



The most important points in brief

| | 31.12.2018 | 31.12.2017 |
|---|------------------------|------------------------|
| Total of balance sheet (million CHF) | 1123 | 1188 |
| Performance | 0.11% | 8.45% |
| Performance benchmark | -0.50% | 6.22% |
| Coverage ratio | 113.08% | 114.63% |
| Technical basics | BVG 2015, GT, 2.00% | BVG 2015, GT, 2.00% |
| Annual interest of savings capital | 3.25% | 3.00% |
| Minimal rate of interest according to BVG | 1.00% | 1.00% |
| Total affiliation contracts | 48 | 35 |
| Total actively insured persons | 899 | 838 |
| Total pension recipients | 2461 | 2577 |
| Cost transparency ratio | 99.36% | 97.81% |
| Administration expenses in % of the transparent asset investments | 0.40% | 0.55% |
| Administrative expenses per member (in CHF) | 255.00 | 267.00 |

Excerpt from the Annual Report 2018

Political and economic environment

- Following the very positive developments on the capital markets over the past few years, volatility increased significantly in 2018. Towards the end of the year, burgeoning fears regarding global growth unsettled the development on the stock markets. In addition, in particular the trade conflict between the US and China as well as the Brexit affected the capital markets during the course of the year.
- There was also considerable movement in interest rates, albeit still at a low level. Ten years after the outbreak of the global financial crisis and the massive monetary support measures, the central banks, led by the US Federal Reserve, appear to be prepared to gradually end their exceptionally loose monetary policy. For example, over the course of the year, the yield on 10-year US government bonds increased to over 3 percent for the first time since 2011. In Europe, yields on bonds issued by those countries that are considered safe havens tended to move sideways. This also applies to Switzerland. Over the course of the year, the yield on 10-year bonds issued by the Swiss Confederation continued to be mostly negative.
- With regard to their valuation, Swiss real estate benefits from the low interest rate level. However, the decline in net immigration from the EU to Switzerland translated into a slower growth in the demand for residential

property. More than 10 000 currently unoccupied apartments are not older than two years. The returns on apartment buildings will develop very heterogeneously in future depending on their location, size and age.

Investment activities

- The 2018 investment year developed in reverse to the previous year. While all investment categories were set to green in 2017, now almost all segments are synchronously negative.
- In spite of the difficult investment environment, a positive total return (performance) of 0.11 percent was achieved in the year under review. In comparison with the published, mostly negative, reference figures, this is a good result.

Technical principles and coverage ratio

- Following the Ascaro Foundation Board's decision to reduce the technical interest rate by a quarter of a percent to 2.0 percent in the previous year, a further reduction is currently not being conducted. The technical interest rate specifies the capital yield that can be expected in the long term in order to finance the pensions. If interest rates remain at current levels, further reductions may be warranted.
- The good financial situation of the Ascaro Pension Foundation and the extraordinarily successful investment year 2017 prompted the Foundation Board to grant an additional benefit in 2018: The active insured members received an additional interest of 1 percent, the pensioners an additional half-month pension. For the year 2018, the pension capital of the active insured members bore an interest rate of 3.25 percent (including the additional interest mentioned above), following the interest rate of 3.0 percent in the previous year (including a 0.75 percent bonus for Ascaro's 75th anniversary).
- The return of 0.11 percent was not sufficient to maintain a stable coverage ratio. It decreased to 113.1 percent compared to 114.6 percent in the preceding year. Due to the continued solid financial situation, Ascaro is adhering to its interest rate policy. In 2019, the savings capital will bear an interest rate of 2 percent, which is equivalent to the technical interest rate.

Foundation Board, commissions, Executive Board

- On 3 May 2018, the Assembly of Delegates elected Jonathan Schweizer as employee representative and successor to Walter Binz, who had already left the Foundation Board at the end of 2017.
- As scheduled, the Foundation Board dealt with the pending issues during four regular meetings and addressed important organisational issues during a workshop. The individual items of business were discussed in advance by the relevant expert commissions and prepared for the Foundation Board for decision-making.

- From an operational point of view, the processing of the numerous requests for offers deserves special mention. After a lively tendering phase, Ascaro was able to recruit a number of larger and smaller companies to the Foundation. On 1 January 2019, we will be able to welcome around 700 new members from various sectors.
- As announced last year, Willy Guntern assumed operational management of Ascaro on 1 June 2018. René Zaugg, the previous Managing Director, will remain with Ascaro in his new function as Head of Pensions on a part-time basis. Thus, continuity and the preservation of know-how are guaranteed in the best manner possible.

