



AXA LPP Foundation  
Suisse Romande

# Annual Report 2020

AXA LPP Foundation Suisse Romande,  
Winterthur

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**“Although the financial markets were highly volatile, we did not experience a funding shortfall at any time.”**

Patrick Fournier  
Chair of the Board of Trustees of the  
AXA LPP Foundation Suisse Romande

## Foreword to the 2020 Annual Report by the Chair of the Board of Trustees

### 2020 was an exceptional year, from which we have emerged stronger

2020 was an exceptional year in many ways. First and foremost, it was hit by a pandemic, the end of which is still not in sight. The coronavirus crisis took everyone by surprise. That includes us, the members of the Board of Trustees of the Foundation. Human beings generally have a tendency to overweight what is currently happening, but it is important to keep a cool head. We remain cautiously optimistic about the future, not least because it is much better for our health!

2020 was also an exceptional year for our Foundation because the number of insureds rose by more than 10% despite the

uncertainty caused by the massive stock market crash in February/March.

However, thanks to its sound financial base and the long-term focus of its investment strategy, our Foundation was in an excellent position to weather the crisis. Although the financial markets were highly volatile, did we did not experience a funding shortfall at any time. On December 31, 2020, we had a very solid coverage ratio of 111%.

This real-time stress test has shown how robust our asset allocation process is. The good performance of our investments

**“The Board of Trustees believes it is particularly important to offer attractive benefits to give insureds peace of mind when they retire.”**

meant that we were again able to credit very generous returns to our insureds' retirement assets: 3% on the mandatory portion and 3.75% on the extra-mandatory part, well above the BVG minimum interest rate of 1.0% set by the Federal Council.

The Board of Trustees believes it is particularly important to offer attractive benefits to give insureds peace of mind when they retire.

In this context, it is important to point out that when calculating future retirement benefits, the return on retirement assets is just as important as the conversion rate.

### A “new world” where all promises have been fulfilled

The transformation to a semi-autonomous solution means that AXA LPP Foundation Suisse Romande benefits from less stringent regulatory provisions than those applicable to full insurance-type foundations. Consequently, we can generate better investment yields, improve the returns on retirement assets, provide higher retirement and vested benefits, and still offer high security.

Therefore, two years after the transition from a fully funded system to a semi-autonomous solution, the performance of the Foundation makes the Board of Trust-

ees confident that the transformation has paved the way for a good future. The outcome of the elections to the Board of Trustees in October 2020 suggests that our affiliated companies share our view since all members who stood for election were re-elected for a new term of office. In the eyes of the Board of Trustees, the result confirms that the Board's work over the previous four years was accomplished successfully. It ensures continuity in future strategy and allows the Foundation to continue steering its successful course. We would like to thank you most sincerely for your confidence in us, and are proud to be able to ensure solid and effective long-term occupational benefits provision for the affiliated companies and their staff, even in difficult times.

### Looking ahead

The attraction of our Foundation is based on both its financial solidity and its structural base. The structural base is an advantage because the average age of our insureds is only 42.4 years, while extra-mandatory retirement assets have increased to over 50% of the total. Moreover, with 471 pension beneficiaries and total retirement assets of CHF 165 million and 37,283 active insureds with cumulative retirement assets of more than CHF 3.725 billion, our pension commitments are very low in comparative terms, which reduces the potential for an undesirable redistribution of assets towards pension beneficiaries.

Finally, one positive side-effect of the very strong growth during the reporting period is that it automatically reduces the aver-



**Patrick Fournier**  
Chair of the Board of Trustees of the  
AXA LPP Foundation Suisse Romande

age cost per insured. The Board of Trustees continues to focus on the average cost per insured and aims to improve the ratio further in the future.

Thank you for your trust.

Best wishes,

Patrick Fournier  
Chair of the Board of Trustees of the  
AXA LPP Foundation Suisse Romande

Composition of the Board of Trustees for the 2021 – 2024 term of office



**Patrick Fournier** (Chair)  
Employer representative

Alarick SA, Sion  
Director



**Patricia Pradervand** (Vice-Chair)  
Employee representative

XO Investments SA, Neuchâtel  
Assistant to Director



**Christophe Wyssbrod**  
Employee representative

Ecoles du CO de la Broye,  
Estavayer-le-Lac  
Administration

# Profile of the Foundation

The AXA LPP Foundation Suisse Romande, Winterthur, was established on July 12, 1984. Its purpose is to manage occupational old-age, survivors' and disability benefits insurance for AXA customers in French-speaking Switzerland. As well as providing mandatory occupational bene-

fits insurance, it also offers pension plans that exceed the minimum requirements of the law.



**Olivier Micheloud**  
Employee representative

Banque Cramer & Cie SA, Geneva  
Deputy Director



**Dominique Beuchat**  
Employer representative

3D Precision SA, Delémont  
Member of the Executive Board



**Nicole Mamie**  
Employer representative

Prisma SA, Porrentruy  
Senior management

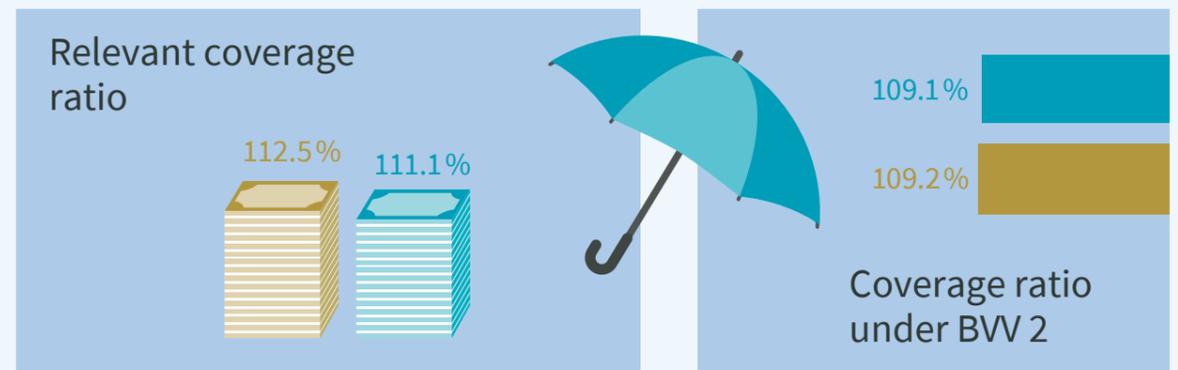
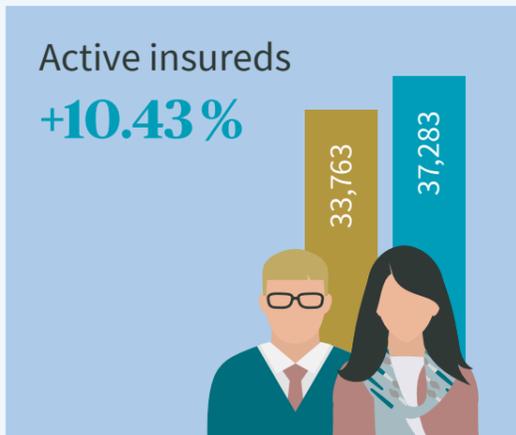


