



# 2012 Annual Report





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## FOREWORD

Foreword by the Chairman of the Board of Trustees on the ninth business year of the Swissport Company Pension Fund (Personalvorsorge Swissport/PVS).

### **The third contributor made a return appearance – rated first among pension funds by the Tages-Anzeiger**

Overall, the financial year under review was satisfactory for the PVS. The return on investments amounted to 8.27%, with all investment categories contributing to this good result. This performance meant that, once again, the PVS outperformed the relevant benchmark (7.94%) and the market average.

At the end of 2012, the SMI reached 6'822 points. By way of reminder, on 31 December 2011, the SMI closed at 5'936 points and ended 2010 at 6'436 points. Incidentally, the SMI reached an all-time high of 9,531 points in the early summer of 2007.

Turning to our funding ratio: after crediting interest of 1.75% to all old-age savings, our funding ratio at 31 December 2012 stood at 108.9% (previous year: 102.6%). Gradually, we are coming closer to our target funding ratio of 119.5%, based on two-year fluctuation reserves.

With effect from 1 January 2013, the PVS changed the technical basis used. For retirements as from 1 December 2012 with pensions beginning as from 1 January 2013, new conversion factors apply based on the latest «BVG 2010 Actuarial Data» and the standard cross-sectional mortality table, a technical interest rate of 3% and a spouse's/partner's pension of 70%.

### **Board of Trustees**

The Board of Trustees remained unchanged. The three employees' representatives on the Board of Trustees have kindly agreed to stand for (re-)election again in 2013.

### **Management of the PVS**

We can continue to count on the energetic leadership and commitment of Markus Staudenmaier, Managing Director since January 2009, Markus Bleisch, customer advisor since November 2009, Claudia Sommer, customer advisor since May 2009, and Reymond Früh, Head of Accounting since May 2010, all of whom work for Pension Fund Services AG (PFS AG).

We have a new three-and-a-half-year contract with PFS AG running from 1 July 2012 to 31 December 2015.

### **Contracts of affiliation**

The founder-employer of the PVS is Swissport International AG, Opfikon ZH, (84 active beneficiaries), which founded the scheme in its Deed of Trust of 15 September 2003. The PVS also held affiliation agreements with the following eight companies and operations at the end of 2012:

- Swissport Group Services GmbH, Baar, Canton Zug (33 active beneficiaries)
- Swissport International AG, Zurich operations (1,691)
- Swissport Baggage Sorting AG, Kloten ZH (171)
- Careport AG, Opfikon ZH (82)
- Swissport International AG, Basel operations (414)
- Swissport International AG, Geneva operations (988)
- GVAssistance S.A, Le Grand-Saconnex, Canton Geneva (46)
- PrivatPort S.A., Meyrin GE (9)

(= a total of 3'518 active beneficiaries at 31 December 2012)

PAI Europe V ([www.paipartners.com](http://www.paipartners.com)) purchased Swissport Group ([www.swissport.com](http://www.swissport.com)) from Ferrovial ([www.ferrovial.com](http://www.ferrovial.com)) in February 2011.

PAI Partners, one of the oldest and most experienced private equity companies in Europe, originated from Paribas Affaires Industrielles, the latter having handled the key investments of the pan-European merchant bank Paribas, which merged with BNP in 1999. The company makes controlling investments in leveraged buyouts (LBOs), acquiring majority stakes in transactions worth between EUR 500 million and several billion euros. PAI is a long-term investor, its holding time usually spanning between 4 and 6 years.

Since being acquired by PAI Partners, Swissport has developed a new business plan which places greater emphasis on growing sales and developing business. The Group Executive Management has succeeded in concluding contracts in both existing and new locations and also boasts a strong acquisitions pipeline. For example, in 2012 Swissport took over Flightcare Spain and Belgium, thus achieving considerable expansion of its European network. Operational efficiency is now the focus of attention throughout the company, and new projects have been launched in an effort to optimize purchasing and pricing. The company stands to profit both from growth in air traffic and the increase in outsourcing on the part of airline operators.

The Swissport Group provides ground-handling services for some 118 million passengers and handles 3.5 million tonnes of freight each year (the latter being transshipped in warehouses with a total area of more than 420'000m<sup>2</sup>) on behalf of 650 aviation industry customers. A workforce of some 40'000 employees operating at 192 locations in 38 countries on five continents helped Swissport to generate consolidated revenue of CHF 1.9 billion in 2012.

### **2012, the ninth business year**

The PVS began its ninth year of business on 1 January 2012 with 3'448 active beneficiaries, actuarial capital for active beneficiaries of CHF 453 million and a funding ratio of 102.6%. It closed on 31 December 2012 with 3'518 active beneficiaries, actuarial capital for active beneficiaries of CHF 437 million, a funding ratio of 108.9%, annual interest on old-age capital of 1.75% (previous year: BVG interest of 2.00%) and a performance for the year of 8.27%.

The PVS website at [www.pv-swissport.ch](http://www.pv-swissport.ch) provides all recent news from the Board of Trustees, the scheme's regulations, forms, presentations, annual reports and an overview of the PVS organization in German, French and English. We advise you to visit our website regularly to keep fully abreast of all PVS developments.

Information events on the 2011 Annual Report were also held at all three working locations – Basel, Geneva and Zurich.

The PVS had no collective admissions or departures in 2012.

### **Actuarial appraisal**

The following is a summary of the actuarial appraisal at 31 December 2012 presented by the accredited pension actuary:

The PVS is a semi-autonomous occupational pension scheme. It has reinsured its risks for benefits on death and disability since 1 January 2011. The risk insurance premium of 2.5% remained unchanged in 2012.

The number of active insurees has increased, as has the number of pension recipients. The calculations were based on BVG 2010 actuarial data and the standard cross-sectional mortality table, and were projected to 2013.

The structure of insurees paints a healthy picture. The number of persons who are nearing retirement age (older than 58) is fairly high. The average age of the insurees is 40.6 years, which is relatively low compared with that of an average pension scheme (approx. 44).

The pension recipients are relatively young because the scheme was only founded on 1 January 2004. Persons who retired earlier remained in the General Pension Scheme of the SAirGroup.

The technical provisions have been accrued. These are primarily provisions for pending claims, provisions for future conversions to new actuarial bases and for pension losses. The PVS risk process was slightly positive in 2012.

The PVS currently has 79 insurees (previous year 67) who have been unable to work for more than 60 days. It is not known how many of these insurees will draw a pension from the PVS in future.

## **2012 annual result**

The vested benefits paid in by joining insurees amounted to CHF 7.2 million (previous year: CHF 10.7 million) in 2012. At CHF 13.5 million, vested termination benefits paid out on leaving were below the previous year's level of CHF 17.0 million.

The PVS paid CHF 8.6 million (previous year: CHF 7 million) in old-age pensions in 2012. Lump-sum payments on retirement rose to CHF 12.6 million in 2012 (previous year: CHF 9.4 million). The increase in old-age benefits is a result of the increased number of pension recipients.

Interest payments stood at CHF 7.6 million in 2012 (previous year: CHF 8.8 million).

The number of insurees rose by 70. The number of old-age pension recipients rose to 328, while the number of disability pension recipients rose to 40.

The savings contributions received exceeded the statutory benefits paid out, but the amounts paid in by those joining came to less than the vested termination benefits paid out to those leaving. Nevertheless, the PVS reported a net capital inflow. Pension liabilities also increased slightly.

Asset management costs in the year under review were lower than in the previous year.

In accordance with the contract with PFS AG, the PVS's administration expenses are based on a sliding scale. They amount to CHF 275 per capita, and include the costs for the accredited pension actuary, audit, translations and printed matter.

## **Investments**

The Board of Trustees continued to focus intensively on investments in 2012.

### ***Strategy***

Our Strategic Asset Allocation (SAA), valid with effect from 1 October 2012, contains some restructuring within the «bonds» and «equities» asset categories without changing the overall allocation of each category.

### ***Equities***

The PVS targets a long-term return on investment of 5% to meet the implicit requirements for company pension schemes. This means holding as many investments in equities and similar instruments as the PVS's risk capacity will permit, but not more, otherwise the losses from a future market downturn could potentially be so severe as to make it impossible to continue the strategy. As so often in life, it is a matter of balancing risks and opportunities and keeping a close eye on that balance at all times.

### ***Sustainable investments***

An investment of CHF 30 million in the equity-based sustainable investments «Sarasin OekoSar Equity – Global F» and «Henderson Global Care Growth Fund» produced the expected return in 2012. In addition, in September 2012, the Board of Trustees resolved to invest an approximate further CHF 30 million in an indexed vehicle offered by Zürcher Kantonalbank. This investment will take place in mid-2013.

### ***Indexed investments***

The bulk of our bond and equity holdings remain invested in attractively priced and well-run funds that track popular indices.

### **Currency hedges**

The PVS continued to hedge its dollar and euro currency risks. The scope of this operation was adjusted in December to reflect the actual investment volume.

### **Mortgage loans**

The PVS offers fixed-rate mortgage loans with terms of three and five years to beneficiaries. Longer terms do not make sense for pension schemes. In the current climate this has led to some individual mortgage loan terminations. The investment assets total around CHF 26.5 million, representing 3.9% of our pension scheme's assets. At 31 December 2012, the PVS carried 31 variable-rate mortgages at an aggregate loan value of CHF 9.1 million and 52 fixed-rate mortgages totaling CHF 17.4 million.

### **Funding ratio**

Details of the overall allocation of the PVS assets and the current funding ratio are provided monthly on our website [www.pv-swissport.ch](http://www.pv-swissport.ch) under «Performance». The reports are updated on the 20th of each month.

### **Investment regulations**

The investment regulations valid with effect from 1 January 2012 remained unchanged, although there were slight adjustments to the investment strategy.

### **Cashflow**

Despite the annual rise in pension payments, the PVS's cashflow from regular contributions and benefits is set to remain positive in the years to come. This is helped by the fact that the PVS has relatively few pension recipients. At 31 December 2012, the fund comprised 382 pension recipients (not including recipients of child's pensions) and 3'518 active insurees, a ratio of almost 1:10.

### **Determination of interest rates**

#### ***Interest paid on old-age savings in 2012***

Due to the good investment results achieved, in its resolution of 20 November 2012 the Board of Trustees decided to pay interest of 1.75% on all insurees' old-age savings for 2012, not just the minimum BVG interest rate of 1.5%. Those insurees who retired or left the PVS in the course of the year received this interest retrospectively at the end of 2012. Amounts below CHF 50 remain in the PVS.

#### ***Determination of the interest rate payable in 2013***

The Board of Trustees will not decide what interest to pay on insurees' old-age savings until towards the end of 2013. The Board of Trustees has chosen to proceed in this way as it is impossible to make reliable predictions of developments relating to «the third contributor», i.e. the financial markets.

On 2 November 2012, the Federal Council decided to set the BVG minimum interest rate for 2013 at 1.5%. This minimum rate is not binding on super-mandatory old-age savings.

#### ***2013 interest rate for intra-year events***

As in 2004-2007 and in 2009-2012, the PVS will not add interest to any amounts withdrawn from the scheme by insurees leaving or retiring in the course of 2012. Any interest paid on such amounts at a later date will be based on the interest rate on old-age savings for 2013.



### ***Projected interest rate from 2014***

The projected interest rate is used for the projection of future benefits found on your statement of benefits under «projected benefits» (for retirement, disability and death). By reducing the projected interest rate, the Board of Trustees aims to ensure that the projections are as realistic as possible.

