

October 1, 2021 – September 30, 2022

# Annual Report 2022



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# Editorial

Dear Beneficiaries,

Shortly after we reported a record funding ratio in the previous financial year, the mood on the financial markets turned sour. Rising prices, inflation woes, and Russia's war against Ukraine unsettled people around the globe.

Financial markets have been in the doldrums since the start of the fiscal year – making it a difficult situation not only for the PF Siemens but for all pension funds in Switzerland. The Swiss Market Index (SMI) was down around 12%, while prices for 10-year Swiss government bonds likewise fell by 12% or so. At –9.05%, the performance on our investments was negative. It was only the real estate investments that generated a positive return, to some extent cushioning the investment result.

This negative net performance is reflected in the funding ratio of the PF Siemens, which stands at 105.32% (previous year: 119.48%) – a level last seen around 10 years ago. The old saying "Waste not, want not" also applies to pension funds. So, in recent years, the Board of Trustees has used a large portion of the income generated to fully build up the value fluctuation reserves. These reserves now enable us to cover the considerable investment losses.

The situation on the financial markets remains challenging in nearly all investment categories. As far as the coming year is concerned, the financial leeway available to the PF Siemens does not permit either a higher interest rate on pension fund capital of active insureds or an increase in pensions. Pension increases cannot be expected again until the value fluctuation reserves have been fully topped up and sufficient free assets are available.

In view of the uncertain economic situation, it is impossible to predict what direction financial markets will take from this point onward. Through prudent accounting and even broader diversification of the investment portfolio, for example into infrastructure investments and private equity, we have already acted with foresight.

**"We remain vigilant – and are looking to the future with confidence."**

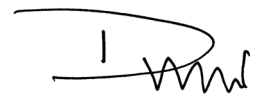
Notwithstanding all the market upheaval, we have continued to improve the environmental footprint of our investments. Our efforts are documented in the 2021 Sustainability Report. We are also pleased to have won the IAZI Award for real estate management in the Best Newcomer 2022 category.

Our achievements would not have been possible without the commitment of our employees and constructive teamwork of our governing bodies. Many thanks for your tremendous efforts!

We would also like to express our appreciation to you – our valued insured beneficiaries – for your trust in the PF Siemens.



Jörn Harde  
Chair of the Board of Trustees



Markus Blaser  
Managing Director

# Key Figures

As of September 30, 2022, or financial year 2022 as applicable.

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Funding ratio _____	105.32%
Pension capital including technical provisions _____	CHF 3.249 billion
Technical interest rate _____	1.25%
Interest on pension fund capital* _____	6.0%
Total investments _____	CHF 3.443 billion
Investment performance _____	-9.05%
Administration expense per beneficiary _____	CHF 218
Asset management costs as a % of the assets _____	0.39%

