

Fondation 2^{ème} pilier swissstaffing

Management Report for 2019

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A pioneer and expert

The swissstaffing Pension Fund has been the insurance solution for temporary and permanent staff since 1985. Secure, CBA (collective bargaining agreement) compliant and flexible for both employers and employees.

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Pfäffikon, June 2020

Introduction

Pfäffikon, June 2019

Dear Reader

This Management report of Stiftung 2. Säule swissstaffing/Fondation 2^{ème} pilier swissstaffing (the «Foundation») contains the most significant information about the financial year from 1 January to 31 December 2019. It is an essential component of our communication policy, and is to be distributed to all members of the Foundation by their employers. The Foundation is committed to good governance and transparency. This is why, at the beginning of this report, we wish to underscore how important it is that this information reach its intended recipients. We thank the representatives of the affiliated companies for their support in this endeavour.

The Foundation will be happy to send you additional copies on request. This report will also be available on the swissstaffing Association website.

If 2018 was a difficult year in terms of asset management, 2019 was one of the most successful ones in decades. The net return of Stiftung 2. Säule swissstaffing/Fondation 2^{ème} pilier swissstaffing reached +17.80%. This value is well above the average net return of Swiss Pension Funds of +10.40% published in the annual survey of the Independent Regulatory Commission.

The positive developments in the financial markets allowed us to reach a funded status of 141.09% at 31 December 2019. This represents an increase of over 20% from the funded status of 120.94% in 2018. The target value of the investment fluctuation reserve set by the pension Board being 25% of pension liabilities, this means that the Foundation has now reached its full risk capacity. This year again, the good results of the Fund benefit both insured members and pensioners:

- As in past years, retirement savings were credited an interest at least 2% above that of the minimum BVG / LPP in 2019 (i.e. 3.0%, unchanged since 1 January 2017).
- A 13th pension was paid to all pensioners receiving a retirement, disability, survivor's or a child pension. Payment was made in December.

Stiftung 2. Säule swissstaffing / Fondation 2^{ème} pilier swissstaffing was not spared by the financial crisis caused by the COVID-19. A careful approach to asset management, a diversified investment strategy as well as our Fund's healthy condition all contribute to the solid base of our Foundation and make us confident about the second half of 2020.

Enjoy your reading!

Yours truly,



Georg Staub
President



Martin Meili
Secretary

Presentation of the Foundation

Stiftung 2. Säule swissstaffing/Fondation 2^{ème} pilier swissstaffing was founded on 1 January 1985 to meet the requirements of the Federal Act on Occupational Retirement, Survivors, and Disability Pension Plans (BVG/LPP). At the time, it was expressly designed to fulfil the specific needs of temporary employment agencies and their employees; it now guarantees all benefits within the scope of the legislation and implementing ordinances on mandatory occupational benefits.

Since the middle of 2017, in accordance with Article 48 BVG/LPP, the Foundation has been listed in the register of occupational benefit institutions of the Zentralschweizer Aufsichtsbehörde (ZBSA), the Regulatory Authority with oversight over the Foundation; previously, it was listed with the Autorité de surveillance LPP et des fondations de Suisse occidentale (AS-SO). Accordingly, it is licensed to provide mandatory occupational benefits.

Therefore, the member companies of swissstaffing Association can comply with their statutory duty to provide occupational benefits by joining the Foundation. Moreover, the framework conditions of the collective agreement for temporary workers (GAV/CCT) regarding occupational benefits are guaranteed through the Foundation.

Our Foundation also offers recruitment companies as a whole the possibility of affiliating their in-house employees, thereby providing additional opportunities in the field of extra-mandatory benefits for those who are interested.

The Foundation is an occupational benefits institution which prides itself on its efficient cost and risk management. The Foundation's operating costs are

- Asset management costs: CHF 172 per year and recipient, or 0.68% of assets under management;
- General administration costs: CHF 125 per year and recipient (including auditor, accredited pension actuary and regulatory authorities);
- Total operating costs: CHF 297 per year and recipient.

The Foundation has been managed for many years by Aon Switzerland Ltd (formerly PRASA, then Hewitt Associates SA) in Neuchâtel. It currently has more than 330 affiliation agreements representing over 164 companies in the industry serving 28,959 active members and pensioners. For 2019, this represented close to 310,000 salaries reported, 37,518 new affiliations and 37,347 departures.

