

Information for financial year 2016
Groupe Mutuel Prévoyance-GMP



Overview of financial year 2016

2016: an unpredictable year?

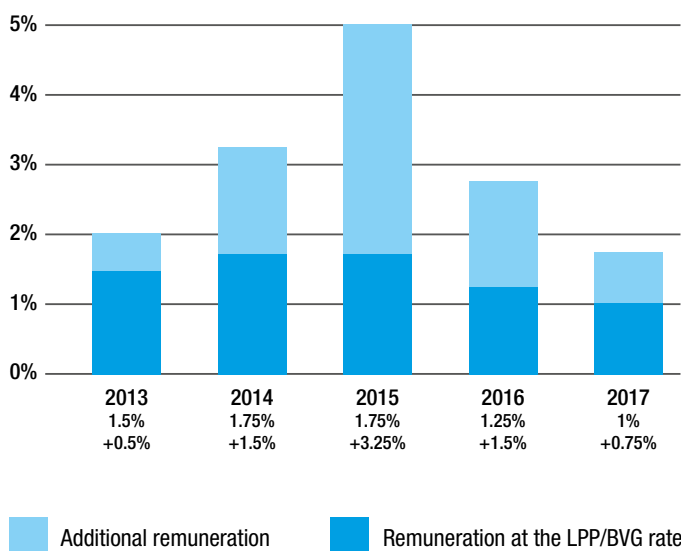
Surprisingly, the geopolitical events in 2016 did not have the anticipated impact on financial markets, which were finally little affected by the British decision to leave the EU and then boosted by Donald Trump's election as head of the United States. Groupe Mutuel Prévoyance took advantage of the opportunities in foreign shares (+11.2%), including in emerging markets, while identifying some opportunities for performance gains in Swiss franc bonds (+0.63%) and limiting the loss in value of Swiss franc shares (-2.2%) that are penalised by high valuation and small earnings growth. Direct property ownership and real estate investment funds achieved a return of 8.52%, including a 3.52% adjustment of the value of real estate. Bank liquidity fees did not weigh heavily on the portfolio, resulting in an extra charge of only 0.01% of the assets. In sum, the management of different types of assets in 2016 provided a return on equity of 3.21% free of costs, while containing portfolio volatility. In comparison, the investment strategy chosen by the Fund generated a return of 2.14%.

Long-term security

In line with its realistic vision of long-term commitments made to insured persons, the Pension Board decided to use the LPP/BVG 2015 actuarial tables that contain the most recent statistics of longevity and to base its longevity calculations on a technical rate of 2%, including the progressive adjustment of the rate used to convert supplemental benefits into retirement pensions.

Extra return on investment for insured members

Once long-term security had been consolidated, it was possible once again to provide insured members with an excellent return on investment, by allocating a supplemental interest of 0.75% in 2017, in addition to the minimum LPP/BVG rate. Therefore, after a 2.75% rate in 2016, a 1.75% interest rate will be added to the total amount of retirement assets in 2017. From 2013 to 2017, insured members received a full interest that will have allowed them to double the minimum LPP/BVG remuneration for the said period.



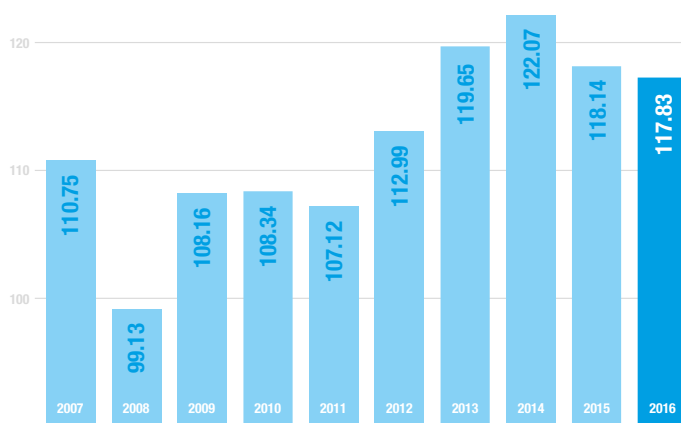
Substantial ability to cover commitments

After having created technical provisions for longevity and allocated this excess in the form of an interest payment, the coverage ratio remained securely positioned at 117.83% as at 1 December 2016.