**Michèle Keller**  
Manager



**Jean-Luc Schafer**  
General secretary

# Facts & Figures 2020



# Financial statements 2020

## Balance sheet

in CHF	Index explanatory notes	31.12.2020	31.12.2019
<b>Assets</b>			
<b>Investments</b>	6.4	<b>4'629'090'304.92</b>	<b>4'117'636'055.71</b>
<b>Accounts receivable</b>	7.1.1	<b>8'978'072.11</b>	<b>11'375'503.36</b>
<b>Assets with AXA Life Ltd.</b>	7.1.2	<b>5'944'712.06</b>	<b>7'996'588.83</b>
<b>Accounts receivable from affiliated employers</b>	6.11.1	<b>43'108'390.81</b>	<b>43'835'962.67</b>
./. Del credere		-85'600.00	0.00
<b>Prepayments and accrued income</b>	7.1.3	<b>2'026'168.20</b>	<b>1'801'940.75</b>
<b>Total assets</b>		<b>4'689'062'048.10</b>	<b>4'182'646'051.32</b>
<b>Liabilities</b>			
<b>Liabilities</b>		<b>146'495'492.24</b>	<b>175'212'592.38</b>
Vested termination benefits accounts and pensions	7.2.1	135'978'511.78	154'201'527.80
Prepaid contributions from affiliated employers		8'509'694.76	19'207'805.63
Other liabilities	7.2.2	2'007'285.70	1'803'258.95
<b>Accrued liabilities and deferred income</b>	7.2.3	<b>1'674'783.30</b>	<b>1'193'210.85</b>
<b>Employer-paid contribution reserve</b>	6.11.2	<b>32'799'667.80</b>	<b>31'239'361.03</b>
Contribution reserves without waiver of use		32'799'667.80	31'239'361.03
<b>Non-actuarial reserves</b>		<b>0.00</b>	<b>0.00</b>
<b>Pension liabilities and actuarial reserves</b>		<b>4'127'560'081.87</b>	<b>3'634'863'272.61</b>
Active participants' liabilities	5.3.1	3'724'610'102.49	3'321'833'017.31
Pensioners' liabilities	5.5.1	164'514'946.38	68'158'783.30
Actuarial reserves	5.6.1	161'629'070.00	138'128'832.00
Reserve for supplementary interest	5.6.2	76'805'963.00	106'742'640.00
<b>Reserve for fluctuations in asset value of Foundation</b>	6.3.2	<b>373'907'406.28</b>	<b>334'764'797.15</b>
<b>Non-committed funds (unallocated assets) of occupational benefits funds</b>	7.2.4	<b>6'624'616.61</b>	<b>5'372'817.30</b>
Non-committed funds at the beginning of the period		5'372'817.30	6'673'803.46
Change in non-committed funds from takeovers and transfers		4'497'318.92	-516'618.83
Expense surplus of occupational benefits funds (net)		-3'245'519.61	-784'367.33
<b>Non-committed funds of Foundation</b>		<b>0.00</b>	<b>0.00</b>
Balance at the beginning of the period		0.00	1'297'950.96
Income/expense surplus of Foundation		0.00	-1'297'950.96
<b>Total liabilities</b>		<b>4'689'062'048.10</b>	<b>4'182'646'051.32</b>

# Operating account

in CHF	Index explanatory notes	2020	2019
<b>Ordinary and other contributions and transfers</b>			
Employee contributions	7.3.1	148'498'531.63	138'421'283.64
Employer contributions	7.3.1	204'262'397.77	186'605'689.51
of which withdrawal from employer-paid contribution reserve to finance contributions	6.11.2	-7'469'325.40	-4'026'444.70
of which financed by payments from BVG (LOB) Guarantee Fund		-2'301'705.10	-2'324'771.20
One-time payments and purchase amounts		65'519'562.27	79'995'777.55
Other one-time payments		23'041.75	3'252.90
Transfers to employer-paid contribution reserve	6.11.2	9'700'306.85	3'701'129.35
Payments from BVG (LOB) Guarantee Fund		2'301'705.10	2'324'771.20
<b>Entry lump sum transfers</b>			
Vested termination benefits transfers		563'552'940.79	346'411'292.80
Transfers following takeover of benefits		3'686'892.30	2'790'592.50
Transfers following takeover of participants	7.3.2	4'601'553.57	481'051.74
Reimbursements of withdrawals for home ownership/divorce		5'633'678.72	7'964'556.48
<b>Inflow from contributions and entry lump-sum transfers</b>			
		<b>998'009'580.25</b>	<b>762'348'181.77</b>
<b>Regulatory benefits</b>			
Retirement pensions	7.3.3	-87'089'611.35	-84'107'258.85
Survivors' pensions	7.3.4	-14'849'152.48	-14'523'740.30
Disability pensions		-19'677'983.15	-19'681'859.30
Lump-sum benefits on retirement		-64'308'674.00	-76'923'067.40
Lump-sum benefits on death or disability		-18'914'004.90	-18'757'799.05
<b>Termination benefits</b>			
Vested termination benefits for leavers		-473'171'769.60	-1'546'725'292.64
Transfer of additional funds in case of collective exit	7.3.2	-104'234.65	-1'084'760.08
Transfer of employer-paid contribution reserve in case of withdrawals from occupational benefits funds	6.11.2	-657'491.18	-8'561'234.50
Withdrawals for encouragement of home ownership/divorce	7.3.5	-22'757'730.77	-20'050'032.03
Reimbursement values in case of transfer of benefits		-4'506'950.00	-47'638'012.44
<b>Outflow for benefits and withdrawals</b>			
		<b>-706'037'602.08</b>	<b>-1'838'053'056.59</b>
<b>Increase/decrease in pension liabilities, actuarial reserves and contribution reserves</b>			
		<b>-498'753'961.60</b>	<b>630'693'255.77</b>
Increase/decrease in active participants' liabilities (net)		-292'941'953.27	995'644'337.96
Change in pensioners' liabilities (net)		-96'356'163.08	-16'030'028.30
Change in non-committed funds from takeovers and transfers		-4'497'318.92	516'618.83
Decrease/increase in actuarial reserves		6'436'439.00	-244'871'472.00
Interest on active participants' liabilities		-109'835'131.91	-113'452'750.57
Increase/decrease in employer-paid contribution reserve		-1'559'833.42	8'886'549.85

in CHF	Index explanatory notes	2020	2019
<b>Income from insurance benefits</b>			
		<b>160'667'945.70</b>	<b>4'907'273'944.79</b>
Insurance benefits	7.3.6	146'182'638.45	4'762'790'579.39
Share of insurance surpluses	5.7	14'485'307.25	144'483'365.40
<b>Insurance cost</b>			
		<b>-71'260'109.85</b>	<b>-87'816'669.68</b>
Savings premium		-59'617.15	405'153.30
Risk premium		-43'161'765.10	-39'966'453.25
Cost premium	7.3.7	-19'062'787.75	-18'117'570.48
One-time contributions to insurances		-7'049'248.50	-26'467'121.35
Contributions to the BVG (LOB) Guarantee Fund	7.3.8	-1'926'691.35	-3'670'677.90
<b>Change in assets from insurance contracts</b>			
	5.2		<b>-4'255'364'771.90</b>
<b>Net result of insurance activities</b>			
		<b>-117'374'147.58</b>	<b>119'080'884.16</b>
<b>Net return on investments</b>			
	6.9	<b>154'338'610.18</b>	<b>214'054'034.30</b>
Net return on investments		186'516'537.73	236'241'671.76
Other income from assets		-547'902.27	-686'107.98
Administration cost of investments	6.10.1	-31'629'551.93	-21'331'501.63
Interest on employer-paid contribution reserve	6.11.2	-473.35	-170'027.85
<b>Other income</b>			
		<b>733'001.68</b>	<b>899'472.10</b>
Income from services rendered	7.3.9	599'871.20	564'380.70
Other income	7.3.10	133'130.48	335'091.40
<b>Other expenses</b>			
	7.3.11	<b>-596'370.48</b>	<b>-293'689.21</b>
<b>Administration expenses</b>			
	7.3.7	<b>-1'204'004.28</b>	<b>-1'145'312.00</b>
General administration expenses		-1'023'406.43	-933'291.35
Auditor's costs		-53'860.75	-69'121.85
Costs of occupational pensions actuary		-65'663.60	-74'002.80
Supervisory authorities' costs		-61'073.50	-68'896.00
<b>Income surplus prior to decrease/increase in reserves for fluctuations in asset value</b>			
		<b>35'897'089.52</b>	<b>332'595'389.35</b>
<b>Decrease in reserves for fluctuations in asset value of occupational benefits funds (net)</b>			
	6.3.1	<b>0.00</b>	<b>87'089.51</b>
<b>Increase in reserves for fluctuations in asset value of Foundation</b>			
		<b>-39'142'609.13</b>	<b>-334'764'797.15</b>
<b>Expense surplus</b>			
		<b>-3'245'519.61</b>	<b>-2'082'318.29</b>
Expense surplus of occupational benefits funds (net)	7.3.12	-3'245'519.61	-784'367.33
Income/expense surplus of Foundation	7.3.13	0.00	-1'297'950.96

# Notes to the financial statements 2020

## Explanatory notes

### 1 Basis and organization

#### 1.1 Legal form and purpose

“Winterthur” Life Insurance Company established a foundation on July 12, 1984, in Winterthur in accordance with Art. 80 ff. of the Swiss Civil Code under the name of “Winterthur” Foundation for Mandatory Occupational Benefits. The present name of the Founder is AXA Life Ltd. The present name of the Foundation is AXA LPP Foundation Suisse Romande, Winterthur (UID: CHE-109.405.059 HR).

