

**PERSONALVORSORGESTIFTUNG DER
FELDSCHLÖSSCHEN-GETRÄNKEGRUPPE**

2015 Annual Report

(Short Version)

2015 Annual Report

The 2015 financial year was impacted by various negative events. As previously reported, in a surprise move on 15 January 2015 the Swiss National Bank lifted the cap on the CHF/EUR exchange rate. The resultant exchange rate losses incurred in January were offset, even yielding a positive return of 2.07% in the first quarter. Unfortunately, this trend did not continue, and in the second quarter the return was slightly negative before turning slightly positive again in the following period. For the full 2015 year the **return** on total assets amounted to **1.8%** (prior year 6.84%): slightly above average compared to other Swiss institutional investors. Income from investments in 2015 amounted to CHF 12 million (2014: CHF 43.3 million).

Another challenge in the year under review was presented by the **negative interest rates**, which were passed on to end customers by the banks. 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. The total interest rate expense under this position amounts to CHF 43,809.66

Because the number of pension recipients outweighs the number of active insured members, resulting in a surplus of expenses over income, our pension fund's risk capability is low and this is reflected in the **investment strategy**. Due to the positive trend on equity markets, the upper bandwidth of Swiss shares has been slightly exceeded on several occasions in the past. Because of this, the proportion of shares had to be reduced and the underweighted proportion of bonds increased accordingly. For this reason the Board of Trustees decided in December 2015 to increase the upper bandwidth of Swiss shares from 9% to 11.5%. This slightly increases the risk factor but provides an opportunity for higher returns. For details of investments, please refer to the Annex to the Annual Financial Statements.

CHF 7.6 million had to be drawn from the **fluctuation reserve**, which stood at **CHF 38.75 million** at 31 December 2015. The target figure for the fluctuation reserve is CHF 152.2 million.

The **number of pension recipients** fell slightly, with the number of active insured members dropping by 27 to 1,345 and the number of pension recipients reducing by 41 to 1,586.

In 2015 the minimum BVG rate of 1.75% was applied to the retirement capital of active insured members. The interest expense on savings capital amounted to CHF 3.6 million.

In December 2015 the Board of Trustees decided to reduce the **technical interest rate** from 2.5% to **2.25%**. This measure is positively impacting earnings and improving the pension fund's financial situation and stability over the long term.

At 31 December 2015 a positive **funding ratio** (ratio of available fund assets to actuarial obligations) of **106.03%** was posted (previous year 107.24%). The drop in the funding ratio was primarily attributable to the reduction in the technical interest rate.

For more information on the annual financial statements at 31 December 2015 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.

Head Office Projects

In 2015 the electronic archiving project was completed at Head Office. The dossiers of active insured members were scanned and the administrative processes for insured members were adjusted. The major advantage of this change is that it enables rapid access to dossiers and reduces the consumption of paper.

The very latest innovation is a dedicated **home page** for the Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe. The website

PERSONALVORSORGESTIFTUNG DER
FELDSCHLÖSSCHEN-GETRÄNKEGRUPPE



WICHTIG – Informationen zur Pensionskasse finden Sie unter:

IMPORTANT – Informations sur la caisse de pensions, vous les trouvez sous:

IMPORTANTE – Informazioni sulla cassa pensioni sono disponibili qui:

IMPORTANT – Information about the pension fund you can find here:

www.pvs-feldschloesschen.ch

provides information on contributions and benefits, the pension fund's regulations, forms and contact data, as well as the latest news and key figures. All insured members now have access to pension fund information. To enliven the text and add a personal touch, Feldschlösschen employees were photographed at work. With their permission, the agency integrated the images on the website at appropriate junctures. We would like to express our warmest thanks to the many colleagues who assisted on this project.

The measures decided on by the Board of Trustees **to boost the pension fund's financial situation** were implemented on 1 January 2016. Effective from 1 January 2016, the applicable **conversion rate** for statutory retirement (men at age 65/women at age 64) is **5.9%** (2015: 6.5%). To cushion pension losses resulting from the reduction in the conversion rate, the Board of Trustees has adopted various compensation measures such as a new contribution scale (reduction in risk contributions / increase in savings contributions) and credits from reserves no longer required, which were added to the retirement capital of insured members. These measures have enabled pension losses to be offset to a maximum of 2.2%. All active insured members were personally informed about their new pension situation at the beginning of February 2016. The Board of Trustees felt it was very important to avoid pension reductions. We are pleased that we have succeeded in achieving this objective.

As of 1 January 2016, the **risk contribution** for disability and death amounts to **3.5%** (formerly 5%). The lower contribution rate was enabled by a reduction in the number of disability cases. The reasons behind the drop in these risk cases are the Federal Disability Insurance Office's stricter examination of the dossiers and the health and safety measures practised at Feldschlösschen.

