



Helvetia Switzerland

Annual Report 2016

**Helvetia Prisma Group Foundation
for Employee Pensions.**

Your Swiss Insurer.



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The annual report of the Helvetia Prisma 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.

Portrait.

The identification of management employees with the company depends on the employee benefit scheme as well as the company. In the search for qualified employees or managers who will make a considerable contribution to the success of the company as top performers, not only is an outstanding recruitment tool required but also a good employee benefit solution.

Tailored to needs and flexible

Helvetia Prisma Group Foundation, which was set up in 1984, offers tailor-made solutions in the area of occupational pension provision for management employees. Helvetia Prisma's pension solutions are highly flexible. This means that the additional pension needs of management employees can be seamlessly coordinated with the basic pension provision, it is possible to react quickly to changes in environmental circumstances and the pension solutions can be flexibly adjusted to suit new needs.

Guaranteed security

Helvetia Prisma Group Foundation offers the comprehensive security of a 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 Helvetia Prisma Group Foundation that it will always be able to meet its obligations vis-à-vis the active participants and pensioners. This means that 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 financial restructuring of the foundation.

Backed by a strong partner

In Helvetia, the Helvetia Prisma Group Foundation has the support of a partner that knows how to deal with risks. Helvetia Swiss Life Insurance Company Ltd is the fourth largest collective life insurance company in Switzerland and it can look back on over 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.

Financial statements 2016.

Balance sheet

| in CHF | 31.12.2016 | 31.12.2015 |
|--|-----------------------|-----------------------|
| Assets | | |
| Receivables from Helvetia | 2 775.73 | 2 768.81 |
| Foundation investments | 2 775.73 | 2 768.81 |
| Receivables from affiliated employers | 6 767 525.12 | 6 113 473.64 |
| Receivables from Helvetia | 37 543 907.27 | 55 373 427.33 |
| Investments for pension plans | 44 311 432.39 | 61 486 900.97 |
| Prepayments and accrued income | 4 011 936.79 | 1 409 662.95 |
| Assets from insurance contracts | 651 260 431.30 | 604 080 797.80 |
| Total | 699 586 576.21 | 666 980 130.53 |
| Liabilities | | |
| Vested benefits and pensions | 1 904 619.85 | 1 744 014.02 |
| Liabilities to Helvetia | 6 767 525.12 | 6 113 473.64 |
| Other liabilities | 35 891.00 | 32 811.50 |
| Liabilities | 8 708 035.97 | 7 890 299.16 |
| Accrued liabilities and deferred income | 19 766 833.71 | 18 937 088.81 |
| Employer-paid contribution reserves | 16 240 498.43 | 15 977 560.73 |
| Liabilities under insurance contracts | 651 260 431.30 | 604 080 797.80 |
| Pension liabilities and actuarial reserves | 651 260 431.30 | 604 080 797.80 |
| Non-committed funds of pension plans | 3 608 001.07 | 20 091 615.22 |
| Foundation's non-committed funds | | |
| Balance at beginning of period | 2 768.81 | 2 714.52 |
| Income surplus | 6.92 | 54.29 |
| Balance at end of period | 2 775.73 | 2 768.81 |
| Total | 699 586 576.21 | 666 980 130.53 |

