



FINANCIAL STATEMENTS
2018



copré
LA COLLECTIVE
DE PRÉVOYANCE
DEPUIS 1974

LOOK FURTHER AHEAD TOWARDS TOMORROW

TOTALLY INDEPENDANT, COPRE FOCUSES ITS EFFORTS
ON A SUSTAINABLE GROWTH THAT ALLOWS IT **TO STRENGTHEN ITS
POSITION AS AN IMPORTANT ACTOR IN THE LIFE AND PENSIONS MARKET.**

The internalization of all the services of the Foundation has been effective since 1st of January 2018 and reflects its development strategy as well as its ability to look further ahead. This is an important step for Copré, which is completing the independence process started 20 years ago. A new team of qualified professionals with high skills in pensions, finance and investment pursues the goals set by the Foundation Board: Copré aims to consolidate its position on the market in French-speaking

Switzerland and grow in German-speaking Switzerland by drawing on its network of brokers, natural and necessary partners for its development. This evolution is possible thanks to the confidence of its insureds and affiliates. Copré does everything possible to meet their expectations over the long term, to fulfil its commitments and thus to be a reliable, solid and transparent service provider, placing the interests of its insureds at the center of the relationship and management.

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REPORT OF THE BOARD OF TRUSTEES 2018

With the arrival of over eighty new affiliated companies, Copré has again achieved encouraging growth. The total of the balance sheet increased by 7.1% to reach CHF 1.93 billion.

With an investment performance of -0.55% in a difficult environment on the financial markets, the Board of Trustees has decided to grant an interest rate of 1.5% for 2018. The cover ratio amounts at the end of the period to 105.24%, calculated with a technical interest rate of 1.71%.

The 2018 period saw the successful conclusion of the project to internalise the administrative and commercial management, with the planned arrival of 7 additional staff members, including Pascal Kuchen as Director-General and Loïc Perroud as Commercial Director. Accordingly at 31 December the total staff numbered 20. The internalisation enables us to strengthen our ambition for independence by controlling our management costs, with a team fully dedicated to the management of the Foundation in the interests of our affiliates, insured persons and pensioners.

The new organisation of COPRE has also resulted in defining the scope of responsibilities and tasks of each of its organs, namely the Board of Trustees, the Investment Committee, the General Direction and the Management Committee. Following the resignation of two members at the end of 2017, the Board of Trustees welcomed two new members, elected at the Ordinary General Assembly in May 2018. Daniel Hofstetter and Claude rapidly found their feet and showed great interest and motivation in contributing effectively to the governance and continuity of COPRE.

88 companies joined us in 2018, bringing the total number to 765. This encouraging growth demonstrates the attractiveness of our Foundation, especially for companies of varying sizes. The total of the balance sheet amounts to CHF 1,932,290,885, an increase of 6.7%. The number of active insured persons is 10,661, and the number of pensioners is 1973.

Investment performance in 2018 ended the year with a result of -0.55%, due to the downward development of the share market. Although negative, COPRE's result can be described as satisfactory, especially in comparison with the Crédit Suisse index for Swiss pension funds which posted a performance of -3.20% for the year.

The Board of Trustees has decided to grant an interest rate of 1.5 % for 2018, bringing the cover ratio to 105.24%.

The mandates of three members of the Board of Trustees come to an end in 2019. This concerns Robert Fiechter, Vice-Chairman, Robin Gordon, Chairman, and Mario Izzo, also a member of the Investment Committee. Robert Fiechter and Mario Izzo wish to renew their mandates, and approval of their request will be submitted to the 2019 Assembly of Delegates.

As for Robin Gordon, elected to the Board of Trustees in 2011 and Chairman since 2017, he will step down from his positions on 24 May 2019, at the General Assembly of Delegates. He has decided not to stand for a third term, preferring to devote all his energy from now on to developing the company he runs.

Claude Roch was unanimously elected by the Board of Trustees to succeed Robin Gordon as Chairman of COPRE.

Claude Roch has proven experience in managing companies. Aged 58 and a partner in an SME in the trade and real estate sector, he holds a number of directorship posts including that of Vice-Chairman of the bank Raiffeisen d'Arve et Lac.

An election process has been initiated for the position of «representative of the insured». The complementary election to the Board of Trustees will also take place at the forthcoming Assembly.

The Board notes with pleasure that the implementation of the new organisation is bearing fruit. COPRE's attractiveness is manifestly enhanced and growth prospects are promising, with the arrival of a significant number of new affiliates already confirmed for 2019. COPRE remains attentive to the efficient organisation of its benefits and services to those insured, while at the same time pursuing its objective of containing administrative costs.

The Board of Trustees also wishes to express sincere thanks to the management and staff of COPRE for their strong commitment, which has made it possible to finalise the internalisation process in line with the objectives fixed.

The Board of Trustees



Robin Gordon, Chairman
Geneva, 12 April 2019



REPORT OF THE INVESTMENT COMMITTEE 2018

After a 'fairy tale' year in 2017 the 2018 vintage was very different, much more turbulent and characterised by a number of 'air pockets' on the financial markets.

Following an initial serious shock at the beginning of February provoked by the bond markets, it was the stress of the Italian debt that caused European stock exchanges and the single currency to drop in the month of May. Almost simultaneously the markets and currencies of the emerging markets were heavily impacted by the catastrophic situation of the Argentine economy and pre-election tensions in Brazil, as well as by the confirmed slowdown in Chinese growth. As for the month of October, it was faithful to its bad reputation. Against a background of increased rates by the Federal Reserve (FED) and weakening of world economic growth global shares began to suffer a generalised downward movement, with deflation of the bubble of technological stocks whose excessive valuation had been noted in our last year's report.

The final nail came in the month of December, in a context of serious commercial tension between China and the USA, and the famous shutdown provoked by the Trump administration. The US S&P500 index lost 9.2% of its value in December, the biggest drop since 1931. There was also great tension in the area of High Yield Credit and Loans which underwent a significant correction at the end of the year.

The result of the year 2018 is therefore especially gloomy as it affected all asset classes, but shares in particular. The SPI index of Swiss shares lost 8.57% of its value, while other world stock markets often fared even worse. Bonds had a volatile year, with an annual result of virtually zero. Listed Swiss real estate funds lost over 5% of their value on average. Numerous other alternative asset classes also posted negative returns, especially Hedge Funds, but also raw materials in the wake of the oil price reduction.

The return of volatility favoured a strengthening of the US Dollar and a weakening of the Euro. The Swiss Franc, with its character as a refuge currency, maintained a virtually unchanged parity with the Dollar, but appreciated by about 4% against the Euro. Investors in European shares were thus doubly penalised, because these shares suffered from the worst performance among the developed markets. For a Swiss investor in European shares, the total loss was almost 18%.

The principal reference indices of Swiss pension funds published by Crédit Suisse and UBS ended the year with average returns of -3.20% to -3.45%

Our Foundation's annual performance of -0.55% thus constitutes a solid result, and proves the pertinence of our strategic allocation of assets and our capacity to confront difficult conditions. This result was possible in particular thanks to the very good return on our direct Swiss real estate portfolio, as well as to the good performance of our alternative investments, led by Private Equity.

Activities of the Investment Committee

The Investment Committee met 5 times in 2018, which was a year of restructuring. A major part of the efforts were devoted to the improvement in organising the investments and the establishment of more efficient and less costly methods. The rates of two of our main external partners in the real estate and alternative areas were renegotiated to lower levels while improving their provision of services and their quality. This result was made possible by the increase in the Foundation's fortune, which is around 2 billion and provides us with higher negotiation leverage.

It was also decided to reposition the strategy in the area of shares and bonds. This involves moving from purely passive index-linked management to so-called «core/satellite» management. The core part of the portfolio will remain index-related for reasons of cost and efficiency. The satellite pockets, about 25% of the exposure, will be progressively invested in market segments that offer better long-term results, such as small and medium-sized companies.

