

Annual Report 2014



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Foreword



Ladies and gentlemen

The observation we made in last year's report to the effect that the financial markets had broken uncharted economic ground has been confirmed. National economies around the world are recording new experiences, almost every month. This trend may contain some educational added value. Being directly affected, pension funds experience inflationary phenomena such as the investment crisis, bond risks, inflated property valuations, or – most recently – negative interest rates and the euro/Swiss franc parity as an existential challenge.

Pension fund pro cannot work miracles either. However, keeping cool, not taking any additional investment risks and constantly improving our own services are factors that are within our own sphere of influence. This is the unspectacular path that we have followed in the year under review. With a comparatively low risk exposure, we attained a stable performance of 6.81 % and the technical interest rate continued to stand at 2.5 %, which is no longer even over-cautious. These are positive key figures in every respect, thanks to which we were able for the first time to distribute value fluctuation reserves to the provident funds, according to the regulations, and indirectly to credit them to the beneficiaries. Following this distribution, the degree of coverage stood at 105.8 % as at December 31, 2014.

And that is how we continue to proceed – cautiously, step by step. A conservative investment strategy, stable performance and optimal daily performances for our customers are the main objectives of pension fund pro. In addition, we are revising the regulations to bring them closer to current market events and to enhance customer benefit and are continuing our structural improvements. The re-organization of services to the insured and contract management in 2014 is now to be followed by a test of our marketing. This is becoming leaner and at the same time more efficient. 2015 will be another year of perceptible improvements. And, like the previous years, it should become a year of customer satisfaction. In this process we are driven by justifiable confidence. During the year under review we were able once again to significantly expand our customer base. Thanks to a 10 % increase, pension fund pro is able to number more than 52,000 insured and over 7,000 companies among its customers.

We wish to thank you all! And we look forward to successfully continuing the journey together.

Sincerely,



Peter Hofmann
Chairman of the Board of Trustees

Key figures

	2014 CHF 1,000	2013 CHF 1,000	Change in %
Recognised contributions, gross	234,278	211,556	10.7
> of which savings and flat-rate contributions	177,382	158,557	11.9
> of which risk contributions and contributions to administrative costs	56,896	52,999	7.4
Pension capital for working insured	1,469,272	1,439,167	2.1
Pension capital for pensioners	641,865	702,957	-8.7
Pension benefits	58,197	46,331	25.6
Technical reserves	40,509	39,286	3.1
> of which FZG 17 reserves	1,161	1,232	-5.8
> of which reserves for BVG minimum termination benefits	406	599	-32.2
> of which reserves for conversion rate	21,219	19,932	6.5
> of which inflation adjustment fund	15,771	15,771	0.0
> of which IBNR reserves	1,952	1,752	11.4
Actuarial surplus	124,374	42,739	191.0
Balance sheet total	2,578,888	2,383,192	8.2
Other information			
Foundation's funding ratio	105.8 %	102.0 %	3.7
Average funding ratio of pension funds	107.4 %	102.7 %	4.5
Affiliated companies	7,132	6,720	6.1
Insured persons	51,993	47,143	10.3
Pension recipients (number of pensions)	3,560	4,288	-16.9
Pension recipients reinsured	18	25	-28.0
Pending reinsured disability claims	478	424	12.7
Return on investments	6.81 %	6.08 %	
Interest on savings capital	1.75 %	1.50 %	
Technical interest rate	2.50 %	2.50 %	

Balance sheet

Assets	Note Number	31.12.2014 CHF	31.12.2013 CHF	Change in %
Investments	6.4	2,575,409,490	2,372,348,484	8.6
Money market investments	6.4.1	129,266,111	138,414,963	-6.6
Receivables from employers	6.8.1	29,762,160	27,126,896	9.7
Receivables from third parties		4,550,753	2,485,336	83.1
Mortgage loans to employers	6.8.1	–	779,000	-100.0
Domestic and foreign CHF bonds	6.4.2	474,451,738	462,362,709	2.6
Global bonds in foreign currency	6.4.2	243,661,346	213,970,712	13.9
Convertible bonds	6.4.3	122,366,310	91,037,511	34.4
Swiss equities	6.4.4	266,261,037	248,222,036	7.3
Global equities	6.4.4	286,298,447	274,265,631	4.4
Alternative investments	6.4	297,179,959	247,795,161	19.9
Swiss real estate	6.4.5	721,611,629	665,888,529	8.4
Accruals		1,533,856	1,463,198	4.8
Assets under insurance contracts	5.2	1,944,565	9,380,664	-79.3
Total assets		2,578,887,911	2,383,192,346	8.2

Balance sheet

Liabilities	Note Number	31.12.2014 CHF	31.12.2013 CHF	Change in %
Liabilities		225,025,513	103,366,578	117.7
Liabilities from vested benefits and pension benefits		98,069,596	63,561,699	54.3
Capital received for pension funds		41,348,267	21,108,147	95.9
Liabilities to banks and insurance companies		488,417	47	
Other liabilities	7.1	85,119,233	18,696,685	355.3
Deferrals		23,718,708	18,703,742	26.8
Employer contribution reserves	6.8.2	18,037,464	16,554,296	9.0
Pension capital and technical reserves		2,153,590,569	2,184,906,924	-1.4
Pension capital for working insured	5.3	1,469,271,915	1,439,166,790	2.1
Pension capital for pensioners	5.5	641,864,663	702,957,014	-8.7
Liabilities under insurance contracts	5.2	1,944,565	3,496,821	-44.4
Technical reserves	5.6	40,509,426	39,286,299	3.1
Value fluctuation reserve for foundation	6.3	124,373,543	42,738,683	191.0
Fluctuation reserves for pension funds	6.3	19,821,546	3,126,546	534.0
Free assets of pension funds		14,320,568	13,795,577	3.8
Foundation capital, free assets of foundation / actuarial deficiency		–	–	
Status at beginning of period		–	-38,899,208	-100.0
Income surplus		–	38,899,208	-100.0
Total liabilities		2,578,887,911	2,383,192,346	8.2

