



## Short report on the 2011 financial year

Every year the management fund issues a comprehensive annual report for the attention of the board of trustees and the supervisory bodies. This short report summarises the most important points in the annual report.

### Annual review

#### **Financial situation**

2011 started quite well with the continued recovery in share prices. However, the earthquake and tsunami in Japan completely destroyed the positive results of the first two months. In the second quarter there was a modest recovery but this tipped into a significant decline from June onwards. The weakness of all other currencies vis à vis the Swiss franc had a negative impact on all foreign investments and also, indirectly, on the large Swiss companies in the Pictet mandate. This negative trend worsened considerably in Q3 due to the euro crisis, which had a severely dampening impact on all the capital markets worldwide. Despite the pleasing recovery in Q4 it was impossible to offset the losses. Equity investments posted an overall performance of -9.55% (previous year 2.96%). With hindsight it proved to be beneficial that the necessary liquidity for the partial liquidation had already been provided in the previous year. The one bright spot was the real estate investments with FIDIP which posted a performance of 8.05% (previous year 8.75%) and various other real estate funds and real estate companies.

As at 31 December 2011 the coverage ratio of the Ergänzungskasse Alcan Schweiz was 92.0% as compared to 104.1% in 2010; it has therefore decreased by around 12%.

This reduction in the coverage ratio in comparison to the previous year is due to several reasons:

- At -1.26% (previous year +3.66%) the performance of the whole portfolio for 2011 is far below the target yield, which explains why the coverage ratio has sunk by around 4.0 percentage points year on year.
- Conversion to the new technical bases with BVG 2010 generational tables resulted in a decrease in the coverage ratio by a further 5.5%.
- Retirement losses in 2011 and other actuarial adjustments (incl. the indirect impact on the fluctuation reserves) reduced the funding ratio by an additional 2.5 percentage points.

The newly posted shortfall in coverage ratio should in principle always be seen in connection with the valuation of the pension liabilities (technical interest rate of 1.67%).

#### **News from the board of trustees**

Over the course of several meetings the board of trustees discussed the consequences of the different partial liquidations. In order to ensure the equal treatment of all the beneficiaries a solution had to be found that would do justice both to those beneficiaries who were being forced to leave and to those remaining whilst protecting their particular interests at the same time as far as possible. Despite the board's best efforts there were various objections to the Amcor distribution plan from both pension recipients and active insured, which were consistently rejected by the board of trustees. As a consequence this led to five requests for a review by the supervisory authorities, which was still pending at the end of 2011.

The vested benefits of the active insured continued to earn interest at the level of the previous year, i.e. at 3.5%.

Consistent to the decision of the board of trustees of the pension fund, the project to found a new employee benefit institution for the management fund had also to be dropped. The decision to

terminate the affiliation agreements with the third-party companies resulted in a partial liquidation for the management fund as per the reference date 31 December 2011. In the mid-term we have to find a solution in order that the management fund can continue as an autonomous fund at acceptable risks.

A further important task for the former board of trustees was the preparation for the election of the new board of trustees of the supplementary fund. It was unanimously decided that the pension recipients should be represented with full entitlements on the new board of trustees. We are pleased to report that this was also ratified by the active insured. The new board of trustees for the period of office 2012 - 2014 is therefore comprised as follows:

Thomas Lengacher (ER, President)  
Markus Hofer (ER representative)

Werner Stelzer (EE, Vice-President)  
Oliver Wolfensberger (EE representative)

### **Thanks**

On behalf of the new board of trustees I would like to offer particular thanks to the trustees who are either retiring or stepping down for the commitment they have shown in their work. The past year was full of different, complex tasks which had to take account of the many and varied interests of all the beneficiaries.

The board of trustees would also like to thank the executive management and the administrative employees in the pension fund. Due to the changes in executive management at the end of September, the past year posed a particular challenge that was met with a high level of professionalism and commitment.

## **Balance sheet**

	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Cash and cash equivalents and time deposits	18,413,502.92	22,077,873.09
Accounts receivable	350,094.27	361,541.95
Bonds	10,932,266.52	15,562,794.13
Equities	32,240,801.34	35,986,569.21
Real estate	25,377,228.40	26,308,272.00
Alternative investments	1,669,200.00	0.00
<b>Total assets</b>	<b>88,983,093.45</b>	<b>100,297,050.38</b>

	<b>2011</b>	<b>2010</b>
<b>Liabilities</b>		
External finance	14,077,021.45	4,482,587.45
Employer contribution reserves	3,190,286.72	3,190,286.72
Pension capital active insured	6,692,887.00	24,212,734.00
Pension capital pension recipients	55,656,500.00	49,346,600.00
Technical reserves	15,617,100.00	15,433,400.00
Fluctuation reserve	0.00	3,631,442.21
Cover shortage / disposable assets	-6,250,701.72	0.00
<b>Total liabilities</b>	<b>88,983,093.45</b>	<b>100,297,050.38</b>

<b>Funding ratio at end of year</b>	<b>92.0%</b>	<b>104.1%</b>
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## **Operating statement**

