



Annual Report of 2018 of the C&A Group's Pension Fund

The C&A Group Pension Fund posted a decline of 1.3% of the fund's assets in 2018, the pension fund's first negative performance since 2011. As a result, the cover ratio fell to 105.3% at the end of 2018 (previous year: 107.5%).

The pension fund's financial situation deteriorated as a result of the negative investment performance in 2018. 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. As of 31 December 2018, however, the value fluctuation reserve was only one third of the target level. The pension fund's **risk carrying capacity** therefore remains at a **limited** level. 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 and selected positions from the balance sheet and operational account, as well as the organisation of the fund.

Prospects for 2019

Future 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 uncertainty around trade policy and geo- and socio-political issues.

Voting Behaviour

Since 2015, pension funds have been 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. Once a year, they also have to publish the meetings in which they have the right to vote.

Our pension fund does not currently hold any direct investments in Swiss shares but participates in 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