Operating statement

	Note Number	2014 CHF	2013 CHF	Change in %
Statutory and other contributions and deposits		250,478,937	224,348,978	-11.6
Employee contributions	3.2	110,801,369	99,239,715	11.7
Employer contributions	3.2	123,476,951	112,316,019	9.9
Withdrawal from employer contribution reserves to finance contributions	6.8.2	-1,182,908	-1,977,210	-40.2
Bad debt allowance for premium accounts	6.8.1	-815,000	-295,000	176.3
Buy-in sums and single contributions	5.3	13,876,214	12,357,033	12.3
Contributions to employer contribution reserves	6.8.2	3,448,723	2,507,613	37.5
Contributions to savings capital (from free assets of pension funds)		873,588	200,808	335.0
Benefits brought into pension fund		189,868,672	289,218,339	-34.4
Vested benefits	5.3	158,217,096	172,913,404	-8.5
Contributions on acquisition of insurance portfolios				
> Pension capital for pensioners	5.5	26'934'694	112,463,696	-76.1
> Technical reserves		200,000	138,710	44.2
Transfer of advance withdrawals under promotion of home ownership scheme/for divorce	5.3	4,516,882	3,702,529	22.0
Total inflow from contributions and entry benefits		440,347,609	513,567,317	-14.3
Regulatory benefits		-81,807,294	-65,279,236	25.3
Retirement pensions		-35,910,382	-27,926,292	28.6
Survivors, pensions		-9,532,383	-7,643,301	24.7
Disability pensions		-12,754,030	-10,760,949	18.5
Lump-sum payments on death		-5,249,359	-2,298,997	128.3
Lump-sum payments on retirement		-18,361,140	-16,649,697	10.3
Departure benefits		-412,413,284	-212,352,447	94.2
Vested benefits on departure	5.3	-284,008,419	-201,424,105	41.0
Transfer of additional funds in the event of collective departures				
> Pension capital for pensioners	5.5	-117,870,485	-	100.0
> Technical reserves		-50,599	-	100.0
> Employer contribution reserves	6.8.2	-1,037,980	-2,884,877	-64.0
Advance withdrawals under promotion of home ownership scheme/for divorce	5.3	-9,445,801	-8,043,465	17.4
Total outflow for benefits and advance withdrawals		-494,220,578	-277,631,683	78.0

Operating statement

	Note Number	2014 CHF	2013 CHF	Change in %
Release / creation of pension capital, technical reserves and contribution reserves		28'554'706	-249'498'860	-111.4
Creation of pension capital for working insured	5.3	-6,961,126	-82,790,919	-91.6
Creation of pension capital for pensioners	5.5	61,092,351	-145,731,316	-141.9
Creation of technical reserves	5.6	-1,223,127	-4,619,579	-73.5
Interest on savings capital	5.3	-23,119,399	-19,012,572	21.6
Expenses/income on partial liquidation		-24,600	-30,778	-20.1
Reversal/formation of employers' contribution reserves	6.8.2	-1,209,393	2,686,304	-145.0
Income from insurance benefits		22,798,546	24,543,051	-7.1
Profit participation	5.1	269,618	5,722,576	-95.3
Insurance benefits	5.2	22,528,928	18,820,475	19.7
Insurance expenses		-32,587,490	-29,418,048	10.8
Insurance premiums				
> Risk premium	3.2	-28,599,800	-25,746,795	11.1
> Cost premium	3.2	-2,913,911	-2,638,461	10.4
Contributions to Security Fund	3.2	-1,073,779	-1,032,792	4.0
Net result from insurance component		-35,107,207	-18,438,223	90.4

Operating statement

	Note Number	2014 CHF	2013 CHF	Change in %
Net investment result	6.7	150,950,710	117,609,847	28.3
Interest income on payments by previous insurers		172,955	759,810	-77.2
Interest expenses on vested benefits		-2,139,339	-1,357,474	57.6
Interest on receivables from/liabilities to employers	6.8.1	-521,898	-257,780	102.5
Interest on receivables from/liabilities to third parties		-31,194	4,277	-829.3
Interest on employer contribution reserves	6.8.2	-273,775	-232,815	17.6
Interest on mortgage loans to employers		–	47,889	-100.0
Interest on mortgage loans to third parties		96,075	95,400	0.7
Net return on money market investments		21,387	87,238	-75.5
Net return on domestic and foreign CHF bonds		31,916,541	2,658,238	1100.7
Net return on global bonds in foreign currency		19,841,757	-1,395,555	-1521.8
Net return on convertible bonds		2,366,807	6,828,227	-65.3
Net return on Swiss equities		32,225,137	41,282,838	-21.9
Net return on global equities		43,407,100	50,299,332	-13.7
Net return on alternative investments		22,463,585	24,371,655	-7.8
Net return on Swiss real estate		25,770,448	19,684,764	30.9
Asset management costs	6.7.1	-24,364,876	-25,266,197	-3.6
Other income		477,902	415,416	15.0
Income from services performed		406,742	381,117	6.7
Other income		71,160	34,299	107.5
Other expenses		-135	-1,193	-88.7
Administrative costs		-17,762,859	-17,741,945	0.1
General administrative costs		-7,248,727	-7,023,510	3.2
Auditors and accredited pension actuary		-172,525	-143,218	20.5
Supervisory authority		-40,026	-63,778	-37.2
Marketing and advertising costs		-3,527,280	-3,725,569	-5.3
Brokers, expenses		-6,774,302	-6,785,870	-0.2
Income surplus before interest paid on uncommitted funds		98,558,411	81,843,902	
Interest on free assets of pension funds		-228,551	-206,011	10.9
Income surplus before formation of value fluctuation reserve		98,329,860	81,637,891	
Formation of value fluctuation reserve for foundation	6.3	-81,634,860	-42,738,684	
Formation of value fluctuation reserve for pension funds	6.3	-16,695,000	–	
Income surplus		0	38,899,208	

Notes

1 Principles and organisation

1.1 Legal form and purpose

pension fund pro is a foundation set up as a legal entity in its own right under private law as defined in Art. 80 et seq. Swiss Civil Code, Art. 331 Swiss Code of Obligations and Art. 48 par. 2 of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). pension fund pro is entered in the Commercial Register under the number CH-130.7.008.327-1. It insures the employees and employers of the companies affiliated with it in accordance with the provisions of the BVG and its implementing ordinances as well as its regulations against the financial consequences of old age, death and disability.

1.2 Registration and Security Fund

pension fund pro is in particular subject to the provisions of the Swiss Federal Law of 25 June 1982 on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and the Swiss Federal Law of 17 December 1993 on Vesting in Pension Plans (FZG). It is entered in the register of occupational benefits providers under the number SZ 69. pension fund pro is affiliated with the BVG Security Fund pursuant to Art. 57 BVG and pays contributions to the Security Fund in accordance with the provisions of the Ordinance of 22 June 1998 on the BVG Security Fund (SFV).

