

# GMP

GROUPE MUTUEL

PRÉVOYANCE VORSORGE PREVIDENZA

## Groupe Mutuel Prévoyance-GMP

WE ARE PROUD TO BE  
PART OF A COMPANY  
WHERE CARING,  
COLLABORATION,  
TRUST, RESPECT AND  
SOLIDARITY ARE EMBEDDED  
IN THE BEHAVIORS  
AND BELIEFS OF ALL.  
WE ARE CARING

WE ARE AN AGILE  
COMPANY, SHOWING  
INITIATIVE AND  
ANTICIPATING  
THE NEEDS OF  
COLLEAGUES,  
CUSTOMERS  
AND THE MARKET. WE  
ARE PROACTIVE

WE ACT WITH INTEGRITY,  
TRANSPARENCY  
AND FAIRNESS,  
AND FULLY ACCEPT OUR  
RESPONSIBILITY  
TOWARDS OUR  
COLLEAGUES,  
CUSTOMERS,  
PARTNERS  
AND THE COMPANY. WE  
ARE RESPONSIBLE



## Overview of financial year 2020

“Time was suspended, restructured and adjusted”

In 2020, it was not exactly business as usual. From March onwards, most of the world’s population was brought to a standstill and discovered the meaning of the word “lockdown”. Human beings’ extraordinary capacity to adapt was called upon, the usual ways of going about things were put into question and a strong sense of resilience allowed us to get back on track differently.

In just a few days, Groupe Mutuel Prévoyance-GMP had reorganised its activities and transferred its employees to working from home.

Thanks to the significant involvement of each employee and the deployment of all available resources, customer services were maintained without any interruption.

At the same time, the follow-up of investments required special attention at first, but then returned to an almost normal pace. In the meantime, markets experienced one of the most rapid and brutal stock market crises in history, followed by a strong recovery. Our investments obviously followed the same trend. The strategic allocation of our capital focused on the strong diversification of assets and the search for quality, therefore allowing us to mitigate the shock waves.

Thanks to our policy of building up value fluctuation reserves that fully cover the target of the reserves, we were able to get through the worst of the crisis with a coverage ratio that remains above 100% and to secure our policyholders’ assets. With progressively positive markets trends and renewed optimism linked to the first vaccine deliveries in the last few weeks of the year, we were able to achieve an investment performance of 2.3% and to maintain the coverage ratio at a high level of 115.7%.

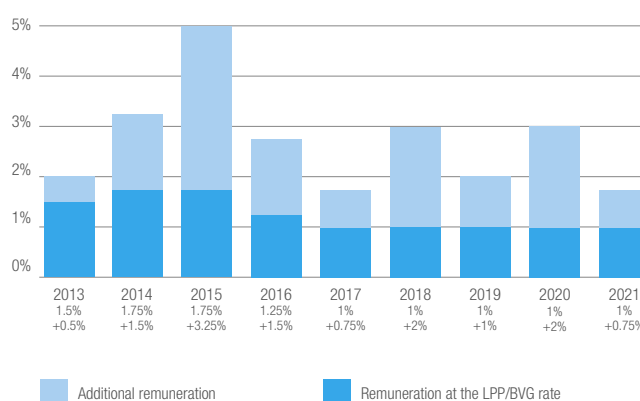
### Coverage ratio according to Art. 44 OPP2/BVV2

as at 31.12.	2020	2019
Total assets	2,346,289,478	2,200,984,151
Commitments	-45,035,021	-47,567,340
Accruals for liabilities	-20,653,844	-14,130,604
Employer contribution reserves	-14,005,387	-12,820,742
<b>Assets as at 31.12.</b>	<b>2,266,595,227</b>	<b>2,126,465,465</b>
Retirement assets of active policyholders and pensioners	1,836,029,700	1,692,343,247
Funds linked to companies	9,842,829	9,764,414
Technical provisions	114,033,810	144,246,000
<b>Retirement assets and technical provisions</b>	<b>1,959,906,339</b>	<b>1,846,353,661</b>
<b>Coverage ratio</b>	<b>115.65%</b>	<b>115.17%</b>

The work required to distribute GMP’s excess coverage at the time of the merger with Mutuelle Valaisanne de Prévoyance was carried out in 2020 and the amounts credited to the provision for the equalisation of coverage ratios were allocated to the relevant policyholders’ accounts as at 1 January 2021, including the interest due in 2020.