The Foundation has its registered office in Winterthur. The Foundation is primarily active in French-speaking Switzerland.

The Foundation was established in order to provide occupational retirement, survivors' and disability benefits. Its purpose is to protect employees and employers of affiliated companies in accordance with its regulations against the economic consequences of loss of earnings resulting from old age, disability or death. It provides benefits in accordance with the provisions of the compulsory occupational benefits plan and also offers pension plans that exceed the minimum statutory requirements.

#### 1.2 Registration with BVG and the Guarantee Fund

The Foundation is entered in the Canton of Zurich's register for occupational pension schemes under serial no. ZH.1435 and pays contributions to the BVG (LOB) Guarantee Fund.

1.3	Details on the document and regulations	Version	New version as at
	Deed of foundation	2018	
	Election regulations of the Board of Trustees	01.01.2017	
	Organization regulations of the Foundation	01.11.2019	01.01.2021
	Organization regulations of the Occupational Benefits Fund Commission	01.01.2016	01.01.2021
	Occupational benefits fund regulations/ occupational benefits plans	01.01.2020	01.01.2021
	Regulations for the Promotion of Residential Property Ownership	01.10.2017	01.01.2021
	Professional Invest investment regulations	01.01.2019	
	Regulations on surplus participation	01.01.2020	
	Regulations on the partial and total liquidation of occupational benefits funds	01.01.2019	
	Regulations on the partial liquidation of a collective foundation	01.01.2019	
	Regulations on the formation of provisions and reserves	31.12.2019	
	Cost regulations	01.01.2017	

#### 1.4 Supervisory board, authorized signatories, committees and management

##### Board of Trustees

Members	Function	Term of office	Employer/employee rep
Dominique Beuchat	Vice Chair	2017 - 2020	Employer
Patrick Fournier		2017 - 2020	Employer
Nicole Mamie		2017 - 2020	Employer
Olivier Micheloud		2019 - 2020	Employee
Patricia Pradervand		2017 - 2020	Employee
Christophe Wyssbrod	Chair	2017 - 2020	Employee

The general election of the Board of Trustees for the term from 2021 until 2024 was held in the autumn of 2020. All trustees from the current term of office were re-elected.

At its meeting on November 27, 2020, the Board of Trustees elected Patrick Fournier as Chair and Patricia Pradervand as Vice Chair for the term of office from 2021 until 2024.

Documents must be signed by two trustees to be legally binding.

The Foundation has established the following committees:

##### Investment Committee

Members	Function
Patrick Fournier	Chair, representative of the Board of Trustees
Nicole Mamie	Representative of the Board of Trustees
Olivier Micheloud	Representative of the Board of Trustees
Patricia Pradervand	Vice Chair, representative of the Board of Trustees

##### Mandated experts (non-trustees)

AXA Insurance Ltd, Winterthur	Asset manager
Pittet Associés SA, Geneva	External consultants
Michèle Keller	Foundation Manager
Jean-Luc Schafer	General Secretary

##### Office of the Board of Trustees

Members	Function
Dominique Beuchat	Representative of the Board of Trustees
Christophe Wyssbrod	Representative of the Board of Trustees
Marc Fournier	Pittet Associés SA, Geneva – External consultants
Michèle Keller	Foundation Manager
Jean-Luc Schafer	General Secretary

##### Occupational Benefits Fund Commissions (OBFC)

The management bodies of the separately managed occupational benefits funds for affiliated employers. These bodies consist of an equal number of employee and employer representatives.

##### Management

Managing Director	Michèle Keller, AXA Life Ltd.
Management, administration	AXA Life Ltd., Winterthur
Bookkeeping and distribution	

#### 1.5 Occupational pensions actuary, auditor, supervisory authority

Occupational pensions actuary	Contractual partner: Libera AG, Basel Appointed actuary: Dr. Ruben Lombardi, licensed occupational pensions actuary in accordance with Art. 52d BVG/LPP
Auditors	KPMG AG, Zurich
Supervisory authority	BVG and Foundation Supervision of the Canton of Zurich (BVS)

1.6	Affiliated employers (number of affiliation contracts)	2020	2019	% change
	Balance as at January 1	7'093	7'404	-4.20
	Additions	895	614	
	Withdrawals	-310	-925	
	<b>Balance as at December 31</b>	<b>7'678</b>	<b>7'093</b>	<b>8.25</b>

## 2 Active members and pensioners

2.1 Active participants	2020	2019	% change
Balance as at January 1	33'763	47'120	-28.35
Additions	12'025	9'461	
Withdrawals	-8'505	-22'818	
<b>Balance as at December 31</b>	<b>37'283</b>	<b>33'763</b>	10.43

## 2.2 Pension recipients

2.2.1 Pensions borne autonomously by the Foundation	Number on 31.12.2020	Additions Withdrawals 2020	Number on 31.12.2019
Retirement pensions	447	254 -6	199
Retired person's child's pensions	22	20 -8	10
Partner's pensions	1	1 0	0
Orphan's pensions	1	1 0	0
<b>Balance as at December 31</b>	<b>471</b>		<b>209</b>

2.2.2 Reinsured Pensions	Number on 31.12.2020	Additions Withdrawals 2020	Number on 31.12.2019
Retirement pensions	4'234	5 -106	4'335
Divorce pensions	3	1 0	2
Retired person's child's pensions	90	7 -19	102
Disability pensions	1'177	100 -109	1'186
Disabled person's child's pensions	406	46 -97	457
Partner's pensions	1'114	50 -50	1'114
Orphan's pensions	228	37 -27	218
Term annuities	4	0 0	4
<b>Balance as at December 31</b>	<b>7'256</b>		<b>7'418</b>
<b>Total portfolio as at December 31</b>	<b>7'727</b>		<b>7'627</b>

## 3 Implementation of objectives

### 3.1 Characteristics of the pension plans

The pension fund regulations issued by the Board of Trustees form the framework of the individual pension plans of the affiliated occupational benefits funds.

Each affiliated occupational benefits fund has issued a pension plan. It stipulates the type and amount of occupational benefits as well as the amount and composition of the contributions.

Pension conversion rates	2020	2019
Mandatory benefits (BVG/LPP)		
for men with retirement age 65	6.800 %	6.800 %
for women with retirement age 64	6.800 %	6.800 %
Extra-mandatory benefits		
for men with retirement age 65	5.500 %	5.000 %
for women with retirement age 64	5.500 %	4.880 %

In individual cases, the conversion rates of the occupational benefits funds may deviate from those of the Foundation.

### 3.2 Financing, financing method

The financing of the occupational benefits fund depends on the individual pension plans of the pension funds.

### 3.3 Share of insurance surpluses

AXA Life Ltd. calculates the surplus participations annually in accordance with the regulatory principles of the federal government.

Details of the allocation of the share of surpluses are shown under point 5.7.

#### 4 Significant accounting policies and valuation methods, consistency

##### 4.1 Statement of compliance with Swiss GAAP FER 26

The balance sheet, operating account and explanatory notes on the annual financial statements are in accordance with the accounting recommendations of Swiss GAAP FER 26.

##### 4.2 Significant accounting policies and valuation methods

The significant accounting policies and valuation methods are in compliance with the statutory provisions and are implemented as follows:

- Currency conversion: Rates on the balance sheet date
- Liquid funds, accounts receivable, liabilities and deferrals/accruals: Nominal value less necessary value adjustments
- Securities: NAV on the balance sheet date
- Active participants' liabilities, pensioners' liabilities and actuarial reserves:  
In accordance with the regulations as well as the occupational pension actuary's calculations.
- Target value of the reserve for fluctuations in asset value: Calculated by the value-at-risk method

##### 4.3 Changes in principles regarding valuation, bookkeeping, and financial accounting

None

#### 5 Actuarial risks / risk benefit coverage / coverage rate

##### 5.1 Type of risk benefit coverage, reinsurance

The actuarial risks of disability and death are reinsured under a group insurance contract with AXA Life Ltd. Since 2019, new current retirement and connected survivors' pensions have been autonomously provided by the Foundation. The costs of connected risks shall be borne by the Foundation.

