2014 was once again a good year for investors. The continuing aggressive monetary policy still followed by the central banks was decisive for the development of the markets. In contrast to most forecasts, interest rates continued to fall over the course of the year and reached a new low point at the end of 2014. The same applied to interest rate spreads, which fell across the board. This generated significant price gains in the fixed interest segment, with the performance of longer maturities reaching double-digits. At the same time, this situation made it more difficult to invest new money.

The equity markets performed unevenly and remained fragile throughout the entire year, while share prices fluctuated constantly. Geopolitical risks in the wake of the Ukrainian Crisis, economic concerns in Europe and fears of a re-ignition of the debt crisis repeatedly caused setbacks along with high market volatility. At the end of the year, the American and Swiss equity markets in particular had demonstrated strong performance of 13.7 (in USD) respectively 13 percent. By contrast, the European markets barely moved.

The Swiss franc to euro exchange rate remained within a narrow range due to the minimum rate guaranteed by the Swiss National Bank. Driven by the robust economy and the coming end of the QE programmes, the US dollar rose against the euro and Swiss franc.

Under these conditions, Helvetia generated a pleasing overall performance of 7.7 percent. The details will be presented on slide 20.

These figures show Helvetia's overall investment performance for the entire year, and that of Nationale Suisse starting from the date of acquisition. The Nationale Suisse assets were recorded at their current market value.

Current income was almost one billion Swiss francs – an increase of CHF 25.9 million compared to the previous year. The direct yield declined from 2.7 to 2.5 percent as a result of the continuously falling interest rates, which put pressure on current yields.
Capital gains were increased by CHF 92.7 million compared to 2013, and reached CHF 282 million. This amount includes the book profits from the holding in Nationale Suisse prior to its acquisition of CHF 108.9 million. The investment result in income totalled CHF 1.275 billion or 3.3 percent of the invested funds.

Driven by the sharp fall in interest rates, unrealised gains in equity increased by CHF 1.677 billion, and the total investment result for the Group was almost CHF 3 billion, which represents a performance of 7.7 percent.

I would once again like to point out that long-term liabilities and interest rate guarantees in the life insurance business require that the fixed interest investments will most likely be held until maturity. Unrealised gains in equity occurring in the meantime must therefore be seen in this overall context.

The investments for the investment-linked life insurance products, which are held at the risk and for the benefit of our insurance customers, generated an overall attractive return of CHF 201 million.

Slide 21 provides information about the contributions of the individual investment classes.

(Slide 21) Direct yield and performance full-year 2014

At CHF 585 million, fixed-interest investments contributed most to the current income, followed by investment property at CHF 209 million. Mortgages provided CHF 92 million and equities CHF 63 million. Investment property provided the highest direct yield at 3.8 percent.

Two-thirds of the total investment result of CHF 1,275 billion came from interest bearing investments, of which CHF 740 million came from fixed interest investments and CHF 91 million from mortgages. The remaining third came with CHF 235 million from equities and CHF 212 million from investment property.

The unrealised gains in equity of CHF 1.677 billion came almost exclusively from the fixed interest investments. Driven by the extraordinary interest rate developments, bonds provided a total return of CHF 2.396 billion, thereby making up over 80 percent of the overall investment result of CHF 2.952 billion.

The table in the lower part of slide 21 refers to Helvetia Group without Nationale Suisse. In the reporting year we made, new investments of CHF 1 billion. 80 percent of this was invested in fixed interest investments. The remaining 20 percent were allocated to investment property (9 percent) and mortgages (8 percent), while equities made up just 3 percent.

The average return on new investments was 2.2 percent overall and 1.9 percent on fixed interest investments and mortgages, making it an attractive yield given the current interest rate environment. This is primarily because a large share of the funds could be invested in the first half of the year at even higher yields.
The asset allocation at the end of the year is shown on the following slide 22.

(Slide 22) Well-diversified investment portfolio
The investment portfolio increased by CHF 8.4 billion to an overall level of CHF 48 billion. Nationale Suisse contributed CHF 5.3 billion. Both Nationale Suisse and Helvetia have similar investment structures. Combining the two portfolios therefore did not create any major shifts in asset allocation. As Nationale Suisse stopped using mortgages as an investment class a few years ago, the new allocation resulted in slight shifts between fixed interest investments and mortgages. The first gained four percentage points in weighting, the latter lost two. The other changes were minimal. The portfolio continues to demonstrate a balanced distribution and a high investment quality.

The credit quality of our portfolio is shown on slide 23.

(Slide 23) Bond credit ratings
The fact that only 11 percent of the holdings have a credit rating of less than A or are not rated testifies the high credit quality of the portfolio. 70 percent of the holdings have the two highest credit ratings: 43 percent of the holdings received the highest rating of AAA, 27 percent received the second highest rating of AA.

No impairments were needed in the reporting year, which also emphasises the high quality of the portfolio.

That brings me to our outlook: We are assuming that interest rates in Europe will remain low in light of the European Central Bank's decision to pursue an extremely loose monetary policy. Switzerland is likely to experience even lower rates after abandoning the minimum exchange rate with the euro and introducing negative interest rates, although it is not expected that interest rates will remain negative for a longer period of time.

Thanks to our balanced, safety-focussed investment policy and the high hedging ratio, the consequences of the currency shock could be well absorbed. The low interest rate environment remains a challenge for new investments. However, in order to generate improved returns a selective increase of investment risks will be needed. Following a decision from last year, we are currently investing in corporate bonds in the BBB segment, primarily in the US, as well as in US treasuries, convertible bonds and first class Swiss mortgages. Furthermore, alternative investment classes such as infrastructure debt or private debt are being examined in order to be able to do corresponding investments in the second half of 2015.
I now hand over to Philipp Gmür, who will give you detailed information on the Swiss business >>>>>.