639.50
+/- Decrease/Increase in contribution reserves	-161 525.25	16 467.00
Income from insurance benefits	2 347 548.55	2 465 572.60
Insurance benefits	1 099 714.55	954 700.55
Share of insurance surpluses	1 247 834.00	1 510 872.05
Insurance cost	-3 087 375.90	-3 449 306.92
Insurance premiums		
- Risk premiums	-2 391 939.70	-2 669 836.72
- Cost premiums	-684 208.80	-768 622.90
Contributions to guarantee fund	-11 227.40	-10 847.30
Net result of insurance activities	-5 054 387.72	-5 544 220.80
Net result on investments	10 544 002.09	-5 520 389.98
Total income on investments	11 723 995.65	-4 517 045.20
Income from liquid funds strategic/Overlay	172 427.97	-2 271 626.72
Income from bonds	3 602 169.89	-361 497.61
Income from shares	4 938 904.90	-1 389 015.50
Income from real estate	1 703 370.50	1 833 329.98
Income from alternative investments	1 307 122.39	-2 328 235.35
Total other income and Expenditure	-1 179 993.56	-1 003 344.78
Income from bank receivables	-6 474.31	-4 384.12
Interest income on accounts receivable	4 696.75	4 467.34
Interest expenses for liabilities	-76 212.75	-22 327.40
Interest expense for employer-paid contribution reserves	-4 895.25	-18 714.00
Asset management expenses	-1 097 108.00	-962 386.60

Operative Account (III)

	2016 in CHF	2015 in CHF
Other Income	2 308.50	2 451.15
Other Income	2 308.50	2 451.15
Administrative expense	-434 028.71	-440 061.73
General administration	-33 981.79	-46 521.19
Expense for marketing and publicity	-13 785.00	-16 935.09
Negotiations and brokerage	-308 121.90	-331 098.35
Auditors and pension fund actuary	-63 473.20	-40 899.60
Supervisory authorities	-14 666.82	-4 607.50
Income/Expenses surplus before decrease/increase of asset value fluctuation reserves	5 057 894.16	-11 502 221.36
Decrease/Increase in reserves for asset value fluctuation reserves	-5 057 894.16	11 502 221.36
Income/Expenses surplus after decrease/increase of asset value fluctuation reserves	0.00	0.00

Explanatory Notes to the Financial Statement

Principles and Organisation	20
Implementation of Objectives	24
Significant Accounting Policies and Valuation Methods, Consistency	25
Actuarial Risks, Risk benefit coverage, Funding ratio	26
Explanatory Notes on Investments and Net Result of Investments	29
Comments on Other Balance Sheet and Operative Account Positions	38
Supervisory Authority Requirements	39
Further Information Regarding the Financial Situation	40
Events after balance sheet date	40
Auditor's Report	41

Principles and Organisation

Legal form and objectives

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

29.11.1984, last updated 03.03.2016

Pension fund regulations as framework regulations for all pension funds, last adjusted as at January 1, 2016

Individual benefit plans for the affiliated pension funds

12.11.2010

01.01.2015

01.07.2016

08.11.2016

Special regulatory provisions
Partial liquidation regulations
Regulations on provisions
Organisation rules
Investment rules

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.

Board of Foundation	Hanspeter Hess Marc Hürzeler Martin Künzler René Raths Roland Sauter Beat Müller Donald Desax Regine Zülch	Chair Member (since 01.05.2016) Member Member (until 30.04.2016) Assessor (since 01.05.2016) Member (since 01.05.2016) Assessor (until 31.12.2016) Assessor Assessor (since 01.01.2016)
Investment Committee	Hendrik van der Bie Martin Flück Herbert Joss Stefan Kunzmann	Chair Member Member Member
Authorised signatories	Svenja Schmidt Davide Pezzetta Claude Schreiber René Eggimann Christoph Schneider Daniela Ziegler Michael Maxelon Caroline Kresta Caroline Löwert Salman Osoy Ulrike Bühler Gregor Konieczny	Managing Director Swisscanto Supra Collective Foundation and Vested Benefits Foundation Managing Director Swisscanto Collective Foundation Head Foundation Management Head Legal Services Head Legal Services Swisscanto Head Finances Head Client Service Teamleader Cantonal Banks & Broker, Client Service Teamleader Broker, Client Service Teamleader Cantonal Banks center, Client Service Head Underwriting & Competence Center Head Sales and Consulting

