



2022 Annual Report

In accordance with Swiss GAAP FER 26



Swisscanto
Flex Collective
Foundation

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Swisscanto Flex facts and figures 2022



CHF 2.4 bn

Total assets



1.75%

Technical interest



308

Affiliates



12'918

Beneficiaries



101.50%

Swisscanto Flex Collective coverage ratio



2,942

Pensioners



-10.52%

Flex 20 yield



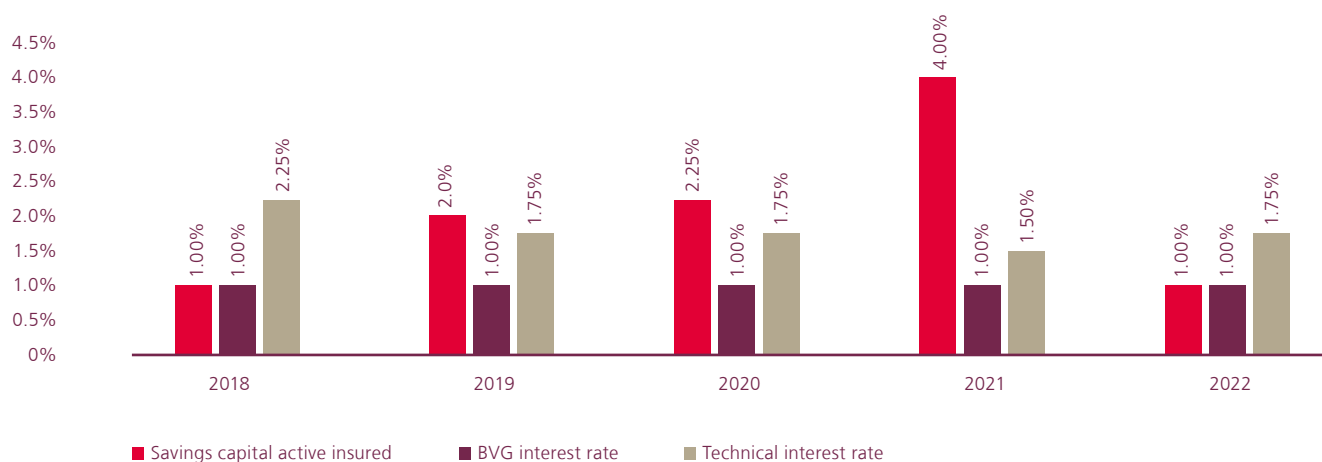
-11.25%

Flex 30 yield

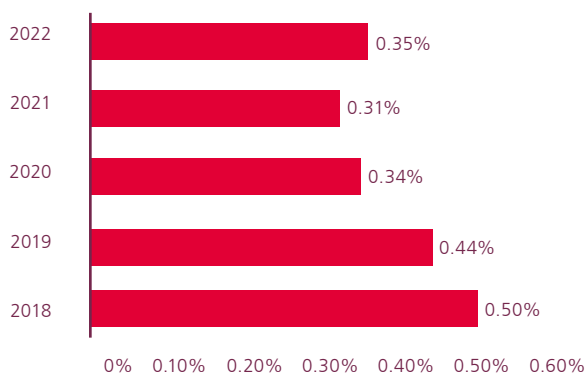
-11.92%

Flex 40 yield

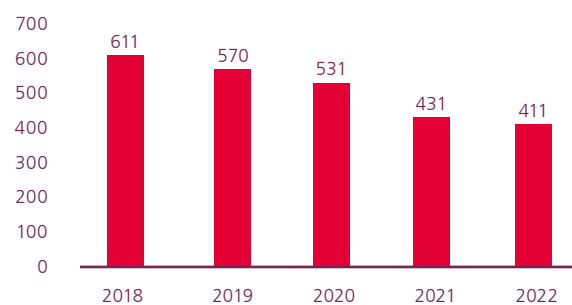
Interest rates



Asset management costs



Foundation's administrative expenditure



2022 Annual Report

Successful and stable



Urs Ackermann and Dr Christof Strässle

2022 in review

Following over two years of the Covid pandemic, economies around the world continue to be negatively impacted by destabilising shocks. The war between Russia and Ukraine has caused worldwide economic activity to shrink. Rising inflation, hindrances to supply chains, more restrictive monetary policy and greater political uncertainty are throttling growth in many countries.

However, on the positive side, low unemployment, the lifting of Covid restrictions and the pent-up demand on the consumer side precipitated considerable consumer spending, particularly in Western countries. The risk of a recession or even stagflation nonetheless rose.

Our positioning

The Swisscanto Flex Collective Foundation has solid financial foundations. Despite negative performance from investments, the coverage ratio in all the pension funds remains good.

In line with the general increase in the interest level, the yields expected from investments rose, offering leeway for a tightening of the technical interest rate. The Board of Foundation is taking advantage of this leeway and has decided to raise the technical interest rate by 25 basis points to 1.75% from 31.12.2022. Even after this increase, the pensioners' pension fund's coverage ratio as at 31.12.2022 was at 97.2%. According to regulatory provisions, a restructuring contribution was thus required from the active pension funds in the 'Flex Collective' and 'Flex Individual' areas.

Sustainability

Our investment pools take a wide range of approaches to sustainability. In our custody accounts, we work primarily with the two product lines of 'Responsible' and 'Sustainable'. The 'Responsible' product line involves the use as standard of exclusion criteria, a systematic ESG analysis as an integral part of the investment process and a reduction in the carbon intensity of investments. In addition to the approaches mentioned above, the 'Sustainable' product line features the application of even more comprehensive exclusions.

New managing director

We appointed Urs Ackermann as our new managing director last year. We are very much looking forward to working with him and are convinced that, together, we will run the Swisscanto Flex Collective Foundation with stability and financial success. At this point, we would like to extend our heartfelt thanks to our previous managing director, Andreas Schmeltzer, who is taking on a new position in the company.

Outlook

Now that inflation has peaked, the capital market outlook for 2023 as a whole is likely to improve. This would enable international central banks to pursue a slightly more relaxed interest policy and, in a generally intact labour market, give the economy room to breathe once again. We are accordingly hoping that yields in the current year will return to being positive.

The Credit Suisse issue in March not only spread turmoil throughout the world's financial markets; it also caused difficulties for several asset managers. We can assure you that the pools of the Swisscanto Flex Collective Foundation are not affected by the loss suffered by the Credit Suisse share, as the Asset Management department of Zürcher Kantonalbank has not held any Credit Suisse shares in its Swiss equities fund since November 2022. The four portfolios of the Swisscanto Flex Collective Foundation contain

Thank you

It is time once again for us to thank you warmly, dear clients, for placing your trust in us. We do everything in our power to run the Swisscanto Flex Collective Foundation successfully and as an optimum pension solution. For you and your employees, to ensure your retirement pension is secure over the long term.

Our further thanks go to all the employees in our administrative office, who continued to work so hard and so enthusiastically for our Foundation over the past year.

Dr Christof Strässle
Chairman of the Board

Urs Ackermann
Managing Director of Foundation

Reporting on the implementation of the asset manager's sustainability strategy

1.1 Reporting scope

In principle, the reporting encompasses all products used in traditional investment categories. Non-traditional investment categories, including real estate investments (ex real estate equities), fall outside the reporting. Depending on the Swisscanto ESG product line (Traditional, Responsible or Sustainable), different approaches to sustainability are adopted, or the specific way in which they are adopted may differ. Further details are explained in the following sections.

1.2 Memberships of mandated asset managers

The Asset Management department of Zürcher Kantonalbank is a signatory of the Principles for Responsible Investment and a member of Swiss Sustainable Finance.

1.3 Exercise of voting rights and engagement

As part of its investment stewardship, the Asset Management department of Zürcher Kantonalbank makes use of both proxy voting and engagement, taking sustainability aspects into consideration. Voting on the equity positions held always takes place with the fund management's full portfolio across all Swisscanto collective investments. The portfolios of the Swisscanto Flex Collective Foundation are realised exclusively with collective investments, and primarily Swisscanto products are used. For unlisted real estate investments in particular, third-party products are also used, and investments in third-party products are also possible in other investment categories.

Swisscanto Fondsleitung AG votes on all listed, Swiss direct equity investments.

The fund management of Swisscanto Asset Management International SA votes on listed direct equity investments domiciled outside of Switzerland

- if the position of the shares held reaches the market value (number of shares held x share price at the time the portfolio is defined for the general meeting) of CHF 5 m or the equivalent value, or
- if the target company or the asset manager expressly requests that the voting rights be exercised.

Our sustainability voting guidelines can be found at [swisscanto.com/voting](https://www.swisscanto.com/voting) (see 'Swiss Funds Guidelines' and 'Lux Funds Guidelines').

The way we actually voted is also published on this link after each general meeting.

Engagement is carried out with companies wherever we hold a more significant position (in absolute value or in % of market capitalisation), although no precise thresholds are applied. The determining factors here are anomalies in terms of ESG, climate strategy and, in particular, breaches of the UN Global Compact. The investment and voting policies are integral parts of engagement and act as a comprehensive 'total package' for sustainably increasing company value and promoting ESG best practice objectives. Companies are actively encouraged to set ambitious targets for reducing greenhouse gas emissions and then implement them.

Alongside continuous direct dialogue with the senior management of Swiss companies, we are taking action via the UN PRI collaboration platform and various investor initiatives. Our partner for engagement activities with international companies is Sustainalytics

1.4 Negative criteria

Asset Management at Zürcher Kantonalbank uses a blacklist for all the assets it manages – both actively and passively – via which our sustainability standard is enforced, with support from the Swiss Association for Responsible Investments (SVVK-ASIR). These exclusion criteria primarily concern the manufacturers of prohibited weapons (anti-personnel mines, cluster munitions and nuclear weapons outside the Treaty on the Non-Proliferation of Nuclear Weapons). In individual cases, behaviour-based exclusions may also apply. When evaluating assets, we rely primarily on Swiss legislation and on international agreements that have been recognised and ratified by Switzerland. We reserve the right to exclude or not exclude additional companies at our own discretion.

If third-party products are used in traditional investment categories in the portfolios of the Swisscanto Flex Collective Foundation, the blacklist must also imperatively be observed. The investments underlying any such third-party products are checked on a regular basis. It cannot, however, be guaranteed that the blacklist will be observed completely or continuously in the case of third-party products.

