

comPlan Summarised Annual Report

Financial situation

Following an exceptionally good investment year in 2017, financial year 2018 was marked by negative developments on most international capital markets. In 2018, comPlan attained an investment return of -3.1%. This meant that the target return for ensuring the long-term financing of pension liabilities was not achieved and the coverage ratio fell from 107.7% as at 31 December 2017 to 103.1% as at 31 December 2018. The investment result reduced the fluctuation reserve and the target coverage ratio of 117.5% required to safeguard the promised pension benefits over the long term remains a long way off.

Interest on retirement savings

Due to the deterioration in the coverage ratio, the Foundation Council decided unanimously to apply an interest rate of 1.0% to the retirement savings of active members during financial year 2018. This amount corresponded to the BVG minimum interest rate for 2018. Compared with the current interest on savings deposits at banks of almost 0% and in light of the persistently low inflation rate, this interest rate is attractive. A higher interest rate was not justifiable, as the target coverage ratio is yet to be achieved. Furthermore, in financial year 2019, the retirement savings will bear interest at the BVG minimum interest rate of 1.0% over the course of the year, with no increase to current retirement, survivors' and disability pensions as of 1 January 2019. As such, the long-term safeguarding of existing pension liabilities will continue to be the focus of comPlan's activities.

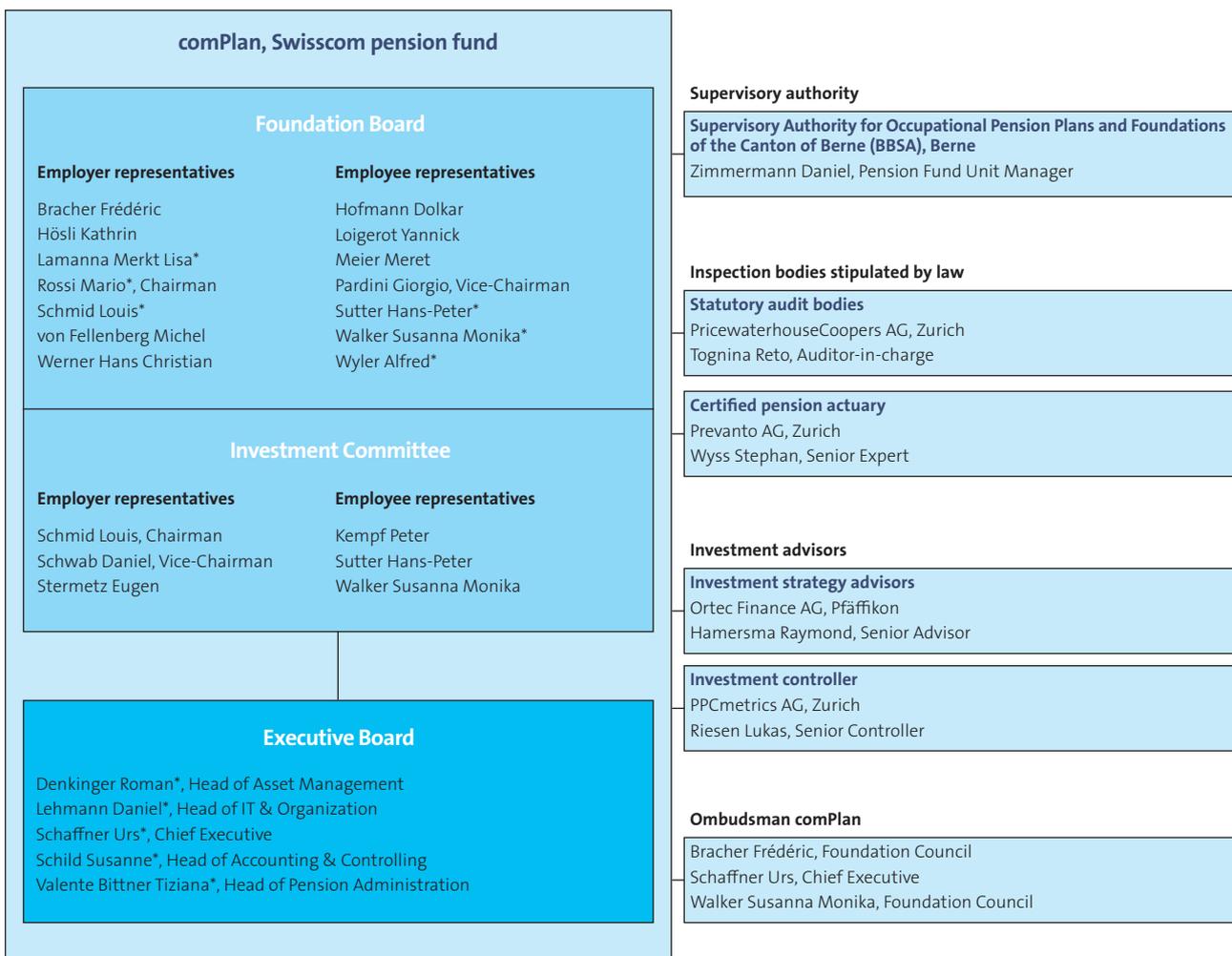
Operational adjustment of the Pension Fund Regulations and elections to the Foundation Council

