

2022

Abridged report



The most important points in brief

	31.12.2022	31.12.2021
Total of balance sheet (million CHF)	1166	1249
Performance	-2.89 %	6.19 %
Performance Benchmark	-5.78 %	5.99 %
Coverage ratio	108.83 %	114.33 %
Technical basics	BVG 2020, GT, 1.25 %	BVG 2020, GT, 1.25 %
Annual interest of savings capital	5.00 %	5.50 %
Minimal rate of interest according to BVG	1.00 %	1.00 %
Total affiliation contracts	88	83
Total actively insured persons	1694	1612
Total pension recipients	2163	2261
Cost transparency ratio	100.00 %	100.00 %
Administration expenses in % of the transparent asset investments	0.32 %	0.32 %
Administrative expenses per member (in CHF)	216.00	206.00



5.00 %

Interest on savings capital



-2.89 %

Return



108.83 %

Coverage

Excerpt from the 2022 annual report

Political and economic environment

2022 was characterised by geopolitical crises, inflation and a turnaround in monetary policy. It was one of the worst years for stock market performance in a long time. Important equity indices from New York to Zurich and Shanghai reported double-digit falls in value. Weaker-than-expected economic growth and higher discount rates led to sharp corrections in equity markets, with cyclical and growth-oriented sectors hardest hit.

Equity markets, as well as bonds that are supposedly safe in times of crisis, barely offered any protection and depreciated significantly as well. Coronavirus-related catch-up effects, supply chain problems and the massive increase in commodity prices as a result of the Ukrainian war caused global inflation rates to skyrocket. Double-digit inflation rates, like those in the USA and Europe, were last recorded in the 1980s. At 2.8 percent, inflation in Switzerland rose relatively moderately compared to the rest of the world. Central banks found themselves having to abandon their expansive monetary policies. While the US Federal Reserve System raised its benchmark interest five times in a row from 0.25 to 4.50 percent, the autumn witnessed the end of negative interest rates in Europe and Switzerland: following the Swiss National Bank's third interest rate rise, the benchmark rate at the end of the year was, and remains at the time of writing, 1.00 percent.

The performance of Switzerland's real estate market could not be more varied. While direct real estate investments, the majority of which are invested with the Ascaro Pension Foundation (hereinafter Ascaro), remain stable, the high premiums on Swiss real estate funds melted away significantly last year. Prices for listed instruments are approaching their net asset value. However, the continued high demand for residential properties is keeping prices buoyant: due to high immigration and further rises in land consumption, housing is in short supply while construction activity is declining. In addition, the office market is recovering steadily. Vacancy rates are falling and the "real estate" asset again appears to have no alternative. Moreover, yield potentials should tend to increase on the back of the rises in interest rates. The relevance of sustainability criteria is growing, which is affecting property and portfolio strategy in terms of refurbishment planning, densification and CO₂ emissions. As a consequence, these criteria are also having a significant impact on long-term value enhancement and returns in line with the market.



Investment activity/strategy

Assets invested by Ascaro amount to 1.166 billion francs as of year-end. Broadly diversified, they are invested in Switzerland and abroad. In line with Ascaro's strategic guidelines, foreign currency risks are hedged so that ultimately around 95 per cent of investments are held in Swiss francs as per the strategy. No significant changes were made to the positioning in the reporting year. As of the end of 2022, investments had been made in the following asset classes: approximately 9 per cent in liquidity, 27 per cent in bonds, 19 per cent in equities, 42 per cent in real estate and 3 per cent in alternative investments.

In this difficult market environment, Ascaro achieved a return of -2.89 percent. Compared with the internal benchmark (-5.78 percent) or the "Pictet BVG 2015-25" index (-13.21 percent), which is close to our strategy, this is a remarkable result. Ascaro's high liquidity portfolio, short duration of bond investments, cautious equity allocation compared to the market and substantial Swiss real estate holdings effectively limited losses in this challenging investment year.

