

Schindler Pension Fund

Annual Report and Financial Statements as at December 31, 2020



Schindler

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An Overview of the 2020 Financial Year

1. Financial Position of the Schindler Pension Fund / Cover Ratio

The Pension Fund achieved a pleasing performance of +4.3% in 2020 (2019: +9.8%). This resulted in an income surplus of CHF 62.3 million for the financial year as a whole (2019: income surplus of CHF 78.3 million). This surplus income is attributable to the performance of the Fund's assets.

The *actuarial* cover ratio in accordance with OPO 2 increased from 115.17% to 118.45% over the year, and is thus within the target bandwidth of 116% to 124%.

The *financial* cover ratio also rose significantly, from 104.28% to 106.0%. This is calculated by discounting financial liabilities, i.e. pensioners' retirement capital and provisions, by the 'risk-free' rate of return. The reference point for the risk-free rate of return is the yield on 10-year Confederation bonds. This interest rate was -0.46% as at the end of 2020. The lower interest rate increases pensioners' retirement capital and actuarial provisions by CHF 218 million, producing a financial cover ratio of 106.0%.

2. Interest on Retirement Assets in 2020 / Pension Payments in 2021

In view of the performance achieved by the Pension Fund, and the cover ratio, the Board of Trustees has decided to pay interest on retirement assets at the rate of 1.5% for 2020.

Since the actuarial interest rate also stands at 1.5%, the Board of Trustees has decided not to adjust pensions in 2021. This move ensures that active insureds and pensioners are treated equally with regard to the interest on their capital.

3. Key Figures for the Past Five Years

	2020	2019	2018	2017	2016
Number of active insured	4462	4579	4566	4439	4358
Number of pensioners	2510	2499	2470	2531	2568
Balance sheet total	2243 Mio	2162 Mio	1983 Mio	2031 Mio	1863 Mio
Performance	4.29%	9.83%	-1.91%	8.55%	4.57%
Cover ratio	118.45%	115.17%	111.56%	116.24%	113.49%
actuarial interest rate	1.50%	1.50%	2.50%	2.50%	2.50%
financial cover ratio	106.00%	104.28%	98.17%	101.44%	96.71%
act.interest rate financial cover ratio	-0.46%	-0.45%	0.00%	0.00%	0.00%
Interest on retirement assets	1.50%	2.50%	1.00%	2.50%	1.55%
Conversion rate at age 65	5.18%	5.19%	5.20%	6.00%	6.05%

4. Actuarial Performance

The Pension Fund recorded three deaths and seven new disability cases among active insureds during the year under review. A further three disability cases are still outstanding, because the federal disability insurance authority has not yet issued any rulings for them.

The costs associated with these risk cases are in the region of the CHF 5.2 million in risk contributions received.

5. Investment Climate

Record indices at the beginning of 2020 were soon followed by the fastest-ever collapse – owing to the COVID-19 pandemic – and then the fastest-ever recovery in stock market history, as the major exchanges surged to new highs. It was a year of extremes. The oil price turned negative for a time, and the market capitalisation of electric car company Tesla is now higher than Nissan/Renault/Mitsubishi, General Motors, Toyota and Volkswagen combined. It was a lively year for investments.

Equities were driven on the one hand by the prospect of several more years of the low interest phase, with negative rates for a range of currencies. At the same time, investors were almost giddy at the results of the US elections, a Brexit deal, the positive outlook for COVID-19 vaccines and the expectation of billions in infrastructure investments.

Interest rates remain stubbornly low around the world. In Switzerland, the yield on 10-year Confederation bonds remained at a steady -0.5%. Short-term yields are around -1.0%.

The USD weakened markedly from 0.97 to 0.88 against the CHF in the course of 2020. By contrast, at 1.08 the EUR/CHF exchange rate remained stable year on year.

5.1 Securities

Equities

Swiss equities advanced by a total of 5.1%, and therefore lagged a little behind the benchmark. By contrast, at 7.2% foreign equities outperformed their reference index.

Bonds

Despite the generally low level of Swiss interest rates, CHF-denominated bonds turned in a modestly positive result of +0.5%. Thanks to a longer duration, the performance of foreign currency (hedged) bonds came to 6.4%.

Of the four portfolio managers who manage our equity and bond investments under balanced mandates, two succeeded in beating the benchmark.

5.2 Alternative Investments

Private Equity

For the first time in over ten years, private equity produced a negative performance, of -3.0%. The weak USD was to blame for pushing the result into negative territory. Overall, more than CHF 23.7 million was called up from the various funds during the year under review. At the same time, the Pension Fund received repayments of CHF 8.5 million. It entered into five new commitments totalling CHF 50 million in 2020.

Infrastructure

Investments in infrastructure facilities such as solar and wind power plants, hydroelectric power plants, pipelines, port facilities, etc. suffered from the weak USD. The performance of this segment came to -2.0%.

Hedge Funds

This segment produced a performance of -1.4%, even though two of the funds used generated results of around +7%. The negative showing is attributable to the USD and to the performance of one managed futures fund. This fund had been returning unsatisfactory results for many years, and was therefore sold in 2020.

Insurance-Linked Securities

The COVID-19 pandemic impacted on performance here, although at -0.3% it was still very nearly positive. As was the case with hedge fund investments, one fund in this segment was sold (terminated) after a string of disappointing results. In addition, the Pension Fund invested in a life settlement fund for the first time. This fund purchases life insurance policies in the USA, which are then paid out upon the death of the insured person.

Alternative International Real Estate

International real estate investments, which consist primarily of retail and commercial space, suffered under the pandemic. They produced a performance of -5.4%. In 2020 the Pension Fund entered into three new commitments (investments) of CHF 30 million, which include commercial and logistics properties in the Netherlands and residential property in Germany.

Alternative Bonds

As an alternative to 'normal' bonds, the Pension Fund invests in private corporate debt via broadly diversified funds. With the USD so soft, this segment's performance was -2.8%.

5.3 Real Estate

Real estate again produced a positive performance of +7.7% on the back of both our own properties and our indirect real estate investments (investment foundations, funds and investment companies).

Mooshüsli 6 and 14 Real Estate Project in Emmen

In February 2020, the second building was completed, and welcomed its first tenants. By the end of the year, 73 of the 75 apartments had been rented out. The central Switzerland branch of the Lungenliga respiratory diseases charity moved in in November. The apartments and commercial spaces are being marketed at www.moosaic-emmen.ch.

