



## Key figures

	2021	2020
Number of active participants and pensioners	26 261	25 724
Affiliated employers	216	215
Balance sheet total (in CHF million)	12 102	11 027
Collective pension fund coverage ratio	125.2%	112.5%
Overall foundation coverage ratio	124.6%	112.2%
Performance	10.5%	4.9%

## Exceeded expectations

The year 2021 was one of PKE's best in financial terms with a return of 10.5%. From the end of 2020 to 31 December 2021, the collective pension fund's coverage ratio rose from 112.5% to 125.2%.

Thanks to these healthy finances, the Foundation Board and the individual pension funds are able to significantly increase the interest awarded to retirement savings in 2022. We are also very pleased to report that two-part pensions will be increased by 5% to 10% for one year commencing 1 April 2022.

The reform of the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG) decided upon by the National Council as the first chamber is somewhat encouraging. The "pension top-up" suggested by the Federal Council that was contrary to the system has been extensively adapted. We hope that the Council of States will approve this new draft and that the population will agree to a sensible and sustainable option in a subsequent referendum.

The conversion rate of 5.0%, the existing provisions, successful investments and the Foundation Board's forward-looking and responsible management all mean that PKE is well equipped to deal even with difficult years.

We would like to take this opportunity thank all affiliated companies and our insured members for their trust and support.

### PKE Energy Pension Foundation



**Peter Oser**  
President of the Foundation Board



**Ronald Schnurrenberger**  
Chief Executive Officer



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President of the Foundation Board



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## Pension coverage

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 two individual pension funds (5 last year), each catering to one or more employers. The collective pension fund accounts for more than 95% of PKE's obligations with a coverage ratio of 125.2% as at 31 December 2021. The other pension funds also report coverage ratios of over 120%. All pension funds therefore have non-committed funds.

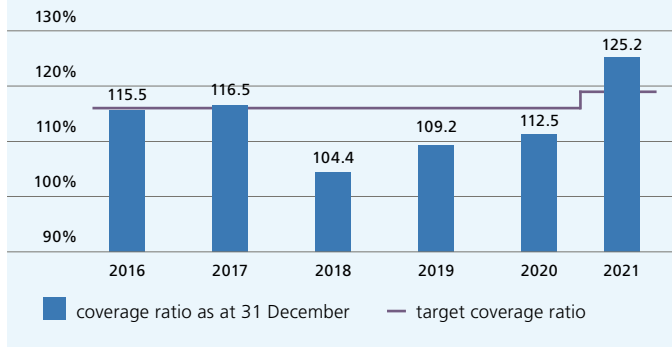
In the insurance-related report dated 31 December 2021, our external occupational pension expert confirms that PKE provides sufficient security to cover its obligations.

### Interest of 7% for 2022

For many years, the interest awarded to active participants' retirement savings has not been aligned with annual returns, but instead set with a steady, long-term orientation. Thus, in good years, part of the return is held back in order to be able to apply appropriate interest rates to retirement savings even in years that haven't gone as well, as was the case in 2018, for example, with a return of minus 3.5%.

The very good financial outcome at the end of 2021 has now enabled the Foundation Board to significantly increase interest rates for the collective pension fund for 2022. An interest rate of 7% is very attractive in the current market environment.

### Collective pension fund coverage ratio



Interest rates applicable to the assets of those members insured by an individual pension fund are set by the Pension Committees of the respective companies.

### Increasing two-part pensions

Since 2014, PKE has been issuing its pensions in two parts. Two-part pensions enable PKE to invest its assets with a greater risk appetite and therefore more profitably and to pass on profits directly to pensioners. 90% of each pension is guaranteed and always paid out, the remaining 10% is variable and depends on PKE's coverage ratio. If PKE's finances are healthy and if the coverage ratio is higher, the pension is increased by up to 10% of the target pension.

Thanks to the high coverage ratios, all of the pension funds will be able to increase two-part pensions by at least 5%, as much as 10% for the collective pension fund, for one year from 1 April 2022. This provides impressive proof that introducing two-part pensions at PKE was the right choice to the benefit of our insured members.

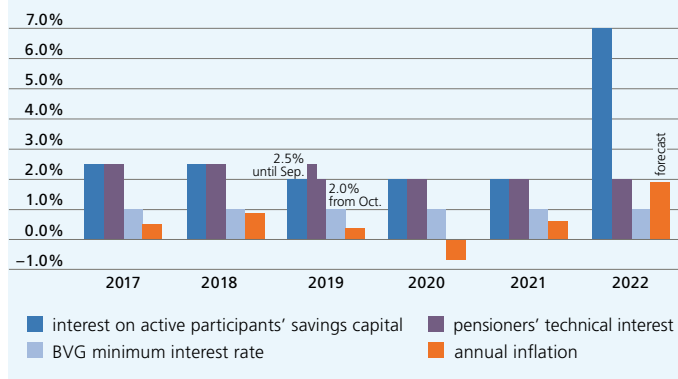
### Number of beneficiaries

As at 31 December 2021, 17 333 active participants and 8 928 pensioners were registered with PKE (16 847 and 8 877 respectively the previous year). Pensioners therefore account for 34.0% (34.5% the previous year).