Technical bases, coverage ratio and interest on savings capital

In addition to the reduction of the technical interest rate to 1.25 percent, the Board of Trustees had, the previous year, already decided to provide for a further reduction in the future. This provision is to be built up over three years, including in the reporting year. The technical interest rate specifies what long-term capital gains can be expected, in order to be able to finance the pensions. The interest rate depends on the expected performance of the financial markets. As the general interest rate level is currently on the rise, the Board of Trustees will monitor further developments and assess, in 2023, whether the reduction decided at that time remains appropriate.

With the achieved return of -2.89 percent, the coverage ratio declined to 108.83 percent, compared to the previous year's 114.33 percent. The fluctuation reserves decreased by a corresponding 61.5 million francs. Ascaro remains financially stable in spite of the lower coverage ratio.

2022 was an anniversary year – Ascaro turned 80 – and eligible policyholders benefited! Thanks to its solid financial position, the foundation paid active

policyholders an extraordinary interest deposit of 3 percent, with persons entitled to a pension receiving an additional half a month's pension. The funds required for this payout were already set aside in the 2021 accounts, and therefore did not impact the current result. Together with the interest rate of 2 percent set for 2022, the total interest rate on pension assets for the year under review is 5 percent – five times the statutory minimum required by the Occupational Pensions Act!

The Board of Trustees will maintain the attractive long-term interest rate and set the interest rate for savings capital at 1.25 percent in advance (previous year 2.00 percent). It is thus a quarter of a percentage point above the Occupational Pensions Act minimum interest rate of 1.00 percent set by the Federal Council, which remains unchanged. The interest is payable on compulsory and supplementary assets for the whole year (even in the event of departure or retirement during the year). Looking back over the last five years, savings balances have yielded an average annual interest rate of 3.55 percent – an outstanding figure!

Board of Trustees, commissions, head office

There were two changes in the representation of employees on the Board of Trustees during the reporting year. The delegates elected Manuela Schneider, NTS Workspace AG, and Manuela Uboldi, Alluvia AG, to the Board to replace Doris Lehmann and Renee Müller-Hausherr, who stepped down. We would like to take this opportunity to thank the former Board members and wish the new members every success as they assume their duties and responsibilities.

The Board of Trustees attended to pending issues at four ordinary meetings, while individual items of business were discussed and prepared by the relevant expert committees.

The Board convened a workshop at which its "Strategy 2027" was discussed and adopted. The latter follows on from the "Strategy 2022" adopt-

ed a few years ago and defines the new priorities, goals and measures which the Board and Executive Board will focus on in the coming years. The focal points are growth, customer loyalty and organisation.

In the reporting year, Ascaro succeeded in acquiring a number of smaller businesses following a competitive tendering process. Ascaro decided not to submit bids for more than half of the enquiries. Reasons for this included the poor reserve situation at the current insurer, an unfavourable age structure, or general disagreement about the proposed targets. Compared to the previous year, Ascaro's policyholder structure has improved organically. We are gradually approaching 50:50 parity in the number of active policyholders versus persons drawing a pension.

Outlook

The market environment remains challenging. Particular attention continues to be paid to the worldwide containment of the Coronavirus pandemic, which remains classified as a global health emergency by the World Health Organisation (WHO). The economic fallout appears to be limited. Nevertheless, persistent concerns about inflation, the likely diminishing monetary tailwind and geopolitical tensions (USA/China, Ukraine/Russia and others) could lead to greater volatility in the capital markets.

Despite the existing uncertainties, having done its requisite homework, Ascaro's financial situation remains solid. For the Board of Trustees as

the directing body, the financial stability of the occupational benefits scheme – and thus the long-term security of the pensions – is paramount. The focus is also on growing the fluctuation reserves. Everyone at Ascaro will continue to act with foresight in the new year in our quest to master upcoming challenges.

Thank you for the trust you continue to place in Ascaro and its exponents. We look forward to being at your service once again in the new year.

