

Insuree Update No. 35

18 February 2015

Dear insuree,

In abolishing its minimum euro exchange rate on 15 January, the Swiss National Bank (SNB) has taken a decision with wide ramifications, not least for company pension schemes. In this Insuree Update we would like to tell you what immediate impact this decision and its repercussions have had on the PVS.

The key points in brief:

- Your retirement savings are not affected.
- Your monthly PVS pension is not affected.
- Any current losses on our asset investments can be offset through our fluctuation reserves.
- Our latest monthly performance and funding ratio can be viewed at any time on our PVS website.

Fluctuation reserves

The rise in the value of the Swiss franc following the SNB's action has reduced the values of any assets held in foreign currencies. Indeed, it is only Swiss-franc bonds and real-estate investments that have so far been immune to such value declines. But after an initially strong reaction, the markets are now gradually recovering to more normal levels.

It is to cushion themselves against events of this kind that all occupational pension schemes are required to create fluctuation reserves in their better years, and are required to do so to such an extent that a development of this kind will not adversely affect working insurees' retirement savings or retirees' pension benefits.

Our fluctuation reserve covered some 15.4% of our total liabilities at the end of last year, and amounted to CHF 103 million. By the end of January it had fallen to some CHF 82 million, which is sufficient to cover 12.3% of all our liabilities. This is still a substantial cushion in pension scheme terms. But we will now need to build this reserve up again until it reaches its target level of covering 18.3%.

What asset categories have been affected and how?

Like all investors, the PVS suffered losses in the values of its assets in mid-January as a result of the SNB's action. These are book losses, though. They currently only exist on paper; and we will only actually incur them if we have to sell the assets involved, and have to do so at a time when their sale price is still lower than it was before the SNB's action.

The PVS is a long-term investor, though. And, as we see no reason to increase our current liquidity levels in the foreseeable future, we should be able to reap the full benefit from the normalization of exchange rates and securities values that we can now reasonably expect.

Of all our assets, it is our shares and our foreign-currency investments that have suffered the steepest value declines. By the end of January, our total book losses amounted to 2.54% or CHF 19.5 million.

Our US dollar and Japanese yen currency hedges helped to offset the losses to a certain extent.

Your PVS retirement savings and monthly pensions are not in any danger

Your personal PVS retirement savings have not decreased at all in value as a result of these developments. You can see the current status of your retirement savings and benefits on the enclosed statement of benefits as of 1 January 2015. If you have any questions about this statement, please call the phone number you will see printed on it.

The monthly pensions currently being paid to PVS pension recipients are also unaffected by these developments. All our retirees will continue to have the same monthly pension transferred to their account.

What next?

Our PVS Board of Trustees and our Investment Committee will be closely monitoring all further developments on the investment markets. For the present, the PVS intends to keep to its existing investment strategy. The Board of Trustees and Investment Committee will next meet in March and May; and, when they do, they will reappraise the situation and take any actions they feel are required. We will provide you with a further update here in the course of May.

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 website.

Sincerely,



Peter Graf
President of the Board of Trustees



Markus Staudenmaier
Managing Director