The Pension Board is the Foundation's highest governing body and is currently composed of five members, all of whom either work in, or have extensive knowledge of, the occupational benefits industry (see composition of the Pension Board on page 10).

Looking for:
Staff leasing companies.

On offer:
A coverage ratio of 141%.

Georg Staub
President of the Foundation

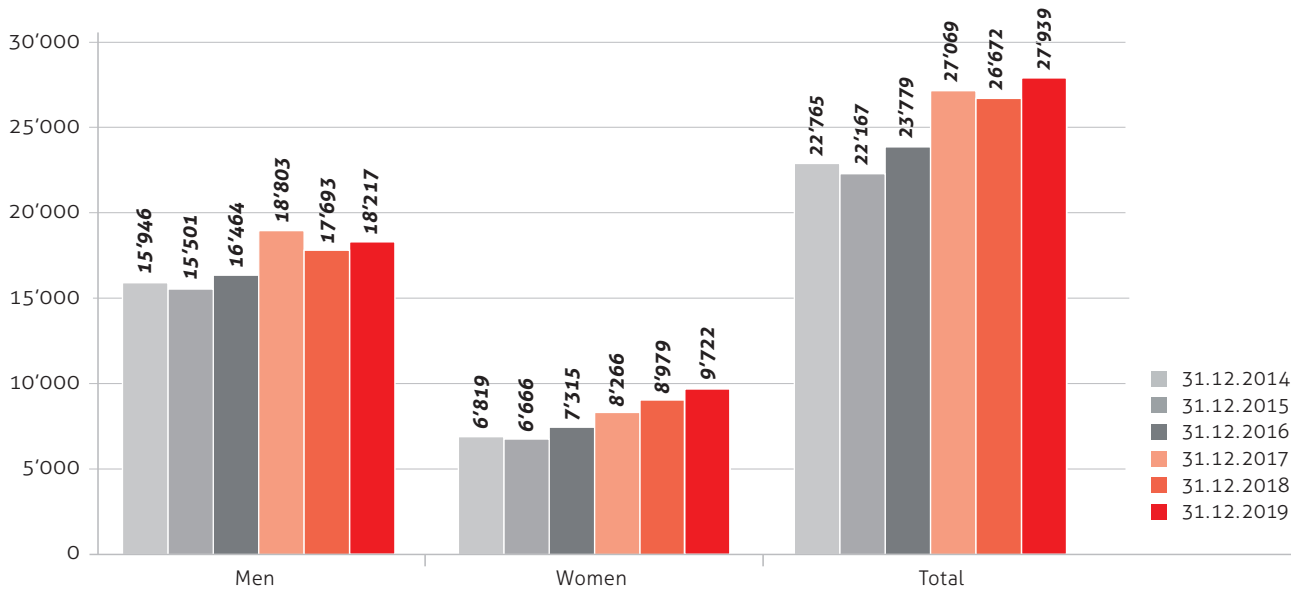


Headcount statistics

Active members

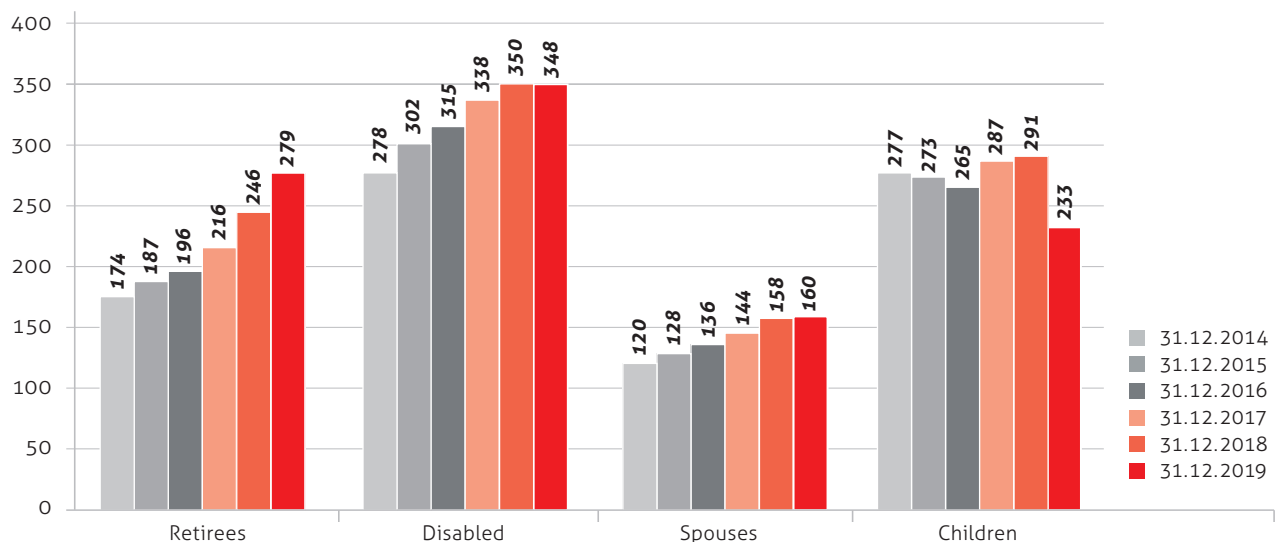
As at 31 December 2019, the Foundation managed the occupational benefits of temporary employees under 197 affiliation agreements, compared with 188 as at 31 December 2018. Moreover, 96 employers have insured their permanent employees with the Foundation under an affiliation agreement.