	<b>2011</b>	<b>2010</b>
Contributions and deposits	3,726,755.65	5,435,714.45
Vested benefits brought into the fund on joining	0.00	42,715.20
Benefits according to the regulations	-5,522,853.95	-5,276,492.00
Termination benefits	-17,231,116.20	-6,122,683.90
Release (+) /creation (-) of pension capital, technical reserves and contribution reserves	11,026,247.00	-4,854,255.00
Insurance expense	-145,023.30	-161,743.60
Net investment result	-1,342,267.21	3,575,055.13
Asset management expense	-113,057.62	-105,903.90
Administration expense	-280,828.30	-307,241.73
Cost surplus before release/ creation of fluctuation reserve	-9,882,143.93	-7,774,835.35
Release of fluctuation reserve	3,631,442.21	7,774,835.35
<b>Expense surplus</b>	<b>-6,250,701.72</b>	<b>0.00</b>

## **Notes to the balance sheet and operating statement**

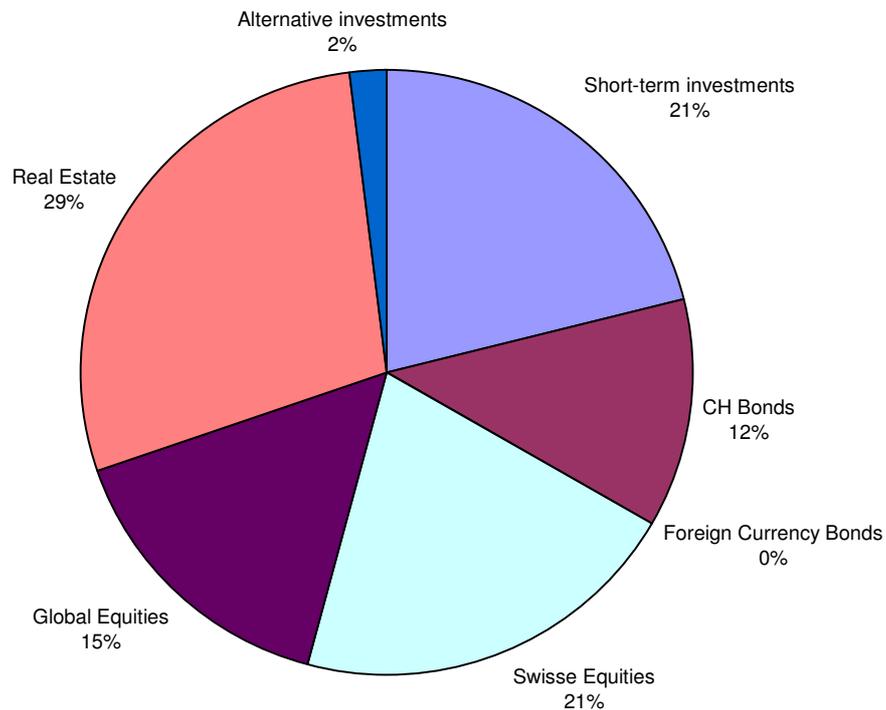
The valuation of the assets is carried out at the actual value, i.e. at fair value.

The pension capital of the active insured and the pension recipients was valued according to the BVG 2010 generational tables and a technical interest rate of 3.5%. The purpose of the technical reserves is to cushion the risk fluctuations for the death, disability and age risks and to lessen the effect of the constantly rising life expectancy of the active insured.

A reserve for the increase in the longevity of the pension recipients is no longer required since the technical principles of the BVG 2010 generational tables are now being used. The additional reserve for the reduction in the technical interest rate serves to guarantee the long-term security of the pension obligations.

The target level for the fluctuation reserves is CHF 12.81 million or 16.4%. Until the pension fund posts a cover ratio of 100% it will not be possible to create any fluctuation reserves.

## **Investments according to asset class as at the end of 2011**



## Pension fund bodies 2011

<b>Board of trustees</b>	
<b>Employer representatives</b>	<b>Insured representatives</b>
Urs Peter Fischer, Zollikerberg, President Hilmar Leimbach, Stäfa	Peter Burkhalter, Schmerikon, Vice-President Walter Bürgi, Berneck
<b>Investment committee</b>	
Urs Peter Fischer, Zollikerberg, Chairman Andreas Guth, Bäch	Peter Burkhalter, Schmerikon Markus Hofer, Rudolfstetten
<b>Pension recipient representatives</b>	<b>Advisory members</b>
Hans Steiner, Meggen	Martin Suter, Baar
Jürg Barth (head office representative until 30.09.2011) Rico Bräm (head office representative from 01.10.2011)	
<b>Auditors</b>	<b>Actuarial experts</b>
KPMG AG, Zurich	LCP Libera AG, Zurich
	<b>Head office</b>
	Bellerivestrasse 28, Zurich

## Information about the portfolio of insured

<b>Active insured</b>	<b>2011</b>	<b>2010</b>
<b>Portfolio as at 1 January</b>	<b>149</b>	<b>158</b>
Entries	31	26
Departures	-144	-29
Retirements	-6	-6
Disability cases	-	-
Deaths	-	-
<b>Portfolio as at 31 December</b>	<b>30</b>	<b>149</b>
<b>Pension recipients</b>	<b>2011</b>	<b>2010</b>
<b>Portfolio as at 1 January</b>	<b>236</b>	<b>239</b>
Change in old-age pensioners	1	-1
Change in persons receiving a disability pension	-	-
Change in persons receiving a surviving spouse's pension	1	-2
Change in persons receiving a child's pension	-	-
<b>Portfolio as at 31 December</b>	<b>238</b>	<b>236</b>