



Occupational Benefits News 1/2016
Swisscanto Supra

The Financial Year 2016 at a Glance

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Swisscanto

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Stability and progress: Not mutually exclusive

Dear Customer and Insured Persons,

The year 2015 will certainly be remembered as one that awakened more desires than it fulfilled. Whether the decision by the Swiss National Bank in January 2015 or the distortions on the equities market at the end of the year – on the financial markets, the desire for stability and reliability remained largely unfulfilled.

But it is the very mission of the Swisscanto Supra Collective Foundation to meet these desires of our customers. Being able to guarantee to our insured persons that their pension assets are secure is and remains our most important goal – despite the many difficulties. This Annual Report shows that we were able to achieve this goal again in 2015 despite unfavourable conditions.

Credibility as a success factor

With an attractive rate of interest and a cautious acceptance policy, Swisscanto Supra has over many years gained the trust of its customers and a high degree of credibility. The Foundation's financial situation continues to be stable. The coverage rate of 107.5% as at 31 December 2015 is clear evidence of this. As a result of a cautious policy of reserves and hedges, Swisscanto Supra was also able to largely cushion the effects of the abolishment of the minimum CHF/EUR exchange rate by the Swiss National Bank.

Need for action recognised

Stability and continuity: These terms have always been important guiding values for Swisscanto Supra. While they continue to apply, these values should not be permitted to distort the view as regards necessary reforms. The upcoming "Pension

2020" reform, about which we already extensively informed you in our "Occupational Benefit News", shows that the political bodies have also recognised the need for action: If we want to preserve the proven Swiss social-security system, incisive measures are necessary in some cases. Swisscanto Supra is anticipating these reforms with forward-looking business policies that are characterised by security. These include regularly reviewing the applicable conversion rates in the supplementary area, i.e. the one in which the Board of Foundation currently has discretion to act.

In 2016, as well, the Board of Foundation will prioritise the technical parameters and deal with them intensively – in the interest of ensuring the long-term financial stability of the Swisscanto Supra, but as well also in light of the reform package Pension 2020.

Balanced investment strategy, attractive interest rates

Another important element for the long-term security of pensions is a balanced investment strategy: Here as well, the objective is to continuously redefine how security is to be balanced against the effort to generate the necessary income. Modern tools are available to the Investment Commission today for this purpose. Read more about this in the report of the Investment Commission on page 12.

Mainly as a result of the efforts in the investment area, coupled with an adjustment of the investment strategy, the Swisscanto Supra was able in the past year to keep the interest rate for old-age savings at 3.5%, which was well above the minimum interest rate set by the Federal Council (1.75%).

Your representation on the Board of Foundation

Two representatives from among the insured persons will be elected to the Board of Foundation in the new financial year. We are pleased to expand the Board of Foundation in this way and have the desires and interests of our customers make their way into our work in an even more direct manner.

Focus on the interests of insured persons

For the new Board of Foundation as well, the focus will be on the security of pension assets and the trust of customers and insured persons. In 2016, the Board of Foundation, the Executive Management, and the employees of the Swisscanto Supra Collective Foundation want to once again demonstrate that difficult financial markets require even more cautious management and mean even greater responsibility, but our customers should continue to feel secure. We thank you for your trust, and hope that we will continue to have it in future financial years.



Hanspeter Hess
Chair of the Board
of Foundation



Davide Pezzetta
Managing Director



Key Figures 2015

Portfolios	2015	2014	Change absolute	Change in %
Statutory Capital (in CHF Mio.)	208	196	12	6.1
Investments (in CHF mio.)	232	235	-3	-1.3
Number of contracts	346	367	-21	-5.7
Insured persons	1 383	1 426	-43	-3.0

Portfolios

During the reporting period, regulatory capital increased in line with expectations. The number of contracts and the number of insured persons fell in the 2015 financial year by 5.7% and 3.0%, respectively, and as a consequence of this, invest-

ments also declined. This was due to the fact that the number of customers who terminated their benefit arrangement as at 31 December 2014 exceeded the number of new customers who were accepted as at 1 January 2015.

Premium Income	2015	2014	Change absolute	Change in %
Periodic employer and employee contributions (in CHF Mio.)	17.2	17.7	-0.5	-2.8
One-time payments (in CHF Mio.)	2.3	3.4	-1.1	-32.4
Total	19.5	21.1	-1.6	-7.6

Premium income

Both periodic contributions by employers and employees and single premiums fell during the reporting period. Whereas the decline in periodic contributions was roughly equivalent in

percentage terms to the decline in the number of insured persons, single premiums fell by roughly CHF 1.1 million (-32%) compared with the prior year.