\*2022 calendar year

# Financial Statements

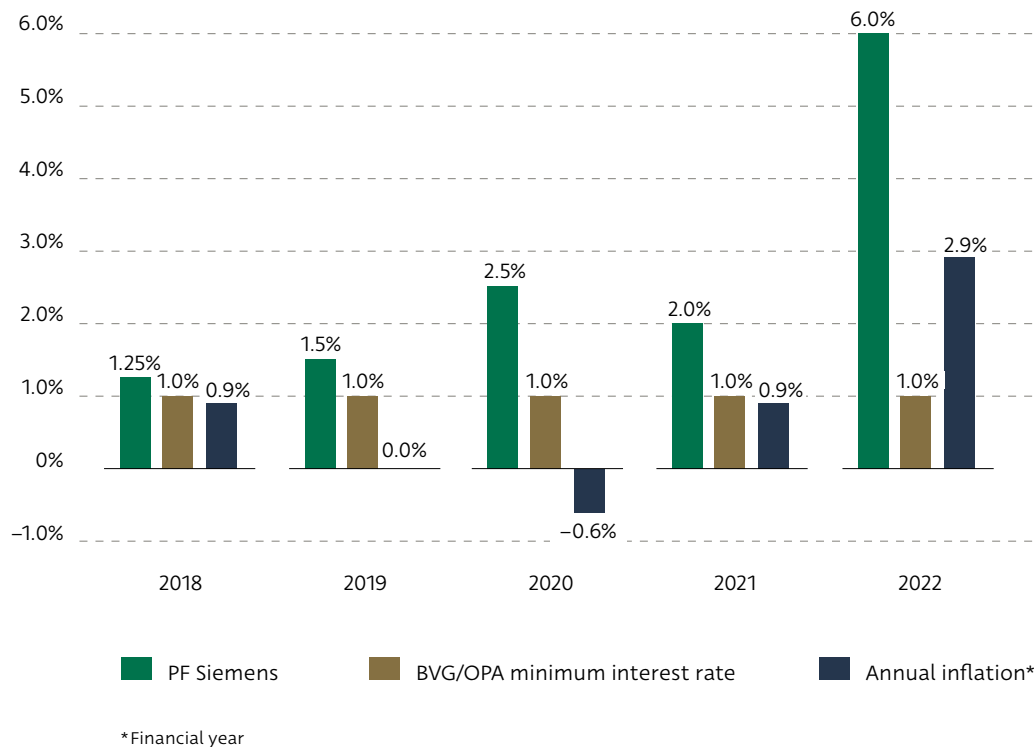
Assets	30.09.2022 CHF	30.09.2021 CHF
Liquidity	49 188 107	167 520 556
Bonds	1 548 051 902	1 878 651 145
Equities	560 000 499	937 539 199
Swiss real estate	931 696 000	873 121 000
International real estate	134 168 984	117 886 911
Alternative investments	220 281 705	177 230 582
<b>Total investments</b>	<b>3 443 387 197</b>	<b>4 151 949 393</b>
Receivables from third parties	3 021 479	3 263 881
Investments with the employer	201 458	532 526
Accrued income	7 036 159	6 041 582
<b>Total assets</b>	<b>3 453 646 293</b>	<b>4 161 787 382</b>
Liabilities		
Vested benefits and pensions	7 899 366	8 873 133
Other liabilities	677 450	738 672
<b>Total liabilities</b>	<b>8 576 816</b>	<b>9 611 805</b>
<b>Accrued liabilities</b>	<b>15 314 513</b>	<b>17 321 800</b>
<b>Employer-paid contribution reserve</b>	<b>7 302 293</b>	<b>19 601 617</b>
Pension fund capital of active insureds	1 273 312 296	1 301 596 278
Retirees' pension capital	1 786 077 561	1 942 110 950
Technical provisions	190 084 422	200 672 422
<b>Pension capital and technical provisions</b>	<b>3 249 474 279</b>	<b>3 444 379 650</b>
<b>Value fluctuation reserves</b>	<b>172 978 392</b>	<b>454 658 114</b>
<b>Free assets of pension fund</b>		
Balance at beginning of period	216 214 396	13 537 633
Expenditure (-)/income (+) surplus	-216 214 396	202 676 763
<b>Balance at end of period</b>	<b>0</b>	<b>216 214 396</b>
<b>Total liabilities</b>	<b>3 453 646 293</b>	<b>4 161 787 382</b>

The detailed Financial Report 2021/22 is available in PDF format at [www.pk-siemens.ch](http://www.pk-siemens.ch).

# Interest Rate

An interest rate on pension fund capital of 6% was paid on the savings capital of the active insureds in the 2022 calendar year. This interest rate is significantly higher than the 1% minimum rate set by the Swiss Federal Council.

