

2017 Annual Report

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Foreword

Report by the Chairman of the Board of Trustees on the fourteenth business year 2017 of the Swissport Company Pension Fund Foundation (Personalvorsorge Swissport / PVS).

Overall environment

Pensions were a popular topic in Switzerland in 2017. Although the draft proposals of 20 September were rejected, it has become evident to all those involved and to a broad sector of the population that there is a need for reform with regard to various parts of the legislation.

Because many pension funds had generally good business results, it is easy to forget that the low-interest environment will make it increasingly difficult to generate risk-free earnings, which are necessary in order to maintain the current pension level over the long term.

The global stock markets knew only one direction in 2017: upwards. This also benefited the PVS as the investment results exceeded all expectations. In the meantime, signs are increasing that the stock markets will undergo a correction soon.

Swissport Group

On behalf of its customers, the founder-employer Swissport International Ltd. was able to increase the number of passengers served by 8.6% to 250 million. At the same time, the cargo volume grew by 8.4%. As at year-end, Swissport International Ltd. was present at 279 airports in 48 countries and grew revenues by 6.4% to CHF 3.1 billion.

In Switzerland, Swissport took over post handling in Zurich as at 1 September and 45 beneficiaries switched to Swissport as a result.

Contracts of affiliation

The PVS did not conclude contracts of affiliation with any further companies in 2017.

The companies affiliated with the PVS are

- Swissport International Ltd.
- Swissport Group Services GmbH, Baar ZG
- Swissport Baggage Sorting AG, Kloten ZH
- Careport AG, Opfikon ZH
- Swissport International AG, Zurich operations
- Swissport International AG, Basel operations
- Swissport International AG, Geneva operations
- GVAssistance S.A., Le Grand-Saconnex GE
- PrivatPort S.A., Meyrin GE

and as at 31 Dec. 2017 had

108 active beneficiaries
72 active beneficiaries
193 active beneficiaries
78 active beneficiaries
1,654 active beneficiaries
443 active beneficiaries
954 active beneficiaries
60 active beneficiaries
13 active beneficiaries
Total 3,575 active beneficiaries

Fourteenth financial year of the PVS

In addition to the ordinary course of business, the profit earned had to be allocated in a forward-looking manner at year-end. With the provisions we have created and above-average interest, we are confident that we have done the right thing for the stability of the PVS as well as our beneficiaries.

Board of Trustees

Peter Graf, Chairman of the Board of Trustees of the PVS since its foundation in 2004, stepped down as at 31 August 2017. Thanks to his commitment, the PVS has developed into a stable, good pension fund. We would like to take this opportunity to thank him for his tireless dedication to the good of the PVS. Christian Göpfert replaced René Meier as the employee representative from Basel in mid-2017.

Operational management

In 2017, the PVS was once again managed by Pension Fund Services (PFS) in the usual professional manner. Managing Director Elisabeth Müller and her team were able to address the concerns of beneficiaries, supervisory bodies and other partners quickly and competently.

Deputy Managing Director Christoph Bohren left PFS as at the end of 2017 and was replaced by Tatjana Merz-Kursawe at the beginning of 2018.

Investments

The assets of the PVS increased in 2017 from CHF 804 million to CHF 882 million. We maintained our long-term investment strategy in 2017. While equities are at the upper edge of the bandwidth due to the increase in value, our bond and real estate investments are at the desired level. Corrections on the equity markets in the first few months of 2018 reduced the impact of this configuration.

Annual result / investment income

The 2017 annual result of 9.88% (previous year: 5.25%) is one of the best in the history of the PVS. Bullish global equity markets were responsible for this very pleasing result.

Technical interest rate

The technical interest rate of the PVS is 2.5%. Based on the calculations of our accredited pension actuary, the rate will soon need to be lowered to 2% due to the current low-interest rate environment. Provisions of CHF 31.0 million made at the end of 2017 would in future make it possible to implement such a reduction without any negative impact on our funding ratio.

Determination of interest rates

The excellent business result enabled the Board of Trustees to set an interest rate on the capital of active insureds of 4.5% (previous year: 2.5%), the highest in the history of the PVS. An interest rate on active insureds' capital at this level also allows us to redistribute funds from active insureds to retirees.

Funding ratio

The PVS concluded 2017 with a funding ratio of 116.8 (previous year: 114.2). This should enable us to weather the expected (and realised at the start of 2018) turbulence on the financial markets without even approaching underfunding.

Actuarial appraisal

The appraisal by the accredited pension actuary indicates that the technical interest rate of 2.5% – and therefore over the long run also conversion rates – are still too high. The Board of Trustees reacted to this knowledge by creating provisions and will have to (once again) address conversion rates in the coming years.

Outlook for 2018

One of the objectives of the PVS for 2018 is to maintain continuity in the face of a challenging investment environment. Turbulence on the stock markets in the first few months of the year proved that last year's euphoria is subject to some uncertainty. The PVS is capable of tolerating such fluctuations and reacting prudently.

One of the objectives of the PVS in 2018 is to communicate more actively with our retirees, beneficiaries and partners. We will try to provide more detailed information about the goings on inside the PVS, where we stand and what we stand for.

Final remarks

Since I joined the PVS in September, I have come to know it as a highly efficient pension fund with an extremely dedicated management team. I am confident that we are well positioned to master the challenges in the years ahead. It will be our utmost priority to keep the PVS on its successful path for the benefit of all beneficiaries.

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

With best regards

Roland Etter

Chairman of the Board of Trustees

2017 Financial Statements

BALANCE SHEET	Index Notes	31/12/2017 CHF	31/12/2016 CHF
ASSETS			
Investments	6.4	882,282,518	804,674,217
Liquidity and money market investments		21,607,041	8,036,732
Receivables from employer	6.10	2,449,380	2,425,961
Other receivables	7.1.1	3,905,420	3,070,736
CHF bonds		108,827,288	109,353,057
Foreign currency bonds, rest of world		45,368,733	29,677,252
Foreign currency bonds, Corp ex CH		51,849,733	47,591,789
Emerging market bonds		35,776,975	32,589,557
Mortgage loans	6.4.1	41,970,800	24,840,500
Equities Switzerland		86,046,711	77,100,487
Equities Europe (incl. currency hedges)		23,805,053	23,815,047
Equities North America (incl. currency hedges)		31,777,660	42,703,499
Equities Pacific (incl. currency hedges)		30,723,002	25,881,152
Equities (sustainable) (incl. currency hedges)		105,222,319	89,048,359
Equities emerging markets		34,771,042	40,992,751
Real estate Switzerland	6.8.1	258,181,361	247,547,338
Prepayments and accrued income	7.1.2	7,942,799	8,284,631
Total assets		890,225,317	812,958,848
LIABILITIES			
Liabilities		6,518,647	7,011,085
Termination benefits		5,844,911	6,178,645
Capital payments		618,543	768,838
Other liabilities	7.1.3	55,193	63,602
Accrued liabilities and deferred income	7.1.4	214,974	713,795
Pension liabilities and actuarial reserves		757,814,657	704,922,789
Active participants' liabilities	5.2	410,592,941	401,645,881
Pension assets for pensioners	5.4	312,057,438	292,814,607
Actuarial reserves	5.5	35,164,278	10,462,301
Reserve for fluctuation in asset value	6.3	125,677,039	100,311,179
Dotation capital, non-committed funds, underfunding		0	0
Total liabilities		890,225,317	812,958,848