Actuaries, auditors, advisors, supervisory authority

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

Affiliated employers

	2016 Number	Development Number	2015 Number
As per 31.12. prior year	346	-21	367
Entries	18	6	12
Leavings	-28	5	-33
As per 31.12. year under review	336	-10	346

Active participants and pensioners

Active participants	2016 Number	Development Number	2015 Number
As at 31.12. prior year	1 383	-43	1 426
Entries	185	-32	217
Leavings	-166	68	-234
Retirements	-24	2	-26
As at 31.12. year under review	1 378	-5	1 383

Pensioners	2016 Number	Development Number	2015 Number
Retirement pensions			
Number at beginning	45	5	40
Entries	5	0	5
Leavings	0	0	0
End number of retirement pensioners	50	5	45
Disability pensions			
Number at beginning	12	-2	14
Entries	3	2	1
Leavings	-1	2	-3
End number of disability pensioners	14	2	12
Pensioner's children pensions			
Number at beginning	0	0	0
Entries	1	1	0
Leavings	0	0	0
End number of pensioner's children pensions	1	1	0
Orphan's pensions			
Number at beginning	0	-1	1
Entries	1	1	0
Leavings	0	1	-1
End number of spouse's pensioners	1	1	0
Spouse's pensions			
Number at beginning	3	0	3
Entries	0	0	0
Leavings	0	0	0
End number of orphan's pensioners	3	0	3
Total			
Number at beginning	60	2	58
Entries	10	4	6
Leavings	-1	3	-4
End number of pensioners	69	9	60

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). Currently the pension conversion rate in accordance with regulations corresponds to that of the collective insurance contract; consequently no conversion losses occur upon annuitization.

As of 1 January 2017, the conversion rates relevant to the calculation of the retirement pensions upon retirement will be reduced by an average of about 4.4%; approximately the same reduction will again be applied from 2017 to 2018.

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 16,240,000 (previous year CHF 15,600,000).

The high capital withdrawal rate upon retirement of 88% is the main reason why the pension mathematical reserve increased only slightly in the year under review.

Development and interest rates of retirement savings in the contribution plan

	2016 in CHF	2015 in CHF
Retirement savings as at the end of the previous year	205 846 723	195 322 394
Saving contributions	14 794 554	15 057 560
Saving contributions from disability insurance	166 833	105 703
Vested benefit contributions, purchase sums and new contracts	14 239 400	12 021 005
Use of surpluses for vested benefit contributions	1 855 057	0
Reimbursements of withdrawals for home ownership/divorce	382 457	198 218
Termination benefits for leavers and on termination of contracts	-17 632 663	-16 770 695
Dissolution due to retirement, death and disability	-11 291 320	-6 362 217
Withdrawals for encouragement of home ownership/divorce	-544 771	-195 583
Interest payments on pension capital (regular)	5 937 983	6 470 338
Retirement savings as at the end of the year under review	213 754 253	205 846 723
Interest on savings capital (regular)	3.00%	3.50%

Old-age savings total pursuant to LOB

The Foundation only provides non-compulsory benefits.

Composition, development and explanation of the technical provisions

Thanks to the congruent reinsurance of all insurance risks, there is no need for the Foundation to recognise technical provisions. In the year under review, most of the free assets

of the pension funds that are allocated to the actuarial reserves in the brief expert opinion are included in the old-age savings.

Result of the latest actuarial report

In his brief actuarial expert opinion dated 20 February 2017, the expert for occupational benefit schemes presented the following findings as at 31 December 2017:

Due to the special actuarial structure of the Foundation, under which all insurance risks are fully reinsured on an individual basis, no additional actuarial reserves are required.

Both the number of associated companies and the number of actively insured persons again declined slightly in the year under review. By contrast, the portfolio of pensioners went further up: 5 new retirements, 3 new cases of disability and 2 new children's pensions; one disability pension stopped. Actually, more new retirements took place in the year under review; however, 88% of the old-age savings of the newly retired persons were withdrawn in the form of capital.

Despite the portfolio decline, the actively insured persons' pension assets increased 3.9% thanks to the interest of 3.0% and the inclusion of accrued surpluses (free assets of the pension funds).

The only very slight increase in the pension mathematical reserve in the year under review from CHF 15.6 million to CHF 16.2 million shows that the risk experience continues to be good. The profit share from the insurance contract, which was paid in the year under review, also draws attention to this fact.