When returns are high, our policyholders benefit directly from our good financial health and from the solid provisions built up. For example, in 2020, policyholders’ retirement assets received an interest of 3%, of which 2% is made up of a surplus set aside for this purpose in the previous financial year. For 2021, insured persons will receive a further 0.75% of the surplus set aside, bringing the interest rate for this year to 1.75%.

### Interest rates allocated on the total savings of insured persons:



### General Meeting of Delegates by correspondence

The General Meeting is an important event for our pension fund. We appreciate inviting the delegates of our affiliated companies to this annual meeting. It gives us the opportunity to tell our clients about the main achievements of their pension fund and to provide them with any information they may require about our activities. Unfortunately, due to the coronavirus, the General Meeting could not be held in its usual format in 2020. Therefore, delegates approved the minutes of the General Assembly of 12 June 2019 by correspondence, took note of the accounts and activity report for the financial year 2019 and submitted their queries, which were answered in the minutes of the meeting.

At the time of writing, there is every reason to believe that the same will apply to the next general meeting, to be held on 14 June 2021. Should this be the case, we will endeavour to re-establish a strong relationship with our customers as soon as we are able to meet in person again.

### ESG - Sustainable and responsible investments

Groupe Mutuel Prévoyance-GMP has been taking into account for many years now the requirements of sustainable development and acts in a socially and ethically responsible manner. In 2020, our values and beliefs in responsible investment were set out in an ESG (Environmental, Social and Governance) Charter. Through this charter, GMP is committed to investing its clients’ assets in a safe manner, with a view to achieving competitive and stable returns over the long term through a responsible investment philosophy. The guarantee of efficient capital management and the societal commitment to financing a more sustainable and fair economy go hand in hand with the financial profitability requirements of policyholder retirement savings. A transition to a low-carbon and environmentally friendly economy is supported. The implementation of the investment philosophy is based on the consideration of ESG criteria combining financial performance and sustainability, on the application of criteria for the exclusion of controversial sectors, on the search for innovative solutions that actively contribute to sustainable development objectives and on the exercise of voting rights in order to assume our responsibility as shareholders. In addition to these criteria, the investments must also be in compliance with Switzerland’s commitment to climate. In order to monitor trends in these areas, GMP is affiliated to Swiss Sustainable Finance. The investment portfolio of the pension fund was reviewed in 2020 and was found to be in line with the high expectations of the ESG Charter. This goes to show that GMP’s strategy for selecting investments has long been carried out in a way that is respectful of our planet’s resources, within an approach that puts people and business ethics first.

## Annual accounts 2020 - Summary

Total contributions from employees and employers amounted to CHF 165,833,401, up by 3% compared to the previous year. The technical reserves for longevity were calculated based on the new periodic "Actuarial provisions LPP/BVG 2020" and the technical rate lowered to 1.5%, as well as on the basis of the conversion rates set by the Pension Board. After a beginning of the year marked by the coronavirus crisis, investment activities benefited from the subsequent recovery, with a net result of activities showing a surplus of CHF 47,400,723. Administrative and commercial expenses represented 6.8% of contributions, in line with the previous financial year. The target of the value fluctuation reserves corresponds to 13.87% of tied funds, compared to 11.53% at the end of the previous financial year. This rate, applied to the growing tied funds, requires an allocation of CHF 58,900,000 to the reserves. Uncommitted funds on the balance sheet now amount to CHF 34,888,888. As at 31 December 2020, the balance sheet total was CHF 2,346,289,478, that is an increase of 6.6%.

### Balance sheet

Assets in CHF	31.12.2020	31.12.2019
Investments	2,267,740,118	2,120,398,282
Operating liquidity	46,242,144	44,177,179
Deliverables	27,148,401	31,225,103
Accruals for assets	5,158,815	5,183,587
<b>Total assets</b>	<b>2,346,289,478</b>	<b>2,200,984,151</b>
Liabilities in CHF	31.12.2020	31.12.2019
Commitments	45,035,021	47,567,340
Accruals for liabilities	20,653,844	14,130,604
Employer contribution reserves	14,005,387	12,820,742
Retirement assets and technical provisions	1,959,906,339	1,846,353,661
Value fluctuation reserve	271,800,000	212,900,000
Fund assets / Uncommitted funds	34,888,888	67,211,804
<b>Total liabilities</b>	<b>2,346,289,478</b>	<b>2,200,984,151</b>

