



# 2013 Annual Report





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## FOREWORD

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

### **Despite uncertainty in 2013, equities performed very well, propelling us further forward**

Overall, the financial year under review was again a positive one for the PVS. The return on investments amounted to 6.31%, meaning that, once more, the PVS outperformed the relevant benchmark (5.54%) and the market average. By way of comparison, in 2013 the UBS Pension Fund Barometer registered an average return of 5.25% for pension funds of our size.

We achieved this good result despite bonds delivering negative returns throughout 2013. Our most secure anchor, Swiss Confederation bonds, fell by 4.21% in the year under review. Nevertheless, we are continuing to hold on to them since the secret to a balanced investment strategy is diversification.

In 2013, it was equities that shone, delivering returns of over 20%. The Swiss Market Index (SMI), which follows the largest stocks on the Swiss stock market, increased by 20.24%. It peaked on 22 May 2013 at 8,411 points. Its lowest level of 6'822 points came at the start of the year. By the end of the year, the SMI stood at 8,202 points. By way of a reminder, 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 2% to all old-age savings, our funding ratio at 31 December 2013 stood at 113.0% (previous year: 108.9%). At the end of 2013, the fluctuation reserve stood at around 83.5 million, corresponding to 67% of our target funding ratio of 119.5%, based on a two-year fluctuation reserve.

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. In the spring of 2013, the three employees' representatives on the Board of Trustees were automatically re-elected for a further term of office from 1 July 2013 to 30 June 2016.

### **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 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 2013:

- Swissport Group Services GmbH, Baar ZG (32)
- Swissport International AG, Betrieb Zurich (1'731)
- Swissport Baggage Sorting AG, Kloten ZH (177)
- Careport AG, Opfikon ZH (77)
- Swissport International AG, Betrieb Basel (404)
- Swissport International AG, Betrieb Genève (945)
- GVAssistance S.A., Le Grand-Saconnex GE (49)
- PrivatPort S.A., Meyrin GE (10)

(= a total of 3'509 active beneficiaries at 31 December 2013)

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.

Swissport is owned by PAI Partners. PAI is one of the leading private equity companies in Europe, managing and advising specialized buyout funds with a total invested capital of EUR 4.5 billion. Since 1994, the company has completed 50 leveraged buyout transactions across ten European countries, with a transaction volume of EUR 36 billion. PAI is characterized by its industrial approach to investments and strong sector expertise. PAI provides portfolio companies with the financial and strategic support required to pursue their development and enhance strategic value creation. PAI is a long-term investor – it tends to hold its investments for between 4 and 6 years.

2013 saw passenger numbers increasing steadily and at a faster rate than capacity and the slowly recovering air freight market. Nevertheless, Swissport achieved growth above the market average and further increased its sales. Swissport's growth was driven primarily by the acquisition of Flightcare, completed in September 2012, although new contracts and renewals of existing cooperation arrangements also played a part. Swissport was therefore also able to consolidate its leading market position and market share and to expand its network to new countries. Profitable growth, together with operational processes that are as cost-efficient as possible, were a strategic priority. Finally, the acquisition of Servisair at the end of 2013 represented the largest takeover so far in the company's history and will provide further opportunity for growth.

Swissport is the world's largest provider of ground and freight handling services in the aviation industry. The group companies provide services for around 224 million passengers and handles 3.9 million flights on behalf of around 700 client companies each year. They operate 120 warehouses and ship nearly 4 million tonnes of cargo. Swissport has a workforce of some 55'000 employees and is present in more than 255 locations in 44 countries across five continents. In 2013, Swissport generated consolidated revenue of CHF 2.1 billion.

### **2013, the tenth business year**

The PVS began its tenth year of business on 1 January 2013 with 3'518 active beneficiaries, 382 pension recipients (not including recipients of child's pensions), actuarial capital for active beneficiaries of CHF 437 million, provision for annuities of CHF 181 million and a funding ratio of 108.9%. It closed on 31 December 2013 with 3,509 active beneficiaries, 433 pension recipients (not including recipients of child's pensions), actuarial capital for active beneficiaries of CHF 426 million, provision for annuities of CHF 206 million, a funding ratio of 113.0%, annual interest on old-age capital of 2% (previous year: 1.75%) applied to all pension capital and a performance for the year of 6.31%.

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 2012 Annual Report, as well as a one-hour seminar on «how to read my insurance certificate», were also held at all three working locations – Basel, Geneva and Zurich.

The PVS had no collective admissions or departures in 2013.

### **Actuarial appraisal**

The following is a summary of the actuarial appraisal at 31 December 2013 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 2013.

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 2014.

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 40.9 years, which is relatively low compared with that of an average pension scheme (approx. 44.5).

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 2013.

The PVS currently has 46 insurees (previous year 79) 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.

### **2013 annual result**

The vested benefits paid in by joining insurees amounted to CHF 7.1 million (previous year: CHF 7.2 million) in 2013. At CHF 14.1 million, vested termination benefits paid out on leaving were above the previous year's level of CHF 13.5 million.

The PVS paid CHF 10.4 million (previous year: CHF 8.6 million) in old-age pensions in 2013. Lump-sum payments on retirement fell to CHF 11.2 million in 2013 (previous year: CHF 12.6 million). The increase in old-age benefits is a result of the increased number of pension recipients.

Interest payments stood at CHF 8.3 million in 2013 (previous year: CHF 7.6 million).

The number of insurees decreased by 9 (previous year: +70). The number of old-age pension recipients rose to 376 (previous year: 325), while the number of disability pension recipients rose to 41 (previous year: 40) and spouse's pension recipients to 16 (previous year: 14).

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. Overall, the PVS reported a net capital inflow. Pension liabilities also increased slightly.

Asset management costs in the year under review were higher than in the previous year. However, these were calculated in accordance with the requirements of the Regulatory Commission for the first time and were therefore not fully comparable with the figure shown for 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 255 per capita (previous year: CHF 275), 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 2013.

#### **Strategy**

2013 saw the continuation of our Strategic Asset Allocation (SAA), valid with effect from 1 October 2012, although there was a change of provider at the end of the year from State Street Bank to UBS. We therefore have a diversified range of providers for our investments, which include our own mortgages, Credit Suisse, UBS, ZKB, the real estate fund Turidomus and the banks Syz and Pictet. We aim to invest in the best products of each provider.

#### **Equities**

The PVS targets a long-term return on investment of between 4% and 5% to meet the requirements for a pension scheme. 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»**

In 2013, we were able to increase our equity-based sustainable investments to CHF 72 million. In addition to existing products from the bank Safra Sarasin as well as Henderson Global Investors, a further CHF 37 million was invested in the index product «IPF World ex CH Index Responsible Class N», issued together with ZKB.

#### **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 some of its US dollar and euro currency risks. In addition it also began to hedge some of its Japanese yen 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 25.1 million, representing 3.5% of our pension scheme's assets. At 31 December 2013, the PVS carried 26 variable-rate mortgages at an aggregate loan value of CHF 7.2 million and 55 fixed-rate mortgages totaling CHF 17.9 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 continuing 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 2013, the fund comprised 433 pension recipients (not including recipients of child's pensions) and 3,509 active insurees, a ratio of almost 1:8.