OPERATIVE ACCOUNT	Index Notes	2017 CHF	2016 CHF
Ordinary and other contributions and transfers-in		31,573,838	31,037,204
Employees' savings contributions		10,791,081	10,516,723
Employer's savings contributions		14,996,665	14,561,995
Employee risk insurance premiums		2,268,098	2,214,965
Employer risk insurance premiums		2,281,541	2,224,891
One-time payments and purchase amounts	7.2.1	1,236,453	1,518,630
Entry lump sum transfers		17,419,405	9,649,760
Termination benefit transfers		16,980,219	8,800,178
Reimbursements of withdrawals for home ownership/divorce	7.2.2	439,186	849,582
Inflow from contributions and entry lump sum transfers		48,993,243	40,686,964
Regulatory benefits		-23,231,475	-22,269,535
Retirement pensions		-15,889,903	-14,969,146
Survivor pensions		-629,499	-560,937
Disability pensions		-779,684	-686,893
Pensions for dependent children	7.2.3	-269,074	-258,302
Lump sum payments on retirement		-5,663,315	-5,370,573
Lump sum payments on death/disability		0	-423,684
Termination benefits		-24,896,757	-19,226,379
Termination benefits for leavers		-23,312,158	-17,474,740
Withdrawals for encouragement of home ownership/divorce	7.2.4	-1,584,599	-1,751,639
Outflow for benefits and withdrawals		-48,128,232	-41,495,914
Changes in pension liabilities, actuarial reserves and contribution reserves		-52,891,869	-27,357,425
Decrease in active participants' liabilities	5.2	8,588,860	14,702,642
Increase in pensioners' liabilities	5.4	-19,242,831	-37,161,899
Creation/release of technical provisions	5.5	-24,701,977	2,906,137
Interest on retirement savings capital	5.2	-17,535,921	-7,804,305
Income from insurance benefits		1,426,617	2,083,846
Insurance cost		-1,758,352	-2,012,286
Risk premiums		-1,472,918	-1,642,815
Cost premiums		-142,478	-251,374
Contributions to Security Fund		-142,956	-118,097
Net result of insurance activities		-52,358,593	-28,094,815

	Index Notes	2017 CHF	2016 CHF
Net return on investments	6.8	79,045,590	39,825,995
Income from liquid funds and money market investments		-32,210	243,166
Income from CHF bonds		99,250	1,623,201
Income from global IFL bonds hedged		0	3,032,646
Income from foreign currency bonds, rest of world		2,281,889	979,318
Income from foreign currency bonds, Corp ex CH		1,437,656	-8,211
Income from emerging market bonds		3,559,499	3,337,387
Income from mortgage loans		424,456	341,069
Income from Equities Switzerland		18,209,921	1,933,131
Income from Equities Europe (incl. currency hedges)		2,867,026	646,687
Income from Equities North America (incl. currency hedges)		6,403,180	4,209,219
Income from Equities Pacific (incl. currency hedges)		5,076,999	717,444
Income from Equities (sustainable) (incl. currency hedges)		15,743,758	5,099,497
Income from Equities emerging markets		11,207,441	4,706,911
Income from real estate Switzerland	6.8.1	13,631,649	14,595,385
Investment management costs	6.9	-1,810,192	-1,582,054
Interest on termination benefits		-54,732	-48,801
Other income		19,842	9,933
Other expenses	7.2.5	-297,000	-297,000
Administrative expenses	7.2.6	-1,043,979	-1,079,797
General administration		-951,779	-966,333
Auditor and actuary		-70,707	-94,720
Supervisory authorities		-21,493	-18,744
Income surplus / expense before adding to or releasing from reserves for fluctuations in asset value		25,365,860	10,364,316
Decrease / increase in reserves for fluctuations in asset value	6.3	-25,365,860	-10,364,316
Income surplus / expense surplus		0	0

The individual figures may not add up to the totals shown due to rounding.

Notes

1 General information and organisation

1.1 Legal form and objectives

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 BVG / LPP registration and registration with the Security Fund

The PVS was entered in the Register of Occupational Pension Schemes of the Canton of Zurich (under register number ZH 1377) on 1 January 2004, as attested by the corresponding official confirmation thereof dated 24 February 2004. The pension fund is subject to the Swiss Vesting in Pension Plans Act (FZG) and is thus affiliated with the Security 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 regulations

Regulation	Adopted on:	Effective:
Pension Scheme Regulations	17 February 2017	1 January 2017
Regulations on provisions and fluctuations reserves	19 September 2016	1 September 2016
Organisational Regulations	15 March 2016	1 April 2016
Election Regulations	27 June 2014	1 July 2014
Investment Regulations	19 September 2017 15 November 2017	1 October 2017
Partial Liquidation Regulations	24 November 2009	25 February 2010

1.4 Supreme body, management and signatory authority

As at 31 December 2017, the Board of Trustees comprised the following members:

Employer's representatives		Employees' representatives/ Term of office 1 July 2016 – 30 June 2019	
Roland Etter	Chairman*	Margrit Coimbra	Deputy Chairman*
Heinrich-Josef Giesen	Member*	Christian Goepfert	Member*
Eva-Maria Kerner ¹⁾	Member*	Ralf Müller ¹⁾	Member*

¹⁾ Member of the Investments Committee

In 2017, Roland Etter replaced Peter Graf as employer's representative and Chairman of the Board of Trustees. During the year under review, René Meier also stepped down from the Board of Trustees as employee representative. He was replaced by Christian Goepfert in a by-election at the Basel location.

Operational management

Elisabeth Müller	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 Experts, statutory auditor, advisors, supervisory authority

Accredited pension actuary

André Tapernoux, Mercer (Switzerland) SA, Tessinerplatz 5, 8027 Zurich

Statutory auditor

KPMG AG, Badenerstrasse 172, 8004 Zurich

Investment controller

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 of Zurich
 Swissport International AG, Basel operations, Basel Airport, Canton of Basel-Stadt
 Swissport International AG, Geneva operations, Geneva Airport, Canton of Geneva
 Swissport Baggage Sorting AG, Kloten, Canton of Zurich
 PrivatPort S.A., Meyrin, Canton of Geneva
 Swissport Group Services GmbH, Baar, Canton of Zug
 Careport AG, Opfikon, Canton of Zurich
 GVAssistance S.A., Le Grand-Saconnex, Canton of Geneva

There were no changes among the affiliated employers during the year under review.

2 Active participants and pensioners

2.1 Active participants

	Swissport International		Swissport Zurich		Swissport Basel	
	2017	2016	2017	2016	2017	2016
At 1 January	106	91	1,664	1,782	440	476
Joined	31	29	323	170	51	12
Left	29	13	292	249	38	44
Retired	0	1	36	35	9	4
Newly disabled	0	0	1	3	0	0
Deaths	0	0	4	1	1	0
At 31 December	108	106	1,654	1,664	443	440
of whom risk insurance only	2	2	183	145	20	26
Retirement savings at 31 December	28,072,180	27,801,339	193,346,949	195,125,886	41,386,673	42,544,052
of which BVG retirement savings						
at 31 December	7,244,768	6,932,003	81,567,542	82,784,658	14,916,862	15,765,772

	Swissport Geneva		Swissport Baggage Sorting		PrivatPort	
	2017	2016	2017	2016	2017	2016
At 1 January	947	1,074	164	205	13	9
Joined	134	36	58	1	4	4
Left	116	133	24	40	4	0
Retired	11	28	4	0	0	0
Newly disabled	0	2	0	0	0	0
Deaths	0	0	1	2	0	0
At 31 December	954	947	193	164	13	13
of whom risk insurance only	57	67	4	10	0	1

Retirement savings at 31 December	96,831,062	93,221,497	22,551,572	19,373,255	1,334,692	1,239,684
of which BVG retirement savings at 31 December	39,659,930	38,735,148	11,179,398	9,525,489	563,829	512,173

	Swissport Group Services GmbH		Careport AG		GVAssistance S.A.	
	2017	2016	2017	2016	2017	2016
At 1 January	52	31	78	87	59	64
Joined	26	25	8	3	4	1
Left	6	4	4	12	2	5
Retired	0	0	4	0	1	1
Newly disabled	0	0	0	0	0	0
Deaths	0	0	0	0	0	0
At 31 December	72	52	78	78	60	59
of whom risk insurance only	3	1	4	4	2	3

Retirement savings at 31 December	12,071,873	7,481,551	7,883,871	8,011,622	7,114,069	6,846,994
of which BVG retirement savings at 31 December	3,503,718	2,235,833	3,505,850	3,569,122	3,181,874	3,102,263

	Total PVS		Change over previous year
	2017	2016	
At 1 January	3,523	3,819	-296
Joined	639	281	358
Left	515	500	15
Retired	65	69	-4
Newly disabled	1	5	-4
Deaths	6	3	3
At 31 December	3,575	3,523	52
of whom risk insurance only	275	259	16

Retirement savings at 31 December	410,592,941	401,645,881	8,947,060
of which BVG retirement savings at 31 December	165,323,770	163,162,461	2,161,309

Active insurees by BVG age at 31 December	Women		Men		Total	
	2017	2016	2017	2016	2017	2016
18 – 24	124	119	151	140	275	259
25 – 34	337	340	645	636	982	976
35 – 44	316	329	649	609	965	938
45 – 54	344	363	553	544	897	907
55 – 65	198	202	258	241	456	443
Total	1,319	1,353	2,256	2,170	3,575	3,523

The average age of all active insurees is 40.8 years (previous year: 40.4).

2.2 Pensioners

Pension type – portfolio	Women		Men		Total	
	2017	2016	2017	2016	2017	2016
Retirement pensions	219	194	364	338	583	532
Disability pensions	28	21	28	28	56	49
Spouse's pensions	28	24	4	5	32	29
Pensions for dependent children	22	21	31	32	53	53
Total	297	260	427	403	724	663

Pension type – development	Total	Change		Total
	31/12/2017	New	Left	31/12/2016
Retirement pensions	583	58	7	532
Disability pensions	56	8	1	49
Spouse's pensions	32	3	0	29
Pensions for dependent children	53	1	1	53
Total	724	70	9	663

3 Implementation of objectives

3.1 Characteristics 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 retirement benefits may also be drawn before such time, up to five years at the earliest before the regular retirement age. Retirement benefits may be drawn in the form of a lump sum capital payment, a life-long retirement pension or a combination of the two. The conversion rates used to convert savings into retirement pensions vary according to the beneficiary's age and marital status.

The annual PVS disability pension amounts to 5.7% of the insuree's projected retirement savings on their 63rd birthday; the projection is based on an interest rate of 1.25%.

The annual PVS spouse's pension amounts to 70% of the insuree's retirement or full disability pension. Insurees who have entered into a registered partnership enjoy the same benefits and entitlements as married insurees. 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. Should an unmarried active insuree die without designating a partner, a lump sum payment will be made amounting to the insuree's total retirement 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 retirement 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 retirement pension. For part-time employees, this threshold is reduced in proportion to their degree of employment.

Under both pension plans, insurees can opt for a higher employee contribution. The following pension plans exist (each in Basic and Supplementary versions):

- The Standard and Standard Plus pension plans for all Swissport companies in Switzerland (excluding Swissport Baggage Sorting AG)
- The Standard and Standard Plus pension plans for Swissport Baggage Sorting AG

Insurees under the Standard Pension Plan pay a savings contribution of 6% (7% in the case of Swissport Baggage Sorting AG) of their insured salary; those under the Standard Plus pension plan pay a corresponding contribution of 9%. Under both plans, the employer pays a saving contribution of 9% (8% in the case of Swissport Baggage Sorting AG) of the 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 retirement pension.

The insured salary for Supplementary Pension Plan purposes is the employee's salary including any year-end bonuses less the coordination amount of 7.5 times the minimum AHV Swiss state retirement 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 Financing, financing method

The retirement 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 Plan, they amount to 18% (17% in the case of Swissport Baggage Sorting AG) in the Basic Plan and 24% in the Supplementary Plan.

For insureds aged 25-34 whose place of work is Zurich, as well as for all Basic Plan insureds with an individual employment contract, the retirement savings contributions for the Basic Plan in the Standard Plan are 7%; in the Standard Plus Plan they are 11.7% (11.25% in the case of Swissport Baggage Sorting AG).

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 cost of administering the scheme's assets and investments and the contributions to the Security Fund are borne by the PVS.

3.3 Further information on pension plan activities

The PVS has signed a service agreement with PFS Pension Fund Services AG for the administration and management of the scheme. The agreement was extended for a further five years on 10 February 2015 retroactively to 1 January 2015.

At its meeting on 15 November 2017 the Board of Trustees determined that current pensions will not be increased in line with inflation. This decision is based on the currently low level of inflation and the Federal Council's decision to leave pensions unchanged in 2018. Moreover, retirees will receive a technical interest rate of currently 2.5% on their vested capital.

4 Significant accounting policies and valuation methods, consistency

4.1 Statement of compliance with Swiss GAAP FER 26

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

4.2 Significant accounting policies and valuation methods

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 operative account 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. The assets are valued in the financial statements as follows:

Investment category	Valuation method
Nominal values	
Liquidity and money market investments	Nominal value / market value
Receivables	Nominal value minus required value adjustment
CHF bonds	Market value
Foreign currency bonds, rest of world	Market value
Foreign currency bonds, Corp ex CH	Market value
Emerging market bonds	Market value
Mortgage loans	Nominal value minus required value adjustment
Equities	
Equities Switzerland	Market value
Equities Europe	Market value
Equities North America	Market value
Equities Pacific	Market value
Equities (sustainable)	Market value
Equities emerging markets	Market value
Real estate Switzerland	Market 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 in accounting policy and in bookkeeping

There were no changes in the valuation principles used.

5 Actuarial risks / risk coverage / funding ratio

5.1 Type of risk coverage, reinsurance

On 15 September 2016, the PVS, a semi-autonomous pension fund, renewed its reinsurance agreement with "PKRück Lebensversicherung für die betriebliche Vorsorge AG", Vaduz, for the period 1 January 2017 to 31 December 2019. The PVS has consistently reinsured its risks for benefits on death and disability since 1 January 2011. The annual premium for 2017 totalled CHF 1,615,396.

The reinsured benefits for death and disability are transferred to the PVS in the form of cash payments. PKRück does not hold any actuarial reserves for pensions in payment on behalf of the PVS.

The reinsurance agreement features a profit-sharing arrangement for surplus funds, which will be credited to the operating result.

Changes in retained earnings

Accounting period 2011-2013	CHF
Risk premium – profit-forming share	1,610,896
Charges to retained earnings due to death benefits	-185,694
Charges to retained earnings due to disability benefits	-2,939,437
Retained earnings as at 31/12/2017 before provisions	-1,514,235
Provision for claims not yet processed	-967,426
Credit from stop-loss cover PKRück	2,481,661
Retained earnings as at 31/12/2017 after provisions	0

Retained earnings for the 2011 - 2013 accounting period have been definitively concluded.

Accounting period 2014 - 2016	CHF
Risk premium – profit-forming share	1,569,015
Charges to retained earnings due to death benefits	-361,658
Charges to retained earnings due to disability benefits	-466,265
Retained earnings as at 31/12/2017 before provisions	741,092
Provision for claims not yet processed	-1,832,125
Credit from stop-loss cover PKRück	1,091,033
Retained earnings as at 31/12/2017 after provisions	0

5.2 Performance of defined-contribution savings capital and interest earned thereon

	2017 CHF	2016 CHF
Total savings of insurees at 1 January	401,645,881	408,544,218
Decrease in active participants' liabilities	-8,588,860	-14,702,642
Employees' savings contributions	10,791,081	10,516,723
Employer's savings contributions	14,996,665	14,561,995
One-time payments and purchase amounts	1,236,453	1,518,630
Termination benefit transfers	16,934,839	8,800,178
Reimbursements of withdrawals for home ownership/divorce	439,186	849,582
Transfer of retirement savings of IV pension recipients	146,248	0
Capital formation for payments pursuant to Art. 17 FZG	11	84
Termination benefits for leavers	-23,312,158	-17,474,740
Withdrawals for encouragement of home ownership/divorce	-1,584,599	-1,751,639
Capital released through lump sum payments on retirement	-5,663,315	-5,370,573
Capital released through lump sum payments on death/disability	0	-387,774
Release due to retirement, death or disability	-22,573,271	-25,965,110
Interest on retirement savings capital	17,535,921	7,804,305
Total active participants' liabilities at 31 December	410,592,941	401,645,881
Interest rate on retirement savings pursuant to BVG	1.00%	1.25%
Interest rate on all retirement savings	4.50%	2.00%

Under Article 7 of the PVS Benefit Regulations, the Board of Trustees may wait until the annual results for a particular year are available before setting the interest rate to be used for the payment of interest on active insurees' retirement savings for the year under review. For 2015, 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 retirement savings was taken at the Board of Trustees meeting on 15 November 2017, when a rate of 4.50% was set for all retirement savings.

5.3 Total retirement savings capital in accordance with the BVG

	31/12/2017 CHF	31/12/2016 CHF
Total retirement savings	410,592,941	401,645,881
<i>of which BVG retirement savings</i>	<i>165,323,770</i>	<i>163,162,461</i>

The above amounts include the retirement savings of pending disability cases.

5.4 Development of actuarial reserves for pensioners

	2017 CHF	2016 CHF
Actuarial reserves at 1 January	292,814,607	255,652,708
Increase in pensioners' liabilities	19,242,831	37,161,899
Creation through retirement, death and disability	22,573,271	25,965,110
Deposit of IV disability capital	45,380	0
Release through pension payments	-17,568,160	-16,475,278
Transfer to savings capital of active insurees	-146,248	0
Lump sum payments on death of pension recipient	0	-35,910
Technical interest paid	7,381,101	7,811,944
Pension losses	2,843,256	3,930,265
Loss from increase in life expectancy	1,303,436	0
New principles and tech. interest rate	0	16,136,633
Actuarial loss (+) / profit (-)	2,810,796	-170,864
Total pensioners' liabilities at 31 December	312,057,438	292,814,607

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.

The following form of benefit was chosen for retirement, death and disability:

Retirement, death and disability and form of benefit	2017		2016	
	CHF	%	CHF	%
Retirement savings capital upon retirement, death and disability	28,236,586		31,723,457	
Of which pensions	22,573,271	80%	25,965,110	82%
of which withdrawn as a lump sum payment	5,663,315	20%	5,758,347	18%

The pension recipients' liabilities were distributed as follows among the various types of pensions at year-end:

Pension recipients' liabilities	31/12/2017 CHF	31/12/2016 CHF	Change over previous year
Actuarial reserves for retirement pensions	281,310,651	266,736,674	14,573,977
Actuarial reserves for disability pensions	17,002,147	12,931,779	4,070,368
Actuarial reserves for spouse's/partner's pensions	12,085,749	11,705,965	379,784
Actuarial reserves for pensions for dependent children	1,658,891	1,440,189	218,702
Total pensioners' liabilities	312,057,438	292,814,607	19,242,831

To ensure that annual decisions on adjustments to current pensions can be taken on a sound basis, the Board of Trustees has resolved to keep a 10-year 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 rate paid on active insurees' liabilities and the actuarial interest rate paid on pension recipients' liabilities (including a strengthening of longevity risk) and adding it to/subtracting it from the previous year's balance. Any further potential transfers between active insurees and pension recipients will not be recognised in this balance sheet.

A negative generational balance sheet will indicate that the transfer of accumulated funds is in favour 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 balance sheet at 31 December 2017 was as follows:

Year	Pension recipients' liabilities at 31 December in CHF	Active insureds' liabilities at 31 December in CHF	Generational accounting balance in CHF	Interest rate for active insureds	actuarial interest rate for pension recipients plus additional 0.5% until 2011
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%
2014	230,115,290	423,632,581	1,662,098	3.75%	3.00%
2015	255,652,708	408'544'218	-2'506'664	2.00%	3.00%
2016	292,814,607	401,594,159	-3,003,346	2.00%	3.00%
2017	312,057,438	410,592,941	6,166,065	4.50%	2.50%
Total			-10,275,570		

5.5 Composition of, development of and explanation of the actuarial reserves

Composition	31/12/2017 CHF	31/12/2016 CHF	Change over previous year
Actuarial reserves			
Provision for poss. future disability cases	270,364	476,123	-205,759
Provision for special events	27,765,844	0	27,765,844
Provision for conversion rate	7,128,070	9,986,178	-2,858,108
Total actuarial reserves	35,164,278	10,462,301	24,701,977

The "provision for possible future disability cases" is calculated as the difference between the value of the present value of possible future disability benefits and the amount of termination benefits available for the disability case as at the balance sheet date. At present the risks for death and disability are fully reinsured. This provision consequently only consists of risk cases that occurred prior to the conclusion of reinsurance cover.