1.3 Deeds and regulations

The following deeds and regulations govern the activities of pension fund pro:

Description	Date of last amendment	In force since
Deed of foundation	27.09.2012	27.09.2012
Regulations on the composition, election and tasks of the Board of Trustees	06.04.2009	01.04.2009
Administrative regulations for the pension fund commission	13.12.2007	01.01.2008
Terms and conditions of business	11.04.2011	11.04.2011
Pension regulations for employee benefits insurance	13.12.2013	01.01.2014
Addendum 1 to the pension regulations	27.01.2015	01.01.2015
Regulations on the promotion of home ownership	17.12.2010	01.01.2011
Cost regulations	14.12.2012	01.01.2013
Regulations on technical provisions	13.12.2013	01.01.2014
Investment regulations	19.12.2014	19.12.2014
Regulations for the partial liquidation of the foundation or pension funds	13.12.2013	01.01.2014
Profit sharing regulations	27.01.2015	01.01.2015

1.4 Joint governing body/signatory authority

Board of Trustees

The Board of Trustees of pension fund pro consists of six members (three employee and three employer representatives) and functions as the strategic governing body of pension fund pro. It is the highest executive body and also supervises and monitors the management of pension fund pro. The members of the Board of Trustees are authorised to sign by joint signature with a minimum of two signatures.

The trustees' term of office is five years. Re-election is possible. The following people serve on the Board of Trustees:

First name, surname, place		Term of office
Peter Hofmann, Geneva (Chairman)	EE	01.06.2005 – 31.12.2019
Thomas Kopp, Lucerne (Vice-Chairman)	ER	01.01.2010 – 31.12.2019
Hubert Gwerder, Muotathal	EE	01.01.2010 – 31.12.2019
Michael Dean Head, Ballwil	EE	01.06.2005 – 31.12.2019
Rainer Hürlimann, Baar	ER	01.06.2005 – 31.12.2019
Hansjörg Wehrl, Chur	ER	01.01.2011 – 31.12.2019

ER = employer representative
EE = employee representative

1.5 Management

The management has been delegated to Tellco Pension Services Ltd.

The employees of the mandated companies are authorised to sign jointly with a minimum of two signatures with procuracy or power of representation.

1.6 Pension actuary, auditors, consultants, supervisory authority

Pension actuary

The pension actuary as defined in Art. 53 par. 2 BVG is DIPEKA Ltd, Zurich. They periodically check that pension fund pro can at all times guarantee the fulfilment of its obligations and whether its regulatory actuarial provisions comply with the statutory provisions.

Auditors

The Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) requires the pension fund to have an independent auditor who annually audits the financial statements and reporting for compliance with statutory and other regulations. The Board of Trustees appointed Ernst & Young Ltd, Basle as the auditors for the 2014 financial year.

Supervisory authority

pension fund pro is subject to supervision by the Central Switzerland BVG and Foundation Supervision (ZBSA), which checks, among other things, that the pension fund's regulations comply with the statutory provisions.

Asset management

Tellco Asset Management Ltd, Schwyz, a securities trader subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA), is the asset manager of pension fund pro.

Depositary

The depositary of pension fund pro is Tellco Asset Management Ltd, Schwyz.

Marketing and sales

Tellco Pension Services Ltd, Schwyz handles the marketing and sales of the pension fund pro services.

Administration and management

Administration and management have been delegated to Tellco Pension Services Ltd, Schwyz.

1.7 Affiliated companies

The number of affiliated companies changed as follows:

	2014	2013
As at 1 January	6,720	6,421
New affiliated companies	1,122	1,061
Cancelled affiliation contracts	-710	-762
> of which due to business closure	-34	-70
> of which due to outstanding premiums	-165	-139
> of which due to bankruptcy or liquidation	-12	-18
> of which due to switch to another pension fund	-103	-85
> of which due to no employees to be insured	-386	-428
> of which for other reasons	-10	-22
As at 31 December	7,132	6,720

2 Active insured and pensioners

2.1 Active insured

Change in number of insured

The portfolio of insured changed as follows:

	2014	2013	Change in %
As at 1 January	47,143	36,124	30.5
Entries	47,621	41,095	15.9
Departures	-42,296	-29,608	42.9
Retirements	-275	-258	6.6
Transfer of disability cases	-170	-180	-5.6
Deaths	-30	-30	0.0
As at 31 December	51,993	47,143	10.3

The high number of entries and departures compared to the total number of insured is explained by the staff fluctuation, due to the nature of the business, experienced by the employment agencies affiliated with pension fund pro.

Age structure	Men	Women	Total
under 25 years	3,976	1,796	5,772
25 to 34 years	10,852	4,629	15,481
35 to 44 years	9,328	3,886	13,214
45 to 54 years	8,186	4,032	12,218
55 to 65 years (women to 64)	3,391	1,835	5,226
over 65 years (women over 64)	43	39	82
Total	35,776	16,217	51,993

The average age of the insured is:	31.12.14	31.12.13
Men	39.0	38.8
Women	39.8	39.5

2.2 Change in pending reinsured disability cases

	2014	2013
As at 31 December	478	424

2.3 Pension recipients

	Disability pensions	Retirement pensions	Partner pensions	Child,s pensions	Total
As at 1 January 2014	1,001	2,010	801	476	4,288
New pensions	205	236	74	197	712
> of which acquisitions or from insurance contracts	109	63	30	87	289
Retirement of recipients of disability pensions	-73				-73
Reactivation of recipients of disability pensions	-19				-19
Transfer of pensioners	-290	-471	-171	-100	-1,032
Discontinuation of child,s pensions				-162	-162
Deaths, expiry of bridging pensions	-29	-82	-43		-154
As at 31 December 2014	795	1,693	661	411	3,560

During the year under review 1,032 retirees were transferred to another foundation.

2.4 Pensioner insurance contract GENERALI and ZURICH Personal Insurance

	31.12.2014	31.12.2013
Disability pensions	16	17
Partner pensions	2	8
Total	18	25

3 Objective fulfilment

3.1 Description of pension plans

The pension funds have one or several individual BVG-compliant, defined contribution pension plans. The risk benefits are either dependent on the projected retirement assets or defined as a percentage of the pensionable salary (with or without coordination).