As the Foundation does not bear any insurance risks directly, the further slight decline in the portfolios of actively insured persons does not affect the Foundation's structural risk capacity. On the other hand, the identified repeated increase in the funding ratio has resulted in an improvement of the investment risk capacity and thus of the risk capacity of the Foundation as a whole. In the course of the year, the value fluctuation reserve deficit dropped from 49.4% to 35.5%.

The increase of the funding ratio by 2.2 percentage points from 107.5% to 109.7% can be explained as follows: the achieved performance of 4.9% less 3.0% for the interest paid on old-age savings equals 1.9%. The remaining difference of 0.3% – an amount of about CHF 580,000.00 – represents a technical gain that is largely made up of the surplus refund from the insurance contract.

The pension fund actuary can thus confirm that as at 31 December 2016:

- the Foundation is sure that it can meet its obligations (Art. 52e (1) letter a OPA);
- there are no systematic financing gaps;
- the actuarial obligations are valued pursuant to the principles and guidelines that the expert for occupational benefit schemes is required to comply with.

No measures are necessary.

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:

	31.12.2016 in CHF	31.12.2015 in CHF
Non-committed funds of the affiliated pension plans	126 298	163 045
Deposits of surpluses of the affiliated pension plans	164 240	155 444
Individual surpluses and income of the affiliated pension plans	1 990	1 929 065
Total non-committed funds of pension plans	292 528	2 247 554

In the previous year, the deferred income position for the approved surplus income distribution (in addition to interest on pension fund capital), which was created at the expense of the results for previous years, had been largely credited to

the individual surpluses and income of the associated pension funds. In the year under review, they were largely credited to the respective old-age savings.

Changes in actuarial principles and assumptions

The conversion rates relevant to the calculation of the retirement pensions are to be reduced by approximately 4.4% as of 1 January 2017 and as of 1 January 2018.

Funding ratio according to art. 44 OBB2

	31.12.2016 in CHF	31.12.2015 in CHF
Balance assets	243 737 766	232 844 654
Liabilities; accruals and deferrals	-4 928 743	-5 212 449
Employer-paid contribution reserves	-4 080 413	-3 913 992
Distributable pension assets	234 728 611	223 718 213
Pension capital of active insured persons	213 754 253	205 846 723
Non-committed funds of pension plans	292 528	2 247 554
Pension capital non-committed funds of pension plans	214 046 781	208 094 277
Funding ratio in %	109.7%	107.5%

Funding ratio

The funding ratio taking into account assets and liabilities from insurance contracts not shown in the balance sheet amounts to 109.0% (previous year: 107.0%) for the year under review.

The increase of the funding ratio by 2.2 percentage points mainly reflects the achieved performance of 4.9% less the interest paid on old-age savings of 3.0% plus a small technical gain of 0.3%.

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.

The depositories are Zurich Cantonal Bank, Credit Suisse and M.M. Warburg. The custodian is Zurich Cantonal Bank, which regularly submits reports on this subject.

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 December 11, 2013. Additionally, the Advisory Mandate with Finreon AG of December 10, 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 main asset managers are Zurich Cantonal Bank (supervision: FINMA) and Credit Suisse (supervision: FINMA).

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.

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.

Implementation of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares

Only collective investments exist, which do not permit any exercising of voting rights.

Use of expansions (Art. 50 (4) OPP 2) with coherent presentation of the security and risk distribution (Art. 50 (1)–(3) OPP 2)

Pursuant to Art. 50 (4) OPP 2, the investment possibilities may be expanded on the basis of investment regulations, provided that compliance with paragraphs (1) to (3) of the same Article can be duly substantiated in the notes to the annual financial statements.

Art. 9 (5) of the investment regulations of the Swisscanto Supra Collective Foundation dated November 8, 2016 permit the investment possibilities to be expanded. The investment strategy determined in the investment regulations provides for a ceiling of 18% for alternative investments; thus, the investment

regulations are considered to be expanded in this area. As at December 31, 2016, alternative investments amounted to 14.1% of the total investments. The limit of 15% pursuant to Art. 55 OPP 2 has been complied with.

The alternative investments used for the implementation of the investment strategy are carefully selected and monitored. The selection and monitoring is partially supported by external advisors. The achievement of the object of the pension fund is backed by the positive contribution of the utilised alternative investments to reach the performance goals and ensure due risk distribution. In this way, we fulfil the criteria with respect to the use of the extension article.