### **Determination of interest rates**

#### ***Interest paid on old-age savings in 2013***

Due to the good investment results achieved, in its resolution of 19 November 2013 the Board of Trustees decided to pay interest of 2% on all insurees' old-age savings for 2013, 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 2013. Amounts below CHF 50 remain in the PVS.

#### ***Determination of the interest rate payable in 2014***

The Board of Trustees will not decide what interest to pay on insurees' old-age savings until towards the end of 2014. 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 30 October 2013 the Federal Council decided to set the BVG minimum interest rate for 2014 at 1.75%. This minimum rate is not binding on super-mandatory old-age savings.

#### ***2014 interest rate for intra-year events***

As in 2004-2007 and in 2009-2013, the PVS will not add interest to any amounts withdrawn from the scheme by insurees leaving or retiring in the course of 2014. Any interest paid on such amounts at a later date will be based on the interest rate on old-age savings for 2014.

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

The projected interest rate, which remains unchanged at 1.5%, is used for the projection of future benefits found on your statement of benefits under «projected benefits» (for retirement, disability and death).

#### ***Pension adjustments for 2014***

At its meeting on 19 November 2013, the Board of Trustees also resolved that it would not increase pensions from their present levels with effect from 1 January 2014. 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 since January 2011 a risk insurance premium of only 1.25% (previously: 1.75%) of the insured salary has been 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**

At its meetings on 5 February and 13 May 2013, the Board of Trustees discussed in depth the service agreement between the PVS and Swissport Health Management. The Board of Trustees is agreed that the health management services are extremely valuable for the insurees as well as the PVS and the employer. It therefore decided to provide funds of CHF 275'000 net – previously CHF 225'000 gross – on an annual basis for the next three years (2013-2015) for health management services. Our reinsurer assumes a share in these costs in the form of a premium reduction of CHF 34'000.

In 2013 around 300 people received advice and assistance. The majority of insurees with long-term illnesses and accident victims 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.

Cooperation between the PVS and PKRück continued to be very good in the third year. The focus of the work was on processing the first 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 the 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 statements. In the case of the PVS, the costs in 2013 amounted to CHF 358'210 (2012: CHF 347'280) or 0.05% (2012: 0.05%).

Total asset management costs at the PVS amounted to around CHF 1.75 million in 2013 (2012: around CHF 1.4 million), i.e. 0.24% (2012: around 0.21%) of total fund assets. If reimbursed fees are deducted, the figure stands at 0.20% of total fund assets. Assets are invested exclusively in cost-effective collective investment schemes 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 the PVS, and the old-age savings are managed cost-effectively.

#### **Administration costs also low at the 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, CHF 275 in 2012 and CHF 255 in 2013.

#### **New pensions plans for 2014 – for operations in Zurich and across Switzerland for members of management with individual employment contracts**

The PVS has adjusted its pension plans for operations in Zurich due to the new collective labor agreement, effective from 1 January 2014. Information on the new pension plans was published on 2 December 2013 in «Information Update No. 33». They apply as of 1 January 2014 for insurees of Swissport International Station Zurich, Swissport Baggage Sorting and Careport, as well as all insurees across Switzerland who have an individual employment contract.

The only change relates to the savings contribution for the youngest group of insurees, aged between 25 and 34. The savings contribution is now 2.8% (previously 6%) for employees and 4.2% (previously 9%) for the employer. This means that old-age savings contributions are now 7% (previously 15%) of the insured salary.

For 25-34 year olds working for Swissport Baggage Sorting, the savings contribution is 3.25% (formerly 7%) for employees and 3.75% (formerly 8%) for the employer.

This change will result in slightly lower final old-age savings and pensions than at current values. The change will be shown for the first time on statements of benefits as of 2014.

The PVS now offers «Savings Plan Plus» for employees of Swissport Baggage Sorting. Under this savings plan, contribution rates are the same as for all other Swissport employees, i.e. 7.5% for 25-34 year olds and 9% for 35-63 year olds.

#### **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.

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 spring, the Board of Trustees again discussed the internal control system and is of the view that the statutory requirements and purpose are fulfilled. In future, the administrative office will draw up a report at least once a year on the further development and implementation of internal controls.

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

In adopting the «Vision and Guiding Principles», the PVS has completed the «Strategy and Objectives of the PVS» project. We published the Vision and Guiding Principles in Insuree Update No. 32 on 2 December 2013.

In conducting the «Strategy and Objectives of the PVS» project, the Board of Trustees was reviewing the PVS's current situation. The aim was to gain an understanding of what the biggest challenges are likely to be over the next 5 to 10 years, and what options are available to tackle these in the interests of insurees and the PVS.

The greatest challenges ahead for the scheme are the need to invest its assets safely and profitably, and the demographic changes within society (in particular ever-increasing life expectancy). As regards investment, the Board of Trustees places great value on diversification across geographical regions and asset classes, while avoiding more complex and less transparent asset classes.

Amendments to the regulations are in response to the recalculations made for Swiss pension funds every 5 years to account for demographic changes. The new 2015 BVG actuarial bases will become available at the end of 2015. Until then, the PVS will work with the standard cross-sectional mortality table. The generation table is preferred to the standard cross-sectional mortality table because future increases in life expectancy are already factored into the calculations. Using the generation table will not require annual provisions to cater for the longevity of pension recipients any more. Meanwhile, our pension actuary is building corresponding provisions in case of a further reduction in the technical interest rate at a later date.

### **Outlook for 2014**

#### **Another slight increase in the popularity of «Standard Plus»**

On 1 January 2014, a total of 555 beneficiaries (= 15.8% of 3,514 entitled to do so, now including the insurees 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). On 1 January 2013 there were 516 beneficiaries, i.e. 14.6%. This was the sixth consecutive year with an increase on the previous year in the number of insurees opting for the «Standard Plus» plan.

### **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

## 2013 FINANCIAL STATEMENTS

Balance sheet	Index Note	31.12.2013 CHF	31.12.2012 CHF
<b>ASSETS</b>			
<b>Investments</b>	6.4	<b>720'658'849</b>	<b>681'259'576</b>
Liquidity and money market investments		33'468'274	14'192'392
Receivables from employer	6.9	5'131'611	4'897'161
Other receivables	7.1.1	1'046'724	905'791
CHF bonds		84'920'501	87'513'948
EUR IFL bonds (including currency hedges)		33'037'134	34'113'960
Global IFL bonds hedged		38'255'820	40'969'350
Foreign currency bonds, rest of world		29'985'123	33'139'649
Mortgage loans	6.4.1	25'113'937	26'454'937
Equities Switzerland		57'994'941	52'383'355
Equities Europe		23'726'945	29'159'882
Equities North America (incl. currency hedges)		30'561'554	43'844'013
Equities Pacific (incl. currency hedges)		21'786'698	28'121'733
Equities foreign sustainable (incl. currency hedges)		72'008'486	28'304'134
Equities emerging markets		32'529'188	34'649'927
Commodities (incl. currency hedges)		32'335'144	33'170'260
Real estate in Switzerland	6.7.1	198'756'769	189'439'084
<b>Prepaid expenses and accrued income</b>	7.1.2	<b>7'810'231</b>	<b>6'943'994</b>
<b>TOTAL ASSETS</b>		<b>728'469'080</b>	<b>688'203'570</b>
<b>LIABILITIES</b>			
<b>Obligations</b>		<b>2'786'797</b>	<b>4'138'561</b>
Vested benefits and pensions		2'735'867	1'716'176
Capital payments		0	2'276'844
Other obligations	7.1.3	50'930	145'541
<b>Accrued expenses and deferred income</b>	7.1.4	<b>230'051</b>	<b>246'590</b>
<b>Actuarial capital and technical provisions</b>		<b>641'966'733</b>	<b>627'976'743</b>
Actuarial capital for active insurees	5.2	425'848'021	437'032'050
Actuarial capital for pension recipients	5.4	205'498'414	180'850'752
Technical provisions	5.5	10'620'298	10'093'941
<b>Fluctuation reserve</b>	6.3	<b>83'485'499</b>	<b>55'841'676</b>
<b>Scheme capital, freely disposable funds, underfunding</b>		<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>		<b>728'469'080</b>	<b>688'203'570</b>