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

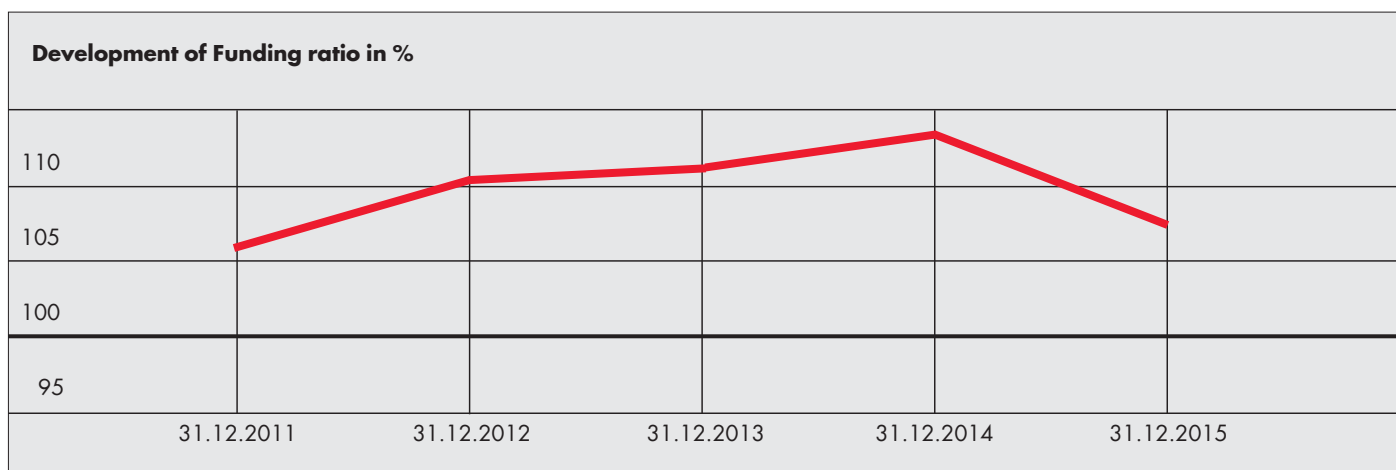
	31.12.2015 in CHF	31.12.2014 in CHF
Assets	232 844 654	235 221 134
Value fluctuation reserves	15 623 935	27 126 157
Target value of the value fluctuation reserves	30 877 008	32 487 037

Funding Ratio

The year 2015 was a very difficult one for investments (on this point, also see the reports of Swisscanto Fund Management Company Ltd. and the Investment Commission), and it left its

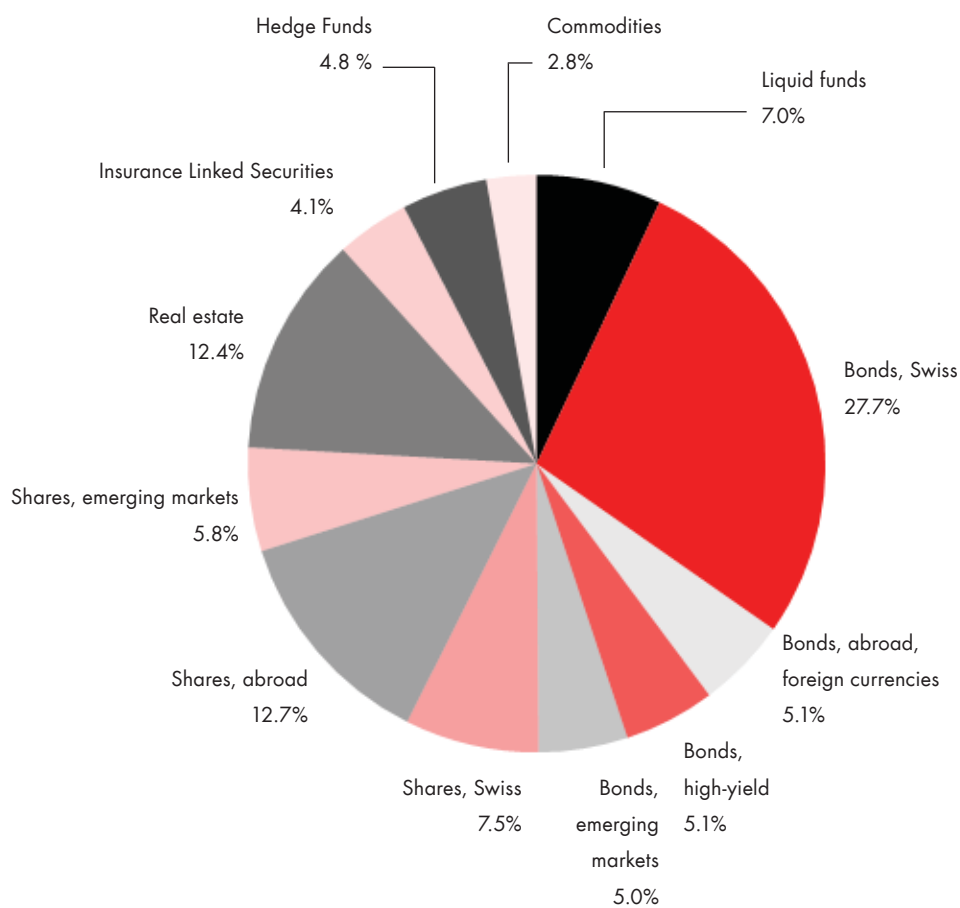
mark on the funding ratio of the Swisscanto Supra. Nevertheless, the Swisscanto Supra posted a comfortable funding ratio of 107.5% as at the end of 2015.