Coverage ratio according to

Article 44 OPP2/BVW2	31.12.2016	31.12.2015
Total assets	859,987,971	812,867,153
Liabilities	-9,573,187	-14,215,827
Termination benefits and pensions	-28,230,718	-58,222,556
Assets as at 31 December	822,184,066	740,428,769
Retirement assets and technical provisions	697,771,709	626,758,046
Coverage ratio	117.83%	118.14%

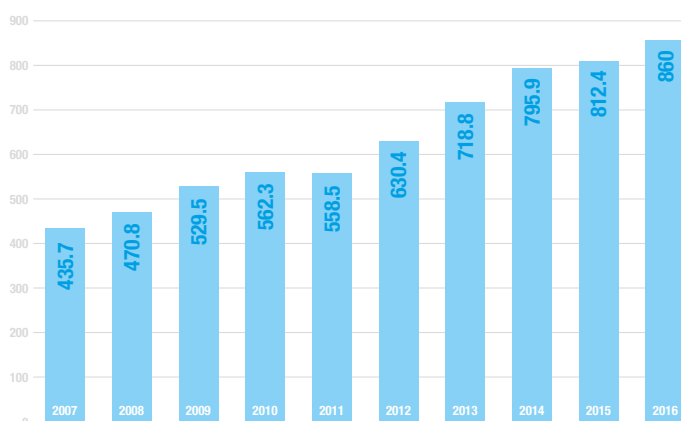
Coverage ratio trend



Updating the pension fund regulations

As from 1 January 2017, the distribution of occupational benefits between former spouses is governed by new requirements related to divorce law. The sharing of assets, which until now had applied only to employees, is extended to the beneficiaries of disability allowances and retirement pensions. In determining the amounts to be shared out between former spouses, the decisive date is now the beginning of the divorce proceedings and no longer the end. The pension fund regulations were updated to include these new rules and a number of provisions have been adjusted or enhanced.

Balance sheet trend



Annual accounts 2016 - Summary

Balance sheet as at 31 December 2016

Assets in CHF	31.12.2016	31.12.2015
Investments	831,830,440	774,793,870
Operating liquidity	14,641,816	22,446,202
Deliverables	10,715,676	11,491,478
Accruals for assets	2,800,039	3,680,650
Total assets	859,987,971	812,412,200

Liabilities in CHF	31.12.2016	31.12.2015
Commitments	28,363,970	58,299,369
Accruals for liabilities	5,139,728	9,354,239
Employer contribution reserves	4,300,207	4,329,822
Retirement assets and technical provisions	697,771,709	626,758,046
Value fluctuation reserves	73,900,000	69,100,000
Uncommitted funds	50,512,357	44,570,723
Total liabilities	859,987,971	812,412,200

Operating account for financial year 2016

in CHF	2016	2015
Ordinary contributions and other inflow of assets	84,720,473	86,286,825
Entry benefits	80,787,744	59,095,219
Statutory benefits	-19,196,619	-11,364,692
Departure benefits	-83,303,831	-169,535,690
Expenses relating to benefits and advance payments	-70,984,047	24,894,461
Adjustment / creation of retirement assets, technical provisions and contribution reserves		
Revenue from insurance benefits	7,620,023	7,180,518
Insurance expenses	-7,857,418	-7,719,582
Net insurance result	-8,213,674	-11,162,940
Net return on investments	24,780,627	-721,642
Other revenue	38,953	65,444
Administrative costs	-5,864,272	-5,847,479
Revenue / expenses surplus before creating the value fluctuation reserves	10,741,634	-17,666,618
Creation of the value fluctuation reserves	-4,800,000	-2,800,000
Expenses / revenue surplus	5,941,634	-20,466,618

Groupe Mutuel Prévoyance is semi-autonomous joint pension foundation with a contribution-based plan. It is reinsured with life insurance companies for disability and death risks, and partly for longevity, in accordance with the provisions of the Federal Law on Occupational benefits (LPP/BVG).

