

Member Update No. 46

20 November 2018

Dear Members,

After an extremely good financial year in 2017, 2018 has turned out quite differently. The mood in financial markets in 2018 has been defined by geopolitical and economic uncertainty. The USA's trade dispute with China and Europe has led to a collapse in share prices and is still creating turmoil. Rising interest rates have led to lower valuations in the bond markets, which has had a negative knock-on effect on yields.

Our own earnings performance was negative during the first ten months of 2018. This also influenced the Board of Trustees' decision on interest rates for 2018. For details, see below.

We have used the last couple of months to critically examine our own information channels. This includes giving our website a fresh lick of paint and making it accessible from mobile devices. Take a look and see for yourself: www.pv-swissport.com.

The last section, 'PVS news', informs you about other new developments at PVS.

The key points in brief

- Funding ratio as of 31 October 2018: 113.4%
- Return until 31 October 2018: -1.62%
- Interest paid on savings capital in 2018: **1.0%**
- Additional purchases of benefits may be made until **14 December 2018** → **deadline**
- Selection of 2019 pension plan by **29 December 2018** → **deadline**
- Attractive mortgage offering with preferential terms for members

Investment results 2018

The Board of Trustees and the investment committee have been dealing with the events in financial markets throughout the year, monitoring ongoing developments and taking the necessary investment decisions. PVS has created fluctuation reserves to address corrections in financial markets. In so doing, PVS is able to cushion these fluctuations to a certain extent without falling into financial difficulties. All told, earnings as of the end of October 2018 amounted to -1.62%.

The table below shows the composition and return on invested assets as of the end of October 2018. A key pillar of our return is our real estate portfolio, not to forget the mortgage loans, which always provide for a positive return.

The following table provides information on the individual asset classes and their performance as of 31 October 2018:

Anlagekategorie	Gewichtung in %	Rendite in %
Liquidität	1.84	-0.18
Obligationen CHF	12.22	-1.29
Obligationen in Fremdwährung übrige Welt	5.01	-2.62
Obligationen Unternehmen in Fremdwährung	5.72	-4.42
Obligationen Emerging Markets in Lokalwährung	3.93	-7.05
Hypotheken	4.98	0.99
Aktien Schweiz	9.65	-2.87
Aktien Europe währungsabgesichert	2.67	-6.15
Aktien Nordamerika währungsabgesichert	3.35	0.34
Aktien Pazifik währungsabgesichert	3.41	-7.44
Aktien Emerging Markets	3.85	-12.98
Aktien Nachhaltig währungsabgesichert	10.84	-1.10
Immobilien Schweiz	32.45	1.74
Direkte Beteiligung	0.08	0.00
Total	100.00	-1.62

As of 31 October 2018, the **provisional funding ratio** was 113.4%. Assuming a zero return in the months of November/December, this figure would be approx. 113%, taking into account the BVG interest rate of 1%.

The current monthly funding ratios are to be found on the home page of our website

www.pv-swissport.ch.

Interest rates

In November 2018, the Federal Council left the minimum interest rate for mandatory occupational pensions unchanged at 1.0% for 2019.

At its meeting on 16 November 2018, the Board of Trustees established the interest to be paid on active members' retirement savings in 2018 based on the current valid guidelines.

The Board took the following decisions concerning the prospective interest rate for the next calendar year and the projected interest rate. Below is an overview:

Description	Percentage	Explanations
Interest accrued on retirement savings in 2018	1.0%	Interest will be paid at this rate on your retirement savings in their entirety although the Foundation shows a negative result. The payment of interest in excess of the compulsory minimum is being done on the basis of the current reserve situation. Members who left the Foundation or retired during the year will be paid the interest in arrears. Amounts below CHF 50 will remain in the pension fund.
Prospective interest rate for 2019	0%	The Board of Trustees will decide on the definitive interest payable in 2019 in November of 2019. If the interest rate should turn out to be higher, any payments of arrears will be made following the decision at the end of 2019 on the interest to be paid.
Projected interest rate from 2020	1.5%	The projected interest rate will remain unchanged for the projection of future retirement benefits; this can be found

		on your benefit statement under 'Projected Benefits' (for retirement, disability and death).
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Interest paid on retirement savings in 2018

Although the statutory minimum interest rate relates only to the BVG retirement savings, the Board of Trustees has decided to also pay interest of 1% on the extra-mandatory part of retirement savings. The additional expense incurred for paying this interest amounts to approx. CHF 2 million. The Board of Trustees considers this higher interest to be justifiable in view of the sustained high funding ratio of approx. 113%.

Pension adjustments

The Board of Trustees will not be increasing pensions from 1 January 2019. The 2018 investment results and the uncertainty concerning the future return of our investments do not permit any increase.

Pension plans in 2019 – New threshold figures

All threshold figures are based on the annual maximum AHV pension for a single person. Since this will be increased to CHF 28,440 in 2019, the threshold figures will change as follows:

Entry threshold for basic plan	75% of max. single AHV benefit	CHF 21,330
Coordination amount	max. 50% of single AHV benefit,	
	min. 20% of insured salary	CHF 14,220
Entry threshold for supplementary plan	3x max. single AHV benefit	
	plus coordination amount	CHF 106,650

Details on pension plans can be found on our website under 'Publications \ Regulations'.

Selection of pension plan

→ deadline

This year, you once again have the option of choosing between the Standard and Standard Plus plans on 1 January 2019. If you would like to change plans, please complete the enclosed form in full and return it to **your HR department by no later than 29 December 2018**.

PVS news

The 2018 information events in Zurich, Basel and Geneva were attended by a total of 31 beneficiaries: 7 in Zurich, 15 in Geneva, and 9 in Basel.

Due to the very low turnout at these events, the Board of Trustees has decided to dispense with them in 2019. Instead, we will endeavour to publish more nutshell summaries in addition to the updates to cater better for the information needs of our beneficiaries.

New developments from 2019

Starting in 2019, the updates (like this one) will be announced for working (active) members by way of nutshell summaries; the full version can be downloaded from our website. Pensioners will continue to receive the updates by post. In so doing, we are seeking to provide the same amount of information while cutting down on the clutter created by paper and also saving on mailing expenses.

We would like to wish you and your families a pleasant Advent and a joyful festive season.

Sincerely, The PVS Board of Trustees