



## Key figures

	2023	2022
Number of active participants and pensioners	28 061	26 777
Affiliated employers	211	210
Balance sheet total (in CHF million)	11 267	10 790
Collective pension fund coverage ratio	113.9%	107.7%
Overall foundation coverage ratio	113.6%	107.6%
Performance	4.8%	-9.7%

## Positive return and healthy finances

After an extraordinarily challenging year 2022 with a negative return (–9.7%), the past year saw a partial recovery. With a plus of 4.8%, PKE was able to increase the collective pension fund's coverage ratio from 107.7% to 113.9%.

PKE thus continues to possess stable finances and is in a good position from which to progress into the coming years. PKE remains committed to its steadfast and sustainable interest rate policy, applying interest of 2% to retirement savings capital once again in 2024, far exceeding the minimum pension interest rate stipulated by the federal government of 1.25%.

By adopting the 13<sup>th</sup> AHV pension payment, the Swiss population has already made a pivotal decision in retirement provision policy. A second decision will be made in autumn 2024 with the vote on the reform of the Swiss Federal Law on Occupational Pension Schemes and the relevant Old-Age, Survivors' and Invalidity Benefits (BVG). In light of the fact that we are living ever longer lives, it is necessary to either raise the retirement age, increase contributions during working years or lower pensions. Expanding retirement provision without rendering transparent the costs involved considers only one side of the story. The other side is the further expansion of our welfare state, the financial burden of which must be borne by the younger generation. Whether this is in the spirit of a fair and sustainable intergenerational contract remains a call that each of us has to make for ourselves.

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

### **PKE Energy Pension Foundation**



**Martin Schwab**  
President of the Foundation Board



**Ronald Schnurrenberger**  
Chief Executive Officer

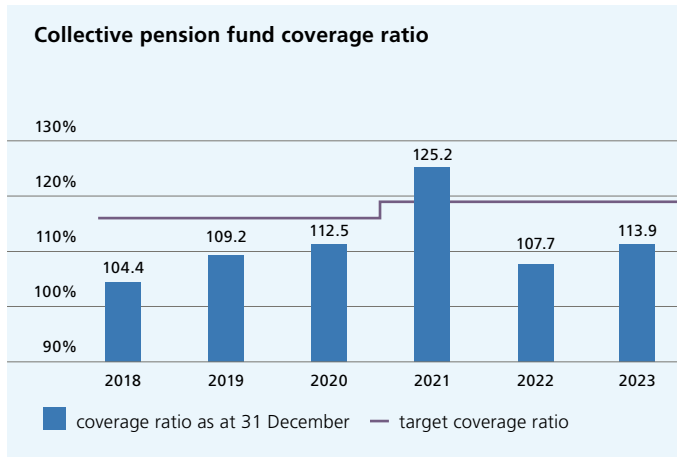


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## Pension coverage



PKE offers various pension plans, 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.

The benefits are significantly higher than the minimum stipulated by the federal government. Companies have the option to insure variable salary components by means of a shift allowance and bonus plan. Furthermore, "Saving 60" enables insured members to prefinance pension reductions that would otherwise ensue from early retirement.

Alongside the collective pension fund, PKE encompasses one individual pension fund (two last year) catering to one employer. The collective pension fund accounts for approximately 97% of PKE's obligations.

Over the course of the reporting year, our collective pension fund's coverage ratio increased to 113.9%. This was thanks to a capital investment return of 4.8% and the partial release of the provision for the reduction of the technical interest rate. Despite this progress, we did not reach our target coverage ratio of 119%. This means that the required value fluctuation reserve has not yet been entirely accrued.

Over a five-year period that commenced on 1 October 2019, the conversion rate is being incrementally lowered. For those retiring at the age of 65, the rate will be 5% as of 1 October 2024.

In the insurance-related report dated 31 December 2023, our external occupational pension expert confirms that PKE provides sufficient security to cover its obligations.

