

## Insuree Update No. 32

2 December 2013

Dear insuree,

The PVS Board of Trustees met again on 16 and 17 September. Their main agenda items were the returns on the Scheme's investments for the first eight months of the year and the Scheme's overall investment strategy.

### The key points in brief:

- 113.2% funding ratio as of 31 October 2013
- 2013 returns on investments very favourable to date
- investment strategy: greater focus on sustainable investments
- interest to be paid for 2013
- new pension plans for 2014 separate enclosure
- additional personal deposits for 2013 by 20 December → deadline
- choice of pension plan savings option for 2014 by 27 December → deadline
- Vision & Guiding Principles – “PVS Strategy and Goals” project concluded
- insuree mortgages at competitive interest rates separate enclosure

### Return on investments in 2013

The assets held by the PVS generated a return of 5.52% for the first ten months of 2013. Our share investments made the biggest contribution here, with a yield of 18.11%. In a financial environment as uncertain as today's, this is a very good investment performance.

Our Scheme's **provisional funding ratio** stood at **113.2%** at the end of October – an improvement of 4.3 percentage points since the beginning of the year.

### PVS investment strategy

The CHF 33.5 million investment resolved in September 2012 was put into a new ZKB sustainable-equity-fund product in October of this year. The PVS also had a say in the overall parameters for this new ZKB fund, and is also the first investor in it. The investment means that the PVS now has 10% of its assets placed in sustainable investments – a level that very few other pension schemes exceed.

The PVS Board of Trustees and Management have also conducted a thorough overall study of the Scheme's current investment strategy. And they have resolved to make a small adjustment to it in the light of their conclusions.

The Board of Trustees has decided to transfer the Scheme's European, North American and Pacific equity investments from State Street Global Advisors of the USA to UBS. The investments concerned amount to around CHF 75 million. The change means that the PVS will now have its asset investments spread – in packages ranging from 10% to 20% – among the major Swiss asset managers ZKB, Credit Suisse, UBS, Syz, Pictet and real-estate trusts.

### Interest

The Board of Trustees is very keen to ensure that its working insurees benefit accordingly from the PVS's investment success. To this end, the Board of Trustees resolved on 19 November that interest of 2% should

be paid on insurees' individual savings capital for 2013. This is 0.5 percentage points above the 1.5% BVG interest rate specified by the Swiss Federal Council. The Board of Trustees has also taken further decisions on the interest rate for intrayear events and the projected interest rate. Here is an overview thereof:

Type of interest	Interest rate	Remarks
Interest payable on individual savings capital for <b>2013</b>	<b>2%</b>	As it did for 2012, the PVS will pay this new higher interest <b>on all your individual savings</b> . In cases in which amounts were taken out of the Scheme by insurees leaving or retiring in the course of 2013, this interest will be awarded in the form of a follow-up payment. Any amounts below CHF 50 here will be retained by the Scheme.
Interest rate for in-trayear events in 2014	0%	This is the interest rate that will be applied at the time to any amounts taken out of the Scheme by insurees leaving or retiring in the course of 2014. If interest is subsequently awarded on individual savings capital for 2014 as a whole, these amounts will be subject to a follow-up interest payment.
Projected interest rate from 2015 onwards	1.5%	This is the interest rate used to project the value of the future benefits which are shown on your statement of benefits under "Projected benefits" (i.e. for old age, disability or death). The rate is unchanged from last year.

As a reminder: the Swiss Federal Council resolved on 30 October 2013 to **increase the minimum BVG interest rate to 1.75% for 2014**. This minimum interest rate does not apply, however, to supplementary retirement savings amounts.

### Pension adjustments

The Board of Trustees also resolved at its meeting of 19 November that current pensions should not be increased from 1 January 2014. This decision was taken in the light of the Scheme's present funding ratio, the fact that our fluctuation reserves are still below the levels required and the fact that interest of 3% was paid on the actuarial capital used to fund current pensions.

### New pension plans for 2014 for Zurich operations, and for all Swiss-based management personnel with individual employment contracts

The PVS has modified its pension plans for Swissport's Zurich operations. The changes were required in view of the new collective labour agreement for the personnel concerned, which comes into effect on 1 January 2014.

The new pension plans are enclosed with this Insuree Update. And they will apply from 1 January 2014 onwards to insurees employed by Swissport International Station Zurich, Swissport Baggage Sorting and Careport, and to all Swiss-based insurees with individual contracts of employment.

The only change from the previous pension plans relates to the savings contributions to be paid for **younger insurees aged between 25 and 34**.

