

# GPS

## The General Pension Scheme of the SAirGroup

**2016 annual report**

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## Foreword 2016

The world's equity markets remained both volatile and varied in their performance in the first half of 2016. The outcome of the UK's Brexit referendum in June pushed some down to all-year lows; but most of them were able to gain ground again in the fourth-quarter period, and some markets even closed the year above their end-of-2015 levels.

The negative-interest phase is still witnessing an eased monetary policy at the European Central Bank and a tentative tightening thereof by the US Federal Reserve. At the long end of the market, interest rates showed a slight upward trend. As a result, bonds performed less well in the fourth quarter but positively for the year as a whole. With interest rates still low, real estate again proved a solid investment vehicle.

Our Scheme achieved an overall 4.4 % return on its investments for the year. The funding ratio stood at a highly favourable 124.4 % at year-end, including (and despite) a 0.25-percentage-point reduction in the actuarial interest rate to 0.75 % with effect from 31 December 2016, which is intended to enhance the security of future pension benefits.

In view of our still encouragingly high funding ratio, the Board of Trustees has resolved that, despite the continuing difficulties on the financial markets, an additional payment will be made to all pension recipients. This will essentially amount to seven times the monthly retirement, disability or widow's/widower's pension paid for May 2017. The sole exceptions to this will be for a small number of time-limited pensions. The additional payment will be made together with your June 2017 monthly pension.

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In closing, the Board of Trustees of the SAirGroup General Pension Scheme offers its sincere thanks for the pleasant and professional collaborations which it enjoyed with all its various partners and further involved parties throughout the past year.

Handwritten signature of Bernhard Keller, consisting of a stylized 'B' and 'K' followed by a vertical line and a horizontal line.

Bernhard Keller

President of the Board of Trustees

Handwritten signature of Hans-Ulrich Schneider, featuring a large 'H' and 'S' followed by a horizontal line.

Hans-Ulrich Schneider

Managing Director

## Balance sheet at december 31 2016

(in CHF million, by market value)

<b>Assets</b>	2016	2015	<b>Liabilities</b>	2016	2015
Current accounts and receivables	389.7	458.2	Payables	1.9	0.1
CHF bonds	271.4	268.7	Accrued liabilities	0.2	0.2
EUR bonds	0.0	0.0	Non-actuarial reserves	1.7	1.7
USD bonds	0.0	0.0	Savings capital	1'393.1	1'450.2
Swiss shares	169.3	163.0	Actuarial reserves	0.0	29.0
European shares	56.0	55.8	Equalisation reserve	250.7	266.2
North American shares	79.6	93.3	Freely-disposable funds	89.8	53.8
Asia-Pacific shares	65.7	32.0			
Emerging Market	72.8	65.1			
Real estate in Switzerland	538.0	562.5			
Mortgages	72.8	76.3			
Non-traditional investments	2.6	5.1			
Prepaid expenses	19.5	21.2			
<b>Balance sheet total</b>	<b>1'737.4</b>	<b>1'801.2</b>	<b>Balance sheet total</b>	<b>1'737.4</b>	<b>1'801.2</b>

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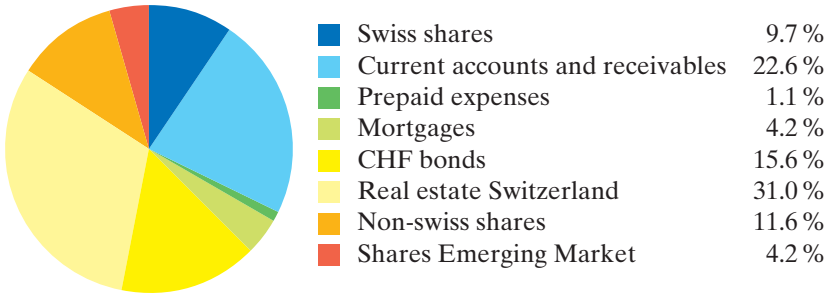
## Income statement for 2016

(in CHF million)