### Operating account

in CHF	2020	2019
Inflows from contributions and entry benefits	328,643,889	388,864,012
Expenses relating to benefits and advance payments	-229,247,383	-212,680,512
Adjustment / build-up of retirement assets, technical provisions and and contribution reserves	-114,737,323	-260,023,876
Revenue of insurance benefits	19,166,932	22,328,284
Insurance expenses	-13,823,273	-14,509,505
<b>Net insurance result</b>	<b>-9,997,157</b>	<b>-76,021,597</b>
Net return on investments	47,400,723	170,971,690
Other revenue	444,187	307,357
Merger fees	0	-177,656
Administrative fees	-11,270,669	-11,040,328
<b>Revenue / expenses surplus before build-up / adjustment of the value fluctuation reserve</b>	<b>26,577,084</b>	<b>84,039,467</b>
Build-up / adjustment of the value fluctuation reserve	-58,900,000	-42,500,000
<b>Expenses (-) / revenue surplus (+)</b>	<b>-32,322,916</b>	<b>41,539,467</b>

## Capital investment activities

The management of different types of assets in 2020 allowed Groupe Mutuel Prévoyance-GMP to register a return on equity of 2.3% free of costs, while containing portfolio volatility. By way of comparison, the benchmark index was 3.2%. This underperformance is mainly due to the shorter maturity of the bond portfolio, the cost of equity protection at the end of the year and the under-exposure to direct real estate.

### Allocation of investments

In accordance with the provisions of Swiss GAAP FER 26, the pension fund's assets are valued at market value. Alternative management consists of private equity and private debt. Absolute returns relate to defensive structured products, mortgages, secured capital, loans and microfinance.

### Allocation of investments

as at 31.12.	2020	
Assets available for investment and money market investments in CHF	149,372,045	6.6%
Assets available for investment and money market investments in foreign currency	17,918,546	0.8%
Bonds in CHF	520,297,443	22.9%
Foreign currency bonds hedged in CHF	154,633,546	6.8%
Foreign currency bonds	164,747,357	7.3%
Swiss shares	293,340,125	12.9%
Foreign shares	428,302,634	18.9%
Real estate held in Switzerland currently in use	230,141,991	10.1%
Real estate held in Switzerland under construction	7,176,290	0.3%
Indirect real estate investments in Switzerland	106,578,606	4.7%
Alternative investments	40,862,977	1.8%
Absolute returns	154,368,558	6.8%
<b>Total</b>	<b>2,267,740,118</b>	<b>100.0%</b>

### Return per asset type (net of expenses)

	2020	
	Performance Benchmark Index	Performance achieved
Swiss shares (SMI Expanded with dividends)	3.20%	-1.40%
Foreign shares (Composite)	2.28%	6.38%
Swiss franc bonds (SBI AAA-BBB Total return)	0.90%	0.35%
Bonds hedged in CHF (Barclays Global Aggregate hedged in CHF)	3.88%	4.54%
Bonds in foreign currencies (Composite)	0.81%	-0.29%
Private equity (MSCI World +2%)	12.65%	0.65%
Private debt (Libor CHF 12 months +3%)	2.24%	3.61%
Absolute return (minimum LPP/BVG rate)	1.00%	1.41%
Direct real estate (4%)	3.50%	5.41%
Indirect real estate (SXI Real Est. Funds TR Index)	10.81%	9.79%
Liquidity (JPM Cash Index CHF 3 months)	-0.58%	-1.10%
<b>Total</b>	<b>3.26%</b>	<b>2.30%</b>

The realised return on investment is calculated using the MWR (Money Weighted Return) method.

## Purpose and calculation of the value fluctuation reserve

	2020	2019
Value fluctuation reserve as at 1 January	212,900,000	82,200,000
Contributions from the value fluctuation reserve following the merger with MVP	0	88,200,000
Build-up / adjustment	58,900,000	42,500,000
<b>Value fluctuation reserve as at 31.12</b>	<b>271,800,000</b>	<b>212,900,000</b>
Purpose of the value fluctuation reserve as a % of commitments	13.87%	11.53%

The purpose of the valuation fluctuation reserve is to cover specific risks in the market in order to fund pension benefits in the long-term. Its objective is to achieve a security level of 99.75% (99.85% in 2019) taking into account the expected return and various risk factors (volatility of the investment strategy, expected return of the strategy/allocation, degree of likelihood, minimum LPP/BVG rate).