### Interest of 2% for 2024

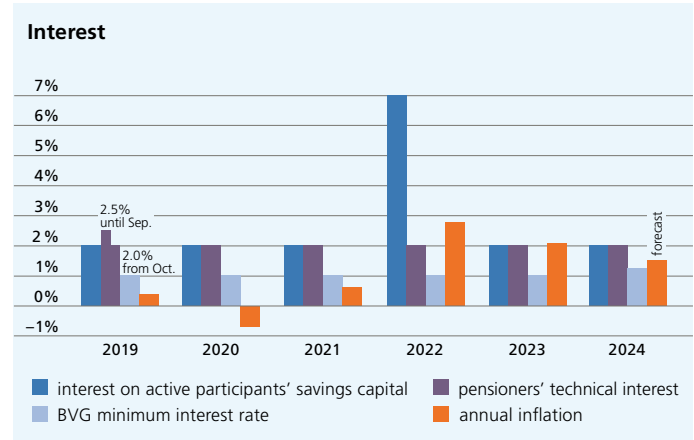
The Foundation Board has decided to apply an interest rate of 2% to retirement savings capital in 2024, as was the case the previous year. For many years, PKE's interest rate has not been aligned with annual returns, but instead set with a steady, long-term orientation. Thus, in good years, part of the return is held back in order to be able to apply appropriate interest rates to retirement savings capital even in years that haven't gone as well.

This policy enabled the Foundation Board to apply an interest rate of 2% to retirement savings capital in 2023, for example. Over the past few years, PKE's interest rate has, on average, considerably exceeded both inflation and the average salary increase. This has enabled us not only to safeguard the real purchasing power of future pensions, but indeed to increase it.

### Adjustment of pensions

Based on the applicable legal requirements, the Foundation Board has decided not to increase fixed pensions for the year 2024. PKE's financial situation cannot accommodate an adjustment for inflation. Two-part pensions will not be adjusted from 1 April 2024 either, as the coverage ratio at the end of 2023 is below the level required for this.

The Foundation Board discussed the topic of inflation compensation in great depth in 2023. In doing so, it decided to assess the possibility of providing inflation compensation consistently bearing in mind all aspects



of intergenerational fairness among PKE's insured members. In addition, redistributing funds for the purpose of inflation compensation or similar can only be considered once the value fluctuation reserve has been fully accrued and PKE possesses sufficient non-committed funds.

### Number of beneficiaries

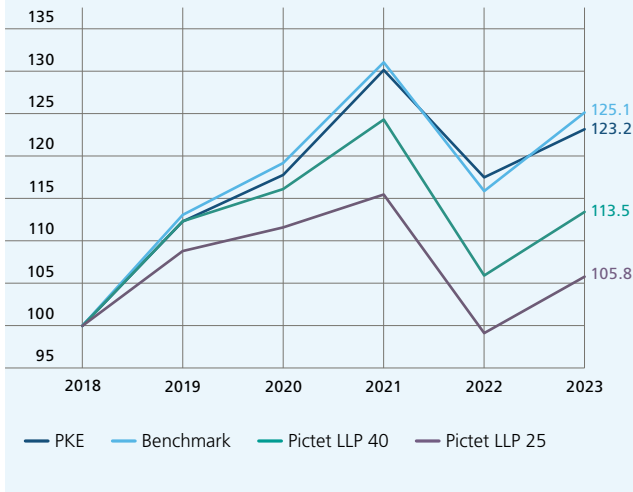
As at 31 December 2023, 18984 active participants and 9077 pensioners were registered with PKE (17 802 and 8975 respectively the previous year). Pensioners therefore account for 32.3% (33.5% the previous year).

## Asset investments

### Cumulative performance

2019–2023 development

Indexed (31 December 2018 = 100)



### Surprisingly stable economic situation

After the considerable price declines on the financial markets in 2022, 2023 proved to be a year for the history books in various ways. Despite challenges of the likes of the banking crisis in the US, the real estate crisis in China and the significant geopolitical tensions, the global economy proved to be astonishingly robust, with risk investments remaining surprisingly stable.

Bond market yields reached their highest levels since 2007, presumably putting an end to the phase of zero and negative yields. The NASDAQ-100 Technology Sector Index reported its best annual performance since 1999 – due especially to the exceptional development among the “Magnificent Seven” (big tech stocks Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla), increasing in value by around 90% also as a result of the hype around artificial intelligence.