OPERATING INCOME STATEMENT

	Index Note	2013 CHF	2012 CHF
<b>Regular and other contributions and deposits</b>		<b>31'985'956</b>	<b>32'729'017</b>
Employees' savings contributions		11'072'237	11'027'099
Employer's savings contributions		15'757'732	15'731'516
Employees' risk insurance premiums		2'197'296	2'200'338
Employer's risk insurance premiums		2'233'669	2'233'467
One-off deposits and buy-in amounts	7.2.1	725'022	1'536'597
<b>Vested benefits transferred into the scheme by joining insurees</b>		<b>7'074'940</b>	<b>7'196'363</b>
Vested benefits deposits		5'679'001	5'437'839
Home financing repayments and divorce-related deposits	7.2.2	1'395'939	1'758'524
<b>INFLOW FROM CONTRIBUTIONS AND VESTED BENEFITS TRANSFERRED INTO THE SCHEME BY JOINING INSUREES</b>		<b>39'060'896</b>	<b>39'925'380</b>
<b>Statutory benefits paid</b>		<b>-23'589'750</b>	<b>-22'836'315</b>
Old-age pensions		-10'429'643	-8'593'764
Survivors' pensions		-378'458	-345'410
Disability pensions		-666'379	-594'342
Child's pension payments	7.2.3	-196'229	-158'171
Lump-sum payments on retirement		-11'179'241	-12'634'993
Lump-sum benefits on death/disability		-739'800	-509'635
<b>Other benefits paid and withdrawals</b>		<b>-14'138'441</b>	<b>-13'481'720</b>
Vested benefits paid on leaving		-12'294'601	-11'652'105
Home financing withdrawals and payments on divorce	7.2.4	-1'843'840	-1'829'615
<b>OUTFLOW FOR BENEFITS PAID AND WITHDRAWALS</b>		<b>-37'728'191</b>	<b>-36'318'035</b>
<b>Changes in actuarial capital, technical provisions and contribution reserves</b>		<b>-13'989'989</b>	<b>-12'060'392</b>
Release of active insurees' actuarial capital	5.2	19'462'889	23'750'394
Creation of actuarial capital for pension recipients	5.4	-24'647'662	-33'027'459
Creation/release of technical provisions	5.5	-526'357	4'775'859
Interest paid on savings capital	5.2	-8'278'859	-7'559'186
<b>INCOME FROM INSURANCE BENEFITS</b>		<b>1'070'518</b>	<b>0</b>
<b>Insurance expenses</b>		<b>-2'081'544</b>	<b>-2'099'352</b>
Insurance premiums - risk		-1'685'997	-1'711'886
Insurance premiums - costs		-249'018	-252'864
Contributions to Guarantee Fund		-146'529	-134'602
<b>NET INCOME FROM INSURANCE ACTIVITIES</b>		<b>-13'668'310</b>	<b>-10'552'399</b>

## Operating Income Statement

	Index Note	2013 CHF	2012 CHF
<b>Net income from investment activities</b>	6.7	<b>42'596'015</b>	<b>51'908'565</b>
Income from liquid funds and money market investments		74'782	48'257
Income from CHF bonds		-1'807'319	2'935'986
Income from EUR bonds (including currency hedges)		-1'540'772	4'135'707
Income from global IFL bonds hedged		-2'515'715	2'759'562
Income from foreign currency bonds, rest of world		-2'657'553	-360'350
Income from mortgage loans		510'081	552'518
Income from Equities Switzerland		13'055'384	7'486'805
Income from Equities Europe		5'661'650	4'149'131
Income from Equities North America (incl. currency hedges)		9'866'301	5'215'009
Income from Equities Pacific (incl. currency hedges)		4'074'626	3'004'493
Income from Equities foreign sustainable (incl. currency hedges)		8'813'861	3'089'970
Income from Equities emerging markets		-1'822'485	4'790'656
Income from commodities (incl. currency hedges)		-184'243	625'131
Income from real estate Switzerland	6.7.1	12'835'157	13'842'780
Asset administration costs	6.8	-1'752'091	-347'280
Interest on vested benefits		-15'649	-19'810
<b>Other income</b>		<b>13'275</b>	<b>10'795</b>
<b>Other expenses</b>	7.2.5	<b>-297'000</b>	<b>-225'000</b>
<b>Administrative expenses</b>	7.2.6	<b>-1'000'157</b>	<b>-1'045'744</b>
General administration		-903'213	-933'282
Statutory auditors and accredited pension actuary		-75'760	-91'962
Supervisory authorities		-21'184	-20'500
<b>INCOME SURPLUS BEFORE CREATION OF FLUCTUATION RESERVE</b>		<b>27'643'823</b>	<b>40'096'217</b>
<b>Creation of fluctuation reserve</b>	6.3	<b>-27'643'823</b>	<b>-40'096'217</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 has its legal domicile 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 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	25 September 2012	1 January 2013
Regulations on Provisions and Reserves	29 February 2012	31 December 2011
Organizational Regulations	10 May 2012	1 January 2012
Election Regulations	16 September 2003	16 September 2003
Investment Regulations	31 January 2012	1 January 2012
- Strategic Asset Allocation	25 September 2012	1 October 2012
Partial Liquidation Regulations	24 November 2009	25 February 2010

**1.4 Principal governing body, management and signatory authority**

At 31 December 2013, the Board of Trustees comprised the following members:

**Board of Trustees**

<b>Employer's representatives</b>	<b>Employees' representatives /</b>		
	Term of office 1 July 2013 – 30 June 2016		
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 2013.



**Operational management and accounting**

Markus Staudenmaier	Managing Director*	Claudia Sommer	Customer Advisor
Reymond Früh	Head of Accounting*	Markus Bleisch	Customer Advisor
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-Stadt

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 2013, neither did any existing employers leave.