Outlook

- The economic cycle around the globe has passed its zenith. Nevertheless, sustained positive growth at a lower level is to be expected, albeit under pressure from monetary and trade policy measures. Interest rates are likely to continue to rise in the USA, and the first interest rate steps may become a reality in Europe and Switzerland. In view of the prevailing environment, there is little reason to be optimistic for 2019. A solution to the trade conflicts could, however, ignite a surge of new confidence.
- Despite somewhat uncertain times, the financial situation of the Pension Foundation remains solid. The technical parameters are in line with the market conditions, and we are able to continue our policy of granting attractive interest rates on retirement assets. The members of the Foundation Board and of the Executive Board will continue to make every effort to master the coming challenges through forward-looking action and place the focus on the long-term financial stability of the Foundation. All this with the objective of sustainably securing the pensions of current and future generations.

We thank you sincerely for the trust you place in Ascaro and its representatives and look forward to continuing to accompany you in the new year.

Berne, January 2019

Ascaro Vorsorgestiftung



Roland Frey
Chairman



Willy Guntern
Managing Director

Balance sheets

Assets

| (in CHF) | 31.12.2018 | 31.12.2017 |
|---------------------------------------|-------------------------|-------------------------|
| Investments | 1 122 548 336.48 | 1 187 971 011.58 |
| Cash | 131 641 244.97 | 159 447 280.99 |
| Receivables | 2 817 042.22 | 3 388 186.73 |
| Receivables from employers | 965 609.15 | 1 265 200.25 |
| Bonds (incl. mortgages) | 210 480 114.71 | 217 177 489.99 |
| from that receivables from employers | (2 000 000.00) | (0.00) |
| Equities | 277 047 745.93 | 312 647 937.09 |
| Alternative investments | 89 679 885.05 | 89 663 864.53 |
| Real estate | 409 916 694.45 | 404 381 052.00 |
| Prepayments and accrued income | 471 206.09 | 359 475.73 |
| Total assets | 1 123 019 542.57 | 1 188 330 487.31 |

Liabilities

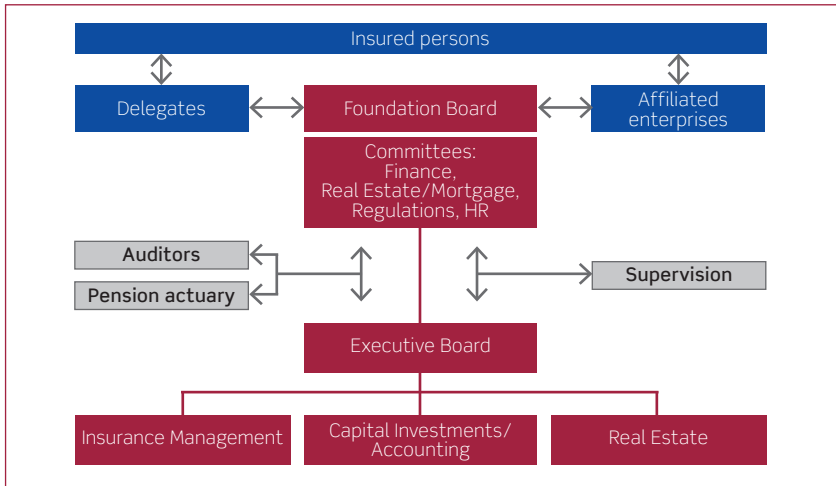
| (in CHF) | 31.12.2018 | 31.12.2017 |
|--|-------------------------|-------------------------|
| Liabilities | 35 692 072.67 | 3 009 665.14 |
| - Termination benefits and pensions | 33 755 721.10 | 368 955.75 |
| - Other liabilities | 1 936 351.57 | 2 640 709.39 |
| Accrued liabilities and differed income | 1 121 167.62 | 1 359 248.06 |
| Contribution reserve employers | 3 709 551.42 | 4 294 439.92 |
| Non actuarial provisions | 0.00 | 900 000.00 |
| Pensions liabilities and actuarial reserves | 957 259 991.35 | 1 028 316 789.10 |
| - Savings capital from actively insured persons | 199 736 831.35 | 209 704 636.10 |
| - Savings capital from pension recipients | 723 073 247.00 | 768 805 304.00 |
| - Actuarial reserves | 34 449 913.00 | 49 806 849.00 |
| Reserve for fluctuation in asset value | 125 236 759.51 | 150 450 345.09 |
| Foundation capital, non-committed funds, | | |
| 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 | 1 123 019 542.57 | 1 188 330 487.31 |