##### 5.2 Assets and liabilities from insurance contracts

Assets and liabilities from insurance contracts correspond to actuarial reserves arising from the group insurance contract, and are not recognized in the balance sheet.

<b>Development of assets and liabilities from insurance contracts</b>	<b>2020</b>	<b>2019</b>
	CHF	CHF
Balance as at January 1	1'409'505'278.00	5'664'870'049.90
Reimbursement values from transformation	0.00	-3'118'655'526.10
Other reimbursement values	0.00	-1'084'580'490.80
Change in actuarial reserves for pensioners	-33'150'408.00	-52'128'755.00
<b>Balance as at December 31</b>	<b>1'376'354'870.00</b>	<b>1'409'505'278.00</b>

### 5.3 Development and return on active participants' liabilities

Active participants' liabilities are the regulatory retirement assets of the insured persons.

5.3.1 Development of retirement assets	2020 CHF	2019 CHF
Balance as at January 1	3'321'833'017.31	4'204'024'604.70
Retirement credits	308'950'932.45	279'149'801.55
One-time payments and purchase amounts	65'519'562.27	79'995'777.55
Vested termination benefits transfers	563'552'940.79	346'411'292.80
Reimbursements of withdrawals for home ownership/divorce	5'633'678.72	7'964'556.48
Upward valuation of minimum amount of vested termination benefits for leavers	57'217.50	225'184.45
Further transfers <sup>1)</sup>	2'925'978.11	618'503.97
Vested termination benefits for leavers	-473'171'769.60	-1'546'725'292.64
Withdrawals for encouragement of home ownership/divorce	-22'757'730.77	-20'050'032.03
Decrease due to retirement (transfer to pensioners' liabilities)	-84'902'521.45	-60'139'695.70
Lump-sum benefits on retirement	-64'308'674.00	-76'923'067.40
Lump-sum benefits on death; other	-8'557'660.75	-6'171'366.99
Interest on retirement assets	109'835'131.91	113'452'750.57
<b>Balance as at December 31</b>	<b>3'724'610'102.49</b>	<b>3'321'833'017.31</b>

<sup>1)</sup> The position 'Further transfers' comprises transfers from the distribution of non-committed assets and other change-related transfers not specified under other positions.

### 5.3.2 Interest on retirement assets

	2020	2019
Interest on retirement assets under BVG/LPP	1.00 %	1.00 %
Supplementary interest on retirement assets under BVG/LPP <sup>1)</sup>	2.00 %	2.50 %
<b>Total interest on retirement assets under BVG/LPP</b>	<b>3.00 %</b>	<b>3.50 %</b>
Interest on non-mandatory retirement assets	1.00 %	1.00 %
Supplementary interest on non-mandatory retirement assets <sup>1)</sup>	2.75 %	3.25 %
<b>Total interest on non-mandatory retirement assets</b>	<b>3.75 %</b>	<b>4.25 %</b>

<sup>1)</sup> of which 1.00 % (previous year 0.75 %) due to withdrawals from the dedicated reserve for supplementary interest, see also point 5.6.2. The provisions of Art. 46 BVV 2/OPP 2 were complied with.

5.4 Sum of retirement assets under BVG/LPP	31.12.2020 CHF	31.12.2019 CHF
<b>Total retirement assets under BVG/LPP (sample accounting)</b>	<b>1'748'782'813.73</b>	<b>1'580'392'509.27</b>
BVG/LPP minimum interest set by Federal Council	1.00 %	1.00 %

### 5.5 Development of pensioners' liabilities and actuarial reserves for pensioners

5.5.1 Autonomously invested pensioners' liabilities	31.12.2020 CHF	31.12.2019 CHF
Retirement pensions	164'043'864.64	67'955'822.67
Retired person's child's pensions	359'153.62	202'960.63
Partner's pensions	104'820.76	0.00
Orphan's pensions	7'107.36	0.00
<b>Balance as at December 31</b>	<b>164'514'946.38</b>	<b>68'158'783.30</b>
Number of pensions (see point 2.2.1 for details)	471	209

5.5.2 Development of autonomously invested pensioners' liabilities	2020 CHF	2019 CHF
Balance as at January 1	68'158'783.30	0.00
Transfer of retirement assets on retirement	84'718'062.40	60'139'695.65
Increase from rise in pensions	<b>11'141.85</b>	0.00
Pension payments	-6'117'956.80	-1'458'416.45
Retirement losses at expense of Foundation	14'149'005.00	8'791'791.00
Interest <sup>1)</sup>	2'326'737.30	681'588.00
Actuarial profit / loss, other changes	1'269'173.33	4'125.10
<b>Balance as at December 31</b>	<b>164'514'946.38</b>	<b>68'158'783.30</b>

<sup>1)</sup> Annual interest as in previous year (2.00 %) on the arithmetic mean between pensioners' liabilities at the beginning of the year and the end of the year.

5.5.3 Reinsured actuarial reserves for pensioners	31.12.2020 CHF	Increase Decrease 2020	31.12.2019 CHF
Retirement pensions	1'006'983'146.00	431'138.00 -44'760'397.00	1'051'312'405.00
Divorce pensions	699'165.00	132'899.00 -14'590.00	580'856.00
Retired person's child's pensions	1'811'389.00	18'603.00 -365'168.00	2'157'954.00
Disability pensions	172'609'617.00	22'583'302.00 -13'815'831.00	163'842'146.00
Disabled person's child's pensions	6'373'480.00	954'038.00 -910'803.00	6'330'245.00
Partner's pensions	180'097'152.00	9'986'484.00 -7'734'298.00	177'844'966.00
Orphan's pensions	7'620'462.00	1'788'223.00 -1'344'814.00	7'177'053.00
Term annuities	160'459.00	0.00 -99'194.00	259'653.00
<b>Balance as at December 31</b>	<b>1'376'354'870.00</b>		<b>1'409'505'278.00</b>
Number of pensions (see point 2.2.2 for details)	7'256		7'418

### 5.5.4 Adaption of pensions to inflation developments

In 2020, pensions were adapted to inflation developments in accordance with Art. 36 para. 1 BVG/LPP. Beyond that, no adaptations were made to pensions (Art. 36 para. 2 BVG/LPP).

## 5.6 Composition of, development of and explanation regarding actuarial reserves

### 5.6.1 Actuarial reserves

Actuarial reserves of the Foundation	31.12.2020		31.12.2019
	CHF	Increase Decrease 2020	
Reserve for retirement losses	128'240'650.00	16'830'396.00 0.00	111'410'254.00
Reserve for exit losses	77'053.00	42'835.00 0.00	34'218.00
Reserve for reduction of actuarial interest rate	33'107'281.00	6'422'921.00 0.00	26'684'360.00
<b>Balance as at December 31</b>	<b>161'424'984.00</b>		<b>138'128'832.00</b>

The reserve for retirement losses serves to cover the financing gap between the available retirement assets at the time of retirement and the pension liabilities needed to cover the pension obligations.

The reserve for exit losses serves to finance the difference between the statutory vested termination benefits accounts and the retirement assets of the insured persons.

An appropriate actuarial reserve was created to cover funding of a future reduction in the actuarial interest rate used for calculating pension liabilities and actuarial reserves from the current level of 2.00 % to 1.75 %.

Actuarial reserves of the occupational benefits funds	31.12.2020		31.12.2019
	CHF	Increase Decrease 2020	
Reserves for additional fund-specific benefit components	204'086.00	204'086.00 0.00	0.00
<b>Balance as at December 31</b>	<b>204'086.00</b>		<b>0.00</b>
<b>Total portfolio as at December 31</b>	<b>161'629'070.00</b>		<b>138'128'832.00</b>

Calculation of the reserves for retirement losses is governed by the regulations on the formation of provisions and reserves. The reserves are calculated by the occupational pensions actuary.