Exclusions on the Swisscanto blacklist

- Cluster bombs and munitions
- Anti-personnel mines and land mines
- Biological and chemical weapons
- Nuclear weapon systems
- Nuclear weapon materials
- Enriched uranium
- Blinding laser weapons
- Incendiary weapons
- Behaviour-based exclusions including as per SVVK-ASIR

For Swisscanto collective investments, the Responsible and Sustainable product lines have additional exclusion criteria in addition to the blacklist. If actively managed third-party products are used in traditional investment categories in the portfolios of the Swisscanto Flex Collective Foundation, the additional exclusion criteria for Responsible must also imperatively be observed.

The investments underlying any such third-party products are checked on a regular basis. It cannot, however, be guaranteed that the additional exclusion criteria will be observed completely or continuously in the case of third-party products.

Additional exclusion criteria for Responsible

- Manufacture of weapons and munitions
- Manufacture of war technology (>5% of turnover)
- Breaches of the UN Global Compact
- Child labour
- Manufacture of pornography
- Extraction of coal (>5% of turnover)
- Coal reserves (ex metal production)
- Socioeconomic risks (for state issuers)

The presentation dated 31.12.2022 below shows the observance of controversial issues (exclusion criteria) for all four portfolios of the Swisscanto Flex Collective Foundation as per the Responsible approach. The evaluation includes all products used in traditional investment categories (real estate investments (ex equity investments) are not part of the evaluation). The benchmark underlying the evaluation is the asset-weighted benchmark for all four investment pools of the Swisscanto Flex Collective Foundation.

1.5 Positive criteria

A key pillar of the sustainability strategy of Zürcher Kantonalbank's Asset Management department is the integration of ESG aspects into investment decisions. The ESG score measures the performance of a state or a business in terms of environmental (E), social (S) and governance (G) factors.

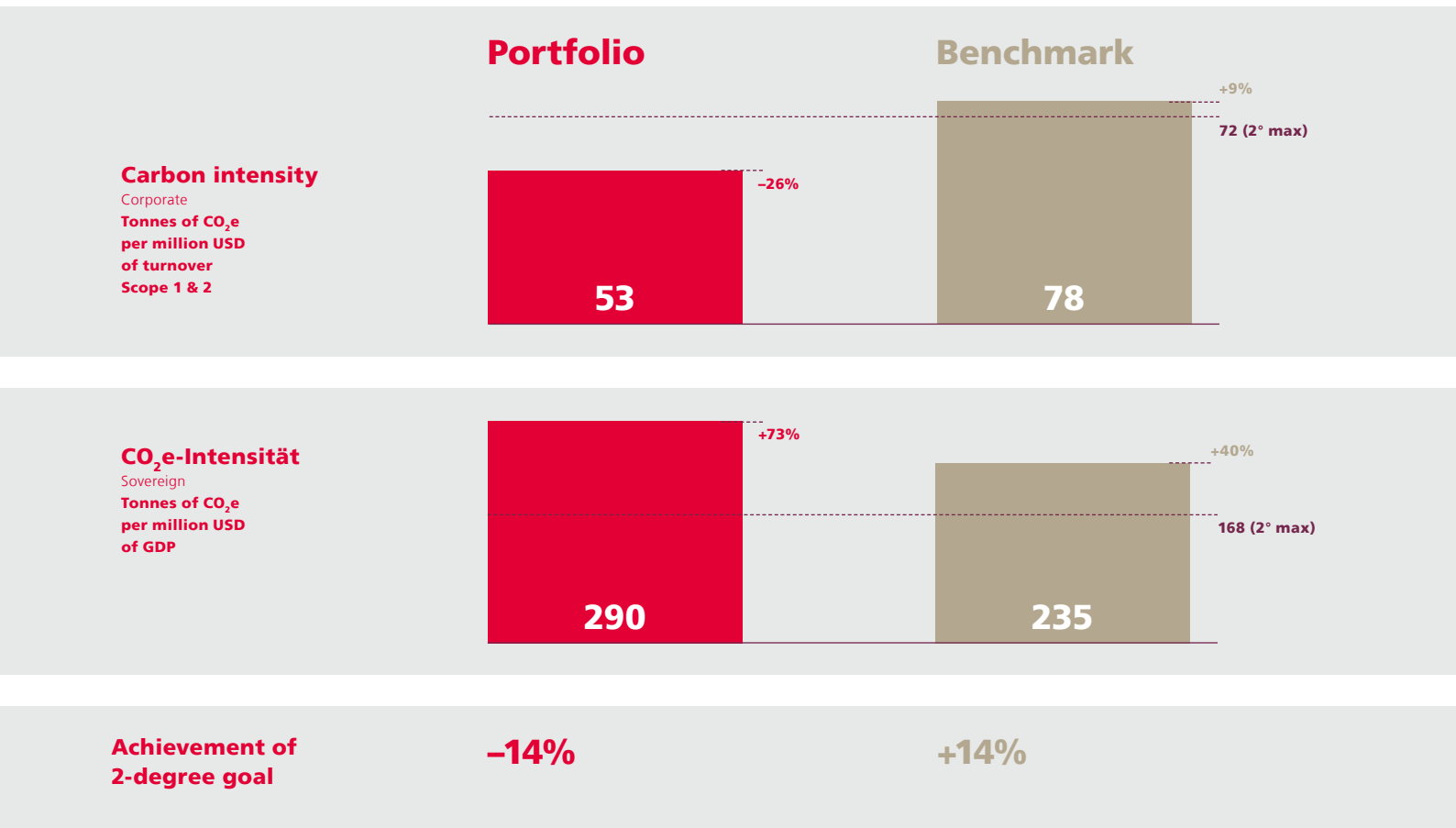
For products in accordance with the Sustainable approach, an impact analysis is also carried out to determine the business's or state's contribution to sustainable development. This shows whether and to what extent businesses and states further at least one of the 17 official UN Sustainable Development Goals (SDGs).

The portfolios of the Swisscanto Flex Collective Foundation are implemented primarily using actively managed Swisscanto collective investments, giving a broad level of cover with regard to ESG integration.

1.6 Dealing with climate risks

The presentation dated 31.12.2022 below shows the observation of the climate strategy by Asset Management at Zürcher Kantonalbank (in all actively managed assets from the traditional asset classes in the Responsible product line, the carbon intensity of the investments in comparison with the investment universe is to be reduced by 4% plus nominal economic

growth each year from 1/1/2022 onwards) for all four portfolios of the Swisscanto Flex Collective Foundation. The evaluation includes all products used in traditional investment categories (real estate investments (ex equity investments) are not part of the evaluation). The benchmark underlying the evaluation is the asset-weighted benchmark for all four investment pools of the Swisscanto Flex Collective Foundation.



1.7 Additional evaluation of Swiss real estate investments

For the Swiss real estate investments held in the four portfolios of the Swisscanto Flex Collective Foundation, there are currently no extensive ESG evaluations that cover all invested products.

The three Swisscanto real estate direct investment products managed by Zürcher Kantonalbank published a GRESB ESG assessment for the first time in 2022, meaning that there are now corresponding evaluations for these products. The Swisscanto Flex Collective Foundation has invested in two of these products as follows as per 31.12.2022.

- Swisscanto AST Responsible Real Estate Switzerland:
CHF 138.50 m or 5.85%
- Swisscanto (CH) Real Estate Fund Responsible Swiss
Commercial: CHF 107.97 m or 4.56%

GRESB 2022

Both of the abovementioned Swisscanto real estate products received the 'Green Star' rating in the annual GRESB ESG assessment. This applies to both the existing portfolio and – where applicable or in the case of the investment group – also construction projects.

GRESB is a global ESG benchmark for financial markets, particularly for the evaluation and comparability of the sustainability performance of real estate investments. The Swisscanto AST Responsible Real Estate Switzerland investment group obtained a score of 80 (out of 100) and thereby a very good 4-star rating (out of 5) for its existing portfolio. The construction projects were given a 3-star rating. The Swisscanto (CH) Responsible Swiss Commercial real estate fund obtained a solid 3-star rating, with a score of 73.

1.8 Potential changes in 2023

- Swisscanto sustainability reporting: detailed, portfolio-specific evaluations for ESG scores and investment stewardship to be included
- The new SVVK-ASIR country exclusions are to be incorporated (probably by June 2023)
- Swiss climate scores and ASIP key figures to be prepared so that they can be incorporated into internal tools and sustainability reporting by the beginning of 2024.

Portfolio manager's report 2022

A difficult year for mixed portfolios

The fantastic year for shares that was 2021 (Swiss Performance Index +16.5% and MSCI World +25.4% in CHF) was, for investors in mixed portfolios, followed for one of the worst investment years of all time. Practically all asset classes, with the exception of commodities, gold and unlisted real estate, recorded losses. Bonds in particular saw record drops owing to the sharp rise in interest rates (Swiss Bond Index -12.1% and Bloomberg Global Aggregate Index hedged in CHF -13.7%). The turnaround in interest rates so often dreaded in previous years finally happened, albeit with an intensity that only a handful of market players had predicted. In such an adverse environment, equity markets also had a below-average year (Swiss Performance Index -16.5% and MSCI World -17.1% in CHF). Only regions with a high percentage of commodity shares were somewhat spared.

Central banks with massive interest rate increases

In late 2021, a lot of market participants were already assuming that the rate of inflation would fall. However, these forecasts became obsolete at the latest with the outbreak of war in Ukraine in February 2022, with the stellar increase in raw materials prices that triggered a massive additional price pressure (particularly as energy prices reached a record high). Owing to these very high rates of inflation (>9% in the USA, >10% in Europe and >3% in Switzerland), virtually all central banks worldwide had to raise their key interest rate significantly. In combination with the reduction of the Federal Reserve's balance sheet in the USA, this created significantly tighter financial conditions, which in turn caused equity markets to collapse. The zero-Covid strategy in China also created additional pressure on equity markets, as millions of Chinese people stayed put for weeks during lockdown, causing a massive slump in the Chinese economy.

Inflation causes the diversification effect to fizzle out

Over the past 20 years, the correlation between equities and bonds was always negative, which meant that the stability of a mixed portfolio's yield was noticeably higher. As historical data shows, however, this diversification effect disappears at rates of inflation over 4%, when bond prices suddenly fall alongside stock prices. The exact same scenario also happened in 2022, so only a few asset classes were able to ensure stability in the portfolios. The correlation between equities and bonds was a remarkable 0.61 in 2022.

Poorest performance for the Swisssanto Flex Collective Foundation since its inception

The Swisssanto Flex pools lost between -10.5% (Flex 20) and -12.0% (Flex 40) in 2022. This makes performance over the past year the poorest since the Swisssanto Flex Collective Foundation was established in 2010. Our data for the past 100 years shows that only 7 of those investment years were worse for a mixed Swiss portfolio than 2022.