As a direct result of this reduction, lower values will now be shown on statements of benefits. Nothing is taken away from you by this change; your existing old-age savings and the interest already paid are not affected by this decision.

### ***Pension adjustments for 2013***

At its meeting on 20 November 2012, the Board of Trustees also resolved that it would not increase pensions from their present levels with effect from 1 January 2013. This decision was based on the current funding ratio and the fact that the fluctuation reserves are below the levels required. The PVS needs to build up the fluctuation reserves to protect itself against the possibility of underfunding caused by volatility on the financial markets.

### ***Risk insurance premium***

At its meeting on 23 November 2010, the Board of Trustees opted to reduce the risk insurance premium from 3.5% to 2.5%. This premium for the benefits payable by the PVS in the event of disability and death is split equally between the insurees and the employer. For insurees this means that from January 2011 a risk insurance premium of only 1.25% (previously: 1.75%) of the insured salary will be deducted from their monthly salary.

### ***Participation of pension recipients in any surplus income***

As pensions are fully funded under the BVG capitalization system, in contrast to the AHV system, which operates on a pay-as-you-go basis, there are no pension increases during the term of the pensions. The accumulated capital is consumed during the period of payment of the pensions. Together with the returns generated on investments, this capital must be sufficient to fund the pensions during their entire term.

The only possibility is that in years with strong investment performance, pension recipients could be allowed to participate in the surplus income generated from their investments. It is possible to allow pension recipients to share in the investment performance if the PVS has surplus income left over after meeting all of its statutory and regulatory obligations. On 21 September 2010, guidelines on the participation of pension recipients in surplus income were adopted.

### ***Swissport Health Management***

Swissport Health Management assists Swissport staff who are ill or have suffered an accident to return to the workplace. The team is also responsible for social counseling, insurance advice, health promotion, prevention of accidents and addiction, and provision of training courses, workshops and coaching.

The team responsible for Swissport Zurich and Swissport Basel consists of three employees who have many years of professional experience in airports as well as being qualified social workers. Swissport Geneva has its own team.

In 2012 around 300 people received advice and assistance. The majority of insurees with long-term illnesses and accidents were able to return to work at Swissport; in cases where Swissport is unable to offer continued employment, the Health Management team endeavors to find solutions with third parties. The number of insurees with long-term illnesses remained stable in the year under review.

### **Reinsurance of risks at PKRück for six years**

At its meeting of 23 November 2010, the Board of Trustees decided to reinsure the risks of disability and death with PKRück for six years from 2011 to 2016. PKRück is a sound and solid partner and shares our objective of reducing claims and costs. A new feature of this arrangement for the PVS is that there may be restrictions with respect to super-mandatory cover.

Cooperation between the PVS and PKRück continued to be very good in the second year. The main tasks involved workflow consolidation and collecting health questionnaires from insurees.

In the year under review, PKRück processed its first claims, although no benefits have yet been paid under these claims.

### **Evidence of survival of our pension recipients**

At the beginning of 2011, all pension recipients were requested to provide evidence of survival, and the request was met in full by all recipients. The PVS has thus ensured that benefits are not being paid out unjustly. The PVS will request evidence of survival again during the course of 2014.

### **Asset management costs relatively low at PVS**

A study published by the Federal Social Insurance Office in the early summer of 2011 came to the conclusion that asset management fees cost Swiss occupational pension funds around CHF 3.9 billion a year, which corresponds to 0.56% of total pension fund assets.

These costs fluctuate between 0.15% and 1.86% of assets, depending on the fund in question. Only those costs charged directly to the pension fund are disclosed in the fund's annual financial statement. In the case of the PVS, the costs in 2012 amounted to CHF 347'280 (2011: CHF 409'779) or 0.05% (2011: 0.07%).

Total asset management costs at the PVS amounted to around CHF 1.4 million in 2012 (2011: around CHF 1.6 million), i.e. 0.21% (2011: around 0.26%) of total fund assets. Assets are invested exclusively in cost-effective collective pools and in investment foundations; a conscious decision has been made not to invest in individual securities. In this way we are at the same time able to widely distribute our investment risks.

This means that asset management costs are relatively low at PVS, and the old-age savings are managed cost-effectively.

### **Administration costs also low at PVS**

Pillar 2 administration costs ran to around CHF 391 per insuree and year in 2009, not including the above-mentioned asset management outlay. According to a study, it would be possible to reduce this expenditure only by simplifying processes significantly.

At the PVS, the figures are as follows: CHF 306 in 2009, CHF 294 in 2010, CHF 286 in 2011 and CHF 275 in 2012.

### **Tages-Anzeiger pension fund ratings – 1st place**

The Tages-Anzeiger produced its pension fund ratings for the eighth time in 2012, measuring the regulatory and actual benefits provided by pension funds. It is the only public comparison of pension funds. A high rating corresponds to a high level of performance from the perspective of insurees. Each rating is based upon 22 criteria that take account of pension fund diversity. The consulting firm Mercer provides expert support for the rating process. 34 pension funds took part in the 2012 rating process, with a total of 440'000 insurees and assets of CHF 105 billion. The average funding ratio of the participants was 102.8% at the end of 2011.

For the fourth time, the PVS took part in the Tages-Anzeiger pension fund rating and this year it came first - a rise of four places compared with the previous year.

The rating process assesses a pension fund's attractiveness from the perspective of insurees. The PVS benefited from the fact that it was formed from the General Pension Scheme of the SAirGroup in 2004 with no pension recipients and thus has a very favorable age structure.

We received particularly good results for the following criteria: coordination amount, AHV bridging pension, amount of disability pension, amount of spouse's pension (both before and after retirement), option of choosing the amount of contributions and insurees' option of pre-financing.

We received below-average ratings for insurance of bonuses/shift allowances, share of contribution borne by the employee and the employer, interest, and the inflation adjustment of current pensions.

### **2013 pension plan**

The pension plan valid for 2013 and 2014 has been adjusted to take account of the new base values and can be viewed on our website [www.pv-swissport.ch](http://www.pv-swissport.ch).

The maximum coordination amount has risen to CHF 14'040 (previous year: CHF 13'920); the admission threshold to the Supplementary Pension Plan is now CHF 105'300 (previous year: CHF 104'400).

### **2013 regulations - new conversion factors apply with effect from 1 January 2013**

In its meeting on 10 May 2011, the Board of Trustees unanimously decided to reduce the conversion factors for old-age pensions and deferred spouse's/partner's pensions with effect from 1 January 2013. By ensuring that the new regulations only apply to retirements starting 1 December 2012 and by introducing special arrangements for beneficiaries with night-shift credit/shift holiday entitlements, the Board granted all beneficiaries a grace period of 1½ years during which they may still opt to retire under the old terms and conditions.

For retirements with effect from 1 December 2012 with pensions beginning 1 January 2013, the new conversion factors which have been widely published and set out in the revised 2013 regulations now apply. The conversion factors are based on the latest BVG 2010 actuarial data and the standard cross-sectional mortality table, a technical interest rate of 3% and a spouse's/partner's pension of 70%.

In order to benefit from the conversion factors hitherto applicable, an employee must have entered retirement by 30 November 2012 at the latest and must have begun to draw his/her pension by 1 December 2012 at the latest.

For all beneficiaries with night-shift credit who begin to draw their pensions after 1 December 2012, the conversion factors hitherto used will continue to apply insofar as the agreement on retirement with outstanding night-shift credit was set out in writing and agreed irrevocably with the employer before 30 November 2012, and the retiree began to draw this outstanding credit no later than 1 December 2012.

Reducing the deferred spouse's/partner's pensions from 80% to 70% for current old-age and disability pensions has helped to cushion somewhat the reduction in the conversion factors for married members. The reduction with effect from 1 January 2013 will also affect our pension recipients who are married or living in a registered partnership and started to draw their pensions before the amendment of the regulations on 1 January 2013.

This conversion has caused only a small increase in early retirements under the old terms and conditions.

### **Outlook for 2015**

The new BVG 2015 actuarial tables will be available from the end of 2015. Until then, the PVS will continue to use the standard cross-sectional mortality table. The generational table should be used in preference to the cross-sectional mortality table as it already takes the future increase in life expectancy into account. If the generational table is used, there is no need for the annual provisions to cater for the longevity of pension recipients. In the meantime, our pension fund experts are setting aside provisions for any further reduction of the technical interest rate in the future.

### **Tasks of the principal governing body of the PVS – internal control**

The Board of Trustees must ensure that an internal control system is in place that is suited to the size and complexity of the PVS. The Board focused on this topic in 2012 and issued the statutory auditors with a mandate to assist them in the performance of this task.

PFS Pension Fund Services AG, as the company responsible for the administration of the PVS, has been carrying out internal controls since its foundation in 2001 and has continually expanded these in recent years together with the statutory auditors. The statutory auditors must check that an internal control system is in place and confirm its adequacy to the PVS on an annual basis.

In the future, the Board of Trustees will have to decide each year whether the internal control system is still adequate or whether new risks have arisen which would necessitate an amendment.

### **Outlook for 2013**

#### **Slight increase in the popularity of «Standard Plus»**

On 1 January 2013, a total of 516 beneficiaries (= 15.3% of 3'364 entitled to do so, excluding the insureds of Swissport Baggage Sorting) had opted for the «Standard Plus» pension plan which features an employee's contribution of 9% (instead of the 6% under the «Standard» plan). This represents another slight increase. On 1 January 2012 there were 484 beneficiaries, i.e. 14.6%.

#### **Effects on the PVS of the new AHV pensions with effect from 2013**

Effective 1 January 2013, the Federal Council adjusted AHV and IV pensions and the amount to cover basic living needs provided under supplementary benefits to take account of current price and salary developments (mixed index). The minimum AHV/IV pension will rise from CHF 1'160 to CHF 1'170 per month, and the maximum pension from CHF 2'320 to CHF 2'340. This increases the maximum annual AHV retirement pension to CHF 28'080 (CHF 2'340 x 12 months). The effects upon the PVS are as follows:

<b>Title</b>	<b>Amount in CHF</b>	<b>Explanatory notes</b>
Admission threshold	21'060	Minimum annual salary for admission to the PVS; this corresponds to 3/4 of the «maximum annual AHV old-age pension»
Maximum coordination amount	14'040	Until this upper limit is reached, the coordination amount in the PVS is 20% of annual salary
Threshold for admission to the Supplementary Pension Plan	105'300	Minimum annual salary for admission to the Supplementary Pension Plan; corresponds to 7.5 times the coordination amount

#### **Amendments to regulations**

Various regulations needed to be amended on account of the structural reform of occupational pensions. This affected the pension, investment and organizational regulations.

### **Strategy and objectives of the Swissport occupational pension scheme**

The Board of Trustees and the management have worked together with the accredited pension actuary to create a strategy and vision for the PVS with the aim of identifying opportunities and risks at an early stage, and by doing so enable the Board of Trustees to take appropriate action. Cost issues are also highlighted, the structure of the Board of Trustees reviewed, and options for improving beneficiary participation sought.

Among other things, it also aims to establish the direction in which employers and employees would like to see the PVS develop in future and also how it should compensate for the lack of income from the third contributor, namely investments, and the lengthy period of persistently low interest rates.

Work progressed well during the year under review. Major topics were explored in greater depth and some have already been completed. The Board of Trustees plans to have completed its assessment of the entire subject area by mid-2013 and will provide comprehensive information about its findings in the second half of the year.

