

**PERSONALVORSORGESTIFTUNG DER  
FELDSCHLÖSSCHEN-GETRÄNKEGRUPPE**

**2018 Annual Report**

(Short Version)

## 2018 Annual Report

The extremely positive trends on investment markets in 2016 and 2017 were not, unfortunately, carried over into 2018. On the contrary: Most investment markets performed negatively in 2018. Pension funds report negative returns of -4.5% and lower funding ratios, and some have even slipped into underfunding territory.

Based on political and economic developments, the Investment Committee of the Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe reduced the equity mandate in May/June 2018 by CHF 27 million. CHF 20 million was invested in a money market fund, and CHF 7 million in liquidity in order to finance ongoing obligations. While the Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe was still posting slightly positive returns on investment at the end of September, developments in October and December led to a negative year-end result. The annual performance of the Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe was **-0.92%** (previous year +7.16%). Despite negative indications, however, this performance can be viewed as above-average compared to the returns reported by other institutional Swiss investors.

The only positive contribution to performance was made by investments in real estate. Income from investments in 2018 amounted to CHF 5.9 million (2017: CHF 46.97 million).

Regrettably, we see no improvement in the interest rate situation either. Banks continue to burden clients with **negative interest rates**. In 2018 interest expense amounted to CHF 107,357.25 (2017: CHF 100,217.21). This interest rate environment significantly impedes liquidity planning, since a sufficiently large volume of liquidity must be available in order to meet obligations, and in particular pension payments, on time.

As at 31 December 2018, the **expense surplus** amounted to **CHF 22.8 million**. This amount was charged to the **fluctuation reserve**, which at 31 December 2018 stood at **CHF 35.9 million**. The target for the fluctuation reserve is CHF 143.6 million.

In 2018 the minimum BVG interest rate of 1% was applied to the retirement capital of active insured members. The interest expense on savings capital amounted to CHF 2.2 million.

In December 2018 the Board of Trustees decided to reduce the **technical interest rate** from 1.75% to **1.5%**. This measure is positively impacting earnings and improving the pension fund's financial situation and stability over the long term.

Despite the reduction in the technical interest rate and the associated increase in provisions, the **funding ratio** (available pension assets measured on the basis of actuarial obligations) at 31 December 2018 was still positive at **105.6%** (previous year 109.1%).

**Membership** – The number of active members fell slightly year-on-year. As at 31 December 2018, the pension fund had 1,243 active members (previous year: 1,273). The number of pension recipients dropped by 55 to end the year at 1,465.

For more information on the annual financial statements at 31 December 2018 and for details on the number of insured members, please refer to the Annex to the Annual Report.

### **Ordinance Against Excessive Compensation in Listed Joint-Stock Corporations (OaEC)**

The ordinance which came into force on 1 January 2014 requires pension plans to exercise their voting right as shareholders in direct investments and to disclose their voting behaviour. As the Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe engages exclusively in collective investments, it has no investments subject to the OaEC and is accordingly exempt from the obligation to exercise voting rights.

### **Changes on the Board of Trustees**

Following the departure of **Silvia Keller**, Head of HR, her successor **Ramona Roth**, joined the Board of Trustees as employee representative on 1 July 2018.

### **Outlook**

With investment markets starting the year on a positive note, we were able to partially offset the previous year's losses. However, forecasts predict low returns for 2019 and an increase in the interest rate is still not in sight.

The huge volume of assets held in Swiss pension funds, which must be invested as safely and yet profitably as possible for insured members, has recently been prompting a wide range of ideas and wishes. Besides the main purpose of pension provision, the assets could be deployed to protect the environment and climate and to promote start-up companies.

In addition to addressing the economic changes and fluctuation on the financial markets, pension funds must also have solutions in place to deal with demographic developments and more flexible working conditions. Whatever the case, the challenges remain huge.

The Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe is monitoring these challenges closely and is endeavouring to address them as far as is possible.

**Note** - The pension fund's home page [www.pvs-feldschloesschen.ch](http://www.pvs-feldschloesschen.ch) provides information on contributions and benefits, the pension fund regulations, forms and contact details, as well as the latest news and key figures.

