

Annual Report 2014 Short Version



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

Organization

Foundation board

Employee representative

Peter Hofmann, (President)
Hubert Gwerder
Michael Dean Head

Employer representative

Thomas Kopp, (Vice-President)
Rainer Hürlimann
Hansjörg Wehrli

Experts

DIPEKA AG

Auditors

Ernst & Young AG

Supervisory authority

Central Switzerland BVG and Foundation
Supervision (ZBSA)

Partner companies

Pension fund pro does not employ any in-house personnel.
Specialists from mandated partners companies execute all tasks.

Asset management

Tellco Asset Management Ltd., Schwyz

Marketing and sales

Tellco Pension Services Ltd., Schwyz

Administration and management

Tellco Pension Services Ltd., Schwyz

General management

Michel Herzig, Manager pension found pro,
Tellco Pension Services Ltd.

pension fund pro at a glance

Name	pension fund pro
Abbreviated name	pf pro
Legal entity	Foundation subject to civil law
Type of risk coverage	Semi-autonomous Pension Fund
Re-Insurer (Disability and Death)	Die Mobiliar
System	Defined Contribution Plan
Affiliated companies	7,132
Insured persons	51,993
Pension capital for working insured	1,469,272
Interest on savings capital	1.75 %
Pension recipients (number of pensions)	3,560
Pension capital for pensioners	641,864,663
Pension benefits	58,196,795
Technical interest rate	2.5 %
Membership ratio of pensioner to actives (with respect to capital)	30.4 %
Technical reserves	40,509,426
Technical principles	EVK 2010 reinforced
Investments at 31.12.2014	2,575,409,490
Return on Investments	6.81 %
Funding ratio at 31.12.2014	105.8 %
Value fluctuation reserve for foundation	124,373,543

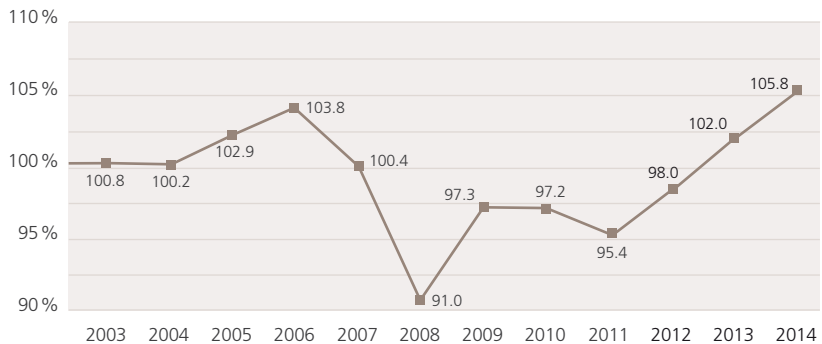
Balance sheet per 31.12.2014

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Assets		
Investments	2,575,409	2,372,348
Money market investments	129,266	138,415
Receivables from employers	29,762	27,127
Receivables from third parties	4,551	2,485
Mortgage loans to employers	0	779
Domestic and foreign CHF bonds	474,452	462,363
Global bonds in foreign currency	243,661	213,971
Convertible bonds	122,366	91,037
Swiss equities	266,261	248,222
Global equities	286,298	274,266
Alternative investments	297,180	247,795
Swiss real estate	721,612	665,888
Accruals	1,534	1,463
Assets under insurance contracts	1,945	9,381
Total Assets	2,578,888	2,383,192
Liabilities		
Liabilities	225,025	103,366
Liabilities from vested benefits and pension benefits	98,070	63,562
Capital received for pension funds	41,348	21,108
Liabilities to banks and insurance companies	488	0
Other liabilities	85,119	18,696
Deferrals	23,719	18,704
Employer contribution reserves	18,037	16,554
Pension capital and technical reserves	2,153,591	2,184,907
Pension capital for working insured	1,469,272	1,439,167
Pension capital for pensioners	641,865	702,957
Liabilities under insurance contracts	1,945	3,497
Technical reserves	40,509	39,286
Value fluctuation reserve for foundation	124,374	42,739
Fluctuation reserves for pension funds	19,821	3,126
Free assets of pension funds	14,321	13,796
Foundation capital, free assets of foundation / actuarial deficiency	0	0
Status at beginning of period	0	-38,899
Income surplus	0	38,899
Total liabilities	2,578,888	2,383,192