### **New service agreement from 2013 to 2015**

Since the foundation of the Swissport Employee Pension Scheme (PVS), we have been working with PFS Pension Fund Services AG in Glattbrugg in the areas of management, administration, securities accounting, reporting and beneficiary mortgages. The existing three-year contract expired at the end of 2012.

The PVS invited PFS and four other providers to submit bids for a replacement contract for 2013 – 2015. The result was an intensive and time-consuming selection process. On the occasion of its 53<sup>rd</sup> meeting held on 10 May 2012, the Board of Trustees of the PVS unanimously agreed that the existing working relationship with PFS Pension Fund Services AG in Glattbrugg should be continued, with a new three-and-a-half-year service contract commencing on 1 July 2012. The overall package presented by PFS won us over once again.

### **Thanks**

In closing, I would like to thank our founder-employer, my fellow trustees, our Managing Director, our customer advisors, our accountant, our accredited pension actuary, our statutory auditors, our investment controller and PFS AG for their consistently committed, thorough and professional work on behalf of the PVS.

Sincerely

Peter Graf

Chairman of the Board of Trustees

## 2012 FINANCIAL STATEMENTS

Balance Sheet	Index Note	31.12.2012 CHF	31.12.2011 CHF
<b>ASSETS</b>			
<b>Investments</b>	6.4	<b>681'259'576</b>	<b>629'917'212</b>
Liquidity		14'192'392	13'338'142
Receivables from employer	7.1.1	4'897'161	2'993'677
Other Receivables	7.1.2	905'791	1'142'547
CHF bonds		87'513'948	85'287'907
EUR IFL bonds (including currency hedges)		34'113'960	37'862'379
Global IFL bonds hedged		40'969'350	62'958'801
Foreign currency bonds, rest of world		33'139'649	0
Mortgage loans		26'454'937	27'223'112
Equities Switzerland		52'383'355	45'157'304
Equities Europe		29'159'882	25'018'740
Equities North America (including currency hedges)		43'844'013	38'357'228
Equities Pacific		28'121'733	25'124'539
Equities foreign (sustainable)		28'304'134	25'363'367
Equities emerging markets		34'649'927	30'049'392
Commodities (including currency hedges)		33'170'260	31'886'562
Real estate in Switzerland		189'439'084	178'153'515
<b>Prepaid expenses and accrued income</b>	7.1.3	<b>6'943'994</b>	<b>6'545'851</b>
<b>TOTAL ASSETS</b>		<b>688'203'570</b>	<b>636'463'063</b>
<b>LIABILITIES</b>			
<b>Obligations</b>		<b>4'138'561</b>	<b>4'476'460</b>
Vested benefits		1'716'176	4'097'619
Capital payments		2'276'844	346'767
Other obligations	7.1.4	145'541	32'074
<b>Accrued expenses and deferred income</b>	7.1.5	<b>246'590</b>	<b>324'793</b>
<b>Actuarial capital and technical provisions</b>		<b>627'976'743</b>	<b>615'916'351</b>
Actuarial capital for active insurees	5.2	437'032'050	453'223'258
Actuarial capital for pension recipients	5.4	180'850'752	147'823'293
Technical provisions	5.6	10'093'941	14'869'800
<b>Fluctuation reserve</b>	6.3	<b>55'841'676</b>	<b>15'745'459</b>
<b>Scheme capital, freely disposable funds, underfunding</b>		<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>		<b>688'203'570</b>	<b>636'463'063</b>

Operating income statement

	Index Note	2012 CHF	2011 CHF
<b>Regular and other contributions and deposits</b>		<b>32'729'017</b>	<b>31'921'931</b>
Employees' savings contributions		11'027'099	10'694'369
Employer's savings contributions		15'731'516	15'265'296
Employees' risk insurance premiums		2'200'338	2'147'300
Employer's risk insurance premiums		2'233'467	2'178'008
One-off deposits and buy-in amounts	7.2.1	1'536'597	1'635'928
Contributions from LOB Guarantee Fund		0	1'030
<b>Other amounts paid in</b>		<b>7'196'363</b>	<b>10'715'437</b>
Vested benefits transferred into the scheme by joining insurees		5'437'839	9'155'738
Home financing repayments and divorce-related deposits	7.2.2	1'758'524	1'559'699
<b>INFLOW FROM CONTRIBUTIONS, DEPOSITS AND OTHER AMOUNTS PAID IN</b>		<b>39'925'380</b>	<b>42'637'368</b>
<b>Statutory benefits paid</b>		<b>-22'836'315</b>	<b>-18'315'502</b>
Old-age pensions		-8'593'764	-7'035'166
Survivors' pensions		-345'410	-345'410
Disability pensions		-594'342	-453'996
Child's pension payments	7.2.3	-158'171	-159'977
Lump-sum payments on retirement		-12'634'993	-9'410'850
Lump-sum benefits on death/disability		-509'635	-910'103
<b>Other benefits paid and withdrawals</b>		<b>-13'481'720</b>	<b>-17'015'967</b>
Vested benefits paid on leaving		-11'652'105	-12'924'746
Distribution of fluctuation reserves from partial liquidation		0	-73'191
Home financing withdrawals and payments on divorce	7.2.4	-1'829'615	-4'018'030
<b>OUTFLOW FOR BENEFITS PAID AND WITHDRAWALS</b>		<b>-36'318'035</b>	<b>-35'331'469</b>
<b>Changes in actuarial capital, technical provisions and contribution reserves</b>		<b>-12'060'392</b>	<b>-23'440'479</b>
Release of active insurees' actuarial capital	5.2	23'750'394	13'105'825
Creation of actuarial capital for pension recipients	5.4	-33'027'459	-37'298'986
Release of technical provisions	5.6	4'775'859	9'479'672
Interest paid on savings capital	5.2	-7'559'186	-8'800'181
Release of fluctuation reserves from partial liquidation	6.3	0	73'191
<b>Insurance expenses</b>		<b>-2'099'352</b>	<b>-2'104'461</b>
Guarantee Fund		-134'602	-131'986
Insurance premiums - risk		-1'711'886	-1'675'052
Insurance premiums - costs		-252'864	-297'423
<b>NET RESULT FROM INSURANCE ACTIVITIES</b>		<b>-10'552'399</b>	<b>-18'239'041</b>

## Operating income statement

	Index Note	2012 CHF	2011 CHF
<b>Net income from investment activities</b>	6.6	<b>51'908'565</b>	<b>5'215'915</b>
Income from liquid funds		48'257	-265'310
Income from CHF bonds		2'935'986	4'038'221
Income from EUR bonds (including currency hedges)	6.6.2	4'135'707	2'044'137
Income from USD bonds (including currency hedges)		0	3'547'792
Income from global IFL bonds hedged		2'759'562	914'412
Income from foreign currency bonds, rest of world		-360'350	0
Income from mortgage loans		552'518	668'479
Income from Equities Switzerland		7'486'805	-3'022'344
Income from Equities Europe		4'149'131	-4'562'505
Income from Equities North America (incl. currency hedges)		5'215'009	72'187
Income from Equities Pacific		3'004'493	-4'817'898
Income from Equities foreign (sustainable)		3'089'970	-3'032'777
Income from Equities emerging markets		4'790'656	-4'493'667
Income from commodities (incl. currency hedges)		625'131	115'325
Income from real estate Switzerland	6.6.1	13'842'780	14'439'293
Asset administration costs	7.2.5	-347'280	-409'779
Interest on vested benefits		-19'810	-19'651
<b>Other income</b>		<b>10'795</b>	<b>11'381</b>
<b>Other expenses</b>	7.2.6	<b>-225'000</b>	<b>-225'519</b>
<b>Administrative expenses</b>	7.2.7	<b>-1'045'744</b>	<b>-1'040'447</b>
General administration		-933'282	-948'340
Statutory auditors and accredited pension actuary		-91'962	-88'007
Supervisory authority		-20'500	-4'100
<b>INCOME/EXPENSE SURPLUS BEFORE CREATION/ RELEASE OF FLUCTUATION RESERVES</b>		<b>40'096'217</b>	<b>-14'277'711</b>
<b>Creation/release of fluctuation reserves from income/expense surplus</b>	6.3	<b>-40'096'217</b>	<b>14'277'711</b>
<b>INCOME/EXPENSE SURPLUS</b>		<b>0</b>	<b>0</b>





**1 Principles and organization**

**1.1 Legal form and objective**

The Swissport Employee Pension Scheme («Personalvorsorge Swissport» or PVS) is a trust established by Swissport International AG in accordance with Article 80ff. of the Swiss Civil Code (ZGB), Article 331 of the Swiss Code of Obligations (OR) and Article 48, para. 2 of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Benefit Plans (BVG). The Foundation's legal domicile is at the head office of Swissport International AG in Opfikon, Switzerland, and is subject to legal supervision.

The objective of the PVS is to provide an occupational pension scheme within the framework of the BVG and its implementation provisions to insure the personnel of Swissport International AG and further companies closely linked thereto in business or financial terms, their next of kin and their survivors against the economic consequences of old age, disability and death.

**1.2 Registration under the BVG and with the LOB Guarantee Fund**

The PVS was entered in the Register of Occupational Pension Schemes of the Canton of Zurich (under register number 1377) on 1 January 2004, as attested by the corresponding official confirmation thereof dated 24 February 2004. The PVS is subject to the Swiss Federal Law on Vested Benefits in Occupational Retirement, Survivors' and Disability Benefit Plans (FZG) and is thus affiliated to the LOB Guarantee Fund.

**1.3 Deed of trust and regulations**

The PVS was established through a public deed of trust dated 15 September 2003 and was entered in the Commercial Register of the Canton of Zurich on 14 November 2003.

**Details of the scheme's regulations**

<b>Regulations</b>	<b>Approved</b>	<b>Effective</b>
Pension Scheme Regulations	20.01.11	01.01.2011
Regulations on Provisions and Reserves	29.02.12	31.12.2011
Organizational Regulations	10.05.12	01.01.2012
Election Regulations	16.09.03	16.09.2003
Investment Regulations	31.01.12	01.01.2012
- Strategic Asset Allocation	25.09.12	01.10.2012
Partial Liquidation Regulations	24.11.09	01.12.2009

**1.4 Governing body and signatory authority**

At 31 December 2012, the Board of Trustees, which is composed of an equal number of employer's and employees' representatives, consisted of the following members:

**Board of Trustees**

<b>Employer's representative</b>		<b>Employees' representatives</b>	
		Term of office 1 July 2010 – 30 June 2013	
Peter Graf	Chairman*	Philippe Crippa	Deputy Chairman*
Cordula Hofmann	Member*	Margrit Coimbra	Member*
Eva-Maria Kerner <sup>1)</sup>	Member*	Sonja Eckerlin <sup>1)</sup>	Member*

<sup>1)</sup> Member of the Investments Committee

There were no personnel changes to the Board of Trustees in 2012.

**Operational management and accounting**

Markus Staudenmaier     Managing Director\*  
 Reymond Früh             Head of Accounting\*  
 Urs Ackermann            Deputy Managing Director\*

\*collective signatory authority (two signatures required)

**1.5 Accredited pension actuary, statutory auditors, investment advisor and supervisory authority****Accredited pension actuary**

Roland Guggenheim, Mercer (Switzerland) SA, Tessinerplatz 5, 8027 Zurich

**Statutory auditors**

KPMG AG, Badenerstrasse 172, 8004 Zurich

**Investment advisor**

Markus Schneider, PensionTools GmbH, Galtbergstrasse 1A, 8625 Gossau

**Supervisory authority**

The Supervisory Authority for Pensions and Trusts of the Canton of Zurich (BVS), Neumühlequai 10, 8090 Zurich

**1.6 Affiliated employers**

The following companies with close business and financial links to founder-employer Swissport International AG are also affiliated to the PVS:

Swissport International AG, Zurich operations, Zurich Airport, Canton Zurich

Swissport International AG, Basel operations, Basel EuroAirport, Canton Basel City

Swissport International AG, Geneva operations, Geneva Airport, Canton Geneva

Swissport Baggage Sorting AG, Kloten, Canton Zurich

PrivatPort S.A., Meyrin, Canton Geneva

Swissport Group Services GmbH, Baar, Canton Zug

Careport AG, Opfikon, Canton Zurich

GVAssistance S.A., Le Grand-Saconnex, Canton Geneva

No new employers joined the PVS in 2012.

