



Occupational Benefits News 1/2014  
Swisscanto Supra

## The Financial Year 2013 at a Glance

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**Swisscanto**

# Reforms for a secure future



Hanspeter Hess  
Chair of the  
Foundation Board



Davide Pezzetta  
Managing Director

## Reforms and Plebiscites Affect Occupational Benefits

The Swiss old-age provisions system is a success story for which we are widely envied. Numerous countries have adopted our principle of three pillars or tiers as a model for creating their own social security system. It is therefore appropriate and welcome that the Swiss Federal Council should give thought to the future of this success model and for letting foresight prevail in doing so, which is exactly what the Council is doing with the 2020 old-age provision reform ("Altersvorsorge 2020"). The core elements of this reform have been made known in the meantime and Swisscanto can reassuringly state that it is already now ideally equipped to meet these new challenges. Flexible and individual solutions for retirement have been part of Swisscanto's standard package for a long time. For Swisscanto the greatest-possible transparency and a responsible, proactive manner of treating pension funds have been a matter of course and served well in particular during the difficult last years.

Now that the Swiss electorate has approved the "Anti-Rip-Off Initiative", large financial investors are required to vote in the investors' best interests at shareholders' meetings. This refer-

endum has no effect on Swisscanto Supra. On the one hand, Swisscanto Supra holds no direct investments in shares, but only holds investments in investment groups of the Swisscanto Investment Foundation. On the other, our investment partner has always voted in the investors' best interest. Its voting record for each company and shareholders' meeting is transparently documented on the internet.

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

During a strategic review, the Swisscanto Collective Foundation modified its benefits strategy so that the actively insured and old-age pensioners would be treated equally in terms of the interest paid on old-age savings. The implementation must take account of the financial position of the Swisscanto Collective Foundation. In the long term, the Swisscanto Collective Foundation will base its decisions on not only the technical interest rate (currently 3%) but also security requirements (building the necessary reserves and provisions). Its goal is to develop a balanced long-term interest policy that takes account of not only the interests of the actively insured, but also those of pension recipients.

Swisscanto Supra has taken the same approach and likewise decided to align its future interest policy with this benefits goal. Shortly before the end of each financial year, Swisscanto Supra's Board of Foundation decides on the interest to be paid for the following year based on its own financial position, independent of the Swisscanto Collective Foundation.

## Trust as the Basis of Cooperation

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

Hanspeter Hess  
Chair of the Board of Foundation

Davide Pezzetta  
Managing Director

# Key Figures 2013

Coverage rate	2013	2012
Coverage rate as at 31.12. (in %)	110,8	110,2

Portfolios	2013	2012	Change absolute	Change in %
Statutory Capital (in CHF mio.)	182	174	8	4,6
Investments (in CHF mio.)	217	202	15	7,4
Number of contracts	373	370	3	0,8
Insured persons	1 402	1 429	-27	-1,9

## Portfolios

The number of associated companies remained virtually unchanged during the reporting year, while the number of in-

sured persons declined marginally. Regulatory capital (4.6%) and investments (7.4%) grew at an encouraging pace.

Premium Income	2012 in CHF Mio.	2011 in CHF Mio.	Changes in CHF Mio.	Changes in %
Periodical employee and employer contributions	18,1	17,6	0,5	2,8
Single premiums	2,9	1,6	1,3	81,2
<b>Total</b>	<b>21,0</b>	<b>19,2</b>	<b>1,8</b>	<b>9,4</b>

