

Helvetia LOB Invest Group Foundation
for Employee Pensions

helvetia.ch/lob-invest-foundation

Annual Report 2018.

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2018: Strong growth, weak investment year.

The financial markets faced a sizeable swing in sentiment in 2018. While a strong economy and earnings growth appeared to be on the cards up to autumn, this subsequently changed with the correction coming from the US: The US-China trade dispute escalated and the consequences of the approaching Brexit became more apparent. The market took a much more pessimistic stance on growth prospects following the threat of punitive tariffs. Major price setbacks were suffered as a result of the Fed ignoring massive political pressure by continuing on its monetary course and in December tightening the interest rate screw further. December turned out to be one of the worst months on record for stock markets, which ultimately impacted equity figures for the year as a whole. The significant price falls seen on equity markets at the end of the year and growing fears of inflation were only moderately offset by gains on bonds. By contrast, positive investment results were achieved in the Swiss real estate market. While many listed real estate funds produced a negative performance due to the reduced premium, the real estate investment groups of the investment foundation profited in full from the ongoing positive trend on the Swiss real estate market. In all, 2018 was, however, the worst investment year since the global financial crisis.

As a participant in the financial markets, the Helvetia LOB Invest Group Foundation is not spared from these developments: The effects are also reflected in the performance figures for 2018.

Given that these represent just one among numerous parameters, we can generally report though that: Despite the negative investment results, the 2018 financial year proved highly successful for the Helvetia LOB Invest Foundation. In 2018, the Helvetia LOB Invest Group Foundation recorded the most substantial growth in its history, which we view as clear testimony to the attractiveness of its offering as well as to the trust that the market places in it. The number of associated companies has more than trebled. And most importantly: The portfolio is extremely healthy, with no risk exposure that would require the creation of additional reserves. This also has to do with the fact that no retirement pensions had to be taken

over with the new associations. Among its approximately 1000 active insured persons, the foundation numbered only two pension recipients at the end of the year.

The foundation remains on a very stable financial footing. Thanks in no small part to this, additional interest of 0.25% could be paid on existing retirement assets; overall this meant that interest on compulsory and supplementary retirement assets amounted to 1.25%. The interest rate for 2019 is 1.0%; a decision on any additional interest payment will be taken in November. One thing is already certain: 2019 has got off to a very successful start. The number of associations trebled by the end of February, accompanied by a positive development of the funding ratio.

Going forward, Helvetia LOB Invest aims to remain a reliable and stable provider of employee pension solutions. This is only possible if it locks into any opportunities still available despite the narrow statutory requirements and the situation on the financial markets. The Board of Foundation has therefore decided to implement various measures to help ensure that Helvetia LOB Invest continues to be an attractive contender in the market and able to offer its insureds stable and secure benefits as well as solutions that are both needs-based and fair. Helvetia will provide more information in the course of the first half of 2019.

We wish to close by thanking our customers for the trust they have placed in the Helvetia LOB Invest Group Foundation. In addition, we would like to thank all our employees and partners for the huge effort that they put into the growth and success of Helvetia LOB Invest day in, day out.



Michael Siber
President of the Board
of Foundation



Dr. iur. Stefano Beros
Managing Director

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The annual report of the Helvetia LOB Invest 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.

Financial statements 2018.