We hope this information has provided you with a valuable insight.

### **Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe**

Patrik Füeg, Chairman of the Board of Trustees  
Susanne Baumberger, Head of Administration

Rheinfelden, May 2019

**BALANCE SHEET**31.12.2018  
CHF31.12.2017  
CHF**ASSETS**

<b>Investments</b>	<b>639'560'647.84</b>	<b>663'004'913.27</b>
Cash and cash equivalents	11'504'271.94	9'317'703.17
Receivables	784'860.40	771'759.80
Employers' current account	3'010'615.85	5'536'325.25
Swiss Life current account	1'935'394.15	1'948'973.65
Securities		
Fund Money Market	19'807'340.05	0.00
Bonds CHF	212'367'603.85	215'212'418.85
Foreign currency bonds (hedged)	39'243'403.20	40'878'090.20
Equities CHF	48'349'167.32	58'313'142.92
Equities foreign (hedged)	62'496'488.32	79'493'781.37
Equities foreign Small Cap	18'418'455.00	28'477'063.50
Equities Emerging Markets	18'997'894.60	29'588'023.40
Real estate fund units	202'645'153.16	193'467'631.16
<b>Prepayments and accrued income</b>	<b>3'486.00</b>	<b>16'285.55</b>
<b>Assets from insurance contracts</b>	<b>43'585'270.00</b>	<b>47'289'587.00</b>
<b>Total Assets</b>	<b>683'149'403.84</b>	<b>710'310'785.82</b>
<b>LIABILITIES</b>		
<b>Liabilities</b>	<b>4'638'751.80</b>	<b>2'871'006.85</b>
Termination benefits and pensions	4'638'751.80	2'871'006.85
<b>Accrued liabilities and deferred income</b>	<b>679'304.38</b>	<b>755'882.25</b>
<b>Non-actuarial reserve</b>	<b>727'766.85</b>	<b>727'766.85</b>
<b>Insurance capital and actuarial reserves</b>	<b>641'226'307.00</b>	<b>647'232'325.00</b>
Retirement savings capital of active insureds	232'136'427.00	235'342'270.00
Retirement savings capital of pensioners	364'936'780.00	374'019'481.00
Actuarial reserves	44'153'100.00	37'870'574.00
<b>Fluctuation reserve</b>	<b>35'877'273.81</b>	<b>58'723'804.87</b>
<b>Non-committed funds</b>	<b>0.00</b>	<b>0.00</b>
At start of period	0.00	0.00
Expense / Income surplus	-22'846'531.06	28'072'472.09
Decrease / Increase of fluctuation reserve	22'846'531.06	-28'072'472.09
<b>Total Liabilities</b>	<b>683'149'403.84</b>	<b>710'310'785.82</b>