A restructuring of alternative investments is also underway. This involves applying to this sector an allocation that is harmoniously split between share-type investments (Private Equity), investments in bond vehicles such as Senior Loans, and finally actual values such as raw materials and infrastructures. It also involves reducing the number of funds held direct in order to focus on the vehicles best suited to our needs, while improving the effectiveness and pricing thanks to higher commitments. Certain measures have already been taken, especially in the area of Senior Loans funds, and others will be taken during the current year.

In October, the Investment Committee recommended to the Board to get completely out of the Trade Finance asset class, due to the slow erosion of returns and the increased risks related to these activities which are mainly centred on the emerging countries (South America, Africa etc.), some of which have serious problems. Today other alternatives seem to us to be more attractive, but we do not exclude the possibility of returning to this asset class in better days. As these funds are not - or not very - liquid, reimbursements will be made progressively.

It has also been decided to invest a reduced allocation in gold and raw materials, which are currently traded at historically very low rates with a deep discount compared to shares. In the case of physical gold, this asset plays a value-protection role in the event of crises and has its proper place in a diversified allocation of assets.

In the area of real estate, activity has been greatly reduced due to much less favourable conditions on the Swiss market. The Foundation limited itself to acquiring 2 properties in 2018. These are development projects, one in Bütschwil in the canton of St Gallen, and the other in Romont. Investing in real estate development enables us to obtain somewhat higher returns and to apply directly our quality criteria with regard to the finishing of the apartments and the durability of the properties. We have also acquired 4 new individual properties on a lifetime annuity basis.

Prospects 2019

The year 2019 started on an almost euphoric note, which demonstrates once again the bipolar character of the current financial markets, ready to go from one extreme to the other.

The announcement of the forthcoming end to the cycle of rate increases, begun in December 2016 by the FED, has given fresh impetus and optimism to markets still largely boosted by unlimited liquidities. But global growth is showing serious signs of slowing down, including on a driving market such as China, and the level of indebtedness of American companies is at an alarming level.

This upswing could therefore only be temporary, as the end of this economic cycle seem to be close. In the USA the differential between 10-year and 3-month rates has become zero or even negative. This phenomenon has almost always preceded the arrival of a recession that the share markets do not yet appear to have anticipated for the moment. One can therefore expect Swiss and European interest rates to remain in the negative zone for some time to come.

In this uncertain context, it is essential to continue investing in a diversified and disciplined manner, without succumbing to excessive confidence or panic. An additional challenge, mobilising all our energy, consists in deploying the significant sums received at the beginning of 2019 and the fruits of the success of our commercial activities.

The capacity of our assets allocation to resist crises has been demonstrated in 2018, thanks in particular to the stabilising role of our direct real estate portfolio and our alternative investments, and so it is with serenity that we prepare to face less favourable winds.

The Investment Committee



Jean-Bernard Georges, Chairman
Geneva, 12 April 2019



BALANCE SHEET AND OPERATING ACCOUNT

BALANCE SHEET

ASSETS	index	31.12.2018 CHF	31.12.2017 CHF
Investments		1 923 434 954	1 803 088 071
Liquidities	6.4	60 840 757	51 816 002
Exchange operations	6.4	621 626	0
Debtors	7.2	1 454 356	2 576 051
Bonds	6.4	251 921 605	244 379 692
Shares	6.4	519 533 327	563 807 286
Mortgage investment bonds	6.4	0	19 941 104
Non-traditional investments	6.4	387 901 017	312 635 721
Real estate	6.4	693 172 999	603 563 648
Employer contribution claims	6.14	7 989 267	4 368 569
Accruals and deferrals, assets	7.3	8 855 931	7 594 435
Total assets		1 932 290 885	1 810 682 507

LIABILITIES	index	31.12.2018 CHF	31.12.2017 CHF
Commitments		70 148 553	69 531 423
Vested benefits and pensions		40 903 748	31 864 715
Mortgage debts	7.5	20 000 000	30 000 000
Debts - Life annuity commitments	6.4	9 243 532	7 472 089
Other debts		1 273	194 619
Accruals and deferrals, liabilities	7.4	42 138 412	17 900 633
Employers' contribution reserve without waiver	6.14	4 025 067	4 547 480
Disposable funds of affiliates	5.9	1 863 477	1 874 359
Non-technical provisions	7.6	552 000	598 000
Pension insurance capital and technical provisions		1 723 279 990	1 581 507 341
Pension insurance capital, active insured	5.3	1 022 752 008	910 311 330
Pension insurance capital, pensioners	5.5	667 426 712	638 454 650
Technical provisions	5.6	33 101 270	32 741 360
Value fluctuation reserve	6.3	90 283 386	134 723 271
Foundation capital / disposable funds / overdraft		0	0
Situation at start of period		0	0
Surplus revenues / Surplus charges (-)		0	0
Total liabilities		1 932 290 885	1 810 682 507

OPERATING ACCOUNT

	index	2018 CHF	2017 CHF
Contributions, ordinary inflows and others		112 904 469	103 028 469
Employee contributions	7.1	39 014 127	36 198 576
Employer contributions	7.1	59 673 503	53 124 652
Taken from the employers' contribution reserve to finance contributions	6.14	-1 078 535	-1 250 232
Single premiums and buybacks		14 918 260	13 723 883
Inflows in the employers' contribution reserve	6.14	355 169	1 178 660
Subsidies of the guarantee fund		21 945	52 931
Entry benefits		170 615 065	136 670 212
Vested benefits lump sums		151 259 305	134 022 491
Allocations in event of taking over a group of insured			
- to the mathematical reserves and technical provisions		14 577 187	846 832
- to affiliates' disposable funds	5.9	1 771 101	551 739
- to the employers' contribution reserve	6.14	200 953	60 326
- to affiliates' special technical provision	5.6	16 213	0
Reimbursement of advance payments for home ownership / divorce		2 790 306	1 188 823
Inflows coming from contributions and entry benefits		283 519 534	239 698 682

	index	2018 CHF	2017 CHF
Regulatory benefits		-58 542 607	-52 176 617
Old-age pensions		-33 681 100	-31 974 869
Survivors' pensions		-5 897 017	-5 838 608
Disability pensions		-4 248 583	-4 046 062
Release from contribution obligations		-2 418 144	-1 954 709
Capital benefits at retirement		-11 246 220	-7 733 060
Capital benefits in event of death or disability		-1 051 543	-629 309
Exit benefits		-103 524 762	-81 801 442
Vested benefits in event of exit		-97 310 101	-74 443 153
Advance payments for home ownership / divorce		-6 214 661	-7 358 290
Expenses related to benefits and advance payments		-162 067 369	-133 978 060
Dissolution / Constitution of pension insurance capital, technical provisions, affiliates' disposable funds, contribution reserves		-141 239 355	-113 162 858
Constitution of retirement capital, active insured	5.3	-98 272 993	-99 955 620
Constitution / Dissolution of retirement capital, pensioners	5.5	-28 972 062	4 299 807
Constitution of technical provisions	5.6	-359 910	-672 891
Remuneration of savings capital of active insured	5.3	-14 167 684	-16 606 991
Constitution of affiliates' disposable funds	5.9	10 881	-238 409
Dissolution of contribution reserves	6.14	522 413	11 246

