



Key figures

	2017	2016
Number of active participants	13 238	11 309
Number of pensioners	7 681	6 178
Total participants	20 919	17 487
Affiliated employers	179	139
Balance sheet total (in CHF million)	8 857	6 843
Collective pension fund coverage ratio	116.5%	115.5%
Overall foundation coverage ratio	114.9%	114.1%
Performance	9.6%	7.3%

Expectations surpassed with responsibility in mind

With returns of 9.6%, 2017 was another successful year for the PKE Energy Pension Foundation – an outstanding result in comparison with other Swiss pension funds. The Foundation Board has decided to earmark these returns for the strengthening of PKE's financial position and interest payments on savings capital. Thus, active participants of the collective pension fund are set to benefit from a generous interest rate of 2.5% in 2018.

On 1 April 2017, a further 41 companies accounting for assets of around CHF 1.4 billion transferred from the PKE cooperative to the PKE pension foundation. 2018 will see the last remaining 27 companies complete this transition, making us by far the largest pension fund in the energy sector.

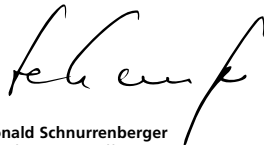
However, we have very guarded expectations of our returns over the next few years. This is due to the low interest rates with which central banks are sanctioning governments' debt policies, with savers losing out on sums in the billions.

The only way to maintain payments at the present levels would be to redirect future capital income from our active participants to pensioners. As well as being unfair towards active participants, this is prohibited within the second pillar system. For this reason, and with life expectancy still on the rise, the Foundation Board will revise the conversion rate in 2018 and make any necessary amendments, ensuring payments continue to be set responsibly and sustainably in the future to safeguard pensions for the next generation.

PKE Energy Pension Foundation



Martin Schwab
President of the Foundation Board



Ronald Schnurrenberger
Chief Executive Officer



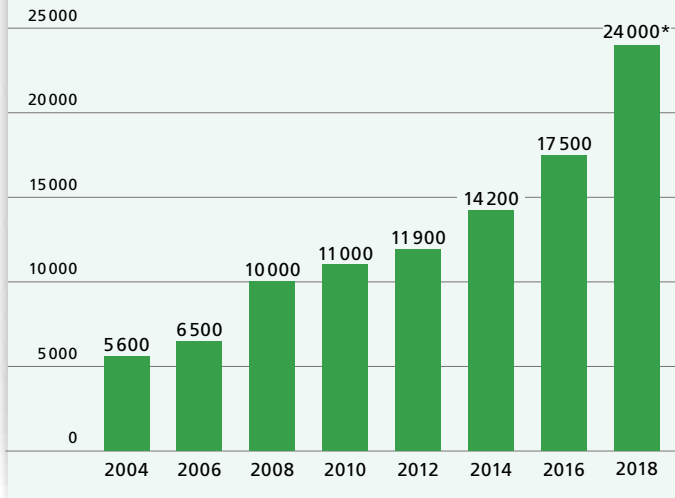
Ronald Schnurrenberger
Chief Executive Officer

Martin Schwab
President of the Foundation Board

Pension coverage

PKE Energy Pension Foundation performance

no. of beneficiaries



* forecast

In good stead

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 comprises 16 pension funds catering to one or more affiliated employers. The collective pension fund accounts for approximately 80% of PKE's obligations with a coverage ratio of 116.5% as of 31 December 2017. The 16 individual pension funds report coverage ratios between 106.4% and 122.7%.

In the insurance-related report dated 31 December 2017, our external occupational pension expert confirmed that PKE provides sufficient security to cover its obligations.

Steady growth

In 2017, the wave of transfers from the PKE Energy Pension Fund Cooperative continued. More companies than ever before transitioned to the PKE Energy Pension Foundation – 41 companies and around 3 300 participants and pensioners with pension assets of around CHF 1.4 billion to be exact. On 1 April 2018, we will be welcoming a further 27 companies accounting for around 3 100 beneficiaries and around CHF 1.1 billion in assets.

