

REPORT OF THE BOARD OF TRUSTEES 2015

Copré continues to develop, with a balance sheet progression of 22 % to reach CHF 1.3 billion at 31.12.2015. We welcomed 114 new affiliated employers (+12 % net) and over 1,000 new insured persons (+14 %). The average age remains stable at 38.8, thus favourable, and the age structure remains atypical with a surplus of young women. We are increasingly asked to take on the pensioners not attached to an employer, and as a security measure we only proceed on the basis of a prudent technical rate.

A few years ago, your Board reflected on the direction our Foundation should take - in other words remain a small Foundation or grow to reach a larger size. Your Board chose the second option: to develop so as to better control our costs and risks. We allocated the resources necessary for this development. Let us note in particular the excellent work performed by the sales team of Hpr in attaining the size we have today. The deliberations initiated several years ago led to the decision to internalise administrative and technical management in creating our own structure. This solution has long been envisaged, and having attained the first billion under management at the end of 2014, your Board considered that the time had come. We would like to underline that this decision in no way reflects any dissatisfaction with our collaboration with Hpr, with whom we have enjoyed working successfully for more than 12 years, but rather the need to take our destiny into our own hands and fully recognise that the Foundation has become sufficiently large to acquire its total independence. This is a major project, and we have engaged a project manager, Mr René Märki, who took up his post on 18 April last. The internalisation process will last for many months to come, and the transfer is planned for the beginning of 2018. The goal pursued is independence, the control of risks and costs while maintaining a Foundation that is efficient, resolutely forward-looking and capable of adapting rapidly to an increasingly changing environment. The long-term objective will also be to have even more effective interfaces, relieving you of a major part of the data entry work on the «one-stop-shop» model, long desired by many.

Our collaboration with Hpr / Swiss Risk & Care for the commercial part has been decisive for our growth and has only intensified throughout 2015, with highly satisfactory results that we hope will continue over the years to come.

As you will note, the year 2015 led your Board to take some important decisions and our Investment Committee met on numerous occasions to guide the investments. Secure and profitable investments are becoming increasingly difficult to find. Sustained low interest rates (and negative rates) oblige us to seek assets other than bonds, in Private Equity, Trade Finance and foreign real estate, looking for above-average returns with a minimum of volatility. You will find more details on these questions in the Report of the Investment Committee.

The annual performance on the whole of the investments, amounting to 2.4%, made it possible to grant an interest rate of 2.25% on the total retirement assets (the minimum LOB interest rate was 1.75%), while closing the period with a degree of cover of 105%, calculated with a technical rate of 2.5%.

Another subject preoccupied your Board: the conversion rate. This point will certainly not have escaped you as it concerns, among other things, the project to revise the AVS and the LOB (Reform of Old-Age Provident Schemes 2020) proposed by Federal Councillor Alain Berset. This reform provides for a lowering of the conversion rate from 6.8% to 6.0% in 4 years, as the increase in life expectancy combined with the constant reduction in returns obliges the whole industry to address the question.

Historically Copré has maintained a relatively high conversion rate. With a favourable demographic ratio and superior performances, this was a service that Copré could reasonably afford to provide. However, this situation is becoming increasingly difficult to maintain. In the 2015 financial statements, you will note that 4 million were allocated to the provision for non-actuarial conversion rate, which is a third of the amount devoted to the interest rate distributed. This amount will increase every year. Your Board has therefore taken the painful but responsible decision to lower the conversion rate (without splitting) from 6.8% to 6.5%, spread over the period 2018 to 2020, which probably constitutes just the beginning, before we know the conclusion of the above-mentioned reform project.

We are proud of the Foundation's success, but nevertheless more than ever vigilant in our role as control. And, looking to the future, we are fully aware of the challenges that await us over the next few years.

For the Board of Trustees

Christina Rancic
Chairperson