The changes in the headcount of active members are shown below.



Pensioners

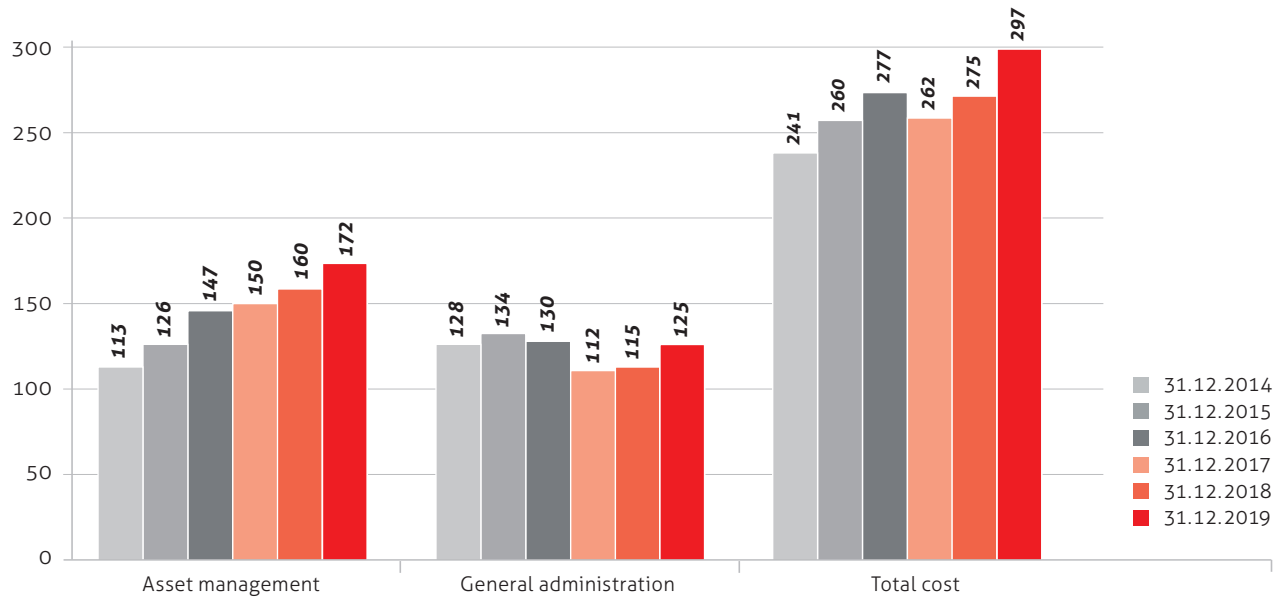
The pensioner headcount decreased slightly (1,020 pensions in payment as at 31 December 2019 compared with 1,045 as at 31 December 2018). However, a regular increase in the number of retirement pensions can be observed. The number of child pensions paid in 2019 went down by 58.



Headcount statistics

Management and administration costs

Changes in the Foundation's management and administration costs are shown below. The increase in management and administration costs is due to the slight increase in asset management costs and to that in administration costs. The increase in asset management costs is in direct connection with the outstanding investment performance.