Bern, January 2022

Ascaro Vorsorgestiftung

Balance sheets

Assets

(in CHF)	31.12.2022	31.12.2021
Investments	1 165 714 799.90	1 248 389 653.42
Cash	103 018 133.59	152 615 382.01
Receivables	2 103 682.84	2 559 693.29
Receivables from employers	1 923 984.55	1 414 256.50
Bonds (incl. mortgages)	309 466 478.42	314 653 578.24
Equities	225 953 341.74	261 241 088.76
Alternative investments	38 299 702.63	45 529 670.84
Real estate	484 949 476.13	470 375 983.78
Prepayments and accrued income	775 711.05	252 606.72
Total assets	1 166 490 510.95	1 248 642 260.14

Liabilities

(in CHF)	31.12.2022	31.12.2021
Liabilities	4 575 894.89	4 632 353.30
Termination benefits and pensions	2 451 298.70	2 205 251.20
Other liabilities	2 124 596.19	2 427 102.10
Accrued liabilities and differed income	399 142.60	466 320.40
Contribution reserve employers	4 958 816.35	4 404 298.35
Pensions liabilities and actuarial reserves	1 062 750 464.85	1 083 826 304.75
Savings capital from actively insured persons	313 319 726.85	296 428 698.75
Savings capital from pension recipients	646 340 691.00	674 306 824.00
Actuarial reserves	103 090 047.00	113 090 782.00
Reserve for fluctuation in asset value	93 806 192.26	155 312 983.34
Foundation capital, non-committed funds/ shortfall in cover		
Status as per 1 January	0.00	0.00
+/- Income surplus/expense surplus	0.00	0.00
Status as per 31 December	0.00	0.00
Total liabilities	1 166 490 510.95	1 248 642 260.14

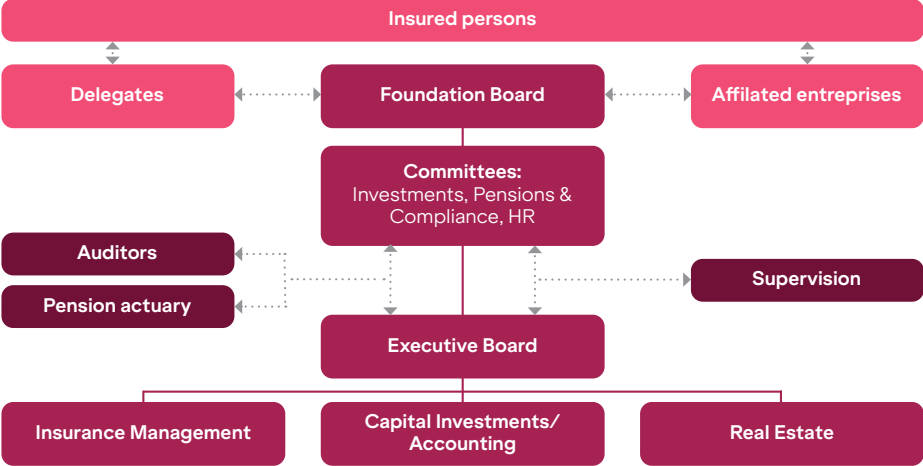
Income statement

(in CHF)	2022	2021
Ordinary and other contributions and transfers-in	24 532 425.90	21 765 171.45
Employee contributions		
Savings contributions	8 575 671.20	8 342 139.05
Risk contributions	1 195 898.25	1 159 643.00
Employer contributions		
Savings contributions	9 629 679.05	9 299 132.80
Risk contributions	1 426 737.50	1 370 012.25
Withdrawal from provisions for financing of contributions	-276 582.00	-634 248.55
One-time payments and purchase amounts	2 976 191.00	2 970 647.75
Payments into the employer contribution reserves	831 100.00	-925 786.25
Grants from the LOB Guarantee Fund	173 730.90	183 631.40
Entry lump sum transfers	17 701 428.65	18 113 603.25
Entry lump sum transfers	17 089 589.45	16 861 540.65
Deposits by takeover of insured persons into:		
Reserves for fluctuations of asset value	0.00	3 710.40
Savings capital from pension recipients	55 198.85	788 400.00
Reimbursement of withdrawals for home ownership / divorce	556 640.35	459 952.20
Total inflow from contributions and entry lump sum transfers	42 233 854.55	39 878 774.70

