

Information for financial year 2017
Groupe Mutuel Prévoyance-GMP

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Groupe Mutuel[®]

PRÉVOYANCE · PREVIDENZA · VORSORGE

Overview of financial year 2017

The reform of the pension system was postponed

In terms of occupational benefits, 2017 was the year in which the old-age pension reform ("Prévoyance vieillesse 2020"), whose aim was to coordinate the 1st and 2nd pillars, was rejected by popular vote. Following this refusal, the challenge remains and the emergency of the situation requires that work be continued without delay. With regard to occupational benefits, the statutory rate of 6,8% for converting capital into a life annuity requires that a significant share of income be transferred to the pensioners. For the intergenerational contract to be sustainable in the long-term, one must return to the initial idea of funding the 2nd pillar by drawing on the assets of insured members and leaving the distribution principle to the 1st pillar.

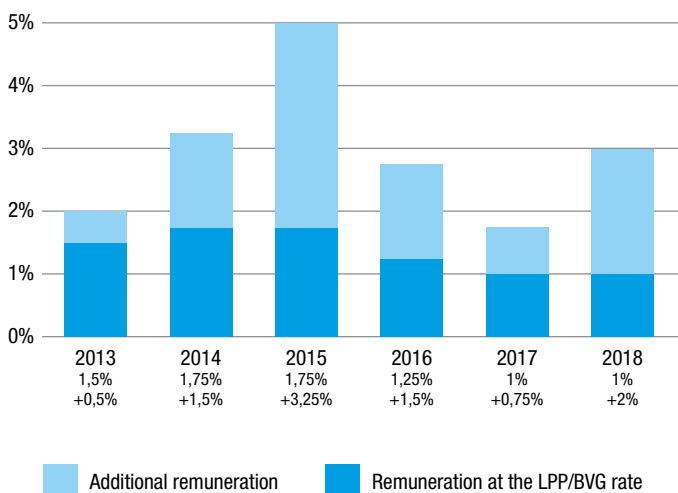
Our activities in 2017

During the year, the Pension Board examined various insurance issues with regard to the 2nd pillar in order to define a new pricing approach for disability and death risks. In terms of longevity, the prospects that arose from the FRP guideline 4 of the Swiss Chamber of Pension Actuaries (CSEP/SKPE) meant that the technical rate used in the calculations was adjusted to 1,75%. Finally, the new divorce law provisions were incorporated into a new version of the pension fund regulations, in effect since 1 January 2017.

High returns

In terms of capital management, financial year 2017 was particularly satisfying. The improving macro-economic environment in several regions in the world fostered steady and simultaneous growth in equity markets, all of which offered significant returns to well-positioned investors.

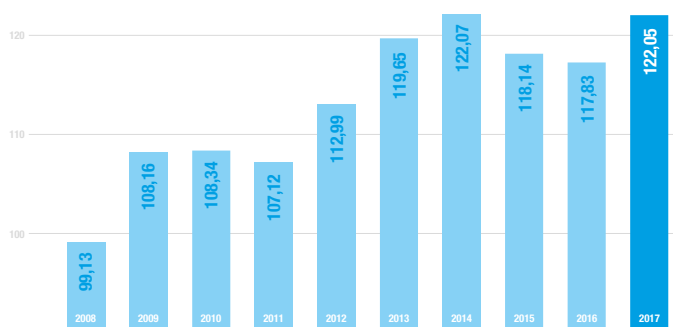
The strategic allocation of investments, with 31% of assets being invested in shares, along with a dynamic asset management approach, resulted in a high return of 7,4%.



Our insured members are rewarded with high interest

Once again, our insured members will receive an excellent return on their pension assets, with an additional 2% interest being credited to individual accounts in 2018, plus the statutory rate of 1%. Therefore, following an additional 1,75% in 2017, insured members will receive a total interest rate of 3% in 2018. To maintain this generous approach in the future, an amount corresponding to 2% of the pension assets of active insured persons has been placed in a reserve.