### 5.6.2 Reserve for supplementary interest

Reserve for supplementary interest	31.12.2020		31.12.2019
	CHF	Increase Decrease 2020	
Reserve for supplementary interest	76'805'963.00	0.00 -29'936'677.00	106'742'640.00
<b>Balance as at December 31</b>	<b>76'805'963.00</b>		<b>106'742'640.00</b>

Every year, the Board of Trustees decides on the amount of supplementary interest financed from this reserve. In 2020, this amounted to 1.00 % (prior year: 0.75 %) of the retirement assets. In order to avoid or remedy an underfunding, the Board of Trustees can decide to use the reserve for supplementary interest in part or in full to eradicate the shortfall. The reserve must be used up in full by December 31, 2023, at the latest.

## 5.7 Share of insurance surpluses

In 2020, AXA Life Ltd. paid out a total of CHF 14,485,307.25 from the share of surpluses from the group insurance contract:

The share of surpluses was allocated in accordance with the regulations on surplus participation.

	2020	2019
	CHF	CHF
Total share of surplus received from insurance	14'485'307.25	144'483'365.40
of which to create the reserve for supplementary interest	0.00	127'000'000.00
of which allocated to Foundation assets	14'484'891.00	17'488'678.00
of which credited or charged to occupational benefits funds	416.25	-5'312.60

## 5.8 Conclusions of the last actuarial report

The last actuarial report by Libera AG was produced on May 27, 2019, as at January 1, 2019. Among other things, the report determined that:

- The actuarial reserves were calculated using the BVG 2015 period tables as the actuarial fundamentals and applying an actuarial interest rate of 2.00 %.
- The use of the BVG 2015 period tables as the actuarial fundamentals is deemed to be appropriate.
- The actuarial interest rate of 2.00 % to determine the actuarial reserves is assessed as appropriate from today's perspective.
- With pension assets at CHF 3,585,545,833 and pension liabilities at CHF 3,332,298,543, the coverage rate according to Art. 44 BVV 2/OPP 2 was 107.6 % as at January 1, 2019.
- The actuarial reserves are in compliance with the regulations on the formation of actuarial reserves and fluctuation reserves. The fluctuation reserves could not be built up in accordance with the estimated amount.
- The benchmark interest rate stipulated by Special Guideline FRP 4 is 2.00 % as at January 1, 2019, which corresponds to the Foundation's actuarial interest rate.
- The economic coverage rate as at January 1, 2019 – which is determined on the basis of the interest rate curve employed for the Swiss Solvency Test (SST) and using the BVG 2015 generation tables – is 101.4 %.
- Based on the comprehensive risk assessment, the risk to the Foundation's long-term financial stability is determined to be average.
- The audited regulatory actuarial provisions on benefits and financing meet the statutory requirements.
- The group insurance contract with AXA Life Ltd. includes the congruent reinsurance coverage of the risks of death and disability. With effect from January 1, 2019, the Foundation has borne the longevity risk itself.
- As at January 1, 2019, the Foundation offers sufficient security to meet its actuarial obligations. It therefore satisfies the requirements of Art. 52e para. 1 BVG/LPP.

## 5.9 Actuarial principles and other significant actuarial assumptions

### 5.9.1 Reinsurance coverage of risks

The Foundation has reinsured the actuarial risks of disability and death under a group insurance contract with AXA Life Ltd.

### 5.9.2 Risks borne autonomously by the Foundation

Since 2019 the Foundation has provided new current retirement and connected survivors' pensions at its own risk by means of pension solutions entailing the autonomous investment of assets. The actuarial calculations are performed in accordance with recognized principles on the actuarial basis of BVG 2015, period tables and an actuarial interest rate of 2.00 %. This does not apply to pensions brought into the fund as part of a new affiliation. To calculate their purchase amount, their valuation is determined using the actuarial interest rate and the BVG 2015 generation tables as actuarial basis.

## 5.10 Change in actuarial bases and assumptions

### 5.10.1 Reinsurance coverage of risks

The FINMA-approved AXA Life Ltd. rates applied by the Foundation were adjusted for 2020. While overall this caused a significant reduction in the risk premium for the risk benefits death and disability, the amount of the risk premium is not dependent solely on the basic rate, but also on other factors such as the sector to which the employer belongs and, in the case of disability, the risk experience with the insured group of persons.

### 5.10.2 Risks borne autonomously by the Foundation

None

## 5.11 Calculation of the coverage rates

The Foundation determines a coverage rate for the purpose of market comparison and a coverage rate in accordance with Art. 44 BVV 2/OPP 2. The coverage rate for the purpose of market comparison serves to help the Board of Trustees when determining the interest rates for the retirement assets. In contrast to the coverage rate for market comparison purposes, the coverage rate according to Art. 44 BVV 2/OPP 2 factors in the reserve for future additional interest payments not only on retirement assets, but also as actuarial pension liabilities.

### 5.11.1 Foundation coverage rate for the purpose of market comparison

	31.12.2020	31.12.2019
	CHF	CHF
<b>Net assets at market values (pension assets)</b>		
Assets	4'689'062'048.10	4'182'646'051.32
./. Liabilities	-146'495'492.24	-175'212'592.38
./. Accrued liabilities and deferred income	-1'674'783.30	-1'193'210.85
./. Employer-paid contribution reserve	-32'799'667.80	-31'239'361.03
./. Non-committed funds (unallocated assets) of occupational benefits funds	-6'624'616.61	-5'372'817.30
<b>Total pension assets</b>	<b>4'501'467'488.15</b>	<b>3'969'628'069.76</b>
<b>Actuarial pension liabilities (PL)</b>		
Active participants' liabilities	3'724'610'102.49	3'321'833'017.31
Pensioners' liabilities	164'514'946.38	68'158'783.30
Actuarial reserves	161'629'070.00	138'128'832.00
<b>Total PL</b>	<b>4'050'754'118.87</b>	<b>3'528'120'632.61</b>
<b>Foundation coverage rate for the purpose of market comparison</b>	<b>111.1 %</b>	<b>112.5 %</b>

### 5.11.2 Foundation coverage rate according to Art. 44 BVV 2/OPP 2

	31.12.2020	31.12.2019
	CHF	CHF
<b>Net assets at market values (pension assets)</b>		
Assets	4'689'062'048.10	4'182'646'051.32
./. Liabilities	-146'495'492.24	-175'212'592.38
./. Accrued liabilities and deferred income	-1'674'783.30	-1'193'210.85
./. Employer-paid contribution reserve	-32'799'667.80	-31'239'361.03
./. Non-committed funds (unallocated assets) of occupational benefits funds	-6'624'616.61	-5'372'817.30
<b>Total pension assets</b>	<b>4'501'467'488.15</b>	<b>3'969'628'069.76</b>
<b>Actuarial pension liabilities (PL)</b>		
Active participants' liabilities	3'724'610'102.49	3'321'833'017.31
Pensioners' liabilities	164'514'946.38	68'158'783.30
Actuarial reserves	161'629'070.00	138'128'832.00
Provision for supplementary interest	76'805'963.00	106'742'640.00
<b>Total PL</b>	<b>4'127'560'081.87</b>	<b>3'634'863'272.61</b>
<b>Foundation coverage rate according to Art. 44 BVV 2/OPP 2</b>	<b>109.1 %</b>	<b>109.2 %</b>

The coverage rate of the individual occupational benefits funds is dependent on any available unallocated assets and may, therefore, deviate from the coverage rate of the Foundation.

## 6 Comments on investments and net return on investments

### 6.1 Organization of investment activities, investment advisor, investment manager and investment rules and regulations

The principles and guidelines governing the organization of investment activities and asset management are contained in the investment regulations.

#### Management of the Foundation's assets

The Board of Trustees is responsible for the investment of the Foundation's assets. It seeks advice from independent investment experts.

Investment controller	Pittet Associés SA, Geneva
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The Board of Trustees has appointed AXA Insurance Ltd to invest the Foundation's assets and has awarded an asset management mandate accordingly.

#### Asset management by AXA Insurance Ltd

(authorized in accordance with Art. 48f para. 4g BVV 2/OPP2)

Asset manager	AXA Insurance Ltd, Winterthur
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The AXA LPP Foundation Suisse Romande, Winterthur, as an occupational benefits institution, is the sole investor of the single investor fund "AXA Strategy Fund Professional Invest SRO". "AXA Strategy Fund Professional Invest SRO" is a subfund of the contractual umbrella fund "AXA Strategy". The umbrella fund is aimed exclusively at qualified investors within the meaning of Art. 10 para. 3a to 3d CISA.

