



## Key figures

	2019	2018
Number of active participants and pensioners	25 339	24 635
Affiliated employers	211	211
Balance sheet total (in CHF million)	10 668	9 593
Collective pension fund coverage ratio	109.2%	104.4%
Overall foundation coverage ratio	109.0%	104.0%
Performance	12.3%	−3.5%

## A successful year on the stock market, challenging future ahead

With extraordinarily high returns of 12.3%, the 2019 financial year was very successful in terms of asset investment. Almost all asset classes contributed to this success. From the end of 2018 to 31 December 2019, the collective pension fund's coverage rate rose from 104.4% to 109.2%.

The good outcome on the stock market was largely due to a further decrease in interest rates. However, the fact that the central banks are continuing to flood the markets with money is no reason to relax – on the contrary, it urges caution. The sharp market declines in spring 2020 demonstrate just how quickly the situation can change. This is why the Foundation Board has utilised a significant amount of the 2019 returns to further improve PKE's financial situation.

The draft legislation presented by the Federal Council for the reform of the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG) is worrisome. The compensatory "pension top-up" it entails is contrary to the system and replaces the current redistribution with a new one, financed at the national level. With this in mind, the draft legislation would weaken the second pillar rather than strengthen it.

The future remains challenging, but PKE is well equipped. Despite recent developments, pensions are secure and active participants will benefit from attractive pension plans and a continued high interest rate of 2.0% for 2020.



**Peter Oser**  
President of the Foundation Board



**Ronald Schnurrenberger**  
Chief Executive Officer

### PKE Energy Pension Foundation

A handwritten signature in blue ink, appearing to read 'P. Oser'.

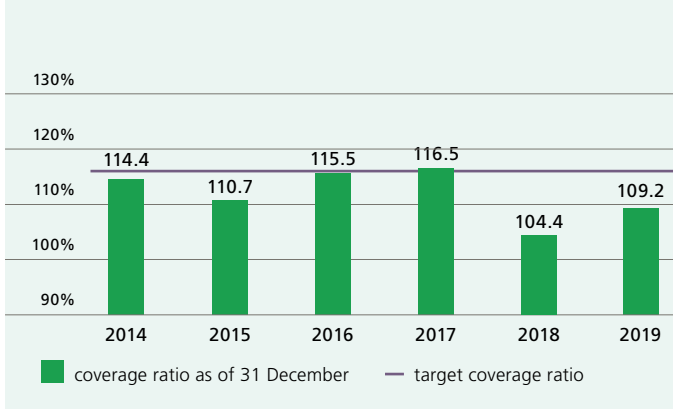
**Peter Oser**  
President of the Foundation Board

A handwritten signature in blue ink, appearing to read 'Ronald Schnurrenberger'.

**Ronald Schnurrenberger**  
Chief Executive Officer

## Pension coverage

Collective pension fund coverage ratio



### Stable and reliable

PKE offers defined contribution plans tailored to its members that far exceed the BVG minimum. As an independent pension fund, PKE carries all of its own insurance-related risks.

Alongside the collective pension fund, PKE encompasses seven individual pension funds (14 last year), each catering to one or more employers. The collective pension fund, with a coverage ratio of 109.2% as of 31 December 2019, accounts for approximately 92% of PKE's obligations. The other seven pension funds report coverage ratios between 106.2% and 115.0%.

In the actuarial report dated 31 December 2019, the occupational pension expert confirms that PKE provides sufficient security to meet its obligations.

### Interest of 2% for 2020

The Foundation Board has decided to continue to apply an interest rate of 2.0% to the retirement savings capital of those insured by the collective pension fund in 2020. This sees PKE continuing to pursue its policy of consistent interest rates. With this in mind, an interest rate of 2.0% was also awarded to retirement savings capital in 2019, despite 2018 yielding negative returns of -3.5%.

The minimum pension interest rate stipulated by the government is 1.0%.

The Pension Committees representing the companies in the individual pension funds are responsible for setting interest rates.

### Number of beneficiaries

As of 31 December 2019, 16 404 active participants and 8 935 pensioners were registered with PKE (15 762 and 8 873 respectively the previous year). Pensioners accounted for 35.3% of all insured members.