Balance sheet

in CHF	31.12.2018	31.12.2017
Assets		
Cash and cash equivalents	5 587 935.94	849 172.43
Receivables from affiliated employers	2 113 086.49	977 815.45
Receivables from Helvetia	0.00	159 678.19
Collective investments with mixed instruments	54 658 528.20	38 281 038.80
Investments	62 359 550.63	40 267 704.87
Prepayments and accrued income	0.00	0.00
Total	62 359 550.63	40 267 704.87
Liabilities		
Termination benefits and pensions	1 475 559.40	1 090 598.10
Liabilities to Helvetia	884 206.68	0.00
Other liabilities	31 491.50	19 612.90
Liabilities	2 391 257.58	1 110 211.00
Accrued liabilities and deferred income	4 345 100.90	821 819.55
Employer's contribution reserves	319 781.25	199 785.30
Pension capital of active participants	53 164 371.60	33 118 498.75
Pensioners' pension assets	756 385.00	737 313.00
Actuarial reserves	1 135 608.00	2 005 012.00
Pension liabilities and actuarial reserves	55 056 364.60	35 860 823.75
Reserve for fluctuations in asset value	131 713.82	2 229 220.84
Non-committed funds of pension plans	115 332.48	45 844.43
Non-committed foundation funds		
Balance at the beginning of the period	0.00	0.00
Income/expense surplus	0.00	0.00
Balance at the end of the period	0.00	0.00
Total	62 359 550.63	40 267 704.87

Income statement

in CHF	2018	2017
Employee contributions	2 851 108.95	1 722 461.50
Employer contributions	3 283 875.85	1 973 733.55
– withdrawal from the employer-paid contribution reserves to finance contributions	–66 108.55	–58 137.25
One-time contributions and purchase amounts	489 072.00	327 844.50
Transfers to employer-paid contribution reserve	34 500.00	0.00
Benefits from the security fund	26 200.70	16 290.95
Ordinary and other contributions and transfers-in	6 618 648.95	3 982 193.25
Termination benefit transfers	20 739 662.05	14 851 026.30
Transfers following take-over of participants to		
– non-committed funds	68 961.85	1 257.50
– employer-paid contribution reserve	150 217.85	12 837.95
Reimbursements of withdrawals for home ownership/divorce	56 000.00	0.00
Entry lump-sum transfers	21 014 841.75	14 865 121.75
Inflow from contributions and entry lump-sum transfers	27 633 490.70	18 847 315.00
Retirement pensions	–42 087.60	–33 789.45
Disability pensions	–71 122.00	–16 774.00
Capital benefits on retirement and death	–573 249.55	–415 122.00
Regulatory benefits	–686 459.15	–465 685.45
Termination benefits for leavers	–5 807 991.00	–2 726 261.65
Withdrawals for encouragement of home ownership / divorce	–257 777.90	–316 277.00
Termination benefits	–6 065 768.90	–3 042 538.65
Outflow for benefits and withdrawals	–6 752 228.05	–3 508 224.10
Decrease/increase in pension assets of active participants	–19 480 030.30	–14 034 267.05
Decrease/increase of pensioners' coverage capital	–19 072.00	–737 313.00
Decrease/increase in actuarial reserves	869 404.00	–974 283.00
Decrease/increase in non-committed funds of pension plans	–68 961.85	–1 257.50
Rate of interest on capital from the pension fund (ordinary)	–425 681.15	–289 391.20
Rate of interest on capital from the pension fund (additional)	–99 099.50	–146 620.90
Decrease/increase in contribution reserves	–118 609.30	45 299.30
Decrease/increase in pension liabilities, actuarial reserves and contribution reserves	–19 342 050.10	–16 137 833.35
Insurance benefits	120 652.00	53 166.50
Share of insurance surpluses	27 123.20	13 586.10
Income from insurance benefits	147 775.20	66 752.60
Insurance premiums		
– Risk premiums	–1 177 256.60	–592 731.20
– Cost premiums	–385 865.55	–180 793.40
Contributions to guarantee fund	–31 711.40	–19 765.30
Insurance cost	–1 594 833.55	–793 289.90
Net result of insurance activities	92 154.20	–1 525 279.75

