



Helvetia Switzerland

*Annual
Report
2015*

Helvetia Group Foundation for Employee Pensions.

Your Swiss Insurer.



Challenging general conditions and a silver lining on the horizon.

Dear Reader,

Occupational benefit schemes are a long-term business: in keeping with the length of time that pension plans manage and invest the pension assets of their insured persons, the approach to investment opportunities, interest rate trends and general economic perspectives must also be long term. This applies in good times and in bad. For some time now the employee benefit schemes industry has been confronted with rather dismal prospects. The current interest rate situation is not likely to improve any time soon and the question of how incoming new money should be invested is becoming ever more complex. There are hardly any investment options left that will produce the income demanded by the competent authorities.

Especially from a long-term perspective the realities cannot simply be ignored. The fact is that retirement benefits will have to be paid for longer and longer because of the rise in life expectancy. The current pension conversion rates mean that the existing retirement capital will no longer be enough in most cases; pensions will have to be financed from other sources that are not intended for this purpose. Hence, year after year the younger insured lose income that is actually supposed to be used to top up their retirement savings capital. The political parties have long recognised this trend, but persistently close their eyes to the economic realities, which are without doubt unpopular.

The fact that the Swiss parliament now appears willing to push ahead with the "Pensions 2020" package of measures (we reported on this last year at this point) can still be seen as a silver lining on the horizon. The Council of States discussed the package in autumn 2015 and incorporated various proposed amendments. The interim result can certainly be regarded as positive given the complexity of the subject matter. We can only hope that the debate in the National Council does not get lost in the details, leading to a further delay in implementing the bill.

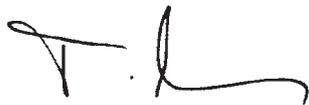
In response to the demographic and economic developments, Helvetia has decided to anticipate one of the key points from the "Pensions 2020" package of measures and make use of the freedom that it already has at its disposal. In the non-mandatory area, the pension conversion rates will be cut further in the two years 2017 and 2018 following the reduction that has already been communicated for 2016. This step is inevitable due to the continuing low interest rates and ever increasing life expectancy. Discontinuation of the EUR/CHF minimum rate and the introduction of negative interest rates by the Swiss National Bank in January 2015 speeded up these further reduction steps. We should not forget, though, that despite the low LOB interest rates, and bearing in mind all the relevant factors such as negative inflation, the real interest rate for retirement savings capital in the mandatory component was over 3% at the end of 2015.

"Digitalisation" was one of the big buzzwords of 2015. Such trends have naturally not gone unnoticed by the Helvetia Group Foundation, even though the intensity of the debate sometimes gives the impression that we have a new industrial revolution on our hands. This is undoubtedly not the case, but Helvetia is facing up to the new and completely justified customer requirements with various new products and services. In a sector such as occupational benefit schemes that involves a high level of complexity and a correspondingly large demand for competent consulting, the technical simplification options are very limited. When developing new digital products, Helvetia will always keep in mind the benefits for customers and, in particular, carefully weigh up the costs and the income generated.

The products and services provided by the Helvetia Group Foundation have not lost any of their appeal, meaning that the foundation was able to post further growth rates in the past financial year, even under the generally difficult conditions described; that goes for both the number of contracts and the number of insured persons. This is not least thanks to your loyalty as customers of the Helvetia Group Foundation and the trust that you continue to place in us. We would like to extend our thanks to you for this.



Mirjam Brucker
Chair of the Board
of Foundation



Thomas Klaiber
Managing Director

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The Annual Report of Helvetia Group Foundation is published in German, French, Italian and English. Should the French, Italian or English versions deviate from the original German text, the German text shall be binding.

Annual review 2015.

Portfolio development

The Helvetia Group Foundation can report positive values and pleasing growth rates for virtually all key portfolio figures for the year under review; only the contributions from entry lump sum transfers and new contracts fell slightly. Overall, growth was down slightly year on year.

Key figures

	2015	2014	Change absolute	Change in %
Contributions (in CHF million)				
Regular contributions employees and employers	919.1	893.0	26.1	2.9
Entry lump-sum transfers and new contracts	999.1	1 131.3	-132.3	-11.7
Portfolios				
Affiliated pension plans	10 799	10 642	157	1.5
Active participants	107 112	104 371	2 741	2.6
Actuarial reserve (in CHF million)	9 548	8 974	574	6.4

Rate of interest on retirement savings capital 2015

In 2015, the retirement savings capital earned interest at the same rate as the previous year, i.e. 1.75% in the mandatory range and 1.25% in the non-mandatory range. The interest rate that is applied for the extrapolation of the assumed retirement benefits (projected interest rate) remains at 2.25%.