## 2 Active insurees and pension recipients

### 2.1 Active insurees

	Swissport International		Swissport Zurich		Swissport Basel	
	2013	2012	2013	2012	2013	2012
<b>At 1 January</b>	<b>84</b>	<b>83</b>	<b>1'691</b>	<b>1'679</b>	<b>414</b>	<b>392</b>
Joined	13	10	316	279	21	58
Left	12	8	233	227	26	28
Retired	1	1	37	37	5	8
Newly disabled	0	0	2	2	0	0
Died	0	0	4	1	0	0
<b>At 31 December</b>	<b>84</b>	<b>84</b>	<b>1'731</b>	<b>1'691</b>	<b>404</b>	<b>414</b>
of whom risk insurance only	1	0	152	143	25	23
<b>Old-age savings at 31 December</b>	<b>26'661'996</b>	<b>26'338'372</b>	<b>202'876'285</b>	<b>209'526'422</b>	<b>43'560'904</b>	<b>41'750'025</b>
of which old-age BVG savings at 31 December	5'810'243	5'599'816	81'735'882	81'679'103	15'446'275	14'573'133

	Swissport Geneva		Swissport Baggage Sorting		PrivatPort	
	2013	2012	2013	2012	2013	2012
<b>At 1 January</b>	<b>988</b>	<b>938</b>	<b>171</b>	<b>176</b>	<b>9</b>	<b>9</b>
Joined	71	178	24	20	1	0
Left	87	96	14	20	0	0
Retired	27	32	4	4	0	0
Newly disabled	0	0	0	1	0	0
Died	0	0	0	0	0	0
<b>At 31 December</b>	<b>945</b>	<b>988</b>	<b>177</b>	<b>171</b>	<b>10</b>	<b>9</b>
of whom risk insurance only	62	77	13	9	0	0
<b>Old-age savings at 31 December</b>	<b>111'744'268</b>	<b>117'041'167</b>	<b>20'393'878</b>	<b>20'269'754</b>	<b>828'769</b>	<b>398'802</b>
of which old-age BVG savings at 31 December	44'192'501	45'164'467	9'165'012	8'917'959	374'329	210'978

	Swissport Group Services GmbH		Careport AG		GVAssistance S.A.	
	2013	2012	2013	2012	2013	2012
<b>At 1 January</b>	<b>33</b>	<b>29</b>	<b>82</b>	<b>91</b>	<b>46</b>	<b>51</b>
Joined	8	5	9	9	9	3
Left	8	1	12	17	5	6
Retired	1	0	2	1	1	2
Newly disabled	0	0	0	0	0	0
Died	0	0	0	0	0	0
<b>At 31 December</b>	<b>32</b>	<b>33</b>	<b>77</b>	<b>82</b>	<b>49</b>	<b>46</b>
of whom risk insurance only	0	0	1	4	1	0
<b>Old-age savings at 31 December</b>	<b>7'479'994</b>	<b>9'469'268</b>	<b>6'360'415</b>	<b>6'040'808</b>	<b>5'941'511</b>	<b>6'197'432</b>
of which old-age BVG savings at 31 December	1'821'123	2'109'712	2'663'856	2'468'534	2'608'734	2'669'942

	Total PVS		Change over previous year
	2013	2012	
<b>At 1 January</b>	<b>3'518</b>	<b>3'448</b>	<b>70</b>
Joined	472	562	-90
Left	397	403	-6
Retired	78	85	-7
Newly disabled	2	3	-1
Died	4	1	3
<b>At 31 December</b>	<b>3'509</b>	<b>3'518</b>	<b>-9</b>
of whom risk insurance only	255	256	-1
<b>Old-age savings at 31 December</b>	<b>425'848'021</b>	<b>437'032'050</b>	<b>-11'184'029</b>
of which old-age BVG savings at 31 December	163'817'956	163'393'644	424'312

Active insurees by BVG age at 31 December	Women		Men		Total	
	2013	2012	2013	2012	2013	2012
18 – 24	110	108	145	148	255	256
25 – 34	381	413	605	617	986	1030
35 – 44	353	340	544	538	897	878
45 – 54	394	377	538	528	932	905
55 – 65	173	170	266	279	439	449
<b>Total</b>	<b>1'411</b>	<b>1'408</b>	<b>2'098</b>	<b>2'110</b>	<b>3'509</b>	<b>3'518</b>

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

## 2.2 Pension recipients

Pension type	Women		Men		Total	
	2013	2012	2013	2012	2013	2012
Old-age pensions	141	122	235	206	376	328
Disability pensions	18	17	23	23	41	40
Spouse's pensions	14	12	2	2	16	14
Child's pensions	14	19	29	16	43	35
<b>Total</b>	<b>187</b>	<b>170</b>	<b>289</b>	<b>247</b>	<b>476</b>	<b>417</b>

Pension type - development	Total 31.12.2013	Change		Total 31.12.2012
		Zugang	Abgang	
Old-age pensions	376	49	1	328
Disability pensions	41	6	5	40
Spouse's pensions	16	2	0	14
Child's pensions	43	8	0	35
<b>Total</b>	<b>476</b>	<b>65</b>	<b>6</b>	<b>417</b>

### 3 Fulfillment of objectives

#### 3.1 Details of the 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 into old-age pensions vary according to the beneficiary's age and marital status.

The annual PVS disability pension amounts to 6.1% of the insuree's projected old-age savings on their 63rd birthday; the projection is based on the BVG minimum interest rate.

The annual PVS spouse's pension amounts to 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, provided that the conditions laid down in the regulations are met. 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 where 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.

As of 1 January 2014, the savings contribution for insurees aged 25-34 whose place of work is Zurich, as well as for all Basic Plan insurees with an individual employment contract is 2.8% for employees and 4.2% for the employer. For insurees working for Swissport Baggage Sorting AG, the rates are 3.25% and 3.75% respectively.

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 Swiss 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.

**3.3 Further information on pension plan administration**

PVS has signed a service agreement with PFS Pension Fund Services AG for the administration and management of the scheme. This Agreement was renewed for another three and a half years with effect from 1 July 2012.

**4 Accounting and valuation principles and consistency**

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

The accounts of the PVS are prepared in accordance with the guidelines specified in Swiss GAAP ARR 26, as amended on 1 January 2014.

**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 and money market investments	Nominal value/fair 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 foreign (sustainable)	Fair value
Equities emerging markets	Fair value
<b>Non-traditional investments</b>	
Commodities	Fair value
<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.

#### 4.3 Changes to accounting and valuation principles

There were no changes in the valuation principles used. The financial statements have been prepared in accordance with the revised SWISS GAAP ARR 26. In accordance with instructions issued by the Regulatory Commission on the disclosure of asset management costs, in the year under review the costs associated with transparent collective investments was recorded gross in the operating income statement and the net income for the relevant asset class adjusted accordingly to reflect these costs. Only a limited comparison of asset management costs with the previous year is therefore possible.

## 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 on a back-to-back basis. The annual premium for 2013 amounted to CHF 1'935'015.

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 2013, the sum of CHF 533'290 was allocated to a provision for the distribution of surplus funds. Benefits effected by PKRück amounting to CHF 434'029 were 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 occur during this period, i.e. towards the end of 2015. Any surplus funds will be subsequently distributed in accordance with the above paragraph.