	index	2018 CHF	2017 CHF
Revenues from insurance benefits		4 846 616	3 054 983
Insurance benefits		4 846 616	3 054 983
Insurance charges		-9 606 380	-6 197 815
Insurance premiums:		-7 112 220	-5 449 529
- including risk premiums		-6 310 408	-4 835 242
- including premiums for management costs		-801 812	-614 287
Single inflows to the insurances		-2 049 314	-343 529
Contributions to the guarantee fund		-444 846	-404 756
Net result of insurance activity		-24 546 954	-10 585 067
Net result of investment		-10 846 258	86 668 646
Result liquidities	6.9	-314 603	-242 383
Result money market	6.9	0	-57 862
Result forward exchange	6.9	-7 226 682	-4 289 979
Result bonds	6.9	-137 444	2 952 869
Result shares	6.9	-42 864 968	68 364 973
Result mortgage investment funds	6.9	209 278	-58 877
Result non-traditional investments	6.9	28 002 287	23 274 404
Result real estate	6.9	26 098 252	11 380 172
Administrative costs of investments	6.12	-14 370 293	-14 652 098
Retrocessions	6.8	150 515	194 455
Interest on exit benefits	6.9	-392 600	-197 028

	index	2018 CHF	2017 CHF
Dissolution / Constitution of non-technical provisions		46 000	47 000
Other revenues		107 466	882 130
Other costs		-238 290	-137 205
Administrative costs	7.7	-8 212 582	-6 594 341
General administration		-4 381 776	-2 781 416
Marketing and advertising		-356 921	-344 181
Brokerage		-3 213 581	-3 181 233
Auditing body and expert in occupational pension insurance		-243 739	-267 716
Supervisory authority		-16 565	-19 797
Internalisation costs		-749 266	-2 304 752
Surplus of revenues (+) / charges (-) before constitution of the value fluctuation reserve		-44 439 884	67 976 410
Dissolution / Constitution of the value fluctuation reserve	6.3	44 439 884	-67 976 410
Surplus of revenues (+) / charges (-)		0	0



1

BASES AND ORGANISATION

1.1 LEGAL FORM AND PURPOSE

La Collective de Prévoyance - Copré (hereinafter the Foundation), formerly Columna Fondation communautaire for occupational pension insurance, was founded by the ex-Banque Populaire Suisse.

Its registered office is in Geneva. It is a semi-autonomous collective foundation, governed by Articles 80 and following of the Swiss Civil Code, by Articles 331 to 331e of the Swiss Code of Obligations (CO), by the Federal Law on the Occupational Old-age, Survivors' and Disability Benefit Plan (LOB), by the related Federal ordinances, by the Federal and Cantonal directives on pensions, and by its own by-laws and regulations.

The purpose of the Foundation is to protect the staff of each affiliate from the economic consequences of old age, disability and death by guaranteeing defined benefits in compliance with the provisions of the occupational pension regulations and the pension plan.

1.2 LOB REGISTRATION AND GUARANTEE FUND

The Foundation meets LOB requirements and is registered in the register of occupational pension insurance. It contributes to the LOB guarantee fund.

1.3 INDICATION OF ACTS AND REGULATIONS

Foundation deed

06.12.2012 - Approved by the ASFIP Geneva, 07.03.2013

Pension insurance regulations

Came into force 01.01.2017 - Approved 06.03.2018

Organisational regulations

Came into force 01.10.2018 - Approved 04.10.2018

Investment regulations

Came into force 01.10.2018 - Approved 03.10.2018

Internal regulations for affiliated companies

Approved 05.07.2005

Regulations on actuarial liabilities

Came into force 31.12.2016 - Approved 27.04.2017

Regulations for partial liquidation

Applicable to partial liquidations as from 01.01.2018

Approved 24.09.2018

Submitted to the ASFIP Geneva for approval 04.10.2018

1.4 SUPREME ORGAN, MANAGEMENT AND RIGHT OF SIGNATURE

The organs of the Foundation are the Board of Trustees, the Assembly of Delegates and the auditing body.

The Board of Trustees is the supreme organ according to Article 51a LOB. It is composed jointly, in principle, of representatives of affiliated companies and representatives of the insured. It meets when circumstances so require, but at least four times a year.

The Board of Trustees is responsible for the general management of the pension institution, accomplishes the tasks defined by law, establishes the strategic objectives and the principles of the pension institution, as well as the means to implement them.

It determines the organisation of the pension institution, ensures its financial stability and monitors the management, in conformity with the legal provisions and the directives of the Supervisory Authority. It is responsible for the application of the regulatory provisions, and performs all the tasks that are not explicitly those of another body.

The Assembly of Delegates meets when circumstances so require, but at least once a year. The Assembly of Delegates appoints the members of the Board of Trustees. It takes note of the balance sheet, operating account and attachment, and takes cognizance of the auditors' report. It grants discharge to the Board of Trustees. It approves amendments of the by-laws and takes note of amendments to the pension regulations.

The Board of Trustees is currently composed of the following members:

	Function	End of mandate	Representation	Signature
Gordon Robin	Member, Chairman	2019	Insured	Jointly of 2
Fiechter Robert	Member, Vice-Chairman	2019	Employer	Jointly of 2
Hofstetter Daniel	Member	2022	Employer	Jointly of 2
Izzo Mario	Member	2019	Insured	Jointly of 2
Rancic Christina	Member	2021	Employer	Jointly of 2
Roch Claude	Member	2022	Insured	Jointly of 2

Management was assumed by Mr. Robin Gordon ad interim, Chairman of the Board of Trustees, until 31.01.2018. Since 01.02.2018, it has been assumed by Mr. Pascal Kuchen.

Management is composed of the Managing Director and the heads of department. All have joint signature of 2.

1.5 EXPERTS, AUDITING BODY, ADVISORS AND SUPERVISORY AUTHORITY

Expert in occupational pension insurance:	Ms Ileana Christodorescu, executing expert Mercer (Switzerland) SA, Nyon, co-contractor
Auditing body:	Ernst & Young SA, Lancy
Supervisory authority:	ASFIP Genève, register number GE 1118

1.6 AFFILIATED EMPLOYERS

	2018	2017
Number at 31 December of previous period	683	644
Entries	88	88
Exits	-6	-49
Number at 31 December	765	683



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ACTIVE MEMBERS AND PENSIONERS

2.1 ACTIVE MEMBERS

	2018	2017
Number at 31 December of the previous period	10 039	8 972
Entries	3 180	3 111
Exits	-2 429	-1 924
Retirements	-124	-110
Disabilities	-1	-4
Deaths	-4	-6
Number at 31 December	10 661	10 039

2.2 BENEFICIARIES OF PENSIONS

	31.12.18	31.12.17
Retirements	1 281	1 194
Children of retired	29	24
Disabled	230	238
Children of disabled	77	75
Spouses	316	326
Orphans	29	34
Total	1 962	1 891

The number of pension beneficiaries changed as follows in the course of 2018:

	Number at 31.12.17	New cases	Transfers to another PF	Deaths	End of entitlement	Number at 31.12.2018*
Retired persons	1 194	122	0	-35	0	1 281
Children of retired	24	8	0	0	-3	29
Disabled	238	11	0	0	-19	230
Children of disabled	75	11	0	0	-9	77
Spouses	326	14	0	-24	0	316
Orphans	34	9	0	0	-14	29
Total	1 891	175	0	-59	-45	1 962

* including 199 beneficiaries whose pension was reinsured at 31.12.2018 (31.12.2017 : 202)



3

APPLICATION OF THE PURPOSE

3.1 EXPLANATION OF THE PENSION PLANS

In order to achieve its objectives, the Foundation has established pension regulations common to all those affiliated. The pension plan proper to each affiliated company describes the insured benefits chosen by the company.

3.2 FINANCING, METHODS OF FINANCING

The financing of contributions varies from one affiliate to another and is defined by the pension plan proper to the affiliate.

3.3 OTHER INFORMATION ON THE ACTIVITY OF THE PENSION PLAN INSURANCE

At its meeting of 24 January 2019, the Board of Trustees decided to refrain from adjusting pensions to inflation for 1 January 2019.



4

PRINCIPLE FOR VALUATION AND PRESENTATION OF THE ACCOUNTS, PERMANENCE

4.1 CONFIRMATION ON THE PRESENTATION OF THE ACCOUNTS AS PER THE SWISS GAAP RPC 26

The Foundation's accounts have been established and presented in compliance with the standard Swiss GAAP RPC 26.