Real Estate Project in Schlieren

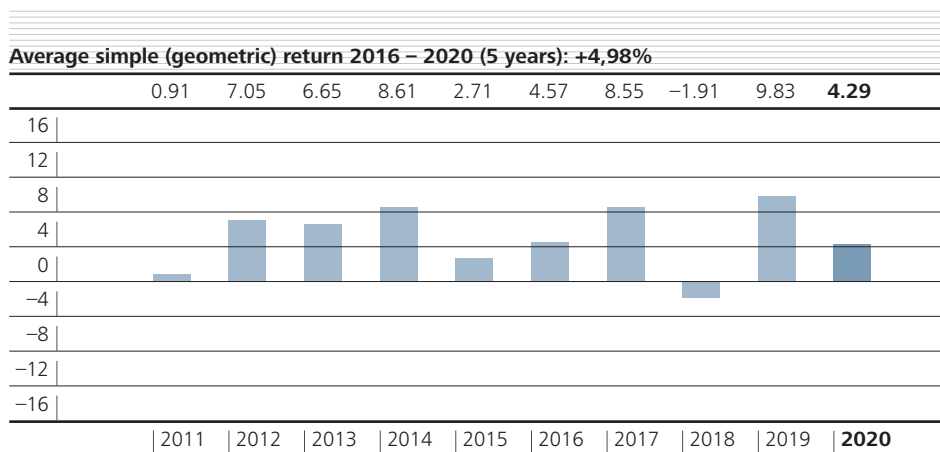
The private development plan for this site became legally effective in the autumn of 2020. The project has since undergone a further round of enhancements, and the Pension Fund expects to be able to submit the building application in the second half of 2021. In view of the scale of the project, the Board of Trustees examined a range of financing and partnering options. It ultimately concluded that it would pursue the project independently, but with the support of external specialists. The Pension Fund will invest around CHF 100 million in this project over the next few years.

Impact of COVID-19 on Rental Income

Around 90% of the income from the Pension Fund's own real estate is generated from housing, which has been impacted only marginally by measures to contain COVID-19. In the commercial sector, the Libelle property in Lucerne – with its ground-floor restaurant – has been affected by the lockdown. The Pension Fund was quickly able to reach an agreement with the restaurant's management on a solution for their rent during the lockdown phase.

6. Pension Fund Performance

Performance 2011 – 2020



Performance on total assets (=net investment income + prices gains – price losses) came to 4.3% in 2020, compared with a benchmark figure of 6.2%.

This clear shortfall last year is attributable primarily to Swiss real estate (7.7% vs. benchmark 10.8%). Real estate funds (i.e. the benchmarks) gained considerable value again in 2020 as a result of strong investor demand. Private equity investments also fell significantly short of the benchmark (-3.0% vs. benchmark +8.2%), as our unlisted investments were unable to keep up with their listed counterparts (benchmarks).

The following results were achieved in the individual investment segments:

Results of the Individual Investment Segments

In %	Schindler PF	Benchmark 2020	Schindler PF
	2020		2019
CHF bonds	0.54%	−0.01%	1.37%
Foreign currency bonds (hedged)	6.35%	6.29%	8.53%
Swiss equities	5.06%	5.96%	29.08%
Foreign equities	7.17%	6.24%	21.11%
Swiss real estate	7.67%	10.81%	7.51%
Private equity	−3.01%	8.24%	4.21%
Hedge funds	−1.43%	2.77%	5.14%
Insurance-linked securities	−0.34%	0.90%	−5.36%
Infrastructure	−1.96%	4.22%	0.51%
Alternative internat. real estate	−5.40%	−16.18%	4.61%
Alternative bonds	−2.85%	−0.32%	3.44%

Performance Comparison

With a result of 4.3%, the Schindler Pension Fund beat the average when compared with other pension funds. The performance figures for pension fund clients that are calculated and published by Switzerland's two major banks came to 3.8% (UBS) and 4.1% (CS) for 2020. The Schindler Pension Fund has outperformed both benchmarks by an average of around 0.6 percentage points every year since 2007. It is an achievement of which we are justly proud.

7. Investment Strategy and Changes in Asset Structure

Investment Strategy

In %	Strategy 2020	Bandwidths
Liquidity	1.0%	0–15.0%
CHF bonds	16.5%	+/-10.0%
Foreign currency bonds (hedged)	4.0%	+/-2.5%
Foreign currency bonds	0.0%	0–4.0%
Swiss equities	10.0%	+/-2.5%
Foreign equities	16.5%	+/-2.5%
Swiss real estate	33.0%	+/-7.0%
Private equity	6.0%	+/-2.0%
Hedge funds	2.0%	+/-2.0%
Commodities	0.0%	0–2.0%
Insurance-linked securities	4.0%	+/-1.0%
Infrastructure	3.0%	+/-2.0%
Alternative internat. real estate	2.0%	+/-1.0%
Alternative bonds	2.0%	+/-2.0%
	100.0%	

The investment strategy gives the following distribution across the four basic sectors:

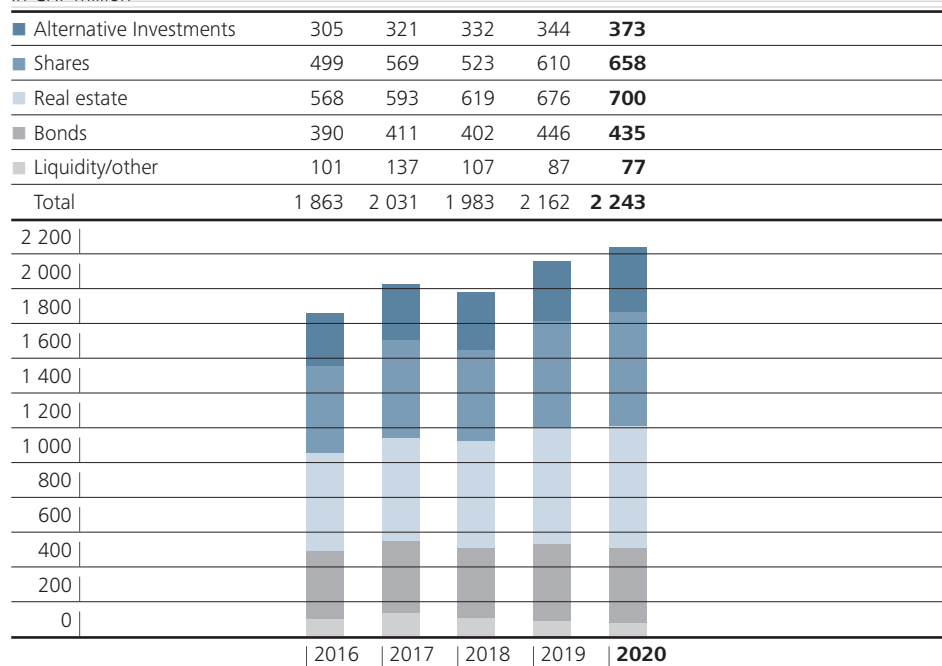
Par-value investment /bonds	21.5%
Shares	26.5%
Swiss real estate	33.0%
Alternative investments	19.0%
	100.0%

The Board of Trustees has decided to make minor adjustments to the investment strategy for 2021. With interest rates remaining low, CHF-denominated bonds have been reduced by one percentage point, and the Swiss equity allocation increased correspondingly. Among alternative investments, insurance-linked securities have been scaled back and international real estate boosted, each by one percentage point.