### Shares and bonds positive – real estate portfolio very robust

The asset classes “global shares” and “bonds in CHF” made the greatest contribution to our return at 2.08% and 0.93% respectively. Despite the higher interest rates, our direct real estate investments also posted positive results thanks to their good quality, contributing to our return to the tune of 0.45%. The marked increase in interest rates at the global level, however, led to negative results for our real estate abroad as valued at market value (–0.41%) and our foreign currency bonds (–0.25%).

### Performance well over target return

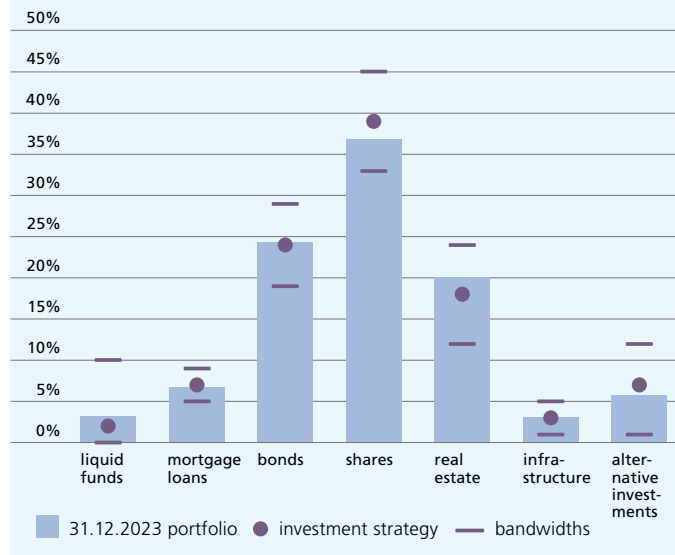
PKE's return of 4.8% also clearly surpasses the target return of 2.1%. With the return being 3.0% below the benchmark of 7.8%, though, we have not yet exhausted the potential of our investment strategy. The primary reason for this lies in the asset class "global shares", in which we were only partially able to benefit from the extraordinary performance among the Magnificent Seven. As in previous years, PKE's portfolio has a slightly more defensive structure than the benchmark. This means that PKE's returns are slightly lower than the benchmark in the event of sharp price increases, but we are also less vulnerable to price drops.

### Outlook

The new investment year will also be challenging. Over the past few months, geopolitical tensions have intensified once again, which could trigger another inflation shock at any time. The year 2024 will also be shaped by national elections affecting 80% of global market capitalisation, 60% of global GDP and 40% of the global population. The risk this harbours for political shifts is greater than it has been in quite some time.

It is still too soon to tell whether the US economy will encounter a soft landing or enter into a mild recession. Following the fastest interest rate hikes in modern history, however, the US Federal Reserve is now once again in a position to respond with interest rate cuts should a marked economic slowdown materialise. The current interest rate level is also a good starting point for positive bond returns.

### Asset allocation



### Investment strategy and portfolio

The 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 the investment strategy, while the Investment Committee is responsible for its implementation.

# Balance sheet

as per 31 December in CHF million

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Liquid funds	378.4	218.6
Bonds	2 701.1	2 414.6
Mortgage loans	759.3	812.5
Shares	4 142.8	3 975.1
Real estate	2 235.2	2 259.3
Infrastructure	342.3	356.1
Alternative investments	647.0	713.0
<b>Investments</b>	<b>11 206.1</b>	<b>10 749.2</b>
Accrued income and accounts receivable	60.4	40.6
<b>Total assets</b>	<b>11 266.5</b>	<b>10 789.8</b>
<b>Liabilities</b>	<b>2023</b>	<b>2022</b>
<b>Liabilities, employer-paid contribution reserve</b>	<b>91.5</b>	<b>106.4</b>
Active participants' liabilities	5 079.4	4 863.3
Pensioners' liabilities	4 306.5	4 279.8
Actuarial reserves	448.0	785.3
<b>Pension liabilities and actuarial reserves</b>	<b>9 833.9</b>	<b>9 928.4</b>
Reserve for fluctuations in asset value pension funds	1 341.1	755.0
Total non-committed funds pension funds	–	–
<b>Total liabilities</b>	<b>11 266.5</b>	<b>10 789.8</b>