(in CHF)	2022	2021
Regulatory benefits	-60 534 120.70	-66 356 984.70
Retirement pensions	-42 041 123.55	-43 341 911.20
Survivor s pensions	-11 959 983.90	-12 130 604.75
Disability pensions	-1 260 576.20	-1 351 264.00
Divorce pensions	-41 508.00	-41 508.00
Other regulatory benefits	-71 762.80	-52 999.25
Lump-sum payments on retirement	-5 070 766.25	-8 536 616.25
Lump-sum payments on death and disability	-88 400.00	-902 081.25
Non-regulatory benefits	-2 492 441.00	-2 294 414.00
Voluntary benefits of the fund	-2 492 441.00	-2 294 414.00
Termination benefits	-23 864 063.15	-25 743 578.60
Termination benefits for leavers	-21 022 508.70	-24 400 365.05
Transfer of additional funds in the event of collective withdrawal	0.00	-954 901.00
Withdrawals for home ownership / divorce	-2 821 659.90	-388 312.55
Lump-sum payments on divorce	-19 894.55	0.00
Total outflow for benefits and withdrawals	-86 890 624.85	-94 394 977.30

(in CHF)	2022	2021
Decrease (+)/increase (-) in insurance capital, actuarial reserves and contribution reserves	20 521 321.90	13 062 536.40
Dissolution (+)/formation (-) of insurance capital of active insured	3 125 059.80	11 272 007.65
Dissolution (+)/formation (-) of pensioners insurance capital	27 966 133.00	51 392 144.00
Decrease (+)/increase (-) in actuarial reserves	10 000 735.00	-41 671 095.00
Interest on retirement savings capital	-20 016 087.90	-9 490 555.05
Dissolution/formation of employer contribution reserves	-554 518.00	1 560 034.80
Insurance expenses	-136 844.65	-132 981.85
Contributions to the LOB Guarantee Fund	-136 844.65	-132 981.85
Net result from insurance activities	-24 272 293.05	-41 586 648.05
Net return	-32 616 363.96	76 664 529.87
Net return on liquid assets and money market demands	1 030 131.55	-2 953 062.35
Net return on bonds (incl. mortgages)	-22 381 736.54	1 636 699.51
Net return on equities	-41 354 074.70	49 210 945.91
Net return on alternative investments	4 558.97	3 424 842.45
Net return on real estate	30 084 756.76	25 345 104.35
Interest expenses	-33 884.40	-20 646.98
Administration expenses for investments	-3 751 120.15	-4 056 353.00
Total net return on investments	-36 401 368.51	72 587 529.89
General administration	-833 129.52	-796 596.37
General administration expenses	-742 852.11	-716 664.62
Marketing and advertising	-3 844.90	-2 918.15
Auditors and pension actuary	-67 258.71	-61 550.55
Supervisory authorities	-19 173.80	-15 463.05
Income surplus/expenses surplus before releasing from/adding to fluctuations reserves	-61 506 791.08	30 204 285.47
Decrease (+)/increase (-) in value fluctuation reserves	61 506 791.08	-30 204 285.47
Income surplus/expenses surplus	0.00	0.00

Organisation



Governing body

Foundation Board Employer representatives	Function	Mandate as of	Elected until
Frey Roland	Chairman	01.03.2015	30.06.2024
Diener Felix	Member	23.08.2017	30.06.2024
Lack Daniel	Member	31.10.2011	30.06.2024
Perinpanathan Sarushan	Member	01.05.2019	30.06.2024
Rufi Harald	Member	01.07.2019	30.06.2024
Zaugg René	Member	01.01.2021	30.06.2024

