

REPORT OF THE BOARD OF TRUSTEES 2016

We are happy to inform you that your Foundation continues to progress. In fact the balance sheet has increased by 24% to reach 1.6 billion as at 31.12.2016, significantly exceeding the goal set.

This progression was achieved thanks to the 81 new company affiliates and the takeover of two entities of pensioners without employers. These pensioners were accepted with a technical rate lower than the technical rate of 2.5% currently in force for Copré, so as to dispose of a higher margin of security for these insured persons in the event of a market downturn. Consequently the average age of Copré's insured persons increased slightly to reach 40, compared to 38.8 the previous year. Your Board has decided to limit the arrival of groups of pensioners without employers so as to maintain, as far as possible, a maximum proportion of pensioners at 35% of the commitments.

The results of our investments are also pleasing (4.94%) and we can be well satisfied with the decisions on diversification taken on the recommendation of the Investment Committee. This result was, however, partly achieved thanks to the lowering of the capitalisation rate on the buildings (from 6.25% to 5.75%). Without this change in rate the 2016 performance would have been 2.57%. This decision was primarily motivated by the fact that Swiss real estate market prices have increased considerably and it is difficult to find properties at a capitalisation rate higher than 4%. Consequently the acquisitions of the previous year are posted on the balance sheet at a significant (accounting) loss each year. We were obliged to adapt to this development without impairing the equilibrium of the balance sheet.

Thanks to this satisfactory return, your Board has once again decided to offer you an interest rate that is above the average, namely 1.75%, 0.5% higher than the LOB minimum rate, without splitting. We end the year with a cover rate of 105%.

During 2016, your Board was heavily involved in the project to internalise our administration. The engagement of the project manager, Mr Märki, on 18.4.2016, was followed by that of Mr Oberli, responsible for LOB Management, on 1.7.2016. Our new premises were found at an excellent location, opposite the station in Lausanne. Apart from hiring the new managers, we also plan to hire two executives:

- an Investment Director, who will support Copla by monitoring and analysing existing investments as well as seeking new opportunities,

and:

- a Commercial Director.

In fact, the decision taken at the beginning of this year by Swiss Risk & Care to launch its own LOB « Opcion » product and to terminate the contract with us effective 31.12.2017 has led us to create our own sales team earlier than planned. As « Opcion » is not directly a competitive product for Copré, we hope to continue our excellent relations with SRC, so that in its capacity as broker it may continue to propose Copré to its clients.

At the present time we are in the delicate phase of detailed planning of the transfer of data from SRC to Copré, i.e. the SRC IT system towards Xplan, the management programme chosen by Copré. In this respect we take the opportunity of asking you to help us by exercising increased vigilance accrue and transmitting to us the definite salaries for 2017 as well as the new salaries for 2018 as soon as possible, and at the latest during December 2017. In fact, any information received late will have to be processed manually with the consequent risk of errors and complications. Our new team will do its best to ensure that this transition runs smoothly for you. We count on your understanding for the few inevitable problems that are sure to arise – good cooperation will contribute to minimising these.

We have 3 Board member mandates due to expire this year. These concern Mr Christian Gerbail, Mr Jacques Grivel and Ms Christina Rancic. The three members wish to remain and renew their mandates. This corresponds to the wishes of your Board, which has the benefit of being well balanced and professional and has several years of experience working together. We considered it indispensable for the Board to remain united in the delicate phase of internalising Copré's administration.

However, the Board of Trustees is reorganising by changing its chairmanship at the end of this General Assembly. Ms Christina Rancic, who has chaired the Board of Copré for 10 years, will hand over to Mr Robin Gordon, CEO of Interiman Group Services SA. A born entrepreneur and familiar with the hiring and team-building processes, he has our full confidence in taking up the torch and leading Copré along its new path successfully.

For the Board of Trustees

Christina Rancic
Chairman