Insurance-technical balance sheet

	31.12.2014	31.12.2013
	CHF 1,000	CHF 1,000
Balance sheet assets	2,578,888	2,383,192
> Balance sheet liabilities	-225,025	-103,366
> Deferrals	-23,719	-18,704
> Employer contribution reserves	-18,037	-16,554
> Fluctuation reserves of pension funds	-19,821	-3,126
> Free assets of pension funds	-14,321	-13,796
Total available pension assets	2,277,965	2,227,646
Pension capital for working insured	1,469,272	1,439,167
Pension capital for pensioners	641,865	702,957
Liabilities under insurance contracts	1,945	3,497
Technical reserves	40,509	39,286
Pension capital and technical reserves	2,153,591	2,184,907
Actuarial surplus / deficiency	124,374	42,739
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 %

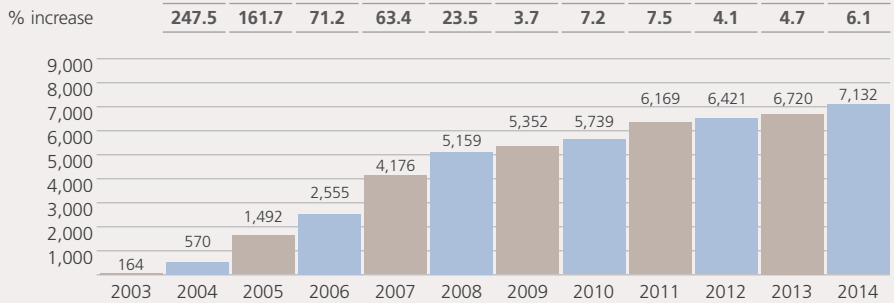
Chronology of funding ratio



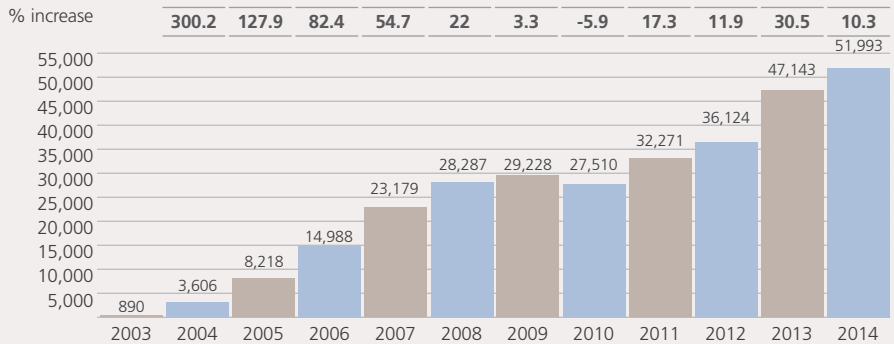
Affiliated companies 2014

	2014	2013
Affiliated companies		
As at January 1	6,720	6,421
Newly affiliated companies	1,122	1,061
Cancelled affiliation contracts	-710	-762
As at December 31	7,132	6,720
Active insured and pensioners		
Women	16,217	14,488
Men	35,776	32,655
As at December 31	51,993	47,143
The average age of the insured is		
Women	39.8	39.5
Men	39.0	38.8
Pensioners		
Disability pensions	795	1,001
Retirement pensions	1,693	2,010
Partner pensions	661	801
Child pensions	411	476
As at December 31	3,560	4,288
Pensioner insurance contract, GENERALI and ZURICH Personal Insurance		
Disability pensions	16	17
Partner pensions	2	8
As at December 31	18	25
Change in pending reinsured disability cases		
As at December 31	478	424
Ratio of pensioners to active members (Number, including pending disability cases)	7.2 %	9.1 %
Ratio of pensioners to active members (Number, including GENERALI and ZURICH)	7.2 %	9.1 %

