

Helvetia Group Foundation
for Employee Pensions

helvetia.ch/helvetia-foundation

Annual Report 2018.

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Your Swiss Insurer



Challenges on multiple fronts.

Dear Reader,

As an insurance company that has for many years been a firm supporter of the full-insurance model, Helvetia was astonished to learn of a major competitor's decision to discontinue this model. We are still witnessing strong demand from existing and potential clients for this all-round protection model, and as long as this demand is there, it will be met. We are convinced that in a liberal market economy our customers can expect to be offered a wide range of products. That said, this latest example clearly demonstrates that in such situations there is also a danger of the market failing, because going after "good risks" means that not all customers looking for a new pension fund solution will actually find one.

"Fitness programme" for full-insurance products

Following Swiss voters' rejection of the "2020 Pension Reform" in 2017 and policymakers' subsequent hesitancy to draw up measures – in particular for the 2nd pillar – it was clear that Helvetia needs to take matters into its own hands: the company put its full-insurance model through a veritable "fitness programme" to be able to carry on offering its customers stable and secure benefits as well as needs-based and fair solutions. However, the tight regulatory corset still in place significantly limits any room for manoeuvre: it is true that numerous measures were drawn up that are now in the implementation phase; Helvetia will be reporting on them. But the sobering conclusion remains: excessive regulation also means a gradual departure from liberalism and, in the process, makes the product "occupational benefits" more expensive.

Little support from the political arena

Following the defeat of the "2020 Pension Reform" vote, the fact that policymakers focused mainly on measures relating to the 1st pillar and largely ignored the impact on the social insurance system as a whole was sobering for providers of 2nd pillar products.

Social insurance as a "fair weather system"

Our social insurance system – as exemplary as it is and having served in this function as a model to so many other countries for setting up their own system – is, when seen in the cold light of day, a "fair weather system": It is based on economic parameters that from today's perspective seem almost idyllic:

Real economic growth	2%
Inflation	2%
Nominal interest rate	4%

It was not all that long ago that these figures were reality – and they were rooted not in political interventions, but in a booming economy. In this respect, our social insurance system has a critical structural defect: it is rigidly based on these benchmarks. If the parameters – as has been the case for some years now – are no longer fit for purpose, they need to be redefined by political means. And the wheels of politics turn too slowly to allow a timely response in the long-term business of occupational pension provision. This leads to the redistributions which are both alien to the system and unjust that people insured under the 2nd pillar have been facing for several years: with conversion rates too high, the pension funds are compelled to use an ever greater share of their interest income, returns on capital investments and surpluses (which should really be credited to the retirement savings of those still working) to finance current pensions – redistribution instead of distribution of added value. When politicians close their eyes to these realities and stick to their dogmas, they reveal a "fully comprehensive insurance mentality" which is increasingly throwing our tried and trusted social insurance system off-balance.

It is not really helpful in this situation to take a look at the financial markets, even if the stock market recovered in January following the crash at the end of 2018. The returns which policymakers demand for 2nd pillar retirement savings capital can, however, still not be generated without risk; there are as yet no alternatives in sight. Interest rates on the capital market are still low; the only bright spot is the fact that the real economy remains intact.

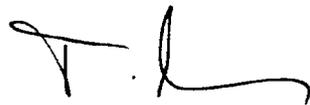
Pressing ahead with digitalization and automation

Given the challenging prospects for the occupation pension sector as a whole, the pressure is growing on providers to adapt their structures and so lower costs. The keywords “automation” and “digitalization” are central here: Helvetia pressed ahead with its efforts in these areas in the year under review, including making its successful “BVGonline” customer portal more user-friendly and thus even more attractive. The company is one large step closer to its medium-term goal of encouraging 80% of customers to opt for this data exchange option. Introduction of the electronic archive and the centralized, digitalized inbox streamlines business processes by considerably simplifying and speeding up access by administration staff to the relevant files and documents.

Despite all the upheavals, one thing has not changed: the Board of Foundation and employees of the Helvetia Group Foundation are and remain fully motivated to doing their utmost for you as our customers every day. We would like to thank you for your trust and look forward to continuing to work with you.