4.2 ACCOUNTING AND VALUATION PRINCIPLES

Investments: The valuation of securities is based on the market value at the date of the balance sheet or the last known NAV. Due to the accounting principle adopted (market value), the gains/losses resulting from the annual valuations to draw up the balance sheet are posted separately to avoid confusing them with the gains/losses on securities sold during the accounting period, which are operations requiring a cash flow.

Foreign currencies: Revenues and charges in foreign currencies are converted at the exchange rate of the day. Assets and liabilities in foreign currencies appear on the balance sheet at the end-of-year exchange rate (bank rate): USD 0.9858, EUR 1.1270 and GBP 1.2556. Resulting losses or gains are posted on the profit and loss account.

Direct properties in Switzerland: These have been valued at their yield value, which is based on the capitalisation that is realisable on a sustainable basis, more precisely the dynamic rental status. The discount rate of each property is set in function of factors recognised by qualified assessors and real estate experts, namely the location, level of maintenance and the vacancy rate. The discount rate at 31.12.2018 was between 5.0% and 8.5%.

Direct properties abroad: The value on the balance sheet corresponds to the cost of acquisition.

Real estate in lifetime annuity: The value on the balance sheet corresponds to the cost of acquisition, taking into account the current value of the lifetime annuity and the right of occupation, but at most at the market value for a comparable property.

Mortgage loan: The valuation of the mortgage loan is made at nominal value.

Other assets: The valuation of other assets is made at nominal value.

Other liabilities: The valuation of other liabilities is made at nominal value.

Tangible and intangible assets: This concerns IT material, office furniture and IT licences, posted at their current value then amortised in linear fashion over a period of 3, 5 and 10 years. These assets are included in accruals and deferrals, assets.

4.3 MODIFICATION OF THE PRINCIPLES FOR ACCOUNTING, VALUATION AND PRESENTATION OF THE ACCOUNTS

As at 31 December 2018, a foreign currency investment fund, hedged in CHF, was reclassified as «Bonds in CHF». As at 31 December 2017, this same investment fund was classified under «Bonds in FC». The 2017 figures were also reclassified.

At the balance sheet date, it was decided to group together results for exchange operations. In 2017, part of these results were presented in liquidities.



5

COVER OF RISKS / TECHNICAL RULES / DEGREE OF COVER

5.1 NATURE OF THE COVER OF RISKS, REINSURANCES

In 2018, the Foundation was fully reinsured through a comprehensive reinsurance contract covering death and disability risks, with the company Zurich Life Insurance, for a period of 5 years, from 1 January 2015.

The risk premium is based on a flat-rate premium. This contract is concluded with a participation in the risk-related surpluses, which are calculated every 5 years.

5.2 EXPLANATION OF ASSETS AND LIABILITIES ON INSURANCE CONTRACTS

The Foundation possesses assets and liabilities with 3 insurance companies (Bâloise for CHF 18'852'016, Zürich for CHF 12'302'365 and SwissLife for CHF 170'373), for a total amount of CHF 31'324'754 (at 31.12.2017: 30'389'165). Bâloise et SwissLife result from previous insurance contracts.

5.3 DEVELOPMENT OF THE COVER CAPITAL FOR ACTIVE INSURED WITH DEFINED CONTRIBUTION PLANS

	2018 CHF	2017 CHF
Balance at 1 January of pension insurance capital of active insured	910 311 332	793 748 720
Retroactive dissolutions or Art. 17 LFLP	-1 631 087	-3 549 114
Savings contributions	81 685 843	73 538 686
Other contributions and buyback contributions	15 105 347	13 311 523
Vested benefits paid in	152 515 179	132 506 370
Distribution of disposable funds	1 551 659	261 529
Reimbursement of payments for home ownership / divorce	2 790 306	813 978
Vested benefits in case of exit	-99 556 971	-68 825 539
Payments for home ownership / divorce	-6 180 721	-7 358 290
Dissolution due to retirements, deaths and disabilities	-48 076 557	-40 833 723
Remuneration of pension insurance capital	14 167 684	16 606 991
Attributions of exit benefits (Art. 17 LFLP)	69 994	90 201
Total pension insurance capital of active insured	1 022 752 008	910 311 332

For insured persons still active on 1 January 2019 and for the reference period from 1 January 2018 to 31 December 2018, the interest allocated to the savings accounts of the active insured, the insured with incapacity to earn and the disabled exited on 31.12.2018 has been calculated on the regulatory retirement assets at a rate of 1.5 % (2.00% in 2017).

For insured persons who exited during 2018, the interest allocated up to the exit date has been calculated at the LOB rate on the whole of the retirement capital.

5.4 TOTAL RETIREMENT CAPITAL AS PER LOB

	31.12.18	31.12.17
	CHF	CHF
Retirement capital as per LOB (pilot accounts)	471 591 096	419 260 941
Minimum LOB interest rate set by the Federal Council	1%	1%

5.5 EVOLUTION OF THE COVER CAPITAL FOR PENSIONERS

A - Evolution and remuneration of savings capital of disabled	2018	2017
Balance of savings capital at 1 January	24 993 116	24 818 686
Allocation provision for Art. 17 LFLP	4 269	24 581
Transfer of freed-up capital	674 896	268 286
Savings contributions	1 273 546	1 083 683
Vested benefits paid in	3 122 548	1 355 476
Distribution of disposable funds	98 236	39 830
Remuneration of pension insurance capital	402 028	475 200
Dissolution savings capital	-2 485 368	-3 072 626
Savings capital of disabled at 31.12	28 083 271	24 993 116

B - Mathematical reserves of pensioners	2018	2017
Balance of pension insurance capital at 1 January	498 964 008	485 847 542
Transfer of savings capital to pensioners	35 928 009	34 187 838
Inflow of pension insurance capital from new affiliated companies	12 741 534	257 822
Modification related to new number of insured at 31.12	-29 618 307	-21 329 194
Mathematical reserves of pensioners at 31.12	518 015 245	498 964 008

C - Mathematical reserves for pensions AVS bridge	2018	2017
Balance of pension insurance capital at 1 January	535 116	650 556
Modification related to new insured numbers status at 31.12	-87 715	-115 440
Mathematical reserves for pensions AVS bridge at 31.12	447 401	535 116

D - Mathematical reserves of disabled	2018	2017
Balance of pension insurance capital at 1 January	43 698 122	58 222 961
Inflow of RM disabled of new affiliated companies	1 396 849	589 010
Modification related to new insured numbers status at 31.12	8 265 904	-15 113 849
Mathematical reserves of disabled at 31.12	53 360 875	43 698 122

E - Mathematical reserves for survivors	2018	2017
Balance of pension insurance capital at 1 January	70 264 288	73 214 713
Modification related to new insured numbers status at 31.12	-2 744 368	-2 950 425
Mathematical reserves for survivors at 31.12	67 519 920	70 264 288
Mathematical reserves of pensioners (A+B+C+D+E) at 31.12	667 426 712	638 454 650

5.6 RECAPITULATION, EVOLUTION AND EXPLANATION OF TECHNICAL PROVISIONS

A - Provision for longevity	2018	2017
Balance of the provision for longevity at 01.01	1 173 000	0
Modification related to the new insured numbers status at 31.12	1 593 000	1 173 000
Provision for longevity at 31.12	2 766 000	1 173 000
B - Provision for non-actuarial conversion rate	2018	2017
Balance provision for non-actuarial conversion rate at 01.01	29 681 000	27 054 000
Modification related to regulatory changes	-2 005 000	0
Modification related to new insured numbers status at 31.12	967 000	2 627 000
Provision for non-actuarial conversion rate at 31.12	28 643 000	29 681 000
C - Provision for fluctuation of risks	2018	2017
Balance provision for fluctuation of risks at 01.01	1 235 000	4 406 000
Modification related to new insured numbers status at 31.12	- 256 000	-3 171 000
Provision for fluctuation of risks at 31.12	979 000	1 235 000
D - Special technical provision for affiliates	2018	2017
Balance special technical provision for affiliates at 01.01	652 360	608 469
Increase related to "special risks" contributions	44 697	43 891
Inflow of special technical provision for affiliates	16 213	0
Special technical provision for affiliates at 31.12	713 270	652 360
Total of technical provisions (A+B+C+D) at 31.12	33 101 270	32 741 360

The provision for longevity serves to finance the increase in the pension insurance capital of pension beneficiaries due to a change in the actuarial tables. This provision was fully dissolved on 31.12.16 following a change of table (from LOB 2010 to LOB 2015). It has again been funded since 2017.