Income statement (continued)

in CHF	2018	2017
Income from investments in securities	-2 719 418.70	3 020 262.00
Interest income on accounts receivable	35 316.45	20 251.89
Interest expense for liabilities	-14 790.20	-4 534.00
Interest expense for employer-paid contribution reserves	-1 386.65	-1 191.15
Interest on non-committed funds of pension plans	-526.20	-227.80
Asset management expenses	-551 151.52	-418 364.57
Net income from investments	-3 251 956.82	2 616 196.37
Founder's contribution	1 100 000.00	0.00
Other income	5 228.40	4 906.80
Other income	1 105 228.40	4 906.80
General administration	-12 209.70	-6 292.40
Auditors and pension fund actuary	-25 624.10	-17 784.55
Supervisory authority	-5 099.00	-6 806.50
Administrative expense	-42 932.80	-30 883.45
Income/expense surplus before decrease/increase in reserves for fluctuations in asset value	-2 097 507.02	1 064 939.97
Decrease/increase in reserves for fluctuations in asset value	2 097 507.02	-1 064 939.97
Income/expense surplus after decrease/increase in reserves for fluctuations in asset value	0.00	0.00

Notes to the financial statements.

1. General information and organisation

1.1 Legal form and objectives

Helvetia LOB Invest Group Foundation for Employee Benefit Schemes (hereinafter referred to as LOB Invest) is a mutual collective foundation established by Helvetia Swiss Life Insurance Company Ltd within the meaning of Art. 80 et seq. of the Swiss Civil Code (SCC). It was founded in December 2005 under the name Helvetia Patria LOB Invest Group Foundation for Employee Benefit Schemes. Its purpose is to provide occupational benefits for employees and employers on retirement, in case of earning disability and in the event of death for their surviving dependants.

The pension is paid primarily in accordance with LOB and other social security legislation. The foundation can, however, grant benefit coverage over and above the mandatory insured benefits.

1.2 Registration for LOB and the guarantee fund

Helvetia LOB Invest Group Foundation is registered within the meaning of the provisions of LOB in the Register for Occupational Benefit Schemes (Register No. BS-0430). It is subject to the Vesting Law (LVOB) and is therefore affiliated to the LOB Guarantee Fund (No. C1.0124).

1.3 Plan statutes and regulations

- **Foundation instrument**

21.12.2005, last revised on 26.11.2010

- **Organisation rules**

01.01.2013

- **Investment rules and regulations**

05.12.2006, last revised on 12.12.2018

- **Election rules**

01.01.2006, last revised on 01.06.2015

- **Pension fund regulations**

01.01.2013, last revised on 01.01.2018

- **Partial liquidation regulations**

01.01.2013

- **Provisions regulations**

01.01.2011, last revised on 01.12.2017

1.4 Supreme body, management and signing authority

The members of the Board of Foundation, the managing company Helvetia Swiss Life Insurance Company Ltd (hereinafter referred to as Helvetia) and any other authorised signatories have a collective authority to sign with dual signature authority. The managing company can designate further authorised signatories for the conduct of daily business.

1.4.1 Interim Board of Foundation

- **Employer representatives**

- Michael Siber, Chairman
- Olivier Annaheim, Member

- **Employee representative**

- Rebecca Luperto, Vice President

- **Foundation representative (interim)**

- Regine Zülch, Member

- **Other authorised signatories**

- Stefano Beros
- Claudia Gast Baumann
- Thomas Klaiber
- Daniel Meyer
- Matthias Rist
- Daniela Rogenmoser
- Carmen Steiner

1.5 Actuaries, auditors, advisors, supervisory authority

- **Auditors**

KPMG AG, Zurich

- **Pension fund actuary**

Ernst Sutter, Beratungsgesellschaft für die zweite Säule AG, Basel

- **Supervisory authority**

BVG- und Stiftungsaufsicht beider Basel (BSABB)

1.6 Affiliated employers

Number	2018	2017
As at 31.12. prior year	94	55
Entries	234	39
Departures	-5	0
As at 31.12. year under review	323	94

2. Active participants and pensioners

2.1 Active participants

Number	2018	2017
As at 31.12. prior year	474	219
Entries	646	333
Departures	-154	-75
Retirements	-3	-3
As at 31.12. year under review	963	474