	2013 CHF	2012 CHF
<b>Surplus funds at 1 January</b>	<b>1'077'606</b>	<b>529'834</b>
Allocation to provision for the distribution of surplus funds	533'290	547'772
Withdrawal from provision for the distribution of surplus funds	434'029	0
Provision for claims not yet processed	-1'138'247	-788'986
Credit from stop-loss cover	0	0
<b>Surplus funds at 31 December</b>	<b>38'620</b>	<b>288'620</b>

## 5.2 Performance of savings capital and interest earned thereon

	2013 CHF	2012 CHF
<b>Total savings of active insurees at 1 January</b>	<b>437'032'050</b>	<b>453'223'258</b>
<b>Release of active insurees' actuarial capital</b>	<b>-19'462'889</b>	<b>-23'750'394</b>
Employees' savings contributions	11'072'237	11'027'099
Employer's savings contributions	15'757'732	15'731'516
One-off deposits and buy-in amounts	725'022	1'536'597
Vested benefits deposits	5'611'321	5'437'839
Home financing repayments and divorce-related deposits	1'395'939	1'758'524
Capital formation for payments pursuant to Art. 17 FZG	17	23
Vested benefits paid on leaving	-12'294'601	-11'652'105
Home financing withdrawals and payments on divorce	-1'843'840	-1'829'615
Capital released through lump-sum payments on retirement	-11'179'241	-12'634'993
Capital released through lump-sum payments on death/disability	-739'800	-509'635
Capital released through retirement, death and disability	-27'967'675	-32'615'643
<b>Interest paid on savings capital</b>	<b>8'278'859</b>	<b>7'559'186</b>
<b>Total actuarial capital of active insurees at 31 December</b>	<b>425'848'021</b>	<b>437'032'050</b>
Interest rate on old-age savings pursuant to BVG	1.50%	1.50%
Interest rate on regulatory old-age savings	2.00%	1.75%

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 2013, 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 19 November 2013, when a rate of 2.00% was set for all old-age savings.

## 5.3 Total old-age savings under the BVG

	31.12.2013 CHF	31.12.2012 CHF
Total old-age savings	425'848'021	437'032'050
of which BVG old-age savings	163'817'956	163'393'644

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



#### 5.4 Performance of actuarial reserves for pension recipients

	2013 CHF	2012 CHF
<b>Actuarial reserves at 1 January</b>	<b>180'850'752</b>	<b>147'823'293</b>
<b>Creation of actuarial capital for pension recipients</b>	<b>24'647'662</b>	<b>33'027'459</b>
Creation through retirement, death and disability	27'967'675	32'615'643
Deposit of IV disability capital	67'681	0
Release through pension payments	-11'670'709	-9'691'686
Technical interest paid	5'425'523	4'434'699
Creation of actuarial capital for pensions	3'220'357	3'712'244
Creation of actuarial capital for deaths	116'429	0
Creation of actuarial capital for disability/child's pensions	917'851	1'404'813
Actuarial profit/loss	-1'397'145	551'746
<b>Total actuarial capital for pension recipients at 31 December</b>	<b>205'498'414</b>	<b>180'850'752</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 are as follows:

<b>Retirements and form of benefits chosen</b>	2013		2012	
	CHF	%	CHF	%
Old-age savings on retirement	38'229'101		43'668'922	
of which converted into pension	27'049'860	71%	31'033'929	71%
of which withdrawn as lump-sum payment	11'179'241	29%	12'634'993	29%

Current PVS pensions were not increased following a resolution passed by the Board of Trustees to this effect on 19 November 2013. 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 2.0% 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 2013 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	-2'351'976	1.75%	3.00%
2013	205'498'414	425'848'021	-2'125'543	2.00%	3.00%
<b>TOTAL</b>			<b>-13'581'090</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	31.12.2013 CHF	31.12.2012 CHF	Change over previous year
Actuarial reserves for old-age pension recipients	186'085'150	162'027'763	24'057'387
Actuarial reserves for spouse's/partner's pensions	7'398'472	6'791'813	606'659
Actuarial reserves for disability pensions	10'851'606	11'123'635	-272'029
Actuarial reserves for child's pensions	1'163'186	907'541	255'645
<b>Total actuarial capital for pension recipients</b>	<b>205'498'414</b>	<b>180'850'752</b>	<b>24'647'662</b>

### 5.5 Composition, changes to and details of the technical provisions

Composition Technical provisions	31.12.2013	31.12.2012	Change over previous year
Fluctuation reserves (death and disability)	1'625'148	2'352'705	-727'557
Provision for special events	2'054'984	904'254	1'150'730
Provision for conversion rate	6'940'166	6'836'982	103'184
<b>Total technical provisions</b>	<b>10'620'298</b>	<b>10'093'941</b>	<b>526'357</b>

The «fluctuation reserves for death and disability» 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 2013, a total of 46 insurees (previous year: 79) 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 conversion rate» 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 55.

## 5.6 Result of the latest actuarial appraisal

The latest actuarial appraisal of the PVS was conducted as at 31 December 2013. 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.

## 5.7 Actuarial principles and other actuarial assumptions

The accounting principles are based on BVG 2010 actuarial data and the standard cross-sectional mortality table projected to 2014 (previous year: BVG 2010 actuarial data and the standard cross-sectional mortality table projected to 2013) 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.

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

	31.12.2013	31.12.2012	Change over CHF previous year
Total assets at fair value	728'469'080	688'203'570	40'265'510
less liabilities	-2'786'797	-4'138'561	1'351'764
less accrued expenses and deferred income	-230'051	-246'590	16'539
<b>Assets available</b>	<b>725'452'232</b>	<b>683'818'419</b>	<b>41'633'813</b>
Actuarial capital for active insurees	425'848'021	437'032'050	-11'184'029
Actuarial capital for pension recipients	205'498'414	180'850'752	24'647'662
Technical provisions	10'620'298	10'093'941	526'357
<b>Actuarial capital required</b>	<b>641'966'733</b>	<b>627'976'743</b>	<b>13'989'990</b>
<b>Funding surplus as per Art. 44 para. 1 BVV2</b> (assets available less actuarial capital required)	<b>83'485'499</b>	<b>55'841'676</b>	<b>27'643'823</b>
<b>Funding ratio as per Art. 44 para. 1 BVV2</b> (assets available x 100 divided by actuarial capital required)	<b>113.0%</b>	<b>108.9%</b>	

The PVS's funding ratio as defined in Art. 44, para. 1 BVV2 stood at 113.0% at 31 December 2013.

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

### 6.1 Organization of investment activities, investment advisors and managers, 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 charged 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 to three months.

<b>Category</b>	<b>Asset management mandated to</b>	<b>Portfolio manager</b>
Money market investments	Syz AM Liquidity Money Market CHF	Swiss & Global Asset Mgt AG
CHF bonds	Syz AM Swiss Bond Index Fund Syz AM Swiss Government Bond Index Fund CIF Swiss Bond Tot. Market Ind. Domestic	Swiss & Global Asset Mgt AG 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 Currency Index	Credit Suisse
Mortgage loans	Mortgages to beneficiaries	PFS Pension Fund Services
Equities Switzerland	CSIF Switzerland Total Marked Index Blue CIF Swiss Small & Mid Cap Index	Credit Suisse ZKB
Equities Europe	UBS (CH) IF Equities Europe Passive II I-X	UBS AG, Global Asset Mgmt
Equities North America	UBS (CH) IF 2 Equities USA Passive II I-X UBS (CH) IF Equities Canada Passive II I-X	UBS AG, Global Asset Mgmt
Equities Pacific	UBS (CH) IF Equities Pacific (ex Japan) Passive II I-X UBS (CH) IF Equities Japan Passive II I-X	UBS AG, Global Asset Mgmt
Equities emerging markets	CIF Emerging Market Index	ZKB
Equities foreign (sustainable)	Henderson Global Care Growth Fund OekoSar Equity - Global F IPF World ex CH Index Responsible N	Henderson Global Investors Sarasin Investmentfonds AG ZKB
Commodities	Pictet Solutions-Global Commodities Pictet Solutions-Global Commodities Diversified	Pictet Asset Mgt. S.A. Pictet Asset Mgt. S.A.
Real estate in Switzerland	Anlagestiftung Turidomus Anlagestiftung Adimora CS 1A Immo PK	Pensimo Management AG Pensimo Management AG Credit Suisse

In the year under review, new investments were made in the ZKB equity-based index product «IPF World ex CH Index Responsible Class N». Investments in foreign equities (Europe, North America and Pacific) were transferred from State Street Global Advisors (SSgA) to UBS.

