

**Insuree Update No. 26**

30 September 2011

Dear insuree,

Our Board of Trustees met on 20 September. In doing so, and as part of its annual workshop, the Board reassessed the PVS's present investment strategy, with due and full regard to the current fears and uncertainties on the world's financial markets.

**Asset administration costs relatively low**

A study recently commissioned by the Swiss Federal Social Insurance Office has concluded that the total asset administration costs for Switzerland's occupational pension schemes amount to some CHF 3.9 billion a year, or 0.56% of the schemes' total asset volume.

The asset administration costs at each individual scheme tend to vary between 0.15% and 1.86%, depending on the scheme. The schemes only declare their known costs – i.e. those debited to them directly – in their annual accounts. The PVS had declared asset administration costs last year of some CHF 576 313, or 0.09% of its total asset volume.

The PVS's **overall asset administration costs** for 2010 amounted to around CHF 2.2 million, or **0.36% of the scheme's total assets**. The PVS invests solely in low-administration-cost collective investment vehicles and investment funds, and deliberately refrains from holding individual shares. This also enables us to achieve a broader spread of our investment risks.

**The PVS's asset administration costs are relatively low:  
your retirement savings are being cost-effectively managed.**

**Mortgages for insurees**

The PVS offers its insurees mortgages on properties in Switzerland which they inhabit (or plan to inhabit) themselves. In accordance with our binding general investment strategy, such mortgage loans should account for around 5% of the scheme's total asset volume.

The PVS offers **variable-rate mortgages** and **two types of fixed-rate mortgages for three or five years**. As of the end of August, the PVS's total mortgage loans amounted to CHF 27.6 million, or around 4.6% of its total assets.

As the table below shows, the PVS's mortgage interest rates are at the lower end of the range of rates currently being offered by Swiss banks (all figures as of mid-September):

	Variable-rate mortgage	Fixed-rate mortgage	
		3 years	5 years
ZKB	2.50%	1.51%	2.02%
Credit Suisse	2.85%	1.35%	1.80%
Migros Bank	2.50%	1.26%	1.66%
Raiffeisenbank	2.63%	1.80%	2.00%
<b>PVS</b>	<b>2.50%</b>	<b>1.27%</b>	<b>1.70%</b>

For further information please contact Ms. Sophie Bovier, phone 043 210 1838, email [sophie.bovier@pfs](mailto:sophie.bovier@pfs), or consult our website at [www.pv-swissport.ch](http://www.pv-swissport.ch).

### Financial market upheavals: from a financial crisis to one of public debt

With all the present turbulence on the world's financial markets, it's almost impossible to keep up with the latest reports and reappraisals. So where does the PVS stand in it all? Since shares account for some 34% of its total investments, our scheme has also suffered a decline in the total value of its assets. By the middle of September our funding ratio had slipped to around 100%, and the fluctuation reserves have been used up. We are not alone here: many other Swiss occupational pension schemes are in exactly the same position.

Despite these declines, we do not intend to make any fundamental changes to our present investment strategy. We do not wish to react too hastily here. We have a well-considered and diversified investment strategy with a long-term horizon. If we were to sell investments now, we would actually incur the high book losses of the last few weeks, along with further high costs associated with disposing of existing assets and reinvesting the funds elsewhere.

Our funding ratio is continuously updated every month. You will find the latest PVS funding ratio in the "Performance" section of our [www.pv-swissport.ch](http://www.pv-swissport.ch) website.

The decision on what interest to credit to PVS savings for 2011 will be taken by the Board of Trustees on 22 November. Any restructuring measures required for the scheme will not be initiated until our 2011 financial statements have been compiled and presented. Preparations for these will begin at the end of this year, however, as soon as we have an approximate idea of our 2011 annual results.

### Investment strategy

As an initial response to the present problems in the eurozone, the Board of Trustees has resolved that:

- Action will be taken to withdraw from euro-denominated government bonds. The funds released (around CHF 22 million) will be reinvested in Swiss-franc bonds. This asset reallocation will profit from the Swiss National Bank's actions to maintain the euro exchange rate at a little over CHF 1.20.
- Further actions will be taken if necessary.

The PVS also invested an additional CHF 7.7 million in the Turidomus real-estate investment fund at the end of September. As a result, around 29% of the PVS's total assets are now in Swiss real estate, which is both a sound investment and offering favourable yields in the present market environment.

### Fifth place in the "Tages-Anzeiger" pension scheme ratings

The PVS has for the second time taken part in the pension scheme ratings by Zurich's "Tages-Anzeiger" newspaper. This year, our scheme earned an outstanding fifth place among the 39 schemes participating, a two-place improvement on 2010.

The PVS earned particularly favourable grades in the latest ratings for its low coordination deduction, the choice of savings plans offered and the AHV bridging pension which is provided by Swissport. In general performance and interest terms, the PVS was just below average; but in our funding ratio – the key measure of any pension scheme – we are in the top ranks with the best.

These encouraging results are a further confirmation that our Board of Trustees is guiding the PVS with care and skill, and is thereby ensuring that your retirement savings are being well and safely managed.

Sincerely,



Peter Graf  
*President of the Board of Trustees*



Markus Staudenmaier  
*Managing Director*