Looking for:
Staff leasing companies.

On offer:
Simple administration.

Roger Guthäuser
Member of the Foundation Council



Assets

Assets

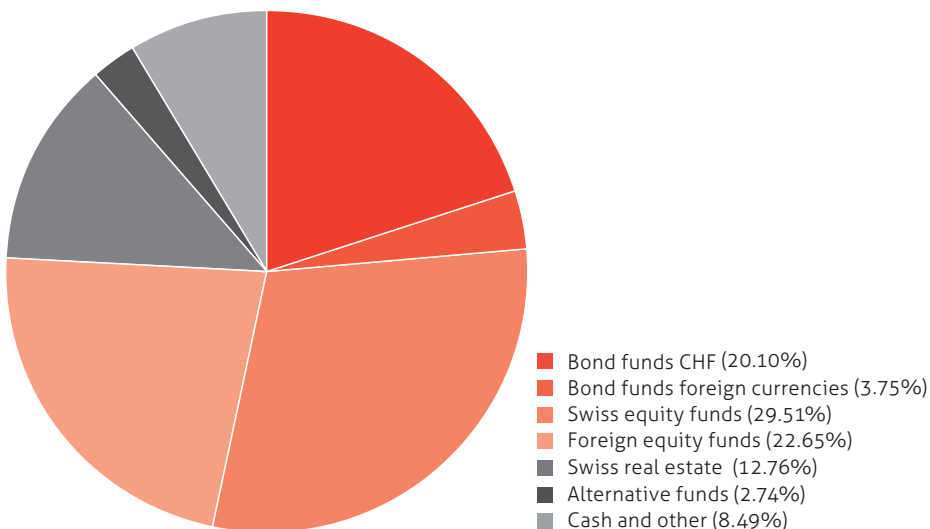
The assets available to the Foundation for covering its pension liabilities are the balance sheet assets stated at market values, less the liabilities, including accruals and deferrals and employer contribution reserves. As at 31 December 2019, assets totaled CHF 636,764,369 (compared with CHF 497,376,203 as at 31 December 2018); this corresponds to an increase of over 27%.

Investment fluctuation reserve

On 31 December 2019, the investment fluctuation reserve, which is designed to absorb fluctuations in the financial markets, reached its target value of 25% of the Foundation's total insurance liabilities and technical provisions. On 31 December 2019, it stood at CHF 112,829,706.

Asset allocation

The chart below shows the predominant share of collective equity funds (Switzerland and foreign, both ranging between 20% and 30%) in the asset allocation, as well as the significant weighting of Swiss real estate investments (12.7%). The bond allocation in CHF and FC totaled 24% at the end of 2019. Investments meet the prudence objectives set by the Pension Board.



Looking for:
Staff leasing companies.

On offer:
Low administrative costs.

Myra Fischer-Rosinger
Member of the Foundation Council



Financial situation

Balance Sheet

The balance sheet shows whether the Foundation's available assets are sufficient to cover its liabilities and technical provisions.

In the following table, we compare the financial situation at 31 December 2019 with that from the previous year; pension liabilities are calculated applying the BVG/LPP 2010 GT mortality tables and a 2% discount rate.

	31.12.2019	Financial situation at: 31.12.2018
Total assets	733'685'452.87	587'652'929.57
Debts	-94'539'585.72	-87'563'020.78
Accrued liabilities and deferred income	-1'536'322.41	-847'825.41
Employer contribution reserve	-845'175.45	-1'865'880.60
Available assets	636'764'369.29	497'376'202.78
Pension liabilities and technical provisions		
Pension liabilities active members	-239'236'407.05	-215'051'152.75
Pension liabilities pension beneficiaries	-103'854'974.00	-93'424'247.00
Liabilities under insurance contracts	-631'771.00	-702'659.00
Technical provisions	-67'530'000.00	-43'120'000.00
Total pension liabilities and technical provisions	-411'253'152.05	-352'298'058.75
Investment fluctuation reserve	-86'123'050.73	-88'074'514.69
Non-committed funds	0.00	63'239'795.02
Funded status	141.09%	120.94%

Funded status under BVV2/OPP2

Funded status under Article 44 BVV2/OPP2 corresponds to the ratio between available assets and pension liabilities, where:

- available assets correspond to total balance sheet assets minus liabilities, accruals and deferrals, employer contribution reserve and any non-technical provisions, and
- liabilities consist of the pension liabilities of all members, liabilities under insurance contracts and technical provisions.