## 6.2 Use of supplementary investment vehicles (Art. 50, para. 4 BVV2) with conclusive evidence of compliance with security and risk diversification requirements (Art. 50, para. 1-3 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 31.12.2013	BVV2 limit	BVV2 article
Foreign currencies (without hedging)	30.7%	28.3%	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 has the following characteristics:

Characteristics of the investment strategy	2013	2012
Expected return	4.2%	4.2%
Historical risk (based on past 144 months)	6.2%	6.2%
Two-year (previous year: two-year) fluctuation reserves required as a percentage of total actuarial capital and technical provisions	19.5%	19.5%

The calculation of the required fluctuation reserve includes 3.0% interest on the old-age savings of active insurees (previous year: 3.5%) and 3.0% 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	2013 CHF	2012 CHF	Change over previous year
Fluctuation reserve at 1 January	55'841'676	15'745'459	40'096'217
Transfer from operating income statement	27'643'823	40'096'217	-12'452'394
<b>Fluctuation reserve according to the balance sheet at 31 December</b>	<b>83'485'499</b>	<b>55'841'676</b>	<b>27'643'823</b>
<b>Fluctuation reserve required</b>	<b>125'183'513</b>	<b>122'455'465</b>	<b>2'728'048</b>
Shortfall in fluctuation reserve	-41'698'014	-66'613'789	24'915'775

## 6.4 Investments by asset category

Asset category	31.12.2013 CHF	% of total assets	SAA	Target range	Art. 55 BVV2	31.12.2012 CHF	% of total assets
<b>Nominal values</b>	<b>250'959'124</b>	<b>34.8%</b>	<b>37%</b>	<b>23-55%</b>	<b>100%</b>	<b>242'187'188</b>	<b>35.6%</b>
Liquidity and money market investments	33'468'274	4.6%	2%	1-10%		14'192'392	2.1%
Receivables	6'178'335	0.9%	0%			5'802'952	0.9%
CHF bonds	84'920'501	11.8%	14%	10-17%		87'513'948	12.8%
EUR IFL bonds (including currency hedges)	33'037'134	4.6%	5%	3-7%		34'113'960	5.0%
Global IFL bonds hedged	38'255'820	5.3%	6%	4-8%		40'969'350	6.0%
Foreign currency bonds, rest of world	29'985'123	4.2%	5%	3-7%		33'139'649	4.9%
Mortgage loans	25'113'937	3.5%	5%	2-6%		26'454'937	3.9%
<b>Equities</b>	<b>238'607'812</b>	<b>33.1%</b>	<b>32%</b>	<b>11-49%</b>	<b>50%</b>	<b>216'463'044</b>	<b>31.8%</b>
Equities Switzerland	57'994'941	8.0%	7%	3-9%		52'383'355	7.7%
Equities Europe	23'726'945	3.3%	3%	1-6%		29'159'882	4.3%
Equities North America (incl. currency hedges)	30'561'554	4.2%	4%	2-9%		43'844'013	6.4%
Equities Pacific (incl. currency hedges)	21'786'698	3.0%	3%	1-6%		28'121'733	4.1%
Equities foreign (sustainable) (incl. currency hedges)	72'008'486	10.0%	10%	2-12%		28'304'134	4.2%
Equities emerging markets	32'529'188	4.5%	5%	2-7%		34'649'927	5.1%
<b>Non-traditional investments</b>	<b>32'335'144</b>	<b>4.5%</b>	<b>5%</b>	<b>2-15%</b>	<b>15%</b>	<b>33'170'260</b>	<b>4.9%</b>
Hedge funds	0	0.0%	0%	0-4%		0	0.0%
Private equity	0	0.0%	0%	0-4%		0	0.0%
Commodities (incl. currency hedges)	32'335'144	4.5%	5%	2-7%		33'170'260	4.9%
<b>Real estate</b>	<b>198'756'769</b>	<b>27.6%</b>	<b>26%</b>	<b>22-33%</b>	<b>30%</b>	<b>189'439'084</b>	<b>27.8%</b>
Real estate in Switzerland	198'756'769	27.6%	26%	22-30%		189'439'084	27.8%
Real estate outside Switzerland	0	0.0%	0%	0-3%		0	0.0%
<b>Total investments</b>	<b>720'658'849</b>	<b>100.0%</b>	<b>100.0%</b>			<b>681'259'576</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	31.12.2013 CHF	% of total assets	SAA	Target range		31.12.2012 CHF	% of total assets
<b>Total</b>	<b>60'729'376</b>	<b>8.4%</b>	<b>8%</b>	<b>1-32%</b>		<b>75'262'398</b>	<b>10.4%</b>
EUR	16'619'157	2.3%	3%	0-11%		33'080'096	3.0%
USD	41'387'912	5.7%	5%	1-16%		42'182'302	7.5%
JPY	2'722'307	0.4%	0%	0-3%	0	0	0.0%
GBP	0	0.0%	0%	0-2%	0	0	0.0%

As at 31 December 2013, 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 2013. The interest rates for three- and five-year fixed-rate mortgages are determined daily on the basis of the mid-rate of the ZKB SWAP rates plus 1%. The minimum interest rate for three- and five-year fixed-rate mortgages is 1%.

The mortgage loan portfolio in 2013 was as follows:

<b>Mortgage loan statistics</b>	<b>2013</b>	<b>2012</b>
	<b>CHF</b>	<b>CHF</b>
<b>At 1 January</b>	<b>26'454'937</b>	<b>27'223'112</b>
New mortgages		280'000
Mortgages terminated	-1'010'000	-956'000
Increases		80'000
Amortizations	-331'000	-172'175
<b>At 31 December</b>	<b>25'113'937</b>	<b>26'454'937</b>
Of which fixed-rate mortgages	17'908'937	17'389'937

<b>Borrowers by type</b>	<b>2013</b>	<b>2012</b>
Active insurees	34	45
Pension recipients	31	23
Others	8	7
<b>At 31 December</b>	<b>**73</b>	<b>*75</b>

<b>Average loan amount</b>	<b>49.6%</b>	<b>52.7%</b>
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\*\* 2013 / six borrowers had two mortgage tranches, and two borrowers had two mortgages (on two separate properties).

\* 2012 / six 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, continued to maintain their PVS mortgages after leaving the scheme or having elected to receive all their old-age benefits in the form of a lump-sum payment.