3.2 Financing, financing methods

The contributions to finance the pension plans are either defined as a percentage of the pensionable salary under the pension plan or through a percentaged allocation of the actual costs. The risk premiums are derived from the risk reinsurance rate.

The risk and administrative cost contributions finance the insurance premiums, the Security Fund, the reserves for the conversion rate, the inflation adjustment fund and the administrative costs. The employer finances at least 50 % of the total contributions.

Income (contributions)	2014 CHF 1,000	2013 CHF 1,000	Change in %
Employee contributions	110,801	99,240	11.6
Employer contributions	123,477	112,316	9.9
Contingency reserves for premium accounts	-815	-295	176.3
Total income	233,463	211,261	10.5
Expenses (utilisation)			
Retirement credits	175,333	156,562	12.0
Insurance premiums	31,513	28,385	11.0
Contributions to Security Fund	1,074	1,033	4.0
Creation of reserves for conversion rate ¹⁾	9,985	3,391	194.5
Creation of inflation adjustment fund	–	2,140	-100.0
Administrative costs	17,763	17,742	0.1
Total expenses	235,668	209,253	12.6
Balance	-2,205	2,008	-209.8

¹⁾ 2013: Without profit participation share of CHF 5,723,000 (cf. notes 5.1 and 5.6.3)

4 Valuation and accounting principles, consistency

4.1 Confirmation that accounts are drawn up in accordance with Swiss GAAP FER 26

According to the amendment to the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV2) as part of the first BVG revision on 1 April 2004, the accounting principles of Swiss GAAP FER 26 have been compulsory for pension funds since 1 January 2005. These 2014 annual financial statements comply with both the formal requirements as regards the structuring of the balance sheet, operating statement and notes as well as the material requirements of Swiss GAAP FER 26.

4.2 Accounting and valuation principles

Accounting, balance sheet reporting and valuation are done in accordance with the rules of the Swiss Code of Obligations and the BVG as well as the relevant ordinances (in particular BVV2 and Swiss GAAP FER 26).

Securities and currencies are measured at market prices, while medium-term notes, mortgages and loans are measured at nominal values. Direct real estate investments are reported at fair value. All properties are restated annually by way of the discounted cash flow method (DCF method) or, by way of exception, at acquisition cost minus recognised impairment. Alternative investments are measured at the latest available market price.

4.3 Changes to valuation, bookkeeping and accounting principles

No change was made to the valuation, bookkeeping and accounting principles compared with the 2013 annual financial statements.

5 Actuarial risks, risk cover, funding ratio

5.1 Type of risk cover, reinsurance

pension fund pro is a semi-autonomous pension fund. The risks of disability and death are reinsured with Swiss Mobiliar Life Insurance Company Ltd since 1 January 2005, the provisions raised by Mobiliar are assigned to pension fund pro for the definitive benefit claims and the benefit cases are then managed by pension fund pro. A net contract was concluded with Mobiliar from 1 January 2010.

The profit participation under insurance contracts of CHF 269,618 was credited to the value fluctuation reserve for the foundation. The utilization is in accordance with the provisions of the regulations.

5.2 Assets and liabilities under insurance contracts

On the reporting date there were the following assets and liabilities under insurance contracts:

Assets under insurance contracts	31.12.2014 CHF 1,000	31.12.2013 CHF 1,000	Change in %
Assets under GENERALI insurance contract	1,440	2,670	-46.1
Assets under ZURICH insurance contract	505	539	-6.3
Total assets under insurance contracts	1,945	3,209	-39.4
Liabilities under insurance contracts			
Liabilities under GENERALI insurance contract	1,440	2,670	-46.1
Liabilities under ZURICH insurance contract	505	539	-6.3
Total liabilities under insurance contracts	1,945	3,209	-39.4

5.3 Change in and interest on the pension capital of working insured

The following table shows the changes in the insured's pension capital:

	2014 CHF 1,000	2013 CHF 1,000	Change in %
As at 1 January	1,439,167	1,337,332	7.6
Retirement credits	175,333	156,562	12.0
Retirement credits, free of premiums	7,340	6,007	22.2
Buy-ins and single contributions	13,876	12,357	12.3
Vested benefits contributed	158,217	172,913	-8.5
Vested benefits contributions by GENERALI	189	848	-77.7
Contributions of free assets and employer contribution reserves	892	532	67.7
Pay-in of advance withdrawals under promotion of home ownership scheme/for divorce	4,517	3,702	22.0
Vested benefits/contract terminations	-283,939	-201,185	41.1
Reduction due to partial liquidation	25	31	-19.4
Lump-sum payments on retirement	-18,361	-16,650	10.3
Transfer to pension capital for pensioners (retirements)	-38,011	-40,682	-6.6
Transfer to pension capital for pensioners (deaths)	-3,694	-3,644	1.4
Advance withdrawals under promotion of home ownership scheme/for divorce	-9,446	-8,043	17.4
Interest on savings capital	23,119	19,013	21.6
Miscellaneous	48	74	-35.1
As at 31 December	1,469,272	1,439,167	2.1
Number of savings accounts for active insured	46,378	41,952	10.6
Number of savings accounts for disability cases and disability pensioners	1,124	1,251	-10.2

In 2014 the savings assets provisionally earned 1.75 %. At its meeting on 19 December 2014 the Board of Trustees decided to set the final interest rate at 1.75 % in accordance with the regulations on technical provisions, as the funding ratio was expected to be more than 97.5 % on 31 December 2014.

The BVG assets in the shadow account earned interest at the minimum BVG interest rate of 1.75 %.

5.4 Total retirement assets under BVG (shadow account)

In compliance with the provisions of the BVG, pension fund pro manages the statutory retirement assets in a shadow account to ensure compliance at all times with the BVG minimum benefits. The BVG retirement assets are contained in the following items:

	31.12.2014 CHF 1,000	31.12.2013 CHF 1,000	Change in %
Pension capital for working insured	959,472	929,147	3.3
Liabilities under insurance contracts	528	897	-41.1
	960,000	930,044	3.2

5.5 Change in pension capital for pensioner

Since 31 December 2012, pension fund pro has recognised its pension obligations in the balance sheet on the basis of the technical BVG 2010 actuarial tables with a technical interest rate of 2.5 %. To take account of the increase in life expectancy and to anticipate a change in actuarial tables, the actuarial reserves for pensioners include a longevity reserve of 2.0 %.