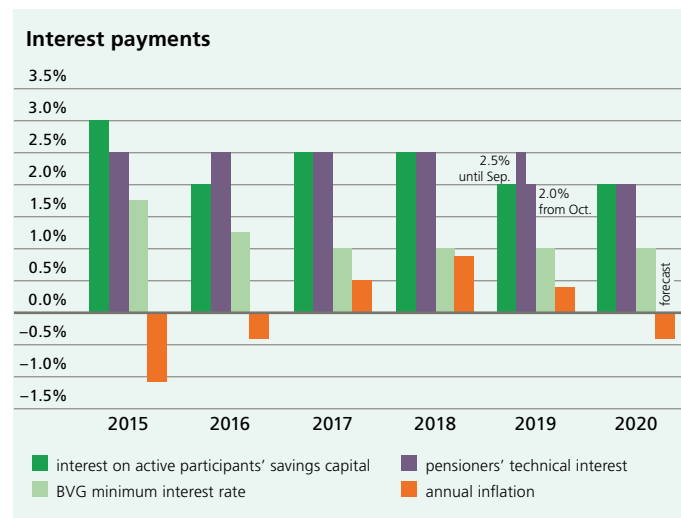
### Reduction of the conversion rates

October 2019 saw the beginning of the reduction of the conversion rate applicable to 65-year-olds from 5.65% to 5.0%. The reduction is being implemented gradually over five years. In technical terms, the correct conversion rate would be 4.85%. Employers have agreed, however, to compensate for the conversion losses resulting from conversion rates that are too high with an additional contribution of 0.55% of the insured salary.

In the collective pension fund, the reduction of the conversion rates is largely being cushioned by a 13% increase in retirement savings capital. These deposits are financed by PKE and also being made over a five-year period. In addition, many affiliated employers have increased their savings contributions.

In individual pension funds, the reduction of the conversion rate has been offset to a certain degree thanks to financial contributions from the respective pension fund or deposits from the respective employer.

Reducing conversion rates is always a difficult step. With life expectancy ever increasing and interest rates being lowered again, though, it is necessary in order to safeguard pension provision for all insured members in the long term.

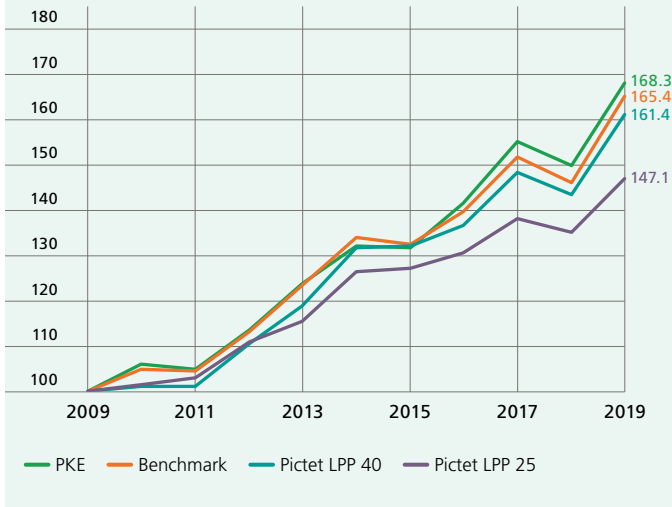


## Asset investments

### Cumulative performance

2010–2019 development

Indexed (31 December 2009 = 100)



### A successful year on the stock market

With net returns of 12.3%, PKE achieved an outstanding investment result in 2019, coming in just 0.8 percentage points shy of the benchmark.

As early as the first quarter of 2019, the stock market started to recover significantly relative to the end of 2018. This was triggered by the US Federal Reserve's turnaround. It eased its previously slightly restrictive monetary policy. This boosted the equity and bond markets in the first half of the year.

The second half of the year, too, was shaped by trust in monetary authorities and legislators to take appropriate measures should economic growth slow. The then President of the European Central Bank, Mario Draghi, saying they would "do whatever it takes" made an impact on the markets.

### PKE's financial situation

The excellent returns of 12.3% further strengthened PKE's finances.