Quick access via the Internet

The management report as well as further interesting information about Helvetia Group Foundation can be accessed at www.helvetia.ch/helvetia-foundation.

Portrait.

Helvetia Group Foundation was founded in 1961 and can boast many years of experience as a provider of needs-based pension solutions in the area of mandatory occupational benefit schemes. At the end of 2015, around 10,800 companies were affiliated. The safety of the pension assets entrusted to it and the sustainable stability of the foundation form the utmost priority.

Guaranteed security

Helvetia Group Foundation offers the comprehensive security of the full insurance model: all the benefit entitlements are hedged via a collective insurance contract (also known as a full insurance contract) with Helvetia. The foundation therefore transfers the risks associated with disability, death and longevity, the investment risks for the pension assets entrusted to it and the management of the scheme to Helvetia.

The full insurance contract guarantees that Helvetia Group Foundation will always be able to meet its obligations vis-à-vis the active participants and pensioners. This means there will never be any underfunding. The affiliated employers and employees benefit from this not only in the form of the greatest possible security for their pension assets; they will also never have to make solidarity payments for the solvency of the foundation.

Support from a strong partner

In Helvetia, Helvetia Group Foundation has the support of a partner that knows how to deal with risks. Helvetia Swiss Insurance Company Ltd is one of Switzerland's largest collective life insurers and looks back on more than 150 years of experience.

The supervisory security provisions and control mechanisms for Swiss life insurance companies are extremely tight. In contrast to the provisions to which autonomous pension funds are subject, those for Swiss life insurance companies come into force even before the obligations vis-à-vis the participants can no longer be fully covered.

Competent...

The density of regulations within the legislation and the complexity of the framework requirements for occupational benefit schemes are constantly increasing. This means that professionalism in implementing occupational benefit schemes is becoming increasingly important. By delegating the management of such schemes, the affiliated pension plans benefit from the know-how of Helvetia's highly specialised employees.

...and individual

The expectations for occupational benefit schemes are as many and varied as the affiliated companies and their employees. By offering a comprehensive range of benefit plans, Helvetia Group Foundation acknowledges this individuality. Thus it is guaranteed that the occupational benefits insurance is in line with the needs of the individual company and that it can keep pace with that company's developments.

Financial statements 2015.

Balance sheet

in CHF	31.12.2015	31.12.2014
Assets		
Entitlements to shares in Helvetia Investment Foundation	5 823 186.45	5 992 129.40
Entitlements to Helvetia Investment Foundation BVG-Mix Plus 30	2 745 958.60	2 731 875.00
Entitlements to Helvetia Investment Foundation real estate	2 787 893.40	2 689 604.70
Liquid funds	126 051.92	180 907.75
Receivables from Helvetia	25 069.25	24 577.70
Accounts receivable	27.40	26.20
Foundation investments	11 508 187.02	11 619 120.75
Investments in securities for the account and risk of the pension plans	5 962 881.55	7 956 769.30
Receivables from affiliated employers	94 697 138.90	84 790 871.66
Receivables from Helvetia	612 357 257.67	781 966 314.19
Liquid funds	42 145.51	37 439.45
Investments for pension plans	713 059 423.63	874 751 394.60
Prepayments and accrued income	43 794 249.55	40 001 111.60
Assets from insurance contracts	9 547 793 316.21	8 974 327 873.92
Total	10 316 155 176.41	9 900 699 500.87
Liabilities		
Termination benefits and pensions	27 063 164.92	109 461 721.66
Liabilities vis-à-vis Helvetia	94 697 138.90	84 790 871.66
Other liabilities	3 687 581.35	3 534 990.25
Liabilities	125 447 885.17	197 787 583.57
Accrued liabilities and deferred income	224 529 925.91	315 429 229.05
Employer-paid contribution reserves	167 441 103.46	168 677 069.19
Liabilities under insurance contracts	9 547 793 316.21	8 974 327 873.92
Regulatory tied funds	3 468 624.97	4 300 177.09
Pension liabilities and actuarial reserves	9 551 261 941.18	8 978 628 051.01
Foundation reserve for fluctuations in asset value	2 271 400.00	2 282 700.00
Non-committed funds of pension plans	236 124 961.67	228 810 317.00
Foundation's non-committed funds		
Balance at the beginning of the period	9 084 551.05	8 571 565.71
Income/Expense surplus	-6 592.03	512 985.34
Balance at the end of the period	9 077 959.02	9 084 551.05
Total	10 316 155 176.41	9 900 699 500.87