Funding ratio	2015	2014
Funding ratio as at 31.12. (in %)	107.5	113.9



Investment Portfolio

Asset Allocation as at 31.12.2015



Total investment portfolio (100%): 219.9 Mio. CHF

Performance: Report of the Investment Committee

Review

Here in Switzerland, the year 2015 started with a bang when in mid-January the Swiss National Bank surprised everyone by abolishing the minimum exchange rate of CHF 1.20 to EUR 1.00 and at the same time lowered interest rates still further into the negative zone. Just days later, the ECB announced a gigantic QE programme in which it planned to make monthly purchases of bonds in the amount of EUR 60 billion until the autumn of 2016. This flood of money was intended, on the one hand, to boost the inflation rate and, on the other, above all to stimulate the economy. In comparison to Europe, the macroeconomic environment in the U.S. turned out to be much more stable, for which reason the U.S. Fed raised interest rates slightly by 0.25% in December. This divergent stance by the central banks led to a strengthening of the USD against most currencies. Unsettling signals about economic trends in China began reaching investors in the summer. As a result, equities and bonds from emerging markets, as well as commodities, struggled over the course of the year. National economies with structural problems, such as Russia and Brazil, were disproportionately affected by the commodities slump and fell into recession.

Portfolio results

The past year was disappointing in terms of investments. With a performance of -2.3% , December in particular contributed to the negative annual result of -2.5% . For the year, it was primarily the slump in commodities as well as emerging market investments that were responsible for the result. With the price of oil standing at about USD 30, commodities fluctuated at a multi-year low. Clear exaggerations can currently be observed on the market, which are developing in a way that is detached from fundamental factors with a longer-term effect, such as supply costs. At the current price level, there will inevitably be adjustment processes in terms of supply, which in the medium term will likely lead to higher prices again. Many market observers are already expecting a corresponding easing over the course of the year.

With regard to emerging market bonds, the trends in exchange rates in particular had a negative influence. Many negative factors are already priced in, and because of interest rate differences, yields on local currency bonds are very high in comparison to industrialised nations. Nevertheless, in the medium to long term, a strategic share of emerging market bonds in local currencies is sensible.

The positive investment categories in the past year were CHF bonds, real estate, alternative investments, and Swiss equities.

Strategy adjustment

A positive performance of roughly 2% was again achieved with CHF bonds in the past year. However, the income perspectives have deteriorated. At the current rate level, the best-case scenario is a yield that is still barely positive. This prompted the Board of Foundation to reduce the share of CHF bonds near the end of the year by 9% (now 24%) in favour of equities +3% (now 31%) and alternative investments +6% (now 16%). Investments in the area of alternative investments, such as CTA/global macro and infrastructure, are intended to further increase portfolio diversification and stabilise the portfolio result.

Risk management overlay

Due to risk considerations, Swisscanto Supra implemented a risk overlay. In this regard, the share of equities will be reduced in the event of an overly negative market development. Whereas in the past year, this risk cover had not yet paid off, the share of equities was substantially reduced during the first several weeks of the new year. The negative performance on the equities markets was able to be considerably cushioned, particularly starting in February of this year. Through the overlay, the share of equities can be reduced from 31% to as little as 10% in an extreme case.

The year 2016 is likely to bring new challenges in terms of investments. With the slight strategy adjustment and the risk overlay, the conditions have been created for accepting these challenges and looking positively into the future.

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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