Relatively speaking, however, the Flex pools performed considerably better than the underlying benchmark indices, thanks to the overweight positions in unlisted real estate and gold compared with bonds, and to the occasional underweighting in equities.

Dieter Galli, Portfolio Manager
Asset Management, Zürcher Kantonalbank

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Balance sheet as of 31 December 2022

	Index Note	31.12.2022 CHF	31.12.2021 CHF
Assets			
Investments		2,409,730,346	2,765,807,674
Liquid assets and money market investments		17,012,053	40,677,782
Receivables		26,762,235	22,370,114
Receivables from third parties		8,522,996	8,223,910
Investments in the employer	6.10	18,239,238	14,146,204
Investments		2,365,956,059	2,702,759,778
Flex 20	6.4	936,256,745	1,093,550,797
Flex 30	6.4	502,035,957	550,475,246
Flex 40	6.4	210,543,444	241,978,238
Flex pensioners' pension fund	6.4	717,064,058	816,699,941
Individual investments of pension funds	6.4	55,855	55,557
Prepayments and accrued income	7.1	472,128	407,732
Total assets		2,410,202,474	2,766,215,406

	Index Note	31.12.2022 CHF	31.12.2021 CHF
Equity and liabilities			
Liabilities	7.2	79,398,624	52,844,851
Termination benefits and pensions		76,755,707	50,429,392
Banks/insurance companies		334,618	334,618
Other liabilities		2,308,299	2,080,841
Accrued liabilities and deferred income	7.3	141,234	295,289
Employer contribution reserve	6.10	18,499,148	19,173,182
Pension capital and actuarial reserves		2,225,436,608	2,303,123,684
Active persons' pension capital	5.2	1,350,979,590	1,420,561,599
Pensioners' pension capital	5.4	844,377,713	849,183,183
Actuarial reserves	5.5	30,079,305	33,378,902
Reserve for fluctuations in asset value	6.3	83,754,763	203,885,061
Non-committed funds/funding deficiency	9.1	2,872,097	186,793,339
<i>of which funding deficiency</i>		-24,804,229	-
Balance at the beginning of the period		186,793,339	120,554,889
Costs/income from partial liquidation		-	-1,370,069
Decrease in non-committed funds		-6,937,469	-20,366,347
Transfer to non-committed funds		3,079,656	1,664,782
Income surplus (+)/expense surplus (-) for pension funds		-180,063,430	86,310,084
Foundation capital	7.5	100,000	100,000
Balance at the beginning of the period		100,000	100,000
Total liabilities		2,410,202,474	2,766,215,406

Income statement for the year ended 31 December 2022

	Index Note	31.12.2022 CHF	31.12.2021 CHF
Ordinary and other contributions/transfers-in		113,031,805	124,027,341
Employee savings contributions		40,397,086	41,105,117
Employee risk and cost contributions		6,204,326	6,328,218
Employer savings contributions		49,053,211	50,414,597
Employer risk and cost contributions		8,059,695	8,707,534
Withdrawal from employer contribution reserve to finance contributions	6.10	-2,734,628	-3,647,106
One-time payments and purchase amounts		10,008,940	17,264,519
Transfers to employer contribution reserve	6.10	2,043,174	3,854,462
Entry lump-sum transfers		206,782,427	202,264,511
Termination benefit transfers		144,208,443	140,533,022
Transfers to pensioners' pension capital		54,883,200	52,808,798
Transfers when taking over insured persons' portfolios to:			
– Pensioners' pension capital	5.4	2,775,981	5,410,432
– Actuarial reserves		95,389	7,441
– Reserve for fluctuations in asset value		2,296	1,238
– Non-committed funds		3,079,656	1,664,782
Reimbursements of withdrawals for home ownership/divorces		1,737,461	1,838,797
Inflow from contributions and entry lump-sum transfers		319,814,231	326,291,852
Regulatory benefits		-169,967,216	-149,724,261
Retirement pensions		-49,224,964	-48,830,121
Survivors' pensions		-8,677,219	-8,379,782
Disability pensions		-5,455,852	-4,600,379
Other regulatory benefits		-10,592	-3,599,617
Benefits from actuarial reserves for pension funds		-53,259	-214,168
Purchase of retirement pensions on retirement for pensioners' pension funds		-53,609,686	-49,827,546
Lump-sum benefits on retirement		-50,438,311	-30,463,756
Lump-sum payments on death and disability		-2,497,333	-3,808,894
Non-regulatory benefits		-168,857	-19,752,384
Withdrawal of non-committed funds from pension funds		-168,857	-19,752,384
Termination benefits		-240,030,323	-151,441,933
Termination benefits for leavers		-231,547,603	-139,653,898
Transfer from contract terminations:			
– Transfer of employer contribution reserves	6.10	-100,053	-50,432
– Transfer of pensioners' pension capital		-1,990,112	-4,665,657
– Transfer of actuarial reserves		-	-128,016
– Transfer of non-committed funds		-1,089,077	-613,963
– Transfer of reserve for fluctuations in asset value		-968,246	-29,887
Withdrawals for home ownership/divorces		-4,335,231	-6,300,080
Outflow for benefits and withdrawals		-410,166,396	-320,918,578
Decrease/increase in pension capital, technical provisions and contribution reserves		83,239,302	-64,102,353
Decrease/increase in active persons' pension capital		87,885,534	-23,909,846
Decrease/increase in pensioners' pension capital		4,805,470	-29,875,935
Decrease/increase in actuarial reserves		3,314,037	29,406,597
Decrease/increase in reserves for fluctuations in asset value		965,950	28,649
Decrease/increase in non-committed funds		3,780,329	20,071,634
Costs/income from partial liquidation		-	-1,370,069
Interest on savings capital		-18,303,525	-58,296,458
Decrease/increase in contribution reserves	6.10	791,507	-156,925
Income from insurance benefits		732,757	2,277,187
Insurance benefits		637,677	2,277,187
Share of insurance surpluses	5.1	95,080	-

	Index Note	31.12.2022 CHF	31.12.2021 CHF
Insurance cost		-846,146	-937,523
Insurance premiums		-356,804	-435,620
Contributions to Security Fund		-489,342	-501,903
Net result of insurance activities		-7,226,251	-57,389,415
Net return on investment activities	6.8	-286,688,139	211,783,462
Net result from liquid funds and money market investments		-24,133	-24,795
Flex 20 asset performance		-107,208,116	82,302,051
Flex 30 asset performance		-61,439,202	50,372,427
Flex 40 asset performance		-27,446,041	27,877,378
Flex Pensioners' pension fund asset performance		-81,551,607	61,577,940
Asset performance of individual investments for pension fund		650	1,039
Flex 20 asset management costs	6.9	-3,310,560	-3,400,850
Flex 30 asset management costs	6.9	-1,738,473	-1,660,231
Flex 40 asset management costs	6.9	-775,755	-762,063
Pensioners' pension fund management costs	6.9	-2,541,189	-2,595,025
Late-payment interest on termination benefits		-521,800	-1,735,075
Interest on employer contribution reserve	6.10	-117,473	-157,451
Interest on actuarial reserves for pension funds		-14,440	-11,883
Decrease/increase in non-actuarial reserves		-	500,000
Other income		0	94,681
Income from services provided		0	94,681
Other expenses		-57,749	-433,265
Administrative expense		-5,255,638	-5,628,126
General administration		-3,298,681	-3,516,821
Marketing and advertising		-521,396	-515,327
Agent and broker activity		-1,152,583	-1,181,976
Auditor and accredited pension actuary		-154,068	-248,605
Supervisory authorities		-23,035	-42,819
Board of Foundation fee		-105,875	-122,578
Income surplus/expense surplus prior to increase/decrease		-299,227,778	148,927,337
Reserve for fluctuations in asset value			
Increase (-)/decrease (+) in reserve for fluctuations in asset value		66,547,425	-15,986,880
Increase (-)/decrease (+) in reserve for fluctuations in asset value for pension fund and pensioners' pension fund		52,616,923	-46,630,373
Income surplus (+)/expense surplus (-) for Foundation		-180,063,430	86,310,084

Notes to the annual financial statements

1 General information and organisation

1.1 Legal form and purpose

Swisscanto Flex Collective Foundation of Cantonal Banks is a foundation within the meaning of Art. 80 et seqq. of the Swiss Civil Code (ZGB), Art. 331 of the Swiss Code of Obligations (OR) and Art. 48 para. 2 of the Swiss Law on Occupational Old-Age, Survivors' and Invalidity Pensions (BVG) that was set up by Swisscanto Vorsorge AG. The purpose of the Foundation is to provide occupational pensions under the BVG and its implementing provisions to insure the employees and employers of the companies affiliated to the Foundation with their registered office or permanent establishment in Switzerland and their dependants and survivors against the economic consequences of old age, death and disability.

1.2 BVG registration and registration with the Security Fund

Supervisory Authority for BVG Pensions and Foundations of the Canton of Zurich (BVS)

Register number	ZH. 1454
BVG Security Fund	
Register number	ZH. 1454

1.3 Plan statutes and regulations

	from	valid until
Foundation deed	14.01.22	11.02.22
Pension Fund Regulations (Previous year: General Framework Regulations)	22.10.2020*	01.01.2021*
Organisational Regulations	22.10.2020*	01.11.2020*
Regulations on the Formation of Provisions and Reserves	18.01.2018*	01.01.2019*
Investment Regulations	04.11.22	01.12.22
Regulations on Liquidation at the Foundation Level and Partial or Complete Liquidation at the Pension Fund Level	14.01.16	28.10.16
Cost Regulations	15.10.18	01.01.19
Sustainability Strategy Investments	03.11.21	03.11.21
Regulations on Participation and Restructuring	22.10.20	01.11.20

* The Pension Regulations, the Organisational Regulations and the Regulations on the Formation of Provisions and Reserves were amended by decision of the Board of Foundation on 4 November 2022 with effect from 1 January 2023.

1.4 Highest management body (Board of Foundation), management, authorised signatories

Employer representative	Role	Term of office
Dr Christof Strässle (Strässle Schumacher AG)	Chairman	01.01.2021–31.12.2023
Marcel Bauckhage (Meier Capital AG)	Member	01.01.2021–31.12.2023
Peter Bänziger (Colin & Cie.)	Member	01.01.2021–31.12.2023

Employee representative	Role	Term of office
Peter Schubert (Bereuter Holding AG)	Vice-chairman	01.01.2021–31.12.2023
Thomas Mathys (Zehnder Group companies Schweiz)	Member	01.01.2021–31.12.2023
Stephan Bugget (Electrosuisse)	Member	01.01.2021–31.12.2023

The elected Board members have been entered in the Commercial Register; they are authorised to sign jointly with a minimum of two signatures.