Target value for and calculation of the value fluctuation reserves

Target value of the value fluctuation reserves	31.12.2016 in CHF	31.12.2015 in CHF
Technically necessary capital	213 754 253	205 846 723
of which 15% as target value of the value fluctuation reserves	32 063 138	30 877 008

Value fluctuation reserves	2016 in CHF	2015 in CHF
Value fluctuation reserves as of 1.1.	15 623 935	27 126 156
Allocated and charged to/released and credited to operative account	5 057 894	-11 502 221
Value fluctuation reserves as of 31.12.	20 681 829	15 623 935
Target value of the value fluctuation reserves	32 063 138	30 877 008
Deficit for the value fluctuation reserves	11 381 309	15 253 073

Breakdown of investments into investment categories

Coll. inv. = Collective investments	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	28.0	4 771 793	3 415 255	8 187 048	3.5
Assets for affiliated employers	0.0	0.0	5.0	1 089 301	0	1 089 301	0.5
Collective investments Bonds, CHF	19.0	16.0	22.0	55 898 142	-165 424	55 732 718	23.8
Coll. inv. Bonds, foreign currencies	5.0	3.0	7.0	12 041 506	-276 569	11 764 937	5.0
Coll. inv. Bonds high-yield	5.0	3.0	7.0	12 318 156	0	12 318 156	5.3
Coll. inv. Bonds, emerging markets	5.0	3.0	7.0	11 863 375	0	11 863 375	5.1
Collective investments bonds	34.0	25.0	43.0	92 121 179	-441 993	91 679 186	39.2
Collective investments Shares, Swiss	8.0	6.0	10.0	19 084 191	-530 472	18 553 719	7.9
Collective investments Shares, abroad	17.0	14.0	20.0	39 962 036	-1 296 238	38 665 798	16.5
Coll. inv. Shares, emerging markets	6.0	4.0	8.0	14 767 320	-876 373	13 890 946	5.9
Collective investments shares	31.0	24.0¹	35.0	73 813 547	-2 703 083	71 110 464	30.4
Collective investments real estate	12.0	10.0	15.0	27 980 140	0	27 980 140	12.0
Collective investments mortgages	5.0	0.0	7.0	0	0	0	0.0
Collective investments Insurance Linked Securities	4.0	2.0	6.0	9 286 812	0	9 286 812	4.0
Collective investments Hedge Funds	6.0	3.0	8.0	13 449 454	33 357	13 482 811	5.8
Collective investments Infrastructure	3.0	0.0	7.0	4 063 665	0	4 063 665	1.7
Collective investments Commodities	3.0	1.0	5.0	7 380 924	-303 536	7 077 389	3.0
Collective investments, alternative investments	16.0	6.0	18.0	34 180 855	-270 179	33 910 676	14.5
Total investments	100.0			233 956 815		233 956 815	100.0
Liquid funds – operational				8 152 003			
Accounts receivable				755 016			
Prepayments and accrued income				873 932			
Other assets				9 780 951			
Balance sheet total				243 737 766			

¹ The lower bandwidth of the share quota 24.0% is reduced to 9.0% in the case of maximum hedging (risk overlay).

The item "Liquid funds – operational" mainly consists of old-age credits that will reach maturity at the end of the year.

Portfolio analysis in categories according to art. 55 OBB2

Article	Category	Value in CHF	Commitment changing effect of derivatives	Relevant value according to art. 55 OBB2	in % of total assets	Limits OBB2
55a	Accounts receivable on definite amount of money, liquid funds incl.	107 191 212	3 006 619	110 197 831	45.2	100.0
	Mortgage titles and mortgage bonds	0	0	0	0.0	50.0
55b	Shares	73 813 547	-2 703 083	71 110 464	29.2	50.0
55c	Real estate	27 980 140	0	27 980 140	11.5	30.0
	Inland	27 080 140	0	27 080 140	11.1	
	Abroad	900 000	0	900 000	0.4	10.0
55d	Alternative investments	34 752 867	-303 536	34 449 331	14.1	15.0
	Total assets in balance sheet	243 737 766				
55e	Positions in foreign currencies without collateralization	92 888 736	-29 517 944	63 370 792	26.0	30.0

The use of investment vehicles classified as diversified collective investments pursuant to Art. 53 (2) OPP 2 ensures that the

individual debtor limits pursuant to Art. 54a OPP 2 are complied with.

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 prohibited.

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.

Open derivatives: Forward contracts

The forward currency exchange contracts are at all times fully covered by the core investments. As per December 31, 2016

forward contracts (expiry date January 2017) with a marketable value of CHF 290,216 (previous year CHF -337,863) were open.