## 2 Active insurees and pension recipients

### 2.1 Active insurees

	Swissport International		Swissport Zurich		Swissport Basel	
	2012	2011	2012	2011	2012	2011
<b>At 1 January</b>	<b>83</b>	<b>75</b>	<b>1'679</b>	<b>1'683</b>	<b>392</b>	<b>361</b>
Joined	10	18	279	263	58	48
Left	8	8	227	235	28	12
Retired	1	1	37	27	8	5
Newly disabled	0	0	2	4	0	0
Died	0	1	1	1	0	0
<b>At 31 December</b>	<b>84</b>	<b>83</b>	<b>1'691</b>	<b>1'679</b>	<b>414</b>	<b>392</b>
of whom risk insurance only	0	1	143	132	23	17
<b>Old-age savings at 31 December</b>	<b>26'338'372</b>	<b>27'096'249</b>	<b>209'526'422</b>	<b>214'594'543</b>	<b>41'750'025</b>	<b>42'121'343</b>
of which BVG	5'599'816	5'371'089	81'679'103	81'187'704	14'573'133	14'436'599
old-age savings at 31 December						

	Swissport Geneva		Swissport Baggage Sorting		PrivatPort	
	2012	2011	2012	2011	2012	2011
<b>At 1 January</b>	<b>938</b>	<b>883</b>	<b>176</b>	<b>170</b>	<b>9</b>	<b>7</b>
Joined	178	154	20	24	0	3
Left	96	79	20	16	0	1
Retired	32	20	4	2	0	0
Newly disabled	0	0	1	0	0	0
Died	0	0	0	0	0	0
<b>At 31 December</b>	<b>988</b>	<b>938</b>	<b>171</b>	<b>176</b>	<b>9</b>	<b>9</b>
of whom risk insurance only	77	79	9	7	0	1
<b>Old-age savings at 31 December</b>	<b>117'041'167</b>	<b>129'974'874</b>	<b>20'269'754</b>	<b>21'088'578</b>	<b>398'802</b>	<b>304'574</b>
of which BVG	45'164'467	47'745'418	8'917'959	8'987'357	210'978	167'007
old-age savings at 31 December						

	Swissport Group Services GmbH		Swissport Careport AG		GVAssistance S.A.	
	2012	2011	2012	2011	2012	2011
<b>At 1 January</b>	<b>29</b>	<b>25</b>	<b>91</b>	<b>82</b>	<b>51</b>	<b>47</b>
Joined	5	13	9	23	3	8
Left	1	8	17	13	6	3
Retired	0	0	1	1	2	1
Newly disabled	0	0	0	0	0	0
Died	0	1	0	0	0	0
<b>At 31 December</b>	<b>33</b>	<b>29</b>	<b>82</b>	<b>91</b>	<b>46</b>	<b>51</b>
of whom risk insurance only	0	0	4	7	0	6
<b>Old-age savings at 31 December</b>	<b>9'469'268</b>	<b>6'097'040</b>	<b>6'040'808</b>	<b>5'027'363</b>	<b>6'197'432</b>	<b>6'918'694</b>
<b>of which BVG old-age savings at 31 December</b>	<b>2'109'712</b>	<b>1'546'986</b>	<b>2'468'534</b>	<b>2'093'313</b>	<b>2'669'942</b>	<b>2'833'502</b>

	ISS Aviation AG, Kloten, Zurich operations		Unitpool	
	2012	2011	2012	2011
<b>At 1 January</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>11</b>
Joined	0	0	0	9
Left	0	1	0	19
Retired	0	0	0	1
Newly disabled	0	1	0	0
Died	0	0	0	0
<b>At 31 December</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
of whom risk insurance only	0	0	0	0
<b>Old-age savings at 31 December</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
of which BVG old-age savings at 31.12.	0	0	0	0

	Total PVS		Change over previous year
	2011	2012	
<b>At 1 January</b>	<b>3'448</b>	<b>3'346</b>	<b>102</b>
Joined	562	563	-1
Left	403	395	8
Retired	85	58	27
Newly disabled	3	5	-2
Died	1	3	-2
<b>At 31 December</b>	<b>3'518</b>	<b>3'448</b>	<b>70</b>
of whom risk insurance only	256	250	6
<b>Old-age savings at 31 December</b>	<b>437'032'050</b>	<b>453'223'258</b>	<b>-16'191'208</b>
of which BVG old-age savings at 31.12.	163'393'644	164'368'975	-975'331

Active insurees by BVG age at 31 December	Women		Men		Total	
	2012	2011	2012	2011	2012	2011
18 – 24	108	106	148	144	256	250
25 – 34	413	423	617	555	1030	978
35 – 44	340	335	538	526	878	861
45 – 54	377	353	528	539	905	892
55 – 65	170	181	279	286	449	467
<b>Total</b>	<b>1'408</b>	<b>1'398</b>	<b>2'110</b>	<b>2'050</b>	<b>3'518</b>	<b>3'448</b>

The average age of a PVS active insuree is 40.6 years (previous year: 40.9 years).

## 2.2 Pension recipients

Pension type	Women		Men		Total	
	2012	2011	2012	2011	2012	2011
Old-age pensions	122	101	206	167	328	268
Disability pensions	17	17	23	14	40	31
Spouse's pensions	12	12	2	2	14	14
Child's pensions	19	13	16	19	35	32
<b>Total</b>	<b>170</b>	<b>143</b>	<b>247</b>	<b>202</b>	<b>417</b>	<b>345</b>

Pension type – development	Total	New	Change Retirement	Left	Total
	31.12.2012				31.12.2011
Old-age pensions	328	0	61	1	268
Disability pensions	40	9	0	0	31
Recipients of spouse's pensions	14	0	0	0	14
Child's pensions	35	4	0	1	32
<b>Total</b>	<b>417</b>	<b>13</b>	<b>61</b>	<b>2</b>	<b>345</b>

### 3 Fulfillment of objectives

#### 3.1 Details on the benefit regulations and pension plans

The PVS Pension Scheme Regulations consist of two elements: the Benefit Regulations and the Pension Plans. The Benefit Regulations are applicable to all PVS beneficiaries. These regulations lay down the general terms and conditions under which benefits are granted, the scheme's funding principles, the type and amount of benefits awarded and further general provisions.

##### **Benefit Regulations**

All employees who fall under the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Benefit Plans (BVG) are admitted to the PVS. Employees are also permitted to remain within the PVS as external insurees after they have left a PVS-affiliated company under certain conditions specified in an appendix to the Benefit Regulations.

The benefits awarded under the PVS are based on defined contributions.

A PVS insuree becomes entitled to regular PVS old-age pension benefits upon reaching the age of 63. PVS old-age pension benefits may also be drawn before such time, up to five years at the earliest before regular retirement age. Old-age pension benefits may be drawn in the form of a lump-sum capital payment, a lifelong old-age pension or a combination of the two. The conversion rates used to convert savings old-age capital into old-age pensions vary according to the beneficiary's age and marital status.

The annual PVS disability pension amounts to 6.5% (from 2013: 6.1%) of the insuree's projected old-age savings on their 63rd birthday. All such projections assume interest paid at an annual rate of 1.5% (from 2013: BVG minimum interest rate).

The annual PVS spouse's pension amounts to 80% (from 2013: 70%) of the insuree's old-age or full-disability pension. The PVS will, upon written request, pay benefits equivalent to a spouse's pension to the surviving long-time partner of a deceased employee, subject to fulfillment of the corresponding regulatory provisions. Insurees who have entered into a registered partnership enjoy the same benefits and entitlements as married insurees. Should an unmarried active insuree die without designating a registered partner, a lump-sum payment will be made amounting to the insuree's total old-age savings at the time of death.

The orphan's and child's pension for children of disability pension recipients is 10% of the insuree's last insured salary, or 15% in the case of orphans if both parents are deceased. The child's pension for children of old-age pension recipients amounts to 10% of the insuree's last insured salary, up to a maximum of CHF 5,400 a year.

##### **Pension Plans**

The PVS's Pension Plans specify the salary insured under the PVS and the distribution of contributions and premiums between the employer and the employee for basic and supplementary occupational pension provision.

All employees who fall under the BVG are admitted to the PVS's Basic Pension Plan.

The Supplementary Pension Plan is provided for all management personnel with individual contracts of employment whose annual salary (including year-end bonuses) exceeds 7.5 times the minimum AHV state old-age pension. For part-time employees, this threshold is reduced in proportion to their degree of employment.

For those pension plans whose provisions ordinarily set the employee's contribution at 6% of their insured salary, the beneficiary is offered a further option – named «Standard Plus» – under which the employee's contribution amounts to 9% of their insured salary, and thus old-age savings contributions (from employer and employee) to 18% of the employee's insured salary.

The following pension plans exist (each in Basic and Supplementary versions):

- The Standard Pension Plan for all Swissport companies in Switzerland (excluding Swissport Baggage Sorting AG)
- The Standard Plus Pension Plan for all Swissport companies in Switzerland (excluding Swissport Baggage Sorting AG)
- The pension plan of Swissport Baggage Sorting AG

Insurees under the Standard Pension Plan pay a savings contribution of 6% of their insured salary, while those under the Standard Plus Pension Plan pay a corresponding contribution of 9%. Under both plans, the employer's savings contribution is 9% of the employee's insured salary.

The insured salary for Basic Pension Plan purposes is the employee's salary including any year-end bonuses less the coordination amount. This coordination amount is 20% of the employee's salary, up to a maximum of 50% of the maximum AHV state old-age pension.

The insured salary for Supplementary Pension Plan purposes is the employee's salary including any year-end bonuses less a coordination amount of 7.5 times the minimum AHV Swiss state old-age pension. For part-time employees, this coordination amount is reduced in proportion to their degree of employment. Any salary components covered by the Supplementary Pension Plan are not covered by the Basic Pension Plan

### **3.2 Funding and funding method**

The old-age savings contributions under the Standard Plan correspond to 15% of the insured salary in the Basic Plan and 21% in the Supplementary Plan. Under the Standard Plus pension plan, they amount to 18% of the insured salary in the Basic Plan and 24% in the Supplementary Plan. The distribution of these contributions between employer and employee varies from plan to plan.

The risk insurance premium is 2.5% of the insured salary and is shared equally between employer and employee.

The costs of administering the scheme's assets and investments and the contributions to the LOB Guarantee Fund are met by the PVS.

PVS has signed a service agreement with PFS Pension Fund Services AG for the administration and management of the scheme; with effect from 1 July 2012, this agreement has been extended for another three and a half years



#### 4 Accounting and valuation principles and consistency

##### 4.1 Confirmation of accounting in accordance with Swiss GAAP ARR 26

The 2012 accounts of the PVS were prepared in accordance with the guidelines specified in Swiss GAAP ARR 26.