Changes on the Board of Trustees

Walter Heusser, employee representative for the Customer Supply Chain, has decided to leave Feldschlösschen and has also stood down from the Board of Trustees. Under the terms of the election rules, if an employee representative stands down from the Board of Trustees, he or she is automatically succeeded for the remaining term of office by the employee who came second in the last elections for a delegate in his or her section. **Christian Schumacher** succeeded Walter Heusser on the Board of Trustees on 1 June 2015.

Outlook

The 2016 financial year got off to a turbulent start, and the outlook for the rest of the year is for subdued growth. We are gearing up for another challenging year with moderate returns and fluctuations.

Every five years the "Technical Principles of BVG" are updated in order to take account of existing and future increases in life expectancy as well as the general demographic trend. In 2016 the Board of Trustees will therefore need to give consideration to the consequences that this update will have for our pension plan. Needless to say, we shall keep you informed.

Watch this space! We hope this information has proved of value to you.

Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe

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

Rheinfelden, May 2016

BALANCE SHEET**31.12.2015****31.12.2014**

CHF

CHF

ASSETS**Investments****629'262'207.39****631'237'171.05**

Cash and cash equivalents

28'397'397.29

38'155'293.73

Receivables

818'567.09

672'696.56

Employers' current account

1'881'949.10

1'917'414.65

Swiss Life current account

1'989'916.45

1'995'394.40

Securities

Bonds CHF

187'284'052.05

180'617'724.55

Foreign currency bonds (hedged)

41'399'247.45

42'037'813.20

Equities CHF

59'223'081.09

61'883'808.49

Equities foreign (hedged)

86'856'107.92

92'143'617.92

Equities foreign Small Cap

25'354'272.50

22'294'513.25

Equities Emerging Markets

20'509'206.05

21'132'081.90

Real estate fund units

175'548'410.40

168'386'812.40

Prepayments and accrued income**18'985.65****21'506.85****Assets from insurance contracts****56'577'552.00****59'418'164.00****Total Assets****685'858'745.04****690'676'841.90****LIABILITIES****Liabilities****3'427'778.25****2'342'311.20**

Termination benefits and pensions

3'427'778.25

2'342'277.70

Other Liabilities

0.00

33.50

Accrued liabilities and deferred income**773'831.74****879'674.60****Non-actuarial reserve****727'766.85****730'948.00****Insurance capital and actuarial reserves****642'176'587.00****640'365'376.15**

Retirement savings capital of active insureds

218'272'246.00

213'235'490.00

Retirement savings capital of pensioners

376'348'256.00

384'405'451.00

Actuarial reserves

47'556'085.00

42'724'435.15

Fluctuation reserve**38'752'781.20****46'358'531.95****Noncommitted funds****0.00****0.00**