Operative account

in CHF	2015	2014
Employee contributions	423 636 843.40	413 366 538.90
Employer contributions	513 314 841.35	500 600 544.25
of which withdrawal from the employer-paid contribution reserves to finance contributions	-17 797 260.35	-21 013 170.40
Contributions from third parties	3 163 996.95	2 846 992.65
One-time payments and purchase amounts	89 490 203.15	95 985 613.50
Transfers to employer-paid contribution reserves	16 440 945.45	27 877 566.91
Transfers to regulatory tied funds	247 398.03	710.04
Payments from guarantee fund	5 080 739.10	4 733 203.65
Ordinary and other contributions and transfers-in	1 033 577 707.08	1 024 397 999.50
Termination benefit transfers	970 095 522.13	1 095 068 696.62
Contributions for transfers of insured persons to		
– non-committed funds	8 315 282.96	14 664 656.23
– employer-paid contribution reserves	2 983 245.57	3 283 486.31
Reimbursements of withdrawals for home ownership/divorce	17 759 828.30	18 243 268.30
Entry lump sum transfers	999 153 878.96	1 131 260 107.46
Inflow from contributions and entry lump-sum transfers	2 032 731 586.04	2 155 658 106.96
Retirement pensions	-115 222 068.70	-102 600 246.40
Survivors' pensions	-17 396 423.75	-16 155 534.68
Disability pensions	-39 339 547.65	-39 127 807.35
Other regulatory benefits	-59 668 051.54	-53 168 143.55
Lump-sum payments on retirement	-135 436 152.50	-139 041 612.80
Lump-sum payments on death or disability	-33 114 842.95	-27 258 130.05
Regulatory benefits	-400 177 087.09	-377 351 474.83
Termination benefits for leavers	-945 867 248.63	-885 606 442.87
Transfer of additional funds in case of collective withdrawal	-5 822 442.07	-3 380 537.19
Withdrawals for encouragement of home ownership/divorce	-41 099 332.45	-44 753 343.65
Termination benefits	-992 789 023.15	-933 740 323.71
Outflow for benefits and withdrawals	-1 392 966 110.24	-1 311 091 798.54
Decrease/Increase in regulatory tied funds	833 003.42	261 139.71
Decrease/Increase in non-committed funds	-6 383 893.11	-14 205 938.64
Decrease/Increase in contribution reserves	1 360 676.13	-6 581 438.67
Decrease/Increase in pension liabilities, actuarial reserves and contribution reserves	-4 190 213.56	-20 526 237.60
Insurance benefits	1 363 945 101.88	1 288 636 282.25
Share of insurance surpluses	45 199 393.63	38 519 600.50
Income from insurance benefits	1 409 144 495.51	1 327 155 882.75
Insurance premiums		
– Savings premiums	-729 392 017.80	-697 798 128.55
– Risk premiums	-161 447 363.80	-170 568 589.52
– Cost premiums	-52 893 673.10	-51 654 737.50
One-time contributions to insurances	-1 097 308 707.50	-1 227 644 387.00
Contributions to guarantee fund	-3 677 995.55	-3 530 111.00
Insurance cost	-2 044 719 757.75	-2 151 195 953.57
Net result of insurance activities	0.00	0.00

in CHF	2015	2014
Interest income on receivables	7 014 702.25	7 274 579.58
Interest on regulatory tied funds	-1 451.30	-21 421.85
Interest on non-committed funds	-876 388.50	-1 235 423.55
Interest expense for liabilities	-6 006 293.30	-5 178 684.73
Interest expense for employer-paid contribution reserves	-130 569.15	-839 049.45
Net result on investments of pension plans	0.00	0.00
Income from investments in securities	82 563.30	926 059.15
Interest on employer-paid contribution reserves	5 858.75	-277 281.95
Interest on non-committed funds	-54 363.06	-603 307.26
Asset management expense	-34 058.99	-45 469.94
Net result on individual investments of pension plans	0.00	0.00
Yield on entitlements to shares in Helvetia Investment Foundation	164 537.40	713 959.15
Yield on entitlements to Helvetia Investment Foundation BVG-Mix Plus 30	40 719.60	263 256.00
Yield on entitlements to Helvetia Investment Foundation real estate	115 294.70	89 510.50
Interest rate income from liquid funds	3.41	74.82
Interest rate income on dotation capital	491.55	481.92
Asset management expense	-77 034.97	-90 410.00
Net result on investments of foundation's non-committed funds	244 011.69	976 872.39
Income from services rendered	923 598.13	768 202.47
Other income	923 598.13	768 202.47
General administration	-1 030 715.45	-842 788.22
Auditors and pension fund actuary	-120 679.20	-116 951.20
Supervisory authority	-34 107.20	-154 650.10
Administrative expense	-1 185 501.85	-1 114 389.52
Income/Expense surplus before decrease/increase in reserves for fluctuations in asset value	-17 892.03	630 685.34
Decrease/Increase in reserves for fluctuations in asset value	11 300.00	-117 700.00
Income/Expense surplus after decrease/increase in reserves for fluctuations in asset value	-6 592.03	512 985.34