Income statement

| (in CHF) | 2018 | 2017 |
|---|-----------------------|-----------------------|
| Ordinary and other contributions and transfers-in | 14 608 175.55 | 14 892 715.05 |
| Employees contributions | | |
| - Savings contributions | 5 492 373.10 | 5 831 001.85 |
| - Risk contributions | 747 626.35 | 763 218.70 |
| Employers contributions | | |
| - Savings contributions | 5 635 085.50 | 5 788 954.60 |
| - Risk contributions | 884 403.15 | 925 169.05 |
| Withdrawal from provisions for financing of contributions | -1 167 606.05 | -1 066 500.50 |
| Savings instalments (conversion rate) | 0.00 | 972 139.50 |
| Withdrawal from provisions for financing of contributions | 0.00 | -972 139.50 |
| Savings transitional arrangement (art. 8.8 pension regulations) | 0.00 | 3 593 631.75 |
| Withdrawal from reserves (art. 8.8) | 0.00 | -3 593 631.75 |
| One-time payments and purchase amounts | 2 430 299.55 | 2 400 871.35 |
| Payments into the employer contribution reserves | 582 717.55 | 250 000.00 |
| Grants from the LOB Guarantee Fund | 3 276.40 | 0.00 |
| Entry lump sum transfers | 35 348 877.25 | 10 209 414.45 |
| Entry lump sum transfers | 28 809 692.05 | 9 817 286.05 |
| Deposits by takeover of insured persons into: | | |
| - Actuarial reserves | 156 583.30 | 7 046.65 |
| - Reserve for fluctuation in asset value | 664 956.00 | 0.00 |
| - Savings capital from pension recipients | 5 674 645.90 | 207 011.40 |
| Reimbursement of withdrawals for home ownership/ divorce | 43 000.00 | 178 070.35 |
| Total inflow from contributions and entry lump sum transfers | 49 957 052.80 | 25 102 129.50 |
| Regulatory benefits | -67 541 070.85 | -66 595 400.30 |
| Retirement pensions | -46 740 399.50 | -48 797 582.80 |
| Survivor's pensions | -12 020 558.85 | -12 396 592.05 |
| Disability pensions | -1 663 106.20 | -1 863 697.20 |
| Divorce pensions | -30 795.60 | 0.00 |
| Other regulatory benefits | -10 457.60 | -67 573.80 |
| Lump-sum payments on retirement | -7 066 021.30 | -3 323 427.60 |
| Lump-sum payments upon death or disability | 0.00 | -146 526.85 |
| Lump-sum payments on divorce | -9 731.80 | 0.00 |
| Non regulatory benefits | -7 530 345.90 | -276 308.70 |
| Voluntary benefits of the fund | -7 530 345.90 | -276 308.70 |