Adopting an active approach, the subfund "AXA Strategy Fund Professional Invest SRO" invests in Swiss and international shares, alternative investments, real estate and bonds within the current provisions of the Federal Act on Occupational Retirement, Survivors' and Invalidity Pension Provision (BVG/BVV 2 / LPP/OPP 2).

Fund management of the single-investor fund	Credit Suisse Funds AG, Zurich
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The provisions of Art. 48f BVV 2/OPP are being complied with.

### Investment manager per asset class as at December 31, 2020

Asset class	Investment manager	Registration
CHF bonds incl. mortgages	AXA Insurance Ltd, Winterthur	FINMA (Switzerland)
	AXA Investment Managers Switzerland Ltd., Zurich	FINMA (Switzerland)
Inv. grade bonds	AXA Investment Managers Paris SA, Paris	AMF (France)
	AXA Investment Managers Paris SA, Paris / PIMCO Europe GmbH, Munich, with some delegation to Pacific Investment Management Company LLC, Newport Beach	AMF (France) / BaFin (Germany) / SEC (USA)
High-yield bonds	Wellington Management International Ltd, London	FCA (UK)
Emerging market bonds	AllianceBernstein Limited, London with some delegation to AllianceBernstein LP, New York	FCA (UK) / SEC (USA)
Convertible bonds	AXA Investment Managers Paris SA, Paris	AMF (France)
Swiss equities	Credit Suisse Asset Management (Switzerland) AG, Zurich	FINMA (Switzerland)
	UBS AG, Asset Management, Zurich	FINMA (Switzerland)
	Lombard Odier Asset Management (Switzerland) SA, Petit-Lancy	FINMA (Switzerland)
Foreign equities	BlackRock Investment Management (UK) Limited, London	FCA (UK)
	AXA Investment Managers UK Limited, London	FCA (UK)
	AXA Investment Managers Paris SA, Paris	AMF (France)
	Lazard Asset Management, London	FCA (UK)
	UBS AG, Asset Management, Zurich	FINMA (Switzerland)
	Threadneedle Asset Management Limited, London	FCA (UK)
Swiss real estate	AXA Investment Managers Switzerland Ltd., Zurich	FINMA (Switzerland)
Foreign real estate	AXA Investment Managers Real Estate, Paris	AMF (France)
Hedge funds	AXA Investment Managers UK Limited, London	FCA (UK)
Private equity	Ardian France SA, Paris	AMF (France)
Senior loans	AXA Investment Managers Paris SA, Paris	AMF (France)

#### Account / custody account management

The accounts and custody accounts are managed by Credit Suisse (Schweiz) AG.

### 6.2 Availment of expanded investment possibilities (Art. 50 para. 4 BVV 2/OPP2) with conclusive proof of compliance with security and risk distribution (Art. 50 para. 1 to 3 BVV 2/OPP2).

The investment regulations provide that expansions of investment possibilities within the meaning of Art. 50 para. 4 BVV 2/OPP 2 may be availed of. No use was made of this option in the reporting year.

### 6.3 Target reserve for fluctuations in asset value and calculation of the reserve

The Foundation's target reserve for fluctuations in asset value is determined using the financial economic method. The appropriateness of the target value is reviewed by the Board of Trustees periodically, or when exceptional events so require, and, if necessary, adjusted. A level of certainty of 97.5 % over a period of one year is aimed for.

The Board of Trustees has set the target reserve for fluctuations in the Foundation's asset value at 11.7 % of the autonomously invested active participants' and pensioners' liabilities, the actuarial reserves (excluding reserves for additional interest payments), the employer-paid contribution reserve as well as the non-committed funds of the occupational benefits funds.

#### 6.3.1 Reserve for fluctuations in asset value of occupational benefits funds

A reserve for fluctuations in asset value is no longer required at the level of occupational benefits funds.

#### 6.3.2 Reserve for fluctuations in asset value of the Foundation

	31.12.2020	31.12.2019
	CHF	CHF
Reserve for fluctuations as shown in the balance sheet	373'907'406.28	334'764'797.15
Target amount of reserve for fluctuations	478'550'873.18	417'073'738.88
Shortfall in reserve for fluctuations (reserve deficit)	104'643'466.90	82'308'941.73
Reserve for fluctuations as % of the target amount	78.1 %	80.3 %

### 6.4 Breakdown of investments into investment categories

Asset class	31.12.2020		Strategy in %	Bandwidth	
	CHF	in %		min.%	max.%
Liquidity	180'512'839	3.90	<b>2</b>	0	15
CHF bonds incl. mortgages	861'958'224	18.62	<b>19</b>	10	30
Inv. grade bonds	602'672'173	13.02	<b>13</b>	0	35
High-yield bonds	95'123'461	2.05	<b>2.5</b>	0	5
Emerging market bonds	118'868'048	2.57	<b>2.5</b>	0	5
Convertible bonds	91'142'511	1.97	<b>2</b>	0	5
Swiss equities	560'962'463	12.12	<b>12</b>	0	17.5
Foreign equities	594'553'934	12.84	<b>13</b>	5	20
Swiss real estate	1'091'676'170	23.58	<b>20</b>	15	30
Foreign real estate	18'811'169	0.41	<b>4</b>	0	7.5
Hedge funds	133'129'305	2.88	<b>3</b>	0	5
Private equity	127'858'630	2.76	<b>3</b>	0	5
Senior loans	151'821'378	3.28	<b>4</b>	0	7.5
<b>Total investments</b>	<b>4'629'090'305</b>	100.00			
- of which total shares		24.96	<b>25</b>	5	37.5
- of which total alternative investments		8.91	<b>10</b>	0	15
- of which foreign currencies (not hedged)		21.25	<b>10</b>	0	30
Accounts receivable	8'978'072				
Assets with AXA Life Ltd.	5'944'712				
Accounts receivable from affiliated employers	43'108'391				
./. Del credere	-85'600				
Prepayments and accrued income	2'026'168				
<b>Total assets</b>	<b>4'689'062'048</b>				

#### Confirmation of compliance with limits

The limits according to Art. 54, Art. 54a, Art. 54b, Art. 55 and Art. 57 BVV 2/OPP 2 are being complied with.

#### 6.5 Current (open) financial derivative instruments

No derivatives are held directly. However, the Foundation has invested in collective investment vehicles in which financial derivative instruments are used. The provisions of Art. 56a BVV 2/OPP are being complied with.

#### 6.6 Deeds of pledge

None

#### 6.7 Open commitments

None

#### 6.8 Market value and counterparties in securities lending

The Foundation did not engage in direct securities lending and repurchase transactions. It invested in collective investment schemes under which securities lending and repurchase transactions are permitted if in compliance with the Federal Act on Collective Investment Schemes and its implementing provisions.

6.9 Comments on net return on investments	2020		2019	
	CHF		CHF	
<b>Net return on investments</b>	<b>186'516'537.73</b>		<b>236'241'671.76</b>	
Securities income	186'604'674.81		236'612'002.42	
Negative interest rates	-88'137.08		-370'524.86	
Interest income on bank accounts	0.00		194.20	
<b>Other income from assets</b>	<b>-547'902.27</b>		<b>-686'107.98</b>	
Interest on assets/obligations with AXA Life Ltd.	-82'472.75		13'621.85	
Interest income on accounts receivable from employers	805'429.88		726'186.56	
Interest income on insurance benefits received	12'684.97		1'071'000.65	
Interest on vested termination benefits accounts/ insurance benefits	-1'438'443.44		-2'527'890.25	
Interest on takeover of participants	154'899.07		30'973.21	
<b>Administration cost of investments</b>	<b>-31'629'551.93</b>		<b>-21'331'501.63</b>	
<b>Interest on employer-paid contribution reserve</b>	<b>-473.35</b>		<b>-170'027.85</b>	
<b>Total</b>	<b>154'338'610.18</b>		<b>214'054'034.30</b>	
<b>Investment performance</b>	<b>2020</b>			
	<b>TWR Total</b>	<b>Contribu-</b>		
	<b>in %</b>	<b>tion in %</b>		
Liquidity (excl. operational liquidity)	-0.90	-0.01		
CHF bonds incl. mortgages	0.51	0.09		
Inv. grade bonds	0.29	0.07		
High-yield bonds	-1.64	-0.01		
Emerging market bonds	0.56	0.04		
Convertible bonds	3.02	0.07		
Swiss equities	4.48	0.62		
Foreign equities	6.92	0.98		
Swiss real estate	3.59	0.89		
Foreign real estate	1.68	0.01		
Hedge funds	0.14	0.00		
Private equity	1.69	0.05		
Senior loans	-0.75	-0.03		
Performance interim total		2.77		
Fees & taxes, FX hedge effect overlay and other effects		0.87		
<b>Investment performance</b>		<b>3.64</b>		

Performance is calculated using the time-weighted rate of return (TWR) method.