Foundation Board Employee representatives	Function	Mandate as of	Elected until
Rüegsegger Markus	Vice-chairman	22.10.2013	30.06.2024
Lehmann Doris	Member	01.07.2020	30.04.2022 (exit)
Müller-Hausherr Renee	Member	04.05.2017	31.08.2022 (exit)
Odermatt Christoph	Member	09.05.2019	30.06.2024
Schneider Manuela	Member	05.05.2022	30.06.2024
Schweizer Jonathan	Member	03.05.2018	30.06.2024
Uboldi Manuela	Member	01.09.2022	30.06.2024
Wellenreiter Jörg	Member	01.07.2020	30.06.2024

Executive Board	Function
Guntern Willy	Managing Director, Head of Capital investments/Accounting
Zingg Marlene	Deputy Managing Director, Head of Real Estate
Külhan Amse Tobias	Member, Head of Insurance management

Assembly of Delegates

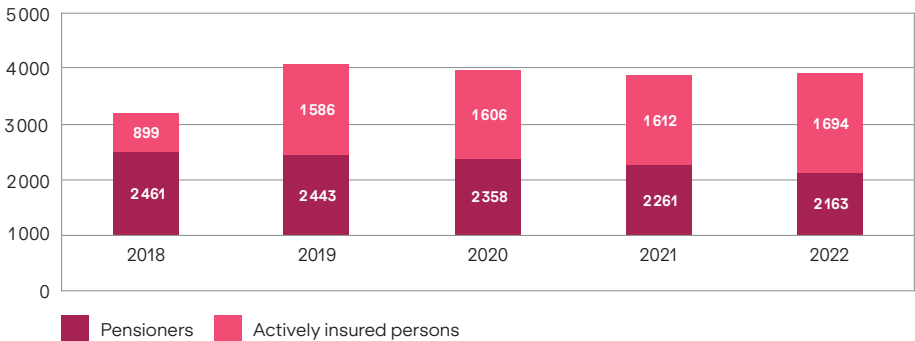
The Assembly of Delegates is responsible for fostering close ties between the Foundation Board and the insured members. The delegates are elected by and from among the insured members for a period of four years (current term of office 2020-2024). The Assembly of Delegates is respon-

sible for the election of the employee representatives on the Foundation Board and may submit proposals to the Foundation Board and seek information from the Foundation Board about general questions pertaining to the Foundation.

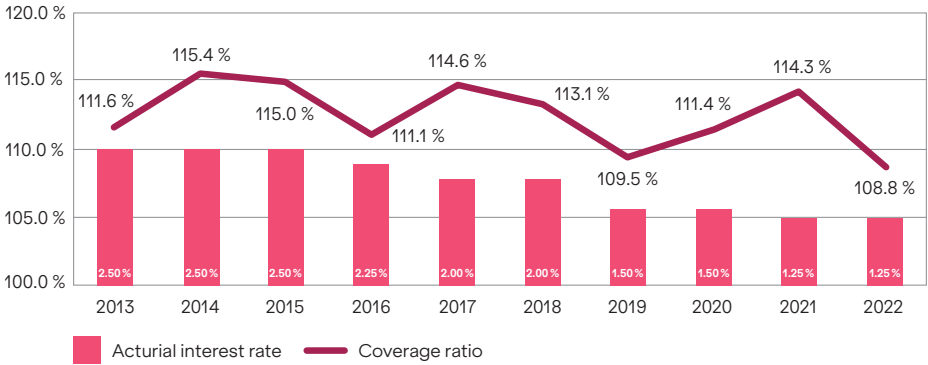
Pension actuary, auditors and supervision

Function	
Pension actuary	Pittet Associates AG, Zurich (formerly Swiss Life Pension Services AG, Zurich), contractual partner Guido Aggeler, executive expert
Auditors	PricewaterhouseCoopers AG, Bern Johann Sommer, lead auditor
Supervision	Bernische BVG- und Stiftungsaufsicht (BBSA), Bern (Ordnungs-Nr. BE.0221)