The following chart illustrates how the Pension Fund's assets, and their composition, have changed over the past five years.

Asset Performance / Asset Structure

In CHF million



8. Exercise of Shareholder Voting Rights

The Pension Fund exercised the shareholder voting rights attached to around 30 individual stocks in 2020. The Board of Trustees is supported in this by Inrate Ltd, as proxy advisor. The Pension Fund publishes the way in which it votes on its website.

9. Revision of Schindler Foundation Rules Effective January 1, 2021

Continued insurance from age 55 (Art. 3.5 Pension Fund Rules and Art. 47a OPA)

If the employment relationship of an insured person is terminated by the employer on or after the employee's 55th birthday, they may now opt to maintain their insurance if they are not able to find any successor pension solution. The Board of Trustees has issued a Regulation on Continued Insurance to cover such cases. Art. 47a OPA would allow the Board of Trustees to introduce continued insurance only from the age of 58, but by opting to begin at 55 it has chosen an employee-friendly solution.

Beneficiary arrangements for the lump-sum death benefit (Art. 13.10 Pension Fund Rules)

Whether or not they are entitled to an orphan's pension, children's claims to the lump-sum death benefit are now treated equally. However, this applies only if the insured person is unmarried and has not nominated a beneficiary in accordance with Art. 13.10 a) of the Pension Fund Rules.

On behalf of the Board of Trustees and the Management

Schindler Pension Fund



Adrian Boutellier
Chairman of the Board of Trustees



Mario Passerini
Managing Director

Ebikon, April 2021

Balance Sheet

Assets

In CHF	31.12.2020	in %	31.12.2019	in %
Investments	2 242 622 123.64	100.0	2 161 700 575.00	100.0
Cash and cash equivalents	26 339 307.74	1.2	38 350 410.45	1.8
Assets with employer	8 627 111.88	0.4	5 973 211.18	0.3
Current assets	2 111 251.76	0.1	2 061 361.95	0.1
Total liquid assets	37 077 671.38	1.7	46 384 983.58	2.1
Bonds in CHF/Loans	337 942 112.81	15.1	352 183 503.79	16.3
Foreign currency bonds (hedged)	84 474 941.25	3.8	77 008 730.84	3.6
Foreign currency bonds	12 761 055.05	0.6	16 764 226.68	0.8
Total bonds	435 178 109.11	19.4	445 956 461.31	20.6
Real estate, property in co-ownership	451 840 700.00	20.1	412 830 314.80	19.1
Construction accounts	4 323 520.60	0.2	34 241 158.75	1.6
Indirect real estate, CH	243 930 515.10	10.9	228 706 229.96	10.6
Total real estate	700 094 735.70	31.2	675 777 703.51	31.3
Swiss equities	259 945 989.15	11.6	236 323 607.58	10.9
Foreign equities	397 724 429.10	17.7	373 674 223.53	17.3
Total equities	657 670 418.25	29.3	609 997 831.11	28.2
Private equity	112 013 304.38	5.0	101 741 038.43	4.7
Hedge funds	25 477 332.61	1.1	32 953 299.76	1.5
Commodities	70 096.98	0.0	122 711.05	0.0
Insurance-linked securities	67 938 527.08	3.0	63 482 731.70	2.9
Infrastructure	58 501 499.32	2.6	58 823 842.68	2.7
Alternative internat. real estate	55 621 728.99	2.5	33 177 492.38	1.5
Alternative bonds	53 133 532.19	2.4	53 205 787.50	2.5
Total alternative investments	372 756 021.55	16.6	343 506 903.50	15.9
Mixed funds	39 845 167.65	1.8	40 076 691.99	1.9
Accrued income	158 601.40	0.0	268 550.95	0.0
Assets from insurance contracts	46 048.00	0.0	55 249.00	0.0
Total assets	2 242 826 773.04	100.0	2 162 024 374.95	100.0

Liabilities

In CHF	31.12.2020	in %	31.12.2019	in %
Accounts payable	20 417 722.38	0.9	11 615 638.67	0.5
Vested benefits and pensions	14 196 414.16	0.6	5 434 094.17	0.3
Mortgages	5 800 000.00	0.3	5 800 000.00	0.3
Other liabilities	421 308.22	0.0	381 544.50	0.0
Accrued liabilities	1 754 148.98	0.1	1 011 392.62	0.0
Employer contribution reserve	22 000 000.00	1.0	22 000 000.00	1.0
Retirement capital and actuarial provisions	1 856 145 052.10	82.8	1 847 207 512.25	85.4
Retirement capital, active insureds	921 646 571.10	41.1	922 550 341.25	42.7
Pensioners' retirement capital	852 218 481.00	38.0	845 837 171.00	39.1
Actuarial provisions	82 280 000.00	3.7	78 820 000.00	3.6
Fluctuation reserves	342 509 849.58	15.3	280 189 831.41	13.0
Foundation capital	0.00	–	0.00	–
Balance at beginning of period	0.00	–	0.00	–
Income / expenditure surplus	0.00	–	0.00	–
Total liabilities and equity	2 242 826 773.04	100.0	2 162 024 374.95	100.0