Explanatory notes to the financial statements.

1 General information and organisation

1.1 Legal form and objectives

Helvetia Group Foundation for Employee Pensions (hereinafter the foundation) is a collective foundation within the meaning of Art. 80 et seq. of the Swiss Civil Code (SCC) that was set up by Helvetia Swiss Life Insurance Company Ltd.

The foundation provides occupational benefits insurance for employees and employers in the event of old age or earning disability and for their survivors in the event of death. The occupational benefits insurance is primarily provided in accordance with the LOB and other social insurance laws. However, the foundation can grant benefit coverage over and above the mandatory benefits to be insured.

1.2 LOB registration and guarantee fund

The foundation is entered in the register for occupational benefit plans within the meaning of the provisions of the LOB (BS-0427). It is subject to the Federal Law on Vesting and thus affiliated to the LOB Guarantee Fund (register no. C1.22).

1.3 Plan statutes and regulations

■ Foundation instrument

07.12.1961, last updated 08.06.2009

■ Organisation rules

January 2013

■ Election rules

January 2014

■ Pension fund regulations

January 2015

■ Partial liquidation regulations

June 2009

■ Regulations on provisions

April 2009

1.4 Supreme body, management and authorised signatories

The members of the Board of Foundation, the managing company Helvetia Swiss Life Insurance Company Ltd and any other authorised signatories have a collective authority to sign with dual signature authority.

1.4.1 Board of Foundation

■ Employer representatives

- Jean-Claude Diener, member
- Paul-Albert Nobs, member
- Urs Lerch, member
- Fritz Zahnd, vice-chair

■ Employee representatives

- Mirjam Brucker, chair
- Stefan Burkart, member
- Monika Freund, member
- Jörg Bläsi, member

■ Other authorised signatories

- Philipp Ammann
- Donald Desax
- René Eggimann
- Angela Godoy
- Thomas Klaiber
- Beat Müller

The manager can designate further authorised signatories for conducting daily business.

1.5 Actuaries, auditors, advisors, supervisory authority

■ Auditors

KPMG Ltd, Zurich

■ Pension actuaries

Dipeka Ltd, Basel, Dominique Koch

■ Supervisory authority

BVG- und Stiftungsaufsicht beider Basel (BSABB)

1.6 Affiliated employers

Number	2015	2014
As at 31.12. prior year	10 642	10 477
Entries	996	1 011
Departures	-839	-846
As at 31.12. year under review	10 799	10 642

2 Active participants and pensioners

2.1 Active participants

Number	2015	2014
As at 31.12. prior year	104 371	98 121
New recruits	24 707	27 818
Resignations	-20 614	-20 247
Retirements	-1 352	-1 321
As at 31.12. year under review	107 112	104 371

2.2 Pensioners

Number	2015	2014
Retirement pensioners		
Initial sum	7 726	7 009
Entries	898	898
Departures	-229	-181
Final sum of old-age pensioners	8 395	7 726
Recipients of pensioner's children's pension		
Initial sum	105	81
Entries	32	49
Departures	-21	-25
Final sum of recipients of pensioner's children's pension	116	105
Recipients of invalidity pension		
Initial sum	2 910	2 888
Entries	251	304
Departures	-286	-282
Final sum of recipients of invalidity pension	2 875	2 910
Recipients of disabled's children's pension		
Initial sum	1 046	1 077
Entries	203	204
Departures	-239	-235
Final sum of recipients of disabled's children's pension	1 010	1 046
Recipients of spouse's pension		
Initial sum	1 548	1 463
Entries	208	201
Departures	-116	-116
Final sum of recipients of spouse's pension	1 640	1 548
Recipients of orphan's pension		
Initial sum	401	383
Entries	86	88
Departures	-81	-70
Final sum of recipients of orphan's pension	406	401
Total		
Initial sum	13 736	12 901
Entries	1 678	1 744
Departures	-972	-909
Final sum of pensioners	14 442	13 736