Change in the coverage ratio over 10 years



Significant security

Following the creation of the various reserves and technical provisions, the coverage ratio registered at a solid 122,05%. Thanks to this excellent result and to up-to-date technical parameters, our insured persons and member companies will benefit from excellent prospects.

Financial markets cannot be entirely predicted. For this reason, a diversified approach including measures designed to reduce risks, on the one hand, and the full funding of reserves in order to absorb the main market fluctuations, on the other, make it possible to look to the future with peace of mind.

Coverage ratio according to Art. 44 OPP2/BVV2 31.12.2017 31.12.2016

Total assets	957,909,590	859,987,971
Liabilities	-12,876,645	-9,573,187
Vested termination benefits and pensions to be paid out	-62,030,054	-28,230,718
Assets as at 31.12	883,002,890	822,184,066
Retirement assets and technical reserves	723,485,383	697,771,709
Coverage ratio	122,05%	117,83%

Commercial growth

Controlled commercial growth was achieved in 2017, with the arrival of 176 new member companies. Well established in French-speaking Switzerland, and with an excellent reputation for safe and profitable solutions, Groupe Mutuel Prévoyance is now successfully expanding its activities in German-speaking Switzerland and in the canton of Ticino. As confirmed by the commercial results for 2017, the contracts signed in the German-speaking region are increasing significantly.

Annual accounts 2017 - Summary

Balance sheet

Assets in CHF	31.12.2017	31.12.2016
Investments	907,060,437	831,830,440
Operating liquidity	38,039,679	14,641,816
Deliverables	9,163,654	10,715,676
Accruals for assets	3,645,820	2,800,039
Total assets	957,909,590	859,987,971

Liabilities in CHF	31.12.2017	31.12.2016
Commitments	62,959,434	28,363,970
Accruals for liabilities	7,302,989	5,139,728
Employer contribution reserves	4,644,277	4,300,207
Retirement assets and technical provisions	723,485,383	697,771,709
Value fluctuation reserves	75,300,000	73,900,000
Uncommitted funds	84,217,507	50,512,357
Total liabilities	957,909,590	859,987,971

Operating account

in CHF	2017	2016
Ordinary contributions and other inflow of assets	87,806,242	84,720,473
Entry benefits	57,584,794	80,787,744
Statutory benefits	-19,136,961	-19,196,619
Departure benefits	-126,841,646	-83,303,831
Adjustment / creation of retirement assets, technical provisions and contribution reserves	-26,057,744	-70,984,047
Revenue from insurance benefits	11,737,642	7,620,023
Insurance expenses	-6,749,843	-7,857,418
Net insurance result	-21,657,517	-8,213,674
Net return on investments	62,593,852	24,780,627
Other revenue	53,467	38,953
Administrative costs	-5,884,652	-5,864,272
Revenue / expenses surplus before building up the value fluctuation reserves	35,105,150	10,741,634
Building up the value fluctuation reserves	-1,400,000	-4,800,000
Expenses / revenue surplus	33,705,150	5,941,634

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 investments

31.12.2017

In CHF

Assets available for investment and money market investments	67,420,351	7,4%
Bonds in Swiss francs	238,602,695	26,3%
Foreign bonds in Swiss francs	64,029,606	7,1%
Bonds in foreign currencies	63,032,047	6,9%
Swiss shares	120,631,741	13,3%
Foreign shares	174,847,742	19,3%
Real estate held in Switzerland	104,651,000	11,5%
Indirect real estate investments in Switzerland	19,429,901	2,1%
Absolute returns	54,415,354	6,0%
Total	907,060,437	100,0%

Return per asset type (net of expenses)