Operating Account

Operating Account

In CHF	2020	2019
Ordinary and other contributions and deposits	89 483 518.25	85 761 710.60
Employee savings contribution	33 052 415.00	32 859 930.60
Employee risk contribution	1 912 068.65	1 919 195.05
Employee contributions to administrative costs	763 871.25	766 880.20
Total employee contributions	35 728 354.90	35 546 005.85
Employer savings contribution	41 035 963.85	40 821 048.20
Risk contribution/cont. for early retirement Employer	3 244 106.50	3 256 628.10
Employer contribution to administrative costs	764 159.75	767 027.35
Total employer contributions	45 044 230.10	44 844 703.65
Third-party contributions	3 025 646.10	1 378 070.80
Lump-sum deposits and AVCs	5 685 287.15	3 992 930.30
Benefits brought in	16 068 131.03	18 528 407.40
Vested benefits deposited	14 475 828.18	17 384 999.90
Inpayment of advances rel. to home ownership/divorce	1 592 302.85	1 143 407.50
Inflow from contribs and vested benefits brought in	105 551 649.28	104 290 118.00
Benefits under regulations	-78 822 728.70	-77 455 120.65
Retirement pensions	-45 731 933.40	-45 968 233.20
Survivors' pensions	-12 390 220.65	-12 477 690.20
Disability pensions	-2 225 457.65	-1 998 067.25
Misc. benefits under regulations	-1 653 908.40	-1 688 014.50
Lump-sum retirement benefits	-16 419 902.10	-14 847 009.10
Lump-sum death/disability benefits	-401 306.50	-476 106.40
Withdrawal benefits	-44 777 186.60	-36 556 597.60
Vested benefits upon withdrawal	-39 622 809.75	-31 597 933.95
Advance withdrawals: home purchase/divorce	-5 154 376.85	-4 958 663.65
Outflows for benefits and advance withdrawals	-123 599 915.30	-114 011 718.25
Write back/additions to retirement cap., actuarial provs.	-8 937 539.85	-100 859 210.84
Additions to/write-back of ret. cap., active insureds	14 059 273.25	-10 195 754.50
Additions to/write-back of ret. cap., pension recipients	-6 381 310.00	-73 163 305.99
Addition to/write back of actuarial provisions	-3 460 000.00	3 570 000.00
Interest on savings capital	-13 155 503.10	-21 070 150.35
Income from insurance benefits	21 464.10	22 628.20
Insurance expense	-369 307.00	-369 470.00
Insurance contract	-9 201.00	-7 672.00
Contributions to the Guarantee Fund	-360 106.00	-361 798.00
Net result from insurance portion	-27 333 648.77	-110 927 652.89

Operating Account

In CHF	2020	2019
Net investment income	90 747 043.76	190 221 306.07
Income from liquid assets	-1 535 066.07	-1 138 468.71
Income from CHF bonds	2 004 994.32	4 698 081.29
Income from foreign currency bonds (hedged)	4 825 756.46	5 832 923.30
Income from foreign currency bonds	349 343.18	699 556.29
Income from real estate, property in co-ownership	41 827 033.07	23 893 188.56
Income from indirect Swiss real estate	12 224 933.56	26 000 695.72
Income from Swiss equities	12 937 437.65	58 527 245.27
Income from foreign equities	34 985 944.88	69 152 053.37
Income from private equity	1 566 363.06	8 802 972.34
Income from hedge funds	264 953.61	1 977 740.43
Income from commodities	-38 631.64	-94 599.69
Income from insurance-linked securities	980 989.08	-2 963 065.38
Income from infrastructure	303 014.42	1 454 108.21
Income Alternative internat. real estate	-2 226 674.31	469 941.44
Income Alternative bonds	183 082.39	3 225 986.41
Income from mixed funds	213 042.17	5 417 627.37
Income from securities lending	51 673.55	50 994.45
Interest on vested benefits (arrear) / misc.	-198 160.81	-25 398.50
Portfolio management expense	-17 972 984.81	-15 760 276.10
Other income	172 316.08	242 268.34
Management fee revenue	167 155.30	170 175.70
Other revenue	5 160.78	72 092.64
Administrative expense	-1 265 692.90	-1 211 725.65
General administrative expense	-1 187 835.60	-1 137 474.10
Occupational pensions expert	-32 575.50	-28 391.35
Auditors	-35 195.60	-35 603.70
Supervisory authorities	-10 086.20	-10 256.50
Surplus income / expense before addition to FR	62 320 018.17	78 324 195.87
Write back/additions of fluctuation reserve	-62 320 018.17	-78 324 195.87
Surplus income / expense	0.00	0.00

I Principles and Organization

Legal Form

Foundation

Foundation Objectives

The object of the Schindler Pension Fund is to provide occupational pension provision within the framework of the deed of foundation, the Pension Fund Rules and the provisions of the Swiss Occupational Pensions Act (OPA) for employees and their families and survivors, insuring them against the financial consequences of old age, disability and death.

Registered Under the Occupational Pensions Act (OPA)

Yes, reg. no.: LU 0144

Deed

December 11, 1990

Pension Fund Rules

January 1, 2018

Organizational and Election Regulations

December 1, 2018

Investment Regulations

January 1, 2015

Regulations on the Creation of Provisions and Reserves

December 31, 2019

Regulations Relating to Partial Liquidation

December 1, 2009

Rules on the Exercise of Shareholder Voting Rights

January 1, 2015

Board of Trustees for the 2019 – 2021 Period of Office

Employer representatives	Employee representatives
Adrian Boutellier*, Chairman	Martin Allgäuer, SDB
Peter Bergsma	Hugo Baumann*, Ebi off.
Bernhard Gisler	Moritz Blum, LWF
Georg Jenni*	Adriano Linguanotto*, S-ZH
Erika Neumann	Bernhard Megert, S-BE
Günter Schäuble*	Angela Schmidlin, SSC
Sabine Schibli	Mike Weidlich, ASZ

* Member of the Investment Committee

Management

Mario Passerini, Managing Director

Antonietta Despeaux, Dep. Managing Director

Signing Authority

Joint with a minimum of two signatures. Only trustees who are members of the Investment Committee are authorized to sign. One signature must come from among the employer representatives, one signature from among the employee representatives.

Accredited Pensions Actuary

Toptima AG, Aarau (contracting partner), Pascal Renaud (actuary-in-charge)

Auditors

Ernst & Young

Supervisory Authority

Zentralschweizer BVG- und Stiftungsaufsicht (ZBSA) (office of occupational pension provision and foundation supervision for central Switzerland), Lucerne

Affiliated Companies

Company	Number of insured 31.12.2020	Number of insured 31.12.2019	Change
Schindler Elevator Ltd., Ebikon	2 615	2 657	–42
Schindler Management Ltd., Ebikon	315	326	–11
Building Minds Technology AG	3	4	–1
Schindler IT Services AG, Ebikon	123	138	–15
Schindler Digital Group AG, Ebikon	37	39	–2
Inventio AG, Hergiswil	31	33	–2
Schindler Supply Chain Europe AG, Hergiswil	406	470	–64
AS Elevators Ltd., Küsnacht	768	776	–8
Schindler Repro AG, Ebikon	19	19	0
Schindler Berufsbildung, Ebikon	120	93	27
Schindler Pension Fund, Ebikon	6	6	0
Schindler Vorsorge AG, Ebikon	2	2	0
Schindler Holding AG, Hergiswil	16	15	1
External insureds	1	1	0
Total	4 462	4 579	–117

