



Occupational Benefits News 1/2015
Swisscanto Supra

The Financial Year 2014 at a Glance

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Swisscanto

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 2nd 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



Key Figures 2014

Portfolios	2014	2013	Change absolute	Change in %
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.

Premium Income	2014	2013	Change absolute	Change in %
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
Total	21.1	21.9	-1.3	-3.7

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.

Provisions and Reserves

Technical provisions

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

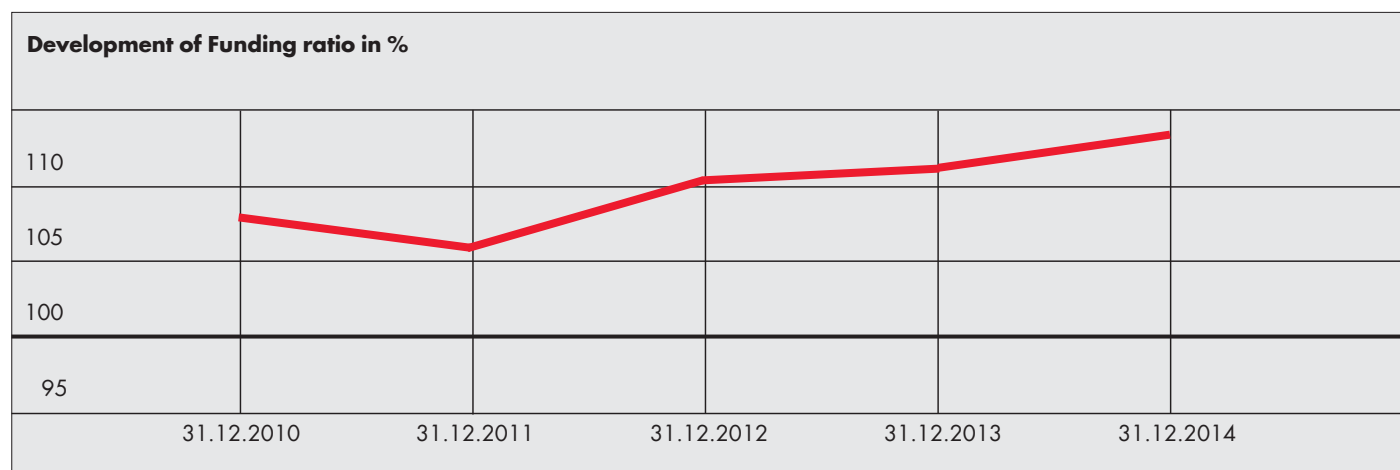
Investments; value fluctuation reserves and target value of the value fluctuation reserves

	31.12.2014 in CHF	31.12.2013 in CHF
Assets	235 221 134	217 202 267
Value fluctuation reserves	27 126 157	20 063 389
Target value of the value fluctuation reserves	32 487 037	29 402 807

Funding Ratio

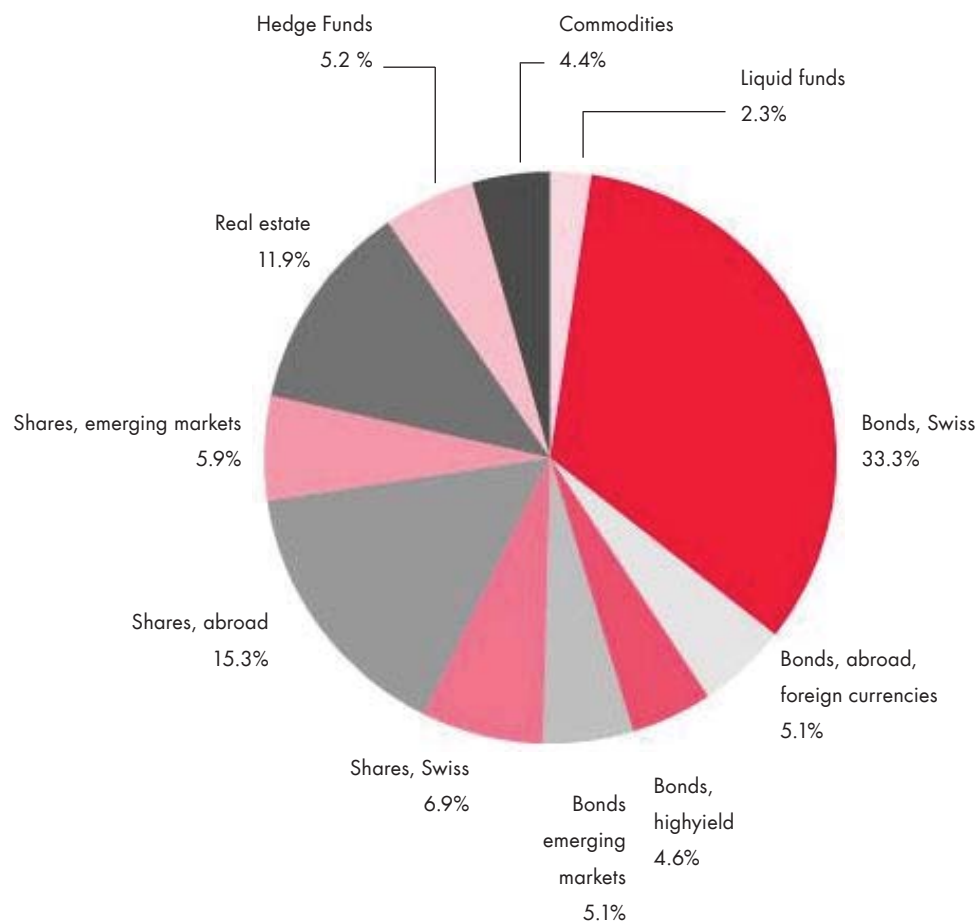
Owing to the fact that 2014 was a good investment year, the funding ratio of the Swisscanto Supra could be increased to a solid 113.9%.

Funding ratio	2014	2013
Funding ratio as at 31.12. (in %)	113.9	110.8



Investment Portfolio

Asset Allocation as at 31.12.2014



Total investment portfolio (100%): 216.6 Mio. CHF

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 strategic 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, Swisscanto Supra 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.

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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