

Short Annual Report 2023

Financial situation

Inflation, surprisingly robust economic growth and banking crises have significantly influenced the investment landscape. Markets expect monetary policy to be eased in subsequent years, leading to a decline in long-term interest rates. Stock markets have demonstrated upward momentum. comPlan achieved a return on investments in total assets of +4.1% (previous year –8.5%) in the 2023 financial year, increasing total assets to CHF 12.2 billion as of 31 December 2023 (previous year CHF 11.9 billion). The coverage ratio of comPlan also increased to 114.5% (previous year 108.2%) thanks to the reversal of the provision for the reduction of the technical interest rate from 1.75% to 1.5% at the end of December 2023, although the necessary fluctuation reserves have not yet been fully replenished. Over the coming years, financial management will prioritise enhancing the coverage ratio and ensuring that interest on the retirement savings account remains appropriate and steady.

Interest on retirement savings

The long-term pension benefits are solidly financed, and the financial situation allows for higher interest. The accrued retirement savings (basic account, supplementary account, and early retirement account) of active policyholders will accrue interest at a rate of 1.75% in the 2023 financial year. This is 0.75% above the BVG minimum interest rate of 1.0% stipulated by the Federal Council for interest on compulsory retirement savings. The decision demonstrates the Foundation Council's commitment to ensure a consistent interest rate on retirement savings over the fiscal years to the greatest extent possible. Furthermore, in the 2024 financial year, retirement savings will earn interest throughout the year at the BVG minimum interest rate of 1.25% and the current old age, disability and survivors' pension will not be raised as of 1 January 2024.

Composition of the bodies

The Foundation Council has been operating in a new composition since 1 January 2023. Alongside the appointment of the Chair of the Board of Trustees, the members of both the Investment Committee and the Pension Committee were elected at the inaugural meeting on 18 January 2023. The new composition can be found in this report under the section 'Organisational structure'.

Adjustment of the pension fund regulations

On 26 September 2023, the Foundation Council adopted the pension fund regulations, which are valid from 1 January 2024. Except for the payment duration of the OASI bridging pension for women, the adjustments will have no direct impact on pensions. comPlan policyholders were informed in detail of the changes in October 2023. The pension fund regulations can be found at www.pk-complan.ch/en.