II Active Insureds and Pensioners

Active Insureds

	31.12.2020	31.12.2019	Change
Men	3 743	3 860	-117
Women	719	719	0
Total	4 462	4 579	-117
as per 1.1.2020/2019	4 579	4 566	
New members	346	471	
Withdrawals	-357	-389	
Retirements	-100	-62	
Disability cases	-3	-3	
Deaths	-3	-4	
as per 31.12.2020/2019	4 462	4 579	

Pensioners

	31.12.2020	31.12.2019	Change
Retirement pensions	1 635	1 612	23
Disability pensions	74	71	3
Surviving spouse's pen.	740	757	-17
Divorcing pen.	6	6	0
Children's / orphans' pen.	55	53	2
Total	2 510	2 499	11

III How the Objective is Fulfilled

Organizational Structure

Autonomous pension fund

Insured benefits

	2020	2019
Maximum pensionable salary	170 640	169 200
Coordination deduction	-14 220	-14 100
Maximum insured salary	156 420	155 100
Max. disability pension (60%)	93 852	93 060
Max. surv. spouse's pen. (36%)	56 311	55 836
Max. children's / orphans' pen.	18 770	18 612
Retirement pension	Division of contributions (standard plan)	
Distribution of contributions		
Employer	55.8%	55.8%
Employee	44.2%	44.2%

IV Valuation and Accounting Policies / Consistency

Valuation Policies

Listed securities are carried at their market value as at December 31, 2020 and **alternative investments** at their latest reported values. Real estate is valued by Wüest Partner using the DCF method and an average discount rate of 2.89% (2019: 3.13%). The now-completed Mooshüslistrasse 6 and 14 construction project in Emmen was valued by Wüest Partner for the first time.

The DCF method is also used to value properties held in co-ownership (valuers: PRIVERA, Wüest Partner).

Consistency

Portfolio management expense (the TER cost ratio) is recognized in accordance with Directive 02/2013 issued by the Occupational Pension Supervisory Commission. Details of portfolio management expenses are given in the Notes.

V Actuarial Risks / Risk Cover / Cover Ratio

Actuarial Risks

Actuarial risks are borne independently by the Pension Fund.

Retirement Assets, Active Insureds

In CHF million	31.12.2020	31.12.2019	Change
Retirement assets	921.6	922.6	-1.0
of which			
BVG retirement assets	386.9	386.4	0.5

Changes in Retirement Assets

In CHF million	2020	2019
Retirement assets as at 1.1	922.6	891.3
Vested benefits brought in	14.5	16.9
Purchased benefits (AVCs)	5.7	4.0
Retirement credits	73.9	73.6
Advances: home ownership and divorce (net)	-3.6	-3.8
Vested benefits paid out	-39.6	-31.6
Lump-sum retirement benefits	-16.4	-14.8
Reclass. ret. assets, retirement pensions	-45.6	-31.4
Reclass. ret. assets, disability / death	-2.7	-2.7
Interest on retirement assets	13.1	21.1
Adjustment to FZG 17 / divers	-0.3	0.0
Retirement assets as at 31.12	921.6	922.6

Interest on Retirement Assets

In %	
2005	2.50%
2006	3.25%
2007	4.00%
2008	1.50%
2009	2.00%
2010	2.00%
2011	2.00%
2012	1.50%
2013	1.80%
2014	5.80%
2015	2.05%
2016	1.55%
2017	2.50%
2018	1.00%
2019	2.50%
2020	1.50%

Pensioners' Cover Capital

In CHF million	31.12.2020	31.12.2019	Change
Cover capital	852.2	845.8	6.4

Pension Adjustments

Pensions were not increased in the period from 2003 to 2020.

Actuarial Report

Last produced: December 31, 2020

Actuarial basis: OPA 2015 generational table

Actuarial interest rate: 1.5% (previously 1.5%)

Cover Ratio Pursuant to Art. 44 OPO 2

In %	
31.12.2006	115.77%
31.12.2007	115.95%
31.12.2008	99.40%
31.12.2009	104.92%
31.12.2010	106.49%
31.12.2011	102.99%
31.12.2012	107.34%
31.12.2013	111.39%
31.12.2014	115.55%
31.12.2015	114.44%
31.12.2016	113.49%
31.12.2017	116.24%
31.12.2018	111.56%
31.12.2019	115.17%
31.12.2020	118.45%

Changes to Actuarial Basis and Assumptions

As in 2019, pensioners' retirement capital was calculated according to the actuarial basis of the OPA 2015 generational table and an actuarial interest rate of 1.5%. In addition, a provision of CHF 45 million was made for a potential further reduction in the actuarial interest rate. This provision is sufficient to reduce the actuarial interest rate to 1.0%.

VI Notes Pertaining to the Investments and the Net Investment Result

Investment Regulations

January 1, 2015

Board of Trustees

The Board of Trustees takes primary responsibility for the investment of assets.

Investment Committee

The Investment Committee comprises five members. Its task is to supervise the investment activities of the portfolio managers. It is also responsible for transactions in the Satellites portfolio (mainly alternative investments, indirect real estate holdings, and special foreign equity funds).

Global Custodian

The depository for the safekeeping of securities is Credit Suisse

Securities

Manager	Portfolio type
Credit Suisse (FINMA)	Mixed mandate
SwissLife Asset Management (FINMA)	Mixed mandate
Bank Vontobel (FINMA)	Mixed mandate
Zürcher Kantonalbank (Finma)	Mixed mandate (passive)
UBS Anlagefonds (FINMA)	Foreign equities

Swiss Real Estate

The Pension Fund's own properties are managed externally by HIG Asset Management AG. Indirect real estate investments are effected via investment companies, investment funds and investment foundations.

Alternative International Real Estate

Investments are made via listed or unlisted funds.

Private Equity

Investments are made primarily via unlisted funds.

Infrastructure

Investments are made via unlisted funds.

Hedge Funds

Investments are made via funds of funds.

Commodities

No further new investments will be made in the commodities segment.

Insurance-Linked Securities

Investments are made via unlisted funds.

Alternative Bonds

Investments are made primarily via unlisted funds.