## Interest Rate on Savings Capital over the past Five Years



## Interest Rate

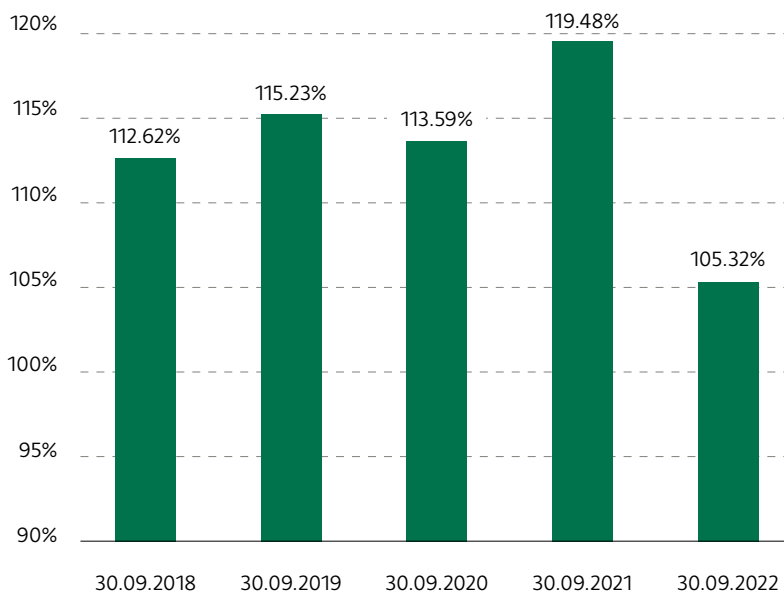
The PF Siemens is a "wrap-around" occupational benefits institution; in other words, it pays at least the minimum interest rate set by the Swiss Federal Council not only on mandatory pension fund capital but also on extra-mandatory pension fund capital. Owing to a healthy overall financial situation, the PF Siemens paid an interest rate of 2% on the pension fund capital of active insureds on a prospective basis for the period from October 1, 2021 to December 31, 2021 and a rate of 6% for the period from January 1, 2022 to December 31, 2022, likewise on a prospective basis.

The difficult situation on the financial markets and negative performance in the 2022 financial year led the Board of Trustees to pay a 1% interest rate on pension fund capital from January 1, 2023 onward. This corresponds to the minimum interest rate set by the Swiss Federal Council in respect of 2023.

# Funding Ratio

The funding ratio fell from 119.48% to 105.32% in the year under review, primarily as a result of the negative investment performance.

## Change in Funding Ratio Pursuant to Art. 44 BVV 2 / OPO 2



The funding ratio shows what percentage of the liabilities of the PF Siemens are covered by assets.

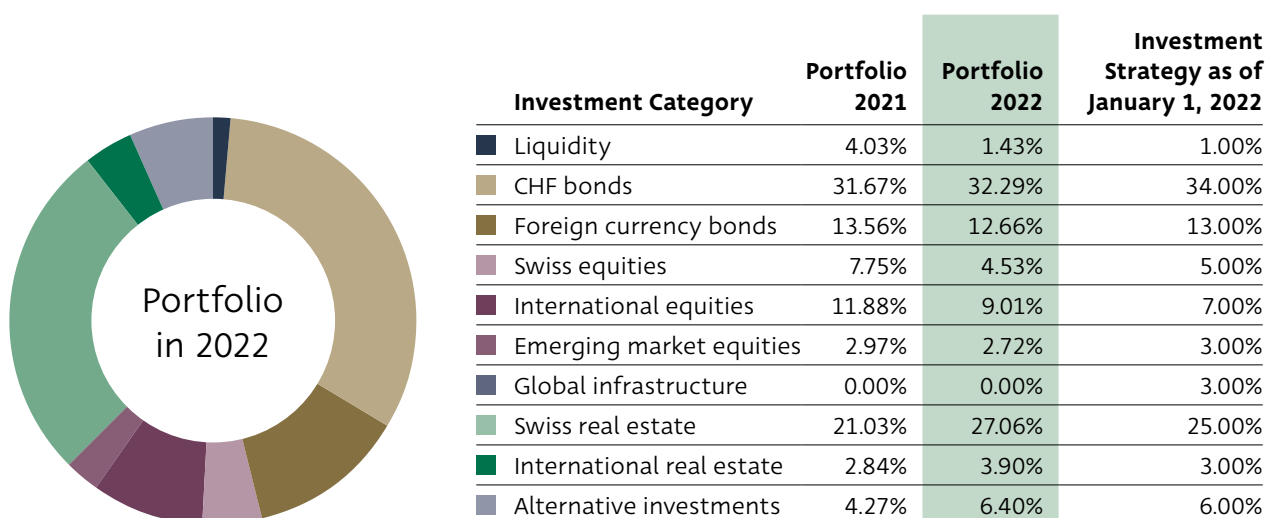
### Explanation of the Financial Situation