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 2018.

Portfolio development

Both the number of associated companies and the number of insured persons have remained practically unchanged; contributions from entry lump sum transfers and new contracts have increased significantly. Combined with a very low separation rate, this resulted in encouraging net growth year on year.

Key figures

in %	2018	2017	Change absolute	Change in %
Contributions (in CHF million)				
Regular contributions employees and employers	984.4	941.4	43.0	4.6
Entry lump-sum transfers and new contracts	1 107.9	1 047.2	60.7	5.8
Portfolios				
Affiliated pension plans	10 776	10 995	-219	-2.0
Active participants	110 398	107 574	2824	2.6
Actuarial reserve (in CHF million)	10 649	10 212	437	4.3

Rate of interest on retirement savings capital 2018

In 2018, the retirement savings capital in the mandatory area earned interest at the rate of 1.00%; in the extra-mandatory area, it earned interest at 0.25%. The interest rate that is applied to the extrapolation of the assumed retirement benefits (projected interest rate) amounted to 1.75%.

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 2018, around 11,000 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 Life Insurance Company Ltd is one of Switzerland's largest collective life insurers and looks back on more than 160 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 2018.

Balance sheet

in CHF	31.12.2018	31.12.2017
Assets		
Entitlements to shares in Helvetia Investment Foundation	6 114 720.95	6 826 759.85
Entitlements to Helvetia Investment Foundation BVG-Mix Plus 30	2 680 438.14	3 031 336.15
Entitlements to Helvetia Investment Foundation real estate	3 112 179.35	3 005 322.25
Liquid funds	146 988.78	277 137.38
Accounts receivable	0.00	0.00
Foundation investments	12 054 327.22	13 140 555.63
Investments in securities for the account and risk of the pension plans	5 489 647.73	8 385 390.75
Receivables from affiliated employers	91 160 383.65	95 940 912.94
Receivables from Helvetia	527 611 738.81	543 470 524.29
Liquid funds	20 284.83	56 602.27
Investments for pension plans	624 282 055.02	647 853 430.25
Prepayments and accrued income	123 020 330.71	35 695 373.32
Assets from insurance contracts	10 648 803 984.05	10 211 746 589.02
Total	11 408 160 697.00	10 908 435 948.22
Liabilities		
Termination benefits and pensions	128 730 699.54	122 492 016.47
Liabilities vis-à-vis Helvetia	91 160 403.35	95 940 912.94
Other liabilities	4 787 072.10	4 625 188.85
Liabilities	224 678 174.99	223 058 118.26
Accrued liabilities and deferred income	285 624 015.08	208 516 091.67
Employer-paid contribution reserves	162 428 122.99	164 375 107.15
Liabilities under insurance contracts	10 648 803 984.05	10 211 746 589.02
Regulatory tied funds	3 246 955.40	3 795 953.67
Pension liabilities and actuarial reserves	10 652 050 939.45	10 215 542 542.69
Foundation reserve for fluctuations in asset value	2 381 400.00	2 572 600.00
Non-committed funds of pension plans	71 482 095.22	83 995 504.02
Foundation's non-committed funds		
Balance at the beginning of the period	10 375 984.43	9 354 544.25
Income/Expense surplus	-860 035.16	1 021 440.18
Balance at the end of the period	9 515 949.27	10 375 984.43
Total	11 408 160 697.00	10 908 435 948.22