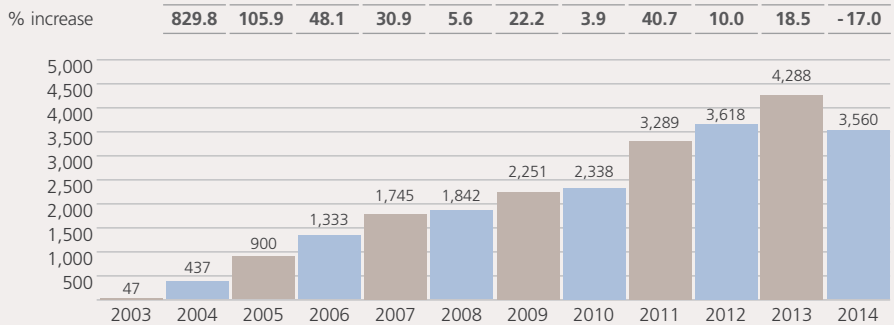
Affiliated companies



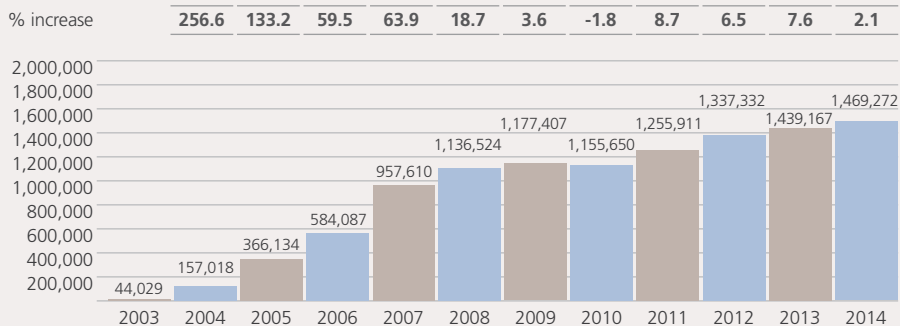
Active members



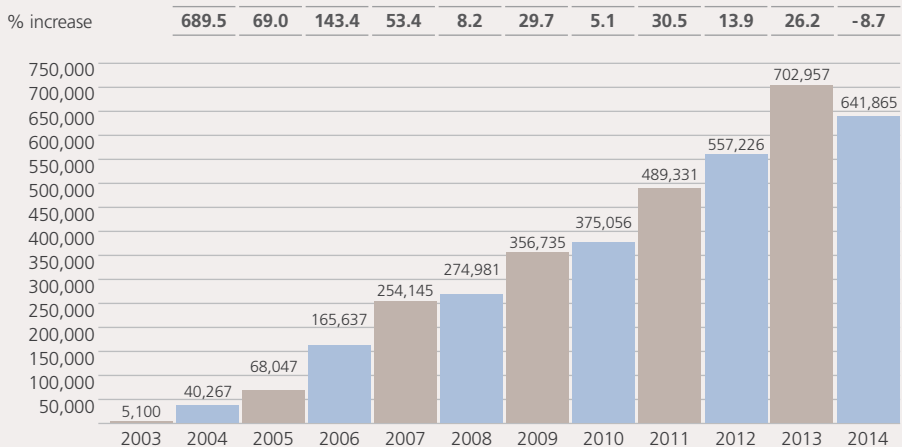
Pensioners



Pension capital for working insured (including BVG share) – from 2003 to 2014



Change in pension capital for pensioner – from 2003 to 2014



Financing

	2014	2013
	CHF 1,000	CHF 1,000
Income (contributions)		
Employee contributions	110,801	99,240
Employer contributions	123,477	112,316
Contingency reserve premium accounts	-815	-295
Total income	233,463	211,261
Expenses (utilisation)		
Retirement credits	175,333	156,562
Insurance premiums	31,513	28,385
Contributions to Security Fund	1,074	1,033
Formation of reserves for conversion rate	9,985	3,391
Creation of inflation adjustment fund	0	2,140
Administrative costs	17,763	17,742
Total expenses	235,668	209,253
Balance	-2,205	2,008
Employee / Employer		
Employee	47 %	47 %
Employer	53 %	53 %
Cost per insured / pensioner		
Administrative costs	317	342
Administrative costs (investment portfolio)	435	487
Total costs	752	829