| (in CHF) | 2018 | 2017 |
|--|------------------------|-----------------------|
| Termination benefits | -71 985 086.05 | -26 188 668.95 |
| Termination benefits for leavers | -40 992 727.65 | -21 210 289.80 |
| Handover of actuarial reserves | -20 949 696.85 | -2 497 682.95 |
| Transfer of additional amounts on collective departures | -9 800 344.00 | -1 396 913.00 |
| Withdrawals for home ownership/divorce | -242 317.55 | -1 083 783.20 |
| Total outflow for benefits and withdrawals | -147 056 502.80 | -93 060 377.95 |
| Decrease/increase in insurance capital, actuarial reserves and contribution reserves | 71 641 686.25 | 5 094 867.20 |
| Dissolution/formation of insurance capital of active insured | 16 054 679.65 | 15 027 860.60 |
| Dissolution/formation of pensioners insurance capital | 45 732 057.00 | -729 869.00 |
| Decrease/increase in actuarial reserves | 15 356 936.00 | -4 011 688.00 |
| Interest on retirement savings capital | -6 086 874.90 | -6 007 936.90 |
| Dissolution/formation of employer contribution reserves | 584 888.50 | 816 500.50 |
| Insurance costs | 0.00 | -13 260.40 |
| Contribution to the LOB Guarantee Fund | 0.00 | -13 260.40 |
| Net result from insurance activities | -25 457 763.75 | -62 876 641.65 |
| Net return | 5 370 304.57 | 110 174 472.49 |
| Net return on liquid assets and money market demands | -5 750 787.57 | -4 015 848.02 |
| Net return on bonds (incl. mortgages) | 572 615.26 | 2 357 500.41 |
| Net return on equities | -29 403 413.80 | 50 074 586.95 |
| Net return on alternative investments | 3 115 538.53 | 328 846.84 |
| Net return on real estate | 36 836 352.15 | 61 429 386.31 |
| Interest expenses | -19 553.05 | -13 346.46 |
| Administration expenses for investments | -4 248 359.76 | -10 636 172.45 |
| Total net return on investments | 1 102 391.76 | 99 524 953.58 |
| General administration | -858 213.59 | -911 945.36 |
| General administration expenses | -752 462.44 | -790 923.61 |
| Marketing and advertising | -40 014.10 | -53 540.35 |
| Auditors and pension actuary | -52 079.90 | -53 732.90 |
| Supervisory authorities | -13 657.15 | -13 748.50 |
| Income surplus (+) / Expenses surplus (-) before releasing from/adding to fluctuations reserves | -25 213 585.58 | 35 736 366.57 |
| Decrease (+)/increase (-) in value fluctuation reserves | 25 213 585.58 | -35 736 366.57 |
| 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 | 30.06.2020 |
| Diener Felix | Member | 23.08.2017 | 30.06.2020 |
| Howald Rouven | Member | 01.12.2015 | 30.06.2020 |
| Lack Daniel | Member | 31.10.2011 | 30.06.2020 |
| von Winterfeld Ernst | Member | 01.05.2015 | 30.06.2020 |
| Zimmermann Hans | Member | 24.10.2005 | 30.06.2020 |

| Foundation Board Employee representatives | Function | Mandate as of | Elected until |
|--|---------------|---------------|---------------|
| Rüegsegger Markus | Vice-chairman | 22.10.2013 | 30.06.2020 |
| Gross Roger | Member | 01.08.2011 | 30.06.2020 |
| Müller-Hausherr Renee | Member | 04.05.2017 | 30.06.2020 |
| Neuenschwander Kurt | Member | 01.07.2016 | 30.06.2020 |
| Schweizer Jonathan | Member | 03.05.2018 | 30.06.2020 |
| Widrig Andreas | Member | 01.07.2008 | 30.06.2020 |

| Executive Board | Function |
|-----------------|---|
| Guntern Willy | Managing Director (since 01.06.2018), Capital investments/Accounting |
| Zaugg René | Deputy Managing Director (since 01.06.2018), Insurance management |
| Zingg Marlene | Member, Head of Real Estate |

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 2016–2020). The Assembly of Delegates is responsible 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.

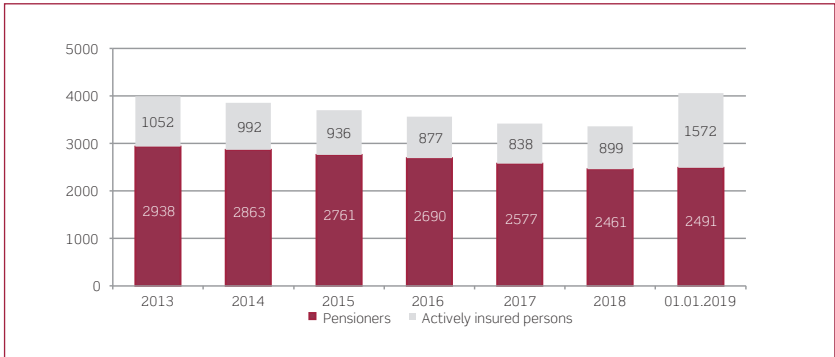
Pension actuary, Auditors and Supervision

| Function | Mandatar |
|-----------------|---|
| Pension actuary | ABCON AG, Bern ¹ , Martin Schneider |
| Auditors | PricewaterhouseCoopers AG, Bern, Johann Sommer |
| Supervision | Bernische BVG- und Stiftungsaufsicht (BBSA), Bern (Ordnungs-Nr. BE.0221) |