The provision for non-actuarial conversion rate is constituted in order to maintain the conversion rate as stable as possible over time. It is fixed on the basis of the possible retirement cases during the following five years, considering 75% of the additional pension insurance capital required to cover the difference between the pension effectively provided at the conversion rate determined by the Foundation and a pension based on the conversion rate in line with the technical bases used. This approach is based on the estimation that 25% of retirement benefits are taken in the form of capital.

The provision for fluctuation of risks is intended to mitigate in the short term the unfavourable fluctuations of disability and death risks for the active insured, by taking into consideration, as appropriate, the existing reinsurance cover. In view of the reinsurance contract concluded with Zurich Assurances as of 01.01.2015, the provision for fluctuation of risks is constituted for incapacities to earn that occurred before 01.01.2015. To this is added the amount necessary to cover the possible costs as a result of unknown cases taken over by Lloyds in 2014 and for which a special premium had been billed at the time. The significant reduction of this provision since 31.12.2016 is explained by the signature of an amendment to the contract with Zurich Assurances, which provides for the total cover of the exemption from contributions, including when the case does not result in a disability, as well as by the reduction of the cost of latent claims of Lloyds due to the passing of time as a result of which some of the insured persons concerned reached retirement age, respectively the reduction of the probability that these cases arise for the other insured persons.

The special technical provision for affiliates is destined to finance special benefits offered by the pension plans of certain affiliates. At 31.12.2018, this provision was constituted for the financing of the AVS bridge pensions of a pension fund and was fed by the contribution for special risks paid by the employer.

5.7 RESULTS OF THE LAST ACTUARIAL APPRAISAL

The expert in occupational pension insurance carried out an actuarial appraisal on 31.12.2018, the conclusions of which are as follows:

"In our capacity as approved expert of the Fondation according to Article 52e LOB, we attest that:

- The degree of cover as per Article 44 OBB2 amounts to 105.3 % at 31.12.2018, an decrease compared to 31.12.2017. The Foundation offers at this date the guarantee that it can meet its financial commitments.
- The regulatory provisions of an actuarial nature and relating to the benefits and financing comply with the legal provisions. We consider that the level of financing is sufficient.
- The technical interest rates are in accordance with our recommendations and were within the limits permitted by the DTA 4 of the Swiss Chamber of Pension Fund Experts CSEP at 31.12.2018.
- The technical provisions are constituted in line with their purpose. Nevertheless, the Foundation has a limited capacity for risk, as long as the reserve for securities fluctuations is not fully reconstituted.
- The target level of the value fluctuations reserve is adequate. At 31.12.2018, the value fluctuations reserve reached 36.8% of its target level.

We recommend that the Board of Trustees:

- Continue the policy of limiting the take-over of pensioner numbers as long as the weighting of pension beneficiaries in the whole of the Foundation's commitments is higher than the limit of 35%;
- Review with the reinsurer the reinsurance premium rate for 2019 in view of the new affiliations, as well as the contract renewal planned for 01.01.2020."

5.8 TECHNICAL BASES AND OTHER SIGNIFICANT ASSUMPTIONS ON THE ACTUARIAL LEVEL

The technical bases used to calculate the pension insurance capital of pensioners and the technical provisions are the (periodical) LOB 2015 actuarial tables with a technical rate of 2.5%. For beneficiaries of pensions who are not attached to an affiliated employer, it is the (generational) LOB 2015 actuarial tables with a technical rate of 1.6% at 31.12.2018 that are used (as at 31.12.2017).

5.9 DISPOSABLE FUNDS OF AFFILIATES

	2018 CHF	2017 CHF
Balance of disposable funds of affiliates at 1 January	1 874 359	1 635 950
Constitution of disposable funds of affiliates	1 771 102	551 740
Dissolution of disposable funds of affiliates	-1 781 984	- 313 331
Disposable funds of affiliates at 31 December	1 863 477	1 874 359

5.10 DEGREE OF COVER AS PER ART. 44 OBB2

	31.12.18	31.12.17
	CHF	CHF
Pension insurance capital of active insured	1 022 752 008	910 311 330
Pension insurance capital of pensioners	667 426 712	638 454 650
Technical provisions	33 101 270	32 741 360
Pension insurance capital necessary as per Art. 44 OBB2 (Cp)	1 723 279 990	1 581 507 340
Total assets on balance sheet	1 932 290 885	1 810 682 507
./. Debts and deferred liabilities	-112 286 965	-87 432 056
./. Employers' contribution reserve without waiver	-4 025 067	-4 547 480
./. Disposable funds of affiliates	-1 863 477	-1 874 359
./. Non-technical provisions	- 552 000	- 598 000
Pension insurance capital available as per Ar. 44 OBB2 (Fp)	1 813 563 376	1 716 230 612
Degree of cover (Fp/Cp)	105,24%	108,52%



6

EXPLANATIONS RELATED TO INVESTMENTS AND NET RESULT OF INVESTMENTS

6.1 ORGANISATION OF THE INVESTMENT ACTIVITY, INVESTMENT CONSULTANTS AND MANAGERS, INVESTMENT REGULATIONS

Securities depositaries

The Foundation's investments are placed with Credit Suisse, with the exception of a few investments placed with Fund Partner Solutions (Europe) SA Luxembourg, Livingbridge EP LLP Scotland, Montana Capital Partners Jersey OSP, Northern Trust Luxembourg, Investindustrial GB, Willowridge Partners, Inc. (fond Amberbrook VII) USA, Linden Capital Partners USA, Alinda Capital Partners Ltd USA, Astorg Partners SAS Luxembourg, Platinum Equity, LLC USA, G Square Healthcare Private Equity LLP Guernsey, Ufenau Capital Partners AG Luxembourg, Caisse d'Épargne de Nyon, Swiss Collective Pensions CY, Supre Real Estate Ltd CY, AGER Bermuda Holding Ltd and Brentwood Associates USA. At 31 December 2018, the management mandates for the securities portfolio were entrusted to Credit Suisse AG and UBS AG. These banks are subject to the FINMA.

Asset managers	Credit Suisse AG, Zürich UBS AG, Zürich
Management of the real estate portfolio	CBRE (Geneva) SA
Administration of properties	Régie du Rhône SA, Lancy et Privera SA, Genève
Investment Committee	Georges Jean-Bernard, President (since 06.03.2018) and member Izzo Mario, membre Kuchen Pascal, member (since 06.03.2018) Roch Claude, member (since 24.09.2018)
Investment Regulations	Entered into force 01.10.2018
Investment consultant (Private Equity)	Portolio Advisors, LLC, Zürich

6.2 UTILISATION OF EXTENSIONS (ART.50, PARA 4 OBB2)

In the context of the Investment Regulations, the Foundation has made use of the freedom afforded by the law to extend the possibilities for investment. The investment areas concerned are detailed in attachment 2.2 of the Investment Regulations. The necessary measures have been taken to ensure that the proper attention is paid to the choice, management and control of investments. The Board of Trustees has made certain in particular that the objectives of the pension insurance are attained, especially by adopting a management strategy that takes into account the assets and liabilities as well as the structure and foreseeable future evolution of the number of insured.