Sustainability report

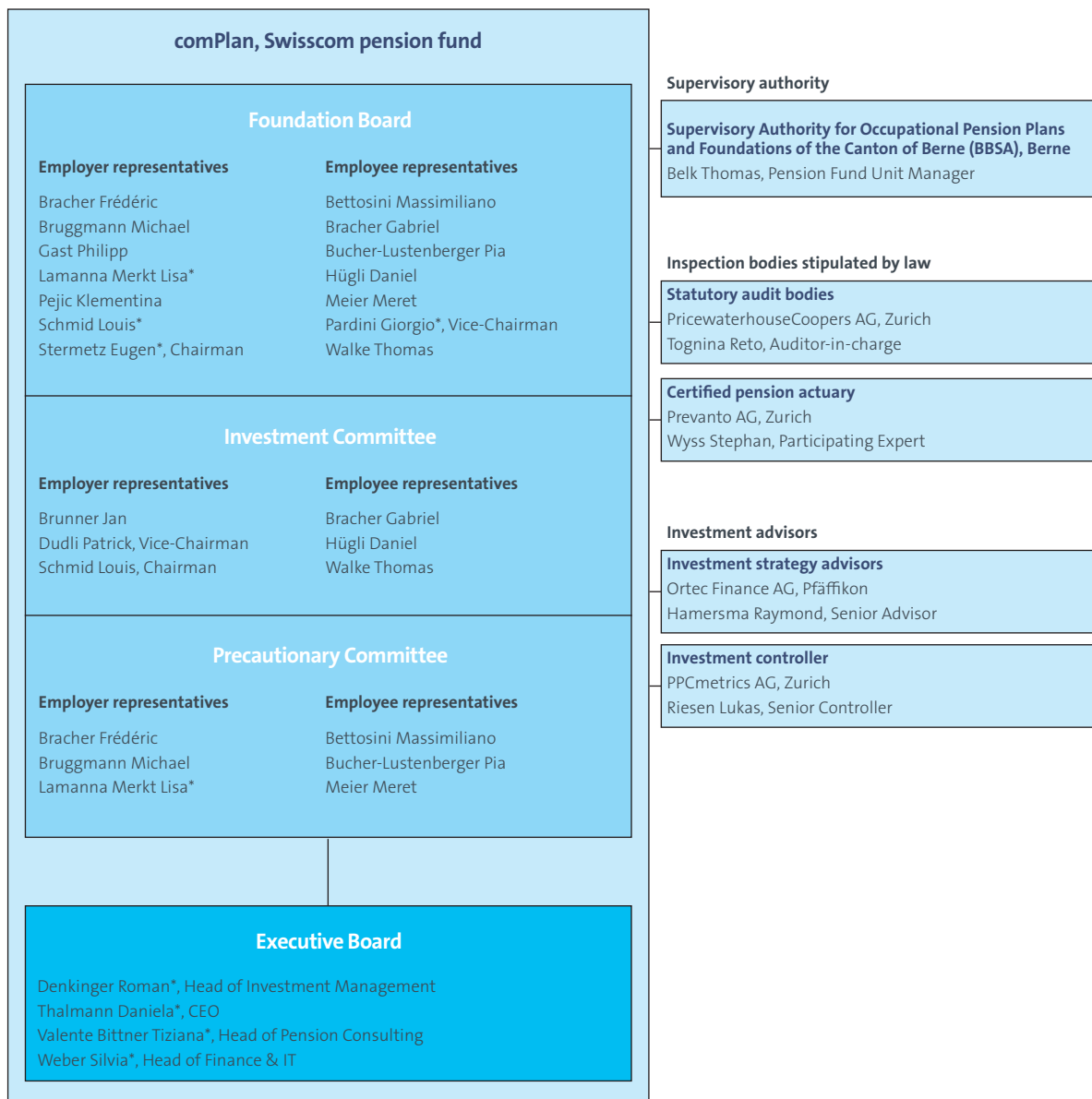
Sustainable investment has been a longstanding practice at comPlan, continually evolving over the years. A comprehensive sustainability report for the 2023 financial year will also be released. The sustainability efforts serve to support the fulfilment of the statutory mandate of occupational pensions, which is to achieve a market-aligned return with an appropriate distribution of risk. Progress was achieved across all five ambitions in the 2023 financial year. The report is accessible at www.pk-complan.ch/en.

Outlook

In the 2024 financial year, the investment strategy will be reviewed in an asset and liability study. In terms of pensions, the conversion rates will continue to be reduced monthly until April 2024 in accordance with the regulations. Simultaneously, the special contributions will be credited to the individual retirement savings. In addition, comPlan's payment transactions (deposits and withdrawals) will be transferred from Credit Suisse to Post-Finance in the 2024 financial year. The new account details for payments, such as purchases, will be communicated to comPlan in a timely manner.

Organisational structure

comPlan organisation chart as at 31 December 2023



* Authorised signatories with joint signing powers

Important key figures

Portfolio data		31.12.2023	31.12.2022
Number of active insureds (under age 22)		659	663
Number of active insureds (age 22 or older)		15,664	15,641
Average age of active insureds		43.3	43.4
Number of retirement pensions		7,857	7,689
Average age of retirement pensioners		72.7	72.2
Number of disability pensions		651	667
Number of spouse's/partner's pensions		996	929
Number of divorce annuities		23	23
Number of children's pensions		423	427
Total active insureds and pensioners		26,244	26,009
Annual administrative expenses per insured	CHF	120	118
Number of affiliated employers		13	12
Balance sheet		31.12.2023	31.12.2022
Balance sheet total	in CHF million	12,248.2	11,897.1
Retirement capital of active insureds	in CHF million	4,886.7	4,734.8
Retirement capital of pensioners	in CHF million	5,452.7	5,490.0
Technical reserves	in CHF million	301.9	707.3
Fluctuation reserve	in CHF million	1,547.5	897.7
Free reserves (shortfall)	in CHF million	–	–
Coverage ratio		31.12.2023	31.12.2022
Coverage ratio		114.5%	108.2%
Target coverage ratio		115.8%	116.4%
Reserve deficit		1.3%	8.2%
Reserve deficit	in CHF million	133.9	895.2
Investment return		2023	2022
Investment return after costs		4.1%	–8.5%
Interest on accrued retirement benefits of active insureds		1.75%	1.50%
Technical interest on pensioners liabilities		1.75%	1.75%
Pension increases		–%	–%
Key capital flows		2023	2022
Insured total salary	in CHF million	1,818.1	1,777.4
Employee contributions	in CHF million	181.4	174.4
Employer contributions	in CHF million	244.4	244.5
Retirement pensions	in CHF million	297.9	286.3
Survivors' pensions	in CHF million	29.6	27.9
Disability pensions	in CHF million	21.2	20.9
Lump-sum benefits and other benefits	in CHF million	105.9	147.6