Income statement

in CHF	31.12.2018	31.12.2017
Employee contributions	448 892 352.59	434 047 907.40
Employer contributions	553 912 747.13	525 275 149.75
– of which withdrawal from the employer-paid contribution reserves to finance contributions	–18 394 899.57	–17 870 726.55
Contributions from third parties	3 055 282.60	3 387 862.95
One-time payments and purchase amounts	113 501 203.21	109 881 298.95
Transfers to employer-paid contribution reserves	19 173 087.65	15 830 208.35
Transfers to regulatory tied funds	500 000.00	500 000.00
Payments from guarantee fund	5 762 023.80	5 595 883.45
Ordinary and other contributions and transfers-in	1 126 401 797.41	1 076 647 584.30
Termination benefit transfers	1 070 316 303.66	1 012 074 296.88
Contributions for transfers of insured persons to		
– non-committed funds	11 271 365.15	12 378 561.64
– employer-paid contribution reserves	1 281 016.70	1 865 537.45
Reimbursements of withdrawals for home ownership/divorce	25 030 966.15	20 840 208.05
Entry lump-sum transfers	1 107 899 651.66	1 047 158 604.02
Inflow from contributions and entry lump-sum transfers	2 234 301 449.07	2 123 806 188.32
Retirement pensions	–157 861 632.25	–144 761 283.25
Survivors' pensions	–20 919 178.74	–19 479 935.41
Disability pensions	–39 418 031.80	–37 735 270.39
Other regulatory benefits	–44 288 205.05	–38 642 997.95
Lump-sum payments on retirement	–175 925 065.20	–146 682 555.05
Lump-sum payments on death or disability	–67 356 579.20	–37 098 659.65
Regulatory benefits	–505 768 692.24	–424 400 701.70
Termination benefits for leavers	–1 161 561 065.81	–1 255 144 317.00
Transfer of additional funds in case of collective withdrawal	–10 933 860.75	–8 514 497.79
Withdrawals for encouragement of home ownership/divorce	–46 771 058.40	–44 913 674.90
Termination benefits	–1 219 265 984.96	–1 308 572 489.69
Outflow for benefits and withdrawals	–1 725 034 677.20	–1 732 973 191.39
Decrease/Increase in regulatory tied funds	549 005.10	–985 914.20
Decrease/Increase in non-committed funds	12 021 759.73	5 012 675.40
Decrease/Increase in contribution reserves	1 957 951.17	2 850 233.15
Decrease/Increase in pension liabilities, actuarial reserves and contribution reserves	14 528 716.00	6 876 994.35
Insurance benefits	1 711 920 631.05	1 724 928 271.30
Share of insurance surpluses	27 440 519.50	26 539 480.64
Income from insurance benefits	1 739 361 150.55	1 751 467 751.94
Insurance premiums		
– Savings premiums	–791 758 135.69	–758 379 085.75
– Risk premiums	–163 635 328.08	–155 368 042.02
– Cost premiums	–53 891 046.00	–52 442 853.70
One-time contributions to insurances	–1 249 093 969.30	–1 178 377 080.05
Contributions to guarantee fund	–4 778 159.35	–4 610 681.70
Insurance cost	–2 263 156 638.42	–2 149 177 743.22
Net result of insurance activities	0.00	0.00

in CHF	31.12.2018	31.12.2017
Interest income on receivables	4 262 507.84	4 470 108.83
Interest on regulatory tied funds	-6.83	0.00
Interest on non-committed funds	-26 787.77	-35 354.23
Interest expense for liabilities	-4 209 664.79	-4 394 798.51
Interest expense for employer-paid contribution reserves	-26 048.45	-39 956.09
Net result on investments of pension plans	0.00	0.00
Income from investments in securities	-488 373.23	876 218.30
Interest on employer-paid contribution reserves	15 081.44	-120 603.33
Interest on non-committed funds	518 436.84	-690 771.17
Asset management expense	-45 145.05	-64 843.80
Net result on individual investments of pension plans	0.00	0.00
Yield on entitlements to shares in Helvetia Investment Foundation	-682 553.90	1 337 976.65
Yield on entitlements to Helvetia Investment Foundation BVG-Mix Plus 30	-149 432.00	264 851.30
Yield on entitlements to Helvetia Investment Foundation real estate	125 841.10	121 572.60
Interest income from liquid funds	0.00	0.00
Interest income on dotation capital	0.00	0.00
Asset management expense	-72 679.75	-85 188.15
Net result on investments of foundation's non-committed funds	-778 824.55	1 639 212.40
Income from services rendered	772 553.56	835 776.05
Other income	772 553.56	835 776.05
General administration	-838 851.86	-909 220.07
Auditors and pension fund actuary	-124 359.30	-118 951.20
Supervisory authority	-81 753.00	-97 577.00
Administrative expense	-1 044 964.16	-1 125 748.27
Income/Expense surplus before decrease/increase in reserves for fluctuations in asset value	-1 051 235.16	1 349 240.18
Decrease/Increase in reserves for fluctuations in asset value	191 200.00	-327 800.00
Income/Expense surplus after decrease/increase in reserves for fluctuations in asset value	-860 035.16	1 021 440.18