## Technical provisions

as at 31.12.	2020	2019
Provision for gaps in conversion rates	33,453,000	33,453,000
Provision for increase in life expectancy	0	3,226,000
Provision for small number of pensioners	0	3,540,000
Provision for risk fluctuation and costs	6,100,000	0
Provision for the equalisation of coverage ratios	36,180,810	35,127,000
Provision for additional interest	12,514,700	30,600,000
Provision for future interest allocation	25,785,300	38,300,000
<b>Total of technical provisions</b>	<b>114,033,810</b>	<b>144,246,000</b>

Regulations for actuarial liabilities govern the constitution of provisions. The provision for increase in life expectancy has been dissolved in accordance with its purpose with the introduction of the "Actuarial provisions LPP/BVG 2020". The provision for small number of pensioners has been dissolved due to the sufficient number of pensioners as at 31.12.2020.

## Background and organisation

Groupe Mutuel Prévoyance-GMP is a semi-autonomous joint pension fund of the "defined contribution plan" type, with its head office in Sion. The pension fund is registered under the number 304,083 with the Supervisory Authority for LPP/BVG Pensions and Foundations in Western Switzerland and the LPP/BVG Security Fund. The bodies of the pension fund are the Pension Board, the Meeting of Delegates and the Auditors. The Pension Board is the highest body of the Pension Fund. The Meeting of Delegates appoints and revokes the members of the Pension Board. The Meeting of Delegates reviews the annual report of the Pension Board.

### Pension Board

**Mrs Karin Perraudin**, President<sup>1</sup>  
**Mr Bruno Pache**, Vice-President<sup>1</sup>  
**Mr Patrick Varone**, Secretary<sup>1</sup>  
**Mr Marc-Etienne Berdoz**, Member  
**Mr François Frezza**, Member  
**Mrs Patricia Lorenz**, Member  
**Mr Frédéric Perraudin**, Member  
**Mr Stéphane Roduit**, Member  
**Mr Thierry Rosset**, Member  
**Mr Benoît Schoechli**, Member

<sup>1</sup> joint signatures in pairs

### Founders' representatives, excluding the Board

**Mr Fabio Naselli Feo**  
**Mr Nicolas Debons**

## Numbers

Insured employers as at 31.12.	2020	2019
	2,666	2,704
Active members	2020	2019
Men	10,347	10,371
Women	9,193	9,151
<b>Total</b>	<b>19,540</b>	<b>19,522</b>
Number of persons who contributed during the financial year	2020	2019
	24,153	24,296
Pensioners as at 31.12.	2020	2019
Old-age pensions	1,099	1,026
Spouse's / partner's pensions	97	86
Disability pensions	358	331
Pensions for children (of pensioners or disabled members)	186	171
Orphan pensions	47	47
Pensions of divorced spouse	1	1
<b>Total</b>	<b>1,788</b>	<b>1,662</b>

### "Please take care of yourself, your family members and your employees."

These were the words we used, Dear Policyholder, when the pandemic started disrupting the world in March 2020. These words reflect the purpose of occupational benefits (2<sup>nd</sup> pillar), which is to provide for the employees of each affiliated company and their family members. They also reflect the consideration we have for you. This difficult period has highlighted how important our relationship is to each other. We would like to thank you for your trust and will remain at your side, now and in the future.

## 2020 - Amendment of the statutes and the regulations

On 4 May 2020, the Supervisory Authority for LPP/BVG Pensions and Foundations in Western Switzerland, (AS-SO) approved the statutes of 12 December 2019. The Pension Fund Regulations of 28 September 2020 take effect on 1 January 2021. The regulations for actuarial liabilities and the remuneration regulations take effect from the date of their approval by the Pension Board on 14 December 2020.

The financial statements 2020 can be downloaded from the website (in French, German and Italian), at the address: [report.groupemutuel.ch/telechargements](http://report.groupemutuel.ch/telechargements)  
 You may also order them by email: [lpp@groupemutuel.ch](mailto:lpp@groupemutuel.ch)

## Groupe Mutuel Prévoyance-GMP

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Administrator:

