



## **2018 annual financial statements**



# Contents

Page

<b>Foreword</b>	<b>3</b>
<b>Annual financial statements</b>	<b>5</b>
<b>Notes 8</b>	
1 General information and organisation.....	8
1.1 <i>Legal form and purpose</i> .....	8
1.2 <i>BVG registration and registration with the Security Fund</i> .....	8
1.3 <i>Plan statutes and regulations</i> .....	8
1.4 <i>Supreme body, management and authorised signatories</i> .....	8
1.5 <i>Actuaries, auditors, advisors, supervisory authority</i> .....	9
1.6 <i>Affiliated employers</i> .....	9
2 Active participants and pensioners .....	9
2.1 <i>Active participants</i> .....	9
2.2 <i>Pensioners</i> .....	11
3 Implementation of objectives .....	12
3.1 <i>Characteristics of the pension plans</i> .....	12
3.2 <i>Financing, financing method</i> .....	13
3.3 <i>Further information on pension plan activities</i> .....	13
4 Significant accounting policies and valuation methods, consistency .....	14
4.1 <i>Statement of compliance with Swiss GAAP FER 26</i> .....	14
4.2 <i>Significant accounting policies and valuation methods</i> .....	14
4.3 <i>Changes in accounting policy and in bookkeeping</i> .....	14
5 Actuarial risks/risk benefit coverage/funding ratio .....	15
5.1 <i>Type of risk benefit coverage, reinsurance</i> .....	15
5.2 <i>Development and return on savings capital in defined contribution plans</i> .....	16
5.3 <i>Total retirement savings capital in accordance with the law on occupational pensions</i> .....	16
5.4 <i>Development of actuarial reserves for pensioners</i> .....	17
5.5 <i>Composition of, development of and explanation regarding actuarial reserves</i> .....	18
5.6 <i>Conclusions of the last actuarial report</i> .....	18
5.7 <i>Actuarial principles and other significant actuarial assumptions</i> .....	19
5.8 <i>Funded status under article 44 BVV 2</i> .....	19
6 Explanatory notes on investments and net return on investments.....	20
6.1 <i>Organisation of investment activities, investment advisor, investment manager and investment rules and regulations</i> .....	20
6.2 <i>Expansion of investment possibilities (Article 50(4) BVV 2) with coherent explanation of compliance with certainty and risk allocation (Article 50(1) to (3) BVV 2)</i> .....	21
6.3 <i>Target reserve for fluctuations in asset value and calculation of the reserve</i> .....	21
6.4 <i>Breakdown of investments into investment categories</i> .....	22
6.5 <i>Current (open) financial derivative instruments</i> .....	24
6.6 <i>Open commitments</i> .....	24
6.7 <i>Market value and counterparties in securities lending</i> .....	24
6.8 <i>Explanatory notes on net return on investments</i> .....	25
6.9 <i>Explanatory notes on the asset management costs</i> .....	26
6.10 <i>Comments on investments in an employer's enterprise</i> .....	28
7 Comments on other balance sheet and operative account positions .....	29
7.1 <i>Balance sheet</i> .....	29
7.2 <i>Operative account</i> .....	29
8 Supervisory authority requirements .....	31
9 Further information regarding financial situation .....	32
9.1 <i>Retrocessions</i> .....	32
9.2 <i>Pledge of assets</i> .....	32
9.3 <i>Audit by the Swiss Federal Tax Administration – demand for repayment of withholding tax on SSgA's MSCI Switzerland Equities CTF</i> .....	32
10 Events subsequent to the balance sheet date.....	32
<b>Report of the statutory auditor</b>	<b>33</b>

## Foreword

Report by the Chairman of the Board of Trustees on the 2018 financial year of the foundation Swissport Company Pension Scheme ("PVS").

### Overall environment

Even following the rejected referendums on pension reform in September 2017, the topic of pensions remained one of the top issues in Switzerland in 2018. Numerous proposals for reorganising Swiss Old Age and Survivors Insurance (AHV) and for securing the continued existence of pension funds were submitted, discussed and discarded again. The necessary reform is not yet on its way, even though time is of the essence.

Just how necessary changes are can be clearly seen from pension funds' 2018 investment results.

It is highly challenging for pensions funds to achieve a positive target return in a negative interest rate environment. The strong corrections of equity markets in the last few months of the past year in particular caused pension funds' funding ratios to fall.

### Swissport Group

Swissport International Ltd as Foundation Company increased the number of served passengers by 12.5% to 282 million. At the same time the number of aircrafts handled raised by 5.7% as against the previous year. The cargo volume increased from 4.7 million tons to 4.8 million tons. With an increase in turnover of 10%, total sales amounts to 2.99 billion Euro. End of last year, Swissport was present in 303 airports in 50 countries.

### PVS's affiliated companies and active participants

The headcount at companies affiliated to PVS increased significantly in the past year: As at 31 December 2018, PVS had 3,990 active participants compared with 3,575 in the previous year. This is equivalent to growth of around 10%. This is mostly due to a change in the procedure for insuring hourly wage earners.

Swissport International Ltd.	109	Active participants
· Swissport Group Services GmbH, Baar, (ZG)	66	Active participants
· Swissport Baggage Sorting AG, Kloten, (ZH)	252	Active participants
· Careport AG, Opfikon, (ZH)	102	Active participants
· Swissport International AG, Zurich operations	1,836	Active participants
· Swissport International AG, Basel operations	516	Active participants
· Swissport International AG, Geneva operations	1,020	Active participants
· GVAssistance S.A., Le Grand-Saconnex, (GE)	74	Active participants
· PrivatPort S.A., Meyrin, Canton of Geneva	15	Active participants
	<b>3,990</b>	<b>Total active beneficiaries (2017 3'575)</b>

The number of pensioners grew by around 5% in the same period and amounted to **761 pensioners** as at 31 December 2018 compared with 724 in the previous year.

### PVS's 15th financial year

Following a very good 2017, it was necessary to weather the turbulence on the investment markets in 2018 with as little damage as possible. PVS's high funding ratio helped it to analyse the situation without haste and only then act. This certainly helped to keep our earnings above the industry average.

#### Investments

PVS's assets fell from CHF 882 million to CHF 860 million in 2018. This was primarily due to the slump in equities towards the end of the year. This investment category represented around 30% of PVS's total investments in 2018. This is in line with the long-term investment strategy, which was also maintained in the difficult year of 2018. Our real estate investments, which constitute around one-third of the investment capital, improved the investment result and yielded good positive returns.

#### Funding ratio

PVS ended 2018 with a funding **ratio of 111.3% (previous year: 116.6%)**. The decrease of 5.3 percentage points is substantial, but the reserves accumulated in good years allow PVS to weather such bad investment years without even coming close to underfunding.

#### Annual result/investment income

At -2.8%, performance in 2018 was disappointing compared with 9.9% in 2017. Compared with the industry average, PVS nevertheless did comparatively well.

#### Board of Trustees

There were no changes. The composition of the Board of Trustees remained unchanged in 2018.

#### Management

PVS was once again managed by Pension Fund Services (PFS) in 2018. Managing Director Elisabeth Müller and her team were able to address the concerns of beneficiaries, supervisory bodies and other partners quickly and competently.

#### Accredited pension actuary

Since November 2018, Livio Cathomen has been PVS's accredited pension actuary, having commenced the role on 1 November 2018.

#### Technical interest rate

PVS's technical interest rate is 2.5%. In the current low interest rate environment, this will fall to 2% in the near future according to the accredited pension actuary's calculations. The provisions of CHF 31.0 million already recognised at the end of 2017 would make a reduction to 2% possible in future without negatively impacting the funding ratio. The topic is being reviewed in depth in 2019 in the asset-liability study (ALM).

#### Setting of interest rates

The poor annual result also had an impact on the Board of Trustees' interest rate decision. The interest rate on active participants' capital was set at 1% (previous year: 4.5%). This is the 2018 minimum BVG interest rate. This decision was not easy for the Board of Trustees, but the uncertainties at the time the resolution was made (mid-November 2018) did not permit any other decision.

#### Communication

PVS conducted the traditional beneficiary information events in Zurich, Geneva and Basel in 2018. A total of 34 beneficiaries took part. This showed, however, that PVS needs to switch to other channels for its communication. For example, in 2018 the website ([www.pv-swissport.ch](http://www.pv-swissport.ch)) was redesigned and brief news items were published in the blog in Zurich. These forms of media are to be increasingly used for communication in future.

#### Outlook for 2019

The first few months of 2019 brought an equity market recovery that exceeded expectations. **PVS's funding ratio increased back to 116.3% by the end of March.**

The Board of Trustees has decided to conduct an asset-liability study with the company c-alm in 2019. The idea is to establish the basis for PVS's direction in the next few years. PVS will not be able to avoid adapting to the (low-interest-rate) conditions and moderately shifting its cornerstones in order to continue to secure long-term stability. The Board of Trustees will take appropriate decisions towards the end of the year.

The reinsurance contract with PK Rück expires at the end of 2019. Together with the actuaries, the Board of Trustees is anxious to find a good and cost-effective solution without reducing the benefits for cases of death and disability.

#### Closing remarks

The turbulence of 2018 has left its mark. Thanks to good strategy, existing reserves and acting without haste, the Board of Trustees has succeeded in coping well with the challenging situation.

I would like to thank all those involved for their dedicated, careful and competent work for PVS.