#### 6.5 Current (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 31.12.2013 CHF
Sale of EUR IFL bonds on 10 December 2014	EUR	13'600'000	1.2257 16'669'180	1.2220 16'619'157	<b>50'023</b>
Sale of Equities North America on 10 December 2014	USD	7'500'000	0.8991 6'742'988	0.8863 6'646'881	<b>96'107</b>
Sale of Equities foreign (sustainable) on 10 December 2014	USD	3'800'000	0.8991 3'416'447	0.8863 3'367'753	<b>48'694</b>
Sale of commodities on 10 December 2014	USD	35'400'000	0.8991 31'826'901	0.8863 31'373'278	<b>453'623</b>
Sale of Equities Pacific on 10 December 2014	JPY	277'000'000	0.0088 2'431'686	0.0085 2'341'860	<b>89'826</b>
Sale of Equities foreign (sustainable) on 10 December 2014	JPY	45'000'000	0.0088 395'039	0.0085 380'447	<b>14'592</b>
<b>Total open forward foreign exchange contracts at 31.12.2013</b>			<b>61'482'241</b>	<b>60'729'376</b>	<b>752'865</b>

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

#### 6.6 Market values and contracting 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», Class N, Swiss Security No. 11704.507, which permits securities lending within the fund. The fund statements are closed at the end of February. The fund manager informs us that bonds with a total value of CHF 5'540'528 were on loan as at 31 December 2013, corresponding to a lending ratio of 30.56%.



## 6.7 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.

### 6.7.1 Details of income from real estate

	Income in CHF 2013	Assets in CHF as at 31.12.2013	Income in CHF 2012	Assets in CHF as at 31.12.2012
<b>Turidomus investment trust</b>	<b>11'315'129</b>	<b>173'786'676</b>	<b>11'953'722</b>	<b>164'158'006</b>
<b>Casareal investment group</b>	<b>7'437'685</b>	<b>100'101'456</b>	<b>7'867'022</b>	<b>94'161'067</b>
of which purchased		2'447'351		2'044'575
Distribution	3'944'647		3'848'117	
Change in net asset value	3'493'038		4'018'905	
<b>Proreal investment group</b>	<b>3'877'444</b>	<b>73'685'220</b>	<b>4'086'700</b>	<b>69'996'939</b>
of which purchased		3'108'524		3'094'896
Distribution	3'297'687		3'060'585	
Change in net asset value	579'757		1'026'115	
<b>Adimora investment trust</b>	<b>74'802</b>	<b>6'542'093</b>	<b>78'858</b>	<b>4'143'078</b>
<b>Omega investment group</b>				
of which purchased		2'517'623		4'064'220
Distribution	193'410			
Change in net asset value	-118'608		78'858	
<b>CS 1A Immo PK</b>	<b>777'200</b>	<b>18'428'000</b>	<b>1'810'200</b>	<b>21'138'000</b>
of which purchased		-2'710'000		-3'900'000
Gain realized upon sale	70'000		141'000	
Distribution	707'200		811'200	
Change in net asset value	0		858'000	
<b>Total real estate</b>	<b>12'167'131</b>	<b>198'756'769</b>	<b>13'842'780</b>	<b>189'439'084</b>
TER costs recognized under income	668'026			
Total net income from real estate in Switzerland as per operating income statement	12'835'157			

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 claim

### 6.7.2 Overall investment performance

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

<b>Net income from investments</b>	<b>2013 CHF</b>	<b>Perform. in %</b>	<b>2012 CHF</b>	<b>Perform. in %</b>
<b>Nominal values</b>	<b>-7'936'496</b>	<b>-3.3%</b>	<b>10'071'680</b>	<b>4.3%</b>
Liquidity and money market investments	74'782	0.2%	48'257	0.3%
Receivables	0	0.0%	0	0.0%
CHF bonds	-1'807'319	-2.2%	2'935'986	3.5%
EUR bonds (including currency hedges)	-1'540'772	-4.5%	4'135'707	11.3%
Global IFL bonds hedged	-2'515'715	-6.2%	2'759'562	5.0%
Foreign currency bonds, rest of world	-2'657'553	-8.2%	-360'350	-1.1%
Mortgage loans	510'081	2.0%	552'518	2.1%
<b>Equities</b>	<b>39'649'337</b>	<b>19.3%</b>	<b>27'736'064</b>	<b>14.7%</b>
Equities Switzerland	13'055'384	26.1%	7'486'805	16.6%
Equities Europe	5'661'650	21.7%	4'149'131	16.6%
Equities North America (incl. currency hedges)	9'866'301	27.5%	5'215'009	13.6%
Equities Pacific (incl. currency hedges)	4'074'626	14.7%	3'004'493	12.0%
Equities foreign sustainable (incl. currency hedges)	8'813'861	25.3%	3'089'970	12.2%
Equities emerging markets	-1'822'485	-5.3%	4'790'656	16.0%
<b>Non-traditional investments</b>	<b>-184'243</b>	<b>-1.1%</b>	<b>625'131</b>	<b>2.4%</b>
Commodities (incl. currency hedges)	-184'243	-1.1%	625'131	2.4%
<b>Real estate</b>	<b>12'835'157</b>	<b>6.4%</b>	<b>13'842'780</b>	<b>7.6%</b>
Real estate in Switzerland	12'835'157	6.4%	13'842'780	7.6%
<b>Total net income from investments</b>	<b>44'363'755</b>	<b>6.3%</b>	<b>52'275'655</b>	<b>8.3%</b>

The performance was calculated using the time-weighted return (TWR) method and is reported net (i.e. after deduction of the costs of indirect investments).

### 6.8 Explanation of asset administration costs

<b>Asset administration costs</b>	<b>2013 CHF</b>	<b>2012 CHF</b>	<b>Change over previous year</b>
Securities accounting costs	19'872	19'872	0
Investment advisory costs	58'874	58'215	659
Management fees for mortgages to beneficiaries	28'054	28'919	-865
Bank charges for direct investments	1'327	794	533
Stamp duty on collective investments	7'189	3'031	4'158
Transaction costs for collective investments	51'668	3'985	47'683
Custodian fees/management fees for collective investments	191'226	232'464	-41'238
Key cost figures for collective investments	1'393'881	n/a	n/a
<b>Total asset administration costs</b>	<b>1'752'091</b>	<b>347'280</b>	<b>n/a</b>

<b>Reported asset management costs</b>	<b>2013 CHF</b>
Asset management costs recorded directly in the operating income statement	358'210
Total of all key cost figures entered in the operating income statement for collective investments, in CHF	1'393'881
<b>Total asset management costs recognized in the operating income statement</b>	<b>1'752'091</b>
Total asset management costs recognized in the operating income statement as a percentage of cost-transparent investments	0.24%

#### Transparent collective investments

<b>Provider and product name</b>	<b>Fair value 31.12.2013 CHF</b>	<b>TER in %</b>	<b>TER in CHF</b>
Swiss & Global; Syz AM (CH) Liquidity Mgmt CHF I2	27'367'828	0.10%	27'368
Swiss & Global; Syz AM (CH) Track – CHF Bonds I3	48'336'941	0.18%	87'006
Swiss & Global; Syz AM (CH) Track – Swiss GVT Bonds I3	18'453'494	0.18%	33'216
UBS (CH) IF – Equities Canada Passive II	2'139'497	0.01%	214
Henderson Global Care Growth Fund	18'133'780	0.86%	155'951
Sarasin OekoSar Equity Global -I- Cap.	16'876'877	1.42%	239'652
Pensimo; Adimora investment trust – Omega	6'542'093	0.64%	41'869
Pensimo; Turidomus investment trust – Casareal	100'101'455	0.32%	320'325
Pensimo; Turidomus investment trust – Proreal	73'685'220	0.27%	198'950
Credit Suisse 1a Immo PK	18'428'000	0.58%	106'882
Pictet CH Solutions – Global Commodities Diversified -J	8'874'476	0.63%	55'909
Pictet CH Solutions – Global Commodities -J	23'007'045	0.55%	126'539
<b>Total cost of transparent collective investments</b>			<b>1'393'881</b>