	2014 CHF 1,000	2013 CHF 1,000	Change in %
As at 1 January	702,957	557,226	26.2
Pension recipients transferred in	26,935	112,464	-76.1
Transfer of pensioners	-117,870	-	
Insurance benefits	19,353	13,063	48.2
Transfer from pension capital for working insured (retirements)	38,011	40,683	-6.6
Transfer from pension capital for working insured (deaths)	3,694	3,644	1.4
Lump-sum payments	-5,249	-2,299	128.3
Pension payments	-58,197	-46,331	25.6
Premium waiver for savings credits	-4,386	-3,845	14.1
From reserves for conversion rate	8,647	9,053	-4.5
Creation (standard valuation)	27,970	19,299	44.9
As at 31 December	641,865	702,957	-8.7

During the year under review 1,032 retirees were transferred to another foundation.

5.6 Composition, development and explanation of technical provisions

	Note Number	31.12.2014 CHF 1,000	31.12.2013 CHF 1,000	Change in %
Composition of technical reserves				
Reserves FZG 17	5.6.1	1,161	1,232	-5.8
Reserves for minimum BVG termination benefits	5.6.2	406	599	-32.2
Reserves for conversion rate	5.6.3	21,219	19,932	6.5
Inflation adjustment fund	5.6.4	15,771	15,771	0.0
Other IBNR reserves	5.6.5	1,952	1,752	11.4
Total technical reserves		40,509	39,286	3.1
Development of technical provisions				
As at 1 January		39,286	34,666	13.3
Withdrawal of reserves FZG 17	5.6.1	-71	-91	-22.0
Transfer from reserve for minimum BVG termination benefits	5.6.2	-193	-71	171.8
Transfer to reserve for IBNR reserves	5.6.5	200	-	100.0
Reserves for conversion rate				
> Ordinary allocation	5.6.3	9,985	8,975	11.3
> Deposit on assumption of pensioners		-	139	-100.0
> Withdrawal in the event of termination		-51	-	100.0
> Retirement losses	5.6.3	-8,647	-9,053	-4.5
Inflation adjustment fund				
> Ordinary allocation	5.6.4	-	2,140	-100.0
> Allocation to GENERALI deposit	5.6.4	-	2,581	-100.0
> Withdrawal from inflation adjustment fund		-	-	
As at 31 December		40,509	39,286	3.1

The reserves and provisions raised in the balance sheet are based on the regulations on technical provisions drawn up by the Board of Trustees of pension fund pro in cooperation with the pension actuary.

5.6.1 Reserves FZG 17

These reserves cover the difference between the statutory vested benefits and the accrued savings capital. They are made necessary by a single affiliation (cpne), which does not apply a symmetrical system of financing the retirement credits (constant contributions and rising saving scale).

5.6.2 Reserves for minimum BVG termination benefits

As a result of the minimum interest rate for savings capital applied in accordance with the imputation principle, the savings capital of 2,638 insured is less than their vested benefits at 31 December 2014. As these insured are entitled to the higher benefit in the event of a claim, a suitable reserve was raised for the difference.

5.6.3 Reserves for conversion rate

It is the objective of pension fund pro to guarantee the statutory pension conversion rate on the total savings capital of the active insured for as long as possible. To achieve this, pension fund pro raises a reserve that covers the difference between the statutory and technical conversion rates. The amount of the reserve was calculated by the pension actuary.

Retirement losses decreased from CHF 9.1 million to CHF 8.6 million during the year under review.

5.6.4 Inflation adjustment fund

The statutory minimum survivors' and disability pensions which have been paid out for more than three years must be adjusted to inflation until the beneficiary reaches the regular AHV retirement age as stipulated by the Swiss Federal Council. The inflation adjustment fund is raised for this purpose. Since the fund is well endowed, it was decided, in agreement with the pension fund experts, not to make a further allocation in the reporting year. The survivors' and disability pensions that do not have to be adjusted to inflation, and the retirement pensions, are adjusted for inflation as allowed by the financial resources of pension fund pro.

5.6.5 Other IBNR reserves

These reserves concern claims that were incurred but not reported related to a new affiliation that was acquired in 2009. A deposit of CHF 200,000 was made during the reporting year in connection with an affiliation.

5.7 Results of last actuarial report

The pension actuary prepared an actuarial report as of 31 December 2014. He summarized the result of his audit as follows:

The actuarial balance sheet shows a surplus at the level of the foundation and thus also a value fluctuation reserve amounting to CHF 124.3 million. The funding ratio stands at 105.8 %. The value fluctuation reserve is funded to the tune of 38.6 % of its target size; there is a deficit in the reserves of CHF 197.7 million. The financial risk capacity is therefore limited.

On account of the moderate proportion of pensioners in the pension capital (29.6 %), the structural risk capacity may be described as good. Pension obligations are recorded in the balance sheet at a technical interest rate of 2.5 %. Thus the technical interest rate at the reporting date was below the corresponding reference interest rate.

The target rate of return currently stands at 2.7 % and is an ambitious objective in the current market environment.

The benefits payable at the due dates are secured. The foundation provides a sufficient guarantee that it can fulfil its current obligations.

The regulatory actuarial provisions on benefits and financing correspond to the statutory provisions currently in force.

5.8 Actuarial tables and other actuarial assumptions

Pension fund pro's obligations were determined in accordance with the principles and guidelines for pension actuaries issued by the Swiss Association of Actuaries and the Swiss Chamber of Pension Actuaries.

5.9 Changes to actuarial tables and assumptions

The actuarial tables and assumptions applied to the 2013 and 2014 annual accounts are identical.

5.10 Funding ratio pursuant to Art. 44 BVV 2

The funding ratio pursuant to Art. 44 BVV 2 equals the ratio between the available pension assets and the actuarially required pension capital (including actuarial reserves).