## INCOME STATEMENT

	01.01.-31.12.2018	01.01.-31.12.2017
	CHF	CHF
<b>Ordinary and other contributions and transfer-ins</b>	<b>26'877'392.05</b>	<b>25'049'766.70</b>
Employees' contributions	9'591'296.35	9'449'946.61
Employers' contributions	13'213'818.30	13'011'790.49
One-time payments and purchase amounts	4'072'277.40	2'588'029.60
<b>Entry lump sum transfers</b>	<b>5'697'463.30</b>	<b>4'606'085.05</b>
Termination benefit transfers	5'408'929.20	4'505'285.05
Payments for early withdrawal home ownership/divorce	288'534.10	100'800.00
<b><i>Inflow from contributions and entry lump-sum transfers</i></b>	<b>32'574'855.35</b>	<b>29'655'851.75</b>
<b>Regulatory benefits</b>	<b>-37'001'286.35</b>	<b>-34'612'251.20</b>
Retirement pensions	-20'046'522.20	-20'645'287.00
Survivors' pension	-8'468'993.00	-8'553'069.05
Disability pensions	-1'937'734.90	-2'425'209.90
Lump-sum payments on retirement	-5'571'889.15	-2'485'292.50
Lump-sum payments on death	-976'147.10	-503'392.75
<b>Termination benefits</b>	<b>-18'113'142.85</b>	<b>-17'979'018.65</b>
Termination benefits on leaving	-16'187'327.15	-16'527'378.05
Withdrawals for home ownership/divorce	-1'925'815.70	-1'451'640.60
<b><i>Outflow for benefits and withdrawals</i></b>	<b>-55'114'429.20</b>	<b>-52'591'269.85</b>
<b>Decrease/Increase of insurance capital, actuarial reserves and contribution reserves</b>	<b>2'273'827.16</b>	<b>298'343.34</b>
Change in insurance capital for active members	5'443'337.95	2'618'116.50
Change in insurance capital, pensioners	9'082'701.00	10'039'272.00
Change in assets from insurance contracts	-3'704'317.00	-5'060'485.00
Change in actuarial reserves	-6'282'526.00	-5'042'121.00
Interest on savings capital	-2'237'494.95	-2'235'964.50
Interest expense, vested benefits and bridging pensions	-27'873.84	-20'474.66
<b>Income from insurance benefits</b>	<b>5'343'263.40</b>	<b>5'768'160.35</b>
Insurance benefits	5'343'115.40	5'767'271.35
Surplus from insurances	148.00	889.00
<b>Insurance expense</b>	<b>-90'251.75</b>	<b>-90'875.05</b>
Contributions to Security Fund	-90'251.75	-90'875.05
<b><i>Net result from insurance activities</i></b>	<b>-15'012'735.04</b>	<b>-16'959'789.46</b>
<b>Net return on assets</b>	<b>-7'288'795.47</b>	<b>45'580'800.20</b>
Interest income on bank balances	0.00	0.15
Interest on bank balances	-107'357.25	-100'217.21
Interest income on employers' current account	25'274.65	1'981.25
Income Swiss Life	0.00	6.90
Income from investments	-5'894'524.65	46'971'710.99
Administrative expense for assets	-1'312'188.22	-1'292'681.88
<b>Reversal/formation of non-technical provisions</b>	<b>0.00</b>	<b>0.00</b>
<b>Other income</b>	<b>1'911.00</b>	<b>34'486.30</b>
Other earnings	1'911.00	34'486.30
<b>Other expenses</b>	<b>-33'632.95</b>	<b>-47'413.35</b>
<b>Administrative expense</b>	<b>-513'278.60</b>	<b>-535'611.60</b>
Own administrative costs	-411'398.45	-402'816.45
Auditors	-27'810.00	-27'810.00
Occupational pension plan experts	-56'717.90	-49'821.80
Supervisory authorities	-7'274.85	-12'914.90
Legal advice, other consulting services and external IT services	-7'749.15	-39'791.45
Fees, levies, contributions	-2'328.25	-2'457.00
<b><i>Result before reversal / recognition of fluctuation reserve</i></b>	<b>-22'846'531.06</b>	<b>28'072'472.09</b>
<b>Decrease / Increase of fluctuation reserve</b>	<b>22'846'531.06</b>	<b>-28'072'472.09</b>
<b><i>Expense / Income surplus</i></b>	<b>0.00</b>	<b>0.00</b>

## Notes to 2018 Financial Statements

### Legal form and purpose

The purpose of the pension fund is to provide an occupational pension plan under the terms of the BVG and its implementation provisions, in order to insure employees of Feldschlösschen Getränke AG and companies which have close economic or financial ties to it and are affiliated to the pension fund, as well as their family and survivors, against the economic consequences of old age, death and disability.

The pension fund can provide benefits beyond the minimum benefits defined by the BVG, including support benefits in emergencies such as illness, accident and loss of employment.

The fund complies with the obligations of the BVG and is entered in the Occupational Pension Scheme Register and Supervisory Authority of the Canton of Aargau under Number 0232.