Management and authorised signatories

Urs Ackermann	Managing director
Rosario Lupo	Accounting officer
Raphael Gavilano	Administrative office
Ilias Tzilantonis	Administrative office
Daniela Bohny	Administrative office
Andreas Schmeltzer	Administrative office
Ramona Pianta	Administrative office
Nicole Steiner	Administrative office
Patricia Leuenberger	Administrative office
Gabriela Suhner	Administrative office
Milijana Danilovic	Administrative office

The management and the authorised signatories have been entered in the Commercial Register; they are authorised to sign jointly with a minimum of two signatures.

1.5 Actuaries, auditors, supervisory authority, advisors

Accredited pension actuary

Keller Experten AG, Frauenfeld (contracting party)
Mr Patrick Baeriswyl (executive actuary)

Statutory auditors

Ernst & Young AG, Zurich
Mr Marco Schmid (auditor in charge)

Supervisory authority

Supervisory Authority for BVG Pensions and Foundations of the Canton of Zurich (BVS)

Portfolio manager

Zürcher Kantonalbank Asset Management

1.6 Number of affiliated pension funds

	Total	Flex Collective	Flex Individual	Pension fund Pensioner
Pension funds on 01.01.2022	346	290	55	1
Entries 3	3	0	0	
Departures	-41	-39	-2	0
Total pension funds on 31.12.2022	308	254	53	1

Departures from pension funds also include where contracts were terminated for a lack of insured persons during the reporting year and the contract terminations as per 31.12.2022.

2 Active participants and pensioners

2.1 Number of and change in number of active participants and pensioners as 31.12.2022

	31.12.2022	31.12.2021	Entries	Departures
Active insured persons	9,976	10,361	2,575	-2,960
Old-age pensioners	2,062	1,975	141	-54
Surviving spouse pensioners	492	479	36	-23
Disability pensioners	260	241	44	-25
Child pensioners (old-age and disability pensions)	91	82	20	-11
Orphans pensioners	37	32	11	-6
Total	12,918	13,170	2,827	-3,079
of whom pensioners	2,942	2,809		

3 Way in which purpose is implemented

3.1 Definition of the pension plans

The purpose of the Foundation is achieved by employers affiliating with the Foundation by means of affiliation agreements. The conclusion of the affiliation agreement gives rise to a pension fund.

The pension fund's commission gives its consent to the Pension Regulations put in place by the Board of Foundation. The pension plan is additionally used by the pension fund commission to specify the nature and scope of the pension benefits, the contributions of the participants and the employer, and the pension-specific regulations within the scope of the BVG.

The collective foundation maintains a savings scheme with supplementary risk insurance for each pension fund. The retirement and termination benefits are determined according to the principles of defined contributions. The risk benefits on death and disability are determined by the defined contribution plan or defined benefit plan dependent on the insured salary.

3.2 Financing, financing method

Financing is organised separately for each pension fund. Generally speaking, it is provided by the employees and the employer, with the employer having to bear at least 50% of the expenses.

3.3 Further information on pension plan activities

The Foundation maintains three pension solutions: Flex Collective, Flex Individual and a pensioners' pension fund. In the Flex Individual product, individual investments are possible. The procedure for this is determined by the separate contractual and regulatory provisions of the Foundation.

The Flex Collective solution

All companies affiliated to this institution constitute a community. Interest on savings capital is determined annually by the Board of Foundation based on the net yield from the investment pool, taking account of the necessary reserve for fluctuations in asset value. The pension capital in the Flex Collective solution is invested in the Flex 20 investment pool.

The Flex Individual solution

In this very flexible solution, each pension fund is run as an independent, partially autonomous fund with annual balance sheet and income statement and forms its own reserve for fluctuations in asset value.

Each affiliated firm is also given its own separate coverage ratio.

Alongside its usual responsibilities, the pension commission (not the Board of Foundation) also sets the interest rate for interest on individual savings capital, taking account of the pension fund's financial situation.

The pension capital of this solution is placed entirely in three investment pools – Flex 20, Flex 30 and Flex 40.

Pensioners' pension fund

The Swisscanto Flex Collective Foundation manages the pension capital for all its pensioners in a pensioners' pension fund.

This pension fund is managed in the Flex Individual solution.

The pension fund is invested in a defensive investment pool, similar to the Flex 20 pool (for more details, see Section 6.4).

4 Significant accounting policies and valuation methods, consistency

4.1 Statement of compliance with Swiss GAAP FER 26

The provisions of Swiss GAAP FER 26 (accounting for pension schemes) were used for the present annual financial statements.

4.2 Accounting and valuation principles

The accounting and valuation principles comply with the provisions of the Swiss Code of Obligations (OR) and the BVG. The annual financial statements, consisting of the balance sheet, income statement and notes to the financial statements, present a true and fair view of the financial situation within the meaning of the law on occupational pensions, and comply with the provisions of Swiss GAAP FER 26.

Valuation methods:

Liquid funds	Nominal value
Receivables and loans	Nominal value less required valuation allowances
Collective investments (bonds, equities, real estate, alternative investments)	Market value
Prepayments and accrued income, accrued liabilities and deferred income	Nominal value
Foreign currency conversion date	Market price on reporting
Actuarial reserves	Calculation by accredited pension actuaries
Pensioners' pension capital	Calculation by accredited pension actuaries
Target value for reserves approach for fluctuations in asset value	Financial and economic

4.3 Changes in accounting and financial reporting principles

- In the 2022 annual financial statements, various modifications were made to presentation; however, these had no impact on the results in those annual financial statements overall.
- Departures of affiliates and exits and retirements of insured persons will be shown under liabilities instead of under portfolios and pension capital from 31.12.2022 onwards.
- The pension capital, the reserves for fluctuations in asset value and any changes to these will no longer be shown broken down by pension fund and pensioners' pension fund from the 2022 financial year onward, but will be shown as a combined total. The figures for the previous year were reclassified accordingly.
- The assets and the earnings of CHF 337.03 in the settlement account for transferring securities portfolios on persons joining and leaving was reported under liquid assets and money market investments from the 2022 financial year onwards, and no longer as investments. The value of CHF 345,541.20 for the previous year was reclassified accordingly.
- The employer and employee administration costs charged for affiliations were shown under ordinary and other contributions/transfers-in for the 2022 financial year. The total of CHF 2,249,278.25 shown under income from services provided for the previous year was reclassified accordingly.

- The income surplus/expense surplus was shown under ‘Increase/decrease in non-committed funds’ until the 2021 annual statement of accounts. The amount is shown as income surplus/expense surplus from the 2022 financial year onwards. The previous year’s figure of CHF 86,310,083.50 was reclassified accordingly.
- Termination benefits from transfers from contract terminations are shown under termination benefits from the 2022 financial year onwards (previous year: under regulatory benefits). The total of CHF –5,437,522.80 for the previous year was reclassified accordingly.

Owing to the circumstances set out above, the figures for the previous year are no longer comparable with the figures published in the previous year on a one-to-one basis.

5 Actuarial risks/risk benefit coverage/coverage ratio

5.1 Type of risk benefit coverage, reinsurance

The actuarial risks are borne autonomously by the Foundation. The Foundation has a stop loss reinsurance contract combined with an excess of loss reinsurance contract with Zürich Lebensversicherungs-Gesellschaft AG. These reinsurance contracts have a fixed term and run until 31 December 2023. The stop loss reinsurance contract was concluded without profit participation, and the excess of loss contract with profit participation.

The pensioners’ pension fund covers old-age pensions, disability pensions, surviving spouse’s pensions and annuities. The necessary technical provisions for the longevity risk and interest risk are calculated by the accredited pension actuaries and used in the pensioners’ pension fund.

5.2 Development of and interest on savings assets

(defined contributions)	2022 CHF	2021 CHF
Balance of savings assets as at 01.01.	1,420,561,599	1,338,355,295
Employee savings contributions	40,397,086	41,105,117
Employer savings contributions	49,053,211	50,414,597
Savings contributions – exemption from paying contributions	2,572,304	2,231,208
One-time payments and purchase amounts	10,008,940	17,264,519
Termination benefit transfers	115,827,713	130,962,739
Termination benefit transfers from takeovers	28,380,730	9,570,283
Reimbursement of withdrawals for home ownership/divorce	1,737,461	1,838,797
Termination benefits for leavers	–231,547,603	–139,653,898
Withdrawals for home ownership/divorces	–4,335,231	–6,300,080
Decrease as a result of retirement pensions drawn	–53,609,686	–49,827,546
Decrease as a result of retirement lump-sum payment	–50,241,668	–30,463,756
Decrease as a result of death or disability	–1,832,114	–3,232,134
Distribution of non-committed funds	5,602,051	–
Interest on savings capital	18,303,525	58,296,458
Accrual of termination benefits as per FZG17	101,271	–
Total active persons’ pension capital as at 31.12.	1,350,979,590	1,420,561,599

Flex Collective/pensioners' pension fund

The interest rate for interest on savings capital is determined after the distributed net yield for the Flex 20 investment pool has been announced by the Board of Foundation. The legal minimum interest rate under the Swiss law on occupational pensions (BVG) and the guidelines for forming reserves for fluctuations in asset value and for improving benefits (Art. 46 BVV2) are taken into consideration. The Board of Foundation set this interest rate at 1.00% for 2022 (previous year: 4.00%). For departures during the current year, the savings capital bears interest at the minimum rate under the BVG (1.00%; previous year: 1.00%).

Flex Individual

The interest rate for interest on savings capital is determined after the distributed net yield per investment pool has been announced by the pension funds' pension commissions, which are made up of equal numbers of employer and employee representatives. The legal minimum interest rate under the BVG, the guidelines for forming reserves for fluctuations in asset value and for improving benefits (Art. 46 BVV2) and the Regulations on Participation and Restructuring are taken into consideration. For departures during the current year, the savings capital bears interest at the minimum rate under the BVG (1.00%; previous year: 1.00%).

