



Annual Report of 2017 of the C&A Group's Pension Fund

During the 2017 financial year, the C&A Group Pension Fund was able to achieve a return of 7.1 %, which is above the average of many previous years. Thanks to this welcome development regarding the asset situation, the cover ratio as at the end of 2017 increased to 107.5% (previous year 103.1%). This figure already takes account of the increased provisions for rising life expectancy.

The financial situation of the pension fund has eased further thanks to the good investment performance in 2017. So that the pension fund can adequately absorb potential investment losses in the future, a value fluctuation reserve of at least 15% of the investment assets is required, which corresponds to a cover ratio of 115% or higher. However, at 31 December 2017 the value fluctuation reserve was only just under one half of the target level. The pension fund's **risk carrying capacity** therefore remains at a level which is only **limited**. The fund must continue to devote the gains which it achieves primarily to the accumulation of additional reserves.

The enclosed **Summary Report** includes the most important key figures, selected positions from the balance sheet and operational account, as well as the organisation of the fund.

Prospects for 2018

Further development on the financial markets and the increasing life expectancy of the population are having a major influence on the long-term financing of pensions. Although the positive asset developments over the last two years have been welcome, changes in the environment have been unfavourable for pension funds looking to the future due to record low interest rates and now high-priced financial markets. To be realistic, we must expect significantly lower investment returns in the future.

Voting Behaviour

Since 2015, pension funds are obliged to make use of their voting rights in the interest of the insured persons at the shareholder meetings of the listed Swiss companies in which they have direct holdings. They also have to publish once a year in which meetings they have the right to vote.

Our pension fund does not currently hold any direct investments in Swiss shares but participates in investment foundations or funds which do not grant any voting rights to the pension fund.

If you have any questions, the manager of our pension fund, Mr. Hans-Peter Gasser, Libera AG, P.O. Box, 4010 Basel, Tel. 061 205 74 25, e-mail: hans-peter.gasser@libera.ch, will be pleased to help you.

You can also find the C&A Group's Pension Fund online: www.pkca.ch.

Yours sincerely

Your pension fund