Roland Etter

Chairman of the Board of Trustees

## 2018 annual financial statements

<b>BALANCE SHEET</b>	Index	<b>31/12/2018</b>	<b>31/12/2017</b>
	Note	CHF	CHF
<b>ASSETS</b>			
<b>Investments</b>	6.4	<b>860,073,472</b>	<b>882,282,518</b>
Liquidity and money market investments		5,182,449	21,607,041
Receivables from employers	6.10	2,631,201	2,449,380
Receivables from third parties	7.1.1	7,309,440	3,905,420
CHF bonds		117,661,103	108,827,288
Foreign currency bonds, rest of world		43,392,302	45,368,733
Foreign currency corporate bonds, ex Switzerland		49,110,356	51,849,733
Emerging market bonds		33,336,357	35,776,975
Mortgages	6.4.1	46,921,800	41,970,800
Swiss equities		75,350,562	86,046,711
European equities (incl. currency hedges)		20,059,591	23,805,053
North American equities		21,999,958	31,777,660
Pacific equities (incl. currency hedges)		26,388,249	30,723,002
Sustainable equities (incl. currency hedges)		78,419,851	105,222,319
Emerging market equities		29,859,809	34,771,042
Swiss real estate	6.8.1	301,124,143	258,181,361
Private equity		1,326,300	0
<b>Prepayments and accrued income</b>	7.1.2	<b>8,082,223</b>	<b>7,942,799</b>
<b>Total assets</b>		<b>868,155,695</b>	<b>890,225,317</b>
<b>LIABILITIES</b>			
<b>Liabilities</b>		<b>6,223,700</b>	<b>6,518,647</b>
Termination benefits		5,374,416	5,844,911
Lump sum payments		790,233	618,543
Other liabilities	7.1.3	59,052	55,193
<b>Accrued liabilities and deferred income</b>	7.1.4	<b>309,295</b>	<b>214,974</b>
<b>Pension liabilities and actuarial reserves</b>		<b>774,469,128</b>	<b>757,814,657</b>
Active participants' liabilities	5.2	418,086,176	410,592,941
Pensioners' liabilities	5.4	320,944,093	312,057,438
Actuarial reserves	5.5	35,438,859	35,164,278
<b>Reserve for fluctuations in asset value</b>	6.3	<b>87,153,572</b>	<b>125,677,039</b>
<b>Dotation capital, non-committed funds/underfunding</b>		<b>0</b>	<b>0</b>
<b>Total liabilities</b>		<b>868,155,695</b>	<b>890,225,317</b>

<b>OPERATIVE ACCOUNT</b>	Index Note	<b>2018</b> CHF	<b>2017</b> CHF
<b>Ordinary and other contributions and transfers-in</b>		<b>33,088,568</b>	<b>31,573,838</b>
Employee savings contributions		11,190,038	10,791,081
Employer savings contributions		15,543,888	14,996,665
Employee risk contributions		2,384,047	2,268,098
Employer risk contributions		2,397,529	2,281,541
One-time payments and purchase amounts	7.2.1	1,573,066	1,236,453
<b>Entry lump sum transfers</b>		<b>15,704,677</b>	<b>17,419,405</b>
Termination benefit transfers		14,966,922	16,980,219
Reimbursements of withdrawals for home ownership/divorce	7.2.2	737,755	439,186
<b>Inflow from contributions and entry lump sum transfers</b>		<b>48,793,244</b>	<b>48,993,243</b>
<b>Regulatory benefits</b>		<b>-23,590,794</b>	<b>-23,231,475</b>
Retirement pension benefits		-16,949,668	-15,889,903
Survivors' pensions		-699,124	-629,499
Disability pensions		-964,976	-779,684
Children's benefits	7.2.3	-238,043	-269,074
Lump sum payments on retirement		-4,720,509	-5,663,315
Lump sum payments on death or disability		-18,475	0
<b>Termination benefits</b>		<b>-20,717,110</b>	<b>-24,896,757</b>
Termination benefits for leavers		-18,997,887	-23,312,158
Withdrawals for encouragement of home ownership/divorce	7.2.4	-1,719,224	-1,584,599
<b>Outflow for benefits and withdrawals</b>		<b>-44,307,904</b>	<b>-48,128,232</b>
<b>Change in pension liabilities, actuarial reserves and contribution reserves</b>		<b>-16,654,472</b>	<b>-52,891,869</b>
Decrease/increase in active participants' liabilities	5.2	-3,526,207	8,588,860
Increase in pensioners' liabilities	5.4	-8,886,655	-19,242,831
Increase in actuarial reserves	5.5	-274,581	-24,701,977
Interest on retirement savings capital	5.2	-3,967,029	-17,535,921
<b>Income from insurance benefits</b>		<b>2,067,086</b>	<b>1,426,617</b>
<b>Insurance cost</b>		<b>-1,851,460</b>	<b>-1,758,352</b>
Risk premium		-1,553,268	-1,472,918
Cost premium		-150,251	-142,478
Contributions to Security Fund		-147,941	-142,956
<b>Net result of insurance activities</b>		<b>-11,953,506</b>	<b>-52,358,593</b>

	Index Note	2018 CHF	2017 CHF
<b>Net return on investments</b>	6.8.2	<b>-25,236,654</b>	<b>79,045,590</b>
Income from liquidity and money market investments		-24,372	-32,210
Income from CHF bonds		400,805	99,250
Income from foreign currency bonds, rest of world		-1,423,636	2,281,889
Income from foreign currency corporate bonds, ex Switzerland		-2,136,731	1,437,656
Income from emerging market bonds		-2,120,589	3,559,499
Income from mortgages		525,333	424,456
Income from Swiss equities		-10,103,103	18,209,921
Income from European equities (incl. currency hedges)		-2,811,335	2,867,026
Income from North American equities (incl. currency hedges)		-1,745,971	6,403,180
Income from Pacific equities (incl. currency hedges)		-4,254,562	5,076,999
Income from sustainable equities (incl. currency hedges)		-7,250,320	15,743,758
Income from emerging market equities		-4,671,732	11,207,441
Income from Swiss real estate	6.8.1	12,298,409	13,631,649
Income from private equity		0	0
Investment management costs	6.9	-1,862,407	-1,810,192
Interest on termination benefits		-56,443	-54,732
<b>Other income</b>		<b>11,825</b>	<b>19,842</b>
<b>Other expenses</b>	7.2.5	<b>-296,175</b>	<b>-297,000</b>
<b>Administration expenses</b>	7.2.6	<b>-1,048,958</b>	<b>-1,043,979</b>
General administration		-961,960	-951,779
Auditor and actuary		-69,372	-70,707
Supervisory authorities		-17,626	-21,493
<b>Income surplus/expense surplus before decrease/increase in reserves for fluctuations in asset value</b>		<b>-38,523,467</b>	<b>25,365,860</b>
<b>Decrease/increase in reserve for fluctuations in asset value</b>	6.3	<b>38,523,467</b>	<b>-25,365,860</b>
<b>Income surplus/expense surplus</b>		<b>0</b>	<b>0</b>

The figures shown are mathematically rounded. The total may therefore vary from the sum of the individual figures.

## Note

### 1 General information and organisation

#### 1.1 Legal form and purpose

The Swissport Employee Pension Scheme (“PVS”) is a foundation within the meaning of Article 80 ff. of the Swiss Civil Code (ZGB), Article 331 of the Swiss Code of Obligations (OR) and Article 48(2) of the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG). It was established by Swissport International AG. The foundation has its registered office at the domicile of Swissport International AG in Opfikon, Switzerland, and is subject to statutory supervision.

PVS's objective is to provide an occupational pension scheme within the framework of the Swiss Federal Act on Old Age, Survivors' and Invalidity Pension Provision (BVG) and its implementation provisions to insure the personnel of Swissport International AG and companies closely economically or financially linked to it as well as their dependants and survivors against the economic consequences of old age, death and disability.

#### 1.2 BVG registration and registration with the Security Fund

In accordance with the declaratory ruling of 24 February 2004, the pension scheme was entered in the Cantonal Register of Occupational Pension Schemes of the Canton of Zurich under register number ZH 1377 with effect from 1 January 2004. The pension fund is subject to the Vested Benefits Act and is thus affiliated to the Security Fund.

#### 1.3 Plan statutes and regulations

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

#### Details of the regulations

Regulation	Adopted on	Effective from
Pension Scheme Regulations*	17 February 2017	01 January 2017
Regulations on provisions and reserves for fluctuations	19 September 2016	01 September 2016
Organisational Regulations	15 March 2016	01 April 2016
Election Regulations	27 June 2014	01 July 2014
Investment Rules and Regulations	19 September 2017	01 October 2017
- Appendix I	16 November 2018	01 December 2018
- Appendix II	16 November 2018	01 December 2018
- Appendix III	19 September 2017	01 October 2017
Partial Liquidation Regulations	24 November 2009	25 February 2010

\* The Pension Scheme Regulations and its appendices were revised and adopted by the Board of Trustees on 16 November 2018 effective from 1 January 2019.

#### 1.4 Supreme body, management and authorised signatories

As at 31 December 2018, the Board of Trustees comprises the following members:

Employer representatives		Employee 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 <sup>1)</sup>	Member*	Ralf Müller <sup>1)</sup>	Member*

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

#### Management

Elisabeth Müller	Managing Director*	Claudia Sommer	Customer Advisor
Reymond Früh	Head of Accounting*	Markus Bleisch	Customer Advisor
Tatjana Merz-Kursawe	Deputy Managing Director*		

\* Collective signatory authority with two signatures required



### 1.5 Actuaries, auditors, advisors, supervisory authority

#### Accredited pension actuary

Livio Cathomen, Mercer (Switzerland) SA, Tessinerplatz 5, 8027 Zurich

#### Auditors

KPMG AG, Badenerstrasse 172, 8004 Zurich

#### Investment controller

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

#### Supervisory authority

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

### 1.6 Affiliated employers

The following employers that are closely economically or financially linked to Swissport International AG are affiliated to 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 in the affiliated employers during the year under review.

## 2 Active participants and pensioners

### 2.1 Active participants

	Swissport International		Swissport Zurich		Swissport Basel	
	2018	2017	2018	2017	2018	2017
<b>As at 1 January</b>	<b>108</b>	<b>106</b>	<b>1,654</b>	<b>1,664</b>	<b>443</b>	<b>440</b>
Joined	24	31	581	323	177	51
Left	22	29	369	292	97	38
Retired	1	0	23	36	7	9
Newly disabled	0	0	3	1	0	0
Deaths	0	0	4	4	0	1
<b>As at 31 December</b>	<b>109</b>	<b>108</b>	<b>1,836</b>	<b>1,654</b>	<b>516</b>	<b>443</b>
of which risk insurance only	1	2	207	183	37	20
<b>Retirement savings as at 31 December</b>	<b>30,548,753</b>	<b>28,072,180</b>	<b>194,992,495</b>	<b>193,346,949</b>	<b>40,340,063</b>	<b>41,386,673</b>
of which BVG retirement savings as at 31 December	7,587,817	7,244,768	84,365,927	81,567,542	14,659,389	14,916,862

	Swissport Geneva		Swissport Baggage Sorting		PrivatPort	
	2018	2017	2018	2017	2018	2017
<b>As at 1 January</b>	<b>954</b>	<b>947</b>	<b>193</b>	<b>164</b>	<b>13</b>	<b>13</b>
Joined	228	134	109	58	5	4
Left	150	116	50	24	3	4
Retired	9	11	0	4	0	0
Newly disabled	3	0	0	0	0	0
Deaths	0	0	0	1	0	0
<b>As at 31 December</b>	<b>1020</b>	<b>954</b>	<b>252</b>	<b>193</b>	<b>15</b>	<b>13</b>
of which risk insurance only	51	57	23	4	3	0

<b>Retirement savings as at 31 December</b>	<b>98,261,172</b>	<b>96,831,062</b>	<b>23,442,342</b>	<b>22,551,572</b>	<b>1,436,271</b>	<b>1,334,692</b>
of which BVG retirement savings as at 31 December	41,121,134	39,659,930	11,887,379	11,179,398	621,998	563,829

	Swissport Group Services GmbH		Careport AG		GVAssistance S.A.	
	2018	2017	2018	2017	2018	2017
<b>As at 1 January</b>	<b>72</b>	<b>52</b>	<b>78</b>	<b>78</b>	<b>60</b>	<b>59</b>
Joined	13	26	28	8	23	4
Left	17	6	3	4	9	2
Retired	0	0	1	4	0	1
Newly disabled	1	0	0	0	0	0
Deaths	1	0	0	0	0	0
<b>As at 31 December</b>	<b>66</b>	<b>72</b>	<b>102</b>	<b>78</b>	<b>74</b>	<b>60</b>
of which risk insurance only	1	3	4	4	5	2

<b>Retirement savings as at 31 December</b>	<b>13,022,200</b>	<b>12,071,873</b>	<b>8,472,991</b>	<b>7,883,871</b>	<b>7,569,891</b>	<b>7,114,069</b>
of which BVG retirement savings as at 31 December	3,525,512	3,503,718	4,085,196	3,505,850	3,458,682	3,181,874

	Total PVS		Change compared with previous year
	2018	2017	
<b>As at 1 January</b>	<b>3,575</b>	<b>3,523</b>	<b>52</b>
Joined	1,188	639	549
Left	720	515	205
Retired	41	65	-24
Newly disabled	7	1	6
Deaths	5	6	-1
<b>As at 31 December</b>	<b>3,990</b>	<b>3,575</b>	<b>415</b>
of which risk insurance only	332	275	57
<b>Retirement savings as at 31 December</b>	<b>418,086,176</b>	<b>410,592,941</b>	<b>7,493,235</b>
of which BVG retirement savings as at 31 December	171,313,034	165,323,770	5,989,264

Breakdown by BVG age as at 31 December	Women		Men		Total	
	2018	2017	2018	2017	2018	2017
18 – 24	141	124	237	151	378	275
25 – 34	372	337	753	645	1,125	982
35 – 44	331	316	712	649	1,043	965
45 – 54	374	344	557	553	931	897
55 – 65	218	198	295	258	513	456
<b>Total</b>	<b>1,436</b>	<b>1,319</b>	<b>2,554</b>	<b>2,256</b>	<b>3,990</b>	<b>3,575</b>

The average age of all active participants is 40.2 (previous year: 40.8).

## 2.2 Pensioners

Pension or benefit type – no. of recipients	Women		Men		Total	
	2018	2017	2018	2017	2018	2017
Retirement pensions	230	219	377	364	607	583
Disability pensions	29	28	36	28	65	56
Spouse's pensions	32	28	5	4	37	32
Children's benefits	29	22	23	31	52	53
<b>Total</b>	<b>320</b>	<b>297</b>	<b>441</b>	<b>427</b>	<b>761</b>	<b>724</b>

Pension type – development	Total	Change		Total
	31/12/2018	New	Left	31/12/2017
Retirement pension benefits	607	27	3	583
Disability pensions	65	13	4	56
Spouse's pensions	37	5	0	32
Children's benefits	52	9	10	53
<b>Total</b>	<b>761</b>	<b>54</b>	<b>17</b>	<b>724</b>

### 3 Implementation of objectives

#### 3.1 Characteristics of the pension plans

PVS's Pension Scheme Regulations consist of two parts, the Benefit Regulations and the pension plans. The Benefit Regulations apply to all PVS beneficiaries. These regulations set out the general terms and conditions of the benefits, the funding principles, the type and amount of benefits and further general provisions.

#### **Benefit Regulations**

All employees subject to the Swiss Federal Act on Old Age, Survivors' and Invalidity Pension Provision (BVG) are admitted to the pension scheme. In addition, on the basis of an appendix to the Benefit Regulations external membership of the pension scheme is possible for employees after they have left an affiliated company.

The regulatory benefits awarded are based on defined contributions.

Entitlement to ordinary old-age pension benefits arises at the age of 63. It is possible to draw old-age pension benefits early up to five years before the ordinary pension age. The old-age pension benefits may be drawn in the form of a one-off lump sum payment, a lifelong retirement pension or a combination of the two. The conversion rates for the retirement pensions depend on the age and marital status of the beneficiary.

The disability pension is 5.7% of the projected retirement savings at the age of 63. An interest rate of 1.25% is used for the projection and the disability pension is payable for life.

The spouse's pension is 70% of the full disability pension or retirement pension. Participants with a registered partnership are treated as equivalent to married participants. On written request, PVS will grant benefits equivalent to a spouse's pension for the life partner if the conditions set out in the regulations are met. In the event of death of an unmarried active participant who has not designated a life partner, a lump sum payable at death in the amount of the participant's existing retirement savings will be paid.

The orphan's benefit and the disabled person's children's benefit are each 10% of the participant's last insured salary, or in the case of orphans where both parents are deceased 15% of the participant's last insured salary. The retired person's children's benefit is 10% of the last insured salary, but no more than CHF 5,400 per year.

#### **Pension plans**

The pension plans regulate the determination of the insured salary and the distribution of contributions between the employer and the employee for the basic and the supplementary pension plan.

All employees subject to the BVG are admitted to the basic pension plan.

All management employees with an individual contract of employment whose annual salary including year-end bonus exceeds 7.5 times the minimum AHV retirement pension are admitted to the supplementary pension plan. For part-time employees, this amount is reduced in proportion to the percentage of full-time hours worked.

Each pension plan has an option to make a higher employee contribution.

PVS has the following pension plans (each in a basic and a supplementary version):

- 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

Participants with the "Standard" pension plan pay a savings contribution of 6% (7% at Swissport Baggage Sorting AG) of the insured salary; those with the "Standard Plus" pension plan pay a savings contribution of 9%. The employer pays a savings contribution of 9% of the insured salary for each pension plan (8% at Swissport Baggage Sorting AG).

From 1 January 2014, the savings contribution for participants aged 25 to 34 whose place of work is Zurich and for all basic pension plan participants with an individual employment contract is 2.8% for employees and 4.2% for the employer. For participants from Swissport Baggage Sorting AG, it is 3.25% and 3.75%, respectively.

The insured salary for basic pension plan purposes is the participant's salary including any year-end bonus, less the coordination amount. The coordination amount is 20% of the reported salary, up to a maximum of 50% of the maximum AHV retirement pension.

The insured salary for supplementary pension plan purposes is the participant's salary including any year-end bonus, less the coordination amount. The coordination amount is 7.5 times the minimum AHV retirement pension. For part-time employees, the coordination amount is reduced in proportion to the percentage of full-time hours worked. Any salary components insured via the supplementary pension plan are not insured via the basic pension plan.

### *3.2 Financing, financing method*

The retirement credits in the "Standard" pension plan are 15% of the insured salary for the basic pension plan and 21% for the supplementary pension plan. In the "Standard Plus" pension plan they are 18% for the basic pension plan (17% at Swissport Baggage Sorting AG) and 24% for the supplementary pension plan.

For participants aged 25 to 34 whose workplace is Zurich and for all participants with an individual employment contract, the retirement credits for the basic plan in the "Standard" pension plan are 7%. In the "Standard Plus" pension plan they are 11.7% (11.25% at Swissport Baggage Sorting AG).

The distribution of the contributions between the employer and the employee varies depending on the pension plan.

The contribution for the risk insurance is 2.5% of the insured salary and is financed equally by the employer and the employees.

The administration costs, the costs for investments and the contributions to the Security Fund are paid by PVS.

### *3.3 Further information on pension plan activities*

PVS has signed a service agreement with PFS Pension Fund Services AG for management and administration. The agreement was renewed for a further five years on 10 February 2015 with retroactive effect from 1 January 2015. Without termination, this is automatically extended for a further year at a time.

At its meeting on 16 November 2018, 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 values of generational accounting. In addition, pensioners receive the technical interest rate of currently 2.5% on their actuarial reserves.

## 4 Significant accounting policies and valuation methods, consistency

### 4.1 Statement of compliance with Swiss GAAP FER 26

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

### 4.2 Significant accounting policies and valuation methods

The bookkeeping, accounting and valuation comply with the provisions of the Swiss Code of Obligations and the Swiss Federal Act on Old Age, Survivors' and Invalidity Pension Provision (BVG). The annual financial statements consisting of the balance sheet, operative account and notes present a true and fair view of the financial situation, within the meaning of the law on occupational pensions. The assets are valued as follows in the annual financial statements:

<b>Investment category</b>	<b>Valuation method</b>
<b>Interest-bearing investments</b>	
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 corporate bonds, ex Switzerland	Market value
Emerging market bonds	Market value
Mortgages	Nominal value minus required value adjustment
<b>Equities</b>	
Swiss equities	Market value
European equities	Market value
North American equities	Market value
Pacific equities	Market value
Sustainable equities	Market value
Emerging market equities	Market value
<b>Swiss real estate</b>	
	Market value
<b>Alternative investments</b>	
	Market value

Assets denominated in foreign currencies are translated at the exchange rate on the reporting date; expenses and income are translated at the respective daily exchange rate.

### 4.3 Changes in accounting policy and in bookkeeping

No changes in accounting policy were made.

## 5 Actuarial risks/risk benefit coverage/funding ratio

### 5.1 Type of risk benefit coverage, reinsurance

PVS is a semi-autonomous pension fund. It renewed its reinsurance contracts with PKRück Lebensversicherung für die betriebliche Vorsorge AG, Vaduz on 15 September 2016 for the period from 1 January 2017 to 31 December 2019. PVS has reinsured its risks for death and disability benefits in full since 1 January 2011. The 2018 annual premium was CHF 1,703,519.

The reinsured death and disability benefits are transferred to PVS in the form of cash payments. As a consequence, PKRück does not hold any actuarial reserves for PVS's current pensions.

Profit participation is calculated in accordance with the reinsurance contract concluded. It is 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
<b>Retained earnings as at 31/12/2018 before provisions</b>	<b>-1,514,235</b>
Provisions for claims outstanding	-967,426
Credit from PKRück stop-loss cover	2,481,661
<b>Retained earnings as at 31/12/2018 after provisions</b>	<b>0</b>

Retained earnings for the accounting period 2011–2013 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	-1,605,047
<b>Retained earnings as at 31/12/2018 before provisions</b>	<b>-397,690</b>
Provisions for claims outstanding	-956,496
Credit from PKRück stop-loss cover	1,354,186
<b>Retained earnings as at 31/12/2018 after provisions</b>	<b>0</b>

Retained earnings for the accounting period 2014 - 2016 have been definitively concluded.

## 5.2 Development and return on savings capital in defined contribution plans

	2018 CHF	2017 CHF
<b>Savings capital as at 1 January</b>	<b>410,592,941</b>	<b>401,645,881</b>
<b>Decrease/increase in active participants' liabilities</b>	<b>3,526,207</b>	<b>-8,588,860</b>
Employee savings contributions	11,190,038	10,791,081
Employer savings contributions	15,543,888	14,996,665
One-time payments and purchase amounts	1,573,066	1,236,453
Termination benefit transfers	14,665,327	16,934,839
Reimbursements of withdrawals for home ownership/divorce	737,755	439,186
Transfer of retirement savings capital of IV pension recipients	67,511	146,248
Increase in capital for payments pursuant to Article 17 FZG	0	11
	-18,997,887-	
Termination benefits for leavers	18,997,887	-23,312,158
Withdrawals for encouragement of home ownership/divorce	-1,719,224	-1,584,599
Decrease as a result of lump sum payments on retirement	-4,720,509	-5,663,315
Decrease as a result of lump sum payments on death or disability	-713	0
Decrease as a result of retirement, death or disability	-14,813,046	-22,573,271
<b>Interest on retirement savings capital</b>	<b>3,967,029</b>	<b>17,535,921</b>
<b>Total active participants' liabilities on 31 December</b>	<b>418,086,176</b>	<b>410,592,941</b>
Interest rate on retirement savings pursuant to BVG	1.00%	1.00%
Interest rate on all retirement savings	1.00%	4.50%

Under Article 7 of the Benefit Regulations, the Board of Trustees can determine the interest rate on the retirement savings of active participants for the past year after learning the annual profit and loss. In the reporting year, an interest rate of 0% was applied for benefit calculations or disbursements made in the course of the year. The final decision on the interest rate on retirement savings was taken at the meeting of the Board of Trustees on 16 November 2018. An interest rate of 1.00% was applied to all retirement savings in the reporting year.

## 5.3 Total retirement savings capital in accordance with the law on occupational pensions

	31/12/2018 CHF	31/12/2017 CHF
Total retirement savings	418,086,176	410,592,941
of which BVG retirement savings	171,313,034	165,323,770

The retirement savings of pending disability cases are included in these amounts.



#### 5.4 Development of actuarial reserves for pensioners

	2018 CHF	2017 CHF
<b>Actuarial reserves as at 1 January</b>	<b>312,057,438</b>	<b>292,814,607</b>
<b>Increase in pensioners' liabilities</b>	<b>8,886,655</b>	<b>19,242,831</b>
Increase as a result of retirement, death and disability	14,813,046	22,573,271
Deposit of IV disability capital	301,595	45,380
Decrease as a result of pension payments	-18,851,811	-17,568,160
Transfer to savings capital of active participants	-67,511	-146,248
Lump-sum payments on death of pensioner	-17,762	0
Technical interest paid	7,912,519	7,381,101
Pension losses	2,667,609	2,843,256
Loss from increase in life expectancy	1,359,316	1,303,436
Actuarial loss (+) / profit (-)	769,653	2,810,796
<b>Total pensioners' liabilities as at 31 December</b>	<b>320,944,093</b>	<b>312,057,438</b>

The "Increase as a result of retirement, death and disability" item is equal to the savings capital of new pensioners at the date of the event.

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

Retirement, death and disability and form of benefit	2018		2017	
	CHF	%	CHF	%
Savings capital upon retirement, death and disability	19,534,268		28,236,586	
of which pensions	14,813,046	76%	22,573,271	80%
of which withdrawn as a lump-sum payment	4,721,222	24%	5,663,315	20%

The breakdown of pensioners' liabilities by pension type was as follows on the balance sheet date:

Pensioners' liabilities	31/12/2018 CHF	31/12/2017 CHF	Change compared with previous year
Actuarial reserves for old-age pensioners	284,303,929	281,310,651	2,993,278
Actuarial reserves for disability pensions	21,597,173	17,002,147	4,595,026
Actuarial reserves for spouse's/life partner's pensions	13,477,450	12,085,749	1,391,701
Actuarial reserves for children's benefits	1,565,541	1,658,891	-93,350
<b>Total pensioners' liabilities</b>	<b>320,944,093</b>	<b>312,057,438</b>	<b>8,886,655</b>

The Board of Trustees has decided to undertake 10-year generational accounting so that the annual decision on adjustments to current pensions can be made on a sound basis. The generational accounting is intended to quantify the effective transfer of accumulated funds between the active participants and the pensioners. To this end, the difference between the return on the savings capital of active participants and the actuarial interest rate on pensioners' liabilities, including strengthening of the longevity risk, is calculated and added to or subtracted from the previous year's balance. Any further potential transfers between the active participants and pensioners are not recognised in the accounting.

A negative generational accounting balance indicates a transfer of accumulated funds in favour of pensioners and means that the current pensions cannot be adjusted until this transfer amount has been offset. As at 31 December 2018, the 10-year generational accounting balance according to the accredited pension actuary's calculation was as follows:

Year	Pensioners' liabilities CHF as at 31/12	Active participants' liabilities CHF as at 31/12	Generational accounting balance CHF	Return for active participants	Actuarial interest for pensioners plus additional 0.5% until 2011
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%
2018	320,944,093	418,086,176	-4,660,010	1.00%	2.50%
<b>Total</b>			<b>-15,922,946</b>		

### 5.5 Composition of, development of and explanation regarding actuarial reserves

Composition	31/12/2018 CHF	31/12/2017 CHF	Change compared with previous year
<b>Actuarial reserves</b>			
Provision for probable future disability cases	0	270,364	-270,364
Provision for special events	28,981,859	27,765,844	1,216,015
Provision for the conversion rate	6,457,000	7,128,070	-671,070
<b>Total actuarial reserves</b>	<b>35,438,859</b>	<b>35,164,278</b>	<b>274,581</b>

The provision for probable future disability cases ceased to be recognised due to the full reinsurance of the risk of death and disability.

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

The provision for the conversion rate covers the additional financing requirements arising as a result of regulatory conversion rates that have not been actuarially set. The provision is set aside for those people who have reached the age of 55. A provision is recognised for these people to cover the expected financing requirements for their retirement at retirement age.