### Asset and liability analysis

The Foundation Board has reviewed long-term developments at PKE over the last year by means of an asset and liability analysis. This involves forecasting obligations and analysing whether PKE's investment strategy is aligned with its risk capacity, i.e. whether the foundation is set to be financially balanced in the long term.

### Interest payments



The analysis has shown that PKE's benefits, and in particular the conversion rate of 5.0% at the age of 65, can remain unchanged. Due to the slightly lower forecast return on investment and the greater volatility, however, the value fluctuation reserve will have to be increased from 16% to 19%. The new target coverage ratio has been set at 119%.

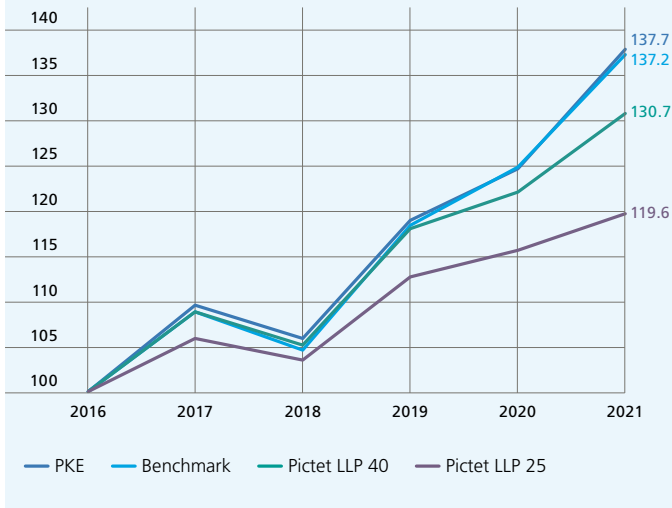
### Adjustment of the actuarial basis

As of 31 December 2021, PKE has updated its actuarial basis in line with the new "BVG 2020" tables. These tables are calculated anew every five years. Most privately owned pension funds use them to calculate their pension obligations. The adjustment has meant that the actuarial capital required for pensioners has dropped by around CHF 200 million, which has increased the coverage ratio by approximately 2.7 percentage points as at 31 December 2021.

## Asset investments

### Cumulative performance

2017–2021 development  
Indexed (31 December 2016 = 100)



### An outstanding investment year

2021 will be remembered as an extremely successful investment year for PKE. The net return on total assets came to 10.5%, meaning we outperformed our own benchmark by around 0.5 percentage points. This is also a leading result when compared to other pensions funds. Equity and private market investments generated particularly good results. While bond investments failed to yield any positive results, their impact on the result was minor.

The year 2021 got off to a pleasing, optimistic start. Global financial aid triggered price increases across most investments, although developments in the global economy were rather tentative. The financial markets suffered their first setbacks in September. Towards the end of the year, prices started to increase once again, closing out 2021 at record highs.

The medium- and long-term repercussions of the far-reaching government interventions into the economy are not yet clear to see. Inflation has picked up significantly in the meantime, forcing central banks to reconsider their stance. A solution as to how to deal with public debt, which is at a record high, has yet to be found.

### PKE's financial situation

Thanks to the high return of 10.5%, which was significantly higher than the return to be expected over the long term, and the adjustment of the actuarial basis to BVG 2020, the coverage ratio for the collective pension fund rose from 112.5% at the end of 2020 to 125.2% as at 31 December 2021.

With a coverage ratio of 125.2%, the collective pension fund now boasts its highest coverage ratio since the PKE Energy Pension Foundation was founded in 2000.

This sees PKE well equipped for the next few years. Pensions are secure and active participants' assets continue to be subject to attractive interest rates.

### Outlook

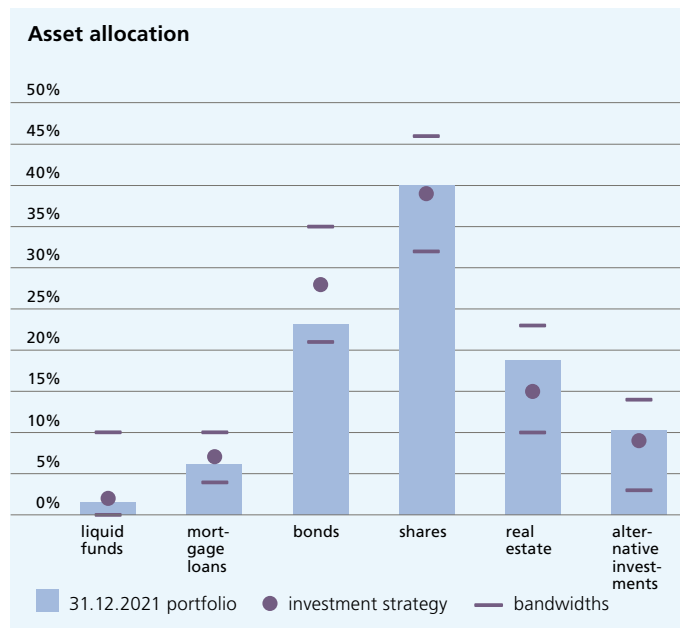
The beginning of 2022 brought the first doubts as to the sustainability of the stock market boom. The question arose whether the markedly burgeoning inflation might pose a threat after all. International supply bottlenecks and higher transportation costs are hampering global trade. The sustainability of the debt burden remains a central topic.