### Affiliated employers

	31.12.2018	31.12.2017
Active members		
Feldschlösschen Getränke AG	439	447
Feldschlösschen Supply Company AG, from 1.10.2014	662	695
Carlsberg Supply Company AG	142	130
Delegate employees (Carlsberg Group's Global Mobility Programme)	0	1
Total	1,243	1,273

### Membership

	31.12.2018	31.12.2017
Active members		
Men	1,013	1,048
Women	230	225
Total	1,243	1,273
Of which insured under the Plus plan	159	165

	31.12.2018	31.12.2017
Pension recipients		
Old age pension recipients	795	815
Disability pension recipients	82	92
Widows and widowers	556	574
Orphans / children's pensions	29	39
Total	1,465	1,520

## **Pension plan**

The pension plan is based on a defined contribution scheme for *retirement provisions*. The fund offers two plans for retirement provisions (Basic plan and Plus plan). Under the Basic plan, the employee pays retirement contributions of 40% and the employer 60%. Under the Plus plan, the employee's and employer's contributions are the same (50/50).

Disability and death benefits (*risk provision*) are defined as a percentage of the insured salary (defined benefit scheme). The contributions are financed 40% by the insured member and 60% by the employer.

## **Actuarial risks / risk coverage**

As an autonomous pension fund, the Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe bears the risk itself for the regulatory benefits of the risk provision (disability and death) and retirement provisions.

## **Insurance contracts**

### *Swiss Life – pension agreement*

Part of the pension stock from some former pension funds is still fully reinsured with Swiss Life. The fund is the policyholder and pays the pension to pensioners on a monthly basis. Pensioners have no direct claims on Swiss Life.

The corresponding repurchase value (assets from insurance contracts) is CHF 43,6 million.

## **Actuarial principles**

The regulatory principles and calculations for the actuarial balance sheet are based on the actuarial principles set forth in the LOB 2015 / PT 2015 (so-called period table).

The technical rate of interest is 1.5%.

To provide for the increase in life expectancy and other anticipated changes, a *provision for changes in principles* is recognised and set aside.

Since the Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe bears the pension losses resulting from the excessively high actuarial conversion rate, a *conversion rate provision* is recognised.

As the foundation itself bears the actuarial risks in the event of death and invalidity, a *risk fluctuation fund* must be managed to offset actuarial fluctuations (death and disability cases do not follow the expected trend).

	31.12.2018	31.12.2017
Changes in principles	5,383,013	3,688,740
Conversion rate	27,311,302	23,181,413
Risk fluctuation fund	<u>11,458,785</u>	<u>11,000,421</u>
Total technical provisions	44,153,100	37,870,574

### **Funding ratio pursuant to Art. 44 BVV2**

Mr Stephan Gerber, an actuarial expert with ABCON AG, conducts an annual review under the terms of Art. 52e Para. 1.a BVG. The review of the year ended 31 December 2018 produced the following findings:

The actuarial balance sheet at 31 December 2018 shows an actuarial deficit of CHF 22,846,531. The funding ratio is 105.6%. The deficit was charged to the fluctuation reserve, which at 31 December 2018 still amounted to CHF 35.9 million. The Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe has no underfunding within the meaning of Art. 44 BVV2.

	31.12.2018	31.12.2017
Required retirement capital and technical provisions	<u>641,226,307</u>	<u>647,232,325</u>
Retirement capital and technical provisions	641,226,307	647,232,325
Fluctuation reserve	35,877,274	58,723,805
Pension fund capital, non-committed funds	0	0
Funds available to cover regulatory obligations	<u>677,103,580</u>	<u>705,956,130</u>
<b>Funding ratio</b>	<b>105.6%</b>	<b>109.1%</b>



## Accounting and valuation principles

Bookkeeping, balancing of accounts and valuation complies with the provisions of the Swiss Code of Obligations and the BVG. The annual statements consisting of the balance sheet, income statement and notes provide a true and fair view of the financial situation as required by law. The applied accounting principles comply with the Swiss GAAP FER 26 accounting standard which among other things require statements to be drawn up at market values and require no other reserves apart from those technically necessary. Noncommitted funds may be reported only when all reserves in the required amount have been augmented.

All assets are measured at fair value (market value) on the balance sheet date, based on the rates provided by the depositaries. The provisions of Article 48 BVV2 and Swiss GAAP FER 26.3 also apply.