2018 interest: 2.5% for the collective pension fund

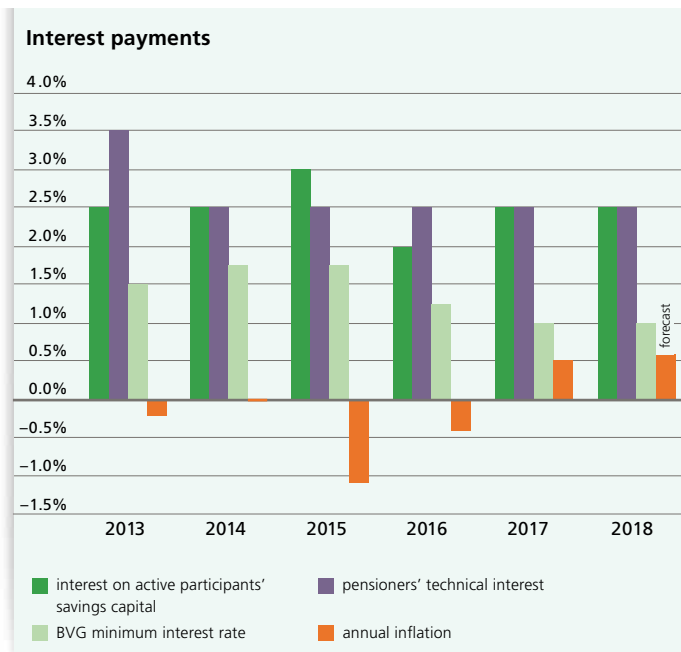
In 2017, PKE made interest payments of 2.5% on savings capital in the collective pension fund. The Foundation Board has decided upon interest payments of 2.5% once again for 2018. This rate remains considerably higher than the minimum pension interest rate stipulated by the government of 1.0%.

In today's environment, interest payments of 2.5% are very attractive. Inflation of 0.6% is forecast for 2018, meaning real interest rates are significantly higher than in the early 1990s. Although interest of 4% was then applied to pension assets, inflation of up to 6% was recorded.

Interest rates applicable to the assets of those members insured by an individual pension fund are set by the respective Pension Committees. For the reporting year, the Pension Committees have set rates between 0 and 3.0%. The insured members have been informed by their Pension Committees directly.

Number of active participants and pensioners

As of 31 December 2017, 13 238 active participants and 7 681 pensioners were registered with PKE (11 309 and 6 178 respectively the previous year). Pensioners accounted for 36.7% of all insured members.

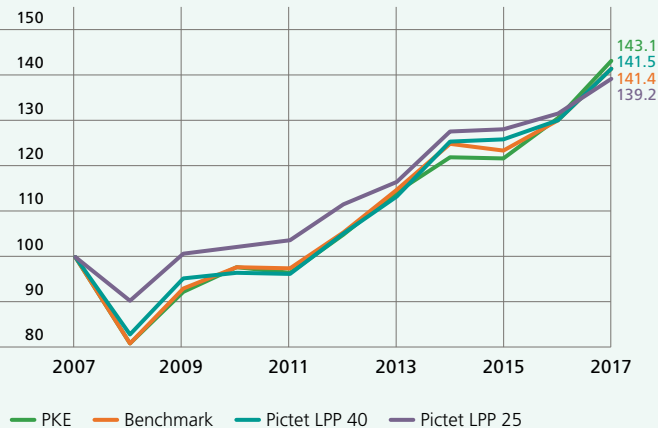


Asset investments

Cumulative performance

2008–2017 development

Indexed (31 December 2007 = 100)



An unusually good year on the stock market

Investment year 2017 was characterised by very high returns on the stock markets. The economy also fared well around the world, providing an encouraging atmosphere for investment, which, in turn, led to positive consumer sentiment. Even uncertainties in the political arena could not dampen the mood.