5.3 Total retirement savings capital in accordance with the Swiss law on occupational pensions (BVG)

	2022 CHF	2021 CHF
Retirement savings under BVG (shadow accounting) pension funds	677,897,859	700,872,656
BVG minimum interest rate	1,00%	1,00%

5.4 Pension capital development in the pensioners' pension fund

Development of pensioners' pension capital	2022 CHF	2021 CHF
Balance of pension capital as at 01.01.	849,183,183	819,516,633
Transfers from contracts taken over	2,775,981	5,410,432
Increase as a result of retirement	53,609,686	50,539,749
Transfers for disability and survivors' pensions	1,273,515	2,269,050
Transfer of actuarial reserve following transfer of portfolio of pensioners	-1,990,112	-4,665,657
Pension benefits paid out	-63,358,035	-60,264,942
Benefits for additional lump-sum death benefit and exemption from contributions, insurance benefits received	-2,807,082	-
Changes due to recalculation as at 31.12.	5,690,577	36,377,918
Total pension capital for pensioners' pension fund as at 31.12.	844,377,713	849,183,183

Overview of pensioners' pension capital

	2022 BVG2020 (acc. table 2021)	2021 BVG2020 (acc. table 2021)
Old-age pensions 1.75%	693,093,057	–
Old-age pensions 1.50%	7,188,266	701,108,304
Old-age pensions 1.25%	–	7,688,344
Old-age pensions 0.50%	798,664	–
Old-age pensions 0.25%	–	873,436
Survivors' pensions 1.75%	89,528,701	–
Survivors' pensions 1.50%	–	83,635,561
Survivors' pensions 0.50%	379,725	–
Survivors' pensions 0.25%	–	414,100
Disability pensions 1.75%	43,357,229	–
Disability pensions 1.50%	–	51,714,045
Disability pensions per the 'revolving door principle'	6,566,956	–
Annuities (child and bridging pensions) 1.75%	3,465,115	–
Annuities (child and bridging pensions) 1.50%	–	3,749,393
Total pension capital 1.75%	829,444,102	–
Total pension capital 1.50%	7,188,266	840,207,303
Total pension capital 1.25%	–	7,688,344
Total pension capital 0.50%	1,178,389	–
Total pension capital 0.25%	–	1,287,536
Disability pensions per the 'revolving door principle'	6,566,956	–
Total pensioners' pension capital	844,377,713	849,183,183

5.5 Composition, development and explanation of actuarial reserves

Overview of actuarial reserves

Actuarial reserves Pensioners' pension fund	2022 CHF	2021 CHF
Provision for longevity	4,171,728	–
Provision for excessive conversion rate	5,645,403	13,473,297
Provision for risk fluctuations for active insured persons	11,500,000	11,200,000
Total actuarial reserves Pensioners' pension fund	21,317,131	24,673,297

Actuarial reserves Pension funds	2022 CHF	2021 CHF
Provision for excessive conversion rate	4,931,129	4,879,710
Provisions	3,831,045	3,825,895
Total actuarial reserves for pension funds	8,762,175	8,705,605

Details of the individual provisions are set out below:

A) Provision for longevity

Provision for longevity Pensioners' pension fund	2022 CHF	2021 CHF
As at 01.01.	–	20,385,386
Decrease due to contract termination	–	-81,590
Decrease/increase due to recalculation	4,171,728	-20,303,796
Total provisions for longevity as at 31.12.	4,171,728	–

To take account of the trend towards continually rising life expectancies, a supplement for longevity risk of 0.50% of the pensioners' pension capital (excluding annuities) per year since 31.12 of the period year used is set aside on the reporting date every year on the calculated pensioners' pension capital (excluding annuities). As at 31.12.2022, this supplement was 0.50% of the pensioners' pension capital.

B) Provision for excessive conversion rate

Provision for excessive conversion rate

Pensioners' pension fund	2022 CHF	2021 CHF
As at 01.01.	13,473,297	14,712,710
Decrease due to contract termination	–	-46,426
Increase/decrease due to recalculation	-7,827,895	-1,192,987
Total provisions for excessive conversion rate 31.12.	5,645,403	13,473,297

Provision for excessive conversion rate

Pension funds	2022 CHF	2021 CHF
As at 01.01.	4,879,710	5,078,887
Transfers from takeovers	95,389	–
Decrease/benefits	-43,970	-199,176
Total provision for excessive conversion rate 31.12.	4,931,129	4,879,710

This provision is used to finance the regulatory conversion rate, which is higher than the actuarial conversion rate. It is formed for all insured persons who can take early, regular or deferred retirement in 2023, taking account of a lump-sum withdrawal rate of 40%. As in the previous year, disabled insured persons are taken into account as long as they are of pensionable age or above.

The decrease in the provision in the pensioners' pension fund can be attributed to the lower conversion rate from 2024 onwards and the increase in the technical interest rate at the balance sheet date. As at 31.12.2022, the provision calculated for the increased conversion rate for the pensioners' pension fund was CHF 5,645,403 (previous year: CHF 13,473,297).

Some pension funds maintain their own provisions. These were defined for the purpose of a 'preservation of vested rights' that is guaranteed to a certain group of insured persons for a defined transitional period as a consequence of affiliation with the Swisscanto Flex Collective Foundation of the Cantonal Banks.

C) Provision for risk fluctuations for active insured persons

Provision for risk fluctuations of active insured persons	2022 CHF	2021 CHF
As at 01.01.	11,200,000	13,800,000
Increase/decrease due to recalculation	300,000	-2,600,000
Total provisions	11,500,000	11,200,000

Insurance risks as at 31.12.

The provision for risk fluctuations for active insured persons is used to compensate for fluctuations in claims experience and covers the differences remaining where the actuarial risk premium or reinsurance is insufficient. The Foundation autonomously bears the risks of disability and death before retirement age is reached via stop loss and excess of loss insurance.

With this stop loss and excess of loss insurance, the amount of the provision corresponds to double the deductible under the insurance contract plus the insurance premium, minus the expected risk contribution.

D) Provisions for insurance risks for pension funds

Provisions for insurance risks for pension funds	2022 CHF	2021 CHF
As at 01.01.	3,825,895	3,821,562
Decrease/benefits from provisions for insurance risks	-9,289	-7,550
Interest on provisions	14,440	11,883
Insurance risks		
Total provisions	3,831,045	3,825,895

Insurance risks as at 31.12.

The provision for insurance risks is formed for pension funds that contain benefits in their pension plan that are insufficiently covered by the financing under the regulations. An affiliation pays interest on the provision at 2.0% (previous year: 2.0%). The pension fund is responsible for financing this.

E) Other actuarial reserves pension fund

Provisions for the decrease in the technical interest rate	2022 CHF	2021 CHF
As at 01.01.	-	4,975,072
Decrease/increase in provision for decrease in technical interest rate	-	-4,975,072
Total provisions for the decrease in the technical interest rate 31.12.	-	-

The provision for the decrease in the technical interest rate was discontinued in the previous year.

5.6 Conclusions of the last actuarial report

The last actuarial report was drawn up as of 31 December 2021. Another actuarial report was commissioned for 2022.

Conclusions from the 2021 actuarial report

The accredited pension actuary assessed the Swisscanto Flex Collective Foundation of the Cantonal Banks in accordance with Art. 52e BVG and, based on this assessment, issued the following findings:

a) Technical principles

The Foundation's technical principles are appropriate.

b) Financial security

The Foundation, the 'Pensioners' segment, the 'Flex Collective' segment and the individual pension funds in the 'Flex Individual' segment had sufficient security as at 31.12.2021 to provide the benefits promised.

c) Regulatory actuarial provisions

The regulatory actuarial provisions on benefits and financing comply with the statutory requirements.

d) Actuarial risks

The measures taken to cover actuarial risks are adequate.

e) Reserve for fluctuations in asset value

The target value for reserves for fluctuations in asset value for the Flex 40 pool is appropriate from an actuarial perspective. The target values for the reserves for fluctuations in asset value for the Flex 20 and 30 pools need to be assessed.

5.7 Actuarial principles and other assumptions of actuarial relevance

The Foundation applies a technical interest rate of 1.75% (previous year: 1.50%). As in the previous year, the technical principles applied are the BVG 2020 tables, accounting table 2021. The Foundation additionally manages new pensioner portfolios, which are each valued at a technical interest rate in accordance with the guidelines for transferring pensioner portfolios.

5.8 Changes in actuarial principles and assumptions

Comparison with previous year

Reporting date	31.12.22	31.12.21	Difference
Technical principles	BVG 2020	BVG 2020	
	(acc. table 2021)	(acc. table 2021)	
Technical interest rate	1.75% and lower	1.50% and lower	
Active persons' pension capital	1,350,979,590	1,420,561,599	-69,582,009
Pensioners' pension capital	844,377,713	849,183,183	-4,805,470
Provisions for longevity	4,171,728	-	4,171,728
Provision for excessive conversion rate	10,576,532	18,353,008	-7,776,475
Provision for risk fluctuations for active insured persons	11,500,000	11,200,000	300,000
Other actuarial provisions	3,831,045	3,825,895	5,151
Total	2,225,436,608	2,303,123,684	-77,687,076

With effect from 31.12.2022, the technical interest rate was raised from 1.50% to 1.75%. This increase in the technical interest rate from 1.50% to 1.75% meant that the pension capital and technical provisions fell by around CHF 26.0 m.

5.9 Employer contribution reserves subject to a waiver of use

No employer contribution reserves subject to a waiver of use were kept during the reporting year.

5.10 Coverage ratio under Art. 44 BVV2

Flex Collective

In the Flex Collective product, 254 affiliated employers were insured with pension capital of CHF 571,874,419 as at the balance sheet date. Some pension funds have contributed non-committed funds. These funds are managed at pension fund level.

The coverage ratio for Flex Collective was 101.50% as at 31.12.2022.

Flex Individual

The reserves for fluctuations in asset value and the non-committed funds are managed separately for each affiliated pension fund. The correct calculation of the coverage ratio must therefore be determined and assessed individually for each affiliation.

Pensioners' pension fund

The pensioners' pension fund showed a funding deficiency of CHF 24,582,575 on the balance sheet date, representing a coverage ratio of 97.16% on the balance sheet date.