These contributions will now amount to 2.8% of the insured salary for the employee (instead of the previous 6%) and 4.2% for the employer (instead of the previous 9%). This means that the total retirement savings contribution will now amount to 7% of the insured salary (instead of the previous 15%).

For 25-to-34-year-olds at Swissport Baggage Sorting, the retirement savings contributions will now be 3.25% of the insured salary for the employee (instead of the previous 7%) and 3.75% for the employer (instead of the previous 8%).

These changes will result in slightly lower final retirement savings and old-age pensions compared to their current equivalents. If you are in the age group concerned, you will see these changes reflected on your statement of benefits for 2014, which you will receive towards the end of February 2014.

In a further **innovation**, the PVS now also offers the "**Standard Plus**" savings option to **Swissport Baggage Sorting** insurees. In this savings option the employee's savings contribution rates are the same as for any other Swissport employee: 7.5% for 25-to-34-year-olds and 9% for 35-to-63-year-olds.

**Choice of pension plan savings option**

→ **deadline**

Once again, you may choose whether to be under the “Standard” or the “Standard Plus” pension plan savings option for the coming year. If you wish to change from your current savings option, please complete the enclosed form in full and **send it directly to your Human Resources unit by 27 December at the latest.**

For the **Standard Plus savings option for insurees aged between 25 and 34**, the Board of Trustees has offered the maximum possible employee’s savings contribution of 7.5%, to enable these insurees to derive maximum benefit from this savings option.

**Additional personal deposits**

→ **deadline**

If you plan to make an additional personal deposit into the PVS for 2013, we will be pleased to send you **the documentation you will need in order to do so**. Please note that to enable us to process your deposit by the end of 2013, you will need to instruct your bank to make the corresponding transfer **with a value date of 20 December at the latest.**

We would also like to remind you that any amounts paid-in in this way (and the interest they subsequently earn) may not be taken out of the Scheme in capital-payment form within the following three years. If you have any questions or uncertainties here, please consult your tax authorities.

**Vision and Guiding Principles: “PVS Strategy and Goals” project concluded**

The PVS has concluded its “Strategy and Goals” project by approving the Scheme’s new Vision and Guiding Principles. You will find these attached in Appendix I.

In conducting the “PVS Strategy and Goals” project, the Board of Trustees was taking stock of where the Scheme currently stands. The Board also wanted to know what the greatest challenges will be in the next five to ten years and what options are available to tackle them in the best interests of the Scheme and its insurees.

The greatest challenges ahead for the Scheme are the need to invest its assets safely and productively, and the demographic changes within society (particularly the ever-rising life expectancy). On the investment front, the Board of Trustees attaches great value to diversifying its investments both geographically and in terms of its different asset categories, and makes a particular effort here to avoid types of investment that are unclear or hard to understand. And on the demographic change front, the Scheme’s modifications to its Regulations in response to such developments are based on the five-yearly overall calculations for Swiss-based occupational pension funds.

**No “Tages-Anzeiger” pension fund ratings this year**

The Zurich-based “Tages-Anzeiger” Swiss national newspaper did not issue its annual occupational pension fund ratings this year. It is currently unclear when (and indeed whether) the next such survey will be conducted. The PVS would have welcomed a further comparison with its fellow pension funds – with full confidence, of course, that it would again have been placed among the best of its kind!

Please note: the PVS’s current funding ratio (which is updated every month) will be found in the “Performance” section of our [www.pv-swissport.ch](http://www.pv-swissport.ch) website.

Sincerely,



Peter Graf  
*President of the Board of Trustees*



Markus Staudenmaier  
*Managing Director*

## Appendix I

### Vision and Mission

The PVS looks after its members by providing appropriate and above-average provident care solutions, offers substantial security and creates confidence and trust through its prompt and clear communications.

### Guiding Principles

#### Our values

- The PVS is a reliable partner for its insurees in fashioning their futures.
- The PVS provides its insurees with open, understandable, full and timely communications.
- The PVS is fair and reliable towards its business partners and further service providers.

#### Our goals

- The PVS provides its insurees and their families with appropriate benefits to protect them against the risks of old age, death and disability, and finances these in ethical ways.
- The PVS strives to ensure that its working insurees and its pension recipients profit equally from its benefits.
- The PVS makes safe and high-yielding investments to enable it to provide substantial benefits.
- The PVS ensures that its financing, which is provided jointly by the employer and the employee, covers the Scheme's costs.
- The PVS maintains an efficient administration to keep its costs as low as possible.
- The PVS adopts and applies the latest actuarial principles and reappraises these regularly.
- The PVS administers its assets prudently and pays as much regard as possible to sustainable investment vehicles.
- The PVS enlists professional support in its administration and promotes the further training of the members of its Board of Trustees.