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 with 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 2018

- **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**

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

- **Employee representatives**

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

- **Other authorised signatories**

- Sabine Bachmann Mollat
- Donald Desax
- René Eggimann
- Isidor Elvedi
- Angela Godoy
- Thomas Klaiber
- Daniel Meyer
- Beat Müller
- Ana Isabel Roten
- Carmen Steiner

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	2018	2017
As at 31.12. prior year	10 995	10 897
Entries	654	1 010
Departures	-873	-912
As at 31.12. year under review	10 776	10 995

2. Active participants and pensioners

2.1 Active participants

Number	2018	2017
As at 31.12. prior year	107 574	107 159
New recruits	26 856	24 848
Resignations	-22 556	-22 988
Retirements	-1 476	-1 445
As at 31.12. year under review	110 398	107 574

2.2 Pensioners

Number	2018	2017
Retirement pensioners		
Initial sum	9 979	9 192
Entries	1 000	992
Departures	-34	-1
Retirements	-229	-204
Final sum of retirement pensioners	10 716	9 979

Recipients of pensioner's children's pension

Initial sum	169	158
Entries	74	60
Departures	-43	-46
Deaths	-3	-3
Final sum of recipients of pensioner's children's pension	197	169

Recipients of invalidity pension

Initial sum	2 662	2 746
Entries	236	257
Departures	-254	-302
Deaths	-44	-39
Final sum of recipients of invalidity pension	2 600	2 662

Number	2018	2017
Recipients of disabled's children's pension		
Initial sum	902	946
Entries	119	129
Departures	-162	-161
Deaths	-16	-12
Final sum of recipients of disabled's children's pension	843	902

Recipients of spouse's pension

Initial sum	1 795	1 731
Entries	204	181
Departures	-144	-117
Deaths	0	0
Final sum of recipients of spouse's pension	1 855	1 795

Recipients of orphan's pension

Initial sum	413	408
Entries	93	77
Departures	-43	-72
Deaths	0	0
Final sum of recipients of orphan's pension	463	413

Total

Initial sum	15 920	15 181
Entries	1 726	1 696
Departures	-680	-699
Deaths	-292	-258
Final sum of pensioners	16 674	15 920

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 10,648,803,984.05 (prior year: CHF 10,211,746,589.02) comprise the retirement savings capital of the active participants which have been invested and are managed by Helvetia.

	2018	2017
Interest on LOB mandatory savings capital	1.00%	1.00%
Interest on LOB non-mandatory savings capital	0.25%	0.25%

All pensions are insured. They have no surrender value and therefore are not shown on the balance sheet. The actuarial reserve for pensioners equals CHF 4,313,875,383 (prior year: CHF 4,089,314,474). The calculation and payment of the inflation adjustment on the LOB pensions are carried out by Helvetia.

5.3 Total retirement savings capital in accordance with LOB

in CHF	31.12.2018	31.12.2017
Retirement savings capital in accordance with the LOB (shadow account)	6 115 642 668	5 915 130 274
LOB minimum interest rate	1.00%	1.00%