### 5.6 Conclusions of the last actuarial report

The last actuarial report was prepared as at 31 December 2017. The accredited pension actuary confirmed in the report that the pension fund offers security that it can fulfil its obligations as at the reporting date;

- 
- the underwriting provisions on benefits and financing in accordance with the regulations comply with the relevant legal requirements;
- the financing of the actuarial risks is sufficient;
- PVS uses the latest actuarial principles with a technical interest rate of 2.5%, which is higher than the technical interest rate recommended by the accredited pension actuary;
- the pension fund has nevertheless set aside sufficient provisions to reduce the technical interest rate to 2.0%, which is why the accredited pension actuary'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 calculation principles are based on the BVG 2015 mortality table projected to 2019 (previous year: BVG 2015 mortality table projected to 2018) at a technical interest rate of 2.5% (unchanged from the previous year). The calculations have been made in accordance with the Principles and Guidelines for Accredited Actuaries of the Swiss Association of Actuaries and the Swiss Chamber of Pension Actuaries using the “closed-fund” principle.

### 5.8 Funded status under article 44 BVV 2

	31/12/2018 CHF	31/12/2017 CHF	Change compared with previous year
Total assets at market value	868,155,695	890,225,317	
less liabilities	-6,223,700	-6,518,647	
less accrued liabilities and deferred income	-309,295	-214,974	
<b>Non-committed assets (NCA)</b>	<b>861,622,700</b>	<b>883,491,696</b>	<b>-21,868,996</b>
Active participants' liabilities	418,086,176	410,592,941	
Pensioners' liabilities	320,944,093	312,057,438	
Actuarial reserves	35,438,859	35,164,278	
<b>Required pension liabilities (RPL)</b>	<b>774,469,128</b>	<b>757,814,657</b>	<b>16,654,471</b>
<b>Funding surplus under article 44(1) BVV 2 (NCA - RPL)</b>	<b>87,153,572</b>	<b>125,677,039</b>	<b>-38,523,467</b>
<b>Funded status under article 44(1) BVV 2 (NCA x 100 / RPL)</b>	<b>111.3%</b>	<b>116.6%</b>	

The funded status under article 44(1) BVV 2 was 111.3% as at the balance sheet date (previous year 116.6%).

## 6 Explanatory notes on investments and net return on investments

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

The Investment Rules and Regulations set out the division of responsibility, powers and control functions between the Board of Trustees and the Investments Committee.

#### Board of Trustees

The Board of Trustees is responsible for deciding on PVS's investment strategy and on the asset management institutions that implement the investment strategy. For the purpose of ongoing monitoring, it appoints an Investments Committee consisting of two members, one of whom is an employer's representative and one an employee's representative.

#### Investments Committee

The Investments Committee is responsible for implementing and monitoring the investment strategy, weighting the investment categories within the ranges and monitoring the portfolio managers and the 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
	CSIF Bond Aggr. Rest World Currency Index	Credit Suisse (Schweiz) AG
Foreign currency corporate bonds, ex Switzerland	Swisscanto Bond Corp World hedged CHF	Zürcher Kantonalbank
Emerging market bonds	Lazard Emerging Markets Local Debt Fund	Lazard Asset Management
Mortgages	Mortgages to beneficiaries and third parties	PFS Pension Fund Services
Swiss equities	CSIF Switzerland Total Market Index Blue	Credit Suisse (Schweiz) AG
	Swisscanto Equity Small & Mid Caps	Zürcher Kantonalbank
European equities	UBS (CH) IF Equities Europe Passive II I-X	UBS AG, Global Asset Mgmt
North American equities	UBS (CH) IF 2 Equities USA Passive II I-X	UBS AG, Global Asset Mgmt
	UBS (CH) IF Equities Canada Passive II I-X	
Pacific equities	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	
Sustainable equities	Swisscanto IPF Index Equity World ex CH Responsible N	Zürcher Kantonalbank
Emerging market equities	Swisscanto Equity Emerging Markets	Zürcher Kantonalbank
Swiss real estate	Turidomus Collective Investment Unit	Pensimo Management AG
	Adimora Collective Investment Unit	Pensimo Management AG
	CS 1A Immo PK	Credit Suisse (Schweiz) AG
	CSIF Switzerland Real Estate Index Z	Credit Suisse (Schweiz) AG
	SPA Real Estate Switzerland	Swiss Prime Site Group AG
	Helvetia AST Real Estate Switzerland	Helvetia Collective Investment Unit

New investments were made in “CSIF Switzerland Real Estate Index Z” during the reporting year.

The institutions entrusted with the asset management meet the requirements and procedure for admission pursuant to Occupational Pension Supervisory Commission Directive D-01/2014. Compliance with Article 48f(2) to (5) BVV2 is assured. All asset management institutions are authorised by FINMA or have a comparable authorisation abroad.

6.2 *Expansion of investment possibilities (Article 50(4) BVV 2) with coherent explanation of compliance with certainty and risk allocation (Article 50(1) to (3) BVV 2)*

The Board of Trustees must provide a coherent explanation of compliance with Article 50(1) to (3) BVV 2 in the notes to the annual financial statements. The statutory maximum proportion of real estate of 30% was exceeded by 5.0 percentage points as at 31 December 2018.

Investment category	31/12/2018	% of	Article		31/12/2017	% of	
	CHF	total	SAA	Range	CHF	total	
		assets				assets	
<b>Real estate</b>	<b>301,124,143</b>	<b>35.0%</b>	<b>33%</b>	<b>28–38%</b>	<b>30%</b>	<b>258,181,361</b>	<b>29.3%</b>
Swiss real estate	301,124,143	35.0%	33%	28–38%		258,181,361	29.3%

If the pension fund can coherently explain its compliance with paragraphs (1) to (3) in the notes to the annual financial statements, based on its regulations it may expand its investment possibilities in accordance with Articles 53(1) to (4), 54, 54a, 54b(1), 55, 56, 56a(1) and (5) and 57(2) and (3).

According to the strategy in Appendix I of the current Investment Rules and Regulations, there is a range for real estate from a minimum of 28% to a maximum of 38%. The Board of Trustees has consciously decided to exceed the limits under BVV 2 in view of the current results of operations. The regular dividend payments from the collective investment units ensure, among other things, that PVS remains liquid. The real estate investments' rental income is also above the currently applicable technical interest rate of 2.5%. An ALM study produced by c-alm in 2016 confirmed the Board of Trustees' approach.

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

Reserves for fluctuations in asset value serve to cushion against asset price fluctuations. They are intended to prevent underfunding from occurring as a result of volatility.

The required target reserve for fluctuations in asset value is calculated using the financial-economic method. In the financial-economic method, the reserve for fluctuations in asset value is calculated based on the risk-and-return characteristics of the investment categories in the investment strategy, which with sufficient certainty enables a required minimum interest rate equal to the technical interest rate and coverage of the investment costs. The target reserve for fluctuations in asset value is expressed as a percentage of the obligations.

It is based on a horizon of three years, a security level of 98%, an expected return from the investment strategy of 2.85% and an investment strategy risk of 5.0%. It amounts to 18.8% (previous year: 19.1%) of pension liabilities and actuarial reserves.

Required reserve for fluctuations in asset value	2018 CHF	2017 CHF	Change compared with previous year
Reserve for fluctuations in asset value as at 1 January	125,677,039	100,311,179	25,365,860
Removals benefiting/additions at the expense of the operative account	-38,523,467	25,365,860	-63,889,327
<b>Reserve for fluctuations in asset value as per balance sheet as at 31 December</b>	<b>87,153,572</b>	<b>125,677,039</b>	<b>-38,523,467</b>
<b>Required reserve for fluctuations in asset value</b>	<b>145,600,196</b>	<b>144,742,599</b>	<b>857,597</b>
Reserve deficit in the reserve for fluctuations in asset value	-58,446,624	-19,065,560	-39,381,064

#### 6.4 Breakdown of investments into investment categories

Investment category	31/12/2018 CHF	% of total assets	SAA	Range	Article 55 BVV 2	31/12/2017 CHF	% of total assets
<b>Interest-bearing investments</b>	<b>305,545,008</b>	<b>35.5%</b>	<b>37%</b>	<b>21-55%</b>	<b>100%</b>	<b>311,755,370</b>	<b>35.3%</b>
Liquidity and money market investments	5,182,449	0.6%	2%	0-10%		21,607,041	2.4%
Receivables	9,940,641	1.2%	n/a			6,354,800	0.7%
CHF bonds	117,661,103	13.7%	15%	12-18%		108,827,288	12.3%
Foreign currency bonds, rest of world	43,392,302	5.0%	5%	3-7%		45,368,733	5.1%
Foreign currency corporate bonds, ex Switzerland	49,110,356	5.7%	4%	2-6%		51,849,733	5.9%
Emerging market bonds	33,336,357	3.9%	4%	2-6%		35,776,975	4.1%
Mortgages	46,921,800	5.5%	7%	2-8%		41,970,800	4.8%
<b>Equities</b>	<b>252,078,020</b>	<b>29.3%</b>	<b>30%</b>	<b>19-39%</b>	<b>50%</b>	<b>312,345,787</b>	<b>35.4%</b>
Swiss equities	75,350,562	8.8%	9%	6-11%		86,046,711	9.8%
European equities (incl. currency hedges)	20,059,591	2.3%	2%	1-3%		23,805,053	2.7%
North American equities	21,999,958	2.6%	3%	2-4%		31,777,660	3.6%
Pacific equities (incl. currency hedges)	26,388,249	3.1%	3%	2-4%		30,723,002	3.5%
Sustainable equities (incl. currency hedges)	78,419,851	9.1%	10%	7-12%		105,222,319	11.9%
Emerging market equities	29,859,809	3.5%	3%	1-5%		34,771,042	3.9%
<b>Real estate</b>	<b>301,124,143</b>	<b>35.0%</b>	<b>33%</b>	<b>28-38%</b>	<b>30%</b>	<b>258,181,361</b>	<b>29.3%</b>
Swiss real estate	301,124,143	35.0%	33%	28-38%		258,181,361	29.3%
<b>Alternative investments</b>	<b>1,326,300</b>	<b>0.2%</b>	<b>0%</b>	<b>0-1%</b>	<b>15%</b>	<b>0</b>	<b>0.0%</b>
Private equity	1,326,300	0.2%	0%	0-1%		0	0.0%
<b>Total investments</b>	<b>860,073,472</b>	<b>100.0%</b>	<b>100.0%</b>			<b>882,282,518</b>	<b>100.0%</b>

SAA = strategic asset allocation (investment strategy)

Foreign currencies	SAA proportion	Net proportion as at 31/12/2018	BVV 2 limit	BVV 2 article
Foreign currencies (without hedging)	23.5%	23.0%	30%	55e

The investment limits under Articles 54, 54a and 54b BVV 2 were complied with.

