



Ascaro News

August 2022

A difficult start to 2022!

The war in Ukraine and the recent lockdowns as part of China's zero-COVID strategy have curbed economic developments in the first half of 2022 and fuelled the rise in consumer prices. Unbridled rises in inflation have now forced the central banks into rapid changes to benchmark interest rates in a period of slower economic growth. The U.S. Federal Reserve has rapidly increased its benchmark interest rate during the first half of the year (by 75 basis points to a range of 1.5% to 1.75% in June - the largest interest rate hike since 1994), with the Swiss National Bank (SNB) following suit in mid-June with an increase of 50 basis points that surprised market participants. With this decision, the SNB demonstrated their independence instead of following the fiscal policies of the ECB as seen in previous years. The financial markets have been extremely volatile against the backdrop of these macroeconomic conditions. Both stocks and bonds came under pressure across the board worldwide.

Increased interest rates have led to global losses in bonds of around 10% - representing the worst first half year for decades. Whereas returns for 10-year Swiss bonds (Eidgenossen) were -0.13% at the end of 2021, this increased to as high as 1.45% in the first half of the year (1.15% by the end of June).

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Following a drop of over 17%, the global stock market is currently a bear market and has recorded its worst results for the first half year since the 1970s. Stocks have been driven and influenced by multiple factors for some time now. Whereas the first quarter was dictated by increasing interest rates and inflation, the effects of the war in Ukraine and the resulting strong rise in energy prices have now also become a factor. The middle of the year has seen the stock market impacted by increasing fears of recession as the prospect of a tighter fiscal policy threatens to hamstring competition and thus also demand.

The ongoing tendency towards increasing interest rates and the latest fiscal decision by the SNB have had a significant impact on listed Swiss real estate funds in particular. In terms of direct real estate – Ascaro’s predominant business – an immediate valuation adjustment is not expected. However, increasing ancillary costs (energy prices) and interest rates will have an impact on letting in the medium term. Real estate remains the most popular segment among institutional investors, although some are being removed from portfolios given the current situation. Building work is expected to tail off due to the increased cost of building materials and higher interest rates and risks, despite the influx of people (from war-torn regions in particular) and the trend for individualisation continuing to support demand. Offices and retail spaces continue to feel the pressure. Thanks to its high proportion of residential properties in good, non-overheated locations, the Ascaro portfolio is on a solid footing and has a low vacancy rate as a result. Investments at Ascaro posted a return of -4.44% as of the end of June 2022. The coverage ratio is 108.9%. When compared to published comparative figures and the internal benchmark (-6.05%) or “Pictet BVG 2015-25” index closely associated with our company figures (-11.59%), Ascaro is in an advantageous position. The chosen investment strategy – shaped by a cautious equity ratio and an impressive share of Swiss real estate – has limited losses in this difficult first six months of the year and meant we are able to confront the situation with confidence. This strategy will continue in future. Tactically, investments in bonds continue to be underweighted in favour of liquidity. As of the end of July, overall performance is at -2.98%.

Ascaro Vorsorgestiftung in a market comparison

For the 17th year running, “SonntagsZeitung” and “Finanz und Wirtschaft” have collaborated with the consultancy firm Weibel Hess & Partner AG to carry out a comprehensive pension fund comparison of 30 open-ended common and collective foundations.

In addition to an analysis of pension funds’ investments, interest credits, conversion rates and key financial figures, a “mystery shopping” test was also carried out this year in which companies were asked to provide quotes for a SME and its employees as part of a covert operation.

The comparison shows that Ascaro consistently achieves good to very good results and is among the best in many cases. As the past three years were marked by very high returns on shares, it is no surprise that Ascaro has not quite been able to keep pace in terms of returns due to its conservative investment strategy. Conversely, this has limited the losses seen during the course of this year in line with the strategy. This notwithstanding, Ascaro continues to maintain a solid, continuously high interest rate on the savings capital of active insured persons, which resulted in a place on the podium in terms of interest rates. Also pleasing is that Ascaro – as the smallest fund in the comparison – is among the institutions with the lowest administrative costs per insured person.

Delegates’ meeting

To the delight of everyone present, this year’s delegates’ meeting was held again as planned and in person in Bern on 5 May 2022 following the enforced two-year break. In addition to reporting on 2021 and an overview of current events on the financial markets, the real estate specialists from KPMG AG – Beat Seger and Kilian Schwendimann – also highlighted the current situation and provided an outlook for the Swiss real estate market. Marlene Zingg (Head of Real Estate at Ascaro Vorsorgestiftung) presented the latest information on Ascaro’s real estate portfolio.

Furthermore, the delegates elected Manuela Schneider from NTS Workspace AG to the Board of Trustees as new employee representative. She replaces Doris Lehmann – who resigned from the role for personal reasons – in this function until 2024. On behalf of all beneficiaries, we would like to thank Doris Lehmann for her dedicated work and offer a warm welcome and every continuing success to Manuela Schneider in her new role.

Ascaro celebrates 80th anniversary

The “Personalvorsorgestiftung der Hasler AG” was established by public deed on 26 June 1942. 80 years later, and the successor organisation Ascaro Vorsorgestiftung is now celebrating an impressive anniversary. Shaped by a wide range of changes, we remain solid, attractive and successful on the market as a fully autonomous collective body of the insured. Since opening the pension fund in 2014, Ascaro has seen pleasing growth and an increasing level of recognition. The numerous requests for quotations seen in recent years show that our continuously good, professional work continues to bear fruit. Successes in new memberships underline the set objectives for sustainable, healthy growth. Meanwhile, the annual pension fund comparisons confirm that Ascaro can hold its own against much larger organisations. It is regularly among the top three in important indicators and can be considered as a little gem in the world of pension funds.

With this in mind, entitled beneficiaries were given a pleasant surprise to mark our 80th anniversary in a letter sent out separately to them in July. Thanks to its solid financial position, the foundation paid the active insured persons an extraordinary interest deposit of 3%, with persons entitled to a pension receiving half a monthly pension. The necessary funds for this payout were already set aside in the financial statements for 2021, meaning ongoing results are not affected. Together with the planned interest rate of 2% for 2022, the total interest rate on pension assets will be 5% this year – currently five times the statutory minimum interest rate in accordance with the Occupational Pensions Act!

Outlook

In order for Ascaro to continue to successfully navigate the challenging - and sometimes stormy - waters associated with the Occupational Pensions Act, this year will see a revision of the current business strategy - again with the next five years in mind. Here, the Board of Trustees will focus on organisation, growth and customer management. The resulting strategic goals will lay the foundations for how Ascaro is positioned and perceived both inside and outside the company. These goals form the key focal point for both the Board of Trustees and company office in the coming years.

The anniversary also provides the opportunity to revise the Ascaro brand image and fine tune it in line with contemporary standards. After all, requirements have changed in recent years both in terms of digitisation and readability. During the year, we will be giving our website a new look.

We are sure you will be impressed by the end results. We will keep you up to date with any developments as and when they happen.

