

Insuree Update No. 41

1 December 2016

Dear insuree,

In Insuree Update No. 40 dated 25 June 2016 and at subsequent information events in Zurich, Basel and Geneva, we informed you about the recent **Asset Liability Management (ALM)** study and the consequent need to lower the actuarial interest rate and conversion factors. We would like to thank all participants for their interest in our information events.

Insuree Update No. 40 and the presentation slides from March and June 2016 can be found on our homepage under “News” or “Publications”.

The key points in brief

- Funding ratio as at 31 October 2016: 115.4%
- Investment performance from 1 January to 31 October 2016: +3.4%
- Interest on savings capital in 2016: 2.0%
- Personal purchases may be made until **19 December 2016** → **deadline**
- Selection of 2017 pension plan by **31 December 2016** → **deadline**
- Attractive mortgage offering

Investment strategy and investment regulations of the PVS

The ALM study revealed that slight adjustments to the investment strategy are advisable. The future trend of the active insured members, the risk capacity and the returns required to ensure the financial stability of the Foundation were all taken into account in the study.

At its meeting on 20 September 2016, the Board of Trustees discussed this topic in detail and approved a new investment strategy, valid from 1 December 2016.

The key aspects of the new investment strategy are:

	Previously	New
• Higher exposure in nominal values (bonds, mortgages, etc.)	34%	37%
• Fewer equities	34%	30%
• Slightly higher exposure in Swiss real estate	32%	33%
• Reduction in foreign currency weighting	24%	15%
- before hedging	35%	36%
- hedging	11%	21%
• Reduction in expected return (and therefore risk)	3.6%	3.0%

At its meeting on 11 November 2016, the Board of Trustees agreed on a cost-effective implementation of the new strategy.

New contract with PK Rück for death and disability risks

Since 1 January 2011, the PVS has fully reinsured its risks for death and disability with life insurer PK Rück. The existing insurance contract was concluded for a period of six years. This has now been extended for a further three years under significantly better conditions. The new insurance premium is 16.6% lower than before, which is due not least to the low number of disability cases. The Board of Trustees would like to take this opportunity to thank Michael Blösch and the Swissport Health Management team for their valuable work. It would also like to thank the PFS for negotiating the insurance contract with PK Rück.

2016 investment results

At its meeting on 11 November 2016, the Board of Trustees also discussed the investment results of the first ten months of the current year.

The significant fall in interest rates this year had a positive effect on the return on bonds, as well as real estate. Emerging market equities also made a positive contribution to the overall result.

The **provisional funding ratio** as at 31 October 2016 was 115.4%, which corresponds to a rise of 2.1 percentage points since the start of the year. Not yet included in this figure are the expenses for the reduction of the actuarial interest rate from 3.0% to 2.5% (see Insuree Update No. 40). This reduction is expected to lower the funding ratio by 2% as at year-end.

The current monthly funding ratios can be found in the "Performance" section of our website, www.pv-swissport.ch.

Interest rate

At its meeting on 11 November 2016, the Board of Trustees slightly adjusted its formula for determining the interest rate. This can be found in Appendix III of the investment regulations.

On 26 October 2016, the Federal Council lowered the minimum interest rate for mandatory pension plans from 1.25% to 1.0% from 1 January 2017.

The Board of Trustees has also defined the interest rate for the next calendar year and the projected interest rate. Below is an overview:

Category	Percentage	Explanation
Interest on retirement savings for 2016	2.0%	As in the previous year, this interest rate will be applied to your entire retirement savings . Insurees who leave the Foundation or retire during the year will be paid the interest in arrears. Amounts below CHF 50 shall remain in the pension fund.
2017 interest rate	0.0%	Insurees who leave the Foundation or retire during the year will be paid the interest rate for the calendar year; any subsequent payments shall be made after the decision on interest rates at the end of 2017.
Projected interest rate from 2018	1.5%	The projected interest rate shall remain unchanged for the projection of future retirement benefits found on your statement of benefits under "projected benefits" (for retirement, disability and death).

Pension adjustments

The Board of Trustees will not be increasing pensions from 1 January 2017. This decision is based on the current funding ratio and the fact that the fluctuation reserves are below the levels required.

Currently, pension recipients receive the actuarial interest rate of 2.5% on their actuarial reserve plus an additional 0.5%.

Furthermore, due to the reduction in the technical interest rate, pensioners' capital has increased by several million in 2016. This is necessary in order to finance guaranteed fixed and life-long pensions against expected lower returns in the future.

This is also confirmed by the unequal generational balance sheet, which at 31 December 2015 showed a net balance (transfer amount) of around CHF 14.0 million in favour of pension recipients and at the expense of active insurees.

2017 pension plans – same threshold figures

All threshold figures are based on the annual maximum AHV pension for a single person. Since this shall remain unchanged in 2017 at CHF 28,200, the benchmark figures shall also remain the same:

Entry threshold for basic insurance	CHF	21,150
Maximum coordination amount	CHF	14,100
Entry threshold for supplementary insurance	CHF	105,750

Details on pension plans can be found on our homepage under "Publications \ Regulations".

Choice of pension plan

→ deadline

This year, you once again have the option of choosing between the Standard and Standard Plus pension plans on 1 January 2017. If you would like to change plans, please complete the enclosed form in full and return it your HR department by **31 December 2016 at the latest**.

Personal purchases

→ deadline

If you are planning to make a personal purchase into the Swissport Company Pension Scheme (Personalvorsorge Swissport) for 2016, we will be happy to provide you with the required forms in advance. In order for us to be able to process your purchase by the end of the year, we ask that you initiate the bank transfer by **19 December 2016 at the latest** (value date).

We would like to point out that you will be unable to make any lump sum withdrawals from the PVS for a period of three years following a personal purchase. If you are uncertain about anything, we recommend that you contact the relevant tax authorities.

Mortgages

The Board of Trustees is maintaining its strategy of offering insurees of the PVS variable and fixed-rate mortgages at very attractive terms. It has also decided to extend this offer to persons who are not insured with the PVS. Our mortgage advisor, Ms Sophie Bovier, will be happy to answer your questions and provide information on current interest rates. You can reach Ms Bovier on 043 210 18 38 or by e-mail at sophie.bovier@pfs.ch.

Change in Board of Trustees

Her three-year term of office having come to an end, Sonja Eckerlin, employee representative for the Basel location, left the Board of Trustees at the end of June 2016. René Meier was elected as her successor. Margrit Coimbra and Ralf Müller stood for re-election for the next term of office (three years from 1 July 2016) for the Zurich and Geneva locations respectively. Both were automatically re-elected.

There was also a change on the employer side following the departure of Cordula Hofmann. Heinz Giesen was delegated to the Board of Trustees in her place.

The Board of Trustees would like to thank Sonja Eckerlin and Cordula Hofmann for their longstanding commitment and their good work. It would also like to wish its new members René Meier and Heinz Giesen every success in their new responsibilities.

With best regards,

For the PVS Board of Trustees



Peter Graf
President of the Board of Trustees



Elisabeth Müller
Managing Director

Appendix: "Choice of pension plan" form