Currency hedges	31/12/2018 CHF	% of total assets	SAA	Range	31/12/2017 CHF	% of total assets
<b>Total</b>	<b>57,068,778</b>	<b>6.6%</b>	<b>6.3%</b>	<b>5.0-6.6%</b>	<b>149,654,064</b>	<b>17.0%</b>
EUR	20,433,898	2.4%	2.2%	1.8-2.4%	25,875,308	2.9%
USD	0	0.0%	0.0%		83,164,300	9.4%
JPY	25,528,141	3.0%	2.8%	2.2-2.9%	27,232,116	3.1%
GBP	11,106,739	1.3%	1.3%	1.0-1.3%	13,382,340	1.5%

The upper end of the range was slightly exceeded in the case of the JPY currency hedge. The JPY hedging ratio is 95.0%.

No other ranges were breached as at 31 December 2018.

#### 6.4.1 Mortgages

The mortgages are mortgages to beneficiaries of PVS and to third parties. PVS grants beneficiaries and third parties first mortgages on houses and flats that are owner occupied for the whole of the year and on holiday properties for own use in Switzerland. The maximum loan is 70% (or 65% for holiday properties) of the market value or a maximum of CHF 1,500,000.

On retirement, the loan must be repaid to 65% of the market value.

If a participant leaves PVS or receives all of their old-age benefits in the form of a lump-sum payment on retirement, the mortgage can be continued on the same terms. If ownership of the mortgaged property is transferred, the loan is to be repaid on the sale date.

PVS grants variable and 1 to 10-year fixed-rate mortgages. The interest rate for variable mortgages is determined by the Board of Trustees on the basis of market conditions and was 1.9% in the reporting year. PVS sets the interest rates for 1 to 10-year fixed-rate mortgages daily based on the mid-rate of the ZKB swap rate plus a surcharge 1.15% for mortgages with a term of 1–3 or 6–10 years. With a term of 4 or 5 years, the surcharge is 0.90%.

The mortgage portfolio was as follows in the reporting year:

Changes in the mortgage portfolio	2018 CHF	2017 CHF
<b>As at 1 January</b>	<b>41,970,800</b>	<b>24,840,500</b>
New mortgages	5,477,000	17,846,300
Mortgages terminated	-500,000	-540,000
Increases	0	0
Amortisations	-26,000	-176,000
<b>As at 31 December</b>	<b>46,921,800</b>	<b>41,970,800</b>
of which fixed-rate mortgages	45,192,300	40,122,300

Number of borrowers	2018	2017
Active participants	20	23
Pensioners	42	38
Former beneficiaries	8	8
Third parties	34	25
<b>As at 31 December</b>	<b>104</b>	<b>94</b>
<b>Average loan amount</b>	<b>48.3%</b>	<b>48.2%</b>

## 6.5 Current (open) financial derivative instruments

In accordance with the Investment Rules and Regulations in force, investments in foreign currencies are hedged. The following forward foreign exchange contracts were open on the balance sheet date:

Forward foreign exchange contract	Currency	Amount in local currency	Conclusion forward rate	Current forward rate	Gain/loss as at 31/12/2018 CHF
			Value in CHF	Value in CHF	
Sale on 13/12/2019	EUR	10,500,000	1.1194	1.1227	
			11,753,910	11,788,787	<b>-34,877</b>
Sale on 13/12/2019	EUR	7,700,000	1.1194	1.1227	
			8,619,534	8,645,111	<b>-25,577</b>
Sale on 13/12/2019	JPY	2,067,000,000	0.008691	0.008945	
			17,963,264	18,488,671	<b>-525,407</b>
Sale on 13/12/2019	JPY	787,000,000	0.008691	0.008945	
			6,839,424	7,039,470	<b>-200,046</b>
Sale on 13/12/2019	GBP	5,200,000	1.2229	1.2341	
			6,359,080	6,417,227	<b>-58,147</b>
Sale on 13/12/2019	GBP	3,800,000	1.2229	1.2341	
			4,647,020	4,689,512	<b>-42,492</b>
<b>Total open forward foreign exchange contracts as at 31/12/2018</b>			<b>56,182,232</b>	<b>57,068,778</b>	<b>-886,546</b>

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

## 6.6 Open commitments

	Commitment CHF	Utilisation CHF	Open on 31/12/2018
Turidomus Collective Investment Unit - Urban & Mixed-use	50,250,000	34,524,765	15,725,235
<b>Total</b>	<b>50,250,000</b>	<b>34,524,765</b>	<b>15,725,235</b>

## 6.7 Market value and counterparties in securities lending

In accordance with the resolution by the Board of Trustees in 2009, PVS transferred all investments into investments with no 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. According to information provided by the fund management company, as at 31 December 2018 bonds with a value of CHF 14,765,155 were on loan from the fund units attributable to PVS, corresponding to a lending ratio of 32.74%.



## 6.8 Explanatory notes on net return on investments

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

### 6.8.1 Details on real estate

	Income in CHF 2018	Assets in CHF as at 31/12/2018	Income in CHF 2017	Assets in CHF as at 31/12/2017
<b>Turidomus Collective Investment Unit</b>	<b>11,991,850</b>	<b>241,835,679</b>	<b>11,904,728</b>	<b>212,464,586</b>
<b>Casareal investment group</b> <i>of which purchased</i>	<b>7,236,836</b>	<b>123,619,131</b>	<b>7,091,355</b>	<b>120,273,067</b>
Distribution	3,890,772		3,890,772	
Change in net asset value	3,346,064		3,200,583	
<b>Proreal investment group</b> <i>of which purchased</i>	<b>5,313,392</b>	<b>84,098,523</b>	<b>4,712,478</b>	<b>82,283,341</b>
Distribution	3,498,210		3,498,210	
Change in net asset value	1,815,182		1,214,268	
<b>Urban &amp; Mixed-use investment group</b> <i>of which purchased</i>	<b>-558,378</b>	<b>34,118,025</b> <i>24,768,225</i>	<b>100,895</b>	<b>9,908,178</b> <i>3,001,935</i>
Distribution	0		0	
Change in net asset value	-558,378		100,895	
<b>Adimora Collective Investment Unit</b>				
<b>Omega investment group</b> <i>of which purchased</i>	<b>737,043</b>	<b>12,522,478</b>	<b>562,494</b>	<b>12,096,205</b>
Distribution	310,770		362,565	
Change in net asset value	426,273		199,929	
<b>CS 1A Immo PK</b> <i>of which sold/purchased</i>	<b>-1,025,950</b>	<b>15,872,050</b>	<b>0</b>	<b>17,501,500</b>
Distribution	603,500		603,500	
Change in net asset value	-1,629,450		-603,500	
<b>CSIF Switzerland Real Estate</b> <i>of which sold/purchased</i>	<b>-1,012,782</b>	<b>2,299,826</b> <i>2,441,835</i>	<b>-</b>	<b>-</b>
Real. gain/loss on sale	-1,594,869			
Distribution	724,096			
Change in net asset value	-142,009			
<b>Swiss Prime Collective Investment Unit</b>				
<b>SPA investment group</b> <i>of which purchased</i>	<b>497,921</b>	<b>18,952,863</b> <i>5,484,300</i>	<b>371,485</b>	<b>12,970,642</b>
Distribution	0		0	
Change in net asset value	497,921		371,485	
<b>Helvetia Collective Investment Unit</b>				
<b>Swiss real estate investment group</b> <i>of which purchased</i>	<b>283,657</b>	<b>9,641,247</b> <i>6,222,193</i>	<b>43,554</b>	<b>3,148,428</b> <i>3,111,096</i>
Distribution	0		0	
Distribution remuneration	13,031		6,222	
Change in net asset value	270,626		37,332	
<b>Total real estate</b>	<b>11,471,739</b>	<b>301,124,143</b>	<b>12,882,261</b>	<b>258,181,361</b>
<i>TER costs recognised under income</i>	<i>826,670</i>		<i>749,388</i>	
<i>Total net income from Swiss real estate as per the operative account</i>	<i>12,298,409</i>		<i>13,631,649</i>	

The real estate assets are indirect investments via the Turidomus, Adimora, Swiss Prime and Helvetia collective investment units (CIUs) and the Credit Suisse CS 1A Immo PK investment fund for institutional investors. The investments in Turidomus are divided into claims on the Casareal investment group (residential property), claims on the Proreal investment group (commercial property) and claims on the Urban & Mixed-use investment group.

In the reporting year, a new investment of CHF 29.0 million was made in CSIF Switzerland Real Estate, but by the end of 2018 CHF 25.5 million was sold again.

The income consists of the distribution for the reporting year plus/minus correction in the valuation of the net asset value of the claims.