Operating statement

	2014	2013
	CHF 1,000	CHF 1,000
Total inflow from contributions and entry payments	440,348	513,567
Total outflow for benefits and early withdrawals	-494,221	-277,632
Release/creation of pension capital, technical reserves and contribution reserves	28,554	-249,499
Income from insurance benefits	22,799	24,543
Insurance expenses	-32,587	-29,418
Net result from insurance component	-35,107	-18,439
Result from investment	175,316	142,876
Administrative expenses (Investment portfolio)	-24,365	-25,266
Net investment result	150,951	117,610
Other returns/other expenses	477	415
Administrative costs	-17,763	-17,742
Income surplus before interest paid for uncommitted funds	98,558	81,844
Interest on free assets of pension funds	-228	-206
Income surplus before formation of fluctuation reserve	98,330	81,638
Formation of value fluctuation reserve for foundation	-81,635	-42,739
Formation of value fluctuation reserve for pension funds	-16,695	0
Income/surplus	0	38,899

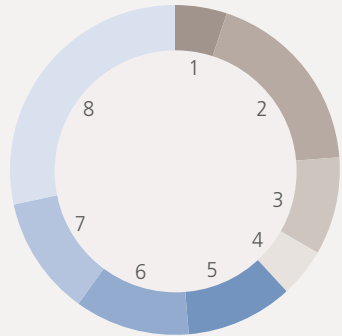


Capital 2014

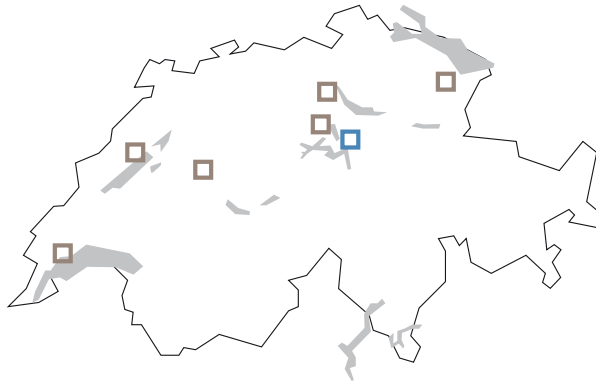
	2014	2013	Asset
	CHF 1,000	CHF 1,000	classes
Money market investments	129,266	138,415	5.1 %
Loans and mortgages	0	779	–
Domestic and foreign bonds CHF	474,452	462,363	18.7 %
Foreign bonds in foreign currencies	243,661	213,971	9.6 %
Convertible bonds	122,366	91,037	4.8 %
Swiss equities	266,261	248,222	10.5 %
Global equities	286,298	274,266	11.3 %
Alternative investments	297,180	247,795	11.7 %
Swiss real estate	721,612	665,888	28.4 %
Subtotal	2,541,096	2,342,736	100.0 %
Interest on receivables from employers	29,762	27,127	
Interest on receivables from third parties	4,551	2,485	
Accruals	1,534	1,463	
Assets under insurance contracts	1,945	9,381	
Total assets	2,578,888	2,383,192	

Asset classes

Money market investments	5.1 %	1
Loans and mortgages	–	
Domestic and foreign bonds CHF	18.7 %	2
Foreign bonds in foreign currencies	9.6 %	3
Convertible bonds	4.8 %	4
Swiss equities	10.5 %	5
Global equities	11.3 %	6
Alternative investments	11.7 %	7
Swiss real estate	28.4 %	8
	100.0 %	



Based in Schwyz, on your Doorstep.



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