2017

	Return Reference index	Achieved return
Swiss shares (SMI Expanded with dividends)	19,64%	20,13%
Foreign shares (Composite)	18,76%	21,31%
Swiss franc bonds (SBI AAA-BBB Total return)	0,13%	0,49%
Foreign bonds in CHF (Barclays Global Aggregate hedged in CHF)	0,56%	0,66%
Bonds in foreign currencies (Composite)	5,73%	4,76%
Absolute return (minimum LPP/BVG rate)	1,00%	4,64%
Direct real estate (4%)	4,00%	3,94%
Indirect real estate (SXI Real Est. Funds TR Index)	6,60%	7,78%
Liquidity (JPM Cash Index CHF 3 months)	-0,65%	-1,94%
Total	6,92%	7,40%

Retirement assets and technical provisions

31.12.2017 31.12.2016

Retirement assets of insured employees	628,610,053	639,321,151
Retirements assets of pensioners	52,913,527	38,414,133
Funds linked to companies	1,845,803	2,048,424
Provisions for gap in conversion rates	12,147,000	11,061,000
Provisions for increase in life expectancy	528,000	192,000
Other technical provisions	2,241,000	1,935,000
Provision for additional interest	12,600,000	4,800,000
Provision for future interest allocation	12,600,000	0
Total	723,485,383	697,771,709

In 2018, insured employees will receive a share of the results in the form of an additional 2% interest, for a total amount of CHF 12,600,000. This result will be only be allocated to companies affiliated to the Fund as at 31 December 2017.

In addition, a provision for a future interest allocation of 2% of the insured members' assets was also recorded, for an amount of CHF 12,600,000.

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.

Purpose and calculation of the value fluctuation reserves

	2017	2016
Value fluctuation reserves as at 1 January	73,900,000	69,100,000
Creation / adjustment	1,400,000	4,800,000
Value fluctuation reserves as at 31 December	75,300,000	73,900,000
Retirement assets and technical provisions	723,485,383	697,771,709
Purpose of the value fluctuation reserves as a percentage of commitments	10,41%	10,59%

The calculation method for 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 chosen by the Fund
- the expected return of the investment strategy chosen by the Fund
- the degree of likelihood of occurrence.

Exercise of shareholders' voting rights

The Ordinance against Excessive Remuneration in Public Limited Companies (ORAb/VegüV) came into force on 1 January 2014. Under the ORAb/VegüV, pension funds are required to exercise their voting rights at the general meetings of listed Swiss domiciliary companies.

The Pension Board is responsible for exercising the right to vote and voting in the interests of insured members in such a way as to ensure sustainable assets.

An annual report on the votes cast during the year under review is available to the Fund's policyholders on the website www.groupemutuel.ch.

Members of the Pension Board

Mrs Karin Perraudin, President¹

Mr Patrick Varone, Vice-President²

Mr Marc-Etienne Berdoz (as from 06.03.2017), Member¹

Mr Stéphane Roduit, Member²

Mr Antonio Rosafio, Member²

Mr Thierry Rosset, Member¹

Founder's representatives

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

Mr Urs Schwaller

Administrator

Groupe Mutuel, Martigny

Auditors

Ernst & Young SA, Lausanne

Expert

allea SA, Mr Christophe Steiger, Lausanne

¹ Employer representative

² Employee representative

Figures

Member employers	31.12.2017	31.12.2016
	1,767	1,757

Insured employees	31.12.2017	31.12.2016
Men	5,223	5,355
Women	4,274	4,277
Total	9,497	9,632

Number of employees who contributed during the financial year	11,838	11,884
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Pensioners	31.12.2017	31.12.2016
Old-age pensions	328	294
Spouse's / partner's pensions	20	19
Disability pensions	105	104
Pensions for children (of pensioners or disabled members)	55	55
Orphans' pensions	27	28
Total	535	500

The financial statements 2017 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 the document by email: lpp@groupemutuel.ch

Administrator:

Groupe Mutuel Prévoyance-GMP

Rue des Cèdres 5 – P.O. Box – 1919 Martigny

Phone. 0848 803 777 – Fax 0848 803 112 – www.groupemutuel.ch