The following overview breaks down the pension funds by coverage ratio:

Composition (all pension funds in Flex Collective, Flex Individual and the pensioners' pension fund)

Coverage ratio including employer contribution reserve subject to a waiver of use	Number of pension funds	Number of insured	Number of pensioners	Total assets in CHF m	Funding deficiency/surplus	Reserve deficit including funding deficiency
85–89.99%	–	–	–	–	–	–
90–94.99%	1	12	–	1,455,224	-106,064	320,010
95–99.99%	4	153	2,942	869,112,906	-24,698,165	155,166,854
100–104.99%	262	6,034	–	780,747,402	11,497,551	14,132,912
105–109.99%	15	2,052	–	317,388,410	22,385,194	21,898,167
110–114.99%	11	900	–	194,696,841	17,896,082	10,400,971
115–119.99%	–	–	–	–	–	–
> 120%	15	825	–	227,188,138	47,905,806	–
Total	308	9,976	2,942	2,390,588,921	74,880,405	201,918,913

Evidence of coverage ratio Flex Collective	2022 CHF	2021 CHF
Active persons' pension capital	571,874,417	623,404,147
Actuarial reserves	–	–
Necessary pension capital and actuarial reserves	571,874,417	623,404,147
Reserves for fluctuations in asset value Flex Collective	8,599,233	52,989,353
Non-committed funds	–	40,715,749
Available pension capital	580,473,650	717,109,249
Flex Collective coverage ratio	101.50%	115.03%

Evidence of coverage ratio for Flex Individual (including any employer contribution reserves subject to a waiver of use)	2022 CHF	2021 CHF
Active persons' pension capital	778,856,570	791,272,269
Actuarial reserves	8,762,175	8,705,605
Necessary pension capital and actuarial Provisions	787,618,745	799,977,874
Reserves for fluctuations in asset value Flex Individual	75,155,530	98,278,78
Non-committed funds	19,813,886	139,245,448
Employer contribution reserve subject to a waiver of use	–	–
Available pension capital	882,588,161	1,037,502,107
Coverage ratio for Flex Individual	112.06%	129.69%

The coverage ratio for all pension funds with individual investments is 112.06% (previous year: 129.69%). This coverage ratio should be taken as an average value within the affiliations with individual investments. The determining factor for each pension fund is the coverage ratio individually reported. As at 31.12.2022, the individually calculated coverage ratio varies between 92.76% and 200.83%.

Evidence of coverage ratio Pensioners' pension fund	2022 CHF	2021 CHF
Disabled persons' pension capital	248,602	5,885,183
Pensioners' pension capital	844,377,713	849,183,183
Actuarial reserves	21,317,131	24,673,297
Necessary pension capital and actuarial reserves	865,943,446	879,741,663
Reserves for fluctuations in asset value	–	52,616,923
Pensioners' pension fund		
Non-committed funds/ funding deficiency	–24,582,575	–
Available pension capital	841,360,870	932,358,586

Coverage ratio Pensioners' pension fund	97.16%	105.98%
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Evidence of coverage ratio Swisscanto Flex Collective Foundation	2022 CHF	2021 CHF
Active persons' pension capital	1,350,979,590	1,420,561,599
Pensioners' pension capital	844,377,713	849,183,183
Actuarial reserves	30,079,305	33,378,902
Necessary pension capital and actuarial reserves	2,225,436,608	2,303,123,684
Reserves for fluctuations in asset value	83,754,763	203,885,061
Non-committed funds (including collective affiliations)	2,872,097	186,789,413
Available pension capital	2,312,063,468	2,693,798,158

Coverage ratio Swisscanto Flex Collective Foundation	103.89%	116.96%
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The coverage ratio across all pension funds is 103.89% (previous year: 116.96%). This coverage ratio is informative in nature. The determining factor for each pension fund is the coverage ratio individually reported.

6 Explanatory notes on investments and net return on investments

6.1 Organisation of investment activities, investment advisor, investment manager and Investment Regulations

In the reporting year, the assets of the active insured persons in the Swisscanto Flex Collective Foundation were invested in three investment pools, Flex 20, Flex 30 and Flex 40, in accordance with the Investment Regulations drawn up by the Board of Foundation. A separate pool is managed for the pensioners' pension fund.

The assets are managed under an asset management mandate by ZKB Asset Management (registered under Art. 48f BVV2). The portfolio manager's responsibilities are defined in the asset management agreement of 4 June 2016. They mainly involve managing the assets of the Swisscanto Flex Collective Foundation, compiling a monthly report on the basic investments and informing the Board of Foundation of the results achieved, market expectations and any extraordinary events pertaining to those basic investments.

The assets of the Swisscanto Flex Collective Foundation are invested in rights in the Swisscanto Investment Foundation and institutional funds/institutional tranches of Swisscanto, and in third-party funds.

The global custodian is Zürcher Kantonalbank, which runs the individual accounts and custody accounts under the mandate.

As per the asset management agreement of 4 February 2016, investment controlling at the mandate level is carried out by Swisscanto Fondsleitung AG.

Compensation for fund management

The Swisscanto Flex Collective Foundation uses retrocession-free investment vehicles wherever possible, so that the compensation accrued can flow back into the corresponding investment vehicles immediately as income.

6.2 Use of expanded investment possibilities (Art. 50 para. 4 BVV2) with coherent presentation of compliance with security and risk distribution (Art. 50 paras. 1–3 BVV2)

As at the balance sheet date, no expansions of the investment guidelines under BVV2 had been made.

6.3 Target value for and calculation of the reserve for fluctuations in asset value

The target value for the reserves for fluctuations in asset value is determined collectively for the Flex Collective product and individually for each pension fund for the Flex Individual product.

The calculation basis for this is set out in Annex 3 to the Investment Regulations and is determined via the traditional VaR approach (security level 97.5% (previous year: 98.0%), time horizon of 1 year). The target value for reserves for fluctuations in asset value is reviewed periodically and adjusted if necessary. The Board of Foundation and the pension commissions may define the safety level and time horizon for the reserve for fluctuations in asset value differently according to the pool chosen for the pension fund.

The target values determined using this model for the reserves for fluctuations in asset value were as follows for the different investment pools in 2022:

Flex 20	14.6%
Flex 30	17.2%
Flex 40	20.5%

Some pension funds apply a higher target value for forming reserves for fluctuations in asset value.

For pension funds structured as split supplementary or management solutions and that offer no BVG-relevant plans, the target value for reserves for fluctuations in asset value is reduced by 2.5 percentage points.

Investment-pool	Target value for reserve for fluctuations in asset value in %	Number of pension funds	Necessary assets	Necessary reserves for fluctuations in asset value in CHF	Available reserves for fluctuations in asset value	Reserve deficit (-)/ Reserve-surplus
Flex 20	14.60%	280	813,470,570	118,697,106	26,099,049	-92,598,057
<i>of which pension funds with a target value of 0–50%</i>		267*	698,384,466	101,894,527	13,841,968	-88,052,559
<i>of which pension funds with a target value of 50–75%</i>		6	87,402,812	12,760,814	8,288,740	-4,472,074
<i>of which pension funds with a target value of 75–100%</i>		2	6,248,924	912,344	838,920	-73,424
<i>of which pension funds with a target value of > 100%</i>		5	21,434,368	3,129,421	3,129,421	0
Flex 30	17.20%	19	392,458,264	67,477,088	29,549,594	-37,927,494
<i>of which pension funds with a target value of 0–50%</i>		9	223,723,761	38,454,748	9,774,074	-28,680,674
<i>of which pension funds with a target value of 50–75%</i>		5	137,292,246	23,614,269	14,171,412	-9,442,857
<i>of which pension funds with a target value of 75–100%</i>		0	0	0	0	0
<i>of which pension funds with a target value of > 100%</i>		5	31,442,257	5,408,071	5,604,107	196,036
Flex 40	20.50%	8	153,101,080	31,385,725	28,100,155	-3,285,570
<i>of which pension funds with a target value of 0–50%</i>		1	7,315,110	1,499,598	738,669	-760,929
<i>of which pension funds with a target value of 50–75%</i>		1	30,992,903	6,353,546	3,717,034	-2,636,512
<i>of which pension funds with a target value of 75–100%</i>		0	0	0	0	0
<i>of which pension funds with a target value of > 100%</i>		6	114,793,067	23,532,581	23,644,453	111,872
Total		307	1,359,029,914	217,559,919	83,748,798	-133,811,121

* This includes Flex Collective, with its 254 affiliates and a coverage ratio of 101.50%.

Investment pool	Target for Number of reserve for fluctuations in %	Number of pension funds	Necessary assets	Necessary reserves for fluctuations in asset value in CHF	Available reserves for fluctuations in asset value	Reserve deficit (-)/ Reserve-surplus
Flex						
Rentnerkasse	14.60%	1	865,943,446	126,427,744	0	-126,427,744
<i>of which pension funds with a target value of 0–50%</i>		1	865,943,446	126,427,744	0	-126,427,744
<i>of which pension funds with a target value of 50–75%</i>		0	0	0	0	0
<i>of which pension funds with a target value of 75–100%</i>		0	0	0	0	0
<i>of which pension funds with a target value of > 100%</i>		0	0	0	0	0
Total		1	865,943,446	126,427,744	0	-126,427,744

The available reserves for fluctuations in asset value can be broken down as follows:

	2022 CHF	2021 CHF
Reserve for fluctuations in asset value for pension funds	83,754,763	151,268,138
Reserve for fluctuations in asset value for pensioners' pension funds	–	52,616,923
Total	83,754,763	203,885,061

6.4 Presentation of the investments by investment categories per investment pool as at 31.12.2022

Flex 20

Asset allocation as of 31.12.2022

Investment category	Benchmark	Amount (CHF)	Portfolio	Benchmark	Delta	Range	BVV 2
Cash/money market	FTSE 1-Month Swiss Franc Eurodeposit	9,275,987	0.99%	2.00%	-1.01%	0.00%–10.00%	–
Bonds CHF	Swiss Bond Index AAA–BBB (TR) in CHF	258,089,489	27.57%	30.00%	-2.43%	22.00%–38.00%	–
Bonds in FC	Bloomberg Barclays Global Aggregate Index (TR) hedged in CHF	103,012,729	11.00%	12.00%	-1.00%	6.00%–18.00%	–
Bonds grade bonds	Bloomberg Barclays Global High Yield Bond Index (TR) hedged in CHF	0	0.00%	0.00%	0.00%	0.00%–5.00%	–
<i>Total FC and sub-inv. grade bonds</i>		<i>103,012,729</i>	<i>11.00%</i>	<i>12.00%</i>	<i>-1.00%</i>	<i>6.00%–18.00%</i>	<i>–</i>
Equities CHF	Swiss Performance Index (TR) in CHF	131,634,342	14.06%	14.00%	0.06%	9.00%–19.00%	max. 50%
Equities abroad	MSCI All Country World ex Switzerland Index (TR Net) in CHF	126,940,727	13.56%	14.00%	-0.44%	9.00%–19.00%	
<i>Total equities</i>		<i>258,575,069</i>	<i>27.62%</i>	<i>28.00%</i>	<i>-0.38%</i>	<i>22.00%–32.00%</i>	<i>–</i>
Real estate CHF	50% SXI Real Estate Funds Index TR/50% KAGST Real Estate in CHF	208,372,672	22.26%	20.00%	2.26%	17.00%–23.00%	30%
Real estate abroad	FTSE EPRA Nareit Developed World Index (TR net) hedged in CHF	61,241,570	6.54%	5.00%	1.54%	2.00%–8.00%	(max. 1/3 real estate abroad)
<i>Total real estate</i>		<i>269,614,242</i>	<i>28.80%</i>	<i>25.00%</i>	<i>3.80%</i>	<i>19.00%–30.00%</i>	<i>–</i>
Gold	LBMA Gold Price in CHF	37,689,228	4.03%	3.00%	1.03%	0.00%–5.00%	max. 15%
		936,256,745	100.00%				
<i>Of which in foreign currency with no currency hedging</i>		169,239,983	18.08%	17.00%	1.08%	0.00%–30.00%	max. 30%