Technical basics: at its meeting on 28 November 2023, the Foundation Council decided not to adjust last year's technical basics. The BVG 2020 generations tables and a technical interest rate of 1.75% are still expected.

Assets

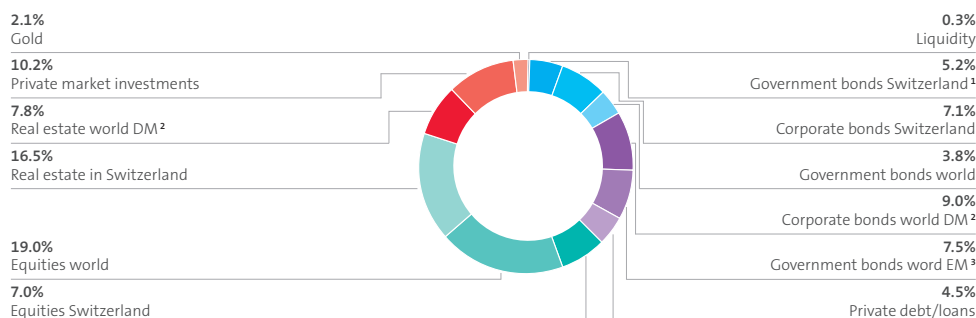
Financial markets 2023

Inflation, surprisingly robust economic growth and banking crises have significantly influenced the financial markets. In the first quarters, central banks continued to raise key interest rates to combat inflation. Surprisingly robust economic growth allowed for these interest rate hikes. The US regional banking crisis and the takeover of Credit Suisse by UBS in Switzerland also caused turbulence. With labour market momentum weakening and inflation expectations continuing to fall, market participants assumed in the fourth quarter that interest rates had reached the plateau and that monetary policy would be eased in 2024. This turnaround boosted the prices of interest-bearing and risky investments towards the end of the year. Credit spreads for loan investments declined. Valuation adjustments were made for non-listed properties and private market investments due to higher discount rates.

Composition of investments

In the 2023 financial year, further measures were implemented to optimise the investment strategy. The two global equity investment categories, Developed Markets (DM) and Emerging Markets (EM), were merged and real estate investment foundations were increased. By the end of the year, comPlan allocated 37% in interest-bearing assets and 63% in tangible assets. Investments in listed shares and in real estate each comprised roughly a quarter of the pension assets.

Composition of investments as of 31.12.2023



1 Government bonds Switzerland comprise CHF 390 million in receivables from ZKB with an explicit state guarantee from the Canton of Zurich

2 DM: developed markets (OECD)

3 EM: emerging markets

Investment return

In the 2023 financial year, comPlan achieved an investment return of +4.1%. Eleven investment categories contributed a positive return, while two had negative contributions. The largest positive contributors were Global Equities, Swiss Government Bonds and Swiss Corporate Bonds. Global Real Estate was a major driver of negative returns. Over the past five years, an average annual return of +3.9% has been achieved, surpassing the target return. The proportion of the return exceeding the target has been utilized to finance adjustments to actuarial parameters (accounting interest rates and technical provisions) as well as to provide interest on retirement savings above the BVG minimum interest rate in four out of five years.

Investment return and credited in the past 5 years