##### 4.2 Accounting and valuation principles

All accounting, reporting and valuation practices are in accordance with the relevant provisions of the Swiss Code of Obligations (OR) and the BVG. The annual financial statements consist of the balance sheet, the operating income statement and the notes thereto and provide a true and fair view of the scheme's actual financial situation as required by the legislation on occupational pension provision. Asset values are determined for the annual financial statements as follows:

<b>Asset category</b>	<b>Valuation method</b>
<b>Nominal values</b>	
Liquidity	Nominal value
Receivables	Nominal value
CHF bonds	Fair value
EUR IFL bonds	Fair value
Global IFL bonds	Fair value
Foreign currency bonds, rest of world	Fair value
Mortgage loans	Nominal value
<b>Equities</b>	
Equities Switzerland	Fair value
Equities Europe	Fair value
Equities North America	Fair value
Equities Pacific	Fair value
Equities (sustainable)	Fair value
Equities emerging markets	Fair value
<b>Non-traditional investments</b>	
Commodities	Marktwert
<b>Real estate in Switzerland</b>	
	Fair value

Assets held in foreign currencies are translated at year-end exchange rates, while foreign-currency income and expenditure are translated at the exchange rate prevailing on the date of the transaction.

## 5 Actuarial risks, risk coverage and funding ratio

### 5.1 Form of risk coverage, reinsurance

On 12 January 2011, the PVS, a semi-autonomous pension fund, entered into a reinsurance agreement with «PKRück Lebensversicherung für die betriebliche Vorsorge AG», Vaduz, for the period 1 January 2011 to 31 December 2016. The PVS has thereby reinsured its risks for benefits on death and disability in a congruent manner.

The annual premium for 2012 amounted to CHF 1'964'750. No claims were payable by the reinsurer in the year under review.

The reinsurance agreement features a profit-sharing arrangement for surplus funds. Where available, any surplus funds are allocated to the freely disposable funds. If this is not possible, they are allocated to the fluctuation reserve. If this is also not possible, the surplus funds will be used to compensate for any underfunding.

On 31 December 2012, the sum of CHF 547'772 was allocated to a provision for the distribution of surplus funds. Future benefits effected by PKRück will be in part charged to this provision. The final account will be drawn up after a term of three years and following the settlement of any claims which occurred during this period, i.e. towards the end of 2015. Any surplus funds will be subsequently distributed in accordance with the above paragraph.

	2012 CHF	2011 CHF
<b>Surplus funds at 1 January</b>	<b>529'834</b>	<b>0</b>
Allocation to provision for the distribution of surplus funds	547'772	529'834
Withdrawal from provision for the distribution of surplus funds	0	0
Credit from stop-loss cover	0	0
<b>Surplus funds at 31 December</b>	<b>1'077'606</b>	<b>529'834</b>

### 5.2 Performance of savings capital and interest earned thereon

	2012 CHF	2011 CHF
<b>Total savings of active insurees at 1 January</b>	<b>453'223'258</b>	<b>457'528'902</b>
<b>Release of active insurees' actuarial capital</b>	<b>-23'750'394</b>	<b>-13'105'825</b>
Employees' savings contributions	11'027'099	10'694'369
Employer's savings contributions	15'731'516	15'265'296
One-off deposits and buy-in amounts	1'536'597	1'635'928
Vested benefits transferred into the scheme by joining insurees	5'437'839	9'150'263
Home financing repayments/divorce-related deposits	1'758'524	1'559'699
Capital formation for payments pursuant to Art. 17 FZG	23	21
Vested benefits on leaving	-11'652'105	-12'924'746
Home financing withdrawals and divorce-related payments	-1'829'615	-4'018'030
Capital released through lump-sum payments on retirement	-12'634'993	-9'410'850
Capital released through lump-sum payments on death/disability	-509'635	-910'103
Capital released through retirement, death and disability	-32'615'643	-24'147'672
<b>Interest earned on savings capital</b>	<b>7'559'186</b>	<b>8'800'181</b>
<b>Total actuarial capital of active insurees at 31 December</b>	<b>437'032'050</b>	<b>453'223'258</b>
Interest rate on old-age savings pursuant to BVG	1.50%	2.00%
Interest rate on regulatory old-age savings	1.75%	2.00%

Under Article 7 of the PVS Benefit Regulations, the Board of Trustees may wait until the annual results for a particular year are available before setting the interest rate to be used for the payment of interest on active insurees' old-age savings for the year under review. For 2012, any payments or benefit calculations made in the course of the year were subject to interest at a rate of 0%. The final decision on the interest rate to be applied to old-age savings was taken at the Board of Trustees meeting of 20 November 2012, when a rate of 1.75% was set for all old-age savings.

### 5.3 Total old-age savings under the BVG

	<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>CHF</b>	<b>CHF</b>
Total old-age savings	437'032'050	453'223'258
of which BVG old-age savings	163'393'644	164'368'975

The above amounts include the old-age savings of pending disability cases.

### 5.4 Performance of actuarial reserves for pension recipients

	<b>2012</b>	<b>2011</b>
	<b>CHF</b>	<b>CHF</b>
<b>Actuarial reserves at 1 January</b>	<b>147'823'293</b>	<b>110'524'307</b>
<b>Creation of actuarial capital for pension recipients</b>	<b>33'027'459</b>	<b>37'298'986</b>
Creation through retirement, death and disability	32'615'643	24'147'672
Deposit of IV disability capital	0	5'474
Release through pension payments	-9'691'686	-7'994'549
Technical interest paid	4'434'699	3'868'351
Creation of actuarial capital for pensions	3'712'244	2'983'872
Creation of capital for new actuarial data and techn. interest rate	0	13'687'279
Creation of actuarial capital for disability/child's pensions	1'404'813	479'878
Actuarial loss	551'746	121'009
<b>Total actuarial capital for pension recipients at 31 December</b>	<b>180'850'752</b>	<b>147'823'293</b>

The amount shown under «Creation through retirement, death and disability» corresponds to the savings capital of new pension recipients at the time the event occurs.

Details of the form in which pension recipients chose to draw their PVS old-age benefits (in CHF) were as follows:

<b>Form(s) of old-age benefit chosen</b>	<b>2012</b>		<b>2011</b>	
	<b>CHF</b>	<b>%</b>	<b>CHF</b>	<b>%</b>
Old-age savings on retirement	43'668'922		33'073'997	
of which converted into pension	31'033'929	71%	23'663'147	72%
of which withdrawn as lump-sum payment	12'634'993	29%	9'410'850	28%

Current PVS pensions were not increased following a resolution passed by the Board of Trustees to this effect on 20 November 2012. The decision not to award an increase was based on the PVS's current financial situation and the difference between the 3.0% technical interest rate paid on pension capital and the 1.75% interest currently being paid on active insurees' old-age savings.

To ensure that any future decisions on adjustments to current pensions can be taken on a sound basis, the Board of Trustees has resolved to keep a generational balance sheet to quantify the accrued funds being transferred from active insurees to pension recipients at any given time. This will be done by taking the difference between the interest paid on active insurees' actuarial capital and the technical interest paid on pension recipients' actuarial capital (including a strengthening of longevity risk)

and adding it to the previous year's balance. Any further potential transfers between active insurees and pension recipients will not be recognized in this balance sheet.

A negative generational accounting balance will indicate that the transfer of accumulated funds is in favor of pension recipients and will mean that current pensions cannot be increased until this transfer amount has been offset. According to the calculations of the PVS's accredited pension actuary, the generational accounting balance at 31 December 2012 was as follows:

Year	Pension recipients' actuarial capital at 31 December in CHF	Active insurees' actuarial capital at 31 December in CHF	Generational accounting balance in CHF	Interest rate for active insurees	Technical interest rate for pension recipients plus additional 0.5% until 2011
2004	5'736'094	454'967'221	-189'865	*0.69%	4.00%
2005	12'309'234	476'536'449	-192'233	2.50%	4.00%
2006	29'207'142	480'907'213	-226'743	3.25%	4.00%
2007	49'260'686	469'478'994	-378'525	3.25%	4.00%
2008	70'396'137	444'490'046	-895'093	2.75%	4.00%
2009	92'571'371	437'657'336	-1'887'231	2.00%	4.00%
2010	110'524'307	457'528'902	-2'285'975	2.00%	4.00%
2011	147'823'293	453'223'258	-3'047'905	2.00%	4.00%
2012	180'850'752	437'032'050	-2'352'072	1.75%	3.00%
<b>TOTAL</b>			<b>-11'455'641</b>		

\* 2.25% on BVG old-age savings and 0% on super-mandatory old-age savings; BVG savings accounted for 30.6% of total old-age savings

Pension recipients' actuarial capital was distributed as follows among the various types of pensions at year-end:

Actuarial capital for pension recipients	31.12.2012 CHF	31.12.2011 CHF	Change over previous year in CHF
Actuarial reserves for old-age pension recipients	162'027'763	131'594'661	30'433'102
Actuarial reserves for spouse's/partner's pensions	6'791'813	6'897'435	-105'622
Actuarial reserves for disability pensions	11'123'635	8'342'204	2'781'431
Actuarial reserves for child's pensions	907'541	988'993	-81'452
<b>Total actuarial capital for pension recipients</b>	<b>180'850'752</b>	<b>147'823'293</b>	<b>33'027'459</b>

## 5.5 Result of the latest actuarial appraisal

The latest actuarial appraisal of the PVS was conducted as at 31 December 2012. The accredited pension actuary confirmed therein that

- the scheme is in a position to meet all its obligations;
- the provisions of the regulations applicable to the scheme's benefits and financing comply with the relevant legal requirements

## 5.6 Actuarial principles

The accounting principles are based on BVG 2010 actuarial data and the standard cross-sectional mortality table projected to 2013 (previous year: BVG 2010 actuarial data and the standard cross-sectional mortality table projected to 2012) at a technical interest rate of 3.0% (previous year: 3.0%). The calculations have been made in accordance with the Principles and Guidelines for Accredited Pension Actuaries of the SAA and the Swiss Chamber of Pension Actuaries according to the closed fund principle.

<b>Composition</b>	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>Change over</b>
<b>Technical provisions</b>	<b>CHF</b>	<b>CHF</b>	<b>previous year in CHF</b>
Risk fluctuation fund	2'352'705	8'107'477	-5'754'772
Provision for special events	904'254	0	904'254
Provision for pension losses	6'836'982	6'762'323	74'659
<b>Total technical provisions</b>	<b>10'093'941</b>	<b>14'869'800</b>	<b>-4'775'859</b>

The risk fluctuation fund is a provision for pending disability cases and a provision for death and disability risks. This provision has been reduced due to full reinsurance with PKRück, and is calculated based on the number of cases of illness lasting longer than 60 days as at the balance sheet date. At 31 December 2012, a total of 79 insurees (previous year: 67) were awaiting a decision on the possible provision of disability benefits.

The provision for special events serves to cushion future conversions to new technical bases and is increased each year by 0.5% of the actuarial reserves for pensions.

The provision for pension losses has been created to compensate for pension losses caused by the conversion rates being too high compared with the technical interest rates. The provision is created for persons who have reached the age of 50.

Since 2011, the provision for increased longevity of pension recipients has been incorporated in the technical basis and is no longer shown separately.