2.2 Pensioners

Number	2018	2017
Retirement pensioners		
Initial sum	2	0
Additions	0	2
Departures	0	0
Death	0	0
Final sum of retirement pensioners	2	2
Recipients of a disability pension		
Initial sum	1	1
Additions	1	0
Departures	0	0
Death	0	0
Final sum of recipients of disability pension	2	1
Recipients of an invalidity children's pension		
Initial sum	0	0
Additions	1	0
Departures	0	0
Death	0	0
Final sum of recipients of an invalidity children's pension	1	0
Final sum of pensioners	5	3

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 life insurance contract with Helvetia Swiss Life Insurance Company Ltd, dated 31.01.2013.

3.1 Characteristics of the benefit 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 and 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 methods

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 Accounting policies

The financial statements give a true and fair view of the assets, financial position and results of operations within the meaning of Swiss law and Swiss GAAP FER 26.

4.2.2 Valuation methods

Cash and cash equivalents	Par value
Securities	Market value
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 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 life insurance contract with Helvetia, dated 31.01.2013. The policyholder and beneficiary is the foundation. The longevity risk (incl. death after retirement) is borne by the foundation itself.

5.1.1 Comments on assets and liabilities from insurance contracts

The unrecognised reinsured mathematical pension reserve for disability pensions amounts to CHF 1,230,000.

5.2 Development and rate of interest on the savings capital in the defined contribution plan

in CHF	2018	2017
Savings capital at the end of the prior year	33 118 498.75	18 794 840.50
Savings contributions of employee/employer	4 784 784.70	2 919 196.10
Exemption from savings premiums	49 530.00	36 392.50
Vested benefit transfers / one-time contributions	21 284 734.05	15 178 870.80
Vested benefits for leavers and on termination of the contract	-5 807 991.00	-2 726 261.65
Lump-sum payments on retirement	-573 249.55	-415 122.00
Withdrawals for encouragement of home ownership / divorce	-257 777.90	-316 277.00
Decrease as a result of retirement, death or disability	0.00	-642 531.70
Interest on pension capital (ordinary)	425 681.15	289 391.20
Interest on pension capital (additional)	140 161.40	0.00
Savings capital at the end of the year under review	53 164 371.60	33 118 498.75
Interest on LOB mandatory savings capital	1.00%	1.00%
Interest on extra-mandatory savings capital	1.00%	1.00%
Additional interest on compulsory, supplementary	0.50% ¹	0.00%

¹ On savings capital as at 31.12.2017 from 01.01.2018.

Additional interest of 0.25% will be paid on savings capital as at 31.12.2018 from 01.01.2019.

5.3 Total retirement savings capital in accordance with LOB

in CHF	31.12.2018	31.12.2017
Retirement savings capital in accordance with LOB (shadow account)	31 175 980.15	20 691 743.35
LOB minimal interest rate	1.00%	1.00%

5.4 Development of mathematical reserves for pensioners

in CHF	31.12.2018	31.12.2017
As at 01.01.	737 313.00	0.00
Increase/decrease	19 072.00	737 313.00
As at 31.12.	756 385.00	737 313.00

5.5 Composition, development and explanation of actuarial reserves

in CHF	31.12.2018	31.12.2017
Provision for retirement losses	1 094 352.00	1 408 241.00
Provisions for fluctuations in risk experience	33 692.00	15 864.00
Provisions for increase in life expectancy	7 564.00	3 687.00
Provisions for reduction of the technical interest rate	0.00	577 220.00
Total actuarial reserves	1 135 608.00	2 005 012.00

The actuarial reserves are valid from 01.12.2017 pursuant to the current provisions and reserves regulations and take account of the submitted capital options. Pursuant to a resolution by the Board of Foundation of 16.11.2017, provisions are made for reduction of the technical interest rate to 2% as of 31.12.2017.

