



News from the C&A Group Pension Fund

Investments

One year ago it seemed as if the festive mood on the equity markets would continue unabated. Few reckoned with their slump towards the end of the year. Although the Swiss equity market endured comparatively unscathed, 2018 will be remembered as the worst year for investments since 2008 by many pension funds.

With an equity share of 24% in 2018, our pension fund also showed an altogether negative performance of - 1.1%. Swiss real estate, which accounts for over 35% of the fund's investments, yielded a somewhat lower return compared to previous years, although with its satisfactory return of 5.8%, it continued to contribute to stabilising the portfolio.

Cover ratio

Due to the fund's negative investment performance, the cover ratio slipped to approx. 103.3% toward the end of 2018 (previous year: 107.5%). The final figures used to calculate the cover ratio will not be available until after the audited annual financial statements have been published.

The current status of the cover ratio (ratio of the pension fund's assets to its liabilities) is far removed from the target of 115%. If markets continue to exhibit negative performance this year, the fund faces the prospect of a shortfall, which would force the board of trustees to take measures to stabilise it.

Interest on retirement capital

The board has decided to apply the minimum interest rate of 1.00% set by the Swiss Federal Council to the retirement capital for 2018. In view of continuing uncertain developments in the financial markets and the current cover ratio situation, the board has decided that no interest will be applied to the retirement capital of members leaving the fund during 2019. The board will make a final decision on the definitive annual interest to be applied to the retirement capital for 2019 in December.

Outlook

Ongoing developments in the financial markets and the increasing life expectancy of the population are having a major impact on the long-term financing of pensions.

Experts assume financial markets to remain volatile in 2019 since global economic developments are negatively affected by increasing trade, geopolitical and sociopolitical uncertainty.

You will be receiving your pension statement in spring, as usual. Please note that the information contained in the pension statement is based on estimates of current circumstances relating to employment and salary. The pension benefits also depend on developments on the capital markets.

Please do not hesitate to contact Mr Hans-Peter Gasser of Libera AG to help with any questions or suggestions you may have by telephone on 061/205 74 25 or by email: hans-peter.gasser@libera.ch. You can also find the C&A Group's Pension Fund online: www.pkca.ch