#### 5.7 Funding ratio as defined in Art. 44 BVV2

	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>Change over</b>
	<b>CHF</b>	<b>CHF</b>	<b>previous year</b>
			<b>CHF</b>
Total assets at fair value	688'203'570	636'463'063	51'740'507
less liabilities	-4'138'561	-4'476'460	337'899
less accrued expenses and deferred income	-246'590	-324'793	78'203
<b>Assets available</b>	<b>683'818'419</b>	<b>631'661'810</b>	<b>52'156'609</b>
Actuarial capital for active insurees	437'032'050	453'223'258	-16'191'208
Actuarial capital for pension recipients	180'850'752	147'823'293	33'027'459
Technical provisions	10'093'941	14'869'800	-4'775'859
<b>Actuarial capital required</b>	<b>627'976'743</b>	<b>615'916'351</b>	<b>12'060'392</b>
<b>Funding surplus as per Art. 44 para. 1 BVV2</b> (assets available less actuarial capital required)	<b>55'841'676</b>	<b>15'745'459</b>	<b>40'096'217</b>
<b>Funding ratio as per Art. 44, para. 1 BVV2</b> (assets available x 100 divided by actuarial capital required)	<b>108.9%</b>	<b>102.6%</b>	

The PVS's funding ratio as defined in Art. 44, para. 1 BVV2 stood at 108.9% at 31 December 2012.

## 6 Notes on investments and on the net return on investments

### 6.1 Organization of investment activities and investment regulations

The PVS's Investment Regulations specify the assignment of responsibilities, authorities and control functions between the Board of Trustees and the Investments Committee.

#### Board of Trustees

The Board of Trustees is responsible for determining the PVS's investment strategy and the asset management institutions commissioned with its implementation. To ensure the constant supervision of these activities, the Board of Trustees appoints a two-member Investments Committee consisting of one employer's and one employees' representative.

#### Investments Committee

The Investments Committee is responsible for implementing and monitoring the PVS's investment strategy, ensuring that the weightings of the asset categories remain within the specified ranges and monitoring the activities of the portfolio managers and the administrative office. The Investments Committee generally meets every two months.

Category	Asset management mandated to	Portfolio manager
Money market investments	Syz AM Liquidity Money Market CHF	Bank Syz & Co.
CHF bonds	Syz AM Swiss Bond Index Fund Syz AM Swiss Government Bond Index Fund CIF Swiss Bond Tot. Market Ind. Domestic	Bank Syz & Co. ZKB
EUR IFL bonds	CSIF Inflation linked Bond EUR ex Italy	Credit Suisse
Global IFL bonds hedged	CSIF Infl. Linked Bond World Index	Credit Suisse
Foreign currency bonds, rest of world	CSIF Bond Aggr. Rest World Currencies Index	Credit Suisse
Mortgage loans	Mortgages to beneficiaries	PFS Pension Fund Services
Equities Switzerland	CSIF Switzerland Total Market Index Blue CIF Swiss Small & Mid Cap Index	Credit Suisse ZKB
Equities Europe	SSgA MSCI Europe Index NL CTF	State Street Global Advisors
Equities North America	SSgA Canada MSCI NL CTF SSgA U.S. MSCI NL CTF	State Street Global Advisors
Equities Pacific	SSgA Australia MSCI NL CTF SSgA Hong Kong MSCI NL CTF SSgA Japan MSCI NL CTF SSgA New Zealand NL MSCI CTF SSgA Singapore MSCI NL CTF	State Street Global Advisors
Equities emerging markets	CIF Emerging Market Index	ZKB
Equities foreign (sustainable)	Henderson Global Care Growth Fund OekoSar Equity - Global F	Henderson Global Investors Bank Sarasin & Cie AG
Commodities	Pictet Solutions-Global Commodities Pictet Solutions-Global Commodities Diversified	Pictet & Cie. Pictet & Cie.
Real estate in Switzerland	Turidomus investment trust Adimora investment trust CS 1A Immo PK Fonds	Pensimo Management Pensimo Management Credit Suisse

New investments in the year under review included bonds in «CSIF Bond Aggr. Rest World Currencies Index», real estate in the «Adimora Omega» investment trust and commodities in «Pictet Solutions-Global Commodities Diversified». Investments in «Morgan Stanley Commodities Notes» expired and have not been renewed.

## 6.2 Use of supplementary investment vehicles (Art. 50, para. 4 BVV2)

In the year under review, the PVS did not make use of any supplementary investment vehicles as provided for by BVV 2.

BVV2 restriction	SAA weighting	Net share at 31.12.2012	BVV2 limit	BVV2 article
Foreign currencies (without hedging)	30.7%	26.9%	30%	55e

## 6.3 Target size and calculation of the fluctuation reserves

Fluctuation reserves are intended to cushion a scheme against fluctuations in the value of its investments, and to prevent it from becoming underfunded as a result of volatility.

As part of its current investment strategy, the PVS defines expected returns and risks on its investments annually based on historical benchmark data and current return projections for each asset category. The requisite fluctuation reserves are calculated accordingly as 2% of the «value at risk» for a two-year period. In setting the level of its fluctuation reserves, the PVS also pays due regard to the structure and performance of the scheme's savings and actuarial capital and to the technical provisions required. These reserves are calculated using the consistency principle, and are revised annually.

The PVS's investment strategy features the following characteristics:

Characteristics of the investment strategy	2012	2011
Expected return	4.2%	4.2%
Historical risk (based on past 144 months)	6.2%	6.2%
Two-year (previous year: two-year) fluctuation reserve required as a percentage of total actuarial capital and technical provisions	19.5%	19.5%

The calculation of the required fluctuation reserve includes 3.5% interest on the old-age savings of active insureds (previous year: 3.5%) and 3.5% interest on pension capital (previous year: 3.5%), and is based on the expected return after deduction of assumed asset management costs of 0.3%.

Fluctuation reserve required	2012 CHF	2011 CHF	Veränderung geg. Vorjahr CHF
Fluctuation reserve at 1 January	15'745'459	30'096'360	-14'350'901
Release of fluctuation reserve from partial liquidation	0	-73'191	73'191
Transfer from / to operating income statement	40'096'217	-14'277'711	54'373'927
<b>Fluctuation reserve according to the balance sheet at 31 December</b>	<b>55'841'676</b>	<b>15'745'459</b>	<b>40'096'217</b>
<b>Fluctuation reserve required</b>	<b>122'455'465</b>	<b>120'103'688</b>	<b>2'351'777</b>
Shortfall in fluctuation reserve	-66'613'789	-104'358'229	37'744'440

## 6.4 Investments by asset category

Asset category	31.12.2012 CHF	% of total assets	SAA	Target range	Art. 55 BVV2	31.12.2011 CHF	% of total assets.
<b>Nominal values</b>	<b>242'187'188</b>	<b>35.6%</b>	<b>37%</b>	<b>23-55%</b>	<b>100%</b>	<b>230'806'565</b>	<b>36.6%</b>
Liquidity	14'192'392	2.1%	2%	1-10%		13'338'142	2.1%
Receivables	5'802'952	0.9%	0%			4'136'224	0.7%
CHF bonds	87'513'948	12.8%	14%	10-17%		85'287'907	13.5%
EUR IFL bonds (including currency hedges)	34'113'960	5.0%	5%	3-7%		37'862'379	6.0%
Global IFL bonds hedged	40'969'350	6.0%	6%	4-8%		62'958'801	10.0%
Foreign currency bonds, rest of world	33'139'649	4.9%	5%	3-7%		0	0.0%
Mortgage loans	26'454'937	3.9%	5%	2-6%		27'223'112	4.3%
<b>Equities</b>	<b>216'463'044</b>	<b>31.8%</b>	<b>32%</b>	<b>11-49%</b>	<b>50%</b>	<b>189'070'570</b>	<b>30.1%</b>
Equities Switzerland	52'383'355	7.7%	7%	3-9%		45'157'304	7.2%
Equities Europe	29'159'882	4.3%	3%	1-6%		25'018'740	4.0%
Equities North America (including currency hedges)	43'844'013	6.4%	4%	2-9%		38'357'228	6.1%
Equities Pacific	28'121'733	4.1%	3%	1-6%		25'124'539	4.0%
Equities foreign (sustainable)	28'304'134	4.2%	10%	2-12%		25'363'367	4.0%
Equities emerging markets	34'649'927	5.1%	5%	2-7%		30'049'392	4.8%
<b>Non-traditional investments</b>	<b>33'170'260</b>	<b>4.9%</b>	<b>5%</b>	<b>2-15%</b>	<b>15%</b>	<b>31'886'562</b>	<b>5.1%</b>
Hedge funds	0	0.0%	0%	0-4%		0	0.0%
Private equity	0	0.0%	0%	0-4%		0	0.0%
Commodities (including currency hedges) - collective	33'170'260	4.9%	5%	2-7%		31'886'562	5.1%
<b>Real estate</b>	<b>189'439'084</b>	<b>27.8%</b>	<b>26%</b>	<b>22-33%</b>	<b>30%</b>	<b>178'153'515</b>	<b>28.3%</b>
Real estate in Switzerland	189'439'084	27.8%	26%	22-30%		178'153'515	28.3%
Real estate outside Switzerland	0	0.0%	0%	0-3%		0	0.0%
<b>Total investments</b>	<b>681'259'576</b>	<b>100.0%</b>	<b>100.0%</b>			<b>629'917'212</b>	<b>100.0%</b>

SAA = strategic asset allocation (investment strategy)

The investment restrictions laid down in Arts. 54, 54a and 54b BVV2 were observed.

Currency hedges	31.12.2012 CHF	% of total assets	SAA	Target range	31.12.2011 CHF	% of total assets
<b>Total</b>	<b>75'262'398</b>	<b>11.0%</b>	<b>8%</b>	<b>1-32%</b>	<b>65'816'978</b>	<b>10.4%</b>
EUR	33'080'096	4.9%	3%	0-11%	18'786'328	3.0%
USD	42'182'302	6.2%	5%	1-16%	47'030'650	7.5%
JPY	0	0.0%	0%	0-3%	0	0.0%
GBP	0	0.0%	0%	0-2%	0	0.0%

As at 31 December 2012, there were no breaches of the target ranges.



### 6.4.1 Mortgages

The mortgages are mortgage loans granted by PVS to beneficiaries. The PVS grants beneficiaries first mortgages on residential houses and apartments in Switzerland which are occupied by the borrower either all year or for their own vacation purposes. Mortgages can be obtained for up to 80% of the property's declared market value (or 65% for vacation homes), up to a maximum of CHF 750'000.

65% of the market value of the mortgage loan must be amortized upon retirement.

Should an insuree leave the PVS or elect to receive all their old-age benefits in the form of a lump-sum payment, they may continue to maintain any PVS mortgage they hold according to the same terms and conditions. Should the property concerned be sold, the mortgage loan must be repaid on the date of the sale transaction.

At its meeting on 25 September 2012, the Board of Trustees resolved to apply to PVS mortgages the same stricter regulations relating to a buyer's equity capital as applied by banks and insurance companies. This means that an applicant must contribute at least 10% of the purchase price or market value from their own funds, which may not be drawn from their occupational pension entitlements.

The PVS offers variable-rate mortgages and three- or five-year fixed-rate mortgages. The interest rate on variable-rate PVS mortgages is set by the Board of Trustees on the basis of current market conditions, and amounted to 2.5% in 2012. Until 8 November 2012 the interest rates for fixed-rate PVS mortgages were determined daily on the basis of the three- and five-year LIBOR rates plus a margin of 0.75%. From 8 November 2012 onwards, the UBS SWAP rates were no longer available. The Board of Trustees approved the new basis for fixed-rate mortgages at the beginning of December 2012. The interest rates for three- and five-year fixed-rate mortgages are now determined daily on the basis of the middle rate of the ZKB SWAP rates plus 1%. The minimum interest rate for three- and five-year fixed-rate mortgages is 1%.