Actuarial balance sheet

	31.12.2014 CHF 1,000	31.12.2013 CHF 1,000	Change in %
Available pension assets			
Balance sheet assets	2,578,888	2,383,192	8.2
Balance sheet liabilities	-225,025	-103,366	117.7
Deferrals	-23,719	-18,704	26.8
Employer contribution reserves	-18,037	-16,554	9.0
Fluctuation reserves of pension funds	-19,821	-3,126	534.1
Free assets of pension funds	-14,321	-13,796	3.8
Total available pension assets	2,277,965	2,227,646	2.3
Pension capital and technical reserves			
Pension capital for working insured	1,469,272	1,439,167	2.1
Pension capital for pensioners	641,865	702,957	-8.7
Liabilities under insurance contracts	1,945	3,497	-44.4
Technical reserves	40,509	39,286	3.1
Pension capital and technical reserves	2,153,591	2,184,907	-1.4
Actuarial surplus / deficiency	124,374	42,739	191.0
Foundation's funding ratio (= minimum funding ratio of the pension funds)	105.8 %	102.0 %	
Average funding ratio of the pension funds	107.4 %	102.7 %	

6 Investments and net investment result

Review

«The only thing that is constant is change» is an appropriate description of the state of the markets in the financial year 2014. Thus we are all the more pleased to be able to expect here a consistently positive performance of pension fund pro in all asset classes.

Despite the already very low yields, bond prices continued to rise in 2014. The yields on U.S. Treasuries fell, which was surprising given the strong level of economic activity in the U.S. The continued decline in interest rates, for its part, fuelled the global equity markets, and setbacks were caught up again quickly in each case. The Swiss Performance Index and the MSCI AC World in CHF gained an impressive 13 % and 16 % respectively. In the short term, however, negative headlines from the emerging markets, the geopolitical situation in Ukraine, uncertainty over the presidential election in Greece and the collapse of the rouble kept investors on tenterhooks time and again.

Driven by strong labour market data and by a possible first interest-rate hike in 2015 that was expected for this reason, the dollar gained 9 % against the Swiss franc during the reporting year and at the end of year the euro was again close to the 1.20 mark. In December the Swiss National Bank even introduced negative interest rates in order to ease at least a little the pressure from the euro.

Commodity prices continued to have a difficult time. Driven by the collapse of the oil price as a result of the shale gas boom and the current global over-capacity, the price of a barrel of WTI oil fell to USD 54 during the year, about 40 % less than in 2013. These lower energy prices then contributed to a continuation of the deflationary environment. Inflation in the Euro zone fell to a five-year low and was far removed from the target figure of 2 %. As a result, the ECB was compelled to act: it lowered the key interest rate and made liquidity available to the banks for up to four years.

Performance

A performance of 6.8 % was attained on the investment assets. The benchmark index (Pictet BVG-25 2000) gained 9.45 % over the same period. The underweight position in bonds and equities in favour of the allocations to Swiss real estate and alternative investments did not pay off during the year under review. In contrast, the BVG index consists only of bonds and equities, which were the top two asset classes in 2014.

Here are the detailed comments on the individual asset categories:

- > The CHF Bonds portfolio attained a net performance of 6.65 %. This corresponds to an underperformance of 14 basis points compared with the Swiss Bond Index AAA-BBB Total Return.
- > Due to a shorter duration, Global Bonds yielded 8.26 %, approximately 187 basis points less than the customized Barclays benchmark.
- > The net return of 12.44 % in the asset class Swiss Equities was 56 basis points lower than the Swiss Performance Index.
- > Global Equities gained 15.26 % during the year under review, which results in a difference of -0.89 % compared to the MSCI AC World Daily TR Net in CHF.
- > Convertible bonds contributed 1.88 %, while the benchmark gained 2.09 %.
- > Alternative investments yielded 5.41 %, beating their benchmark (BVG rate +2 %) and made their contribution to a better risk/return ratio of the invested assets. A striking feature was the outstanding performance of private equity at 21.45 %.
- > Swiss Real Estate generated a net return of 3.35 %, which was about 1.4 % less than the KGAST benchmark index of Wüst & Partner.

Outlook

After nearly 30 years of falling interest rates in the USA, will the trend now head in the opposite direction? Everything indicates that FED chairperson Yellen will announce the first rate hike in the course of 2015.

In the Euro zone, however, the situation could hardly be more different. The ECB is a long way from its inflation target of 2 % and we expect low interest rates for the Euro zone and Switzerland for a long time to come.

Share indices in the United States, Germany and Switzerland are trading near their all-time highs. The current dividend yields and price-earnings ratios are above the historical averages. If the U.S. dollar continues to strengthen, this will become a great challenge for emerging market countries that have financed debt in USD.

In order to be able to continue to keep on course in these stormy waters, pension fund pro has already taken various measures that enable us to look positively towards the future. In view of low bond yields, the bond allocation is being further scaled down and the proceeds invested in real estate, equities and alternative investments. The focus is clearly on alternative investments. A higher risk-adjusted contribution to the overall return is expected from this segment than in recent years.

6.1 Organisation of investment activities, investment regulations

The investment regulations date from 19 December 2014. Tellco Asset Management Ltd, Schwyz is responsible for managing all assets except the real estate. The depositary for the securities investments is Tellco Asset Management Ltd, Schwyz. Tellco Real Estate Ltd, Schwyz is responsible for the management and administration of the real estate portfolio. Investment controlling is done by Kottmann Advisory Ltd, Zurich.

In the agreement of 25 October 2007, Tellco Asset Management Ltd confirmed that it has not accepted any pecuniary advantages as part of its asset management activities since September 2006 and that it will in future automatically forward any such pecuniary advantages to pension fund pro. No such pecuniary advantages were received in 2014.

In its service agreement, Tellco Real Estate Ltd undertook to automatically forward all pecuniary advantages received by the company or its employees from third parties while performing the service agreement to pension fund pro. No such pecuniary advantages were received in 2014.

6.2 Use of expanded options with conclusion pursuant to Art. 50 par. 4 BVV 2

No expanded options are used.

6.3 Target and calculation of fluctuation reserve

The fluctuation reserve is created or reversed to eliminate short-term fluctuations in the value of the investments. The target fluctuation reserve for the assets is calculated using a risk-oriented approach during the preparation of the regular asset & liability study.

Value fluctuation reserve foundation	31.12.2014 CHF 1,000	31.12.2013 CHF 1,000	Change in %
Status 1 January	42,739	–	
Allocation from operating statement	81,635	42,739	91.0
Status 31 December	124,374	42,739	191.0
Fluctuation reserve target	322,000	297,000	8.4
Target as % of investments	12.5 %	12.5 %	
Available fluctuation reserve	124,374	42,739	191.0
Reserve deficit	197,626	254,261	-22.3
Value fluctuation reserves for pension funds			
Status 1 January	3,127	3,000	4.2
Deposits/Withdrawals	–	127	
Allocation from operating statement	16,695	–	
Status 31 December	19,822	3,127	533.9

The income surplus was used in accordance with par. 4.1 of the regulations on technical provisions for the first time in 2014. In a first step, the income surplus was allocated to the Foundation's value fluctuation reserve to increase the funding ratio to 105 %. Next, 50 % of the remaining income surplus was allocated to the value fluctuation reserves of the pension funds. The distribution to the pension funds' value fluctuation reserves was done after the approval of the annual financial statements by the Board of Trustees.