Open Commitments

The Schindler Pension fund has the following open commitments in the private equity, hedge funds, infrastructure, international real estate and alternative bonds segments (in CHF millions):

*= the figures given here are the last reported values (see Valuation Policies)

Private Equity

Programme	Provider	Start of investment	Commitment		Value at	
			Total	Outst.	31.12.2020*	31.12.2019*
Avadis World II	Avadis Anlagestiftung	2000	5.0	0.0	0.2	0.2
Blackrock PEP III EUR	Blackrock	2005	2.7	0.0	0.0	0.2
PineBridge PEP IV	Pinebridge	2005	11.5	1.9	0.4	0.6
Partners Group Secondary 2006	Partners Group	2006	8.7	0.6	0.1	0.1
Avadis World VI	Avadis Anlagestiftung	2007	3.5	0.0	0.8	1.0
Paul Capital Secondary IX	Paul Capital	2007	8.9	0.9	1.8	2.0
PineBridge Secondary II	Pinebridge	2007	8.9	0.7	0.3	0.5
Partners Group Secondary 2008	Partners Group	2008	17.3	2.3	1.4	1.9
Akina Euro Choice IV	Akina	2008	5.4	1.0	1.9	2.4
Blackrock Growth Markets I	Blackrock	2008	7.1	0.4	1.3	2.0
Schroder Adveq Asia II	Schroder Adveq	2010	5.3	0.0	5.0	6.0
Unigestion Secondary II	Unigestion	2010	6.5	0.5	0.2	0.3
AXA Secondary V	Ardian	2011	8.9	0.0	0.1	0.2
Blackrock Growth Markets II	Blackrock	2011	8.9	1.3	9.0	10.0
Unigestion Secondary III	Unigestion	2013	13.0	1.4	10.0	9.8
Schroder Adveq Opportunity III	Schroder Adveq	2013	8.0	0.6	6.7	7.7
Blackrock POF III	Blackrock	2015	8.9	0.3	11.1	11.9
Ardian Secondary VII	Ardian	2015	8.9	3.8	5.1	4.4
Akina Euro Choice VI	Akina	2016	8.1	1.8	6.1	4.9
Unigestion Secondary IV	Unigestion	2016	10.8	2.3	9.6	7.1
Schroder Adveq Asia IV	Schroder Adveq	2017	8.9	1.9	9.0	7.8
Blackrock POF IV	Blackrock	2018	8.9	4.6	4.5	5.2
Schroder Adveq US V	Schroder Adveq	2018	8.9	7.2	1.8	1.4
Digital Transformation Fund	Swisscom	2018	10.0	4.7	4.9	2.5
Crown Co-Investment Opp. II	LGT Capital Partners	2018	8.9	2.1	7.4	5.8
Partners Group Direct Equity 2019	Partners Group	2019	10.8	9.0	1.9	0.4
Swisscanto Private Equity CH I	Swisscanto	2019	5.0	3.2	1.7	0.9
Ardian Buyout VII	Ardian	2020	10.8	7.4	2.8	0.0
Schroder Adveq Asia V	Schroder Adveq	2020	8.9	7.7	1.3	0.0
Crown Secondaries Spec. Opp. II	LGT Capital Partners	2020	8.9	6.8	2.3	0.0
Partners Group Secondary 2020	Partners Group	2020	10.8	10.6	0.2	0.0
Digital Transformation Fund II	Swisscom	2020	10.0	10.0	0.0	0.0
Total Private Equity			276.5	95.1	108.9	97.2

Infrastructure

Programme	Provider	Start of investment	Commitment		Value at	
			Total	Outst.	31.12.2020*	31.12.2019*
Highstar III	Highstar	2007	6.6	0.1	0.0	1.2
PartnersGroup Infrastructure	Partners Group	2010	5.4	0.6	1.6	2.2
Highstar IV	Highstar	2011	8.9	0.5	2.6	4.2
PartnersGroup Infrastructure	Partners Group	2016	8.7	3.0	5.6	5.5
Reichmuth Infrastruktur Schweiz	Bank Reichmuth	2016	10.0	0.3	9.6	8.5
UBS CEIS 2	UBS	2018	10.0	5.8	4.2	4.3
IST3 Infrastruktur Global	IST Anlagestiftung	2018	10.0	5.6	4.1	3.4
Total Infrastructure			59.5	16.0	27.7	29.3

Hedge Funds

Programme	Provider	Start of investment	Commitment		Value at	
			Total	Open	31.12.2020*	31.12.2019*
PG 3 Litigation Finance II	PG 3	2019	8.9	5.7	2.9	2.6
Total Hedge Funds			8.9	5.7	2.9	2.6

International Real Estate

Programme	Provider	Start of investment	Commitment		Value at	
			Total	Outst.	31.12.2020*	31.12.2019*
4IP European Property	4IP Management AG	2007	5.5	0.0	2.0	2.0
Partners Group Real Estate 2008	Partners Group	2008	6.9	0.5	0.5	0.8
Partners Group Real Estate 2011	Partners Group	2011	6.9	0.8	1.5	2.5
Partners Group Real Estate 2013	Partners Group	2013	7.6	1.9	6.1	6.3
Partners Group Real Estate Sec. 2017	Partners Group	2017	10.8	5.1	6.0	6.1
Empira Residential Invest 2020	Empira	2020	10.8	9.4	1.3	0.0
Total International Real Estate			37.7	17.7	17.4	17.7

Alternative Bonds

Program	Provider	Start of investment	Commitment		Value at	
			Total	Outst.	31.12.2020*	31.12.2019*
Partners Group Mezzanine 2005	Partners Group	2005	5.4	0.0	0.1	0.1
Partners Group Mezzanine 2008	Partners Group	2008	5.4	0.3	0.9	1.1
LGT Crown CDCO II	LGT	2014	8.9	0.7	2.8	4.3
Swiss SME Credit Fund I	Tavis Capital AG	2015	5.0	0.3	2.5	2.6
LGT Crown CDCO III	LGT	2016	8.9	2.5	5.3	5.8
Access Capital Private Debt Fund II	Access	2016	5.4	0.3	3.0	3.3
Private Debt Allocator V	Swiss Capital Anlagestiftung	2018	13.3	0.9	12.4	10.6
Total alternative bonds			52.2	5.0	27.0	27.8

Investment Strategy

In %	Strategy 2020	Bandwidths	Status at 31.12.2020	Status at 31.12.2019
Liquidity / other	1.0%	+14.0/-1.0%	1.6%	2.1%
CHF bonds	16.5%	+/-10.0%	15.1%	16.3%
Foreign currency bonds (hedged)	4.0%	+/-2.5%	3.8%	3.6%
Foreign currency bonds	0.0%	+5.0%	0.6%	0.8%
Swiss real estate	33.0%	+/-7.0%	31.2%	31.3%
Swiss equities	10.0%	+/-2.5%	11.6%	10.9%
Foreign equities	16.5%	+/-2.5%	17.7%	17.3%
Private equity	6.0%	+/-2.0%	5.0%	4.7%
Hedge funds	2.0%	+/-2.0%	1.1%	1.5%
Commodities	0.0%	+/-2.0%	0.0%	0.0%
Ins.-linked securities	4.0%	+/-2.0%	3.0%	2.9%
Infrastructure	3.0%	+/-2.0%	2.6%	2.7%
Alternative internat. real estate	2.0%	+/-1.0%	2.5%	1.5%
Alternative bonds	2.0%	+/-2.0%	2.4%	2.5%
Infrastructure	0.0%	+2.0%	1.8%	1.9%
Total	100.0%		100.0%	100.0%

Performance

In 2020, performance on total assets was 4.3%, down from 9.8% in 2019. This figure was calculated by the global custodian (Credit Suisse).