The performance of the mortgage loan portfolio in 2012 was as follows:

<b>Mortgage loan performance</b>	<b>2012</b>	<b>2011</b>
	<b>CHF</b>	<b>CHF</b>
<b>At 1 January</b>	<b>27'223'112</b>	<b>28'637'026</b>
New mortgages	280'000	170'000
Mortgages terminated	-956'000	-1'567'914
Increases	80'000	10'000
Amortizations	-172'175	-26'000
<b>At 31 December</b>	<b>26'454'937</b>	<b>27'223'112</b>
Of which fixed-rate mortgages	17'389'937	15'733'937

<b>Borrowers by type</b>	<b>2012</b>	<b>2011</b>
Active insurees	45	53
Pension recipients	23	18
Others	7	6
<b>At 31 December</b>	<b>*75</b>	<b>**77</b>

<b>Average loan amount</b>	<b>52.7%</b>	<b>54.6%</b>
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\* 2012 / six borrowers have two mortgage tranches, and two borrowers have two mortgages (on two separate properties).

\*\*2011 / four borrowers had two mortgage tranches, and two borrowers had two mortgages (on two separate properties).

«Others» are former beneficiaries who, as permitted by the scheme's mortgage guidelines, continue(d) to maintain their PVS mortgages after leaving the scheme or elected to receive all their old-age benefits in the form of a lump-sum payment.

### 6.5 Open derivative financial instruments

In accordance with the current Investment Regulations, hedges are effected on assets held in foreign currencies. The following forward foreign exchange contracts were open on the balance sheet date:

Forward foreign exchange contracts for investments in	Currency	Amount in local currency	Contractual forward rate/ value in CHF	Current forward rate/ value in CHF	Gain/loss at 31.12.2012 CHF
Sale of EUR bonds on 6 December 2013	EUR	27'500'000	1.2076	1.2029	
			33'209'275	33'080'096	129'179
Sale of Equities North America on 6 December 2013	USD	10'700'000	0.9169	0.9091	
			9'810'937	9'727'384	83'553
Sale of commodities on 6 December 2013	USD	35'700'000	0.9169	0.9091	
			32'733'687	32'454'918	278'769
<b>Total open forward foreign exchange contracts at 31.12.2012</b>			<b>75'753'899</b>	<b>75'262'398</b>	<b>491'501</b>

The above forward foreign exchange contracts are covered by investments in EUR bonds, USD equities and USD commodities and were concluded via Credit Suisse (as the counterparty).

### 6.6 Explanation of net income from investment activities

The income from the PVS's various investments is shown in detail in the operating income statement. Further details are provided below.

#### 6.6.1 Detailed income from real estate

	Income in CHF 2012	Assets in CHF at 31.12.12	Income in CHF 2011	Assets in CHF at 31.12.2011
<b>Turidomus investment trust</b>	<b>11'953'722</b>	<b>164'158'006</b>	<b>13'732'493</b>	<b>153'973'515</b>
<b>Casareal investment group</b>	<b>7'867'022</b>	<b>94'161'067</b>	<b>8'211'236</b>	<b>88'097'587</b>
of which purchased		2'044'575		3'647'023
Distribution	3'848'117		3'687'120	
Change in net asset value	4'018'905		4'524'116	
<b>Proreal investment group</b>	<b>4'086'700</b>	<b>69'996'939</b>	<b>5'521'257</b>	<b>65'875'928</b>
of which purchased		3'094'896		4'092'191
Distribution	3'060'585		2'830'588	
Change in net asset value	1'026'115		2'690'669	
<b>Adimora investment trust</b>	<b>78'858</b>	<b>4'143'078</b>	<b>0</b>	<b>0</b>
<b>Omega investment group</b>				
of which purchased		4'064'220		0
Distribution	0			
Change in net asset value	78'858			
<b>CS 1A Immo PK</b>	<b>1'810'200</b>	<b>21'138'000</b>	<b>706'800</b>	<b>24'180'000</b>
of which sold		-3'900'000		0
Gain realized upon sale	141'000			
Distribution	811'200		985'800	
Change in net asset value	858'000		-279'000	
<b>Total real estate</b>	<b>13'842'780</b>	<b>189'439'084</b>	<b>14'439'293</b>	<b>178'153'515</b>

The scheme's real estate assets are indirect investments via the Turidomus and Adimora investment trusts. The investments with Turidomus are divided into claims in the Casareal investment group (residential property) and claims in the Proreal investment group (commercial property). The income consists of the distributions paid for the year under review plus/minus the changes in the assessment of the net asset value of the claims.

### 6.6.2 Detailed income from EUR bonds

	Income in CHF 2012	Assets in CHF at 31.12.12	Income in CHF 2011	Assets in CHF at 31.12.2011
<b>EUR bonds</b>				
(incl. currency hedges)	<b>4'135'707</b>	<b>34'113'960</b>	<b>2'044'137</b>	<b>37'862'379</b>
Nominal EUR bonds	0	0	484'515	0
Inflation-linked EUR bonds	4'135'707	34'113'960	1'559'622	37'862'379

### 6.6.3 Overall investment performance

According to our calculations, the overall investment performance by asset category was as follows:

<b>Net income from investments</b>	<b>2012</b>	<b>Perform.</b>	<b>2011</b>	<b>Perform.</b>
	<b>CHF</b>	<b>in %</b>	<b>CHF</b>	<b>in %</b>
<b>Nominal values</b>	<b>10'071'680</b>	<b>4.3%</b>	<b>10'947'731</b>	<b>4.4%</b>
Liquidity	48'257	0.3%	-265'310	-1.1%
Receivables	0	0.0%	0	0.0%
CHF bonds	2'935'986	3.5%	4'038'221	6.0%
EUR bonds (incl. currency hedges)	4'135'707	11.3%	2'044'137	2.5%
USD bonds (incl. currency hedges)	0	0.0%	3'547'792	12.1%
Global IFL bonds hedged	2'759'562	5.0%	914'412	1.8%
Foreign currency bonds, rest of world	-360'350	-1.1%	0	0.0%
Mortgage loans	552'518	2.1%	668'479	2.4%
<b>Equities</b>	<b>27'736'064</b>	<b>14.7%</b>	<b>-19'857'004</b>	<b>-9.9%</b>
Equities Switzerland	7'486'805	16.6%	-3'022'344	-8.7%
Equities Europe	4'149'131	16.6%	-4'562'505	-10.8%
Equities North America (including currency hedges)	5'215'009	13.6%	72'187	0.8%
Equities Pacific	3'004'493	12.0%	-4'817'898	-13.4%
Equities foreign (sustainable)	3'089'970	12.2%	-3'032'777	-10.6%
Equities emerging markets	4'790'656	16.0%	-4'493'667	-22.0%
<b>Non-traditional investments</b>	<b>625'131</b>	<b>2.4%</b>	<b>115'325</b>	<b>2.5%</b>
Hedge funds (including currency hedges)	0	0.0%	0	0.0%
Commodities (including currency hedges)	625'131	2.4%	115'325	2.5%
<b>Real estate</b>	<b>13'842'780</b>	<b>7.6%</b>	<b>14'439'293</b>	<b>8.6%</b>
Real estate in Switzerland	13'842'780	7.6%	14'439'293	8.6%
<b>Total net income from investments</b>	<b>52'275'655</b>	<b>8.3%</b>	<b>5'645'345</b>	<b>0.9%</b>

The performance was calculated using the time-weighted return (TWR) and reported net (i.e. after deduction of the costs of indirect investments). Net income from currency hedges is shown in the relevant investment categories; this is not included in the performance figures for 2011 until the level «Total income from investments».

## 6.7 Market values and partners under securities lending agreements

In accordance with the resolution of the Board of Trustees in 2009, the PVS transferred all investments into investments without securities lending during the course of 2010.

The only exception is the investment in «ZKB-CIF Swiss Bond Total Market Index AAA-BBB Domestic», Category N, Swiss Security No. 11704.507, which permits securities lending within the fund. The fund statement is closed as at the end of February. The fund manager informs us that bonds with a total value of CHF 7'303'201 were on loan as at 31 December 2012, corresponding to a lending ratio of 38.95%.

## 7 Notes on further balance sheet and operating income statement items

### 7.1 Balance sheet

#### Assets

#### 7.1.1 Receivables from employer

The item «Receivables from employer» contains the employer's contributions for December 2012 and part of November 2012, which were paid in 2013.

#### 7.1.2 Other receivables

	31.12.2012	31.12.2011
	CHF	CHF
Refundable withholding tax amounts	893'278	1'125'836
Outstanding interest owed on mortgage loans	12'513	16'711
<b>Total other receivables</b>	<b>905'791</b>	<b>1'142'547</b>

Other receivables consist of «refundable withholding tax amounts» and «outstanding interest owed on mortgage loans». The refundable withholding tax amounts were paid in March 2013. The outstanding interest owed on mortgage loans was paid in January 2013.

#### 7.1.3 Prepaid expenses and accrued income

	31.12.2012	31.12.2011
	CHF	CHF
Prepaid administration fees for the following year	0	2'600
Accrued adjustments to contributions	792	12'012
Accrued provision for the LOB Guarantee Fund	0	1'030
Accrued income from investments	34'500	12'500
Accrued income from real estate	6'908'702	6'517'709
<b>Total prepaid expenses and accrued income</b>	<b>6'943'994</b>	<b>6'545'851</b>

This item largely consists of the annual dividend from the Turidomus real estate investment trust, which was outstanding at year-end.

## Liabilities

### 7.1.4 Other liabilities

This item contains various invoices for the financial year which were paid in January and February 2013.

### 7.1.5 Accrued expenses and deferred income

The «Accrued expenses and deferred income» consist mainly of the annual contribution still owed to the LOB Guarantee Fund at year-end, outstanding management fees, provisions for supervisory authority fees, residual reinsurance premiums, and expenses for auditing and accredited pension actuary's reports for the reporting year.

## 7.2 Operating income statement

### 7.2.1 One-off deposits and buy-in amounts

	2012 CHF	2011 CHF	Change over previous year
Employees' voluntary deposits	1'492'242	1'635'928	-143'686
Employer's deposits	44'355	0	44'355
<b>Total one-off deposits and buy-in amounts</b>	<b>1'536'597</b>	<b>1'635'928</b>	<b>-99'331</b>

### 7.2.2 Home financing repayments and divorce-related deposits

	2012 CHF	2011 CHF	Change over previous year
Voluntary repayments of home financing withdrawals	155'196	172'367	-17'171
Amounts received through divorce settlements	1'589'994	1'300'696	289'298
Voluntary repayments of assignments on divorce	13'334	86'636	-73'302
<b>Total home financing repayments / divorce-related deposits</b>	<b>1'758'524</b>	<b>1'559'699</b>	<b>198'825</b>

Voluntary repayments of home financing withdrawals were made by four (previous year: four) insurees. Nine insurees (previous year: seven) received amounts from the occupational old-age savings of their former spouses which were paid into their own old-age savings accounts as part of divorce settlements. In addition, one (previous year: two) insuree made voluntary repayments of assignments on divorce.