5.4 Amounts and rates of interest for liabilities under insurance contracts

in CHF	31.12.2018	31.12.2017
Liabilities under insurance contracts at the end of the prior year	10 211 746 589.02	9 929 958 258.92
Savings contributions	791 758 135.69	758 379 085.75
Termination benefit transfers, purchase sums and new contracts	1 249 093 969.30	1 178 377 080.05
Termination benefits for leavers and on termination of the contract	-1 161 654 845.53	-1 254 990 726.67
Lump sum payments on retirement, death or disability	-243 274 444.40	-183 776 414.70
Withdrawals for encouragement of home ownership/divorce	-46 771 058.40	-44 913 674.90
Decrease as a result of retirement, death or disability	-255 070 131.92	-262 214 549.59
Rate of interest on capital from the pension fund	67 000 592.74	63 755 617.30
Waivers of premiums	22 090 178.15	21 244 678.40
Other changes	13 884 999.40	5 927 234.46
Liabilities under insurance contracts in the year under review	10 648 803 984.05	10 211 746 589.02

5.5 Conclusions of the last actuarial report

The pension actuary confirmed in his report dated 24.01.2019 that, as at 31.12.2018, the foundation is able to fulfil its obligations and that no other technical provisions need to be accrued. The next actuarial expert report as at 31.12.2018 will be prepared in the first half of 2019.

5.6 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	31.12.2018	31.12.2017
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Invested with Helvetia

Regulatory tied funds	3 246 955	3 795 954
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5.7 Changes in actuarial principles and assumptions

There are no changes compared with the prior year.

5.8 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 29.08.2016, and implementation guidelines for Market Switzerland, version dated 01.03.2017

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	2018	2017
Reserve for fluctuations in asset value as at 01.01.	2 572 600	2 244 800
Decrease/Increase in reserves for fluctuations in asset value	-191 200	327 800
Reserve for fluctuations in asset value as at 31.12.	2 381 400	2 572 600
Target reserve for fluctuations in asset value	2 381 400	2 572 600

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 six (prior year: seven).

In addition, the foundation has made its own investments totalling CHF 12,054,327.22 (prior year: CHF 13,140,555.63).

6.5 Market value and contract partners 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 income statement.

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 -488'373.23 (prior year: CHF 876,218.30) and its appropriation by the pension plans.

The position "Net result on investments of 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 -778,824.55 (prior year: CHF 1,639,212.40). 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 105,693.00 for the year under review (prior year: CHF 138,088.00).
- The total asset management expense indicated in the income statement 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 91,160,383.65 (prior year: CHF 95,940,912.94) are premium assets. In 2018, 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	2018	2017
Employer-paid contribution reserves as at 01.01.	164 375 107.15	167 064 780.88
Transfers-in	19 173 087.65	15 830 208.35
Transfers from new contracts	1 281 016.70	1 865 537.45
Used for premium payments	-18 394 899.57	-17 870 726.55
Used for one-time payments	-1 277 356.25	-400 652.25
Benefits from termination of contracts	-2 739 799.70	-2 274 600.15
Interest on investments of pension plans	26 048.45	39 956.09
Interest on individual investments of pension plans	-15 081.44	120 603.33
Employer-paid contribution reserves as at 31.12.	162 428 122.99	164 375 107.15

The majority of the employer-paid contribution reserves earned interest at 0.0%.

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 income statement positions

7.1 Comments on receivables from Helvetia

in CHF	31.12.2018	31.12.2017
Current account balances	128 730 699.54	122 492 016.47
Current account balances LOB Guarantee Fund	4 787 072.10	4 625 188.85
Surplus safekeeping accounts	12 386 431.81	14 120 992.63
Employer-paid contribution reserves	162 428 122.99	163 841 069.81
Regulatory tied funds	3 246 955.40	3 795 953.67
Non-committed funds of pension plans	53 585 750.55	61 966 555.71
Prepaid premiums	52 532 464.10	45 076 411.76
Outstanding one-time payments of participants	109 914 242.32	127 552 335.39
Total receivables from Helvetia (from investments for pension plans)	527 611 738.81	543 470 524.29

The receivables from Helvetia from investments by the foundation amounted to CHF 0.00 in the year under review (prior year: CHF 0.00).