Net investment income is composed as follows (CHF):

Investment Income

In CHF	2020	2019
Income from liquid assets	-1 535 066	-1 138 469
Income from CHF bonds	2 004 994	4 698 081
Income from foreign currency bonds (hedged)	4 825 757	5 832 923
Income from foreign currency bonds	349 343	699 556
Income from real estate, property in co-ownership	41 827 033	23 893 189
Income from indirect Swiss real estate	12 224 933	26 000 696
Income from Swiss equities	12 937 438	58 527 245
Income from foreign equities	34 985 945	69 152 053
Income from private equity	1 566 363	8 802 972
Income from hedge funds	264 954	1 977 740
Income from commodities	-38 632	-94 600
Income from insurance-linked securities	980 989	-2 963 065
Income from infrastructure	303 014	1 454 108
Income Alternative internat. real estate	-2 226 674	469 941
Income Alternative bonds	183 082	3 225 986
Income from mixed funds	213 042	5 417 627
Income from securities lending	51 674	50 994
Interest on vested benefits (arrears) / miscellaneous	-198 161	-25 399
Portfolio management expense	-17 972 985	-15 760 276
Net investment income	90 747 043	190 221 306

Portfolio Management Expense

In CHF	31.12.2020	31.12.2019
Investments	2 242 826 773	2 162 024 375
of which		
cost-transparent investments	2 225 438 170	2 132 276 179
non-transparent investments	17 388 603	29 748 196
% of cost-transparent investments	99.2%	98.6%
	2020	2019
Portfolio management expenses		
Portf. mgmt. expenses booked directly	3 099 083	3 239 303
Indirect TER costs	14 873 901	12 520 973
Book portfolio management expenses	17 972 984	15 760 276
as % of cost-transparent investments	0.81%	0.74%

The expenses of CHF 18.0 million (2019: CHF 15.8 million) reported in the 2020 operating account comprise direct costs (custody fees, portfolio manager costs, property management, stamp duty, etc.) and the additional TER (Total Expense Ratio) costs for the funds used. TER costs were generally calculated in accordance with the

requirements of the Occupational Pension Supervisory Commission, on the basis of year-end holdings. These costs therefore represent a rough estimate. They are relatively high in comparison with other pension funds, and result primarily from an investment strategy with a high proportion of real estate and alternative investments.

No TER costs could be calculated for the following investments. They are therefore classified as 'non-cost-transparent collective investment schemes'.

Non-Cost-Transparent Collective Investment Schemes

In CHF			
Investment instrument	Provider	ISIN number	31.12.2020
FRM Commodity Strategies	FRM	KYG579841829	70 180
FRM ARS I	FRM	KYG580005901	324 437
Pinebridge PEP IV	Pinebridge	n.a.	436 084
Pinebridge Secondary II	Pinebridge	n.a.	297 108
Paul Capital Secondary IX	Paul Capital	n.a.	1 786 745
Highstar III	Highstar	n.a.	46 191
Highstar IV	Highstar	n.a.	2 602 114
Ardian Buyout VII	Ardian	n.a.	2 835 130
EIP Europ. Property FoF	4IP Mangement	n.a.	2 015 233
JP Morgan Europ. Properties	JP Morgan	n.a.	28 477
Axa Secondary V	Ardian	n.a.	75 848
Partners Group Secondary 2020	Partners Group	n.a.	216 311
Schroder Adveq Asia V	Schroder Adveq	n.a.	1 302 451
Crown Secondaries Opportunities II	LGT	n.a.	2 306 971
Access Capital Private Debt Fund II	Access	n.a.	3 045 323
Total			17 388 603

Continued investment in non-transparent collective investment schemes is approved as part of the annual investment policy adoption process.

Fluctuation Reserves

The fluctuation reserves are used to offset price losses on investments. A target bandwidth of 116% to 124% has been determined on the basis of the current investment strategy and the low level of interest rates. The Board of Trustees believes that, if the upper bandwidth target is met, there will be sufficient cover for two poor investment years, without the Pension Fund having a shortfall in cover.

Status of Fluctuation Reserves

In CHF million		
	31.12.2020	31.12.2019
Ret. capital and actuarial reserves	1 856.1	1 847.2
Fluctuation reserves target for 124% coverage	445.5	443.3
Fluctuation reserves as per balance sheet	342.6	280.2
Reserve deficit	102.9	163.1

Expansion of Investment Options in Accordance with Art. 50 para. 4 OPO 2

With real estate investments in Switzerland accounting for 31.2% of total assets, we exceed the ceiling of 30% laid down in Art. 55 OPO 2. Furthermore, at 16.6% alternative investments also exceed their allotted limit of 15%.

This is the result of the investment strategy approved by the Board of Trustees.

Alternative investments are distributed across a total of seven different asset classes and are thus broadly diversified.

Even with these expanded investment options, the Pension Fund continues to comply with the principles of Art. 50 paras. 1 to 3 OPO 2.

Retrocessions

The Pension Fund received retrocessions totalling CHF 176,937 from a variety of fund providers during the year under review. This amount was set off against portfolio management expense.

Depository

Credit Suisse has been appointed as the Pension Fund's central depository (global custodian).

Financial Controlling

Controlling is carried out by the Global Investment Reporting department at Credit Suisse (compliance with bandwidths and quality requirements), as well as by the Treasury department at Schindler Management Ltd (results analysis). The Investment Committee meets at least four times a year. The Board of Trustees meets at least three times a year and, at each meeting, receives a detailed briefing on the results that have been achieved. It also receives monthly reports from the Management, and the annual Financial Controller's report.

The portfolio managers present results to both the Board of Trustees and the Investment Committee on a regular basis.