It seems that the global stock market boom first has to be digested and that a sideways movement is likely to ensue. Recent acts of war in Ukraine are also taking their toll on the financial markets. The consequences cannot yet be gauged.

### Investment strategy and portfolio

The Foundation Board slightly adjusted its investment strategy as of 1 January 2022. The portfolio will be brought into line with this over the course of the first quarter.

PKE pursues a reliable, long-term investment strategy oriented towards returns. 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 setting of and adherence to this investment strategy, while the Investment Committee is responsible for its implementation.









**SO THE NEXT GENERATION CAN ENJOY THEIR YOUTH TOO**

*For 100 years, we have been dedicated to providing our affiliated companies, their employees and pensioners with optimum pension provision.*

*We are aware of the special responsibility we shoulder as a large Swiss pension foundation. We want to safeguard occupational pension provision for our beneficiaries in the long term and offer pension solutions from which the next generation will benefit too.*

# Balance sheet

as per 31 December in CHF million

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Liquid funds	181.3	201.3
Bonds	2 769.1	2 619.9
Mortgage loans	766.9	650.6
Shares	4 826.4	4 296.7
Real estate	2 250.7	2 077.7
Alternative investments	1 228.8	1 127.3
<b>Investments</b>	<b>12 023.2</b>	<b>10 973.5</b>
Accrued income and accounts receivable	79.0	53.8
<b>Total assets</b>	<b>12 102.2</b>	<b>11 027.3</b>
<b>Liabilities</b>	<b>2021</b>	<b>2020</b>
Liabilities, employer-paid contribution reserve	97.5	101.2
Active participants' liabilities	4 503.5	4 269.7
Pensioners' liabilities	4 286.5	4 524.0
Actuarial reserves	841.2	945.0
<b>Pension liabilities and actuarial reserves</b>	<b>9 631.2</b>	<b>9 738.7</b>
Reserve for fluctuations in asset value pension funds	1 798.4	1 186.3
Total non-committed funds pension funds	575.1	1.1
<b>Total liabilities</b>	<b>12 102.2</b>	<b>11 027.3</b>

# Operating account

from 1 January to 31 December in CHF million

	2021	2020
Ordinary and other contributions and transfers-in	351.3	319.2
Entry lump-sum transfers	190.7	189.1
<b>Inflow from contributions and entry lump-sum transfers</b>	<b>542.0</b>	<b>508.3</b>
Regulatory benefits	-412.8	-410.5
Termination benefits	-195.6	-232.1
<b>Outflow for benefits and withdrawals</b>	<b>-608.4</b>	<b>-642.6</b>
Decreases (+)/increases (-) in pension liability, actuarial reserves and contribution reserves; interest; security fund	116.4	-41.7
<b>Net result of insurance activities</b>	<b>50.0</b>	<b>-176.0</b>
Investment income	1 218.4	559.7
Asset management costs	-75.5	-60.8
<b>Net return on investments</b>	<b>1 142.9</b>	<b>498.9</b>
Administrative expenses	-6.8	-6.3
<b>Income surplus / expense surplus (-) before adding to or releasing from reserves for fluctuations in asset value</b>	<b>1 186.1</b>	<b>316.6</b>
Decrease (+)/increase (-) in reserve for fluctuation in asset value pension funds	-612.1	-315.5
<b>Income surplus / expense surplus (-) pension funds</b>	<b>574.0</b>	<b>1.1</b>
Decrease (+)/increase (-) in non-committed funds pension funds	-574.0	-1.1
<b>Income surplus / expense surplus</b>	<b>-</b>	<b>-</b>

# Basic principles and organisation

PKE 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

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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:

### 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

### 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

## Committees

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

- the Investment Committee
- the Human Resources Committee

In addition, an external member is represented in the Investment 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

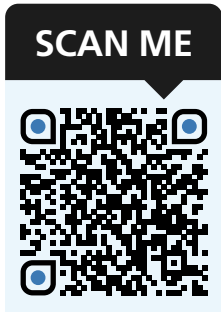
### **Occupational pension experts**

Libera AG, Zurich

### **Supervisory authority**

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

## Further information



You can find the detailed 2021 annual report on our website at [www.pke.ch](http://www.pke.ch), available in German, French and Italian under → “Über uns” → “PKE auf einen Blick” → “Geschäftsberichte” or the equivalent tabs.

We work in a sustainable and responsible manner. For the first time, we have issued a sustainability report. You can find it on our website along with the annual report.

Please feel free to visit our website, the current and contemporary information platform for employees, pensioners and employers. For more information on current retirement planning topics, be sure to take a look at our quick and simple explanatory videos.

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

### **Imprint**

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