Owing to the positive investment performance over recent years, the funding ratio rose steadily and reached 119.48% in the previous year. Through a range of measures, the Board of Trustees worked hard to build up a solid financial base for the fund as well as significant reserves. The massive upheaval on the financial markets in the year under review led to a negative investment performance of  $-9.05\%$  – the PF Siemens' first negative performance in 11 years. This is the primary reason for the fall in the funding ratio to 105.32%. The reduction was offset through the value fluctuation reserves that have been formed in recent years – indeed the latter still amounted to 41.6% at the end of the reporting year (previous year: 100%).

# Investments

The PF Siemens pursues a responsible investment policy and has a broadly diversified portfolio. The primary objective is to invest the pension capital of our insured beneficiaries on a secure basis for the long term.

## Portfolio Composition as of September 30



## Investment Strategy and Portfolio Structure

Pension funds finance a portion of their benefits through investments that are designed to generate a return. The 2022 investment strategy approved by the Board of Trustees was implemented in the year under review. This resulted in minor shifts in the structure of the portfolio. In the foreign currency bonds category, government bonds were reduced compared with the previous year in favor of corporate bonds. The Swiss and international equities investment categories were scaled back in favor of the private equity asset class within alternative investments.

## Sustainability / ESG

The 2021 Sustainability Report\* of the PF Siemens describes the progress made on the road to becoming an even more responsible investor. The report provides information about the approach taken, as well as the sustainability strategy and characteristics of the investment portfolio. Additional steps were taken on the securities side in the year under review. The internal standards on emerging market equities were tightened up and ESG reporting was further refined. In addition, starting in the 2023 financial year, the PF Siemens will invest in global infrastructure projects focused on renewable energy. The external asset managers were appointed in the reporting year. There are also plans to refine the sustainability strategy further in order to improve the impact of investments on the environment and society, though without neglecting target returns.

\*Available for downloading in German at [pk-siemens.ch/kapitalanlagen/nachhaltigkeit](https://pk-siemens.ch/kapitalanlagen/nachhaltigkeit)



# Investment Performance

PF Siemens generated a negative net performance of –9.05% after the deduction of asset management expenses. The average figure for the last five years has declined to 1.88% (previous year: 5.06%).

## Five-Year Comparison

		Benchmark
2018	3.38%	2.60%
2019	7.67%	7.44%
2020	2.15%	1.69%
2021	6.16%	6.20%
2022	–9.05%	–8.21%