6.4 Investments by asset class

	31.12.2014			31.12.2013		
	CHF 1,000	in %	Strategy in %	CHF 1,000	in %	Strategy in %
Money market	129,266	5.1	0–10	138,415	5.9	0–10
Loans and mortgages	–	–	0	779	–	0
CHF bonds	474,452	18.7	0–40	462,363	19.7	0–40
Global bonds in foreign currency	243,661	9.6	0–20	213,971	9.1	0–20
Convertible bonds	122,366	4.8	0–8	91,037	3.9	0–08
Swiss equities	266,261	10.5	0–20	248,222	10.6	0–20
Global equities	286,298	11.3	0–20	274,266	11.7	0–20
Alternative investments	297,180	11.7	0–15	247,795	10.6	0–15
Swiss real estate	721,612	28.4	20–35	665,888	28.4	20–35
Subtotal	2,541,096	100.0		2,342,736	100.0	
Receivables from employers	29,762			27,127		
Other receivables Switzerland	4,551			2,485		
Prepaid expenses	1,534			1,463		
Assets under insurance contracts	1,945			9,381		
Total assets	2,578,888			2,383,192		

Asset allocation of alternative investments

	Collective CHF 1,000	Direct CHF 1,000	31.12.2014 CHF 1,000	31.12.2013 CHF 1,000
Hedge funds	209,316		209,316	141,480
Insurance-linked securities	36,830		36,830	63,531
Private equity	30,444		30,444	21,788
Private Debts	11,106		11,106	
Infrastructure investments	12,749		12,749	21,773
Foreign exchange hedging transactions		-3,265	-3,265	-777
Total	300,445	-3,265	297'180	247,795

6.4.1 Money market

The item «Money market» includes the account balances with banks and securities traders, fixed deposits with banks and units in money market funds.

6.4.2 Bonds

In expectation of interest rate increases, the bond component was reduced from 28.8 % to 28.3 % in the reporting year. The portfolio value is CHF 718 million.

6.4.3 Convertible bonds

Convertible bonds were increased by CHF 31 million to CHF 122 million (share of 4.8%).

6.4.4 Equities

In the reporting year the equity component ranged between 21.8 % and 23.3 %. The portfolio value is CHF 553 million, and the equity exposure has decreased to 21.8%.

6.4.5 Swiss real estate

The real estate portfolio increased by CHF 56 million in the reporting year. The ratio is unchanged at 28.4%. CHF 536 million of the portfolio is invested in units in the Swiss real estate investment group of Tellco Investment Foundation.

6.5 Recurring (open) derivative financial instruments

There were the following open derivative contracts on 31 December 2014:

	Market value 31.12.2014 in CHF 1,000	Contract volume in CHF 1,000	Commitment- increasing in CHF 1,000	Commitment- reducing in CHF 1,000
Forward exchange transactions				
EUR, USD				
> positive replacement cost	76	16,025		16,025
> negative replacement cost	-3,340	262,015		262,015
Total forward exchange transactions	-3,265	278,040	-	278,040

The forward exchange transactions are covered by existing investments.

6.6 Outstanding funding commitments

	31.12.2014 CHF 1'000	31.12.2013 CHF 1'000
Outstanding funding commitments	68,356	0

6.7 Net investment result

The operating statement shows the composition of the net investment result.

6.7.1 Asset management costs

	2014		2013	
	CHF 1,000	in %	CHF 1,000	in %
Asset management fees at scheme level (TER costs)	5,442	0.22	4,859	0.22
Transaction costs and taxes (TTC costs)	1,577	0.06	6,705	0.30
Other costs (SC costs)	54	0.00	51	0.00
TER costs for cost-transparent collective investments	17,292	0.69	13,651	0.61
> of which TER costs for cost-transparent alternative investments	4,724	0.19	3,093	0.14
> of which TER costs on performance fees for cost-transparent alternative investments	2,170	0.09	2,106	0.09
> of which TER costs for cost-transparent collective investments in real estate	3,563	0.14	2,398	0.11
> of which TER costs for other cost-transparent collective investments	6,835	0.27	6,054	0.27
Total	24,365	0.98	25,266	1.13
Total investments	2,575,409	100.00	2,342,736	100.00
Non-cost-transparent investments	75,136	2.92	114,917	4.91
Cost-transparent investments – cost transparency ratio	2,500,273	97.08	2,227,819	95.09

From the 2013 financial year, the Directive of the OAK BV of 23 April 2013 requires all pension funds to also recognise all internal asset management costs (i.e. transaction costs, taxes and TER costs for cost-transparent collective investments) as expenses in their operating statement.

TER costs: management fees, custody fees and fund administration fees
TTC costs: transaction costs such as brokerage fees, issuing and redemption commission and taxes (stamp duty)
SC costs: supplementary costs, e. g. external investment controlling

**Non-cost-transparent investments pursuant to Art. 48a par. 3 BVV2 –
portfolios at 31.12.2014**

Product name	Provider	ISIN	Units	Market value CHF 1,000
Blackrock Infrastructure 2012	BlackRock	n/a	5,652,244	5,386
El Twelve Insurance Private Debt	Twelve Capital	LU0975922252	95,694	10,206
Partners Group Private Equity	Commerzbank	DE000A1EV899	9,300	17,107
Partners Group Private Equity	Commerzbank	DE0001734994	1,413	2,209
PG Global Infrastructure 2012	Partners Group	n/a	2,916,560	3,398
Solidum Recovery Fund 2RI	Solidum	n/a	71	630
Swiss Re Sector V A 4 Reg S	Swiss Re Capital Markets	USG7966TAP15	2,500,000	2,904
Swiss Re Sector V B 3 Reg S	Swiss Re Capital Markets	USG7966TAG16	20,653	281
Twelve Capital ILS SPC -C01-	Twelve Capital	KYG471371073	262,555	33,015
Total				75,136

6.8 Investments with the employer and employer contribution reserves

6.8.1 Investments with the employer

On 31 December 2014, the premium account receivables from affiliated companies totalled CHF 31,777,000 (2,774 employers). These were offset by contingency reserves for doubtful receivables of CHF 2,014,000. Balances to the debit of employers earned 6 % interest, and balances in favour of employers earned 1.75 % interest. The net result was an interest expense of CHF 522,000. These current account receivables do not strictly qualify as investments with the employer.