3 Implementation of objectives

Affiliation with the foundation is carried out by means of the conclusion of an affiliation contract between the employer and the foundation. The affiliated companies form separate pension plans within the foundation. The pension benefits agreed for the individual pension plans are guaranteed by means of a collective insurance contract with Helvetia Swiss Life Insurance Company Ltd (hereinafter Helvetia), dated 23.12.2009, and the supplement to the contract, dated 07.11.2012.

3.1 Characteristics of the pension plan

Every pension plan has its own benefit plan as part of the mandatory occupational benefit scheme. The retirement benefits are based on the defined contribution plan, the risk benefits on either the defined benefit plan or the defined contribution plan, depending on the pension plan and benefits.

3.2 Financing, financing method

Financing is governed separately for each pension plan. As a rule, the financing of the benefit costs is carried out by the employees and employers, whereby the employer must meet at least 50% of such costs.

4 Significant accounting policies and valuation methods, consistency

4.1 Statement of compliance with Swiss GAAP FER 26

The accounts are prepared in accordance with the special accounting recommendations of Swiss GAAP FER 26, version dated 01.01.2014.

4.2 Significant accounting policies and valuation methods

4.2.1 Significant accounting policies

The financial statements give a true and fair view of the financial position, the cash flows and results of operations in accordance with Swiss GAAP FER 26 and comply with Swiss law.

4.2.2 Valuation methods

Liquid funds	Par value
Securities	Market value
Accounts receivable	Par value less amortisation
Prepayments and accrued income	Par value
Individual investments	Market value

5 Actuarial risks/risk benefit coverage/coverage rate

5.1 Type of risk benefit coverage, re-insurance

The risks of old age, death and disability as well as the cost-of-living adjustment for LOB risk benefits are guaranteed for every pension plan by means of a collective insurance contract with Helvetia, dated 23.12.2009, and the supplement to the contract, dated 07.11.2012.

5.2 Comments on assets and liabilities from insurance contracts

The assets and liabilities under insurance contracts listed in the balance sheet amounting to CHF 9,547,793,316.21 (prior year: CHF 8,974,327,873.92) comprise the retirement savings capital of the active participants which have been invested and are managed by Helvetia.

	2015	2014
Interest on LOB mandatory savings capital	1.75%	1.75%
Interest on LOB non-mandatory savings capital	1.25%	1.25%

All pensions are re-insured. They have no surrender value and therefore are not shown on the balance sheet. The actuarial reserve for pensioners equals CHF 3,416,243,830 (prior year: CHF 3,061,631,217). The calculation and payment of the inflation adjustment on the LOB pensions is carried out by the re-insurer.

5.3 Total retirement savings capital in accordance with LOB

in CHF	31.12.2015	31.12.2014
Retirement savings capital in accordance with the LOB (shadow account)	5 623 649 557	5 322 150 184
LOB minimal interest rate	1.75%	1.75%

5.4 Conclusions of the last actuarial report

The pension actuary confirmed in his report dated 01.02.2016 that, as at 31.12.2015, the foundation is able to fulfil its obligations and that no other technical provisions need to be accrued.

5.5 Actuarial principles and other significant actuarial assumptions

Based on the congruent cover of all the insurance risks it is not necessary for the foundation to accrue actuarial reserves.

At the level of the individual pension plans the following positions can be identified, which appear in the balance sheet as regulatory tied funds at foundation level.

in CHF	31.12.2015	31.12.2014
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Invested with Helvetia

Regulatory tied funds	3 468 625	4 300 177
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5.6 Changes in actuarial principles and assumptions

There are no changes compared with the prior year.

5.7 Funded status under Art. 44 OOB 2

There is a collective life insurance contract with Helvetia that covers all regulatory pension benefits (so-called full insurance model). The foundation therefore transfers to Helvetia all the biometric risks associated with the management of the occupational benefits insurance as well as the investment risk. This means that the obligations of the foundation are completely covered at all times. In principle, the foundation can therefore not suffer from underfunding.