Allocation of the Fund's investments 31.12.2016

Assets available for investment / money market investments	64,068,724	7.7%
Swiss bonds in Swiss francs	140,238,220	16.9%
Swiss bonds in foreign currency	642,404	0.1%
Foreign bonds in Swiss francs	123,616,873	14.9%
Foreign bonds in foreign currency	63,793,977	7.7%
Swiss shares	111,389,724	13.4%
Foreign shares	155,956,505	18.7%
Real estate	114,768,240	13.8%
Absolute returns	57,355,775	6.9%
Total	831,830,440	100.0%

Return per asset type

	2016	
	Return Reference index	Achieved return
Swiss shares (SMI Expanded with dividends)	-2.20%	-2.84%
Foreign shares (Composite)	6.45%	11.20%
Swiss franc bonds	1.32%	0.63%
(SBI AAA-BBB Total return)	2.10%	0.42%
Foreign currency bonds (Composite)	1.25%	2.81%
Absolute return (minimum LPP/BVG rate)	4.00%	8.52%
Real estate (4%)	-0.75%	-0.93%
Liquidity (current bank account)	2.14%	3.21%
Total		

Retirement assets and technical provisions

	31.12.2016	31.12.2015
Retirement assets of insured employees	639,321,151	584,468,745
Retirement assets of pensioners	38,414,133	20,872,904
Funds linked to companies	2,048,424	2,291,596
Provisions for gap in conversion rates	11,061,000	8,383,801
Provisions for increase in life expectancy	192,000	626,000
Other technical provisions	1,935,000	1,315,000
Provisions for additional interests	4,800,000	8,800,000
Retirement assets and technical provisions	697,771,709	626,758,046

Technical provisions are defined together with an occupational benefits expert who also sets the appropriate level based on the Fund's workforce structure and on the statistical observations of insured events that occurred in past years.

In 2017, insured employees will receive a portion of the results in the form of an additional interest of 0.75%, for a total amount of CHF 4,800,000. This result will be allocated only to companies affiliated to the Fund as at 31 December 2016.

Value fluctuation reserves

Value fluctuation reserves are created to cover specific risks in the market in order to fund pension payments in the long-term. Creating such reserves aims to reach a security level of around 99% taking into account the expected return and volatility of every investment category and considering the advantages of diversification.

The method for calculating the value fluctuation reserves is defined by the Risk Adjusted Capital. This method takes into account:

- the remuneration of the Fund's retirement assets at the minimum LPP/BVG rate
- the volatility of the investment strategy decided by the Fund
- the expected return of the investment strategy decided by the Fund
- the degree of likelihood of occurrence

Purpose and calculation of the value fluctuation reserves	2016	2015
Value fluctuation reserves as at 1 January	69,100,000	66,300,000
Creation / adjustment	4,800,000	2,800,000
Value fluctuation reserves as at 31 December	73,900,000	69,100,000
Purpose of the value fluctuation reserves	73,900,000	69,100,000
Deficit in the value fluctuation reserves	0	0
Retirement assets and technical provisions	697,771,709	626,758,046
Value fluctuation reserves accounted for as a percentage of commitments	10.59%	11.02%
Purpose of the value fluctuation reserves as a percentage of commitments	10.59%	11.02%

Membership of the Pension Board

Employer representatives

Karin Perraudin, President
Dominique Amaudruz
Thierry Rosset

Employee representatives

Patrick Varone, Vice-President
Stéphane Roduit
Antonio Rosafio

Founder's representatives

Fabio Naselli Feo, Secretary (not a member of the Board)
Urs Schwaller

Administrator

Groupe Mutuel, Martigny

Auditors

Ernst & Young SA, Lausanne

Expert

allea SA, Christophe Steiger, Lausanne

Figures

Member employers	31.12.2016	31.12.2015
	1,757	1,703
Insured employees	31.12.2016	31.12.2015
Men	5,355	5,188
Women	4,277	4,300
Total	9,632	9,488
Number of employees having contributed during the financial year	11,884	11,978
Pensioners	31.12.2016	31.12.2015
Old-age pensions	294	260
Spouse's / partner's pensions	19	17
Disability pensions	104	89
Pensions for children (of pensioners or disabled members)	55	55
Orphans' pensions	28	29
Total	500	450

The financial statements 2016 can be downloaded from the website at the address: www.groupemutuel.ch/rapportLPP (in French, German and Italian only). It is also possible to order them by email: lp@groupemutuel.ch

Administrator:

Groupe Mutuel Prévoyance-GMP

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