From the end of 2018 to 31 December 2019, the collective pension fund's coverage rate rose from 104.4% to 109.2%. CHF 519.4 million were used to strengthen active participants' and pensioners' capital. The need for this arose, because interest rates dropped once again in 2019, contrary to expectations. This measure sees the Foundation Board continue to pursue its cautious and sustainable policy.

**Outlook**

Global support for the capital markets continued uninterrupted in early 2020. An unprecedented money glut pushed interest rates worldwide down to a level nobody had foreseen.

The outbreak of the coronavirus and the ensuing stock market slumps at the beginning of March 2020, however, have shown how quickly the situation can change. Capital markets are and remain volatile.

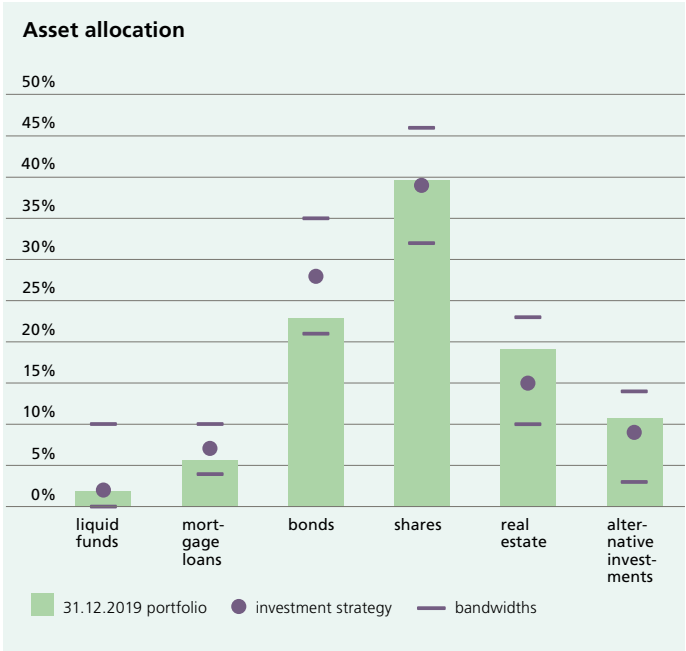
How the economy and the stock market will perform in the future remains to be seen. A global recession is no longer out of the question.

Pursuing long-term investment goals, though, PKE follows an investment strategy that is to be continued calmly and steadily even in the event of short-lived market slumps.

**Investment strategy and portfolio**

All assets held by PKE's pension funds are invested as a whole in line with a uniform investment strategy.

The Foundation Board is responsible for the definition of and adherence to this investment strategy, while the Investment Committee is responsible for its implementation.











Climbing wall on the  
"Lago del Sambuco" dam, canton of Ticino

### A STRONG, DYNAMIC PARTNER

*Thanks to its sturdy financing, PKE is well equipped for the future. Extraordinarily high returns and an increased coverage ratio saw us continue to strive for the top in 2019. PKE remains a reliable pension partner, with insured members benefitting from secure pensions and attractive pension plans.*

## Balance sheet

as per 31 December in CHF million

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Liquid funds	198.5	104.4
Bonds	2 423.6	2 264.1
Mortgage loans	587.7	567.1
Shares	4 191.6	3 515.6
Real estate	2 019.0	1 974.7
Alternative investments	1 145.2	1 084.6
<b>Investments</b>	<b>10 565.6</b>	<b>9 510.5</b>
Accrued income and accounts receivable	102.7	82.9
<b>Total assets</b>	<b>10 668.3</b>	<b>9 593.4</b>
<b>Liabilities</b>	<b>2019</b>	<b>2018</b>
Liabilities, employer-paid contribution reserve	123.5	136.9
Active participants' liabilities	4 025.8	3 902.9
Pensioners' liabilities	4 584.2	3 958.8
Actuarial reserves	1 064.0	1 233.2
<b>Pension liabilities and actuarial reserves</b>	<b>9 674.0</b>	<b>9 094.9</b>
Reserve for fluctuations in asset value	870.8	361.6
<b>Total liabilities</b>	<b>10 668.3</b>	<b>9 593.4</b>