### 6.8.2 Overall investment performance

The performance, broken down by individual investment category, is as follows according to our calculations:

<b>Net income from investments</b>	<b>2018 CHF</b>	<b>Perform. in %</b>	<b>2017 CHF</b>	<b>Perform. in %</b>
<b>Interest-bearing investments</b>	<b>-4,779,190</b>	<b>-1.7%</b>	<b>7,770,540</b>	<b>2.6%</b>
Liquidity and money market investments	-24,372	-0.3%	-32,210	-0.2%
CHF bonds	400,805	0.2%	99,250	0.1%
Foreign currency bonds, rest of world	-1,423,636	-3.2%	2,281,889	7.2%
Foreign currency corporate bonds, ex Switzerland	-2,136,731	-4.1%	1,437,656	3.0%
Emerging market bonds	-2,120,589	-6.8%	3,559,499	9.8%
Mortgages	525,333	1.2%	424,456	1.2%
<b>Equities</b>	<b>-30,837,023</b>	<b>-10.7%</b>	<b>59,508,325</b>	<b>21.1%</b>
Swiss equities	-10,103,103	-11.8%	18,209,921	24.5%
European equities (incl. currency hedges)	-2,811,335	-12.0%	2,867,026	13.1%
North American equities (incl. currency hedges)	-1,745,971	-7.7%	6,403,180	17.9%
Pacific equities (incl. currency hedges)	-4,254,562	-13.9%	5,076,999	19.8%
Sustainable equities (incl. currency hedges)	-7,250,320	-8.2%	15,743,758	17.7%
Emerging market equities	-4,671,732	-13.5%	11,207,441	31.8%
<b>Real estate</b>	<b>12,298,409</b>	<b>3.9%</b>	<b>13,631,649</b>	<b>5.1%</b>
Swiss real estate	12,298,409	3.9%	13,631,649	5.1%
<b>Alternative investments</b>	<b>0</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>
Private equity	0	0.0%	-	-
<b>Total net income from investments</b>	<b>-23,317,804</b>	<b>-2.8%</b>	<b>80,910,514</b>	<b>9.9%</b>

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

### 6.9 Explanatory notes on the asset management costs

<b>Investment management costs</b>	<b>2018 CHF</b>	<b>2017 CHF</b>	<b>Change from previous year</b>
Securities accounting costs	19,817	19,872	-55
Investment advisory costs	92,085	191,566	-99,481
Management fees for mortgages to beneficiaries	48,355	39,119	9,236
Bank charges for direct investments	2,188	1,911	277
Stamp duty	1,989	0	1,989
Transaction costs for collective investments	200,305	82,083	118,222
Custody fees/management fees for collective investments	312,669	305,838	6,831
Cost indicators of collective investments	1,184,999	1,169,802	15,197
<b>Total administration cost of investments</b>	<b>1,862,407</b>	<b>1,810,192</b>	<b>52,215</b>

<b>Reported asset management costs</b>	<b>2018 CHF</b>	<b>2017 CHF</b>
Asset management costs recognised directly in the operative account	677,408	640,390
Sum of all recognised cost indicators of collective investment schemes in CHF as per operative account	1,184,999	1,169,802
<b>Total asset management costs reported in the operative account</b>	<b>1,862,407</b>	<b>1,810,192</b>
Total of all asset management costs as reported in the operative account in percentage of cost-transparent investment schemes	0.22%	0.21%

#### Transparent collective investment schemes

<b>Provider and product name</b>	<b>Market value 31/12/2018 CHF</b>	<b>TER in %</b>	<b>TER in CHF</b>
Swiss & Global; Syz AM (CH) Liquidity Mgmt CHF	53,815	0.10%	54
Swiss & Global; Syz AM (CH) Track – CHF Bonds	52,098,638	0.04%	20,839
Swiss & Global; Syz AM (CH) Track – Swiss GVT Bonds	20,464,251	0.08%	16,371
Lazard Asset Management Schweiz AG; Lazard Emerging Markets Local Debt Fund Inst. Class USD	33,336,357	0.96%	320,029
UBS (CH) IF – Equities Canada Passive II	1,118,266	0.01%	112
UBS (CH) IF – Equities Pacific (ex Japan) Passive II	9,243,217	0.01%	924
Pensimo; Adimora Collective Investment Unit – Omega	12,522,477	0.36%	45,081
Pensimo; Turidomus Collective Investment Unit – Casareal	123,619,130	0.26%	321,410
Pensimo; Turidomus Collective Investment Unit – Proreal	84,098,523	0.16%	134,558
Pensimo; Turidomus Collective Investment Unit - Urban & Mixed-use	34,118,025	0.08%	27,294
Credit Suisse 1a Immo PK	15,872,050	0.55%	87,296
CSIF Switzerland Real Estate Index Z	2,299,826	0.85%	19,549
Swiss Prime Site Group; SPA Real Estate Switzerland	18,952,863	0.70%	132,670
Helvetia Collective Investment Unit; Real Estate Switzerland	9,641,247	0.61%	58,812
<b>Total transparent collective investment scheme costs</b>			<b>1,184,999</b>

The TER costs reported are gross, i.e. they do not take reimbursements into account. The following reimbursements accrued:

<b>Provider and product name</b>	<b>Reimbursement 2018 CHF</b>	<b>Reimbursement 2017 CHF</b>
Helvetia Collective Investment Unit; Real Estate Switzerland, distribution remuneration	13,031	6,222
<b>Total</b>	<b>13,031</b>	<b>6,222</b>

If these reimbursements are taken into account, the asset management costs decrease to CHF 1,849,376 (previous year: CHF 1,803,970) and represent 0.215% (previous year: 0.204%) of cost-transparent investments.

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

Additional collective investment schemes with CS, UBS and ZKB are made in the Z, I-X and N class funds without any inherent costs (with fees charged separately).

6.10 Comments on investments in an employer's enterprise

<b>Receivables from employers</b>	<b>31/12/2018 CHF</b>	<b>31/12/2017 CHF</b>	<b>Change compared with previous year</b>
Swissport International AG	255,702	248,085	7,617
Swissport International AG, Zurich operations	1,062,605	983,989	78,616
Swissport International AG, Basel operations	267,919	240,537	27,382
Swissport International AG, Geneva operations	639,421	605,653	33,768
Swissport Baggage Sorting AG	148,976	135,386	13,590
PrivatPort S.A.	19,876	10,948	8,928
Swissport Group Services GmbH	132,824	131,523	1,301
Careport AG	60,649	53,873	6,776
GVAassistance S.A.	43,229	39,385	3,844
<b>Total receivables from employers</b>	<b>2,631,201</b>	<b>2,449,380</b>	<b>181,821</b>

The receivables from employers include the contribution calculations for the affiliated employers for the month of December 2018 – PrivatPort S.A. also for the month of November 2018. The contributions were all paid in full in January 2019.

## 7 Comments on other balance sheet and operative account positions

### 7.1 Balance sheet

#### Assets

##### 7.1.1 Receivables from third parties

	31/12/2018 CHF	31/12/2017 CHF
Refundable withholding tax	7,305,077	3,893,564
Outstanding interest on mortgages	4,363	11,855
<b>Total receivables</b>	<b>7,309,440</b>	<b>3,905,420</b>

The withholding tax as at 31 December 2018 consists of the 2017 and 2018 withholding tax. The payments were received in February and March 2019.

##### 7.1.2 Prepayments and accrued income

	31/12/2018 CHF	31/12/2017 CHF
PKRück total claims balance	374,471	183,252
Turidomus Casareal dividend	3,890,772	3,890,772
Turidomus Proreal dividend	3,498,210	3,498,210
Adimora Omega dividend	310,770	362,565
Other	8,000	8,000
<b>Total prepayments and accrued income</b>	<b>8,082,223</b>	<b>7,942,799</b>

#### Equity and liabilities

##### 7.1.3 Other liabilities

The amount includes various outstanding invoices for the reporting year that were paid in 2019.

##### 7.1.4 Accrued liabilities and deferred Income

The "accrued liabilities and deferred Income" item primarily includes the contribution to the Security Fund, the remaining reinsurance premium, outstanding charges for management fees, provisions for the fees of the supervisory authority (the Occupational Pension Supervisory Committee) and the expenses for the audit and the accredited pension actuary's report for the reporting year.

### 7.2 Operative account

##### 7.2.1 One-time payments and purchase amounts

	2018 CHF	2017 CHF	Change compared with previous year
Voluntary payments by employees	1,573,066	1,232,055	341,011
Payments by employers	0	4,397	-4,397
<b>Total one-time payments and purchase amounts</b>	<b>1,573,066</b>	<b>1,236,453</b>	<b>336,613</b>

### 7.2.2 Reimbursements of withdrawals for home ownership/divorce

	2018 CHF	2017 CHF	Change compared with previous year
Voluntary repayments of withdrawals for home ownership	277,546	359,186	-81,640
Payments received from divorce entitlements	370,209	0	370,209
Voluntary repayments of assignments on divorce	90,000	80,000	10,000
<b>Total reimbursements of withdrawals for home ownership/divorce</b>	<b>737,755</b>	<b>439,186</b>	<b>298,569</b>

Seven (previous year: 5) people made repayments of home ownership encouragement withdrawals. A total of 3 (previous year: 0) people had part of the retirement savings of divorced spouses paid into their individual retirement savings. In addition, 3 (previous year: 3) people made a voluntary repayment of an assignment on divorce.

### 7.2.3 Children's benefits

	2018 CHF	2017 CHF	Change compared with previous year
Pensioner's children's benefits	95,415	104,474	-9,059
Orphan's benefits	52,193	70,734	-18,541
Disabled person's children's benefits	90,435	93,866	-3,431
<b>Total children's benefits</b>	<b>238,043</b>	<b>269,074</b>	<b>-31,031</b>

### 7.2.4 Withdrawals for encouragement of home ownership/divorce

	2018 CHF	2017 CHF	Change compared with previous year
Withdrawals for encouragement of home ownership	1,512,465	1,296,200	216,265
Transfer of retirement savings to divorced spouses	206,758	288,399	-81,641
<b>Total withdrawals for encouragement of home ownership/divorce</b>	<b>1,719,224</b>	<b>1,584,599</b>	<b>134,624</b>

A total of 21 (previous year: 20) people made use of the option of a home ownership encouragement withdrawal. The average home ownership encouragement withdrawal was CHF 72,022 (previous year: CHF 64,810).