## Adverse Investment Climate

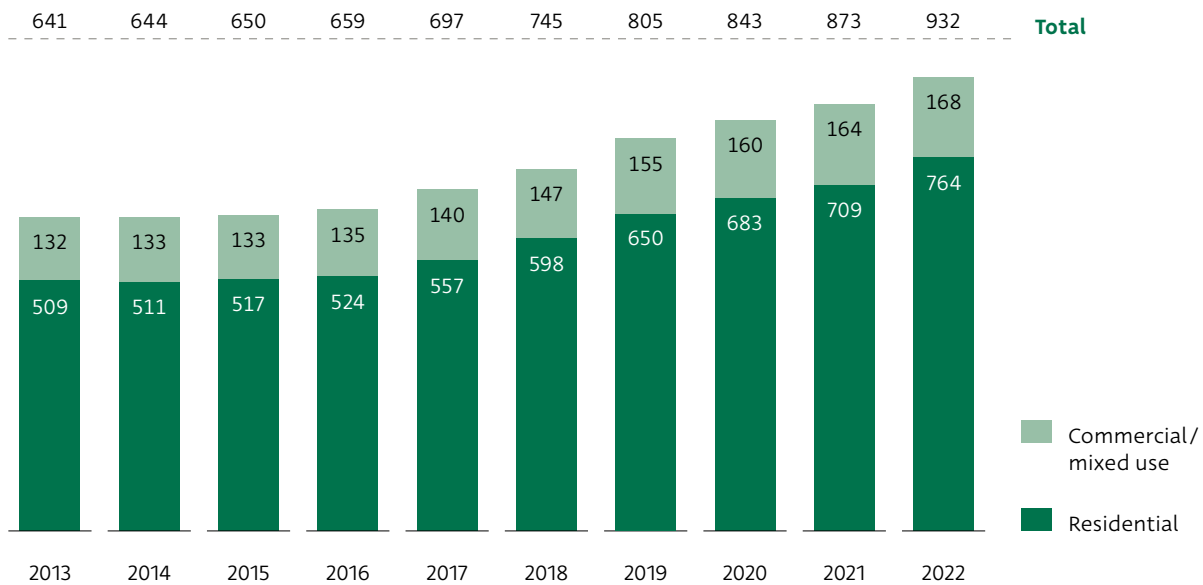
Worldwide lockdowns in the first half of 2021 led to supply-chain interruption and a shortage of inventories. Following the lifting of Covid-19 restrictions, huge pent-up demand sent commodity prices skyrocketing. Combined with expansionary monetary policy on the part of central banks, this led to high inflation rates in Europe and the US. The resulting rate hikes implemented by central banks helped exert further downward pressure on the performance of equities and bonds. The situation was seriously compounded by the war in Ukraine, flagging business expectations, and a negative climate for consumption. Swiss and international real estate were the only categories that delivered a solid performance, at 5.83% and 15.85% respectively.

Investment Category	Performance 2021/22	Performance 2020/21
CHF bonds	–11.82%	–2.33%
Foreign currency bonds	–17.36%	–2.47%
Swiss equities	–12.68%	18.18%
International equities	–16.50%	30.42%
Emerging market equities	–24.13%	21.35%
Swiss real estate	5.83%	7.01%
International real estate	15.85%	12.51%
Alternative investments	–5.03%	13.26%

# Real Estate

Accounting for 27% of the portfolio, Swiss real estate is a key asset class. The PF Siemens portfolio includes 43 properties, a majority of which are located in the cantons of Zurich and Zug.

## Change in Market Value in CHF million



## New Buildings Comply with Minergie Standards

May 24, 2022 saw the ground-breaking ceremony for a new PF Siemens construction project. Due for completion in fall 2024, the residential development at Alte Landstrasse in Au-Wädenswil is being built in compliance with Minergie's exacting standards for quality, comfort, and energy. Comprising four multi-family dwellings and a parking garage, the site will provide 42 rental apartments – some with lake views – at an attractive location.

## Real Estate Management

Our real estate portfolio management won the *IAZI Real Estate Investment Award 2022* in the Best Newcomer category. Various data, including performance, vacancies, and property expenses, were assessed. Our portfolio consists of over 1700 apartments and 14,000m<sup>2</sup> of office and commercial space. The aim of our sustainability strategy is to improve the energy efficiency of the existing properties. In the year under review, we forged ahead with energy controlling, explored opportunities for operational optimization (e.g. LED lighting, photovoltaics), and optimized the refurbishment cycle for the replacement of heating installations at each property.

## Income from Real Estate

The real estate market once again showed excellent stability. As well as generating a gross yield of 3.94% (previous year: 4.16%), the value of our portfolio grew by 2.8% (previous year: 3.6%).