## Premium Income

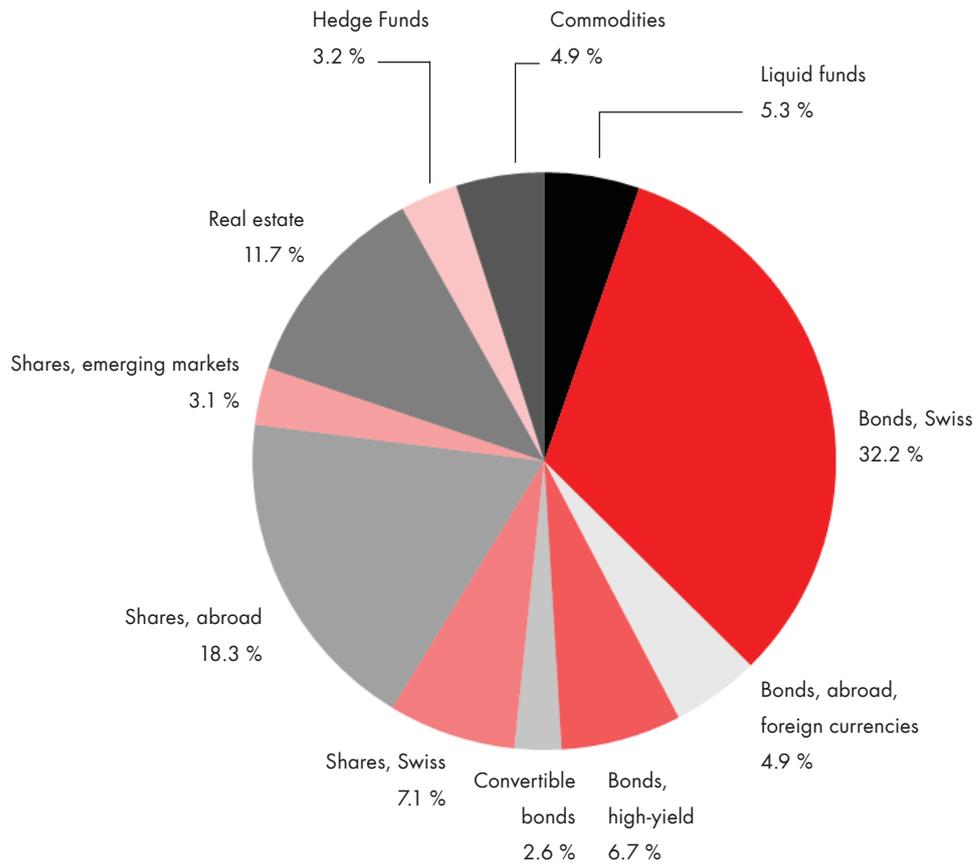
Periodical employee and employer contributions remain essentially unchanged year-to-year. Single premiums rose by a

significant percentage during the reporting year, largely due to the low base effect.

Technical reserves	2013	2012	Changes absolute	Changes in %
Technical reserves (in Mio. CHF)	0,51	0,53	-0,02	-3,8

# Investment Portfolio

## Asset Allocation as at 31.12.2013



**Total investment portfolio (100%): 196 Mio. CHF**

# Performance: Report of the Investment Committee

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

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

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

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

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

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

Within the portfolio, the investment categories Shares Switzerland (+25.0%) and Shares Abroad (+22.0%) developed best, while in particular Bonds Switzerland (-2.2%) and Shares Emerging Markets (-9.5%) made a negative contribution. Alternative investments and real estates also contributed positively: Hedge Funds (+8.8%), Real Estates Switzerland (+5.9%) and Real Estates Abroad (+3.2%).