At start of period

0.00

0.00

Expense / income surplus

-7'605'750.75

17'686'980.32

Decrease / increase of fluctuation reserve

7'605'750.75

-17'686'980.32

Total Liabilities**685'858'745.04****690'676'841.90**

INCOME STATEMENT	01.01.-31.12.2015	01.01.-31.12.2014
	CHF	CHF
Ordinary and other contributions and transfer-ins	25'503'735.10	25'403'693.05
Employees' contributions	9'496'446.97	9'511'523.58
Employers' contributions	13'687'500.13	13'707'039.47
One-time payments and purchase amounts	2'319'788.00	2'185'130.00
Entry lump sum transfers	5'642'687.15	4'766'712.70
Termination benefit transfers	5'090'172.70	4'451'638.60
Payments for early withdrawal home ownership/divorce	552'514.45	315'074.10
<i>Inflow from contributions and entry lump-sum transfers</i>	<i>31'146'422.25</i>	<i>30'170'405.75</i>
Regulatory benefits	-34'351'132.75	-35'989'322.00
Retirement pensions	-21'651'280.55	-22'005'808.55
Survivors' pensions	-8'419'289.15	-8'208'850.65
Disability pensions	-2'505'682.00	-2'776'952.25
Lump-sum payments on retirement	-1'638'280.55	-2'602'978.70
Lump-sum payments on death	-136'600.50	-394'731.85
Termination benefits	-16'272'113.45	-9'879'736.35
Termination benefits on leaving	-15'390'321.50	-9'316'971.95
Withdrawals for home ownership/divorce	-881'791.95	-562'764.40
<i>Outflow for benefits and withdrawals</i>	<i>-50'623'246.20</i>	<i>-45'869'058.35</i>
Decrease/increase of insurance capital, actuarial reserves and contribution reserves	-4'712'753.69	-14'979'269.15
Reversal/formation of insurance capital for active members	-1'461'735.15	-2'303'926.75
Reversal/formation of insurance capital, pensioners	8'057'195.00	3'896'566.00
Change in assets from insurance contracts	-2'840'612.00	-4'420'371.00
Reversal/formation of actuarial reserves	-4'831'649.85	-8'602'262.25
Interest on savings capital	-3'575'020.85	-3'511'134.25
Interest expense, vested benefits and bridging pensions	-60'930.84	-38'140.90
Income from insurance benefits	6'468'405.55	6'784'210.40
Insurance benefits	6'467'114.55	6'719'928.90
Surplus from insurances	1'291.00	64'281.50
Insurance expense	-81'494.40	-81'635.25
Contributions to Security Fund	-81'494.40	-81'635.25
<i>Net result from insurance activities</i>	<i>-17'802'666.49</i>	<i>-23'975'346.60</i>
Net return on assets	10'769'438.49	42'219'116.51
Interest income on bank balances	10'365.46	54'437.57
Interest on bank balances	-43'809.66	0.00
Interest income on employer's current account	491.95	4'013.90
Income Swiss Life	3'764.85	13'387.75
Income from investments	12'001'523.40	43'317'908.59
Income from real estate	0.00	1'592.30
Administrative expense for assets	-1'202'897.51	-1'172'223.60
Reversal/formation of non-technical provisions	0.00	0.00
Other income	632.25	549.10
Other earnings	632.25	549.10
Other expenses	-51'408.80	-36'147.49
Administrative expense	-521'746.20	-521'191.20
Own administrative costs	-383'210.95	-385'852.75
Auditors	-33'372.00	-34'372.00
Occupational pension plan experts	-61'108.10	-51'752.50
Supervisory authorities	-12'821.00	-12'195.20
Legal advice, other consulting services and external IT services	-29'310.15	-33'063.35
Fees, levies, contributions	-1'924.00	-3'955.40
<i>Result before reversal / recognition of fluctuation reserve</i>	<i>-7'605'750.75</i>	<i>17'686'980.32</i>
Decrease / increase of fluctuation reserve	7'605'750.75	-17'686'980.32
<i>Income surplus</i>	<i>0.00</i>	<i>0.00</i>

Notes to 2015 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

Active members	31.12.2015	31.12.2014
Feldschlösschen Getränke AG	464	478
Feldschlösschen Supply Company AG, from 1.10.2014	728	719
Carlsberg Supply Company AG	150	171
Delegate employees (Carlsberg Group's Global Mobility Programme)	3	4
Total	1,345	1,372

On 1 October 2014, an affiliation agreement was signed with Feldschlösschen Supply Company AG. Employees in production, logistics and purchasing were transferred to the newly-founded Feldschlösschen Supply Company AG under the same conditions of employment.

Membership

Active members	31.12.2015	31.12.2014
Men	1,085	1,113
Women	260	259
Total	1,345	1,372
Of which insured under the Plus plan	145	148

Pension recipients	31.12.2015	31.12.2014
Old age pension recipients	857	878
Disability pension recipients	112	121
Widows and widowers	571	581
Orphans / children's pensions	46	47
Total	1,586	1,627

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 56,6 million.

Actuarial principles

The regulatory principles and calculations for the actuarial balance sheet are based on the actuarial principles set forth in the LOB 2010 / PT 2010.

The technical rate of interest is 2.25%.

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

Since the Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe bears the risk relating to an excessively high actuarial conversion rate, a *conversion rate provision* was recognised.

Since 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.

Provision for reduction in conversion rate – temporary provision as part of the stabilisation measures adopted by the Board of Trustees.

	31.12.2015	31.12.2014
Changes in principles	9,290,238	7,584,773
Conversion rate	20,911,512	19,494,522
Risk fluctuation fund	12,623,579	12,521,121
Reduction in conversion rate	<u>4,730,756</u>	<u>3,124,019</u>
Total technical provisions	47,556,085	42,724,435

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 2015 produced the following findings:

The actuarial balance sheet at 31 December 2015 shows an actuarial surplus of CHF 38,752,781. The funding ratio is 106.03%. The Personalvorsorgestiftung der Feldschlösschen-Getränkegruppe has no underfunding within the meaning of Art. 44 BVV2.

	31.12.2015	31.12.2014
Required retirement capital and technical provisions	<u>642,176,587</u>	<u>640,365,376</u>
Retirement capital and technical provisions	642,176,587	640,365,376
Fluctuation reserve	38,752,781	46,358,531
Pension fund capital, non-committed funds	0	0
Funds available to cover regulatory obligations	<u>680,929,368</u>	<u>686,723,907</u>
Funding ratio	106.03%	107.2%

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 2015. For current asset investments this calculation results in a target fluctuation reserve of 23.7% of the tied-up retirement capital (security level 99%, for a time horizon of two years).