### 7.2.3 Child's pensions

	2012 CHF	2011 CHF	Change over previous year
Child's pensions for children of old-age pension recipients	79'693	75'941	3'752
Orphan's pensions	35'588	50'314	-14'726
Child's pensions for children of disabled pension recipients	42'890	33'722	9'168
<b>Total child's pensions</b>	<b>158'171</b>	<b>159'977</b>	<b>-1'806</b>

### 7.2.4 Home financing withdrawals / divorce-related payments

	2012 CHF	2011 CHF	Change over previous year
Withdrawals for home financing purposes	1'612'950	2'924'780	-1'311'830
Ald-age savings transferred out as part of divorce settlements	216'665	1'093'250	-876'585
<b>Total home financing withdrawals and divorce-related payments</b>	<b>1'829'615</b>	<b>4'018'030</b>	<b>-2'188'415</b>

A total of 24 insurees (previous year: 23) made use of the option allowing the use of PVS old-age savings for home financing purposes. The average advance withdrawal for home financing was CHF 67'206 (previous year: CHF 127'164).

A total of eight insurees (previous year: 10) transferred part of their occupational retirement savings to the occupational pension schemes of their former spouses as part of divorce settlements.

#### 7.2.5 Asset administration costs

	2012 CHF	2011 CHF	Change over previous year
Global custodian costs	19'872	19'872	0
Investment advisory costs	58'215	65'476	-7'261
Management fees / bank fees for indirect investments	237'243	289'259	-52'016
Stamp duties	3'031	5'120	-2'089
Mortgage management fees	28'919	30'052	-1'133
<b>Total asset administration costs</b>	<b>347'280</b>	<b>409'779</b>	<b>-62'499</b>

No other direct asset management costs were incurred. In the case of the PVS's indirect investments, the asset management costs are generally deducted from the net asset value (NAV).

According to Art. 48a para. 3 BVV2, which came into force on 1 January 2012, if the asset management costs relating to one or several investments cannot be disclosed, the volume of assets contained in said investments must be disclosed separately in the notes to the annual financial statements.

In the year under review, the Foundation invested in the following trust funds, the management costs of which could not be explicitly disclosed in the income statement. The Board of Trustees has been made aware of the costs (shown as a percentage figure) associated with these trust funds which are charged directly to fund assets. The costs can be approximated as follows on the basis of the average invested assets.

Trust fund	31.12.2012 CHF	31.12.2011 CHF	Average CHF	Costs %*	Costs in CHF
Syz AM Liquidity Money Market CHF	9'014'569	3'517'753	6'266'161	0.10%	6'266
Syz AM Swiss Gvt Bond Index – C2	19'423'015	19'208'848	19'315'932	0.0375%	7'243
Syz AM Swiss Bond Index – C2	49'340'256	47'650'382	48'495'319	0.0375%	18'186
SSgA MSCI Europe Index NL CTF	29'159'882	25'018'740	27'089'311	0.04%	10'836
SSgA MSCI North America NL CTF – USA	40'007'830	35'311'568	37'659'699	0.01%	3'766
SSgA MSCI North America NL CTF - Canada	3'752'629	3'414'660	3'583'645	0.04%	1'433
SSgA MSCI Pacific NL CTF	28'121'733	25'124'539	26'623'136	0.04%	10'649
Henderson Global Care Growth Fund I	13'904'079	12'594'279	13'249'179	0.73%	96'719
OekoSar Equity – Global F	14'400'055	12'769'088	13'584'572	1.21%	164'373
Turidomus Casareal	94'161'067	88'097'587	91'129'327	0.31%	282'501
Turidomus Proreal	69'996'939	65'875'928	67'936'434	0.26%	176'635
Adimora Omega	4'143'078	0	2'071'539	0.81%	16'779
CS 1A Immo PK	21'138'000	24'180'000	22'659'000	0.58%	131'422
Morgan Stanley Commodity Notes	0	20'557'238	10'278'619	0.10%	10'279
Pictet (CH) Solutions-GL Commodities – J	23'077'032	12'202'623	17'639'827	0.54%	95'255
Pictet (CH) Solutions-GL Commodities Diversified – J	9'814'458	0	4'907'229	0.61%	29'934
<b>Total</b>					<b>1'062'276</b>

\*) Costs (as %) according to information furnished by the provider or taken from the fund factsheets.

We have not listed the ZKB N class or CS Z class collective funds as the product contains no TER. Asset management agreements have been concluded with both these providers, and the costs are included in the direct investment administrative expenses.

The costs (shown as %) are the total expenses specified by the providers that are charged to fund assets. Therefore, a total of CHF 1'409'556 (previous year: CHF 1'631'676) in direct and indirect asset management costs were incurred during the period under review. This corresponds to 0.21% (previous year: 0.26%) of total investments held on the balance sheet date.

#### 7.2.6 Other expenses

	2012 CHF	2011 CHF	Change over previous year
Contribution to Swissport Health Management	225'000	225'000	0
Other expenses	0	519	-519
<b>Total other expenses</b>	<b>225'000</b>	<b>225'519</b>	<b>-519</b>

The contribution to Swissport Health Management item includes the PVS's share of the expenditure incurred in the health management activities of affiliated employers. In accordance with a resolution by the Board of Trustees of 12 July 2007, the PVS contributes CHF 225'000 a year towards the employers' health management expenses, subject to the following conditions:

- The employers affiliated to the PVS commit themselves to at least equivalent expenditure.
- The employers' health management units compile an implementation plan for the use of the PVS's contribution.
- The PVS's contribution commitment is for three years; it was renewed with effect from 1 January 2013.

The details of the health management services to be provided were specified in a service agreement dated 20 November 2007 (renewed with effect from 1 January 2013). The PVS's contribution is financed from risk insurance premiums. The PVS's beneficiaries were informed of this decision.

#### 7.2.7 Administrative expenses

	2012 CHF	2011 CHF	Change over previous year
Auditors' fees	46'190	47'542	-1'352
Accredited pension actuary's fees	45'772	40'465	5'307
Board of Trustees' compensation, expenses and training costs	78'553	71'919	6'634
PFS AG administrative expenses	798'824	812'475	-13'651
Translation and printing expenses	38'271	49'381	-11'110
Retiree seminar expenses	13'934	11'497	2'437
Supervisory authority fees	20'500	4'100	16'400
Other administrative expenses	3'700	3'068	632
<b>Total administrative expenses</b>	<b>1'045'744</b>	<b>1'040'447</b>	<b>5'297</b>

Based on the 3'797 active insureds and pension recipients (not including child's pensions) as at 1 January 2012, the PVS's administrative expenses amounted to CHF 275 per beneficiary in 2012 (previous year: CHF 286).

**8 Stipulations of the supervisory authority**

The PVS is not currently subject to any specific stipulations of the supervisory authority. Comments and remarks made by the supervisory authority were taken into account in this year's financial statements.

**9 Further information concerning the financial situation**

**9.1 Retrocessions**

In the year under review, the Foundation requested its external asset managers to furnish information on retrocessions received or paid as part of its duty of accountability and the duty of delivery in accordance with Art. 400, para. 1 of the Swiss Code of Obligations, the regulation on the handover of pecuniary gains in accordance with Art. 48k of BVV2 (Swiss Federal Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans), as well as the relevant rulings of the Swiss Federal Supreme Court (most recently Swiss Federal Supreme Court rulings BGE 4A\_127/2012 and 4A\_141/2012 dated 29 October 2012).

In the year under review, the external asset managers did not declare any retrocessions.

**9.2 Pledged assets**

The PVS maintains a CHF 20'000'000 credit facility agreement to cover the margins on forward foreign exchange contracts concluded via Credit Suisse. All the PVS's assets deposited with Credit Suisse are pledged in order to secure the credit limit.

**9.3 Audit by the Swiss Federal Tax Administration - Demand for repayment of withholding tax on SSgA's MSCI Switzerland Equities CTF**

The PVS received a letter from the Swiss Federal Tax Administration dated 25 November 2010. This demanded the repayment of withholding tax for the years 2007 and 2008 which PVS had reclaimed on Swiss equities within the MSCI Switzerland Equities CTF.

The PVS repaid withholding tax of CHF 42'276.84 for 2007 and 2008. In a letter dated 22 December 2010 to the Swiss Federal Tax Administration (SFTA), PVS stated that it had repaid the reclaimed withholding tax for 2007 and 2008 in order to avoid any interest penalties, or to benefit from credit interest. It also wrote that the payment did not represent recognition of the demand made by the SFTA and that the PVS reserves the right to reclaim this withholding tax again within the three-year deadline using Form 25.

The PVS also requested the SFTA to issue a formal order as provided for by Art. 42 of the Swiss Federal Law on Withholding Tax for the repayment of withholding tax for 2007 and 2008.

In a letter dated 26 January 2011, the SFTA advised us that a number of pension funds were in the same position and that a test case was being taken against one particular scheme. The PVS would receive further information depending on the outcome of this legal action. The courts have yet to reach a final decision and no formal demand has yet been received from the SFTA.

What is more, the PVS has asserted its right to demand reimbursement of withholding tax in the amount of CHF 70'831.26 for 2009, but has asked for reimbursement to be suspended until the matter has been clarified.



#### **9.4 Termination of affiliation agreement with Unitpool AG, Kloten**

At its meeting of 23 November 2010 the Board of Trustees decided to terminate PVS's affiliation agreement with Unitpool AG, Kloten, with effect from 31 December 2011 because the commercial affiliation as per Article 3.3 of the PVS Deed of Trust no longer applies.

The criteria for the partial liquidation have thus been fulfilled. In his report of 27 March 2012, the accredited pension actuary confirmed that

- the vested rights of the group of insurees were safeguarded;
- the calculation of termination benefits was correct;
- the departing group of insurees were entitled to a share of the fluctuation reserves, amounting to CHF 73'191.

This amount was transferred to the receiving pension scheme, «AXA Stiftung Berufliche Vorsorge, Winterthur», with interest, for the departing insurees by the payment date of 16 July 2012.

The insurees were informed in writing on 25 May 2012 about the details of the partial liquidation, and in particular their right to lodge an objection within 30 days. No objections were received by the PVS during this period.

The supervisory authority was provided with documentation and information about the completion of the partial liquidation.

#### **10 Events after the balance sheet date**

None.

# REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS TO THE BOARD OF FOUNDATION OF THE

## **Personalvorsorge Swissport, Opfikon**

As statutory auditor, we have audited the accompanying financial statements of Personalvorsorge Swissport, which comprise the balance sheet, operating account and notes on pages 14 to 41 for the year ended 31 December 2012.

### **Foundation Board's Responsibility**

The Foundation Board is responsible for preparing the financial statements in accordance with the requirements of Swiss law and with the company's deed of foundation and articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Responsibility of the expert in occupational benefits**

In addition to the auditor, the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with Article 52e paragraph 1 of the Occupational Pensions Act (OPA) and Article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and with the company's deed of foundation and articles of incorporation.

### **Reporting on the basis of legal and other requirements**

We confirm that we meet the legal requirements on licensing (Article 52b OPA) and independence (Article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by Article 52c paragraph 1 OPA and Article 35 OPO 2. The Governing Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organisation, management and investments are applied.

### **We have assessed whether**

- organisation and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation;
- funds are invested in accordance with legal and regulatory requirements;
- the occupational pension accounts comply with legal requirements;
- measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfil their duties of loyalty and disclosure of interests;
- the legally required information and reports have been given to the supervisory authority;
- the pension fund's interests are safeguarded in disclosed transactions with related entities

We confirm that the applicable legal and statutory requirements have been met.

We recommend that the financial statements submitted to you be approved.

KPMG AG

Kurt Gysin  
Licensed Audit Expert

Daniel Angst  
Licensed Audit Expert

Zurich, 13 Mai 2013

Enclosure:

- Financial statements comprising balance sheet, income statement and notes