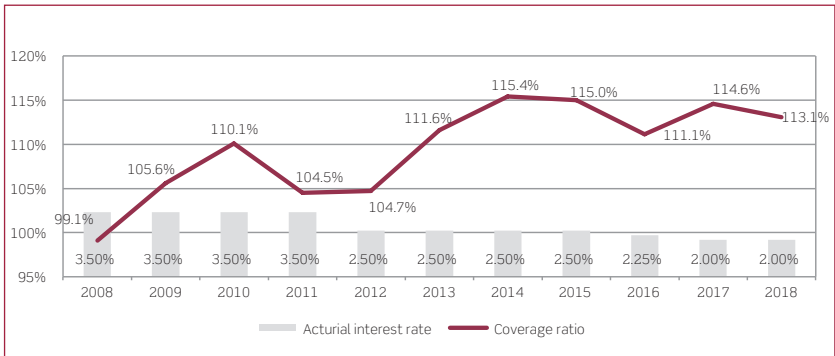
¹ Swiss Life Pension Services AG (Elena Fehr) was commissioned by ABCON AG to implement this task at short notice. This was based on an agreement and power of attorney dated December 2018 between ABCON AG and Swiss Life Pension Services AG as well as on Ascaro's approval.



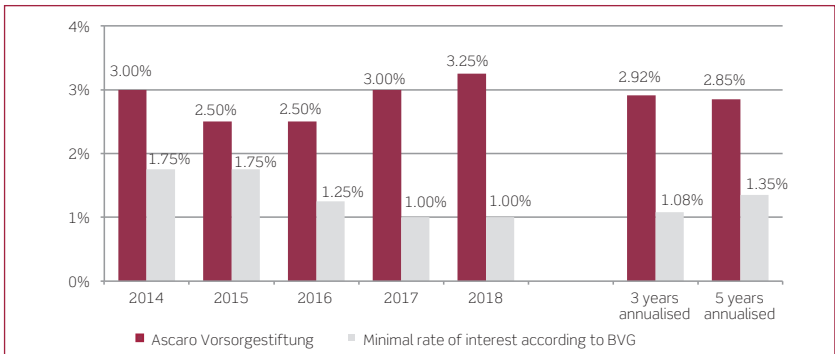
Actively insured persons and pensioners



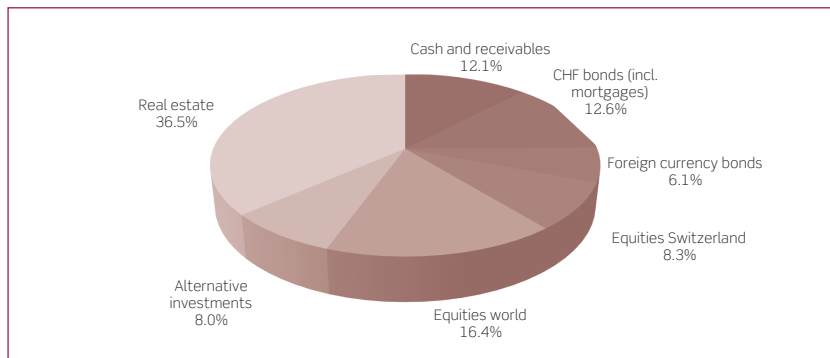
Development of the coverage ratio since 2008



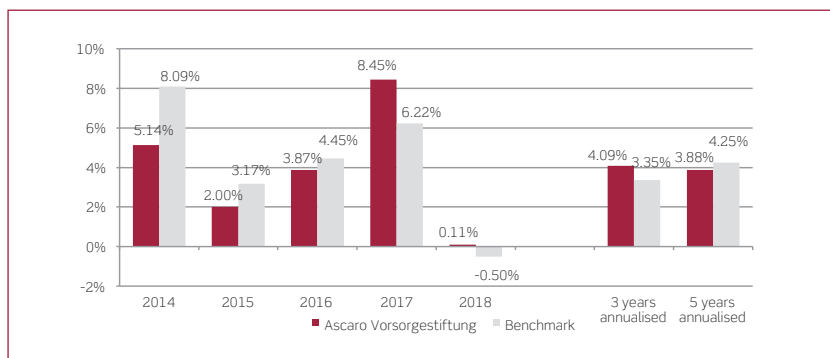
Interest rate for actively insured persons



Asset structure



Development of the performance



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