The "provision for special events" serves to cushion future conversions to new technical bases. It was first created in 2017 in order to finance the costs of reducing the technical interest rate to 2%.

The "provision for the conversion rate" covers the additional financing that may be required as a result of using conversion rates not specified in the regulations on an actuarial basis. The provision is created for persons who have reached the age of 55. For such persons, a provision is set aside to cover the expected financing requirement for their retirement at retirement age.

5.6 Conclusions of the last actuarial report

The latest actuarial appraisal of the PVS was conducted as at 31 December 2017. The accredited pension actuary confirmed therein that

- the pension fund provides assurance that it can fulfil its obligations as at the balance sheet date;
- the provisions of the actuarial provisions applicable to the scheme's benefits and financing comply with the relevant legal requirements;
- there is sufficient financing to cover actuarial risks;
- Personalvorsorge Swissport uses the latest actuarial principles with an actuarial interest rate of 2.5%, which is higher than that recommended by the expert;
- the pension fund has nevertheless set aside sufficient reserves to reduce the technical interest rate to 2.0%, which is why the expert's recommendation with regard to this interest rate does not have a direct impact on the funding ratio.

5.7 Actuarial principles and other significant actuarial assumptions

The accounting principles are based on BVG 2015 actuarial data and the standard cross-sectional mortality table projected to 2018 (previous year: BVG 2010 actuarial data and the standard cross-sectional mortality table projected to 2017) at an actuarial interest rate of 2.5% (unchanged from the previous year). 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 per Art. 44 BVV2

	31/12/2017 CHF	31/12/2016 CHF	Change over previous year
Total assets at market value	890,225,317	812,958,848	
Less liabilities	-6,518,647	-7,011,085	
Less accrued expenses and deferred income	-214,974	-713,795	
Non-committed assets (NCA)	883,491,696	805,233,968	78,257,728
Pension assets for active insured employees	410,592,941	401,645,881	
Pension assets for pensioners	312,057,438	292,814,607	
Actuarial reserves	35,164,278	10,462,301	
Pension assets required (PA)	757,814,657	704,922,789	52,891,868
Funding surplus as per Art. 44 para. 1 BVV2 (assets available less actuarial capital required)	125,677,039	100,311,179	25,365,860
Funding ratio as per Art. 44 para. 1 BVV2 (assets available x 100 divided by actuarial capital required)	116.6%	114.2%	

The funding ratio as defined in Art. 44, para. 1 BVV2 stood at 116.6% as at the balance sheet date (previous year: 114.2%).

6 Notes on investments and on the net return on investments

6.1 Organisation of investment activities, investment advisor, investment manager and investment regulations

The 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 investment categories remain within the specified ranges and monitoring the activities of the portfolio managers and head office. The Investments Committee generally meets every two to three months.

Category	Asset management mandated to	Portfolio manager
Money market investments	Syz AM (CH) Liquidity Mgmt – CHF	GAM Investment Management
CHF bonds	Syz AM (CH) Track – CHF Bonds	GAM Investment Management
	Syz AM (CH) Track Government Bonds	GAM Investment Management
	Swisscanto Bond Tot. Market Ind. Domestic	Zürcher Kantonalbank
	Swisscanto Bond Corp World hedged CHF	Zürcher Kantonalbank
Foreign currency bonds, Corp ex CH	Swisscanto Bond Corp World hedged CHF	Zürcher Kantonalbank
Foreign currency bonds, rest of world	CSIF Bond Aggr. Rest World Currency Index	Credit Suisse (Switzerland) AG
Emerging market bonds	Lazard Emerging Markets Local Debt Fund	Lazard Asset Management
Mortgage loans	Mortgages granted to beneficiaries and to third parties	PFS Pension Fund Services
Equities Switzerland	CSIF Switzerland Total Market Index Blue	Credit Suisse (Switzerland) AG
	Swisscanto Equity Small & Mid Caps	Zürcher Kantonalbank
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 AG, Global Asset Mgmt
	UBS (CH) IF Equities Canada Passive II I-X	
Equities Pacific	UBS (CH) IF Equities Pacific (ex Japan) Passive II I-X	UBS AG, Global Asset Mgmt
	UBS (CH) IF Equities Japan Passive II I-X	
Equities emerging markets	Swisscanto Equity Emerging Markets	Zürcher Kantonalbank
Equities (sustainable)	Swisscanto IPF Index Equity World ex CH Responsible N	Zürcher Kantonalbank
Real estate Switzerland	Turidomus investment trust	Pensimo Management AG
	Adimora investment trust	Pensimo Management AG
	CS 1A Immo PK	Credit Suisse (Switzerland) AG
	SPA Real Estate Switzerland	Swiss Prime Site Group AG
	Helvetia AST Real Estate Switzerland	Helvetia investment trust

New investments were made in “Helvetia AST Real Estate Switzerland” during the year under review.

The institutions mandated with management of the assets meet the requirements and procedure for admission stipulated by OPSC directive D-01/2014 Compliance with Art. 48f para. 2-5 BVV2 is assured. All asset administration institutions are authorised by FINMA or have a comparable authorisation in another country.

6.2 *Extension of investment limits (Art. 50, para. 4 BVV 2) with a coherent statement of compliance regarding safety and risk diversification (Art. 50, para. 1-3 BVV 2)*

The Board of Trustees must provide a coherent statement of compliance with Art. 50, para. 1-3 BVV2 each year in the notes to the annual financial statements. As the maximum proportion of real estate of 30% prescribed by law was slightly exceeded by 0.8 percentage points as at 31 December 2016, the corresponding proportion of total assets fell to 29.3% in the period under review.

Investment category	31/12/2017 CHF	% of total assets	SAA	Target range	Art. 55 BVV 2	31/12/2016 CHF	% of total assets
Real estate	258,181,361	29.3%	33%	28-38%	30%	247,547,338	30.8%
Real estate Switzerland	258,181,361	29.3%	33%	28-38%		247,547,338	30.8%

Provided the pension fund can coherently provide evidence of its compliance with sections 1-3 of the notes to the annual financial statements, it may extend the investment possibilities, based on its Regulations, in accordance with Articles 53 para.1-4, 54, 54a, 54b para. 1, 55, 56, 56a para. 1 and 5, and 57 para. 2 and 3.

According to the strategy indicated in Appendix I to the current Investment Regulations, there is a range for real estate ranging from a minimum of 28% to a maximum of 38%. In view of the current income situation, the Board of Trustees has consciously decided to exceed the limits indicated in BVV 2. The regular dividend payments from the investment trusts ensure, among other things, that the Foundation remains liquid. Rental income from real estate investments is above the currently valid actuarial interest rate of 2.5%. An ALM study produced by c-alm in 2016 confirmed the approach adopted by the Board of Trustees.

6.3 *Target reserve for fluctuations in asset value and calculation of the reserve*

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

The required target for the fluctuation reserve is calculated based on the financial-economic method. This involves the calculation of the fluctuation reserve based on the risk and return characteristics of the investment categories in the investment strategy, which – with sufficient certainty – results in a required minimum interest rate equal to the actuarial interest rate and coverage of investment costs. The target for the fluctuation reserve is expressed as a percentage of obligations.