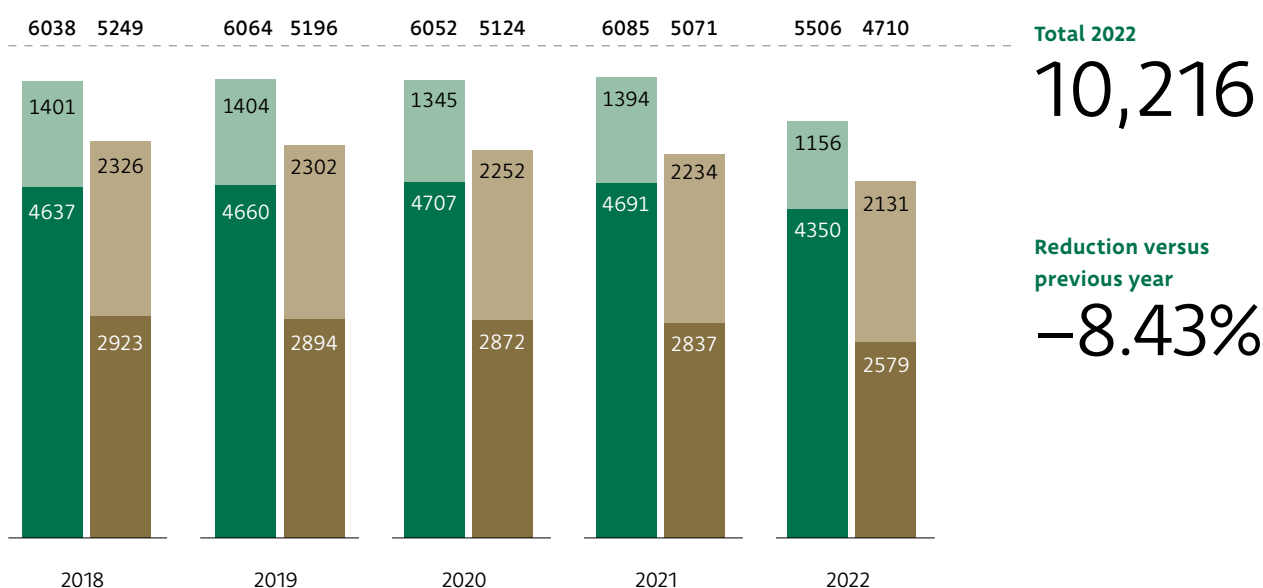
**Our Properties at a Glance:**  
Scan QR code



# Structure of Insured Beneficiaries

As of September 30, 5506 active insureds and 4710 retirees were insured with the PF Siemens. With a total of 10,216 beneficiaries, the PF Siemens is a mid-sized pension fund.