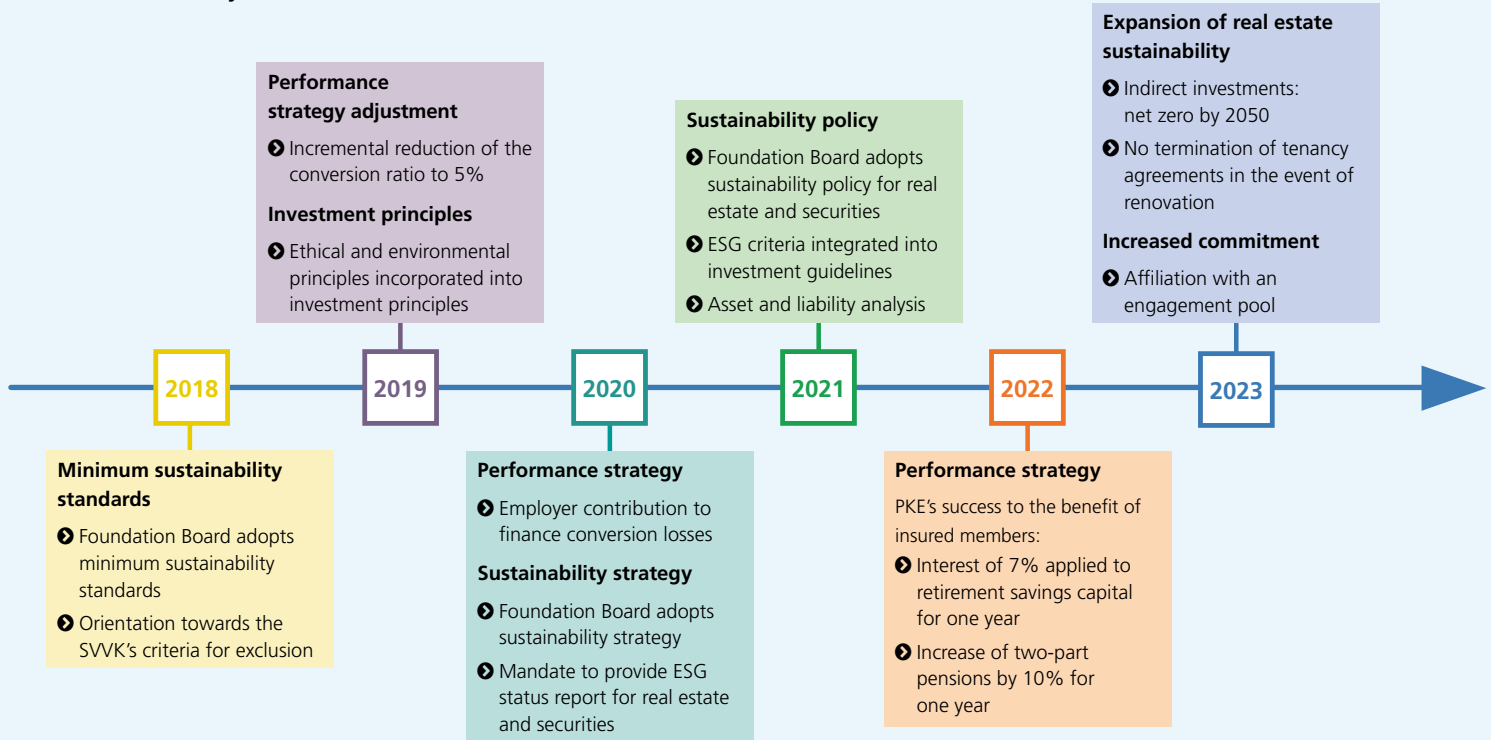
# Operating account

from 1 January to 31 December in CHF million

	2023	2022
Ordinary and other contributions and transfers-in	422.4	372.9
Entry lump-sum transfers	263.3	207.0
<b>Inflow from contributions and entry lump-sum transfers</b>	<b>685.7</b>	<b>579.9</b>
Regulatory benefits	-475.7	-445.6
Termination benefits	-221.7	-288.2
<b>Outflow for benefits and withdrawals</b>	<b>-697.4</b>	<b>-733.8</b>
Decreases (+)/increases (-) in pension liability, actuarial reserves and contribution reserves; interest; security fund	93.2	-291.0
<b>Net result of insurance activities</b>	<b>81.5</b>	<b>-444.9</b>
Investment income	543.0	-1 084.4
Asset management costs	-30.8	-81.3
<b>Net return on investments</b>	<b>512.2</b>	<b>-1 165.7</b>
Administrative expenses	-7.6	-7.8
<b>Income surplus / expense surplus (-) before adding to or releasing from reserves for fluctuations in asset value</b>	<b>586.1</b>	<b>-1 618.4</b>
Decrease (+)/increase (-) in reserve for fluctuation in asset value pension funds	-586.1	1 043.3
<b>Income surplus / expense surplus (-) pension funds</b>	<b>-</b>	<b>-575.1</b>
Decrease (+)/increase (-) in non-committed funds pension funds	-	575.1
<b>Income surplus / expense surplus</b>	<b>-</b>	<b>-</b>

# We work in a sustainable and responsible manner

## PKE's sustainability milestones



## The four pillars of PKE's sustainability strategy



### Sustainable pension provision

We aim to provide above-average performance, safeguarding fair pensions for future generations too.

- Our pensions are based on financial market returns that can be sustained over the long term. Active participants should not have to subsidise benefits for pensioners. In the long run, the same interest is applied to insured members' retirement savings capital as to current pensions.



### Securities

Alongside financial aspects, we consider environmental, social and leadership criteria.

- We are guided by the recommendations for exclusion issued by the Swiss Association for Responsible Investments (SVVK). In addition, we invest less in entities with high CO<sub>2</sub> emissions, instead giving preference to sustainability bonds, increasing the quality of our portfolio in terms of sustainability.



### Real estate

We will halve our real estate's CO<sub>2</sub> emissions by 2030, reaching carbon neutrality by 2050.

- For our direct real estate investments, which account for approximately 15% of our portfolio, we have defined an emissions reduction plan with the aim of halving CO<sub>2</sub> emissions by 2030 and reaching carbon neutrality by 2050.