Operative account

| in CHF | 2016 | 2015 |
|--|-----------------------|-----------------------|
| Employee contributions | 19 265 021.70 | 18 379 057.95 |
| Employer contributions | 44 585 235.90 | 42 086 883.10 |
| of which withdrawal from the employer-paid contribution reserves to finance contributions | -869 113.05 | -1 007 060.10 |
| Contributions from third parties | 30 636.55 | 29 657.85 |
| One-time payments and purchase amounts | 30 153 373.10 | 26 716 618.35 |
| Transfers to employer-paid contribution reserves | 1 135 126.75 | 4 102 739.95 |
| Ordinary and other contributions and transfers-in | 94 300 280.95 | 90 307 897.10 |
| Vested benefit transfers | 26 735 264.10 | 20 215 558.40 |
| Contributions for transfers of insured persons to | | |
| – non-committed funds | 126 774.50 | 265 736.77 |
| – employer-paid contribution reserves | 131 665.25 | 777 969.68 |
| Reimbursements of withdrawals for encouragement of home ownership/divorce | 624 791.00 | 917 594.70 |
| Entry lump sum transfers | 27 618 494.85 | 22 176 859.55 |
| Inflow from contributions and entry lump sum transfers | 121 918 775.80 | 112 484 756.65 |
| Retirement pensions | -4 141 603.60 | -3 930 468.75 |
| Survivors' pensions | -901 753.80 | -893 025.55 |
| Disability pensions | -1 105 296.25 | -751 169.55 |
| Other regulatory benefits | -1 663 850.70 | -3 962 879.55 |
| Lump sum payments on retirement | -20 649 353.65 | -22 689 162.80 |
| Lump sum payments on death or disability | -5 039 939.85 | -2 788 277.05 |
| Regulatory benefits | -33 501 797.85 | -35 014 983.25 |
| Vested benefits for leavers | -50 152 386.15 | -54 940 213.40 |
| Transfer of additional funds in case of collective withdrawal | -193 056.65 | -281 277.05 |
| Withdrawals for encouragement of home ownership/divorce | -2 415 781.40 | -2 024 726.00 |
| Termination benefits | -52 761 224.20 | -57 246 216.45 |
| Outflow for benefits and withdrawals | -86 263 022.05 | -92 261 199.70 |
| Decrease/increase in non-committed funds | 16 485 348.90 | -1 597 418.92 |
| Decrease/increase in contribution reserves | -258 902.95 | -3 610 048.93 |
| Decrease/increase in pensioners' liabilities, actuarial reserves and contribution reserves | 16 226 445.95 | -5 207 467.85 |
| Insurance benefits | 85 110 572.35 | 88 639 278.40 |
| Surpluses from insurances | 3 047 207.10 | 5 471 837.30 |
| Income from insurance benefits | 88 157 779.45 | 94 111 115.70 |
| Insurance premiums | | |
| – Savings premiums | -52 394 421.40 | -49 387 009.20 |
| – Risk premiums | -8 663 820.75 | -8 321 892.40 |
| – Cost premiums | -2 696 596.40 | -2 700 378.70 |
| One-time contributions to insurances | -76 249 151.30 | -48 685 202.70 |
| Contributions to the guarantee fund | -35 989.30 | -32 721.80 |
| Insurance cost | -140 039 979.15 | -109 127 204.80 |
| Net result of insurance activities | 0.00 | 0.00 |

| in CHF | 2016 | 2015 |
|---|-------------|--------------|
| Interest income on accounts receivable | 220 515.28 | 319 588.81 |
| Interest on non-committed funds | -1 734.75 | -87 673.53 |
| Interest expense for liabilities | -214 745.78 | -220 806.93 |
| Interest expense for employer-paid contribution reserves | -4 034.75 | -11 108.35 |
| Net return on investments of pension plans | 0.00 | 0.00 |
| Interest rate income on dotation capital | 6.92 | 54.29 |
| Net result on investments of foundation's non-committed funds | 6.92 | 54.29 |
| Income from services rendered | 18 671.60 | 13 089.65 |
| Other income | 49 253.53 | 38 820.68 |
| Other income | 67 925.13 | 51 910.33 |
| General administration | -31 710.70 | -25 893.73 |
| Auditors and pension fund actuary | -25 612.20 | -21 842.40 |
| Supervisory authority | -10 602.23 | -4 174.20 |
| Administration expenses | -67 925.13 | -51 910.33 |
| Income/expense surplus | 6.92 | 54.29 |

Explanatory notes to the financial statements.

1 General information and organisation

1.1 Legal form and objective

Helvetia Prisma Group Foundation for Employee Pensions (hereinafter referred to as the "foundation") is a group foundation that was set up by Helvetia Swiss Life Insurance Company Ltd (hereinafter referred to as "Helvetia").

The foundation provides an occupational benefit scheme in the area of non-mandatory insurance for employees of companies with a contract of association with the foundation and domicile, registered office or operating premises in Switzerland. Within the framework of the statutory provisions, occupational benefit scheme measures can also be applied for employers and self-employed persons.

1.2 Registration LOB and guarantee fund

The foundation is entered in the register for occupational benefit plans (register no. NBS-3100) and is affiliated with the LOB Guarantee Fund (register no. C1 NR32).