Exposure effects of currency futures

in CHF	Market value	Exposure-increasing	Exposure-reducing
CHF	290 216	29 808 158	
Foreign currencies			-29 517 942

Allocation of investment categories

Allocation of investment categories	Market value in CHF
Liquid funds, strategic	135 307
Bonds, foreign currencies	121 552
Hedge Funds	33 357
Total	290 216

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

Open derivatives: Futures

The future contracts are at all times fully covered by the core investments. As per December 31, 2016 the following future contracts (expiry date 1st quarter 2017) were open:

Exposure effects of the futures

Investment category	in CHF		
	Market value	Exposure-increasing (+) / reducing (-)	Liquidity requirement
Bonds, CHF	0	-165 424	0
Bonds, foreign currencies	0	-398 121	0
Shares Swiss	0	-530 472	0
Shares abroad	0	-1 296 238	159 535
Shares Emerging Markets	0	-876 373	0
Commodities	0	-303 536	0
Total	0	-3 570 164	159 535

The success of futures contracts is reported under "Income from Overlay".

Pending capital commitments

As at 31 December 2016, contractual investment obligations existed towards:

- Credit Suisse Investment Foundation, Zurich, CHF 2.9 million
- Credit Suisse Investment Foundation 2nd Pillar, Zurich, CHF 1.1 million
- Mercer Private Investment Partners IV, Luxembourg, EUR 8.21 million
- Investment Foundation of UBS for Employee Benefit Schemes, Zurich, CHF 3.35 million
- Swisscanto Investment Foundations, Zurich, CHF 1.15 million

Fair value and counterparties in securities lending

The Foundation exclusively holds interests in collective investments and does not conduct its own securities lending. Nothing can be stated about any securities lending within the collective investments.

Securities lending for the purpose of improving the performance is only permitted within the scope of collective investment schemes and in accordance with the provisions of the Federal Act on Collective Investment Schemes (CISA) and its implementing decrees. Apart from this, securities lending is not permitted.

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 %	
	2016	2015	2016	2015
Liquid funds strategic	0	-68 267	n/a	n/a
Bonds Swiss CHF	1 132 311	1 450 079	1.58	1.77
Bonds abroad, foreign currencies	248 988	2 727	2.08	-0.05
Bonds high-yield	1 299 717	-230 363	11.21	-2.43
Bonds emerging markets	921 155	-1 583 940	8.14	-14.15
Shares Swiss	224 220	733 127	1.11	4.22
Shares abroad	2 688 844	-262 489	7.09	-0.89
Shares emerging markets	2 025 841	-1 859 654	15.46	-14.18
Real estate	1 703 371	1 833 330	5.80	6.51
Insurance Linked Securities	399 788	235 912	3.19	3.46
Hedge Funds	105 820	419 554	-2.49	0.61
Infrastructure	54 927	0	3.13	n/a
Commodities	746 587	-2 983 701	11.54	-29.58
Income from Overlay	172 428	-2 203 360	n/a	n/a
Total investments	11 723 996	-4 517 045	4.93	-2.50
Income from bank balances	-6 474	-4 384		
Interest income on accounts receivable	4 697	4 467		
Interest expense for liabilities	-76 213	-22 327		
Interest expense for employer-paid contribution reserves	-4 895	-18 714		
Expenses for asset management	-1 097 109	-962 387		
Total income from other assets and liabilities	-1 179 994	-1 003 345		
Net result of investments	10 544 002	-5 520 390		

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

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 1,051,001.67 for the year under review (previous year CHF 904,040.33).
- The total asset management expenses indicated in the operative account as a percentage of cost-transparent investments amounts to 0.46% in the year under review (previous year 0.43%).
- The cost transparency ratio is 98.04% for the year under review (previous year 96.51%).

Non-transparent collective investments:

- ISIN CH0323362589, CSA 2 Multi-Manager Real Estate Global M, Provider Credit Suisse Investment Foundation, Holding: 900, Fair value: CHF 900 000
- ISIN XD0336582990, Field Street Offshore Fund LTD-A Sub1-1608, Provider Field Street, Holding: 454.64, Fair value: CHF 464 955.15
- ISIN XD0336297433 Laurion Capital LTD -A-USD-S1608, Provider Laurion Cap, Holding: 454.29, Fair value: CHF 461 574.51
- ISIN XD0342835648 Libremax Offshore Fund LTD -A-G-S13, Provider LibreMax Offshore, Holding: 425.38, Fair value: CHF 441 306.52
- ISIN XD0339582179 LMR Alpha Rates Trading Fund LTD A- USD -S8, Provider LMR Alpha Rt, Holding: 4 000, Fair value: CHF 406 540.00
- ISIN XD0338913847 Tenor Opportunity Fund LTD- BB-USD, Provider Tenor Opp, Holding: 455, Fair value: CHF 466 129.52
- ISIN XD0323729968 Tilden Park Offshore Liquid Mortgage Fund USD, Provider Tilden Park Off, Holding: 485.37, Fair value: CHF 501 886.17
- ISIN LU1344916983, Mercer Private Investment Partners IV SICAV-SIF Sub-Fund INFRA EUR Class D, Provider Mercer Private Investment Partners IV, Holding: 1 040 625, Fair value: CHF 1 115 550