## Fluctuation reserve

The target for the fluctuation reserve is defined by the external investment expert in the course of a risk capability audit. This is generally calculated on a yearly basis.

An audit was conducted as at 31 December 2018. For current asset investments this calculation results in a target fluctuation reserve of 22.4% of the tied-up retirement capital (security level 99%, for a time horizon of two years).

	31.12.2018	31.12.2017
Fluctuation reserve at 1.1.	58,723,805	30,651,333
Allocation charged to the income statement	<u>- 22,846,531</u>	<u>28,072,472</u>
Fluctuation reserve acc. To balance sheet	35,877,274	58,723,805
Target fluctuation reserve	<u>143,600,000</u>	<u>145,700,000</u>
Reserve deficit	- 107,722,726	- 86,976,195

## Investment strategy

The Board of Trustees defines the investment guidelines drawing on the services of PPCmetrics AG, Zurich, as consultant. The investment strategy is influenced by risk capability, demographics and the projected outflow of liquidity. At the end of the reporting year, all investment categories were within the strategic bandwidths.

## Presentation of asset investments by investment category

### Asset investments / risk distribution

Investment category	Portfolio	Internal	UBS	Credit Suisse	Swisscanto Assetimmo Cité du Levant	Total 31.12.2018	Effective share	Strategy
		CHF	CHF	CHF	CHF	CHF	%	%
Receivables, current accounts, Accrued income and prepaid expenses		5'734'356	-	-	-	5'734'356	0.8%	---
Liquidity / CHF money market		-	11'459'985	19'851'627	-	31'311'612	4.6%	0 - 10%
Equities CHF		-	-	48'349'167	-	48'349'167	7.1%	4 - 10%
Equities foreign (hedged)		-	-	62'496'488	-	62'496'488	9.1%	6 - 14%
Equities foreign Small Cap		-	-	18'418'455	-	18'418'455	2.7%	1 - 5%
Equities Emerging Markets		-	-	18'997'895	-	18'997'895	2.8%	1 - 5%
Bonds CHF		-	-	255'952'874	-	255'952'874	37.5%	32 - 52%
Foreign currency bonds (hedged)		-	-	39'243'403	-	39'243'403	5.7%	2.5 - 7.5%
Real estate fund units		-	-	-	202'645'153	202'645'153	29.7%	20 - 36%
		<b>5'734'356</b>	<b>11'459'985</b>	<b>463'309'909</b>	<b>202'645'153</b>	<b>683'149'404</b>	<b>100.0%</b>	

## Explanation of net result from asset investments

	Total 2017	Total 2018	Fund Money Market	Bonds CHF	Foreign currency bonds (hedg.)	Equities CHF	Equities Emerging Markets	Equities foreign (hedged)	Equities Small Cap	Real estate fund units
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Income from interest on bank balances	-	0		-	-	-	-	-	-	-
Interest on bank balances	-100'217	-107'357								
Income from interest on employers' current account	1'981	25'275		-	-	-	-	-	-	-
Income Swiss Life	7	-		-	-	-	-	-	-	-
Realised income from investments	9'637'623	9'886'916	292'890	3'253'601	997'579	1'452'465	575'114	1'618'346	439'801	1'257'122
Unrealised exchange rate gains	37'334'088	-15'781'441	-369'450	-2'844'815	-1'634'687	-5'963'976	-3'590'131	-7'997'294	-2'558'610	9'177'522
Foreign currency losses	-	-		-	-	-	-	-	-	-
Income from real estate	-	-		-	-	-	-	-	-	-
Administrative expense for assets										
Key cost figures in CHF for coll. Investments	-974'073	-1'015'237	-17'827	-1'274	-3'022	-242	-16'794	-687	-16'227	-959'165
Credit Suisse asset management fee	-197'142	-190'976 *		-	-	-	-	-	-	-
Global Custody Credit Suisse fees	-42'183	-42'059 *		-	-	-	-	-	-	-
Investment consulting and controlling fees	-70'902	-53'635 *		-	-	-	-	-	-	-
Expenses for securitisation consulting	-	-		-	-	-	-	-	-	-
Other bank expenses	-8'382	-10'282 *		-	-	-	-	-	-	-
<b>Net return on assets</b>	<b>45'580'800</b>	<b>-7'288'795</b>	<b>-94'387</b>	<b>407'511</b>	<b>-640'130</b>	<b>-4'511'752</b>	<b>-3'031'811</b>	<b>-6'379'636</b>	<b>-2'135'036</b>	<b>9'475'479</b>