As at 31 December 2019, funded status in accordance with Article 44 BVV2/OPP2 was 141.09% compared with 120.94% as at 31 December 2018. Funded status has increased by more than 20%, thanks to the positive developments of financial market. The investment fluctuation reserve has reached its target value and the Fund has some non-committed funds as at 31 December 2019. The financial situation of the Foundation can thus be considered a very sound one. The Fund's age structure is an additional financial and structural stability factor.

Financial situation

Financial situation

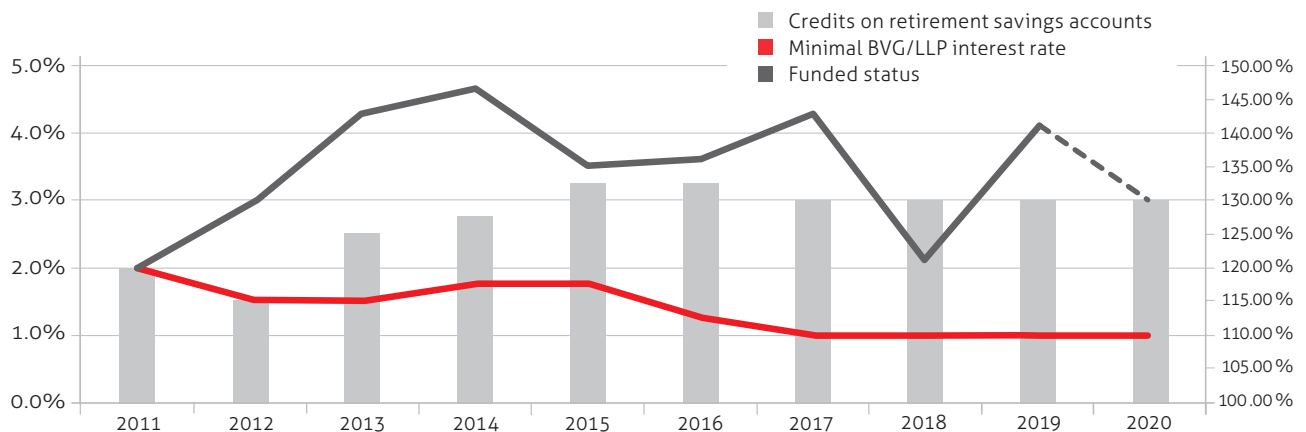
2019 has been an exceptional investment year. All investment categories contributed to the performance of our portfolio, however, the outstanding performance of equities must be highlighted. The total return of the Fund rose to +17.80%, which brought the funded status to 141.09%. The target value of the investment fluctuation reserve being 25% of the total pension liabilities, the increase in funded status allowed to bring the investment fluctuation reserve to its target value, and as a result, the Fund now has reached its full risk capacity. The Fund also has non-committed funds as at 31 December 2019.

In conclusion, our pension fund rests on a solid foundation.

Interest on retirement savings capital

In 2019, the retirement savings accounts of active members earned 3% interest, i.e. 2% over the minimum BVG/LPP rate set by the Federal Council. The Pension Board has decided to utilise the excellent results of 2019 to create reserves for 2020, in order to continue to credit retirement savings accounts with an above average interest rate in future.

The chart below shows how the Foundation's crediting interest rate on retirement savings accounts developed over the past 10 years (the red curve represents the minimum BVG/LPP rate by comparison) as well as the development of the funded status over the same period (grey line).



Looking for:
Staff leasing companies.

On offer:
A top-class interest yield of 3%.

Aldo Ferrari
Member of the Foundation Council



Activities and news

As mentioned in the introduction, the Pension Board took a number of decisions in the reporting year which were implemented in cooperation with the pension fund administration. In a nutshell:

Higher crediting interest on retirement savings capital

Since July 2016, members' retirement savings capital has earned interest at 2% over the minimum BVG/LPP rate set by the Federal Council. The higher crediting interest rate set by the Pension Board is valid until the end of 2019.

In 2019, therefore, crediting interest on retirement savings capital was 3% compared with the minimum BVG/LPP rate of 1%.

Payment of a 13th pension

As in 2017 and 2018, a 13th month's pension was paid to all pensioners at the end of 2019.

