



Abridged report 2019

The most important points in brief

	31.12.2019	31.12.2018
Total of balance sheet (million CHF)	1240	1123
Performance	6.88%	0.11%
Performance benchmark	9.08%	-0.50%
Coverage ratio	109.51%	113.08%
Technical basics	BVG 2015, GT, 1.50%	BVG 2015, GT, 2.00%
Annual interest of savings capital	2.00%	3.25%
Minimal rate of interest according to BVG	1.00%	1.00%
Total affiliation contracts	78	48
Total actively insured persons	1586	899
Total pension recipients	2443	2461
Cost transparency ratio	100.00%	99.36%
Administration expenses in % of the transparent asset investments	0.31%	0.40%
Administrative expenses per member (in CHF)	209.00	255.00

Excerpt from the 2019 annual report

Political and economic environment

- A spectacular year with a broad upward trend in virtually all investment classes (equities, bonds, real estate and raw materials) came to an end and somewhat overshadowed many uncertainties which still exist. Many share indices posted all-time highs in 2019. However, this year's record-breaking performance was also a reaction to the disappointing year of 2018.
- Yields on 10-year US government bonds dropped from more than 3 per cent to below 2 per cent. In Europe, yields on bonds issued by safe-haven countries were just within the negative range. In the first half of the year, there was a drop in interest rates followed by a slight increase from August. This was particularly true for Switzerland. The yield on 10-year Swiss government bonds was even below -1 per cent in August and recovered to -0.46 per cent by the end of the year.
- Swiss properties continue to benefit where their valuations are concerned from the low interest rates and remain attractive. However, due to the buoyant construction activity, apartment vacancy rates continue to rise Switzerland-wide, although there are some considerable regional differences.

Investment activities

- The assets invested by Ascaro Vorsorgestiftung amount to 1.24 billion francs as of year end. Its investments are broadly diversified in Switzerland and abroad. Foreign currency risks are hedged based on the strategic guidelines, so that ultimately around 90 per cent of investments are held in Swiss francs in compliance with the strategy. The investment strategy and positioning remained unchanged in the year under review. As of the end of 2019, investments had been made in the following asset classes: 13 per cent in liquidity, 20 per cent in bonds, 26 per cent in equities, 34 per cent in real estate and 7 per cent in alternative investments.
- With an annual return of 6.88 per cent, Ascaro also benefited from the market environment, but due to its structurally-driven more conservative approach, it benefited less than the market as a whole. In particular, its high level of liquidity, short-term bonds and the below-average equity weighting and hedging against sudden extreme risks resulted in relative underperformance. This positioning is intentional and limits the effects of negative investment years, as impressively proven in the difficult previous year of 2018.

Technical interest rate, coverage ratio and interest on savings capital

- The Swiss Chamber of Pension Fund Experts (SKPE) set the upper limit as of 30 September 2019 for the recommended technical interest rate pursuant to the revised Professional Guideline 4. For pension funds which use period tables, the upper limit is 1.83 per cent; if generation tables are used (like at Ascaro), the figure is 2.13 per cent. The Board of Trustees performed an in-depth analysis of the current framework conditions, as a result of which it decided to reduce the technical interest rate by half a per cent to the new figure of 1.5 per cent.
- Due to this reduction, the pension capital of those with pension entitlements and the provision for an excessively high conversion rate had to be bolstered by about 54 million francs, which occurred to the detriment of the fluctuation reserves. In spite of the pleasing investment result, the coverage ratio therefore dropped to 109.5 per cent compared to 113.1 per cent in the previous year.
- The Board of Trustees decided to keep the interest rate for 2020 unchanged at 2 per cent – entirely in keeping with its policy of offering attractive interest rates which have averaged 2.65 per cent over the last five years (compared to the minimum interest rate of 1.2 per cent required under the Occupational Pensions Act, OPA).