Despite a successful financial year, historically low interest rates have been cumbersome for savers. For years now, central banks have continued to pursue expansionary monetary policy. These preconditions have left savers at a disadvantage and encouraged borrowing, making a bubble ever more likely. Should interest rates rise again, the consequences would be painful.

An excellent year for PKE

Net returns on our total assets for the 2017 financial year came to 9.6%. With the exception of liquidity (negative interest rates on all short-term investments), all of our investment categories yielded positive returns. Once again, shares brought in the greatest profits. Our real estate portfolio also performed excellently once again. Alternative investments generated over 10% returns. PKE's internal benchmark was exceeded by 0.8%. In comparison with other Swiss pension funds, too, we occupy a leading position.

Mixed outlook

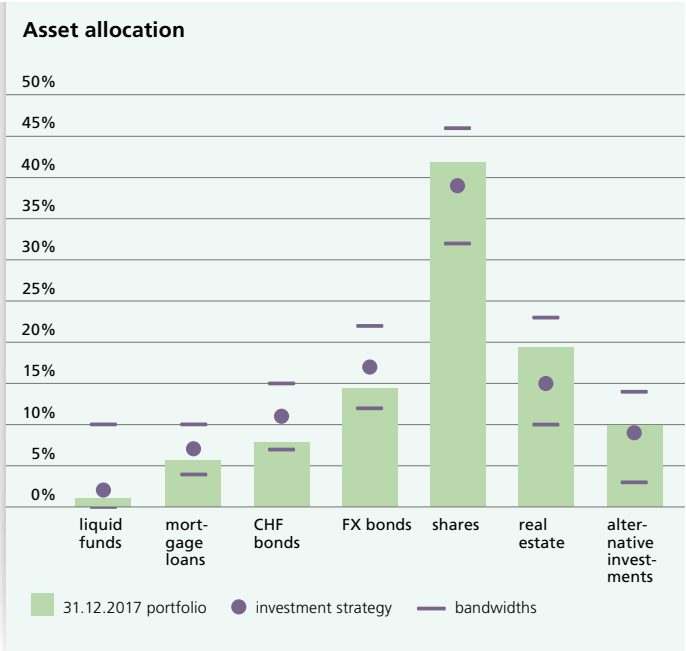
Although the global economy started the new year on an optimistic note, one must not overlook the fact that the underlying issues remain unresolved. Both states and, increasingly, consumers have mountains of debt. Should interest rates be increased again, consumers would draw back, leaving payment defaults imminent. It will prove challenging to return to “normal” monetary policy without causing significant damage.

Institutional investors such as pension funds must demonstrate particular caution. Withdrawing from financial markets and simply waiting it out will not be an option.

Investment strategy and portfolio

Our investment strategy remained unchanged in the reporting year. The Investment Committee decides on the tactical orientation of our investments. Only minor adaptations were made over the course of the year.

Pension assets with all of PKE’s pension funds are invested as a whole in line with a uniform investment strategy.







Success in motion

The PKE Energy Pension Foundation is progressing successfully. Those insured by PKE rest assured that they have a strong pension provision partner in their corner. The Foundation Board pursues a sustainable and realistic benefit-financing policy, safeguarding pensions and pension assets.

The PKE Energy Pension Foundation is a dynamic, modern pension fund. It is the largest pension fund in Switzerland's energy sector.