### Commitment

We take our responsibility towards insured members, society and the environment seriously.

- PKE stands for sustainably financed benefits. Sustainable behaviour within the context of a pension fund primarily means providing fair pensions for all generations. We invest sustainably and take our ethical, ecological and socio-political responsibility seriously.

# 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. The foundation is an independent, all-inclusive pension fund and carries all of its own insurance-related risks. Contributions and benefits exceed the legal minimums. Benefits are financed through employer contributions, contributions from active participants and capital income.

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 2025. It is self-constituting. Its members are:

### Employer representatives

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Martin Schwab, President	CKW AG, Lucerne
Luca Baroni	Alpiq AG, Olten
Alain Brodard	Groupe E Connect SA, Granges-Paccot
Gian Domenico Giacchetto	Ofima e Ofible, Locarno
Joris Gröflin (until 31 December 2023)	Axpo Services AG, Baden
Yannick Hanselmann	Elektrizitätswerke des Kantons Zürich, Zurich

### Employee representatives

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

## 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

Marcel Jörger, 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



### **Annual Report**

You can find the detailed 2023 Annual Report 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.



### **Sustainability Report**

Our activities and commitment to sustainable pension provision and sustainable financing are documented in the 2023 Sustainability Report and on our website. You can find the Sustainability Report in German, French and Italian at [www.pke.ch](http://www.pke.ch) under → "Über uns" → "PKE auf einen Blick" → "Geschäftsberichte" or the equivalent tabs.

Please feel free to visit our website, the current and contemporary information platform for employees, pensioners and employers. You can find explanatory videos, information sheets, forms and regulations on our website (available in German, French and Italian). Have your benefits and contributions calculated any time at [www.pke.ch/online](http://www.pke.ch/online). Should you have any questions, we would be happy to help you.

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