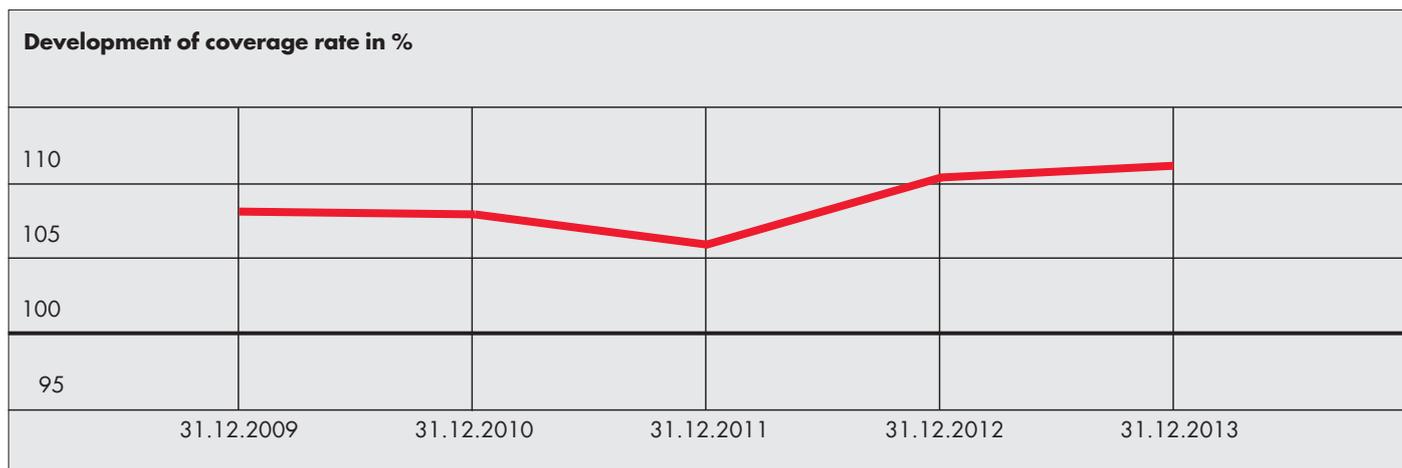
The portfolio yielded 3.6% overall as of the end of the year and thus clearly outperformed the reference index, which only yielded 1.6%. This happened because the portfolio was realigned with the new investment strategy in mid-December, and the share positions were thus built up when prices were at monthly lows. The equity ratio at year-end was around 28% – which conforms to the strategic target – while the previous strategy called for an equity ratio of only around 13%.

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

The positive yield has furthermore led to the improvement of the coverage rate from 110.2% to 110.8%.

# Development of Coverage Ratio, Reserves

Thanks to the the positive developments of the investment markets the coverage rate has further increased in the reported year from 110.2% to 110.84%.



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

	2013 in CHF	2012 in CHF
Assets	196 018 714	176 204 297
Value fluctuation reserves as of December 31	20 063 389	18 106 517
Target figure for value fluctuation reserves (15% of assets; previous year 10.4%)	29 402 807	18 325 247

# Fairness through Transparency

## **Number 1 of Collective Bank Foundations**

A joint venture of the Cantonal Banks and Helvetia Insurances, Swisscanto Supra offers solutions in the extra-mandatory area of occupational benefits, complementing the Swisscanto Collective Foundation. Swisscanto's investment and pension provision know-how, the high-security risk coverage thanks to one of the biggest Swiss insurance companies combined with the strong, trust-based confidence of both population and enterprises in the Cantonal Banks forms the basis for a unique and powerful partnership in the area of occupational benefits for higher management.

## **Core Strengths of the Cantonal Banks**

Surveys over the last years have repeatedly shown the extraordinarily high degree of confidence in the Cantonal Banks among Swiss banks. Furthermore, their branch network is the densest of all Swiss banks: You can reach your personal insurance consultant easily and any time.

The Cantonal Banks combine state-of-the-art financial service management with a tradition of comprehensive safety requirements. For specific tasks they can source their own specialists: In the case of occupational benefits this is Swisscanto Collective Foundation and Swisscanto Supra; Swisscanto Investment Foundation and Helvetia Insurances are additional partners.

## **To Optimize Returns:**

### **Swisscanto Investment Foundation**

Funds of occupational benefits plans demand a highly professional investment strategy which complies with all legal requirements but also satisfies demands for both security and yield. Swisscanto Investment Foundation, a joint venture of the Cantonal Banks as well and the biggest such foundation in Switzerland, is the ideal partner for all fund placements in connection with occupational benefits. A member of the Conference of Managers of Investment Foundations (KGAST), Swisscanto Investment Foundation adheres to the high KGAST standards of quality. In KGAST performance comparisons among different categories of investment foundations Swisscanto Investment Foundation has continuously reached top ranks.

## **For Security: Helvetia Insurances**

Thanks to Helvetia Insurance the risks of death and disability are covered. One of the biggest insurance enterprises in Switzerland, Helvetia Insurance offers comprehensive insurance protection at all times owing to their highly professional risk and claims management.

## **To Maximize Security**

Building on the same pillars of reliability and stability as Swisscanto Supra, Swisscanto Investment Foundation's prudent and professional investment policy aims to optimize returns while maximizing security at the same time. The insured can thus always be certain that their pension assets are in safe hands.

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