Alternative investments include a loan of CHF 600,000. It is a mortgage loan secured by real estate in Germany (with a low level of borrowing).

6.8.2 Employer contribution reserves

In addition to premium account liabilities to affiliated companies of CHF 13,489,000, the foundation also held employer contribution reserves for 313 employers on 31 December 2014. The contribution reserves changed as follows:

	2014 CHF 1,000	2013 CHF 1,000
As at 1 January	16,554	19,008
Deposits	3,448	2,508
Payouts	-1,038	-2,885
Used for employer contribution payments	-1,183	-1,978
Used for contributions to savings capital	-18	-332
Interest 1.75 % (previous year 1.5 %)	274	233
As at 31 December	18,037	16,554

7 Additional items in the balance sheet and operating statement

7.1 Other liabilities

The balance sheet position Other liabilities comprises a liability of CHF 67,472,405 in connection with the transfer of pensioners to the PR pension foundation.

7.2 Composition of insurance premiums (contributions)

	2014 CHF 1,000	2013 CHF 1,000	Change in %
Savings contributions	170,470	151,898	12.2
Risk contributions	50,521	46,979	7.5
Administrative cost contributions	6,375	6,020	5.9
Flat-rate contributions	6,912	6,659	3.8
Total contributions	234,278	211,556	10.7

8 Requirements of the supervisory authority

The Central Switzerland BVG and Foundation Supervision (ZBSA) approved the 2013 annual financial statements on 9 January 2015 without any provisos.

9 Additional information regarding the financial position

9.1 Pledging of assets

At UBS Inc., money market investments of CHF 114.7 million have been pledged to cover margin calls for forward currency transactions, and the balance of an account equalling CHF 0.1 million has been blocked to cover a performance bond relating to a real estate project.

At Credit Suisse, account balances of CHF 10 billion have been pledged to cover margin calls for forward currency transactions.

9.2 Current legal proceedings

No legal proceedings relating to the financial situation are pending.

9.3 Contingent liabilities to third parties

As at 31 December 2014: CHF 620,000

10 Events after the reporting date

There were no material events after the reporting date that would require a correction to the 2014 annual financial statements.

Auditor's report

To the Board of Trustees of
pension fund pro, Schwyz

Basle, 22 April 2015

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of pension fund pro, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2014.

Board of Trustee' responsibility

The Board of Trustees is responsible for the preparation of the financial statements in accordance with Swiss law, the foundation deed 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 Board of Trustees is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibility of the pension actuaries

The Board of Trustees appoints a pension actuary in addition to the auditor. The pension actuary is responsible for periodically assessing whether the pension fund is able to guarantee that it can meet its benefit obligations and whether the actuarial provisions in the regulations concerning benefits and financing comply with the law. In accordance with Art. 52e para. 1 BGV/LPP in conjunction with Art. 48 BVV 2/OPP 2, the current report of the pension actuary is decisive in determining the provisions required for actuarial risks.

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 about whether the financial statements are free from material misstatement.

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

Opinion

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

Report on legal and other requirements

We confirm that we meet the legal requirements on licensing (Art. 52b BVG/LPP) and independence (Art. 34 BVV 2/OPP 2) and that there are no circumstances incompatible with our independence.

We have also audited the additional audit areas prescribed by Art. 52c para. 1 BVG/LPP and Art. 35 BVV 2/OPP 2. The Board of Trustees is responsible for ensuring that the legal duties are fulfilled and that the provisions of the law, the foundation deed and the regulations with regard to organization, management and investment are implemented.

We carried out audit procedures to verify whether:

- > The organization and management comply with the provisions laid down by the law and the pension fund's regulations and internal controls are in place that are appropriate for the size and complexity of the pension fund;
- > The investment of assets meets the provisions laid down by the law and the pension fund's regulations;
- > The BVG/LPP retirement accounts comply with the legal provisions;
- > Precautions have been taken to ensure loyalty in asset management and adequate control procedures were performed to verify that the supreme governing body has disclosed any outside interests and complied with loyalty duties;
- > Non-committed funds or shares of insurance surpluses have been appropriated in accordance with the provisions laid down by the law and the pension fund's regulations;
- > The disclosures and reports required by law have been submitted to the supervisory authorities;
- > The disclosed legal transactions with related parties are compatible with the interests of the pension fund.

We confirm that the pension fund has complied with the provisions relating to these areas as defined by the law, the foundation deed and the regulations.

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

Ernst & Young Ltd

Patrik Schaller
Licensed audit expert
(Auditor in charge)

Sandra Hensler Kälin
Licensed audit expert

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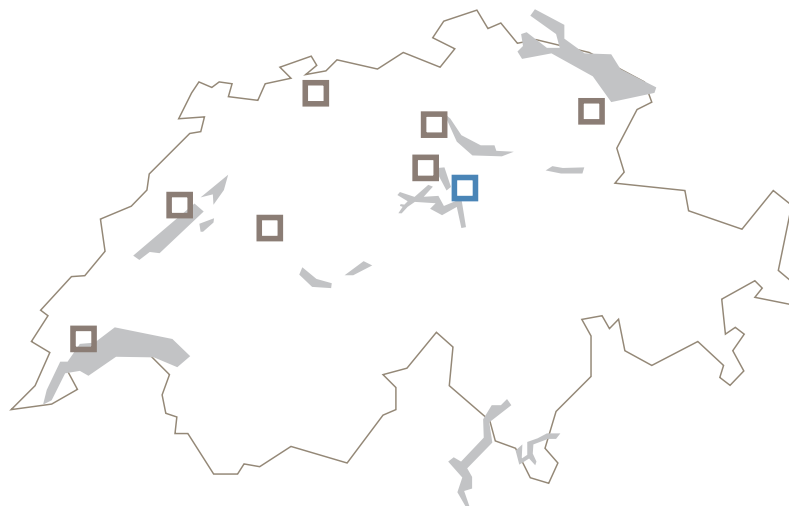
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