The non-transparent collective investment schemes are investment vessels which were only launched in the year under review. For this reason, there is no revised TER cost rate as of 31.12.2016, which is why these investments are regarded as non-transparent during 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 1,089,301.19 (previous year: CHF 761,927.87) are premium receivables. In 2016 the foundation levied default interest of 5.0% (previous year: 5.0%). In the year under review, this item contained a del credere of CHF 6,000 (previous year: CHF 0).

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	2016 in CHF	2015 in CHF
Balance at the beginning of the period	3 913 992	3 911 745
Transfers into the employer-paid contribution reserves	967 977	762 790
Benefits from termination of contracts	-63 097	-36 693
Used for premium payments	-599 938	-742 564
Used for one-time payments ¹	-143 416	0
Interest	4 895	18 714
Balance at the end of the period	4 080 413	3 913 992

¹ 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 0.125% (previous year 0.5%).

Comments on other balance sheet and operative account positions

Comments on accounts receivable	31.12.2016 in CHF	31.12.2015 in CHF
Receivables from insurances	246 736	441 770
Withholding tax	508 280	519 960
	755 016	961 730

Comments on prepayments and accrued income	31.12.2016 in CHF	31.12.2015 in CHF
Prepaid benefits	848 932	460 130
Other accruals	25 000	17 000
	873 932	477 130

Comments on accrued liabilities and deferred income	31.12.2016 in CHF	31.12.2015 in CHF
Prepaid premiums	528 599	872 164
Outstanding entry benefits	2 977 808	2 683 388
Additional yield distribution	0	5 000
Other accruals	921 995	59 832
	4 428 402	3 620 384

Comments on insurance cost	2016 in CHF	2015 in CHF
Risk premium	2 391 940	2 669 837
Cost premium	684 209	768 623
Contributions to guarantee fund	11 227	10 847
	3 087 376	3 449 307

Comments on administrative expenses	2016 in CHF	2015 in CHF
Distribution compensations	163 653	175 702
Broker's commissions	144 469	155 397
Auditors, pension actuaries	63 473	54 048
Supervisory authority	14 667	4 608
Expenses for marketing and publicity	13 785	16 935
Other administrative expenses	33 982	33 372
	434 029	440 062

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 2016 includes the sum of CHF 1,247,834.00 (previous year: CHF 1,510,872.05) in surpluses. In accordance with the regulations this sum was used to support the coverage ratio in the current year.

Supervisory Authority Requirements

The supervisory authority acknowledged the reporting for 2014 by means of its letter dated 5 September 2016 and for 2015 by means of its letter dated 13 February 2017.

Further Information Regarding the Financial Situation

Partial liquidations

No partial liquidation procedure was performed in 2016, neither at the Foundation level nor at the pension fund level. Partial liquidations of pension funds possibly to be carried out are identified in accordance with the provisions of the partial liquidation regulations. The resulting distributions of these pension funds' free assets are handled according to the relevant rules.

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 Collective Foundation of the Cantonal Banks Basel

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Swisscanto Supra Collective Foundation of the Cantonal Banks, which comprise the balance sheet, operating accounts and notes (on pages 14 – 40), for the year ended 31 December 2016.

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 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 2016 comply with Swiss law and with the foundation's deed of formation and the regulations.

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 available funds or 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 and regulatory requirements have been met.

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

PricewaterhouseCoopers AG



Matthias Sutter
Audit expert
Auditor in charge



Felix Steiger

Basel, 31 May 2017

Publisher:
Swisscanto Supra
Collective Foundation of the Cantonal Banks
St. Alban-Anlage 26
P.O. Box 3855
4002 Basel
Telephone 058 280 26 66
Fax 058 280 29 77
info@swisscanto-foundations.ch

More information at

www.swisscanto-foundations.ch



Swisscanto

Stiftungen/Fondations/Fondazioni