5.6 Conclusions of the last actuarial report

In the actuarial expert opinion as at 31.12.2017 dated 12.03.2018, the pension fund actuary confirms, based on a review of the foundation's financial situation as of 31.12.2017, that the foundation is in a position to meet its obligations pursuant to Article 52e (1a) LOB and that the regulatory actuarial provisions with regard to benefits and funding comply with the legal requirements.

5.7 Actuarial principles and other significant actuarial assumptions

The foundation has taken out a collective insurance contract for the risks of death and disability, as well as inflation adjustment on LOB risk benefits. The FINMA-approved collective insurance tariff of Helvetia Swiss Life Insurance Company Ltd forms the actuarial basis. The longevity risk of age is borne by the foundation itself. The BVG 2015, PT 2017 principles are applied with a technical interest rate of 2.0%.

5.8 Changes in actuarial principles and assumptions

The technical interest rate was lowered from 2.5% to 2% (BVG 2015, PT 2017) on 31.12.2018.

5.9 Employer-paid contribution reserves with renounced use

The regulatory provisions of Helvetia LOB Invest stipulate that the employer may make contributions to the employer-paid contribution reserves with renounced use in the event of underfunding.

5.9.1 Coverage rate according to Art. 44 OOB2

in CHF	31.12.2018	31.12.2017
Balance sheet assets	62 359 550.63	40 267 704.87
Liabilities and accrued liabilities and deferred income	-6 736 358.48	-1 932 030.55
Employer-paid contribution reserve	-319 781.25	-199 785.30
Available pension fund assets	55 303 410.90	38 135 889.02
Pension fund capital of active participants	53 164 371.60	33 118 498.75
Pensioners' pension assets	756 385.00	737 313.00
Actuarial reserves	1 135 608.00	2 005 012.00
Non-committed funds of pension plans	115 332.48	45 844.43
Pension capital, technical provisions and free assets for the pension funds	55 171 697.08	35 906 668.18
Coverage rate in %	100.24	106.21

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

The organisation of investments is set out in the investment rules and regulations, dated 05.12.2006, which were last amended on 12.12.2018. The Board of Foundation, the Investment Commission and the management are entrusted with organising investments. The assets of the foundation are invested in the investment group LOB-Mix Plus 30 of the Helvetia Investment Foundation.

6.2 Implementation of the Ordinance against Excessive Pay in Stock Exchange Listed Companies

Only collective investments are made that do not enable voting rights to be exercised.

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

The target value of the reserve for fluctuations in asset value of the collective investments is defined according to the investment strategy. The target reserve for fluctuations in asset value has been determined on the basis of financial calculations and set at 11.68% according to a resolution by the Board of Foundation.

in CHF	2018	2017
Reserve for fluctuations in asset value as at 01.01.	2 229 220.84	1 164 280.87
Increase/decrease charged to the operating account	-2 097 507.02	1 064 939.97
Reserve for fluctuations in asset value as at 31.12.	131 713.82	2 229 220.84
Target reserve for fluctuations in asset value (rounded)	6 384 116.00	4 471 225.00
Reserve deficit/surplus	6 252 402.18	2 242 004.16

6.4 Breakdown of investments into investment categories

	2018				2017			
	Strategy in per cent	Lower bandwidth in per cent	Upper bandwidth in per cent	Market value pursuant to balance sheet in CHF	Share in per cent	Market value pursuant to balance sheet in CHF	Share in per cent	
Cash and cash equivalents								
Bank deposits	10.00%	0.00%	20.00%	5 587 935.94	8.96%	849 172.43	2.11%	
Collective investments								
HAST LOB-Mix Plus 30 ¹	90.00%	80.00%	100.00%	54 658 528.20	87.65%	38 281 038.80	95.07%	
Receivables								
Receivables from Helvetia	0.00%	0.00%	15.00%	0.00	0.00%	159 678.19	0.40%	
Accounts receivable								
Receivables from affiliated employers ²	0.00%	0.00%	5.00%	2 113 086.49	3.39%	977 815.45	2.43%	
Total investments	100.00%			62 359 550.63	100.00%	40 267 704.87	100.00%	
Operating assets								
Prepayments and accrued income				0.00		0.00		
Total				62 359 550.63		40 267 704.87		

¹ Alternative investments account for 3.72% of HAST LOB-Mix Plus 30 as of 31.12.2018 (prior year: 4.89%). This corresponds to a market value of CHF 2,317,521 (prior year: CHF 1,967,645).