Balance sheet

as per 31 December in CHF million

Assets	2017	2016
Liquid funds	132.7	67.1
Bonds	1 961.8	1 590.6
Mortgage loans	495.9	379.8
Shares	3 658.7	2 732.6
Real estate	1 710.2	1 363.5
Alternative investments	872.2	669.5
Investments	8 831.5	6 803.1
Accrued income and accounts receivable	25.7	39.8
Total assets	8 857.2	6 842.9
Liabilities	2017	2016
Liabilities, employer-paid contribution reserve	114.5	109.6
Active participants' liabilities	3 342.4	2 782.4
Pensioners' liabilities	3 486.0	2 853.2
Actuarial reserves	781.2	268.0
Pension liabilities and actuarial reserves	7 609.6	5 903.6
Reserve for fluctuations in asset value	1 101.1	826.2
Pension funds' non-committed funds	32.0	3.5
Total liabilities	8 857.2	6 842.9

Operating account

from 1 January to 31 December in CHF million

	2017	2016
Ordinary and other contributions and transfers-in	319.6	271.4
Entry lump-sum transfers	1 498.3	715.7
Inflow from contributions and entry lump-sum transfers	1 817.9	987.1
Regulatory benefits	-334.2	-268.5
Non-regulatory benefits	-0.4	-1.8
Termination benefits	-175.6	-153.6
Outflow for benefits and withdrawals	-510.2	-423.9
Increases in pension liability, actuarial reserves and contribution reserves; interest; Security Fund	-1 720.5	-704.8
Net result of insurance activities	-412.8	-141.6
Investment income	766.1	499.2
Asset management costs	-44.5	-40.3
Net return on investments	721.6	458.9
Administrative expenses	-5.4	-5.7
Income surplus/expense surplus (-) before adding to or releasing from reserves for fluctuations in asset value	303.4	311.6
Decrease/increase (-) in reserves for fluctuations in asset value	-274.9	-308.1
Pension funds' income surplus/expense surplus (-)	28.5	3.5
Pension funds' income surplus	-28.5	-3.5

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 occupational 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

The twelve members of the Foundation Board have been elected for the period ending in 2019. It is self-constituting. Its members are (as of 31 December 2017):

Employer representatives

Martin Schwab, President	Axpo Holding AG, Baden
Alain Brodard	Groupe E Connect SA, Granges-Paccot
Peter Eugster	Elektrizitätswerke des Kantons Zürich, Zurich
Gian Domenico Giacchetto	Officine Idroelettriche della Maggia SA, Locarno
Silvia Hunziker Rübel	Centralschweizerische Kraftwerke AG, Lucerne
Lukas Oetiker	Alpiq Holding AG, Lausanne

Employee representatives

Peter Oser, Vice President	Elektrizitätswerke des Kantons Zürich, Zurich
Fridolin Dürst	Kraftwerke Linth-Limmern AG, Baden
Christophe Grandjean	Groupe E SA, Granges-Paccot
Gunnar Leonhardt	Swissgrid AG, Frick
Monika Lettenbauer	Axpo Services AG, Baden
Adrian Schwammberger	AEW Energie AG, Aarau

Committees

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

- the Investment Committee
- the Human Resources Committee

Executive Board

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

Experts, auditors, advisors, supervisory authority

Auditors

KPMG AG, Zurich

Occupational pension experts

Libera AG, Zurich

Investment controlling

PPCmetrics AG, Zurich

Asset and liability experts

c-alm AG, St Gallen

Real estate valuations

Wüest Partner AG, Zurich

Supervisory authority

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

Further information

You can find our detailed Annual Report on our website at www.pke.ch.

Take a look at the PKE website, a current, modern source of information for active participants, pensioners and employers.

Have your future benefits and contributions calculated at www.pkesimulation.ch.

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All three resources available in German, French and Italian.

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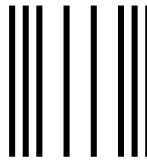
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PKE Energy Pension Foundation
Freigutstrasse 16
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Your opinion matters to us

We would be delighted to receive your feedback on the 2017 Summary Report. Please feel free to use this response slip or send an e-mail to info@pke.ch.

PKE Energy Pension Foundation

Freigutstrasse 16

8027 Zurich

www.pke.ch

Phone 044 287 92 92

info@pke.ch