Looking for:
Staff leasing companies.

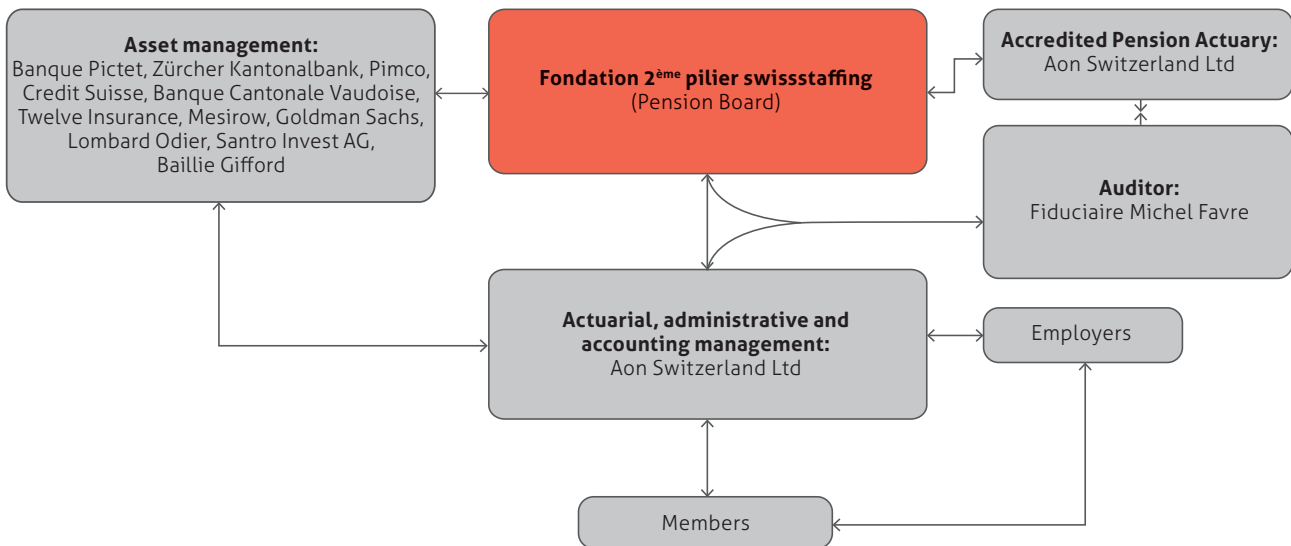
On offer:
A healthy pension fund.

Irène Righetti
Member of the Foundation Council



Structure of the Foundation

The main bodies and entities involved in the organisation of the Foundation are



Pension Board

Der Stiftungsrat ist das oberste Organ der Stiftung. Er verwaltet diese und vertritt sie gegenüber Dritten. Die aktuelle Amtsperiode hat 2018 begonnen und endet 2023. Der Stiftungsrat setzt sich zurzeit wie folgt zusammen:

Employer representatives:

- Georg Staub, President
- Myra Fischer-Rosinger, Member
- Roger Guthauser, Member

Employee representatives:

- Aldo Ferrari, Member
- Irène Righetti, Member
- Andrea Keller-Notter, Member

Copy to:

- Affiliated employers
- Swissstaffing Association
- Management Company
- Regulatory Authority
- Auditor

Looking for:
Staff leasing companies.

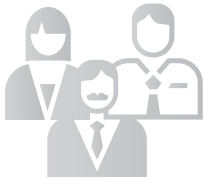
On offer:
A fair contribution rate.

Andrea Keller
Member of the Foundation Council



In good financial health, CBA compliant and straightforward: **The pension fund** for staff leasing companies and their employees.

[swissstaffing-bvg.ch](https://www.swissstaffing-bvg.ch)



Supported by industry experts.

All members of the Foundation Council offer in-depth industry knowledge or work in the industry. Our administrative team is also characterized by impressive expertise: its members solely support swissstaffing customers and are specialists in insurance for temporary staff.

In 2019, members of our Pension Board took an active part in the communication campaign in favour of the Stiftung 2. Säule Swissstaffing / Fondation 2^{ème} pilier Swissstaffing, as evidenced by the photos and slogans in the banners at the bottom of the pages in our annual report.

Visit us at
[swissstaffing-bvg.ch](https://www.swissstaffing-bvg.ch)

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