#### Our environment

- The PVS positions itself in the top third of Swiss-based occupational pension funds subject to private law.
- The PVS pays due and full regard to all social and societal developments in all its decision-making activities.
- The PVS abides by all the relevant laws and regulations.

## Mortgage loans for insurees

2 December 2013

Dear insuree,

The Swissport Company Pension Scheme (PVS) offers its insurees mortgage loans for properties in Switzerland.

### The key points in brief:

- variable-interest-rate mortgages
- three-year or five-year fixed-interest-rate mortgages
- maximum loan amount: 80% of market value or CHF 750,000 (for vacation homes: 65%)
- at least 10% of the market value/purchase price must be contributed from the insuree's own funds outside their company pension scheme
- interest payments may not exceed 35% of net income
- the mortgage must be amortized down to 65% of market value by retirement
- the mortgage may be retained even after leaving the PVS

### Properties

The PVS will grant its insurees variable-interest-rate mortgages and/or fixed-interest-rate first mortgages on residential property (houses or apartments) in Switzerland which the borrower will live in themselves for all or part of the year. PVS mortgages may also be granted on vacation homes upon request.

### Financing

A PVS mortgage may be subdivided into up to three separate tranches, though each tranche must have a lending value of at least CHF 50,000. The types of mortgage available are:

- three-year fixed-interest-rate mortgages
- five-year fixed-interest-rate mortgages
- variable-interest-rate mortgages.

### Lending restrictions

For properties (houses or apartments) which the borrower will live in permanently, the PVS will grant a mortgage of up to 80% of the property's market value as determined by the PVS, up to a maximum of CHF 750,000. If the mortgage is arranged in multiple tranches, the sum total of their loan amounts may also not exceed CHF 750,000. The minimum mortgage loan amount is CHF 50,000.

The applicant must provide at least 10% of the property's purchase price or market value from their own funds deriving from sources other than their company pension scheme.

No insuree shall be automatically entitled to a PVS mortgage.

The annual mortgage interest payable by the borrower may not exceed 35% of their net annual income. A theoretical mortgage interest rate of 5% will be used in the corresponding calculations.

### Taking over mortgages from other credit institutions

If you already have a multi-tranche mortgage with another credit institution, the PVS will take over the first tranche thereof upon its maturity with a second-charge borrower's note ("Schuldbrief im 2. Rang"), provided you undertake in writing to transfer all the further tranches of the mortgage to the PVS upon their maturity. In such an instance, the corresponding mortgage amount will be pledged with the PVS from your retirement savings as security.

### Interest rates

The interest rates for three-year and five-year fixed-interest-rate mortgages are determined daily, and are calculated by taking the mean ZKB SWAP rate and adding one percentage point. Fixed-interest-rate mortgages have a minimum interest rate of 1%.

*Example taken from the rates on 18 November 2013:*

<b>Three-year fixed-interest-rate mortgage</b>		<b>Five-year fixed-interest-rate mortgage</b>	
SWAP rate	0.2275	SWAP rate	0.6250
<b>Interest rate</b>	$0.23 + 1 = 1.23\%$	<b>Interest rate</b>	$0.63 + 1 = 1.63\%$

The interest rate for variable-interest-rate PVS mortgages is currently 2.5%.

Interest is payable every 30 June and 31 December (value date), and must be paid by direct debit ("Lastschriftverfahren" or "LSV").

### Amortization

The outstanding mortgage loan amount may not exceed 65% of the property's current market value by the time the borrower retires.

### Leaving the PVS

Should the borrower leave Swissport (and thus the PVS), any variable-interest-rate PVS mortgage they hold may continue to be held, but may no longer be increased.

Any fixed-interest-rate PVS mortgage which the leaving insuree holds must continue to be maintained until it matures. Such mortgages may also be kept (i.e. renewed) with the PVS upon such maturity, but may no longer be increased.

If you are interested in obtaining a PVS mortgage, please feel free to contact Ms. Sophie Bovier (email [sophie.bovier@pfs.ch](mailto:sophie.bovier@pfs.ch), phone 043 210 1838) for more information.

You will also find the full guidelines on our PVS mortgages on the [www.pv-swissport.ch](http://www.pv-swissport.ch) website under "Mortgages & WEF".

Sincerely,



Peter Graf  
President of the Board of Trustees



Markus Staudenmaier  
Managing Director