It is based on a horizon of three years, a 98% security level, a 2.8% expected return from the investment strategy and an investment strategy risk of 5.0%. It stands at 19.1% (previous year: 18.3%) of pension liabilities and technical provisions.

Fluctuation reserve required	2017 CHF	2016 CHF	Change over previous year
Fluctuation reserve at 1 January	100,311,179	89,946,863	10,364,316
Transfer from operating income statement	25,365,860	10,364,316	15,001,544
Fluctuation reserve according to the balance sheet at 31 December	125,677,039	100,311,179	25,365,860
Fluctuation reserve required	144,742,599	129,000,870	15,741,729
Deficit in the fluctuation reserve	-19,065,560	-28,689,691	9,624,131

6.4 Breakdown of investments into investment categories

Investment category	31/12/2017 CHF	% of total assets	SAA	Target range	Art. 55 BVV 2	31/12/2016 CHF	% of total assets
Nominal values	311,755,370	35.3%	37%	23-57%	100%	257,585,584	32.0%
Liquidity and money market investments	21,607,041	2.4%	2%	0-10%		8,036,732	1.0%
Receivables	6,354,800	0.7%	n/a			5,496,697	0.7%
CHF bonds	108,827,288	12.3%	15%	12-18%		109,353,057	13.6%
Foreign currency bonds, rest of world	45,368,733	5.1%	5%	3-7%		29,677,252	3.7%
Foreign currency bonds, Corp ex CH	51,849,733	5.9%	6%	4-8%		47,591,789	5.9%
Emerging market bonds	35,776,975	4.1%	4%	2-6%		32,589,557	4.1%
Mortgage loans	41,970,800	4.8%	5%	2-8%		24,840,500	3.1%
Equities	312,345,787	35.4%	30%	19-42%	50%	299,541,295	37.2%
Equities Switzerland	86,046,711	9.8%	9%	6-11%		77,100,487	9.6%
Equities Europe (incl. currency hedges)	23,805,053	2.7%	2%	1-3%		23,815,047	3.0%
Equities North America (incl. currency hedges)	31,777,660	3.6%	3%	2-6%		42,703,499	5.3%
Equities Pacific (incl. currency hedges)	30,723,002	3.5%	3%	2-4%		25,881,152	3.2%
Equities (sustainable) (incl. currency hedges)	105,222,319	11.9%	10%	7-12%		89,048,359	11.1%
Equities emerging markets	34,771,042	3.9%	3%	1-6%		40,992,751	5.1%
Real estate	258,181,361	29.3%	33%	28-38%	30%	247,547,338	30.8%
Real estate Switzerland	258,181,361	29.3%	33%	28-38%		247,547,338	30.8%
Alternative investments	0	0.0%	0%	0-1%		0	0.0%
Total investments	882,282,518	100.0%	100.0%			804,674,217	100.0%

SAA = strategic asset allocation (investment strategy)

Foreign currencies	SAA weight ing	Net share at 31/12/2017	BVV2 limit	BVV2 Art.
Foreign currencies (without hedging)	15%	17.0%	30%	55e

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

Currency hedges	31/12/2017 CHF	% of total assets	SAA	Target range	31/12/2016 CHF	% of total assets
Total	149,654,064	17.0%	15.2%	10.2-21.3%	143,616,949	17.8%
EUR	25,875,308	2.9%	2.0%	1.2-2.7%	21,347,083	2.7%
USD	83,164,300	9.4%	9.0%	6.2-13.0%	86,504,498	10.8%
JPY	27,232,116	3.1%	2.9%	2.0-3.8%	23,256,385	2.9%
GBP	13,382,340	1.5%	1.3%	0.8-1.8%	12,508,983	1.6%

The upper range of the EUR currency hedge was slightly exceeded. The EUR hedging ratio is 95.18%. No other target ranges were breached as at 31 December 2017.

6.4.1 Mortgages

Mortgages are mortgage loans granted by the PVS to beneficiaries and to third parties. The PVS grants beneficiaries and third parties first mortgages on residential houses and apartments in Switzerland that are occupied by the borrower either all year or for their own vacation purposes. Mortgages can be obtained for up to 70% of the property's declared market value (or 65% for vacation homes), up to a maximum of CHF 1,500,000.

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

Should an insuree leave the PVS or elect to receive all their retirement 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.

The PVS offers variable-rate mortgages and 1 to 10-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 1.9% in 2016. The interest rates for 1 to 10-year fixed-rate mortgages are determined daily by the PVS on the basis of the mid-rate of the ZKB swap rates plus 1.15%.

The mortgage loan portfolio in 2016 was as follows:

Mortgage loan statistics	2017 CHF	2016 CHF
At 1 January	24,840,500	23,782,500
New mortgages	17,846,300	2,444,000
Mortgages terminated	-540,000	-1,330,000
Increases	0	0
Amortisations	-176,000	-56,000
At 31 December	41,970,800	24,840,500
Of which fixed-rate mortgages	40,122,300	22,752,000

Borrowers by type	2017	2016
Active insurees	23	21
Pensioners	38	40
Former beneficiaries	8	8
Others	25	1
At 31 December	94	70

Average loan amount	48.2%	41.6%
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6.5 Current (open) financial derivative 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	Currency	Amount in local currency	Contractual forward rate/value in CHF	Current forward rate/value in CHF	Gain/loss at 31/12/2017 CHF
Sale on 13/12/2018	EUR	11,400,000	1.1600	1.1656	
			13,224,000	13,287,320	-63,320
Sale on 13/12/2018	EUR	10,800,000	1.1600	1.1656	
			12,528,000	12,587,988	-59,988
Sale on 13/12/2018	USD	27,900,000	0.9596	0.9483	
			26,772,282	26,457,058	315,224
Sale on 13/12/2018	USD	59,800,000	0.9596	0.9483	
			57,382,884	56,707,242	675,642
Sale on 13/12/2018	JPY	2,165,500,000	0.008658	0.008599	
			18,749,549	18,621,683	127,865
Sale on 13/12/2018	JPY	1,001,300,000	0.008658	0.008599	
			8,669,556	8,610,433	59,123
Sale on 13/12/2018	GBP	5,400,000	1.2981	1.2993	
			7,009,578	7,015,984	-6,406
Sale on 13/12/2018	GBP	4,900,000	1.2981	1.2993	
			6,360,543	6,366,356	-5,813
Total open forward foreign exchange contracts at 31/12/2017			150,696,392	149,654,064	1,042,327

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

6.6 Open capital commitments

	Commitment CHF	Utilisation CHF	Open as at 31/12/2017
Helvetia investment trust – Real Estate Switzerland	9,333,289	3,111,096	6,222,193
Turidomus investment trust - Urban & Mixed-use	50,000,000	9,756,540	40,243,460
Total	59,333,289	12,867,636	46,465,653

6.7 Market value and counterparties in securities lending

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 “/Swisscanto (CH) Index Bond Fund Total Market AAA-BBB Domestic CHF Class N”, Swiss security no. 11704507, which permits securities lending within the fund. The fund manager informs us that of the portfolio of bond units attributable to the PVS, bonds with a total value of CHF 11,496,135 were on loan as at 31 December 2017, corresponding to a lending ratio of 31.87%.