Flex 30

Asset allocation as of 31.12.2022

Investment category	Benchmark	Amount (CHF)	Portfolio	Benchmark	Delta	Range	BVV 2
Cash/money market	FTSE 1-Month Swiss Franc Eurodeposit	4,402,668	0.88%	2.00%	-1.12%	0.00%–10.00%	–
Bonds CHF	Swiss Bond Index AAA–BBB (TR) in CHF	88,934,815	17.71%	20.00%	-2.29%	12.00%–28.00%	–
Bonds in FC	Bloomberg Barclays Global Aggregate Index (TR) hedged in CHF	65,223,935	12.99%	14.00%	-1.01%	8.00%–20.00%	–
Sub-inv.-grade bonds	Bloomberg Barclays Global High Yield Bond Index (TR) hedged in CHF	0	0.00%	0.00%	0.00%	0.00%–5.00%	–
<i>Total FC and sub-inv. grade bonds</i>		<i>65,223,935</i>	<i>12.99%</i>	<i>14.00%</i>	<i>-1.01%</i>	<i>8.00%–20.00%</i>	<i>–</i>
Equities CHF	Swiss Performance Index (TR) in CHF	90,620,836	18.05%	18.00%	0.05%	13.00%–23.00%	max. 50%
Equities abroad	MSCI All Country World ex Switzerland Index (TR Net) in CHF	88,125,356	17.55%	18.00%	-0.45%	13.00%–23.00%	
<i>Total equities</i>		<i>178,746,192</i>	<i>35.60%</i>	<i>36.00%</i>	<i>-0.40%</i>	<i>28.00%–40.00%</i>	<i>–</i>
Real estate CHF	50% SXI Real Estate Funds Index TR/50% KAGST Real Estate in CHF	111,598,962	22.23%	20.00%	2.23%	17.00%–23.00%	30% including abroad
Real estate abroad	FTSE EPRA Nareit Developed World Index (TR net) hedged in CHF	32,952,871	6.56%	5.00%	1.56%	2.00%–8.00%	(max. 1/3 real estate abroad)
<i>Total real estate</i>		<i>144,551,833</i>	<i>28.79%</i>	<i>25.00%</i>	<i>3.79%</i>	<i>19.00%–30.00%</i>	<i>–</i>
Gold	LBMA Gold Price in CHF	20,176,514	4.02%	3.00%	1.02%	0.00%–5.00%	max. 15%
		502,035,957	100.00%				
<i>Of which in foreign currency with no currency hedging</i>		111,259,962	22.16%	21.00%	1.16%	0.00%–30.00%	max. 30%

Flex 40

Asset allocation as of 31.12.2022

Investment category	Benchmark	Amount (CHF)	Portfolio	Benchmark*	Delta	Range	BVV 2
Cash/money market	FTSE 1-Month Swiss Franc Eurodeposit	4,144,891	1.97%	2.00%	-0.03%	0.00%–10.00%	–
Bonds CHF	Swiss Bond Index AAA–BBB (TR) in CHF	20,648,875	9.81%	12.00%	-2.19%	6.00%–18.00%	–
Bonds in FC	Bloomberg Barclays Global Aggregate Index (TR) hedged in CHF	18,964,802	9.01%	10.00%	-0.99%	4.00%–16.00%	–
Sub-inv.-grade bonds	Bloomberg Barclays Global High Yield Bond Index (TR) hedged in CHF	0	0.00%	0.00%	0.00%	0.00%–5.00%	–
<i>Total FC and sub-inv. grade bonds</i>		<i>18,964,802</i>	<i>9.01%</i>	<i>10.00%</i>	<i>-0.99%</i>	<i>4.00%–16.00%</i>	<i>–</i>
Equities CHF	Swiss Performance Index (TR) in CHF	48,494,243	23.03%	23.00%	0.03%	18.00%–28.00%	max. 50%
Equities abroad	MSCI All Country World ex Switzerland Index (TR Net) in CHF	47,406,271	22.52%	23.00%	-0.48%	18.00%–28.00%	
<i>Total equities</i>		<i>95,900,514</i>	<i>45.55%</i>	<i>46.00%</i>	<i>-0.45%</i>	<i>40.00%–50.00%</i>	<i>–</i>
Real estate CHF	50% SXI Real Estate Funds Index TR/50% KAGST Real Estate in CHF	47,571,598	22.59%	21.00%	1.59%	18.00%–24.00%	30% including abroad
Real estate abroad	FTSE EPRA Nareit Developed World Index (TR net) hedged in CHF	14,867,622	7.06%	6.00%	1.06%	3.00%–9.00%	(max. 1/3 real estate abroad)
<i>Total real estate</i>		<i>62,439,220</i>	<i>29.66%</i>	<i>27.00%</i>	<i>2.66%</i>	<i>21.00%–30.00%</i>	<i>–</i>
Gold	LBMA Gold Price in CHF	8,445,142	4.01%	3.00%	1.01%	0.00%–5.00%	max. 15%
		210,543,444	100.00%				
<i>Of which in foreign currency with no currency hedging</i>		56,150,709	26.67%	26.00%	0.67%	0.00%–30.00%	max. 30%

Flex pensioners' pension fund

Asset allocation as of 31.12.2022

Investment category	Benchmark	Amount (CHF)	Portfolio	Benchmark	Delta	Range	BVV 2
Cash/money market	FTSE 1-Month Swiss Franc Eurodeposit	7,897,036	1.10%	2.00%	-0.90%	0.00%–10.00%	–
Bonds CHF	Swiss Bond Index AAA–BBB (TR) in CHF	197,606,725	27.56%	30.00%	-2.44%	22.00%–38.00%	–
Bonds in FC	Bloomberg Barclays Global Aggregate Index (TR) hedged in CHF	78,961,006	11.01%	12.00%	-0.99%	6.00%–18.00%	–
Bonds grade bonds	Bloomberg Barclays Global High Yield Bond Index (TR) hedged in CHF	0	0.00%	0.00%	0.00%	0.00%–5.00%	–
<i>Total FC and sub-inv. grade bonds</i>		<i>78,961,006</i>	<i>11.01%</i>	<i>12.00%</i>	<i>-0.99%</i>	<i>6.00%–18.00%</i>	<i>–</i>
Equities CHF	Swiss Performance Index (TR) in CHF	100,459,101	14.01%	14.00%	0.01%	9.00%–19.00%	max. 50%
Equities Ausland	MSCI All Country World ex Switzerland Index (TR Net) in CHF	97,308,392	13.57%	14.00%	-0.43%	9.00%–19.00%	
<i>Total equities</i>		<i>197,767,493</i>	<i>27.58%</i>	<i>28.00%</i>	<i>-0.42%</i>	<i>22.00%–32.00%</i>	<i>–</i>
Real estate CHF	50% SXI Real Estate Funds Index TR/50% KAGST Real estate in CHF	158,863,892	22.15%	20.00%	2.15%	17.00%–23.00%	30%
Real estate abroad	FTSE EPRA Nareit Developed World Index (TR net) hedged in CHF	47,111,409	6.57%	5.00%	1.57%	2.00%–8.00%	including abroad (max. 1/3 real estate abroad)
<i>Total real estate</i>		<i>205,975,301</i>	<i>28.72%</i>	<i>25.00%</i>	<i>3.72%</i>	<i>19.00%–30.00%</i>	<i>–</i>
Gold	LBMA Gold Price in CHF	28,856,498	4.02%	3.00%	1.02%	0.00%–5.00%	max. 15%
		717,064,058	100.00%				
<i>Of which in foreign currency with no currency hedging</i>		130,170,864	18.15%	17.00%	1.15%	0.00%–30.00%	max. 30%

The investment guidelines pursuant to the current Investment Regulations and Art. 54, Art. 54a, Art. 54b BVV2 were complied with (as they were the previous year).

Securities of CHF 55,855 are recorded on the balance sheet at the pension fund level. These are securities that it has not yet been possible to sell in the course of a transfer.

A separate account and custody account for the deposit and delivery of securities is recorded under the 'Settlement account' item on the balance sheet. The balance on this account was CHF 337 as at 31.12.2022. This balance is primarily cash.

6.5 Current (open) derivative financial instruments

No derivative financial instruments are deployed at the level of the Foundation.

6.6 Open lump-sum payments

There are no open lump-sum payments as at the balance sheet date.

6.7 Market value and securities counterparties in securities lending

The Investment Regulations permit securities lending. No securities lending was performed as of the balance sheet date.

6.8 Explanatory notes on net return on investments

Portfolio	Net yield 2022	Net yield 2021
Flex 20	-10.52%	7.61%
Flex 30	-11.25%	9.75%
Flex 40	-11.92%	12.81%
Pensioners' pension fund	-10.46%	7.56%

As a result of the distribution approved by the Board of Foundation, the following costs arose:

Pension fund (individual/collective)	2022 CHF	2021 CHF
Flex 20	-108,882,320	76,983,405
Flex 30	-57,305,420	39,704,753
Flex 40	-28,457,519	26,432,104
Total net distribution for pension funds	-194,645,259	143,120,262

Pensioners' pension fund	2022 CHF	2021 CHF
Pensioners' pension fund	-84,092,799	58,876,980
Total net distribution Pensioners' pension fund	-84,092,799	58,876,980

In accordance with the Regulations on Participation and Restructuring, restructuring credits were allocated to the pensioners' pension fund for 2022. These restructuring credits constituted 1.0% of pensioners' pension capital and were debited from the pension funds in the 'Flex Individual' and 'Flex Collective' segments in proportion to the average assets in the past year.