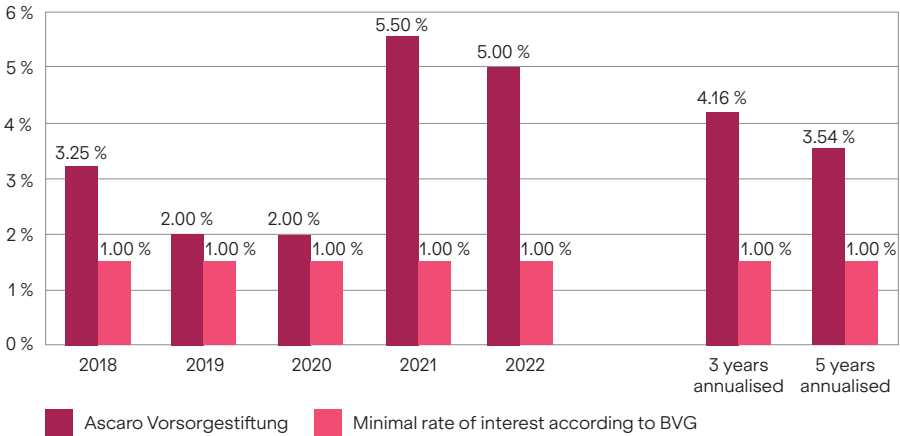
Actively insured persons and pensioners



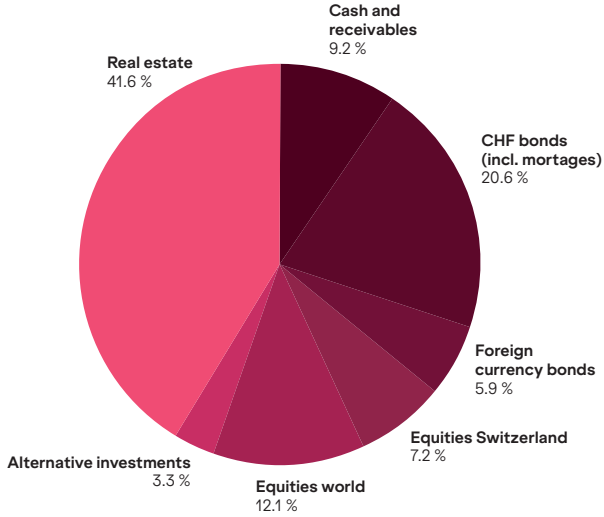
Development of the coverage ratio since 2013



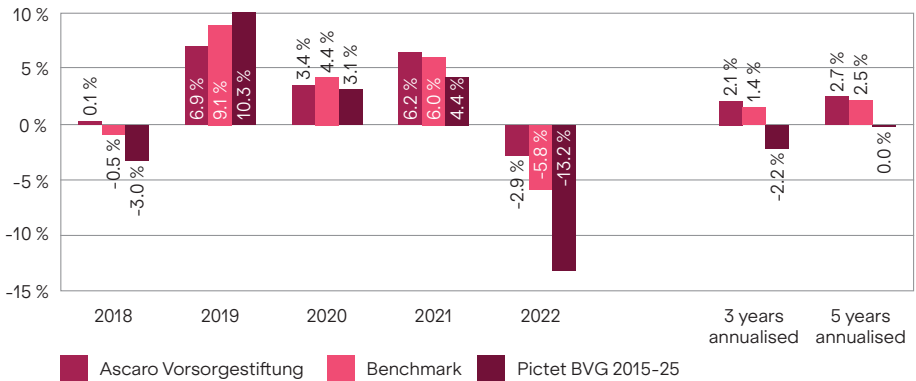
Interest rate for actively insured persons



Asset structure



Development of performance



The complete Annual Report (available in German only) can be downloaded from www.ascaro.ch



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