6.8 Notes on net return on investments

The income from investments is itemised in detail in the operative account. Further details are provided below.

6.8.1 Details of income from real estate

	Income in CHF 2017	Assets in CHF as at 31/12/2017	Income in CHF 2016	Assets in CHF as at 31/12/2016
Turidomus investment trust	11,904,728	212,464,586	11,866,190	204,946,905
Casareal investment group <i>of which purchased</i>	7,091,355	120,273,067	7,988,770	117,072,484
Distribution	3,890,772		3,890,772	
Change in net asset value	3,200,583		4,097,998	
Proreal investment group <i>of which purchased</i>	4,712,478	82,283,341	3,826,677	81,069,073 5,019,268
Distribution	3,498,210		3,498,210	
Change in net asset value	1,214,268		328,467	
Urban & Mixed-use investment group <i>of which purchased</i>	100,895	9,908,178 3,001,935	50,743	6,805,348 6,754,605
Distribution				
Change in net asset value	100,895		50,743	
Adimora investment trust				
Omega investment group <i>of which purchased</i>	562,494	12,096,205	909,776	11,896,276 1,361,252
Distribution	362,565		362,565	
Change in net asset value	199,929		547,211	
CS 1A Immo PK <i>of which sold / purchased</i>	0	17,501,500	1,019,840	18,105,000 -9,685,000
Real. Gain realised upon sale			37,500	
Distribution	603,500		861,640	
Change in net asset value	-603,500		120,700	
Swiss Prime real estate investment trust				
SPA investment group <i>of which purchased</i>	371,485	12,970,642	72,407	12,599,157 8,794,028
Distribution				
Change in net asset value	371,485		72,407	
Helvetia investment trust				
Real estate Switzerland investment group <i>of which purchased</i>	43,554	3,148,428 3,111,096	0	0
Distribution				
Distribution remuneration	6,222			
Change in net asset value	37,332			
Total real estate	12,882,261	258,181,361	13,868,213	247,547,338
<i>TER costs recognised under income</i>	<i>749,388</i>		<i>727,172</i>	
<i>Total net income from real estate</i>				
<i>Switzerland as per operative account</i>	<i>13,631,649</i>		<i>14,595,385</i>	

Real estate assets are indirect investments via the Turidomus, Adimora, Swiss Prime and Helvetia investment trusts as well as the Credit Suisse CS 1A Immo PK investment fund for institutional investors. The investments with Turidomus are divided into claims in the Casareal investment group (residential property), claims in the Proreal investment group (commercial property) and claims in the Urban & Mixed-use investment group. The income consists of the distributions paid for the year under review plus/minus the changes in the assessment of the net asset value of the claims.

6.8.2 Overall investment performance

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

Net income from investment activities	2017 CHF	Perform. in %	2016 CHF	Perform. in %
Nominal values	7,770,540	2.6%	9,548,576	3.5%
Liquidity and money market investments	-32,210	-0.2%	243,166	1.3%
CHF bonds	99,250	0.1%	1,623,201	1.5%
Global IFL bonds hedged	0	0.0%	3,032,646	7.6%
Foreign currency bonds, rest of world	2,281,889	7.2%	979,318	3.4%
Foreign currency bonds, Corp ex CH	1,437,656	3.0%	-8,211	0.0%
Emerging market bonds	3,559,499	9.8%	3,337,387	10.1%
Mortgage loans	424,456	1.2%	341,069	1.4%
Equities	59,508,325	21.1%	17,312,889	6.3%
Equities Switzerland	18,209,921	24.5%	1,933,131	2.7%
Equities Europe (incl. currency hedges)	2,867,026	13.1%	646,687	2.9%
Equities North America (incl. currency hedges)	6,403,180	17.9%	4,209,219	11.3%
Equities Pacific (incl. currency hedges)	5,076,999	19.8%	717,444	3.0%
	15,743,75			
Equities (sustainable) (incl. currency hedges)	8	17.7%	5,099,497	6.4%
Equities emerging markets	11,207,441	31.8%	4,706,911	12.9%
Real estate	13,631,649	5.1%	14,595,385	5.8%
Real estate Switzerland	13,631,649	5.1%	14,595,385	5.8%
Total net income from investments	80,910,514	9.9%	41,456,850	5.3%

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).

6.9 Notes on asset management costs

Investment management costs	2017 CHF	2016 CHF	Change over previous year
Securities accounting costs	19,872	19,872	0
Investment advisory fees	191,566	87,072	104,494
Management fees for mortgages to beneficiaries	39,119	26,416	12,703
Bank charges for direct investments	1,911	1,603	308
Stamp duty on collective investments	0	7,292	-7,292
Transaction costs for collective investments	82,083	16,259	65,824
Custodian fees/management fees for collective investments	305,838	310,829	-4,991
Key cost figures for collective investments	1,169,802	1,112,711	57,091
Total investment management costs	1,810,192	1,582,054	228,138

Reported asset management costs	2017 CHF	2016 CHF
Asset management costs posted directly to the operative account	640,390	469,343
Total of all key cost figures recorded in the operative account for collective investments, in CHF	1,169,802	1,112,711
Total asset management costs recognised in the operative account	1,810,192	1,582,054
Total asset management costs recognised in the operative account as a percentage of cost-transparent investments	0.21%	0.20%

Transparent collective investments

Provider and product name	Market value 31/12/2017 CHF	TER in %	TER in CHF
Swiss & Global; Syz AM (CH) Liquidity Mgmt CHF	7,467,280	0.10%	7,467
Swiss & Global; Syz AM (CH) Track – CHF Bonds	52,294,149	0.04%	20,918
Swiss & Global; Syz AM (CH) Track – Swiss GVT Bonds	20,461,172	0.08%	16,369
Lazard Asset Management Schweiz AG; Lazard Emerging Markets Local Debt Fund Inst. Class USD	35,776,975	1.04%	372,081
UBS (CH) IF – Equities Europe Passive II	23,874,779	0.01%	2,387
UBS (CH) IF – Equities Canada Passive II	1,598,970	0.01%	160
UBS (CH) IF – Equities Pacific (ex Japan) Passive II	10,321,147	0.01%	1,032
Pensimo; Adimora investment trust – Omega	12,096,204	0.37%	44,756
Pensimo; Turidomus investment trust – Casareal	120,273,067	0.26%	312,710
Pensimo; Turidomus investment trust – Proreal	82,283,341	0.17%	139,882
Pensimo; Turidomus investment trust – Urban & Mixed-use	9,908,179	0.32%	31,706
Credit Suisse 1a Immo PK	17,501,500	0.56%	98,008
Swiss Prime Site Group; SPA Real Estate Switzerland	12,970,642	0.78%	101,171
Helvetia investment trust; Real Estate Switzerland	3,111,096	0.68%	21,155
Total cost of transparent collective investments			1,169,802

The TER costs are gross, i.e. no allowance is made for reimbursements. The following reimbursements accrued in 2016:

Provider and product name	Reimbursement 2017 CHF	Reimbursement 2016 CHF
Swiss & Global; Syz AM (CH) Track – CHF Bonds	0	18,558
Swiss & Global; Syz AM (CH) Track – Swiss GVT Bonds	0	6,874
Henderson Global Care Growth Fund	0	49,039
Helvetia investment trust; Real Estate Switzerland, distribution remuneration	6,222	0
Total	6,222	74,471

Allowing for these reimbursements, asset management costs decline to CHF 1,803,970 (previous year: 1,507,583) and amount to 0.204% (previous year: 0.19%) of cost-transparent investments.