1.3 Plan statutes and regulations

■ Foundation instrument

17.12.1984, revised on 26.11.2015

■ Organisation rules

14.05.2014

■ Pension fund regulations

01.01.2016

■ Partial liquidation regulations

26.04.2010

■ Election rules

01.01.2015

1.4 Supreme body/authorised signatories

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

■ Members of the Board of Foundation

- Andreas Lindner, Chair
- Vittorio Bruno, Vice-Chair
- Bernhard Aerni, Member
- Marc Hürzeler, Member

■ Other authorised signatories

- Donald Desax
- Philipp Ammann
- Thomas Klaiber
- René Eggimann
- Angela Godoy
- Daniel Meyer
- Carmen Pepe

1.5 Actuaries, auditors, advisors, supervisory authority

■ Auditors

KPMG AG, Zurich

■ Pension actuaries

Dipeka AG, Basel, Dominique Koch

■ Supervisory authority

BVG- und Stiftungsaufsicht beider Basel (BSABB)

1.6 Affiliated employers

| Number | 2016 | 2015 |
|---------------------------------------|------------|------------|
| As at 31.12. prior year | 953 | 949 |
| Entries | 60 | 67 |
| Departures | -83 | -63 |
| As at 31.12. year under review | 930 | 953 |

2 Active participants and pensioners

2.1 Active participants

| Number | 2016 | 2015 |
|---------------------------------------|--------------|--------------|
| As at 31.12. prior year | 4 710 | 4 690 |
| New recruits | 1 030 | 643 |
| Resignations | -671 | -520 |
| Retirements | -99 | -103 |
| As at 31.12. year under review | 4 970 | 4 710 |

2.2 Pensioners

| Number | 2016 | 2015 |
|---------------------------------|------|------|
| Retirement pensioners | | |
| Initial sum | 361 | 360 |
| Entries | 23 | 20 |
| Departures | -12 | -19 |
| Final sum of old-age pensioners | 372 | 361 |

| Number | 2016 | 2015 |
|---|------------|------------|
| Recipients of pensioner's children's pension | | |
| Initial sum | 6 | 6 |
| Entries | 1 | 1 |
| Departures | -1 | -1 |
| Final sum of recipients of pensioner's children's pension | 6 | 6 |
| Recipients of invalidity pension | | |
| Initial sum | 51 | 51 |
| Entries | 8 | 6 |
| Departures | -12 | -6 |
| Final sum of recipients of invalidity pension | 47 | 51 |
| Recipients of disabled's children's pension | | |
| Initial sum | 2 | 2 |
| Entries | 0 | 0 |
| Departures | -2 | 0 |
| Final sum of recipients of disabled's children's pension | 0 | 2 |
| Recipients of spouse's pension | | |
| Initial sum | 34 | 37 |
| Entries | 4 | 0 |
| Departures | -2 | -3 |
| Final sum of recipients of spouse's pension | 36 | 34 |
| Recipients of orphan's pension | | |
| Initial sum | 8 | 11 |
| Entries | 4 | 0 |
| Departures | -2 | -3 |
| Final sum of recipients of orphan's pension | 10 | 8 |
| Total | | |
| Initial sum | 462 | 467 |
| Entries | 40 | 27 |
| Departures | -31 | -32 |
| Final sum of pensioners | 471 | 462 |

3 Implementation of objectives

The objective of the foundation is achieved by affiliating employers to the foundation by means of a contract of association. The conclusion of a contract of association leads to the formation of a pension plan.

3.1 Characteristics of the pension benefit plan

Every pension plan has its own pension 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.

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

| | |
|--------------------------------|-----------------------------|
| Accounts receivable | Par value less amortisation |
| Prepayments and accrued income | Par 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 are guaranteed for every pension plan by means of a collective life insurance contract with Helvetia, dated 21.12.2007.

5.2 Comments on assets and liabilities from insurance contracts

The assets and liabilities from insurance contracts listed in the balance sheet amounting to CHF 651,260,431.30 (prior year: CHF 604,080,797.80) comprise all the retirement savings capital of the active participants that is managed by Helvetia.

| in % | 2016 | 2015 |
|---|------|------|
| Interest on LOB non-mandatory savings capital | 0.50 | 1.25 |

All pensions are re-insured. The off-balance-sheet actuarial reserves for pensioners equal CHF 113,083,000 (prior year: CHF 102,101,000).