	31.12.2015	31.12.2014
Fluctuation reserve at 1.1.	46,358,531	28,671,551
Allocation charged to the income statement	<u>- 7,605,750</u>	<u>17,686,980</u>
Fluctuation reserve acc. To balance sheet	38,752,781	46,358,531
Target fluctuation reserve	<u>152,200,000</u>	<u>161,000,000</u>
Reserve deficit	- 113,447,219	- 114,641,469

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 kept within the defined 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 31.12.2015	Effective share	Strategy
		CHF	CHF	CHF	CHF	CHF	%	%
Receivables, current accounts, Accrued income and prepaid expenses		4'709'418	-	-	-	4'709'418	0.7%	---
Liquidity / CHF money market		-	9'178'417	19'218'981	-	28'397'397	4.1%	0 - 10%
Equities CHF		-	-	59'223'081	-	59'223'081	8.6%	3 - 11.5%
Equities foreign (hedged)		-	-	86'856'108	-	86'856'108	12.7%	4.5 - 13%
Equities foreign Small Cap		-	-	25'354'273	-	25'354'273	3.7%	0 - 5%
Equities Emerging Markets		-	-	20'509'206	-	20'509'206	3.0%	0 - 5%
Bonds CHF		-	-	243'861'604	-	243'861'604	35.6%	31 - 56%
Foreign currency bonds (hedged)		-	-	41'399'247	-	41'399'247	6.0%	2.5 - 7.5%
Real estate fund units		-	-	-	175'548'410	175'548'410	25.6%	19 - 28%
		4'709'418	9'178'417	496'422'500	175'548'410	685'858'745	100.0%	

Explanation of net result from asset investments

	Total 2014	Total 2015	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
Income from interest on bank balances	54'438	10'365	-	-	-	-	-	-	-
Interest on bank balances	-	-43'810	-	-	-	-	-	-	-
Income from interest on employer's current a/c	4'014	492	-	-	-	-	-	-	-
Income Swiss Life	13'388	3'765	-	-	-	-	-	-	-
Realised income from investments	8'754'314	9'939'353	3'655'841	1'153'628	962'949	597'108	1'992'043	417'857	1'159'926
Unrealised exchange rate gains	34'563'595	2'062'170	290'031	-1'388'424	778'357	-3'999'463	-582'337	-197'592	7'161'598
Foreign currency losses	-	-	-	-	-	-	-	-	-
Income from real estate	1'592	-	-	-	-	-	-	-	-
Administrative expense for assets									
Key cost figures in CHF for collective investments	-865'265	-896'319	-	-	-	-17'740	-	-21'931	-856'647
Credit Suisse asset management fee	-191'030	-201'664 *	-	-	-	-	-	-	-
Global Custody Credit Suisse fees	-477'115	-50'282 *	-	-	-	-	-	-	-
Investment consulting / investment controlling fees	-60'831	-47'088 *	-	-	-	-	-	-	-
Expenses for securitisation consulting	-	-	-	-	-	-	-	-	-
Other bank expenses	-7'383	-7'545 *	-	-	-	-	-	-	-
Net return on assets	42'219'117	10'769'438	3'945'872	-234'796	1'741'306	-3'420'096	1'409'706	198'333	7'464'878

* Allocation to indiv. Asset investments not possible

Asset management costs

	31.12.2015	31.12.2014
Total fund assets (market values)	629,262,207	631,237,171
of which:		
Transparent investments	629,262,207	631,237,171
Cost transparency ratio	100%	100%
Directly recognised asset management costs	306,578	306,958
Total of all key cost figures recorded in the income statement in CHF for collective investments	<u>896,319</u>	<u>865,265</u>
Total asset management costs recorded in the income statement	<u>1,202,897</u>	<u>1,172,223</u>
as % of cost-transparent asset investments	0.19%	0.19%

Organs

Foundation boards

Employer representatives	Patrik Füg, Chairman Silvia Keller Claude Kirschner Thomas Metzger
Employee representatives	Bruno Born Priska Gautschi Ulrich Reinhard Walter Heusser (until 31.5.2015) Christian Schumacher (from 1.6.2015)

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 - 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 Lévant - Real Estate

Administration

Susanne Baumberger, Head of Administration
Isabelle Anner, Administration
Petra Kalt, Restart GmbH, Federally Certified Fiduciary Expert

Auditors

Ernst & Young AG, Belpstrasse 23, 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 2015 on 4 april 2016 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 2015. 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

www.pvs-feldschloessen.ch