6 Explanatory notes on investments and net result of investments

6.1 Organisation of investment activities, investment advisors and investment managers, investment rules and regulations

All the assets from insurance contracts are transferred to Helvetia and then invested. The investment of the funds by Helvetia is governed in the following documents:

- Helvetia Group investment guidelines, version dated 08.05.2015, and implementation guidelines for Market Switzerland, version dated 16.06.2015

6.2 Implementation of the Ordinance Against Excessive Pay in Stock Exchange Listed companies

Only collective investments exist, which do not permit any exercising of voting rights.

6.3 Target reserve for fluctuations in the foundation's asset value and calculation of the reserve

in CHF	2015	2014
Reserve for fluctuations in asset value as at 01.01.	2 282 700	2 165 000
Decrease/Increase in reserves for fluctuations in asset value	-11 300	117 700
Reserve for fluctuations in asset value as at 31.12.	2 271 400	2 282 700
Target reserve for fluctuations in asset value	2 271 400	2 282 700

The target reserve for fluctuations in the foundation's asset value equals 20% of the market value of the investments.

6.4 Breakdown of investments into investment categories

In principle, all the capital is invested with Helvetia.

Subject to certain requirements, the foundation offers its affiliated pension plans the opportunity to invest the non-committed funds in entitlements in an investment foundation. As part of the "Investment of non-committed funds in the Helvetia Investment Foundation" product, it offers those qualifying pension plans a large amount of co-determination in the investment of the assets. The pension fund assets thus invested are listed under the position "Investments in securities for the account and risk of the pension plans". Any price changes affect the non-committed funds and the employer-paid contribution reserves of the respective pension plans directly. The number of pension plans with individual investment of non-committed assets or employer contribution reserves is seven (prior year: nine).

In contrast, the foundation has made own investments totalling CHF 11,508,187.02 (prior year: CHF 11,619,120.75).

6.5 Market value and counterparties of shares in securities lending

Both the foundation and the individual affiliated companies hold only units in collective investments and do not carry out any securities lending on their own behalf. No statements can be made regarding any securities lending within the collective investments.

6.6 Comments on net result of investments

Three sub-totals from the investments are reported in the operative account.

In the "Net result on investments of pension plans" position, interest on the assets invested with Helvetia is recognised. The interest received from Helvetia is credited to the corresponding investments. The invested capital comprises the regulatory funds, the non-committed funds, the employer-paid contribution reserves of the pension plans as well as the liabilities to the beneficiaries.

The position "Net result on individual investments of pension plans" shows the income generated of CHF 82,563.30 (prior year: CHF 926,059.15) and its appropriation by the pension plans.

The position "Net result of investments foundation's non-committed funds" shows the yield that the foundation was able to achieve by investing the loan that was granted by Helvetia at the time of foundation. The corresponding loan was repaid to Helvetia on 31.12.2004. The result in the current year was CHF 244,011.69 (prior year: CHF 976,872.39). The income/expense surplus after a decrease/increase in the reserve for fluctuations in asset value is allocated to the foundation's non-committed funds.

6.7 Explanation of the asset management expense

The reporting and determination of the asset management expense takes place pursuant to the OAK BV instructions dated 23.04.2013.

- The sum of all the expense figures for collective investments amounts to CHF 100,423.00 for the year under review (prior year: CHF 107,178.00).
- The total asset management expense indicated in the operative account as a percentage of cost-transparent investments amounts to 0.02% in the year under review (prior year: 0.02%).
- The cost transparency ratio is 100% for the year under review (prior year 100%).

6.8 Comments on investments in an employer's enterprise and on employer-paid contribution reserves

6.8.1 Investments in an employer's enterprise

The assets for affiliated employers amounting to CHF 94,697,138.90 (prior year: CHF 84,790,871.66) are premium assets. In 2015, the foundation charged default interest of 5% (prior year: 5%).

As of 31.01. the risk and cost premiums are each owed within 30 days after joining the pension plan. The savings premiums are payable by 31.12. The foundation monitors whether the premiums are received on time and institutes the necessary claims proceedings in the event of default.

Any premium losses that the foundation incurs are borne by Helvetia after deduction of the loss cover by the LOB Guarantee Fund.