A total of 8 (previous year: 8) people had part of their individual retirement savings transferred to the pension fund of their divorced spouse.

### 7.2.5 Other expenses

The "Share of Swissport health management" item contains PVS's share of the health management expenses of affiliated employers. In accordance with the resolution by the Board of Trustees of 12 July 2007, PVS makes a CHF 225,000 cost-sharing payment annually towards the employers' health management expenses, with the following conditions:

- The employers affiliated to PVS commit to expenditure of at least the same amount.
- Health management prepares an implementation plan for the use of the cost-sharing payment.

The cost-sharing payment was increased to CHF 275,000 excluding VAT as at 1 January 2013 and at the same time given a time limit of until 31 December 2015. In September 2015, it was extended by a further three years from 1 January 2016.

### 7.2.6 Administration expenses

	2018 CHF	2017 CHF	Change compared with previous year
Audit fees	33,488	34,549	-1,061
Actuary's fees	35,884	36,158	-274
Compensation, expenses and training of the Board of Trustees	64,271	71,275	-7,004
Administration expenses for PFS AG	846,996	834,149	12,847
Translation and printing expenses	37,699	33,645	4,054
Pensioners' seminar	9,125	8,760	365
Supervisory authority fees	17,626	21,493	-3,867
Other administration expenses	3,869	3,951	-82
<b>Total administration expenses</b>	<b>1,048,958</b>	<b>1,043,979</b>	<b>4,979</b>

Based on the 4,681 (previous year: 4,579) active participants and pensioners (without children's benefits) on 1 January 2018, the administration expenses were CHF 224 (previous year: CHF 228) per beneficiary.

## 8 Supervisory authority requirements

There are no pending requirements imposed by the advisory authority.

## 9 Further information regarding financial situation

### 9.1 Retrocessions

In the reporting year, PVS requested that its external asset managers provide information on retrocessions received or paid for the purposes of PVS's account-of-agency duty and the duty of delivery in accordance with Article 400(1) of the Swiss Code of Obligations, the provisions concerning the transfer of pecuniary benefits under Article 48k of BVV 2 and the corresponding case law of the Swiss Federal Supreme Court (most recently BGE 4A\_127/2012 and 4A\_141/2012 of 29 October 2012).

In the reporting year, no retrocessions were declared by the external asset managers.

### 9.2 Pledge of assets

PVS maintains a limited general deed of pledge up to a maximum of CHF 20 million to cover the margins of forward foreign exchange contracts concluded with Credit Suisse (Switzerland) AG. The assets held in safe custody by Credit Suisse are pledged to secure this maximum amount.

### 9.3 Audit by the Swiss Federal Tax Administration – demand for repayment of withholding tax on SSgA's MSCI Switzerland Equities CTF

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

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

At the same time, PVS also requested that the SFTA issue a formal order as provided for by Article 42 of the Withholding Tax Act (VStG) in connection with the repayment of the withholding tax for 2007 to 2008.

In a letter dated 26 January 2011, the SFTA stated that several funds were in the same situation and one fund was taking legal action. PVS would subsequently be informed of the decision. No final decision has yet been reached and no SFTA order has been received to date.

Furthermore, PVS has also made a claim for the repayment of the withholding tax 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 postponed the reimbursement until the matter has been clarified.

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

The withholding tax for 2007 and 2008 totalling CHF 42,276.84 is currently still outstanding. This had to be repaid to the SFTA in 2010.

## 10 Events subsequent to the balance sheet date

None.





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## Bericht der Revisionsstelle an den Stiftungsrat der Personalvorsorge Swissport, Opfikon

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### Bericht der Revisionsstelle zur Jahresrechnung

Als Revisionsstelle haben wir die beiliegende Jahresrechnung der Personalvorsorge Swissport, bestehend aus Bilanz, Betriebsrechnung und Anhang, für das am 31. Dezember 2018 abgeschlossene Geschäftsjahr geprüft.

#### *Verantwortung des Stiftungsrates*

Der Stiftungsrat ist für die Aufstellung der Jahresrechnung in Übereinstimmung mit den gesetzlichen Vorschriften, der Stiftungsurkunde und den Reglementen verantwortlich. Diese Verantwortung beinhaltet die Ausgestaltung, Implementierung und Aufrechterhaltung einer internen Kontrolle mit Bezug auf die Aufstellung einer Jahresrechnung, die frei von wesentlichen falschen Angaben als Folge von Verstössen oder Irrtümern ist. Darüber hinaus ist der Stiftungsrat für die Auswahl und die Anwendung sachgemässer Rechnungslegungsmethoden sowie die Vornahme angemessener Schätzungen verantwortlich.

#### *Verantwortung des Experten für berufliche Vorsorge*

Für die Prüfung bestimmt der Stiftungsrat neben der Revisionsstelle einen Experten für berufliche Vorsorge. Dieser prüft periodisch, ob die Vorsorgeeinrichtung Sicherheit dafür bietet, dass sie ihre Verpflichtungen erfüllen kann und ob die reglementarischen versicherungstechnischen Bestimmungen über die Leistungen und die Finanzierung den gesetzlichen Vorschriften entsprechen. Für die für versicherungstechnische Risiken notwendigen Rückstellungen ist der aktuelle Bericht des Experten für berufliche Vorsorge nach Artikel 52e Absatz 1 BVG in Verbindung mit Artikel 48 BVV 2 massgebend.

#### *Verantwortung der Revisionsstelle*

Unsere Verantwortung ist es, aufgrund unserer Prüfung ein Prüfungsurteil über die Jahresrechnung abzugeben. Wir haben unsere Prüfung in Übereinstimmung mit dem schweizerischen Gesetz und den Schweizer Prüfungsstandards vorgenommen. Nach diesen Standards haben wir die Prüfung so zu planen und durchzuführen, dass wir hinreichende Sicherheit gewinnen, ob die Jahresrechnung frei von wesentlichen falschen Angaben ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen für die in der Jahresrechnung enthaltenen Wertansätze und sonstigen Angaben. Die Auswahl der Prüfungshandlungen liegt im pflichtgemässen Ermessen des Prüfers. Dies schliesst eine Beurteilung der Risiken wesentlicher falscher Angaben in der Jahresrechnung als Folge von Verstössen oder Irrtümern ein. Bei der Beurteilung dieser Risiken berücksichtigt der Prüfer die interne Kontrolle, soweit diese für die Aufstellung der Jahresrechnung von Bedeutung ist, um die den Umständen entsprechenden Prüfungshandlungen festzulegen, nicht aber um ein Prüfungsurteil über die Wirksamkeit der internen Kontrolle abzugeben. Die Prüfung umfasst zudem die Beurteilung der Angemessenheit der angewandten Rechnungslegungsmethoden, der Plausibilität der vorgenommenen Schätzungen sowie eine Würdigung der Gesamtdarstellung der Jahresrechnung. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise eine ausreichende und angemessene Grundlage für unser Prüfungsurteil bilden.

### Prüfungsurteil

Nach unserer Beurteilung entspricht die Jahresrechnung für das am 31. Dezember 2018 abgeschlossene Geschäftsjahr dem schweizerischen Gesetz, der Stiftungsurkunde und den Reglementen.

### Berichterstattung aufgrund weiterer gesetzlicher und anderer Vorschriften

Wir bestätigen, dass wir die gesetzlichen Anforderungen an die Zulassung (Art. 52b BVG) und die Unabhängigkeit (Art. 34 BVV 2) erfüllen und keine mit unserer Unabhängigkeit nicht vereinbaren Sachverhalte vorliegen.

Ferner haben wir die weiteren in Art. 52c Abs. 1 BVG und Art. 35 BVV 2 vorgeschriebenen Prüfungen vorgenommen. Der Stiftungsrat ist für die Erfüllung der gesetzlichen Aufgaben und die Umsetzung der statutarischen und reglementarischen Bestimmungen zur Organisation, zur Geschäftsführung und zur Vermögensanlage verantwortlich.

Wir haben geprüft, ob

- die Organisation und die Geschäftsführung den gesetzlichen und reglementarischen Bestimmungen entsprechen und ob eine der Grösse und Komplexität angemessene interne Kontrolle existiert;
- die Vermögensanlage den gesetzlichen und reglementarischen Bestimmungen entspricht;
- die Alterskonten den gesetzlichen Vorschriften entsprechen;
- die Vorkehrungen zur Sicherstellung der Loyalität in der Vermögensverwaltung getroffen wurden und die Einhaltung der Loyalitätspflichten sowie die Offenlegung der Interessenverbindungen durch das oberste Organ hinreichend kontrolliert wird;
- die vom Gesetz verlangten Angaben und Meldungen an die Aufsichtsbehörde gemacht wurden;
- in den offen gelegten Rechtsgeschäften mit Nahestehenden die Interessen der Vorsorgeeinrichtung gewahrt sind.

Wir bestätigen, dass die diesbezüglichen anwendbaren gesetzlichen, statutarischen und reglementarischen Vorschriften eingehalten sind.

Wir empfehlen, die vorliegende Jahresrechnung zu genehmigen.

KPMG AG



Erich Meier  
Zugelassener Revisionsexperte  
Leitender Revisor



Markus Kuhn  
Zugelassener Revisionsexperte

Zürich, 22. Mai 2019