At 31.12.2018, we note a 5.9% overrun of the OBB2 limits for real estate. This overrun is authorised by the Investment Regulations, which define a maximum weighting of 55%.

The Board of Trustees took this decision with the following objectives:

- Increase real estate investments in an asset class that is stable in comparison with the volatility of the financial markets at the time;
- Ensure recurrent revenue higher than that of traditional fixed-income securities;
- Opt for real estate diversification abroad;
- Optimise the amount of the value fluctuation reserve thanks to a lower average volatility in function of overall assets.

Alternative investments overrun the OBB2 limits by 5.1%. The overruns are authorised by the Investment Regulations, which provide for a maximum weighting of 21% for alternative investments.

One real estate asset "Nyon, La Levratte 8-40", overruns the OBB2 limits by 0.66%. While constituting a homogeneous ensemble, this building is composed of seven individually assignable plots. The Investment Regulations stipulate that a single property may not exceed 10% of assets less borrowings. All the objects in the portfolio respect this limit.

These decisions by the Board of Trustees have been taken on the one hand to improve the diversification of the portfolio and the return expected in the long term, and on the other to avoid paying negative interest rates.

6.3 OBJECTIVES AND CALCULATION OF THE VALUE FLUCTUATION RESERVE

The new target level of the RSF corresponds to the provision that would be necessary for the probability of the Foundation going into an under-coverage position in the next three years to be lower than 2.5%. This implies a Value-at-Risk (VaR) with a security level of 97.5% and a three-year timeframe.

The target value of the value fluctuation reserve has been recalculated and amounted on 31.12.2018 to CHF 246 million. It is reconstituted at 36.7%.

	2018 CHF	2017 CHF
Balance at 1 January of the value fluctuation reserve	134 723 271	66 746 860
Increase/decrease due to the operating result	-44 439 884	67 976 410
Value fluctuation reserve at 31 December	90 283 386	134 723 271
Target value of the value fluctuation reserve	246 000 000	247 200 000
Insufficiency of the value fluctuation reserve	-155 716 614	-112 476 729

6.4 PRESENTATION OF INVESTMENTS BY CATEGORY

	31.12.18 CHF	31.12.17 CHF
Liquidities	60 840 757	51 816 002
Total liquidities	60 840 757	51 816 002
Exchange operation	621 626	0
Total exchange operation	621 626	0
Bonds in CHF (incl. investment funds - IFs)*	209 046 115	201 319 761
Bonds in foreign currencies (FCs) (incl. IFs)	42 875 490	43 059 931
Total bonds	251 921 605	244 379 692
Shares in CHF (incl. IFs)	265 187 667	286 084 365
Shares in FCs (incl. IFs)	254 345 660	277 722 921
Total shares	519 533 327	563 807 286
Total mortgage investment funds	0	19 941 104

*Bonds in foreign currencies include an investment fund in FC hedged in CHF for an amount of CHF 39'881'875 at 31.12.2018 (at 31.12.2017: 37'420'350).

Non-traditional investments CHF	133 539 765	110 277 376
- incl. Hedge Fund	40 268 823	21 099 273
- incl. Private Equity	93 270 942	89 178 103
Non-traditional investments FC	254 361 252	202 358 345
- incl. Private Equity	61 449 940	28 743 019
- incl. Senior Loan Funds	50 196 998	49 860 209
- incl. Trade Finance	107 401 795	99 972 722
- incl. Infrastructure	5 423 813	2 777 206
- incl. Mortgage loan	5 766 930	5 700 825
- incl. Advance on real estate investment abroad	0	11 585 453
- inc. Commodities	19 613 738	0
- incl. Others	4 508 038	3 718 911
Total non-traditional investments	387 901 017	312 635 721
Swiss real estate	571 192 432	517 905 120
- inc. Direct	531 534 468	485 088 891
- incl. Under construction**	19 183 874	17 247 139
- incl. Life annuity***	20 474 090	15 569 090
Foreign real estate	121 980 567	85 658 527
- inc. direct	11 719 794	-
- incl. indirect	110 260 773	85 658 527
Total real estate	693 172 999	603 563 648
Employer contribution claims	7 989 267	4 368 569
Other claims CHF	10 310 287	10 170 486
Total assets	1 932 290 885	1 810 682 507

**In 2018, Copré invested in two properties, under construction at the closing date, and put down a deposit totalling CHF 9'100'000.00. In addition, a commitment of CHF 17 million to purchase a property over time was finalised in 2018 (direct Swiss real estate).

***Concerning property in life annuity commitment, Copré acquired in 2018 three objects in French-speaking Switzerland for an amount (cash out, costs included) of CHF 3'097'365. Unlike the other properties, the balance sheet value of an object acquired in life annuity commitment is equivalent to the acquisition cost, taking into consideration the current value of the life annuity and the right of occupation (respectively CHF 2'527'671 and CHF 6'715'861 at 31.12.2018) for a total of CHF 9'243'532, booked on the balance sheet as debts. Of the 17 properties acquired in life annuity commitment, 10 were the object of a monthly life annuity pension at the closing date.

6.5 PRESENTATION OF INVESTMENTS ACCORDING TO STRATEGIC ALLOCATION AND CONTROL OF OBB2 LIMITS

		31.12.18		31.12.17
	effective %	strategic allocation	Adjustment margins	effective %
Liquidities	3,1%	2,0%	0% - 40%	2,9%
Exchange operation	0,0%			
Bonds in CHF	10,8%	12,0%	6.5% - 19%	9,1%
Bonds in FCs	2,2%	4,0%	2% - 6%	4,4%
Bonds	13,0%	16,0%	8.5% - 25%	13,5%
Shares in CHF	13,7%	16,0%	7% - 20%	15,8%
Shares in FCs	13,2%	16,0%	7% - 20%	15,3%
Shares	26,9%	32,0%	14% - 40%	31,1%
Mortgage investment funds	0,0%	0,0%	0% - 0%	1,1%
Non-traditional investments	20,1%	15,0%	7.5% - 21%	17,3%
Swiss real estate	29,6%	30,0%	17.5% - 49%	
Foreign real estate	6,3%	5,0%	2.5% - 7%	
Real estate	35,9%	35,0%	20% - 55%	33,3%
Other claims	0,9%			0,8%
	100,0%	100,0%		100,0%

Overall limits, as per Investment Regulations:	2018	effective	Overall limits	2017 Effective
Company shares or investment funds invested in commodities (shares)	19 613 738	1,0%	5,0%	0,0%
Company shares or investment funds invested in emerging markets	22 222 194	1,2%	15,0%	1,5%

Total exposure in foreign currency, net of exchange cover	525 605 730	27,2%	40,0%	30,7%
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Control of limits as per Art. 55 OBB2:

	31.12.18	31.12.17	limites OPP2
Property deeds and liens	0,0%	1,1%	50,0%
Shares	26,9%	31,1%	50,0%
Real estate	35,9%	33,3%	30,0%
Non-traditional investments	20,1%	17,3%	15,0%
Total exposure in foreign currency, net of exchange cover	27,2%	30,7%	30,0%

The individual investment limits as per Article 54a and 54b are respected with the exception of the properties held in Nyon, which exceeds the individual limit of 5% by 0.66%.

The mortgage debt of CHF 20 million represents about 2.89% of the real estate assets and about 1.04% of total assets. The average interest paid on 31.12.2018 was 3.34 %. The spread of due dates is presented under point 7.5. At 31 December 2017, mortgage debt was CHF 30 million and represented about 4.97% of real estate assets, with an average interest of 3.28% paid on 31.12.2017.