Board of Trustees, committees, Executive Board

- In 2019, there were three resignations from the Board of Trustees. Asetronics AG appointed Sarushan Perinpanathan as employer representative as the successor to Rouven Howald. Following the pleasing rise in the number of companies and insured persons at the beginning of the year, the for-

mer Chairman of the Board of Trustees and long-standing Board member, Hans Zimmermann, serving as a representative of Ascom Holding AG, also resigned from the Board of Trustees as of the middle of the year in order to create space for the new firms. Harald Rufi from the Alluvia Group succeeded him as employer representative. In addition, the Delegates' Meeting of 9 May 2019 elected Christoph Odermatt as employee representative and successor to Kurt Neuenschwander, who had left the Board of Trustees at the end of April. We would like to take this opportunity to once again expressly thank the departed members and wish the new Board of Trustees members every success and satisfaction during their period of office.

Outlook

- Even if the economic cycle has passed its peak worldwide, moderately positive economic growth is still expected for the coming year. This will be helped by the calming of the political risks like the trade dispute between the USA and China and the ongoing monetary policy support. However, as shown by recent events in the Middle East, the political side of things is unpredictable and can negatively impact performance at any time.
- After the Swiss electorate rejected the "Pension Reform 2020" at the ballot box, the need to reform the various social security institutions will be divided into political sections. The discussions on the revision of Old-Age and Survivors' Insurance (OASI) and the OPA in the coming year are therefore likely to be enthralling. It will be necessary to develop and accept compromises in order to eliminate or at least reduce the need for billions of francs to be redistributed. Although these will have to be devised in such a way that they are socially acceptable, they must give due consideration to the greater life expectancy and the lower yield expectations. Our pension institutions should not be reformed through excessive compensation payments in a way which ignores the realities of the situation.
- Ascaro's financial situation continues to be solid and relaxed given this environment, and it has done its homework so far. In the new year, the members of the Board of Trustees and the Executive Board will continue to strive to master upcoming challenges by acting with foresight and focusing on the Foundation's long-term financial equilibrium. All of the above will be done with the aim of sustainably securing the pensions of both current and future generations.

We would like to thank you very much for the trust you have placed in Ascaro and its exponents and look forward to supporting you in the new year too.

Bern, January 2020

Ascaro Vorsorgestiftung

Note:

When this report was being drawn up, the coronavirus was not yet an issue, which is why it was not addressed in the report. We refer to our website for information on the current situation.

Balance sheets

Assets

(in CHF)	31.12.2019	31.12.2018
Investments	1 240 128 921.41	1 122 548 336.48
Cash	167 413 443.93	131 641 244.97
Receivables	3 904 247.85	2 817 042.22
Receivables from employers	1 343 027.70	965 609.15
Bonds (incl. mortgages)	246 509 495.70	210 480 114.71
(from that receivables from employers)	(4 000 000.00)	(2 000 000.00)
Equities	318 890 749.50	277 047 745.93
Alternative investments	87 171 735.28	89 679 885.05
Real estate	414 896 221.45	409 916 694.45
Prepayments and accrued income	196 185.55	471 206.09
Total assets	1 240 325 106.96	1 123 019 542.57

