



## **Information issued by the C & A Group Pensionskasse and Vorsorgestiftung**

The Foundation Board held its Ordinary Meeting on 29 April 2014 and adopted the **Annual Report** for 2013. Now for the first time we have arranged a **Summary Report** on the annual financial statements for you, which you will find enclosed. This shows the most important key figures with details from the balance sheet and profit and loss account as well as the organisation.

The financial markets again saw positive development in the year 2013. The Pension Fund of the C&A Group was able to benefit from this upwards trend and generated a **total yield** of 4.8 % on total assets in the business year 2013 (previous year 5.3 %).

This positive result also led to an improvement in the coverage ratio. After the funding deficit in the previous year with a coverage of 98.6 %, the **coverage ratio** at the end of 2013 was 100.3 %. In the first quarter of 2014 it was also possible to further raise the coverage ratio, up to approximately 101.0 %, thanks to the total yield of 1.4 %.

The new investment strategy adopted by the Foundation Board in September 2013 was implemented in the period from the end of 2013 to the start of 2014. For this purpose, the investment committee was fortunately also able to avail itself of the services of the Group's finance and investment specialists. Using the agreed investment strategy it should be possible to improve the coverage ratio in the coming years up to around 105 %, provided the markets "play along" as expected.

To enable the Pension Fund to absorb future investment losses, it requires a value fluctuation reserve of around 14 % of investment assets and thus a coverage ratio of 114 %. The target level of the fluctuation reserve will not be achieved, even if the attractive target yield of 4 % can be realised. The Pension Fund will thus continue to exhibit a **limited risk capacity**. The Foundation Board arranged to have an actuarial report prepared by the occupational pensions expert for 31 December 2013, which underpins this statement.

The expert recommends and supports the **overall analysis** of the two pension institutions (Pension Fund and Pension Trust) that was announced last year. In the course of several meetings, new performance targets have been set in collaboration with the associated employer companies, which have to be examined and approved by the Executive Management of the companies by the end of June 2014. The Foundation Board would then adopt the new targets at its next meeting in July 2014. As previously announced, we expect that we will be obliged to reduce the conversion rate to 5.9 % as of 1.1.2015, because otherwise pension losses will be generated on retirement at the expense of actively contributing insured persons. But at the same time compensation measures are being examined to make the transition acceptable. If it is possible to keep to the time schedule, you will be informed in detail about the changes during the second half of 2014.

If you have any questions, the administration of our Pension Fund will be pleased to help: Mr Rafael Schnyder, Libera AG, Postfach, 4010 Basel, Tel. 061 / 205 74 25, Email: [rafael.schnyder@libera.ch](mailto:rafael.schnyder@libera.ch).

Yours sincerely,

Your Pension Fund

Baar, May 2014