Derivative Financial Investments

The use of derivatives is governed by the Investment Regulations and the agreements with portfolio managers. It complies with OPO 2 provisions. The use of derivatives is permitted if the Fund holds the corresponding liquidity or underlying investments and the use of derivatives will not result in the predetermined bandwidths being exceeded. Short selling is forbidden. There were no hedging transactions outstanding as at December 31, 2020.

Securities Lending

The lending of securities is capped at a countervalue of CHF 150 million. As collateral, Credit Suisse deposits equities and/or bonds corresponding to 105% of the value of the loaned securities in a safekeeping account in the name of the Schindler Pension Fund.

- | | |
|---|-----------------------------|
| – Loaned securities as at Dec. 31, 2020 | Counterval. CHF 4.9 million |
| – Contracting partner | Credit Suisse |
| – System | Collateral |

Investments in the Employer

The Pension Fund does not make any investments in employer companies. External portfolio managers may, however, buy and sell the shares/participation certificates and bonds issued by Schindler Holding AG. No such securities were held in the investment portfolio of the Pension Fund as at December 31, 2020, however.

The Pension Fund has a current account with Schindler Holding AG that is used to collect contributions. As at December 31, 2020, there was a credit balance of CHF 8.6 million (balance of Schindler Holding AG account plus contributions for December 2020) in favour of the affiliated companies. The rate of interest paid on the account with Schindler Holding AG as at December 31, 2020, was 0.00% p.a. Outstanding contributions were paid in January 2021.

Pension Fund Governance

The Pension Fund is voluntarily subject to the ASIP Charter. The members of the Board of Trustees and the Managing Director are required to confirm in writing once a year that they have complied with both the ASIP Charter and the specific Schindler Code of Conduct.

Exercise of Shareholder Voting Rights

In accordance with the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), the Board of Trustees has adopted rules on the exercise of shareholder voting rights. The Pension Fund exercises the voting rights attached to shares in Switzerland that it holds directly. The Board of Trustees is supported in this by Inrate Ltd, as proxy advisor. The Pension Fund publishes the way in which it has voted on the website.

Offices Held with External Companies

The following external offices were held by the Pension Fund's Trustees and officers during the year under review:

- Mario Passerini, Trustee of the HIG Anlagestiftung

VII Notes Pertaining to Other Balance Sheet and Operating Account Items

Third-Party Contributions

This item contains contributions from companies of CHF 3.0 million, related to compulsory retirements during the year under review.

Administration Costs

In CHF	2020	2019
Administration costs		
Salary costs	872 065	841 096
Rent	36 833	29 079
IT	190 455	182 834
Printed matter, training, etc.	88 483	84 466
Supervisory authority	10 086	10 256
Accredited pensions actuary	32 575	28 391
Auditors	35 196	35 604
Management fee revenue	-167 155	-170 176
Total administration costs	1 098 538	1 041 550
Number of insureds	6 972	7 078
Administration costs per insured	158	147

Employer Contribution Reserve

The employer contribution reserve of CHF 22.0 million formed by Schindler Elevator Ltd in 2005 does not earn interest from the Pension Fund.

Actuarial Provisions

In CHF	31.12.2020	31.12.2019
Prov. outstanding pension cases	6 130 000	4 830 000
Prov. risk fluctuation fund	13 000 000	13 000 000
Prov. retirement losses	18 150 000	16 990 000
Prov. reduction actuarial int. rate	45 000 000	44 000 000
Prov. for Measures to Comp.Lower Conv. Rate	0	0
	82 280 000	78 820 000

Provision for Outstanding Pension Cases

This provision contains the retirements assets and potential retirement capital required for pension cases that have not yet been resolved.

Provision for the Risk Attached to Active Insureds

According to the risk analysis conducted by the accredited pensions actuary, there is a 90% probability that anticipated total risk will amount to less than CHF 18.1 million. Once the risk premiums under the Pension Fund Rules of approx. CHF 5.1 million have been deducted, CHF 13 million is required according to the actuarial basis that we apply.

Provision for Retirement Losses

Conversion rates are too high in comparison with the actuarial base and therefore require a provision of CHF 18.2 million.

Provision for the Reduction in the Actuarial Interest Rate

The actuarial interest rate was reduced from 2.5% to 1.5% with effect from December 31, 2019. Furthermore, the Regulations on the Creation of Provisions and Reserves provide for a variable provision for a potential further reduction in the actuarial interest rate. Its target level is based on an actuarial interest rate calculated according to the following formula: yield on 10-year Confederation bonds, plus a structural supplement of 1.5 percentage points. This means that the provision would be reduced again if the general interest level were to rise. As at December 31, 2020, this provision stood at CHF 45 million.

Mortgages

As part of the acquisition of the Libelle property, the Pension Fund took over two mortgages totalling CHF 5.8 million. Of these, one mortgage for CHF 1.8 million was transferred to the Winkelriedstrasse 58 property in Lucerne. The mortgages run until 2025 and 2028.

VIII Conditions Imposed by the Supervisory Authority

The annual financial statements up to the 2019 financial year were approved without any conditions being imposed.

IX Additional Information Regarding the Foundation's Financial Position

Some securities – up to a maximum of CHF 15 million – are pledged to Credit Suisse as collateral for forward foreign exchange transactions.

X Events Following the Balance Sheet Date

None.

Auditor's Report



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To the Foundation Board of
Schindler Pensionkasse, Ebikon

Berne, 9 April 2021

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Schindler Pensionskasse which comprise the balance sheet, operating accounts and notes, for the year ended 31 December 2020.

Foundation Board's responsibility

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation's deed of formation and the regulations. This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibility of the expert in occupational benefits

In addition to the auditor, the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with article 52e paragraph 1 of the Occupational Pensions Act (OPA) and article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and with the foundation's deed of formation and the regulations.

Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (article 52b OPA) and independence (article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by article 52c paragraph 1 OPA and article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organization, management and investments are applied.

We have assessed whether:

- ▶ organization and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation
- ▶ funds are invested in accordance with legal and regulatory requirements
- ▶ the occupational pension accounts comply with legal requirements
- ▶ measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfill their duties of loyalty and disclosure of interests
- ▶ the legally required information and reports have been given to the supervisory authority
- ▶ the pension fund's interests are safeguarded in disclosed transactions with related entities

We confirm that the applicable legal and statutory requirements have been met.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Patrick Schaller
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Raymond Frey
(Qualified
Signature)

Licensed audit expert

Enclosure

- ▶ Financial statements (balance sheet, operating accounts and notes)



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