Liabilities

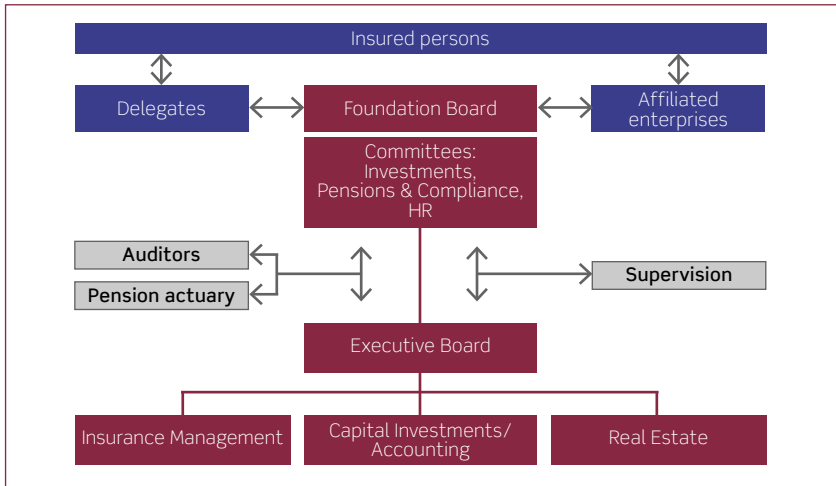
(in CHF)	31.12.2019	31.12.2018
Liabilities	5 245 321.78	35 692 072.67
- Termination benefits and pensions	2 329 884.39	33 755 721.10
- Other liabilities	2 915 437.39	1 936 351.57
Accrued liabilities and differed income	780 488.38	1 121 167.62
Contribution reserve employers	6 804 780.47	3 709 551.42
Pensions liabilities and actuarial reserves	1 120 947 532.90	957 259 991.35
- Savings capital from actively insured persons	299 124 702.90	199 736 831.35
- Savings capital from pension recipients	752 395 902.00	723 073 247.00
- Actuarial reserves	69 426 928.00	34 449 913.00
Reserve for fluctuation in asset value	106 546 983.43	125 236 759.51
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	1 240 325 106.96	1 123 019 542.57

Income statement

(in CHF)	2019	2018
Ordinary and other contributions and transfers-in	26 691 853.30	14 608 175.55
Employee contributions		
- Savings contributions	8 348 883.45	5 492 373.10
- Risk contributions	1 171 359.15	747 626.35
Employer contributions		
- Savings contributions	9 145 108.15	5 635 085.50
- Risk contributions	1 365 312.15	884 403.15
Withdrawal from provisions for financing of contributions	-1 182 717.15	-1 167 606.05
One-time payments and purchase amounts	3 508 019.95	2 430 299.55
Payments into the employer contribution reserves	4 277 946.20	582 717.55
Grants from the LOB Guarantee Fund	57 941.40	3 276.40
Entry lump sum transfers	132 477 508.55	35 348 877.25
Entry lump sum transfers	113 004 406.30	28 809 692.05
Deposits by takeover of insured persons into:		
- Actuarial reserves	500 000.00	156 583.30
- Reserves for fluctuation of asset value	214 747.00	664 956.00
- Savings capital from pension recipients	18 270 887.45	5 674 645.90
Reimbursement of withdrawals for home ownership/ divorce	487 467.80	43 000.00
Total inflow from contributions and entry lump sum transfers	159 169 361.85	49 957 052.80
Regulatory benefits	-63 245 578.15	-67 541 070.85
Retirement pensions	-46 645 534.75	-46 740 399.50
Survivor's pensions	-12 010 211.25	-12 020 558.85
Disability pensions	-1 589 524.40	-1 663 106.20
Divorce pensions	-37 567.00	-30 795.60
Other regulatory benefits	-17 811.95	-10 457.60
Lump-sum payments on retirement	-2 944 928.80	-7 066 021.30
Lump-sum payments on divorce	0.00	-9 731.80
Non-regulatory benefits	0.00	-7 530 345.90
Voluntary benefits of the fund	0.00	-7 530 345.90
Termination benefits	-24 072 599.05	-71 985 086.05
Termination benefits for leavers	-23 320 328.90	-40 992 727.65
Handover of actuarial reserves	-12 336.80	-20 949 696.85
Transfer of additional amounts on collective departures	0.00	-9 800 344.00
Withdrawals for home ownership/divorce	-739 933.35	-242 317.55
Total outflow for benefits and withdrawals	-87 318 177.20	-147 056 502.80

