



Information from the Pensionskasse of the the C&A Group

Dear plan member

At the beginning of this new year, we would like to give you a short account of the main developments in the Pension-skasse of the C&A Group:

Board of Trustees

2016 marks the start of the four-year appointment of your new Board of Trustees:

Employer representatives			Staff representatives		
Willi Rohner	Chairman	unchanged	Marcel Würsch	Vice chairman	unchanged
Nicolas Jaeggi	member	unchanged	Olivier Fabrikant	member	new as from 1/7/2015
Daniel Dubach	member	new	Christian Wigger	member	new

Armin Braun, who has been an employer representative for many years, left the Board of Trustees at the end of 2015 due to age. He has been replaced by Daniel Dubach. With Daniel Dubach, the Board of Trustees has recruited a renowned external specialist with many years of experience in pension fund and investment management.

Plan assets

Last year was a difficult one from an investment point of view. The main feature was the abandonment of the minimum rate for the Swiss franc against the Euro by the Swiss National Bank on 15 January 2015. The Swiss National Bank still considers the Swiss franc as significantly overvalued and has introduced negative interest rates. Holdings in liquidity are currently penalised with a negative interest rate of minus 0.75%. Swiss Government bond yields for maturities up to 13 years are negative. The stock markets reacted to this development with high volatility and have been in negative performance territory since the beginning of 2015. In the current environment, satisfactory yields can only be obtained from investments in real estate. These are all very serious challenges for the management of your pension fund's assets. The total return on investments achieved for 2015 was 1.03%. In the short term, we will have to be satisfied with modest yields.

Coverage ratio

The coverage ratio at the end of 2014 was 107.5% and this fell by around 4.0% to approx. 103.5% at the end of 2015. The reasons for the negative development in coverage ratio are both the inadequate performance of the plan assets as well as developments concerning liabilities. The Board of Trustees had to reduce the technical interest rate for the pensioners' pension capital from 3.0% to 2.75%. The technical interest rate is the discount rate used for the valuation of the pension fund's liabilities. A lower interest rate results in higher liabilities and therefore a lower level of funding. If the low interest rates continue then the need for a further reduction in the technical interest rate is already foreseeable.

Remuneration of retirement assets

The Board of Trustees has decided that retirement assets will be remunerated for 2015 with the minimum interest rate of 1.75 % set by the Swiss Federal Council. For 2016, the Federal Council has reduced the LPP (Law on occupational pension schemes) minimum interest rate to 1.25%. The Board of Trustees will meet in December 2016 to decide on the final return on retirement assets for the current year. Retirement assets held by members who leave the scheme during 2016 will attract the minimum interest rate up to their time of leaving.

Prospects

The record-low interest rates, uncertainties in the financial markets and the increasing life expectancy of the population have a great influence on the long-term financing of pensions. The environment has changed significantly in recent years, to the detriment of pension funds. It is up to us to react to these changes. The Board of Trustees will carry on an intensive debate during the year on these issues and will take appropriate measures. We will keep you updated on the decisions taken.

To assist you with any suggestions or questions you may have, Mr R. Schnyder of Libera AG can be reached by phone on 061 / 205 74 25, or you can send an email to: rafael.schnyder@libera.ch.