² Receivables from affiliated employers consist solely of employee and employer contributions that were unpaid as of the balance sheet date.

The specifications for the individual limits pursuant to Art. 54, 54a and 54b as well as Art. 55 OOB2 have been observed. The investment groups invest the assets while adhering to the principles and guidelines for capital investments of employee benefits institutions set out in the Federal Law on the Occupational Old-Age, Survivors' and Disability Benefit Plans (LOB) and the accompanying implementing decrees and in compliance with the relevant practice of the supervisory authority. The relevant investment restrictions are stipulated in the Ordinance on the Occupational Old-Age, Survivors' and Disability Benefit Plans (OOB2), section 3 "Investment of the Assets" (Art. 49 to 59). Only collective investments are made and no direct investments in shares.

FMIA: The Board of Foundation acknowledges and resolves that the documentation obligations set out in FMIA are waived, as no derivatives are held (resolution dated 14.11.2018).

6.4.1 Market value and counterparties in securities lending

The foundation only holds collective investments. No statements can be made on any securities lending within the collective investments.

6.5 Comments on net result of investments

It is not possible to break down the results of the mixed instruments into individual investment categories within the mixed instruments.

	2018	2018	2017	2017
	Yield/return in CHF	Yield/return in % ¹	Yield/return in CHF	Yield/return in % ¹
LOB-Mix Plus 30	-2 719 418.70	-6.00%	3 020 262.00	8.40%
Result from capital investments	-2 719 418.70	-6.00%	3 020 262.00	8.40%
Interest rate income on accounts receivable	35 316.45		20 251.89	
Interest expense for liabilities	-14 790.20		-4 534.00	
Interest expenses for employer-paid contribution reserve	-1 386.65		-1 191.15	
Rate of interest on non-committed funds of pension plans	-526.20		-227.80	
Result from other assets and liabilities	18 613.40		14 298.94	
Asset management expense	-551 151.52		-418 364.57	
Net return on investments	-3 251 956.82		2 616 196.37	

¹ The annual return for 2018 in % is derived from the gross return (-5.14%) and the TER costs (-0.86%). The return for the previous year has been adjusted for the purpose of comparison. The return for 2017 comprised the period from the first to the last trade order and not the calendar year.

6.6 Explanation of the asset management expenses

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

in CHF	2018	2017
Sum of all the expense figures for collective investments	470 063.00	375 154.00
Total of the asset management expenses shown in the operating account as a percentage of the cost-transparent investments	0.88%	1.04%
Cost transparency ratio	100.00%	100.00%

6.7 Performance of investments (excluding claims)

in CHF	2018	2017
Total investments on 01.01.	39 130 211.23	21 950 038.08
Total investments on 31.12.	60 246 464.14	39 130 211.23
Investments on average	49 688 337.69	30 540 124.66
Net return on investments	-3 251 956.82	2 616 196.37
Total	-6.54%	8.57%

6.8 Information on valid regulations regarding retrocessions

The foundation's investments are carried out solely by 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. Within the framework of the agreement between Helvetia LOB Invest Group Foundation, Helvetia Investment Foundation and Helvetia Swiss Life Insurance Company Ltd, Helvetia Investment Foundation pays retrocessions to LOB Invest. The retrocessions are used within the scope of the regulatory provisions.

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

6.9.1 Investments in the employer's enterprise

The receivables from affiliated employers amounting to CHF 2,113,086.49 (prior year: CHF 977,815.45) are premium assets. In 2018, the foundation levied default interest of 5% (prior year: 5%). The risk and cost premiums are each owed as at 31.01. or 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 incurred by the foundation are borne by the foundation after deduction of the loss cover by the LOB Guarantee Fund.