7.2 Comments on prepayments and accrued income

in CHF	31.12.2018	31.12.2017
Prepaid benefits	123 019 852.21	35 695 373.32
Other accruals	478.50	0.00
Total prepayments and accrued income	123 020 330.71	35 695 373.32

7.3 Comments on liabilities to Helvetia

in CHF	31.12.2018	31.12.2017
Premiums owed	87 035 798.59	95 204 389.97
One-time payments owed	4 124 604.76	736 522.97
Total liabilities to Helvetia	91 160 403.35	95 940 912.94

7.4 Comments on accrued liabilities and deferred income

in CHF	31.12.2018	31.12.2017
Insurance benefits received in advance	123 019 852.21	35 695 373.32
Premiums received in advance	52 532 464.10	45 076 411.76
Outstanding one-time payments	109 914 242.32	127 552 335.39
Other accruals	157 456.45	191 971.20
Total accrued liabilities and deferred income	285 624 015.08	208 516 091.67

7.5 Comments on non-committed funds of pension plans

in CHF	31.12.2018	31.12.2017
Invested with Helvetia		
Individual surpluses	417 238.15	693 444.68
Collective surpluses	11 969 173.96	13 427 547.95
Non-committed funds	53 585 750.55	61 966 555.71
Total	65 972 162.66	76 087 548.34
Non-committed funds of pension plans in individual investments		
Collective surpluses	216 455.99	224 996.96
Non-committed funds	5 293 476.57	7 682 958.72
Total	5 509 932.56	7 907 955.68
Total non-committed funds of pension plans		
Individual surpluses	417 238.15	693 444.68
Collective surpluses	12 185 629.95	13 652 544.91
Non-committed funds	58 879 227.12	69 649 514.43
Total	71 482 095.22	83 995 504.02

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	2018	2017
Insurance benefits	1 711 920 631.05	1 724 928 271.30
Surpluses from insurance	27 440 519.50	26 539 480.64
Total income from insurance benefits	1 739 361 150.55	1 751 467 751.94

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	2018	2017
Individual accumulation	25 459 238.30	24 580 955.44
Collective accumulation	1 885 895.20	1 865 404.10
Credit to collection account	95 386.00	93 121.10
Total surpluses	27 440 519.50	26 539 480.64

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	2018	2017
Risk premium	-162 316 339.38	-154 099 573.42
Cost premium	-53 891 046.00	-52 442 853.70
Savings premium	-791 758 135.69	-758 379 085.75
Inflation	-1 318 988.70	-1 268 468.60
One-time payments	-1 249 093 969.30	-1 178 377 080.05
Contribution to the guarantee fund	-4 778 159.35	-4 610 681.70
Total insurance cost	-2 263 156 638.42	-2 149 177 743.22

7.7 Comments on income from services rendered

in CHF	2018	2017
Compensation for reminder costs Helvetia	557 968.56	642 989.55
Compensation for encouragement of home ownership costs	214 585.00	192 786.50
Total income from services rendered	772 553.56	835 776.05

7.8 Comments on administrative expense

in CHF	2018	2017
Reminder costs	-557 968.56	-638 129.55
Encouragement of home ownership costs	-214 585.00	-192 786.50
Auditors and pension fund actuary	-124 359.30	-118 951.20
Supervisory authority	-81 753.00	-97 577.00
General administration	-66 298.30	-78 304.02
Foundation's administrative expense	-272 410.60	-294 832.22
Total administrative expense	-1 044 964.16	-1 125 748.27

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 2017 had not been received.

9. Further information regarding the financial situation

9.1 Partial liquidations

No partial liquidation procedure was conducted in 2018 at the foundation level. Partial liquidations which were to be conducted by pension plans in 2018 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. Likewise, the terminations of contracts of association and the corresponding pension plan exits were conducted in accordance with the partial liquidation 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, 9 May 2019

Helvetia Group Foundation for Employee Pensions



Mirjam Brucker
President of the Board
of Foundation



Fritz Zahnd
Vice president 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, 2018.

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, 2018 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;
- 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, May 9, 2019

Enclosure:

- Financial statements comprising balance sheet, operating account and notes



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**Helvetia Group Foundation
for Employee Pensions**

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