(in CHF)	2019	2018
Decrease/increase in insurance capital, actuarial reserves and contribution reserves	-166 782 770.60	71 641 686.25
Dissolution/formation of insurance capital of active insured	-93 868 095.30	16 054 679.65
Dissolution/formation of pensioners insurance capital	-29 322 655.00	45 732 057.00
Decrease/increase in actuarial reserves	-34 977 015.00	15 356 936.00
Interest on retirement savings capital	-5 519 776.25	-6 086 874.90
Dissolution/formation of employer contribution reserves	-3 095 229.05	584 888.50
Net result from insurance activities	-94 931 585.95	-25 457 763.75
Net return	81 011 498.67	5 370 304.57
Net return on liquid assets and money market demands	-2 896 910.36	-5 750 787.57
Net return on bonds (incl. mortgages)	5 984 770.94	572 615.26
Net return on equities	54 555 528.90	-29 403 413.80
Net return on alternative investments	530 222.76	3 115 538.53
Net return on real estate	22 837 886.43	36 836 352.15
Interest expenses	-20 207.70	-19 553.05
Administration expenses for investments	-3 907 084.99	-4 248 359.76
Total net return on investments	77 084 205.98	1 102 391.76
General administration	-842 396.11	-858 213.59
General administration expenses	-751 262.65	-752 462.44
Marketing and advertising	-24 972.15	-40 014.10
Auditors and pension actuary	-52 724.56	-52 079.90
Supervisory authorities	-13 436.75	-13 657.15
Income surplus /Expenses surplus before releasing from/adding to fluctuations reserves	-18 689 776.08	-25 213 585.58
Decrease (+)/increase (-) in value fluctuation reserves	18 689 776.08	25 213 585.58
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	30.04.2019 (exit)
Lack Daniel	Member	31.10.2011	30.06.2020
Perinpanathan Sarushan	Member	01.05.2019	30.06.2020
Rufi Harald	Member	01.07.2019	30.06.2020
von Winterfeld Ernst	Member	01.05.2015	30.06.2020
Zimmermann Hans	Member	24.10.2005	30.06.2020 (exit)

Foundation Board Employee representatives	Function	Mandate as of	Elected until
Rüeggsegger 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	30.04.2019 (exit)
Odermatt Christoph	Member	09.05.2019	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, Capital investments/Accounting
Zaugg René	Deputy Managing Director, Insurance management
Zingg Marlene	Member, Head of Real Estate

Assembly of Delegates

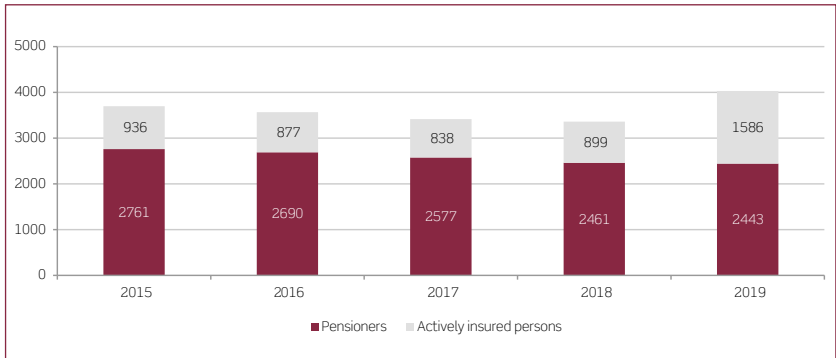
The Assembly of Delegates is responsible for fostering close ties between the Foundation Board and the insured members. The delegates are elected by and from among the insured members for a period of four years (current term of office 2016–2020). The Assembly of Delegates is responsible for the election 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