In September 2018, the Foundation Council adopted numerous amendments to the Pension Fund Regulations valid from 1 January 2019. These adjustments only contain clarifications and simplifications of the existing Pension Fund Regulations as well as adjustments in response to current rulings by the Federal Court. In November 2018, employee representatives were re-elected to the Foundation Council for the term from 2019 to 2022. For the first time, the ballot was conducted electronically, i.e. all active members were able to cast their votes anonymously via a secure internet website. Five people were elected from the "syndicom" list and one from each of the "transfair" and "the future takes responsibility" lists.

Your comPlan Team

Organisational structure

comPlan organisation chart as at 1 January 2019



* Authorised signatories with joint signing powers

Key figures

| Portfolio data | | 31.12.2018 | 31.12.2017 |
|---|-----|-------------------|-------------------|
| Number of active insureds (under age 22) | | 749 | 685 |
| Number of active insureds (age 22 or older) | | 17,462 | 18,164 |
| Average age of active insureds | | 42.8 | 42.7 |
| Number of retirement pensions | | 6,652 | 6,386 |
| Average age of retirement pensioners | | 70.3 | 69.8 |
| Number of disability pensions | | 663 | 676 |
| Number of spouse's/partner's pensions | | 693 | 641 |
| Number of divorce annuities | | 10 | 3 |
| Number of children's pensions | | 456 | 461 |
| Total active insureds and pensioners | | 26,659 | 26,986 |
| Annual administrative expenses per insured | CHF | 136 | 135 |
| Number of affiliated employers | | 15 | 16 |

| Balance sheet | | 31.12.2018 | 31.12.2017 |
|---------------------------------------|----------------|-------------------|-------------------|
| Balance sheet total | in CHF million | 10,534.9 | 10,953.4 |
| Retirement capital of active insureds | in CHF million | 4,643.9 | 4,624.2 |
| Retirement capital of pensioners | in CHF million | 5,072.8 | 4,994.2 |
| Technical reserves | in CHF million | 449.8 | 500.7 |
| Fluctuation reserve | in CHF million | 311.8 | 775.0 |
| Free reserves (shortfall) | in CHF million | – | – |

| Coverage ratio | | 31.12.2018 | 31.12.2017 |
|-----------------------|----------------|-------------------|-------------------|
| Coverage ratio | | 103.1% | 107.7% |
| Target coverage ratio | | 117.5% | 117.8% |
| Reserve deficit | | 14.4% | 10.1% |
| Reserve deficit | in CHF million | 1,467.3 | 1,026.2 |

| Investment return | | 2018 | 2017 |
|--|--|-------------|-------------|
| Investment return after costs | | –3.07% | 9.33% |
| Interest on accrued retirement benefits of active insureds | | 1.00% | 1.50% |
| Technical interest on pensioners liabilities | | 2.00% | 2.00% |
| Pension increases | | – | – |