The cost transparency ratio is 100% (previous year: 100%)

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).

6.10 Notes on investments with the employer

Receivables from employer	31/12/2017 CHF	31/12/2016 CHF	Change over previous year
Swissport International AG	248,085	262,460	-14,375
Swissport International AG, Zurich operations	983,989	998,511	-14,522
Swissport International AG, Basel operations	240,537	241,903	-1,366
Swissport International AG, Geneva operations	605,653	617,975	-12,322
Swissport Baggage Sorting AG	135,386	103,729	31,657
PrivatPort S.A.	10,948	13,682	-2,734
Swissport Group Services GmbH	131,523	101,189	30,334
Careport AG	53,873	48,338	5,535
GVAassistance S.A.	39,385	38,174	1,211
Total receivables from employer	2,449,380	2,425,961	23,419

The item "Receivables from employer" includes the contributions calculated for the affiliated employers for the month of December 2017. The contributions were paid in full in January 2018.

7 Notes on other balance sheet and operative account positions

7.1 Balance sheet

Assets

7.1.1 Receivables from third parties

	31/12/2017 CHF	31/12/2016 CHF
Refundable withholding tax	3,893,564	3,061,388
Outstanding interest on mortgage loans	11,855	9,348
Total receivables	3,905,420	3,070,736

7.1.2 Prepayments and accrued income

	31/12/2017 CHF	31/12/2016 CHF
PKRück remaining premium balance	0	57,140
PKRück total claims balance	183,252	468,144
Turidomus Casareal dividend	3,890,772	3,890,772
Turidomus Proreal dividend	3,498,210	3,498,210
Adimora Omega dividend	362,565	362,565
Other income from investments	0	7,800
Other	8,000	0
Total prepayments and accrued income	7,942,799	8,284,631

Liabilities

7.1.3 Other liabilities

This item includes various invoices for the financial year which were paid in 2018.

7.1.4 Accrued liabilities and deferred income

"Accrued liabilities and deferred income" mainly consist of the contribution paid to the Security Fund, the remaining insurance premium, outstanding management fees, provisions for the fees of the supervisory authority (OPSC), and expenses for the statutory auditor's and accredited pension actuary's reports for the reporting year.

7.2 Operative account

7.2.1 One-time payments and purchase amounts

	2017 CHF	2016 CHF	Change over previous year
Employees, voluntary payments	1,232,055	1,501,130	-269,075
Employer's payments	4,397	17,500	-13,103
Total one-time payments and purchase amounts	1,236,453	1,518,630	-282,177

7.2.2 Reimbursements of withdrawals for home ownership/divorce

	2017 CHF	2016 CHF	Change over previous year
Voluntary repayments of home ownership withdrawals	359,186	123,600	235,586
Amounts received through divorce settlements	0	513,982	-513,982
Voluntary repayments of assignments on divorce	80,000	212,000	-132,000
Total reimbursements of withdrawals for home ownership/divorce	439,186	849,582	-410,396

Voluntary repayments of home financing withdrawals were made by 5 (previous year: 4) insurees. A total of 0 insurees (previous year: 3) received amounts from the occupational retirement savings of their former spouses, which were paid into their retirement savings accounts as part of divorce settlements. In addition, 3 (previous year: 4) insurees made voluntary repayments of assignments on divorce.

7.2.3 Child's pensions

	2017 CHF	2016 CHF	Change over previous year
Pensions for dependent children of pensioners	104,474	109,892	-5,418
Orphan's pensions	70,734	43,445	27,289
Pensions for dependent children of disabled persons	93,866	104,965	-11,099
Total pensions for dependent children	269,074	258,302	10,772

7.2.4 Withdrawals for encouragement of home ownership/divorce

	2017 CHF	2016 CHF	Change over previous year
Withdrawals for home ownership	1,296,200	949,681	346,519
Retirement savings transferred out as part of divorce settlements	288,399	801,958	-513,559
Total withdrawals for encouragement of home ownership/divorce	1,584,599	1,751,639	-167,040

A total of 20 insurees (previous year: 21) made use of the option of using their PVS retirement savings for home financing purposes. The average advance withdrawal for home ownership was CHF 64,810 (previous year: CHF 45,223).

A total of 8 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 contribution commitment was increased as at 1 January 2013 to CHF 275,000 excluding VAT and at the same time scheduled until 31 December 2015. In September 2015, it was extended for an additional three years from 1 January 2016.

7.2.6 Administrative expenses

	2017 CHF	2016 CHF	Change over previous year
Auditors' fees	34,549	34,790	-241
Actuary's fees	36,158	59,930	-23,772
Compensation, expenses and training of the Board of Trustees	71,275	77,623	-6,348
PFS AG administrative expenses	834,149	818,591	15,558
Translation and printing expenses	33,645	56,878	-23,233
Pensioners' seminar expenses	8,760	9,190	-430
Supervisory authority fees	21,493	18,744	2,749
Other administrative expenses	3,951	4,051	-100
Total administrative expenses	1,043,979	1,079,797	-35,818

Based on the 4,579 (previous year: 4,420) active insurees and pensioners (not including child's pensions), as at 1 January 2017, administrative expenses totalled CHF 228 per beneficiary (previous year: CHF 244).

8 Supervisory authority requirements

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 regarding the financial situation

9.1 Retrocessions

In the year under review, PVS requested that its external asset managers provide 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 concerning 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 internal 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 limited CHF 20,000,000 credit facility agreement to cover the margins on forward foreign exchange contracts concluded via Credit Suisse (Switzerland) AG. 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 that PVS had reclaimed on Equities Switzerland within the MSCI Switzerland Equities CTF.

The PVS repaid withholding tax of CHF 42,276.84 for the years 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 and benefit from the payment of 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 that the SFTA 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 the years 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 a test case was being taken against one particular scheme. The PVS would be kept informed of 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.

The PVS has also 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, CHF 23,366.00 for 2011, CHF 20,533.33 for 2012 and CHF 24,211.55 for 2013, but has agreed for reimbursement to be suspended until the matter has been clarified.

The Swiss Federal Supreme Court passed a decision on a similar case on 7 March 2017. The PVS demanded payment of its receivables totalling CHF 318,496.44. Various payments were received from SSgA in 2017 totalling CHF 314,945.31.

10 Events subsequent to the balance sheet date

None.

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Roland Etter
Chairman of the Board of Trustees

.....
Margrit Coimbra
Deputy Chairman of the Board of Trustees