# Operating account

from 1 January to 31 December in CHF million

	2019	2018
Ordinary and other contributions and transfers-in	370.0	326.9
Entry lump-sum transfers	181.0	1 276.4
<b>Inflow from contributions and entry lump-sum transfers</b>	<b>551.0</b>	<b>1 603.3</b>
Regulatory benefits	-412.7	-371.3
Termination benefits	-218.3	-157.9
<b>Outflow for benefits and withdrawals</b>	<b>-631.0</b>	<b>-529.2</b>
Increases in pension liability, actuarial reserves and contribution reserves; interest; security fund	-560.8	-1 498.2
<b>Net result of insurance activities</b>	<b>-640.8</b>	<b>-424.1</b>
Investment income	1 221.1	-280.3
Asset management costs	-64.4	-60.7
<b>Net return on investments</b>	<b>1 156.7</b>	<b>-341.0</b>
Administrative expenses	-6.7	-6.4
<b>Income surplus / expense surplus (-) before adding to or releasing from reserves for fluctuations in asset value</b>	<b>509.2</b>	<b>-771.5</b>
Increase (-) / decrease in reserves for fluctuations in asset value	-509.2	771.5

## Basic principles and organisation

The PKE Energy Pension Foundation is a foundation in accordance with the Swiss Civil Code (ZGB) and the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG). It insures both mandatory and non-mandatory occupation pension benefits. Various pension plans are offered, tailored to meet the diverse needs of the affiliated companies. All pension plans work on the basis of defined contributions for pension payments and of defined benefits for risk benefits.

PKE is structured as a collective foundation. It features on the canton of Zurich's register of occupational pension providers and is affiliated to the BVG security fund.

### Foundation Board

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The twelve members of the Foundation Board have been elected for the period ending in 2022. It is self-constituting. Its members are (as of 31 December 2019):

### Employer representatives

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Martin Schwab, Vice President	Centralschweizerische Kraftwerke AG, Lucerne
Alain Brodard	Groupe E Connect SA, Granges-Paccot
Peter Eugster	Elektrizitätswerke des Kantons Zürich, Zurich
Gian Domenico Giacchetto	Ofima e Ofible, Locarno
Christoph Huber	Axpo Services AG, Baden
Lukas Oetiker	Alpiq Holding AG, Lausanne

### Employee representatives

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Peter Oser, President	Elektrizitätswerke des Kantons Zürich, Zurich
Marco Balerna	Azienda Elettrica Ticinese, Monte Carasso
Christophe Grandjean	Groupe E SA, Granges-Paccot
Monika Lettenbauer	Axpo Services AG, Baden
Adrian Schwammberger	AEW Energie AG, Aarau
Patrick Winterberg	Axpo Services AG, Baden

## **Committees**

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The PKE Energy Pension Foundation has formed committees comprised of equal numbers of Foundation Board employer and employee representatives. These are:

- the Investment Committee
- the Human Resources Committee

## **Executive Board**

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Ronald Schnurrenberger, Chief Executive Officer and Insurance Team Leader  
Rolf Ehrensberger, Chief Investment Officer  
Stephan Voehringer, Chief Operating Officer

## **Auditors, experts, supervisory authority**

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### **Auditors**

KPMG AG, Zurich

### **Occupational pension experts**

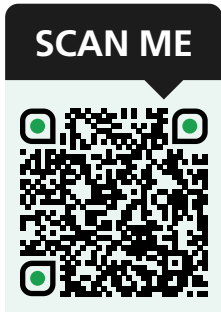
Libera AG, Zurich

### **Supervisory authority**

BVG- und Stiftungsaufsicht des Kantons Zürich (BVS), Zurich



## Further information



You can find the detailed 2019 Annual Report on our website at [www.pke.ch](http://www.pke.ch), available in German, French and Italian under → “Über uns” → “Geschäftsberichte” or the equivalent tabs.

Please feel free to visit the PKE website, a contemporary source of current information for active participants, pensioners and employers. For more information on current retirement planning topics, be sure to take a look at our quick and simple explanatory videos, e.g. [www.pke.ch/videos-de](http://www.pke.ch/videos-de), also available on the “PKE CPE” YouTube channel.

Have your benefits and contributions calculated any time at [www.pke.ch/online](http://www.pke.ch/online).

### Impressum

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