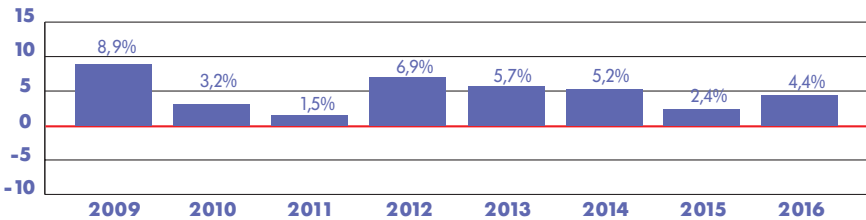
	2016	2015
Vested benefits paid in *	0.5	0.2
<b>Income from contributions and joining payments</b>	<b>0.5</b>	<b>0.2</b>
Pensions and capital amounts paid out	-110.4	-113.5
Additional payment	-27.4	-37.7
<b>Expenditure on benefits and advance withdrawals</b>	<b>-137.8</b>	<b>-151.2</b>
Change of savings capital	86.1	96.8
Insurance costs	-0.1	-0.1
other expenses / income	-0.5	-0.2
<b>Net result from insurance activities</b>	<b>-51.8</b>	<b>-54.5</b>
Income from		
- mortgage loans	1.2	1.5
- securities	35.6	0.3
- real estate	36.3	40.9
<b>Net result from investment activities</b>	<b>73.1</b>	<b>42.7</b>
Administration costs	-0.8	-0.8
<b>Income surplus before appropriation to equalisation reserve</b>	<b>20.5</b>	<b>-12.6</b>
<b>Change to equalisation reserve</b>	<b>15.5</b>	<b>17.4</b>
Revenue-/Expenditure surplus	36.0	4.8

\* Retroactive payments due to disability

## Allocation of GPS assets at december 31 2016 (in %)

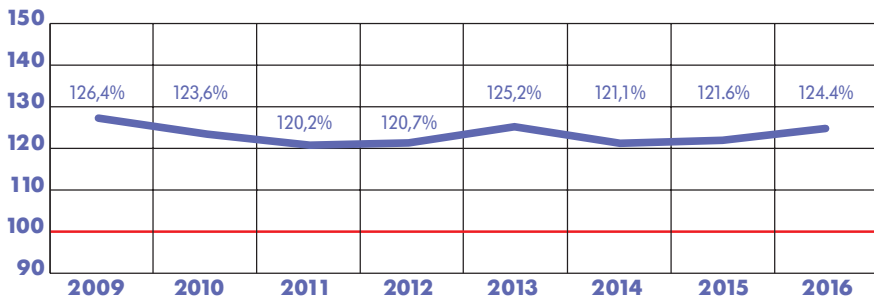


## Performance (in %)

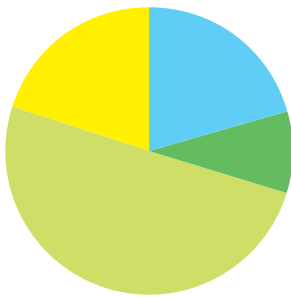


## Funding Ratio

- 2009 reduction technical interest rate from 3,0 % to 2,5 %
- 2010 reduction technical interest rate from 2,5 % to 2,0 %
- 2013 reduction technical interest rate from 2,0 % to 1,5 %
- 2015 reduction technical interest rate from 1,5 % to 1,0 %
- 2016 reduction technical interest rate from 1,0 % to 0,75 %



## Pension payment 2016



Children's pensions	CHF	0.2	0.1 %
Widow's/widower's pensions	CHF	28.1	20.5 %
Disability pensions	CHF	12.6	9.2 %
Old-age pensions	CHF	69.0	50.2 %
Additional payment	CHF	27.4	20.0 %

**Total CHF 137.3 Mio/100%**

## Pension recipients

	31.12.2016	31.12.2015
Old-age pensions	1'982	2'088
Disability pensions	512	528
Widow's/widower's pensions	1'173	1'167
Child's pensions for children of old-age pension recipients	2	3
Child's pensions for children of disability pension recipients	51	62
Orphan's pensions	6	8
<b>Total pensions</b>	<b>3'726</b>	<b>3'856</b>

The 3'726 pensions (3'856) are paid to 3'641 persons (3'758), since some beneficiaries are entitled to more than one type of pension.

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## Organisation

### Members of the Board of Trustees

Bernhard Keller	Chairman
Peter Ramel	Deputy Chairman
Hansruedi Meier	member
Max Michel	member
René Müller	member
Irma Schneiter	member
Dr. iur. Hans-Ulrich Stauffer	member

### Independent audit

BDO AG, Fabrikstrasse 50, 8031 Zürich  
Marcel Frick

### Expert company pension plan

Dipeka AG, Münsterberg 11, 4051 Basel  
Dominique Koch

### Management

PFS Pension Fund Services AG, Sägereistrasse 29, 8152 Glattbrugg

Hans-Ulrich Schneider	Managing Director / Accountant
Renate Demont	Administration

### Administration GPS

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