5.3 Conclusions of the last actuarial report

The pension actuary confirmed in his report dated 02.02.2017 that, as per 31.12.2016, the foundation is able to fulfil its obligations and that no other technical provisions need to be accrued.

5.4 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.

5.5 Changes in actuarial principles and assumptions

There are no changes compared with the prior year.

5.6 Funded status under Art. 44 OOB2

All the regulatory pension benefits of the foundation are completely re-insured with Helvetia (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 return on investments

6.1 Organisation of investment activities, 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 29.08.2016, and implementation guidelines for Market Switzerland, version dated 01.01.2016

6.2 Comments on net return on investments

In the "Net return 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 assets comprise the non-committed funds, the employer-paid contribution reserves of the pension plans as well as the liabilities to the beneficiaries.

6.3 Asset management expense report

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 0.00 for the year under review (prior year: CHF 0.00).
- The total asset management expense indicated in the operative account as a percentage of cost-transparent investments amounts to 0% in the year under review (prior year: 0%).
- The cost transparency ratio is 100% for the year under review (prior year: 100%).

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

6.4.1 Investments in the employer's enterprise

The assets for affiliated employers amounting to CHF 6,767,525.12 (prior year: CHF 6,113,473.64) are premium receivables. In 2016 the foundation levied a default interest of 5% (prior year: 5%).

As at 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.

6.4.2 Employer-paid contribution reserves

| in CHF | 2016 | 2015 |
|---|----------------------|----------------------|
| Employer-paid contribution reserves as at 01.01. | 15 977 560.73 | 12 356 403.45 |
| Transfers-in | 1 135 126.75 | 4 102 739.95 |
| Transfers from new contracts | 131 665.25 | 777 969.68 |
| Used for premium payments | -869 113.05 | -1 007 060.10 |
| Used for one-time payments | -61 183.70 | 0.00 |
| Benefits under termination of contracts | -77 592.30 | -263 600.60 |
| Interest | 4 034.75 | 11 108.35 |
| Employer-paid contribution reserves as at 31.12. | 16 240 498.43 | 15 977 560.73 |

Most of the employer-paid contribution reserves earned interest at 0.0% (prior year: until 31.01.2015 at 0.5%, from 01.02.2015 at 0.0%).

7 Comments on other balance sheet and operative account positions

7.1 Comments on receivables from Helvetia

| in CHF | 31.12.2016 | 31.12.2015 |
|---|----------------------|----------------------|
| Current account balances | 1 904 619.85 | 1 744 014.02 |
| Current account balances LOB Guarantee Fund | 35 891.00 | 32 811.50 |
| Surplus safekeeping accounts | 1 763 306.20 | 18 125 295.80 |
| Employer-paid contribution reserves | 16 240 498.43 | 15 977 560.73 |
| Non-committed funds of pension plans | 1 844 694.87 | 1 966 319.42 |
| Prepaid premiums | 6 567 171.64 | 6 121 079.04 |
| Outstanding one-time payments of participants | 9 187 725.28 | 11 406 346.82 |
| Total receivables from Helvetia (from investments for pension plans) | 37 543 907.27 | 55 373 427.33 |

The receivables from Helvetia from investments by the foundation amounted to CHF 2,775.73 in the year under review (prior year: CHF 2,768.81).

7.2 Comments on prepayments and accrued income

| in CHF | 31.12.2016 | 31.12.2015 |
|---|---------------------|---------------------|
| Prepaid benefits | 3 980 556.70 | 1 381 604.55 |
| Other accruals | 31 380.09 | 28 058.40 |
| Total prepayments and accrued income | 4 011 936.79 | 1 409 662.95 |

7.3 Comments on liabilities to Helvetia

| in CHF | 31.12.2016 | 31.12.2015 |
|--------------------------------------|---------------------|---------------------|
| Premiums owed | 6 767 525.10 | 6 088 142.49 |
| Single premiums owed | 0.02 | 25 331.15 |
| Total liabilities to Helvetia | 6 767 525.12 | 6 113 473.64 |

7.4 Comments on accrued liabilities and deferred income

| in CHF | 31.12.2016 | 31.12.2015 |
|--|----------------------|----------------------|
| Insurance benefits received in advance | 3 980 556.70 | 1 381 604.55 |
| Premiums received in advance | 6 567 171.64 | 6 121 079.04 |
| Outstanding one-time payments | 9 187 725.28 | 11 406 346.82 |
| Other accruals | 31 380.09 | 28 058.40 |
| Total accrued liabilities and deferred income | 19 766 833.71 | 18 937 088.81 |