6.8.2 Employer-paid contribution reserves

The employer-paid contribution reserves for the pension plans developed as follows in the year under review:

in CHF	2015	2014
Employer-paid contribution reserves as at 01.01.	168 677 069.19	160 979 299.12
Transfers-in	16 440 945.45	27 877 566.91
Transfers from new contracts	2 983 245.57	3 283 486.31
Used for premium payments	-17 797 260.35	-21 013 170.40
Used for one-time payments	-1 283 953.50	-689 812.60
Benefits from termination of contracts	-1 703 653.30	-2 876 631.55
Interest on investments of pension plans	130 569.15	839 049.45
Interest on individual investments of pension plans	-5 858.75	277 281.95
Employer-paid contribution reserves as at 31.12.	167 441 103.46	168 677 069.19

The majority of the employer-paid contribution reserves earned interest at 0.0% from 01.02.2015 (0.5% up to 31.01.2015), prior year: 0.5%.

6.9 Information on valid regulations regarding retrocessions

The assets of the foundation as well as some of the investments for the account and risk of the pension plans are invested with Helvetia Investment Foundation. There is written confirmation by Helvetia Investment Foundation that it does not receive any retrocessions, kick-backs or similar payments from third parties.

7 Comments on other balance sheet and operative account positions

7.1 Comments on receivables from Helvetia

in CHF	31.12.2015	31.12.2014
Current account balances	27 063 164.92	109 461 721.66
Current account balances LOB Guarantee Fund	3 687 581.35	3 534 990.25
Surplus safekeeping accounts	156 492 524.80	145 274 544.91
Employer-paid contribution reserves	165 323 580.91	165 982 384.74
Regulatory tied funds	3 468 624.97	4 300 177.09
Non-committed funds of pension plans	75 744 932.36	78 236 247.79
Prepaid premiums	49 066 933.39	40 716 396.61
Outstanding one-time payments of participants	131 509 914.97	234 459 851.14
Total receivables from Helvetia (from investments for pension plans)	612 357 257.67	781 966 314.19

The receivables from Helvetia from investments by the foundation amounted to CHF 25,069.25 in the year under review (prior year: CHF 24,577.70).

7.2 Comments on prepayments and accrued income

in CHF	31.12.2015	31.12.2014
Prepaid benefits	43 758 549.55	40 001 111.60
Other accrued liabilities and deferred income	35 700.00	0.00
Total prepayments and accrued income	43 794 249.55	40 001 111.60

7.3 Comments on liabilities to Helvetia

in CHF	31.12.2015	31.12.2014
Premiums owed	94 610 770.80	84 298 025.86
One-time payments owed	86 368.10	492 845.80
Total liabilities to Helvetia	94 697 138.90	84 790 871.66

7.4 Comments on accrued liabilities and deferred income

in CHF	31.12.2015	31.12.2014
Insurance benefits received in advance	43 758 549.55	40 001 111.60
Premiums received in advance	49 066 933.39	40 716 396.61
Outstanding one-time payments	131 509 914.97	234 459 851.14
Other accruals	194 528.00	251 869.70
Total accrued liabilities and deferred income	224 529 925.91	315 429 229.05

7.5 Comments on non-committed funds of pension plans

in CHF	31.12.2015	31.12.2014
Invested with Helvetia		
Individual surpluses	135 567 086.65	124 694 242.86
Collective surpluses	20 925 438.15	20 580 302.05
Non-committed funds	75 744 932.36	78 236 247.79
Total	232 237 457.16	223 510 792.70
Non-committed funds of pension plans in individual investments		
Collective surpluses	208 663.05	207 181.45
Non-committed funds	3 678 841.46	5 092 342.85
Total	3 887 504.51	5 299 524.30
Total non-committed funds of pension plans		
Individual surpluses	135 567 086.65	124 694 242.86
Collective surpluses	21 134 101.20	20 787 483.50
Non-committed funds	79 423 773.82	83 328 590.64
Total	236 124 961.67	228 810 317.00

7.6 Comments on income from insurance benefits

The reconciled net result of insurance activities reflects the fact that the foundation itself does not bear any risk within the framework of the full insurance solution. Helvetia guarantees all the benefits as well as the statutory rate of interest for the retirement savings capital.

7.6.1 Comments on income from insurance

in CHF	2015	2014
Insurance benefits	1 363 945 101.88	1 288 636 282.25
Surpluses from insurances	45 199 393.63	38 519 600.50
Total income from insurance benefits	1 409 144 495.51	1 327 155 882.75

The foundation is entitled to the share of insurance surpluses from the collective insurance contract with Helvetia. The surpluses are determined separately, i.e. in relation to the savings, risk and cost processes. Accordingly, risk, cost or interest surpluses can be distributed.