The TER costs are gross, i.e. no allowance is made for reimbursements. The following reimbursements accrued in 2013:

<b>Provider and product name</b>	<b>Reimbursement CHF</b>
Swiss & Global; Syz AM (CH) Track – CHF Bonds I3	69'672
Swiss & Global; Syz AM (CH) Track – Swiss GVT Bonds I3	25'250
Henderson Global Care Growth Fund	48'930
Sarasin OekoSar Equity Global -I- Cap.	78'698
Pictet CH Solutions – Global Commodities Diversified -J	16'634
Pictet CH Solutions – Global Commodities -J	41'452
<b>Total</b>	<b>280'636</b>

Allowing for these reimbursements, **asset management costs** fall to CHF 1'471'455, **corresponding to 0.20% of cost-transparent investments.**

Additional collective investments with CS, UBS and ZKB are made in the Z, I-X and N Class funds without any inherent costs (fees charged separately). All collective investments by the PVS are therefore recorded on the balance sheet date as transparent collective investments. The cost transparency ratio is 100%.

## 6.9 Explanation of investments with the employer

Receivables from employer	31.12.2013 CHF	31.12.2012 CHF	Change over previous year
Swissport International AG	223'290	444'743	-221'453
Swissport International AG, Zurich operations	2'304'759	2'291'365	13'394
Swissport International AG, Basel operations	702'894	227'884	475'010
Swissport International AG, Geneva operations	1'354'472	1'405'892	-51'420
Swissport Baggage Sorting AG	241'340	235'744	5'596
PrivatPort S.A.	17'147	25'386	-8'239
Swissport Group Services GmbH	58'831	149'225	-90'394
Careport AG	157'735	50'431	107'304
GVAssistance S.A.	71'143	66'491	4'652
<b>Total receivables from employer</b>	<b>5'131'611</b>	<b>4'897'161</b>	<b>234'450</b>

The item «Receivables from employer» includes the contributions calculated for the affiliated employers from October to December 2013. The contributions were paid in full in January and February 2014.

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

### 7.1 Balance sheet

#### Assets

#### 7.1.1 Other receivables

	31.12.2013 CHF	31.12.2012 CHF
Refundable withholding tax amounts	1'046'724	893'278
Outstanding interest owed on mortgage loans	0	12'513
<b>Total other receivables</b>	<b>1'046'724</b>	<b>905'791</b>

The refundable withholding tax amounts were paid in March 2014.

#### 7.1.2 Prepaid expenses and accrued income

	31.12.2013 CHF	31.12.2012 CHF
PKRück remaining premium balance 2013	52'555	0
PKRück total claims balance	267'761	0
Accrued adjustments to contributions	3'671	792
Accrued income from investments	50'500	34'500
Accrued income from real estate	7'435'744	6'908'702
<b>Total prepaid expenses and accrued income</b>	<b>7'810'231</b>	<b>6'943'994</b>

The item «accrued income from real estate» includes the outstanding dividend from the Turidomus and Adimora real estate investment trust for the year under review.

## Liabilities

### 7.1.3. Other liabilities

This item includes various invoices for the financial year which were paid in January and February 2014.

### 7.1.4 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, 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

	2013 CHF	2012 CHF	Changeover previous year
Employees' voluntary deposits	642'318	1'492'242	-849'924
Employer's deposits	82'704	44'355	38'349
<b>Total one-off deposits and buy-in amounts</b>	<b>725'022</b>	<b>1'536'597</b>	<b>-811'575</b>

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

	2013 CHF	2012 CHF	Changeover previous year
Voluntary repayments of home financing withdrawals	318'643	155'196	163'447
Amounts received through divorce settlements	1'035'000	1'589'994	-554'994
Voluntary repayments of assignments on divorce	42'296	13'334	28'962
<b>Total home financing repayments / divorce-related deposits</b>	<b>1'395'939</b>	<b>1'758'524</b>	<b>-362'585</b>

Voluntary repayments of home financing withdrawals were made by six (previous year: four) insurees. Eight insurees (previous year: nine) 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: one) insuree made voluntary repayments of assignments on divorce.

### 7.2.3 Child's pensions

	2013 CHF	2012 CHF	Changeover previous year
Child's pensions for children of old-age pension recipients	87'154	79'693	7'461
Orphan's pensions	43'410	35'588	7'822
Child's pensions for children of disabled pension recipients	65'665	42'890	22'775
<b>Total child's pensions</b>	<b>196'229</b>	<b>158'171</b>	<b>38'058</b>

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

	2013 CHF	2012 CHF	Changeover previous year
Withdrawals for home financing purposes	842'233	1'612'950	-770'717
Old-age savings transferred out as part of divorce settlements	1'001'607	216'665	784'942
<b>Total home financing withdrawals and divorce-related payments</b>	<b>1'843'840</b>	<b>1'829'615</b>	<b>14'225</b>

A total of 18 insurees (previous year: 24) 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 46'791 (previous year: CHF 67'206).

A total of 13 insurees (previous year: 8) transferred part of their occupational retirement savings to the occupational pension schemes of their former spouses as part of divorce settlements.

### 7.2.5 Other expenses

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 draw up 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 and increased to CHF 275'000 excl. VAT.

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 as well as by a lower reinsurance premium. The PVS's beneficiaries were informed of this decision.

### 7.2.6 Administrative expenses

	2013 CHF	2012 CHF	Change over previous year
Auditors' fees	38'753	46'190	-7'437
Accredited pension actuary's fees	37'007	45'772	-8'765
Board of Trustees' compensation, expenses and training costs	73'659	78'553	-4'894
PFS AG administrative expenses	776'093	798'824	-22'731
Translation and printing expenses	36'481	38'271	-1'790
Retiree seminar expenses	13'280	13'934	-654
Supervisory authority fees	21'184	20'500	684
Other administrative expenses	3'700	3'700	0
<b>Total administrative expenses</b>	<b>1'000'157</b>	<b>1'045'744</b>	<b>-45'587</b>

Based on the 3'927 active insurees and pension recipients (not including child's pensions) as at 1 January 2013, the PVS's administrative expenses amounted to CHF 255 per beneficiary in 2013 (previous year: CHF 275).

## 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 provisions governing the handover of pecuniary gains under 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 recent 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), the 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, CHF 179'554.30 for 2010 and CHF 23'366.00 for 2011, but has agreed for reimbursement to be suspended until the matter has been clarified.

## 10 Events after the balance sheet date

None.

## **REPORT OF THE STATUTORY AUDITOR TO THE BOARD OF FOUNDATION OF THE**

### **Personalvorsorge Swissport, Opfikon**

#### **Report of the Statutory Auditor on the Financial Statements**

As statutory auditor, we have audited the accompanying financial statements of Personalvorsorge Swissport, which comprise the balance sheet, operating account and notes on pages 12 to 39 for the year ended December 31, 2013.

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

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation's deed of formation and the regulations. 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 Foundation 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 fulfill 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 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. 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 December 31, 2013 comply with Swiss law and with the foundation's deed of formation and the regulations.



### **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 Foundation 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, 12 May 2014