## 6.10 Comments on the asset management costs

6.10.1 Administration cost of investments	2020		2019	
	CHF		CHF	
Sum of cost indicators for collective investment schemes (TER) <sup>1)</sup>	31'464'585.58		21'168'351.00	
Direct asset management costs	8'801.35		6'985.63	
Fee for independent investment consulting	156'165.00		156'165.00	
<b>Total</b>	<b>31'629'551.93</b>		<b>21'331'501.63</b>	

<sup>1)</sup> The TER include the costs of AXA asset management, safekeeping, administration, benchmarking, analysis and service fees.

The higher TER key parameter for reporting year 2020 compared with the previous year is mainly explained by the change in TER for the target fund AXA Vorsorge Private Markets S.C.S. SICAV-RAIF. There were no audited financial statements including TER disclosure for this investment in 2019, with the result that in application of the TER calculation guidelines the cost-transparent disclosure for this target fund was made based on an estimate. Taking into account the calculated, audited TER in 2020, the correction effect on the overall TER for 2019 is +0.15 %. The overall TER can therefore be viewed as stable between 2019 and 2020.

	31.12.2020	31.12.2019
	CHF	CHF
Total investments	4'629'090'304.92	4'117'636'055.71
Total transparent investments	4'629'090'304.92	4'117'636'055.71
<b>Total investment costs as a percentage of transparent investments</b>	<b>0.68 %</b>	<b>0.52 %</b>
<b>Cost transparency ratio</b>	<b>100.00 %</b>	<b>100.00 %</b>

### Non-transparent collective investment schemes

None

## 6.10.2 Refunds / retrocessions

The use of any retrocessions, remuneration, repayments, fees, discounts, sales commissions, etc. which persons and institutions entrusted with asset management receive in the exercise of their activities on behalf of the Foundation is governed by the arrangements entered into under the asset management agreements. On an annual basis, they must submit a written confirmation or statement and pass on all pecuniary advantages to the Foundation that they receive above and beyond this amount from their activities on behalf of the Foundation.

Refunds are credited to the single investor fund in favor of the Foundation.

## 6.10.3 Shareholders' rights

The Foundation does not invest in equities directly and therefore has no shareholders' rights.

**6.11 Comments on investments in employers' entities and employer-paid contribution reserve**

<b>6.11.1 Accounts receivable from affiliated employers</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
	CHF	CHF
Accounts receivable from affiliated employers (pending amounts)	43'108'390.81	43'835'962.67
./. Del credere	-85'600.00	0.00
<b>Balance as at December 31</b>	<b>43'022'790.81</b>	<b>43'835'962.67</b>

As at March 31, 2021, these accounts receivable were reduced by payments from the respective employers to CHF 15,886,314.61 (prior year: CHF 13,638,785.85).

Del credere were formed for the accounts receivable at risk as of January 1, 2019.

The Foundation levied default interest of 4 %, as in the prior year.

The Foundation did not make investments within the meaning of Art. 57 BWV 2/OPP 2 in affiliated employers.

<b>6.11.2 Employer-paid contribution reserve</b>	<b>2020</b>	<b>2019</b>
	CHF	CHF
Balance as at January 1	31'239'361.03	39'955'883.03
Transfers to employer-paid contribution reserve (incl. any takeovers of occupational benefits funds)	9'700'306.85	3'701'129.35
Withdrawal to finance contributions	-7'469'325.40	-4'026'444.70
Transfer in the case of withdrawals from occupational benefits funds	-657'491.18	-8'561'234.50
Use under contract liquidations	-13'656.85	0.00
Interest <sup>1)</sup>	473.35	170'027.85
<b>Balance as at December 31</b>	<b>32'799'667.80</b>	<b>31'239'361.03</b>

<sup>1)</sup> The employer-paid contribution reserve bore no interest (prior year: 0.50 %). The amount disclosed in the reporting year concerns retroactive changes from the previous year.

**7 Comments on other positions in the balance sheet and operating account****7.1 Comments on asset accounts****7.1.1 Accounts receivable**

This position contains mainly accounts receivable from other occupational benefits institutions as well as from insureds.

**7.1.2 Assets with AXA Life Ltd.**

These comprise balances on Foundation accounts with AXA Life Ltd.

**7.1.3 Prepayments and accrued income**

These consist largely of earned contributions not yet settled as well as prepaid pensions.

**7.2 Comments on liability accounts****7.2.1 Vested termination benefits accounts and pensions**

These consist largely of vested termination benefits not yet transferred to other occupational benefits institutions, pension liabilities not yet paid out, as well as vested termination benefits received but not yet included.

**7.2.2 Other liabilities**

These are largely liabilities toward the BVG (LOB) Guarantee Fund and to third parties.

**7.2.3 Accrued liabilities and deferred income**

This position comprises contribution refunds that have not yet been credited in favor of affiliated employers, prepaid vested termination benefits in connection with new affiliations and fees of the Occupational Pension Supervisory Commission not yet invoiced.

<b>7.2.4 Non-committed funds (unallocated assets) of occupational benefits funds</b>	<b>2020</b>	<b>2019</b>
	CHF	CHF
Balance as at January 1	5'372'817.30	6'673'803.46
Change	1'251'799.31	-1'300'986.16
<b>Balance as at December 31</b>	<b>6'624'616.61</b>	<b>5'372'817.30</b>

In 2020, non-committed funds of occupational benefits funds bore no interest (prior year: 0.50 %).

## 7.3 Comments on operating accounts

7.3.1 Breakdown of total contributions	2020	2019
	CHF	CHF
Savings contributions	298'979'581.46	268'243'707.05
Risk contributions	39'938'423.90	36'779'161.59
Cost contributions	12'075'790.29	16'444'656.59
Contributions to the BVG (LOB) Guarantee Fund	1'889'941.95	3'668'652.25
<b>Total</b>	<b>352'883'737.60</b>	<b>325'136'177.48</b>
of which employee contributions	148'498'531.63	138'421'283.64
of which employer contributions	204'262'397.77	186'605'689.51
of which contributions from non-committed funds		
of occupational benefits funds	122'808.20	109'204.33

7.3.2 Transfers following takeover / transfer in the case of collective exit	2020	2019
	CHF	CHF
<b>Transfers following takeover of participants</b>		
Non-committed funds	4'601'553.57	481'051.74
<b>Total</b>	<b>4'601'553.57</b>	<b>481'051.74</b>
<b>Transfer of additional assets in the case of collective exit</b>		
Reserve for fluctuations in asset value of occupational benefits funds	0.00	87'089.51
Non-committed funds	104'234.65	997'670.57
<b>Total</b>	<b>104'234.65</b>	<b>1'084'760.08</b>

7.3.3 Retirement pensions paid	2020	2019
	CHF	CHF
Pensions borne autonomously by the Foundation	6'114'671.00	1'458'416.45
Reinsured pensions	80'974'940.35	82'648'842.40
<b>Total</b>	<b>87'089'611.35</b>	<b>84'107'258.85</b>

7.3.4 Survivors' pensions paid	2020	2019
	CHF	CHF
Pensions borne autonomously by the Foundation	3'285.80	0.00
Reinsured pensions	14'845'866.68	14'523'740.30
<b>Total</b>	<b>14'849'152.48</b>	<b>14'523'740.30</b>

## 7.3.5 Withdrawals for encouragement of home ownership / divorce

Withdrawals for purchase of residential property	2020	2019
Number	235	178
Total amount in CHF	17'602'005.72	15'831'995.22

Pledges for residential property	2020	2019
Number	77	60

Payments following divorce	2020	2019
Number	80	66
Total amount in CHF	5'155'725.05	4'218'036.81

## 7.3.6 Insurance benefits

These contain the retirement, survivors' and disability benefits (pensions and capital) received from AXA Life Ltd., savings contribution exemptions, premium waivers, as well as reimbursement values in the case of contract terminations.