6.6 DERIVATIVE FINANCIAL INSTRUMENTS (OPEN)

At 31 December 2018, the derivative operations open were as follows:

Produit	Term	Price at maturity	Value on 31.12.2018	Valuation at contract's end	Unrealised result at 31.12.2018
Swaps USD/CHF - USD 50'000'000	07.01.19	0,985525	48 961 250	49 276 226	-314 976
Swaps USD/CHF - USD 50'000'000	06.02.19	0,982755	49 581 300	49 137 775	443 525
Swaps USD/CHF - USD 50'000'000	28.02.19	0,980718	49 529 000	49 035 923	493 077
			148 071 550	147 449 924	621 626

At 31 December 2017, open derivatives (sales of call options) came to CHF -33'006'732.

6.7 OPEN COMMITMENTS OF CAPITAL

At 31 December 2018, open commitments of capital came to:

Private Equity:	USD	50 256 593	CHF	49 357 000
	EUR	53 616 129	CHF	60 346 562
	GBP	881 578	CHF	1 104 000
Infrastructure:	USD	4 819 520	CHF	4 733 251
			Total	115 540 813

At 31 December 2017, open commitments of capital came to CHF 130'663'730.

6.8 RETROCESSIONS

A total of CHF 194'455 of retrocessions has been noted for the 2018 period (2017: CHF 97'107).

6.9 EXPLANATIONS OF THE NET RESULT OF INVESTMENTS

	2018	2017		
	returns CHF	results CHF	total CHF	total CHF
Liquidities	- 314 603	0	- 314 603	- 242 383
Money market	0	0	0	- 57 862
Swiss bonds	1 898 172	-1 592 921	305 251	227 364
Foreign bonds in CHF	1 568 158	-2 180 528	- 612 370	- 942 137
Foreign bonds in FCs	998 622	- 828 947	169 675	3 667 642
Swiss shares	6 475 800	-32 133 169	-25 657 369	50 064 042
Foreign shares	5 784 818	-27 854 244	-22 069 426	48 990 426
Options on shares	0	4 861 827	4 861 827	-30 689 495
Mortgage investment funds	223 469	- 14 191	209 278	- 58 877
Non-traditional investments	3 218 768	24 783 519	28 002 287	23 274 404
Exchange cover	0	-7 226 682	-7 226 682	- 4 289 979
Shares			- 22 332 132	89 943 145
Real estate investment funds				
Foreign real estate investment funds	2 289 170	- 531 338	1 757 832	8 846 850
Property acquired in life annuity				
Acquisition costs	- 187 365	0	- 187 365	- 154 350
Results realised on life annuities	0	- 65 823	- 65 823	1 611
Direct real estate				

Operating revenues	25 428 236	0	25 428 236	24 956 631
Operating costs	-5 690 494	0	-5 690 494	-4 636 391
Mortgage interest	- 779 125	0	- 779 125	-1 037 500
Revaluation*	0	5 634 991	5 634 991	-16 596 679

Real estate investment funds

Asset management costs billed directly to the PF (point 6.11)			-5 006 090	-5 972 045
Costs calculated for collective investment funds (TER)			-9 364 203	-8 680 052

Asset management costs

Retrocessions			150 515	194 455
Penalty interest on benefits paid			- 392 600	-197 028

NET RESULT OF INVESTMENTS

-10 846 258 86 668 646

*The loss at 31 December 2017 came to CHF 15'386'828, related to the change in the valuation method of buildings, as well as CHF -31'983'507, which primarily corresponds to the changeover to the accounting value of buildings acquired in 2016.

6.10 PERFORMANCE OF INVESTMENTS

According to the depository of the securities, the performance realised on the whole of the investments during the 2018 financial period was -0.55%, as against 5.26% for the 2017 financial year.

-0.55 %, as against 5.26% during the 2017 period.

6.11 PRESENTATION OF THE TRANSPARENCY RATE ON COSTS

	31.12.18 CHF	31.12.17 CHF
Total investments	1 923 434 954	1 803 088 071
Non-transparent investments (as per detail below)	67 025 055	11 019 957
Transparent investments	1 856 409 899	1 792 068 114

Collective investments where costs are not known (non-transparent investments as per Art. 48a, para 3 OBB2):

ISIN	Supplier	Name of product	Name of product	Market value CHF
LU1075172277	Gefcare Real Estate Fund	TSC Gef R Est AOD	10 000,00	11 350 603
LU0880684328	Berlin Residntial	TSC Fund SICAV-SUF	6 545,40	9 860 413
IE00BV9G3B70	Akt. III Guggenheim Qualif.	Guggenheim Qualif. Investor	92 515,50	10 299 946
XFO040825386	Segregated PortCell 05	Segregated PortCell 05 *	400,00	4 508 038
INT2126	Alinda III	Alinda III	5 266 749,00	5 423 813
INT2532	-	Ant Summit Part. Euro Growth *	322 692,00	1 363 594
INT2533	Apollo AGER/ Athora	Apollo AGER/ Athora	12 859 820,00	14 648 980
INT2534	-	Parts Glendower Capital *	1 394 661,57	1 404 382
INT 2535	-	Akt Insight Venture X *	2 460 000,00	2 434 732
INT 2538	-	Ant Linden Capial IV-A LP *	287 894,57	289 171
INT2539	-	Ant MPC IV LP *	619 226,02	697 874
INT2110	-	Parts Linden Capital II-A- LP	3 717 912,02	4 743 509
				67 025 055

*These funds were issued in 2018; the TER are not known yet.

	2018	2017
Transparency rate on costs	96,5%	99,4%

6.12 EXPLANATIONS OF ASSET MANAGEMENT COSTS

	31.12.18 CHF	31.12.17 CHF
Administrative costs of investments	-5 006 090	-5 972 045
Consultancy fees	- 13 682	-34 306
Asset management fees	-2 240 626	-2 334 294
- incl. asset management costs Supre Ltd	- 4 529	- 2 977
- incl. asset management costs Supre Real Estate	- 52 469	- 61 589
- incl. asset management costs Swiss Collective Pension	0	- 2 714
- incl. asset management costs Dionysos Consulting AG	0	- 32 076
Transaction costs	- 596 389	-1 609 541
Cost of bookkeeping by Credit Suisse	- 23 963	- 24 030
Property management fees	- 985 208	- 984 722
Fees for property management and consultancy	-1 034 390	- 930 070
Management fees for properties in life annuity commitment	- 57 963	- 36 750
Other financial costs	- 53 869	- 18 332
Sum of costs calculated on the basis of the TER	-9 364 203	-8 680 052
Sum of TER costs (communicated by Credit Suisse)	-9 364 203	-8 680 052
Total asset management costs booked	-14 370 293	-14 652 097
Total transparent investments (point 6.11)	1 856 409 899	1 792 068 114
Transparency rate on costs	0,77%	0,82%

6.13 MARKET VALUES AND CO-CONTRACTING PARTIES IN SECURITIES LENDING

Nil

6.14 EXPLANATION OF INVESTMENTS WITH EMPLOYERS AND OF THE EMPLOYERS' CONTRIBUTION RESERVES

	31.12.18	31.12.17
	CHF	CHF
Employer contribution claims, gross	8 308 467	4 460 369
Provision for losses on employer claims	- 319 200	- 91 800
Employer contribution claims, net	7 989 267	4 368 569
Balance of the employers' contribution reserve at 1 January	4 547 480	4 558 726
Inflows in the employers' contribution reserve	556 122	1 238 986
Use of the employers' contribution reserve	-1 078 535	-1 250 232
Total employers' contribution reserve	4 025 067	4 547 480

The term "employers' contribution reserve" is understood as the current account of each company affiliated to the Foundation. Most of these contributions were paid up during the first quarter of 2019. Contributions still outstanding are the object of regular follow-up.

6.15 EXERCISE OF VOTING RIGHTS

Copré does not hold shares directly, so no exercise of voting rights is necessary.



