

## Report of the Board of Trustees 2011

2011 was another disappointing year for returns on investments in securities. The economic realities that we have been able to follow in the media throughout the year are reflected in our Foundation's profit and loss accounts, with a slightly positive global return (+ 1%). Although this result does not allow us to remunerate the pension accounts of our insured more generously, we are nevertheless relieved not to have suffered more severely from the downturn in the markets. Our significant allocation in real estate assets has once again enabled us to maintain a certain balance.

In this difficult macro-economic context, your Board has been obliged to take some important decisions in January 2012. It has decided to follow the directive of the Swiss Chamber of Pension Actuaries and the current observed trend, by lowering the technical rate from 4 to 3.5% at the expense of a reduction in the cover rate. It has also been obliged to take into account the increase in longevity, by adapting the conversion rate (currently 7%) to the legal rate of 6.8% as from 1 January 2014. On the other hand there will be no splitting of this rate. Wishing to maintain a degree of cover at 100%, your Board has also decided to credit the accounts of the insured with the balance available, i.e. 0.75% on the total of the capital (of which 2% on the LOB pilot accounts). After lengthy deliberations, your Board has decided to favour the solidity of the balance sheet over a higher remuneration of pension fund assets. As a savings account scarcely earns the equivalent of this rate (net of costs), we are confident that our insured will approve our choice. Furthermore, the replacement of the actuarial tables « EVK 2000 » by « LOB 2010 » has led to some rate adjustments.

In the area of reinsurance, the decision taken in 2009 to move to a « stop-loss » insurance continues to be a good solution.

Our CRISP project - the reduction of Costs and Risks, enhancement of our Image, Systems and Benefits - continues to be the focus of your Board's preoccupations.

The company SPG Intercity Geneva SA has audited, on a free of charge basis, the functioning of the management of the real estate assets, and we wish to thank them for their work. The conclusions proved to be generally positive. In fact, the structure adopted by Copré for managing its real estate assets corresponds to that chosen by an increasing number of institutional owners. Certain improvements in procedures have been suggested, as well as the renegotiation of certain rates. The implementation of these recommendations is currently under way.

The Investment Committee follows closely the results of our securities asset managers and has on several occasions suggested favouring an index-related management approach, based on reference indices, and less onerous. This subject gave rise to much debate within your Board, and is not yet closed.

In addition, we continue to work on our « Image », by providing as much information as possible on our website, in our newsletters and through our visual campaign « The strength of balance ».

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The « Systems » are also under review, and we are happy to announce that our administrator Hpr has officially established an SCI (Internal Control System) as of 2012.

Finally, our commercial team strives to offer « Benefits » that are increasingly interesting and in line with the evolution of the market.

With respect to new members, the positive trend of recent years continues, with the number of companies having increased by 13.4% (+ 46) and the number of insured by 4.6%. (+ 257). Regarding pension fund capital, this has risen by 16.2%. In particular, Copré welcomed 11 former members of the collective foundation Genesisia on 1.7.2011.

It is gratifying to note that the advantages of Copré continue to convince, and that its functioning and ability to resist the turbulences of the markets remain intact.

Your Board also remains attentive to the trends observed in the 2nd pillar market, especially to the phenomenon of the concentration of small-sized players. However, it is difficult to evaluate the real interest of such concentrations. In 2012 Copré began a collaboration with « PensExpert SA », which offers interesting individualised solutions for salaries exceeding CHF 125,280. Other options are being studied. In all these discussions, your Board's objective remains the interest of the affiliates (economies of scale, reduction of risks).

With the technical decisions taken at the beginning of the year, we expect Copré to be ready to confront the challenges of the future. One only hopes that the financial markets will be favourable to us.

We are convinced that our power lies in balance!

For the Board of Trustees

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