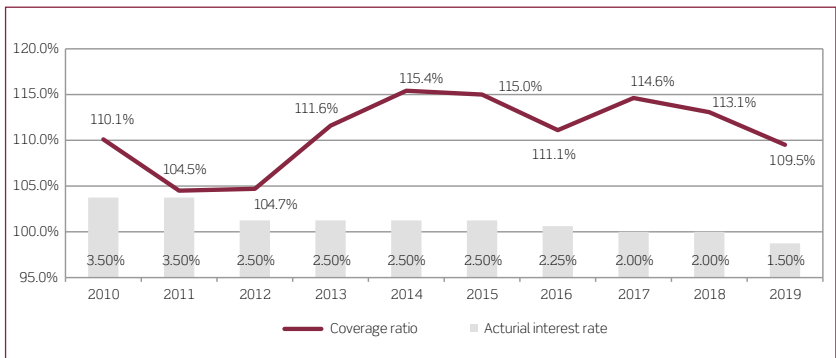
Function	Mandatory
Pension actuary	Swiss Life Pension Services AG, Zürich, contractual partner Elena Fehr, executive expert
Auditors	PricewaterhouseCoopers AG, Bern Johann Sommer, leitender Revisor
Supervision	Bernische BVG- und Stiftungsaufsicht (BBSA), Bern (Ordnungs-Nr. BE.0221)



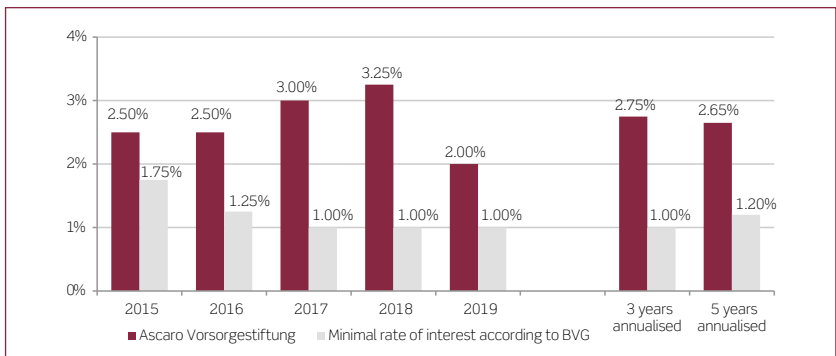
Actively insured persons and pensioners



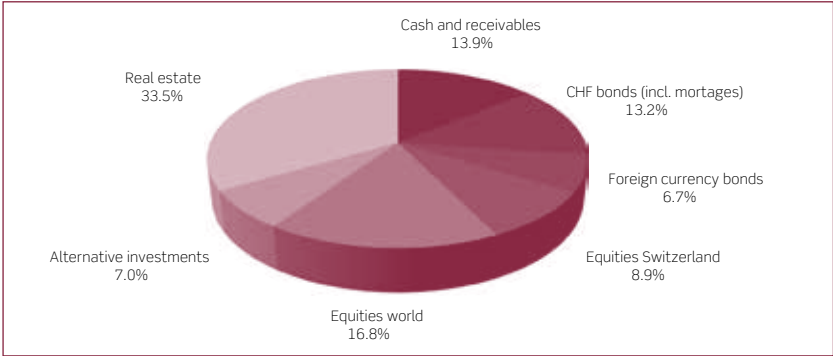
Development of the coverage ratio since 2010



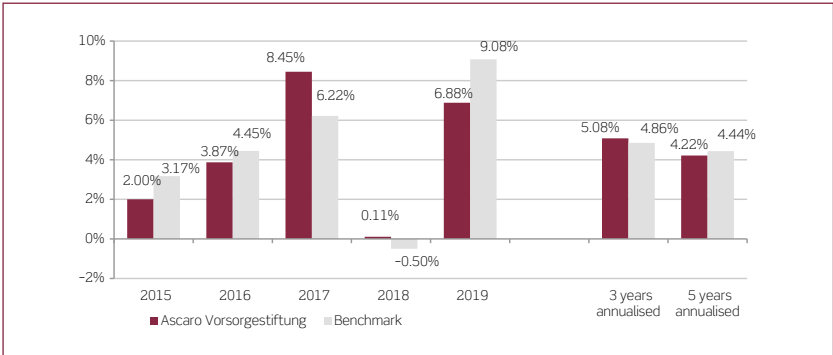
Interest rate for actively insured persons



Asset structure



Development of performance



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