\* Allocation to indiv. Asset investments not possible

## Asset management costs

	31.12.2018	31.12.2017
Total fund assets (market values)	639,560,647	663,004,913
of which:		
Transparent investments	639,560,647	663,004,913
Cost transparency ratio	100%	100%
Directly recognised asset management costs	296,951	318,609
Total of all key cost figures recorded in the income statement in CHF for collective investments	<u>1,015,237</u>	<u>974,073</u>
Total asset management costs recorded in the income statement	<u>1,312,188</u>	<u>1,292,682</u>
as % of cost-transparent asset investments	0.21%	0.19%

## **Organs**

### **Foundation boards**

Employer representatives

Patrik Füg, Chairman  
Silvia Keller (until 30.6.2018)  
Ramona Roth (from 1.7.2018)  
Claude Kirschner  
Thomas Metzger

Employee representatives

Daniel Berger  
Priska Gautschi  
Marcel Kiesewetter  
Ulrich Reinhard

### **Investment Committee**

Claude Kirschner, Chairman  
Patrik Füg  
René Steiner  
Dieter Neuschwander  
Lukas Riesen, PPCmetrics AG, external consultant

### **Investment Experts / Investment Controlling**

PPCmetrics AG, Badenerstrasse 6, 8021 Zürich

### **Asset management**

Global Custodian

Credit Suisse, Zurich

Asset managers

Credit Suisse Asset Management - Fund Money Market  
Credit Suisse Asset Management - Swiss bonds  
Credit Suisse Asset Management - foreign currency bonds (hedged)  
Credit Suisse Asset Management - Swiss Equities  
Credit Suisse Asset Management - foreign equities (hedged)  
Credit Suisse Asset Management - foreign equities Small Cap  
Credit Suisse Asset Management - equities Emerging Markets  
Swisscanto Real Estate Investment Fund  
Assetimmo Real Estate Investment Fund  
Cité du Levant - Real Estate

### **Administration**

Susanne Baumberger, Head of Administration  
Mina Sanfilippo, Administration

### **Auditors**

Ernst & Young AG, Schanzenstrasse 4a, 3001 Bern

### **Actuarial expert**

Stephan Gerber, ABCON AG, Zentweg 13, 3000 Bern 15

### **Supervisory body**

Occupational Pension Scheme Register and Supervisory Authority  
Canton Aargau (BVSA)

## **Actuarial audit**

The actuarial audit is conducted by actuarial experts as at the end of each calendar year i.e. on the balance sheet date. The actuarial expert, Mr Stephan Gerber, ABCON AG, Berne, issued the report on the actuarial balance sheet as at 31 December 2018 on 17 May 2019 and found that the Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe provided assurance on the balance sheet date that it was able to meet its actuarial obligations.

The regulatory actuarial provisions governing benefits and financing comply with the legal requirements.

The Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe has no underfunding within the meaning of Art. 44 BVV2.

## **Report of the Auditors**

Ernst & Young AG have conducted an audit of the financial statements, overall management, investment management and individual retirement accounts of the Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe for the year ended 31 December 2018. In their opinion, these are in compliance with Swiss law, the Deed of Foundation and the Regulations. Ernst & Young AG recommend that the financial statements be approved.

Further information is available from

Susanne Baumberger  
Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe  
4310 Rheinfelden  
Telefon 058/123 48 44 / [susanne.baumberger@fgg.ch](mailto:susanne.baumberger@fgg.ch)

[www.pvs-feldschloessen.ch](http://www.pvs-feldschloessen.ch)