7.5 Comments on non-committed funds of pension plans

| in CHF | 31.12.2016 | 31.12.2015 |
|---|---------------------|----------------------|
| Individual surpluses | 315 657.25 | 16 615 352.70 |
| Collective surpluses | 1 447 648.95 | 1 509 943.10 |
| Non-committed funds | 1 844 694.87 | 1 966 319.42 |
| Total non-committed funds of pension plans | 3 608 001.07 | 20 091 615.22 |

7.6 Comments on net result of insurance activities

The reconciled net return on 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 interest.

7.6.1 Explanation of income from insurance benefits

| in CHF | 2016 | 2015 |
|---|----------------------|----------------------|
| Insurance benefits | 85 110 572.35 | 88 639 278.40 |
| Surpluses from insurances | 3 047 207.10 | 5 471 837.30 |
| Total income from insurance benefits | 88 157 779.45 | 94 111 115.70 |

The foundation is entitled to the profit shares granted from the collective life insurance agreement 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 | 2016 | 2015 |
|------------------------------|---------------------|---------------------|
| Individual accumulation | 3 070 646.55 | 5 443 884.85 |
| Collective accumulation | -36 410.75 | 5 001.15 |
| Credit to collection account | 12 971.30 | 22 951.30 |
| Total surpluses | 3 047 207.10 | 5 471 837.30 |

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

7.6.2 Comments on insurance cost

| in CHF | 2016 | 2015 |
|------------------------------------|------------------------|------------------------|
| Risk premium | -8 663 820.75 | -8 321 892.40 |
| Cost premium | -2 696 596.40 | -2 700 378.70 |
| Savings premium | -52 394 421.40 | -49 387 009.20 |
| One-time payments | -76 249 151.30 | -48 685 202.70 |
| Contribution to the guarantee fund | -35 989.30 | -32 721.80 |
| Total insurance cost | -140 039 979.15 | -109 127 204.80 |

7.7 Comments on other income

| in CHF | 2016 | 2015 |
|--|------------------|------------------|
| Compensation for reminder costs Helvetia | 12 571.60 | 10 039.65 |
| Compensation for encouragement of home ownership costs | 6 100.00 | 3 050.00 |
| Other income | 49 253.53 | 38 820.68 |
| Total other income | 67 925.13 | 51 910.33 |

7.8 Comments on administration expenses

| in CHF | 2016 | 2015 |
|---------------------------------------|-------------------|-------------------|
| Reminder costs | -12 571.60 | -10 039.65 |
| Encouragement of home ownership costs | -6 100.00 | -3 050.00 |
| Auditors and pension fund actuary | -25 612.20 | -21 842.40 |
| Supervisory authority | -10 602.23 | -4 174.20 |
| General administration | -13 039.10 | -12 804.08 |
| Total administration expenses | -67 925.13 | -51 910.33 |

8 Supervisory authority requirements

There are no requirements of the supervisory authority. Approval for the financial statements 2015 had not been granted by the time of the audit.

9 Further information regarding the financial situation

9.1 Partial liquidations

No partial liquidation procedure was conducted in 2016 at the foundation level. Partial liquidations which were to be conducted by pension plans in 2016 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 Disclosure of FATCA status

The Helvetia Prisma 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.

10 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, 11 May 2017

Helvetia Prisma
Group Foundation for Employee Pensions

Andreas Lindner
Chair of the Board
of Foundation

Vittorio Bruno
Vice-Chair

Auditor's report.

Source: KPMG AG, Zurich



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Report of the Statutory Auditor to the Board of Foundation of the

Helvetia Prisma 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 Prisma Group Foundation for Employee Pensions, which comprise the balance sheet, operating account and notes for the year ended December 31, 2016.

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 system. 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.



Opinion

In our opinion, the financial statements for the year ended December 31, 2016 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 the size and complexity of the foundation;
- funds are invested in accordance with legal and regulatory 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, May 11, 2017

Enclosure:

- Financial statements comprising balance sheet, operating accounts and notes

Helvetia Prisma
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www.helvetia.ch/prisma-foundation

Your Swiss Insurer.