6.9.2 Employer-paid contribution reserves

in CHF	31.12.2018	31.12.2017
Balance at the beginning of the period	199 785.30	243 893.45
Contributions to the employer-paid contribution reserves	34 500.00	0.00
Transfers-in from new contacts	150 217.85	12 837.95
Use for one-time contributions ¹	-66 108.55	-58 137.25
Interest	1 386.65	1 191.15
Balance at the end of the period	319 781.25	199 785.30

¹ Use for one-time contributions is only allowed if a declaration of non-objection has been issued by the competent tax authority or in liquidation situations.

The employer-paid contribution reserves accrued interest at 0.5%, as in the prior year.

7. Comments on other balance sheet and operating account positions

7.1 Explanation of receivables from Helvetia

Operational activities resulted in a current account liability vis-à-vis Helvetia of CHF 884,206.68 as at 31.12.2018 (prior year: current account receivables CHF 159,678.19).

7.2 Explanation of deferred income

in CHF	31.12.2018	31.12.2017
One-time contributions of insured persons	4 011 866.00	216 738.05
Premiums paid in advance	211 053.90	135 190.85
Other accruals	122 181.00	469 890.65
Total accrued liabilities and deferred income	4 345 100.90	821 819.55

7.3 Comments on prepayments and accrued income

in CHF	31.12.2018	31.12.2017
Benefits paid in advance	0.00	0.00
Total prepayments and accrued income	0.00	0.00

7.4 Comments on income from insurance benefits

in CHF	2018	2017
Insurance benefits	120 652.00	53 166.50
Insurance surpluses	27 123.20	13 586.10
Total income from insurance benefits	147 775.20	66 752.60

7.4.1 Information on valid regulations regarding surpluses

The foundation is entitled to the profit shares granted from the collective life insurance contract with Helvetia. The Board of Foundation decides on the appropriation of surpluses. The order of appropriation is dealt with in the pension fund regulations.

7.5 Explanation of insurance cost

in CHF	2018	2017
Risk premiums	1 168 106.90	586 960.70
Risk premium inflation	9 149.70	5 770.50
Contributions to guarantee fund	31 711.40	19 765.30
Cost premiums	385 865.55	180 793.40
Total insurance cost	1 594 833.55	793 289.90

8. Supervisory authority requirements

The supervisory authority acknowledged the reporting for 2017 in its letter dated 10.04.2019. The comments will be taken into account in the financial statements for 2019.

9. Further information regarding the financial situation

9.1 Partial liquidation

As in the previous year, there were no partial liquidation procedures at foundation level in 2018. No partial liquidations of pension funds to be carried out in line with the provisions of the partial liquidation regulations were identified in the year under review or in the previous year.

9.2 Disclosure of FATCA status

Helvetia LOB Invest 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.

Regardless of this exemption from FATCA 2nd pillar provisions, the foundation has taken all the necessary measures to ensure that the management and/or the investment of the foundation's assets with its contracting partners are FATCA-compliant.

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, 14 May 2019

Helvetia LOB Invest
Group Foundation for Employee Pensions



Michael Siber
President of the Board
of Foundation



Dr. iur. Stefano Beros
Managing Director

Auditor's report.

Source: KPMG AG, Zurich



**KPMG AG
Audit**

Badenerstrasse 172
CH-8004 Zurich

PO Box
CH-8036 Zurich

Telephone +41 58 249 31 31
Fax +41 58 249 44 06
www.kpmg.ch

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

Helvetia LOB Invest 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 LOB Invest 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 14, 2019

Enclosure:

- Financial statements comprising balance sheet, operating account and notes



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**Helvetia LOB Invest Group Foundation
for Employee Pensions**

T 058 280 10 00 (24 h), www.helvetia.ch/lob-invest-foundation



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