7

EXPLANATIONS RELATING TO OTHER ITEMS ON THE BALANCE SHEET AND OPERATING ACCOUNT

7.1 EXPLANATION OF THE ITEM «CONTRIBUTIONS»

	31.12.18 CHF	31.12.17 CHF
Savings bonuses	82 710 346	74 636 235
Contributions to cover risks disability and death	12 011 359	10 963 880
Contributions to the guarantee fund	376 211	342 009
Contributions for administrative costs	2 654 793	2 447 016
Contributions for adaptation of pensions to inflation	934 921	934 089
Total of contributions, gross	98 687 630	89 323 228
i.e.:		
Contributions of employees	39 014 127	36 198 576
Contributions of employers	59 673 503	53 124 652

7.2 EXPLANATION OF THE ITEM «DEBTORS»

	31.12.18 CHF	31.12.17 CHF
Current account anticipatory tax	1 454 356	2 576 051
	1 454 356	2 576 051

7.3 EXPLANATION OF THE ITEM «ACCRUALS AND DEFERRALS, ASSETS»

	31.12.18 CHF	31.12.17 CHF
Accrued interest	89 249	95 840
Properties rent to be received	565 131	413 897
Benefits to be received from the reinsurer	119 988	15 931
Vested benefits to be received	256 547	8 872
Employer buybacks to be received	0	74 366
Risk premium paid in advance	6 828 547	5 694 963
Invoices paid in advance	276	63 401
Retrocessions	41 065	180 918
Revenue on securities investments to be received	223 469	217 133
Tangible assets	312 677	381 584
Intangible assets	372 901	400 159
Miscellaneous	46 081	47 370
Total of item "accruals and deferrals, assets"	8 855 931	7 594 435

7.4 EXPLANATION OF THE ITEM «ACCRUALS AND DEFERRALS, LIABILITIES»

	31.12.18	31.12.17
	CHF	CHF
Amounts to be reimbursed	4 620	4 620
Salaries to be paid	0	894
Pension insurance capital received in advance	35 845 904	14 350 000
Buybacks received but not allocated	0	59 000
Vested benefits received	1 199 376	27 277
Vested benefits received in advance	949 756	863 599
Contribution cashed in advance	0	33 169
Various fees to be paid	100 200	65 000
Interna - various charges to be paid	0	35 168
Balance commission costs to be paid	996 573	1 009 822
Properties rent received in advance	164 274	83 451
Benefits received in advance from the reinsurer	1 157 470	794 242
Various invoices to be paid	304 104	141 254
Securities management costs to be paid	160 235	226 250
Disposable funds to be returned	227 862	0
Properties - various charges to be paid	29 309	3 168
Mathematical reserve received for a pending disability case	351 868	0
Death benefits to be paid to the reinsurance	646 861	0
Interna - various charges to be paid	0	203 718
Total of item "accruals and deferrals, liabilities"	42 138 412	17 900 633

7.5 EXPLANATION OF THE ITEM «MORTGAGE DEBTS»

The detailed breakdown of the mortgage debts with Credit Suisse at 31 December 2018 is as follows:

	Amount in CHF	Interest rate	Start of contract	Due
Fixed-rate mortgage	10 000 000	3,60%	31.03.07	30.03.22
Forward fix mortgage	10 000 000	3,20%	28.04.09	28.04.19
Total mortgages	20 000 000			

7.6 NON-TECHNICAL PROVISIONS

This concerns one-time administration costs that were invoiced in 2016 as a result of taking over the management of a portfolio of pensioners not attached to an employer. They will be amortised over a total period of 14 years.

7.7 BREAKDOWN OF ADMINISTRATIVE COSTS

General administration	-4 381 776	-2 781 416
- Salaries and social security contributions	-2 903 090	- 359 736
- Running costs	-1 215 913	- 407 023
- Fees for administrative management, SRC	0	-1 753 691
- Fees for Dionysos Consulting SA	0	- 5 832
- Attendance fees of the Board and Committees (incl. charges)	- 209 543	- 135 419
- Fees for various mandates	- 53 230	- 119 716
Marketing and advertising	- 356 921	- 344 181
- Various costs for advertising & marketing	- 356 921	- 344 181
Brokerage	-3 213 581	-3 181 233
- Brokerage costs	-2 136 765	-1 981 233
- Commercialisation costs, Swiss Risk & Care SA	-1 076 816	-1 200 000
Auditing body and expert in occupational pension insurance	- 243 739	- 267 716
- Fees of the expert, Mercer SA	- 143 006	- 131 544
- Auditing fees, Ernst & Young SA	- 100 733	- 136 172
Supervisory authorities	- 16 565	- 19 797
- Cantonal supervisory authority	- 11 365	- 14 300
- High supervisory authority for occupational pension insurance	- 5 200	- 5 497
Total of the item "Administrative costs"	-8 212 582	-6 594 341



8

REQUESTS FROM THE SUPERVISORY AUTHORITY / HIGH SUPERVISORY COMMISSION

8. REQUESTS FROM THE SUPERVISORY AUTHORITY / HIGH SUPERVISORY COMMISSION

By letter of 23 April 2018, the ASFIP commented on the financial statements as at 31 December 2016. These comments have been taken into consideration for 2018. The financial statements for 31 December 2017 have not yet given rise to any comments by the supervisory authorities. Concerning the 2018 financial year, we answered all requests made.



9

OTHER INFORMATION RELATING TO THE FINANCIAL SITUATION

9.1 PLEDGING OF ASSETS

The mortgage notes pledged for the mortgage loans amounted to CHF 203'008'800.

A limit of CHF 200 million, guaranteed by the pledge of part of the securities on deposit, has been opened and allocated for bank guarantees, exchange cover operations and option operations.

9.2 OVERDRAFT / EXPLANATION OF MEASURES TAKEN (ART. 44 OBB2)

Néant

9.3 WAIVER OF USE BY THE EMPLOYER OF THE EMPLOYERS' CONTRIBUTION RESERVE

Néant

9.4 PARTIAL LIQUIDATIONS

Néant

9.5 LEGAL PROCEEDINGS UNDERWAY

Néant

9.6 OTHER INFORMATION

Internalisation

In line with the decision of the Board of Trustees communicated at the General Assembly of 31 May 2016, Copré decided to internalise the administration and technical management, effective 1 January 2018. All costs inherent in this internalisation project are mentioned under a specific heading «Internalisation costs». This covers running costs, infrastructure, licences and customising, development and consulting.

Creation of companies

The company Supre Ltd, Cayman Islands, was created in 2015 as a «tax blocker» for investments, principally in Private Equity, carried out in the United States. It is wholly owned by Copré.

The company Swiss Collective Pension Ltd, Cayman Islands, was created in 2016 for the purpose of granting a mortgage loan of USD 5'850'000 to the company HHG PX Cayman LTD. A mortgage note of the same amount guarantees the loan. This company is wholly owned by Copré.

The company Supre Real Estate Ltd, Cayman Islands, was created in 2016 for the purpose of acquiring 50 lots of the Margarita Ville Beach Resort, Grand Cayman. It is wholly owned by 100% à Copré.



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EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

10. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

None



TRANSLATION OF THE FRENCH REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS



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To the Foundation Board of

La Collective de Prévoyance – COPRE, Carouge

Lancy, 12 April 2019

Translation of the French report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of La Collective de Prévoyance – COPRE, which comprise the balance sheet, operating accounts and notes (pages 10 to 49), for the year ended 31 December 2018.

Foundation Board's responsibility

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

Responsibility of the expert in occupational benefits

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

Auditor's responsibility

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

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



Opinion

In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law and with the foundation's deed of formation and the regulations.

Report on additional legal and other requirements

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

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

We have assessed whether:

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

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

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

Ernst & Young Ltd



Blaise Wägli
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Stefanie Ajilian
(Qualified
Signature)

Licensed audit expert



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