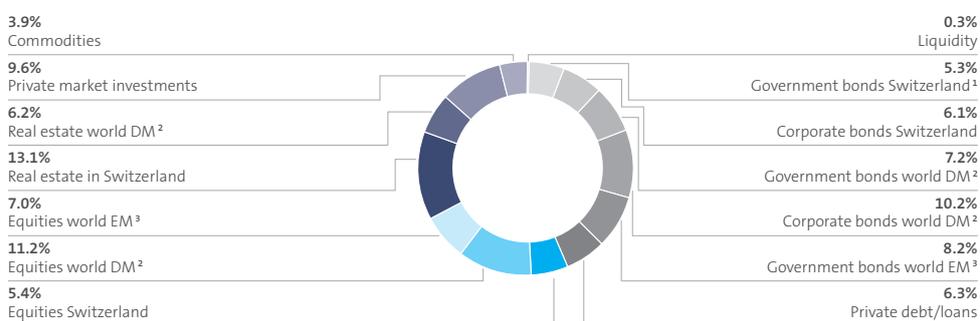
| Key capital flows | | 2018 | 2017 |
|--------------------------------------|----------------|-------------|-------------|
| Insured total salary | in CHF million | 1,923.8 | 1,986.9 |
| Employee contributions | in CHF million | 189.0 | 185.7 |
| Employer contributions | in CHF million | 262.0 | 256.1 |
| Retirement pensions | in CHF million | 254.7 | 244.2 |
| Survivors' pensions | in CHF million | 21.5 | 20.0 |
| Disability pensions | in CHF million | 20.6 | 20.4 |
| Lump-sum benefits and other benefits | in CHF million | 50.2 | 53.6 |

Investments

Financial markets in 2018

In financial year 2018, asset prices on most financial markets developed negatively. The changed risk perception had more impact than the continued robust conditions in the real economy. Towards the end of the year, risks such as the escalating trade dispute between the USA and China and an uncoordinated exit of the UK from the European Union (Brexit) increased significantly. Interest rates in Swiss francs fell again in the fourth quarter of the year: The 10-year yield was clearly in negative territory at -0.25% at the end of the year. In the US, the Fed raised its short term target range four times by a total of +1.0%. The 10-year yield rose less sharply as safe government bonds were increasingly sought in the USA as well towards the end of the year. In the fourth quarter of the year, this then resulted in greater equity market losses.

Composition of investments as at 31 December 2018



¹ Government bonds Switzerland comprise CHF 375 million in receivables from ZKB with an explicit state guarantee from the Canton of Zurich

² DM: developed markets (OECD)

³ EM: emerging markets

Composition of investments

The investment strategy was reviewed and optimised in 2018. Unhedged foreign currency exposure was increased from 12% to 15%. There were minor shifts in equity and real estate investments. Two new asset managers were hired. As at year end, comPlan had invested 44% in interest-bearing assets and 56% in real assets. Investments in listed equities accounted for around a quarter of plan assets, and investments in real estate accounted for around a fifth. Investments in real assets are considered riskier than those in interest-bearing assets. They are necessary, however, to ensure that, in the long term, comPlan can achieve the target return it needs to finance the promised pension benefits.

Investment return and credited in the past 5 years



Investment return

The investment return of comPlan was -3.1% in financial year 2018. This negative return was mainly driven by investments in equities, emerging markets and bonds in US dollars. In the past five years, an average annual return of 3.4% was earned, which is higher than the target return. The return component in excess of the target return was used to finance the adjustments to the actuarial parameters (accounting interest rate and most recent life expectancy assumptions) and in part to pay interest on retirement savings above the BVG minimum interest rate.