	2022 CHF	2021 CHF
Flex Individual	-5,178,825	10,439,707
Flex Collective	-3,445,755	7,146,670
	-8,624,580	17,586,377

6.9 Note on the asset management costs

Investments	Flex 20	Flex 30	Flex 40	Flex pensioners' pension fund	Individual investments of pension fund	Total for the Flex Collective Foundation	Total for the Flex Collective Foundation
	31.12.2022	31.12.2022	31.12.2022	31.12.2022	31.12.2022	31.12.2022	31.12.2021
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Total investments	936,256,745	502,035,957	210,543,444	717,064,058	55,855	2,365,956,059	2,702,759,778
of which:							
Transparent investments	936,256,745	502,035,957	210,543,444	717,064,058	55,855	2,365,956,059	2,702,759,778
Non-transparent investments under Article 48a, para. 3 BVV2	–	–	–	–	–	–	–
Cost transparency ratio for cost-transparent investments	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost transparency ratio for non-cost-transparent investments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset management costs							
Directly recognised asset management costs	1,426,000	773,787	343,718	1,064,672	–	3,608,177	3,482,196
Total of all key cost figures in CHF for collective investments	1,884,560	964,686	432,037	1,476,517	–	4,757,800	4,935,973
Asset management costs recognised in the income statement	3,310,560	1,738,473	775,755	2,541,189	–	8,365,977	8,418,169
As a percentage of cost-transparent investments						0.35%	0.31%

6.10 Note on investments in the employer and employer contribution reserves Investments in the employer (receivables)

Apart from the customary contribution receivables, there are no investments in the employer. The outstanding receivables contain contributions from the last quarter of 2022 in the amount of CHF 15,317,467 and older outstanding contributions of CHF 2,921,771.

Employer contribution reserves	2022 CHF	2021 CHF
Balance of employer contribution reserves as at 01.01.	19,173,182	18,858,806
Increase	2,043,174	3,854,462
Decrease (contribution financing)	-2,734,628	-3,647,106
Decrease following contract termination	-100,053	-50,432
*Interest	117,473	157,451
Total employer contribution reserves as at 31.12.	18,499,148	19,173,182

* In the Flex Collective product, employer contribution reserves bear interest at the BVG rate (1.00%, previous year: 1.00%). For the Flex Individual product, the interest is decided by the pension commission.

7 Explanatory notes on other balance sheet and income statement items

7.1 Prepayments and accrued income

	2022 CHF	2021 CHF
Advance payment of risk premiums	472,128	407,732
Reinsurance		
	472,128	407,732

7.2 Liabilities

	2022 CHF	2021 CHF
Termination benefits transferred in and takeovers	11,742,443	29,691,779
Pending termination benefits	65,013,265	20,737,614
Banks and insurance companies	334,618	334,618
Other liabilities	2,308,299	2,080,841
	79,398,624	52,844,851

7.3 Passive Rechnungsabgrenzung

	2022 CHF	2021 CHF
Asset management fees	76,234	145,289
Other accrued liabilities and deferred income	65,000	150,000
	141,234	295,289

7.4 Overview of contributions

The contributions are calculated individually for each affiliated pension fund. The pension plan chosen by the affiliation is decisive. Each affiliation receives a breakdown of payments and costs which shows the annual and monthly contributions per participant. In addition, each affiliation is sent a detailed invoice each month.

Composition of the contributions:	2022 CHF	2021 CHF
Savings contributions	89,450,298	91,519,713
Risk premiums	11,332,849	11,917,339
Inflation premiums	356,000	367,232
Contributions to Security Fund	412,874	501,903
Administrative costs	2,162,299	2,249,278
	103,714,319	106,555,465

7.5 Foundation capital

The Foundation capital is CHF 100,000.

	2022 CHF	2021 CHF
Balance of Foundation capital on 01.01.	100,000	100,000
Balance on 31.12.	100,000	100,000

7.6 Non-actuarial reserves

The non-technical provisions was discontinued as of 31.12.2021.

	2022 CHF	2021 CHF
Balance of non-actuarial reserves as at 01.01.	-	500,000
Decrease	-	-500,000
Balance on 31.12.	-	-

8 Supervisory authority requirements

There are no supervisory authority requirements.

9 Further information regarding the financial situation

9.1 Funding deficiency/note on the measures taken (Art. 44 BVV2)

By virtue of the concept underlying the structure of the Swisscanto Flex Collective Foundation, it is possible in principle for pension funds suffering a funding deficiency to become affiliated to it. As at 31.12.2022, 4 pension funds and the pensioners' pension fund (previous year: none) are in a funding deficiency.

The pension commission determines the necessary restructuring measures for pension funds within the 'Flex Individual' segment after consulting with the Board of Foundation and the administrative office.

	Number of insured persons	Number of pensioners	Necessary pension capital	Funding deficiency	Available pension capital	Coverage ratio I
Pension fund I	64	–	18,226,126	–19,524	18,206,602	99.89%
Pension fund II	12	–	1,465,382	–106,064	1,359,319	92.76%
Pension fund III	21	–	2,086,957	–8,364	2,078,593	99.60%
Pension fund IIII	64	–	7,364,613	–87,702	7,276,911	98.81%
Pensioners' pension fund	4	2,942	865,943,446	–24,582,575	841,360,870	97.16%
Total	165	2,942	895,086,524	–24,804,229	870,282,295	–

	Employer reserves subject to waiver of use	Available pension capital including employer reserve	Coverage ratio II	Target value VFR in %	Target value VFR in CHF	Reserve deficit I
Pension fund I	–	18,206,602	99.89%	14.60%	2,661,014	–2,680,538
Pension fund II	–	1,359,319	92.76%	14.60%	213,946	–320,009
Pension fund III	–	2,078,593	99.60%	14.60%	304,696	–313,060
Pension fund IIII	–	7,276,911	98.81%	14.60%	1,075,233	–1,162,935
Pensioners' pension fund	–	841,360,870	97.16%	14.60%	126,427,743	–151,010,319
Total	–	870,282,295	–	–	130,682,632	–155,486,861

9.2 Partial liquidation

12 of the Flex Individual pension funds were examined on 31 December 2021 to determine whether the requirements for a partial liquidation were met. This was to be processed during the course of 2022. These requirements were met for 2 of the 12 pension funds and the partial liquidation was carried out during the reporting year.

5 of the Flex Individual pension funds were examined on 31 December 2022 to determine whether the requirements for a partial liquidation were met. This examination revealed that none of the Flex Collective pension funds, or the pensioners' pension fund, met the requirements for partial liquidation as at 31 December 2022.

10 Events subsequent to the balance sheet date

No events took place that need to be taken into consideration.

Glattbrugg, 17 May 2023
Place, date

Dr Christof Strässle
Chairman of the Board of Foundation

Glattbrugg, 17 May 2023
Place, date

Urs Ackermann
Managing Director

Report of the statutory auditor



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To the Foundation Board of
Swisscanto Flex Sammelstiftung der Kantonalbanken, Glattbrugg

Zurich, 17 May 2023

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Swisscanto Flex Sammelstiftung der Kantonalbanken (the Occupational pension scheme), which comprise the balance sheet as at 31 December 2022, the operating accounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (page 13 to 38) comply with Swiss law, the foundation deed and the scheme regulations.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Occupational pension scheme in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Foundation Board is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Foundation Board's responsibilities for the financial statements

The Foundation Board is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law, the foundation deed and the scheme regulations, and for such internal control as the Foundation Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Responsibilities of the expert in occupational benefits for the audit of the financial statements

The Foundation Board appoints a statutory auditor as well as an expert in occupational benefits for the audit. The expert in occupational benefits is responsible for evaluating the necessary reserves for underwriting insurance-related risk, consisting of pension liabilities and actuarial reserves. Assessing the evaluation of the pension liabilities and actuarial reserves is not a task of the statutory auditor pursuant to Art. 52c para. 1 let. a of the Swiss Occupational Pensions Act (OPA). In accordance with Art. 52e para. 1 OPA, the expert in occupational benefits also evaluates whether the occupational pension scheme provides assurance that it can meet its obligations and whether all insurance-related provisions regarding benefits and funding in the scheme regulations comply with the legal requirements.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at:

<https://www.expertsuisse.ch/en/audit-report-of-an-occupational-pension-scheme>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



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. In accordance with Art. 52c para. 1 OPA and Art. 35 of the Occupational Pensions Ordinance 2 (OPO 2) we have performed the prescribed procedures.

We have assessed whether:

- ▶ the 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 Occupational pension scheme;
- ▶ the investment of assets complies with legal and regulatory requirements;
- ▶ the occupational pension accounts OPA 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 duties of loyalty are fulfilled and interests are disclosed;
- ▶ the non-committed funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- ▶ in the event of an underfunding, the Occupational pension scheme has taken the necessary measures to restore full coverage;
- ▶ the legally required information and reports have been issued to the supervisory authority;
- ▶ the Occupational pension scheme's interests are safeguarded in disclosed transactions with related parties.

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

The coverage of the occupational pension scheme as of 31 December 2022 amounts to 103.89%. The occupational pension scheme comprises 308 affiliated occupational pension schemes (incl. pensioners' pension fund), of which four and the pensioners' pension fund shows an underfunding. Reference is made to the information in the notes section 5.10 to the financial statements for an overview of the coverage of the respective affiliated occupational pension schemes.

For those affiliated occupational pension schemes with a coverage of less than 100% it is examined on the basis of Art. 35a para. 2 OPO 2 whether the investments are in line with the risk capacity for each affiliated occupational pension scheme.

In our opinion,

- ▶ the Foundation Board in consultation with the respective pension commission fulfills its management role in a clear and comprehensible manner in its choice of an investment strategy appropriate to the given risk capacity, as described in the notes to the financial statements under section 6;
- ▶ the Foundation Board in consultation with the respective pension commission complies with the legal requirements when making investments and in particular has determined the risk capacity by assessing all assets and liabilities in accordance with the actual financial situation, as well as the scheme's structure and expected development in the insured population;
- ▶ the investments with employers are legally compliant;
- ▶ taking the above into consideration, the investments of assets are in compliance with the provisions of Art. 49a and Art. 50 OPO 2;
- ▶ The Foundation Board has confirmed to us that it will monitor the effectiveness of the measures taken to remedy the underfunding and adapt the measures as required.



Emphasis of matter paragraph

We would also like to point out that the Foundation Board in consultation with the respective pension commission had not yet drawn up the necessary measures to restore full coverage at the time of our reporting and that the Foundation Board in consultation with the respective pension commission have not yet passed any resolutions. In this context we refer to the explanations in the notes under section 9.1.

We note that the possibility of remedying the underfunding and the risk capacity regarding investments may also be subject to unpredictable events, e.g., developments in the investment markets and with employers.

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

Ernst & Young Ltd



Marco Schmid
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Jasmin Bernhard
(Qualified
Signature)

Licensed audit expert