The significant year-on-year reduction is due to the transformation of the full-value insurance foundation into a semi-autonomous foundation by means of the transfer of the saving process from AXA Life Ltd. to the Foundation in 2019 (reimbursement of the saved actuarial reserves and additional reserves).

## 7.3.7 Cost premiums / administration expenses

## Cost premiums

Cost premiums include administration costs which the Foundation pays to AXA Life Ltd. for the purpose of settling administration expenses. These break down as follows:

	2020	2019
	CHF	CHF
Costs for general administration expenses	11'045'295.82	10'464'431.80
Marketing and advertising expenses	207'075.89	418'019.88
Remuneration for distribution and closing costs	7'810'416.04	7'235'118.80
of which remuneration for brokers	2'883'076.05	2'908'771.25
of which remuneration for distribution costs		
excl. brokers' commission	4'927'339.99	4'326'347.55
<b>Total</b>	<b>19'062'787.75</b>	<b>18'117'570.48</b>

The cost premium is an element of the insurance cost booked in the reporting year. It reflects the compensation which the Foundation pays to AXA Life Ltd. for administration and services in accordance with the insurance and management contract as well as to recompense sales costs such as closing and brokerage commissions.

Serving as a basis is the cost structure deployed by AXA Life Ltd. to calculate the annual FINMA-audited cost tariff using the applied actuarial model. This cost structure reflects empirical values from the cost process adopted by AXA Life Ltd. and is composed as shown.

### Administration expenses

The administration expenses reported in the operating accounts contain administration cost contributions for special expenses and services billed to the Foundation in addition to the cost premium as well as direct Foundation costs.

#### Costs of special expenses

(financed by occupational benefits funds, employers, participants)	2020 CHF	2019 CHF
Costs of purchase	3'200.00	-200.00
Costs of processing promotion of home ownership	138'400.00	98'700.00
Costs of debt collection	130'912.48	106'224.50
Costs of total and partial liquidation of occupational benefits funds	267'496.55	239'990.90
Costs of voluntary distribution of non-committed funds	1'641.00	630.00
Costs of announcement	54'300.00	109'800.00
Costs of special services	37'900.00	29'702.50
Costs of occupational pensions actuary	226.15	0.00
<b>Total</b>	<b>634'076.18</b>	<b>584'847.90</b>

#### Direct costs of Foundation

(financed from the Foundation's assets) <sup>1)</sup>	2020 CHF	2019 CHF
Costs of training and compensating the Board of Trustees	279'728.75	217'611.30
Advisory costs	97'810.35	122'127.35
Auditor's costs	53'860.75	69'121.85
Costs of occupational pensions actuary	65'437.45	74'002.80
Costs of direct supervision	42'148.00	43'882.00
Costs of Occupational Pension Supervisory Commission	18'925.50	25'014.00
Costs of special expenses	12'017.30	8'704.80
<b>Total</b>	<b>569'928.10</b>	<b>560'464.10</b>

**Total administration expenses** 1'204'004.28 1'145'312.00

<sup>1)</sup> In 2019, the Founder had assumed part of these costs (CHF 32,717.80). The amounts credited are contained in the position "Other income".

### 7.3.8 Contributions to the BVG (LOB) Guarantee Fund

As a consequence of the change in invoicing method, the contributions for 2018 and 2019 were invoiced in the prior year.

### 7.3.9 Income from services rendered

For the purpose of settling special expenses (e.g. for debt enforcement/debt collection measures, processing promotion of home ownership, contract terminations) additional cost contributions were levied in accordance with the cost regulations.

### 7.3.10 Other income

This largely comprises the Founder's assumption of losses on receivables as well as cost contributions billed for official debt enforcement costs of occupational benefits funds.

### 7.3.11 Other expenses

This consists largely of effects from accruals and deferrals, losses on receivables, the formation of del credere, and the premium for asset loss liability insurance.

### 7.3.12 Expense surplus of occupational benefits funds (net)

The financial situation of the occupational benefits funds cannot be inferred from the expense surplus. For example, the decrease in non-committed funds for distribution in favor of insured participants results in an expense surplus.

### 7.3.13 Income/expense surplus of Foundation

	2020 CHF	2019 CHF
Interest on active participants' liabilities	-109'835'131.91	-113'452'750.57
Decrease/increase in actuarial reserves of the Foundation (net)	6'640'525.00	-244'871'472.00
Autonomously paid pensions and addition to pension liabilities for pensioners	-17'744'915.63	-9'477'504.10
Exit loss on vested termination benefits	-33'886.10	-225'184.45
Insurance expense financed by the Foundation	-7'703'776.95	-2'187'944.50
Net return on investments	154'338'610.18	214'020'048.33
Income from transformation	0.00	472'616'670.06
Share of surplus from risk process	14'484'891.00	17'488'678.00
Interest on non-committed funds of occupational benefits funds	849.60	-29'498.55
Direct Foundation costs (administration expenses)	-569'928.10	-560'464.10
Costs assumed by Founder	0.00	32'717.80
Losses on receivables (net)	-21'757.43	-587.85
<i>Losses on receivables</i>	-118'417.63	-31'759.90
<i>Losses on receivables assumed by Founder</i>	96'660.20	31'172.05
Formation of del credere	-85'600.00	0.00
Premium for asset loss liability insurance	-26'250.00	-26'250.00
Effects from accruals and deferrals	-274'636.53	124'120.39
Other expenses and income (net)	-26'384.00	16'267.73
<b>Income surplus prior to increase in reserves for fluctuations in asset value</b>	<b>39'142'609.13</b>	<b>333'466'846.19</b>
Increase in reserves for fluctuations in asset value of Foundation	-39'142'609.13	-334'764'797.15
<b>Income/expense surplus of Foundation</b>	<b>0.00</b>	<b>-1'297'950.96</b>

## **8 Supervisory authority requirements**

### **8.1 Supervisory authority requirements**

The comments and requirements of the supervisory authority on the 2019 report were taken into account.

## **9 Further information regarding financial situation**

### **9.1 Underfunding/comments on measures taken (Art. 44 BVV 2 / OPP 2)**

The Foundation is not underfunded.

### **9.2 Total and partial liquidations**

The conditions for the partial liquidation of the Foundation and the execution of a partial liquidation procedure are laid down in the “Regulations on the partial liquidation of a collective foundation”. In 2020, no partial liquidation procedures were executed at Foundation level.

In the course of business operations, partial and total liquidation procedures are executed at the level of the occupational benefits funds. These procedures are laid down in the “Regulations on the partial and total liquidation of occupational benefits funds”.

### **9.3 Legal proceedings in course**

On December 31, 2020, there were three legal proceedings pending. They are being executed in collaboration with AXA Life Ltd.

## **10 Events after the balance sheet date**

None



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## Report of the Statutory Auditor to the Board of Foundation of the AXA LPP Foundation Suisse Romande, Winterthur in Winterthur

### Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of AXA LPP Foundation Suisse Romande, Winterthur, which comprise the balance sheet, operating account and notes for the year ended 31 December 2020.

#### Foundation Board's Responsibility

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation's deed of formation and the regulations. This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### Responsibility of the expert in occupational benefits

In addition to the auditor, the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with Article 52e paragraph 1 of the Occupational Pensions Act (OPA) and Article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and with the foundation's deed of formation and the regulations.



### Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (Article 52b OPA) and independence (Article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by Article 52c paragraph 1 OPA and Article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organisation, management and investments are applied.

We have assessed whether

- organisation and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation;
- funds are invested in accordance with legal and regulatory requirements;
- the occupational pension accounts comply with legal requirements;
- measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfil their duties of loyalty and disclosure of interests;
- the available funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- the legally required information and reports have been given to the supervisory authority;
- the pension fund's interests are safeguarded in disclosed transactions with related entities.

We confirm that the applicable legal and statutory requirements have been met.

We recommend that the financial statements submitted to you be approved.

KPMG AG

***This is the English translation of the  
 French Report of the Statutory Auditor***

Erich Meier  
 Licensed Audit Expert  
 Auditor in Charge

Michel Faggion  
 Licensed Audit Expert

Zurich, 29 June 2021