The distributed surpluses were used as follows:

in CHF	2015	2014
Individual accumulation	40 816 953.58	35 060 988.45
Collective accumulation	4 193 601.05	3 258 001.80
Credit to collection account	188 839.00	200 610.25
Total surpluses	45 199 393.63	38 519 600.50

In principle, the accumulation of the surpluses is made on an individual basis. In derogation to this, the Board of Trustees can resolve on a collective accumulation or credit to the collection account.

7.6.2 Comments on insurance cost

in CHF	2015	2014
Risk premium	-157 287 395.80	-166 551 560.87
Cost premium	-52 893 673.10	-51 654 737.50
Savings premium	-729 392 017.80	-697 798 128.55
Inflation	-4 159 968.00	-4 017 028.65
One-time payments	-1 097 308 707.50	-1 227 644 387.00
Contribution to the guarantee fund	-3 677 995.55	-3 530 111.00
Total insurance cost	-2 044 719 757.75	-2 151 195 953.57

7.7 Comments on income from services rendered

in CHF	2015	2014
Compensation for reminder costs Helvetia	728 328.98	580 274.47
Compensation for encouragement of home ownership costs	195 269.15	187 928.00
Total income from services rendered	923 598.13	768 202.47

7.8 Comments on administrative expense

in CHF	2015	2014
Reminder costs	-728 328.98	-580 274.47
Encouragement of home ownership costs	-195 269.15	-187 928.00
Auditors and pension fund actuary	-120 679.20	-116 951.20
Supervisory authority	-34 107.20	-154 650.10
General administration	-107 117.32	-74 585.75
Foundation's administrative expense	-261 903.72	-346 187.05
Total administrative expense	-1 185 501.85	-1 114 389.52

8 Supervisory authority requirements

There are no requirements of the supervisory authority. By the time of the audit, the approval decision for the annual financial statements 2014 had not been received.

9 Further information regarding the financial situation

9.1 Partial liquidations

No partial liquidation procedure was conducted in 2015 at the Foundation level. Partial liquidations which were to be conducted by pension plans in 2015 were identified in accordance with the provisions of the partial liquidation regulation. The resulting distributions of non-committed funds from these pension plans were processed under the applicable regulations.

9.2 Separate accounts

Some pension plans have invested their non-committed funds individually.

9.3 Disclosure of FATCA status

The Helvetia Group Foundation for Employee Pensions is a pension fund and an exempted beneficial owner. It is a non-reporting Swiss financial institution and does not have to register with the US tax authorities.

9.4 Events subsequent to the balance sheet date

No events occurred after the balance sheet date that will have a material impact on this financial statement.

Basel, 13 April 2016

Helvetia Group Foundation for Employee Pensions



Mirjam Brucker
Chair of the Board
of Foundation



Fritz Zahnd
Vice-Chair of the Board
of Foundation

Auditor's report.

Source: KPMG Ltd, Zurich



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Report of the Statutory Auditor to the Board of Foundation of the
Helvetia Group Foundation for Employee Pensions, Basel

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Helvetia Group Foundation for Employee Pensions, which comprise the balance sheet, operating account and notes for the year ended December 31, 2015.

Foundation Board's Responsibility

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation's deed of formation and the regulations. This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibility of the expert in occupational benefits

In addition to the auditor, the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with Article 52e paragraph 1 of the Occupational Pensions Act (OPA) and Article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Helvetia Group Foundation for Employee Pensions, Basel
Report of the Statutory Auditor
to the Governing Board*

Opinion

In our opinion, the financial statements for the year ended December 31, 2015 comply with Swiss law and with the foundation's deed of formation and the regulations.

Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (Article 52b OPA) and independence (Article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by Article 52c paragraph 1 OPA and Article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organisation, management and investments are applied.

We have assessed whether

- organisation and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to their size and complexity;
- funds are invested in accordance with legal and regulatory requirements;
- the occupational pension accounts comply with legal requirements
- measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfil their duties of loyalty and disclosure of interests;
- the available funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- the legally required information and reports have been given to the supervisory authority;
- the pension fund's interests are safeguarded in disclosed transactions with related entities

We confirm that the applicable legal and statutory requirements have been met.

We recommend that the financial statements submitted to you be approved.

KPMG AG

Stefan Inderbinen
*Licensed Audit Expert
Auditor in charge*

Christoph Vonder Mühl
Licensed Audit Expert

Zurich, April 13, 2016

Enclosure:

- Financial statements comprising balance sheet, income statement and notes

**Helvetia Group Foundation
for Employee Pensions**

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Your Swiss Insurer.