## Active Insureds and Retirees, Last Five Years



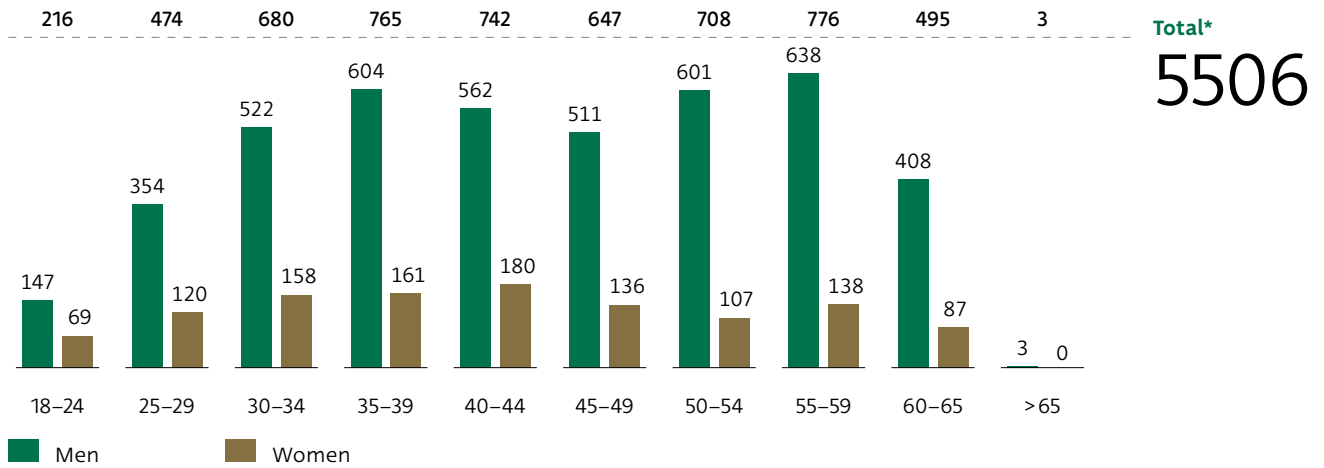
## Change in Structure of Beneficiaries

The total number of beneficiaries decreased in the reporting year by 8.43% to 10,216 (previous year: 11,156). The number of active insureds (minus 579 persons) and the number of retirees (minus 361 persons) both showed a decline. The reason for the comparatively large reduction lay in the collective exits by Huba Control (as of December 31, 2021) and Landis+Gyr (as of June 30, 2022). The demographic relationship between active insureds and retirees changed slightly in favor of retirees at 53.9% to 46.1% (previous year: 54.5% to 45.5%).

# Active Insureds

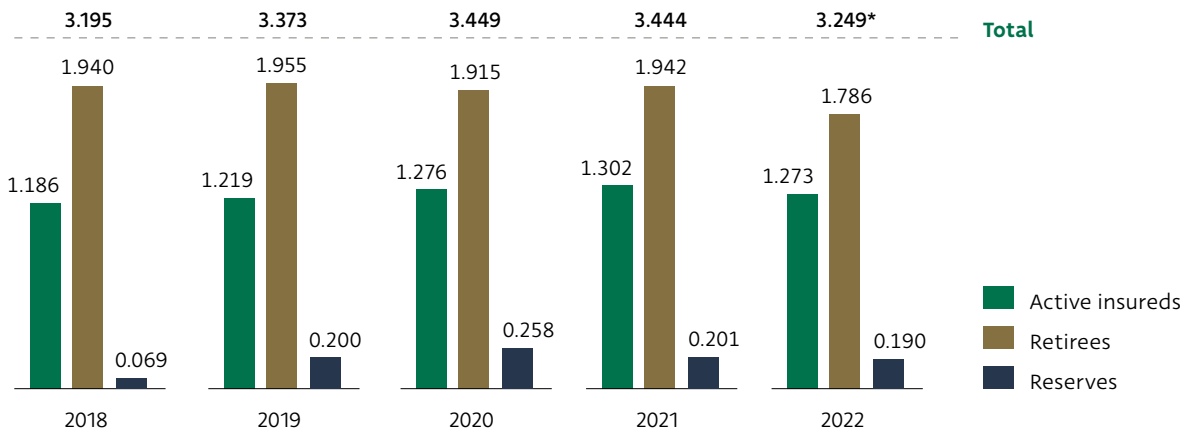
The average age of active insureds was 43 years and 10 months. More than one in four persons saves their pension fund capital in a flexible manner and voluntarily chooses to make higher savings contributions for their retirement.

## Breakdown of Active Insureds by Age Group



A total of 742 persons (previous year: 689) joined the PF Siemens in the year under review – a rise of 7.7% (previous year: 1.9%). 1321 persons (previous year: 656) left our pension fund in the same period. The departures consisted of 1196 exits (of which 449 Huba Control and 214 Landis+Gyr), 116 retirements, 5 disablements, and 4 deaths.

## Change in Retirement Capital in CHF billion



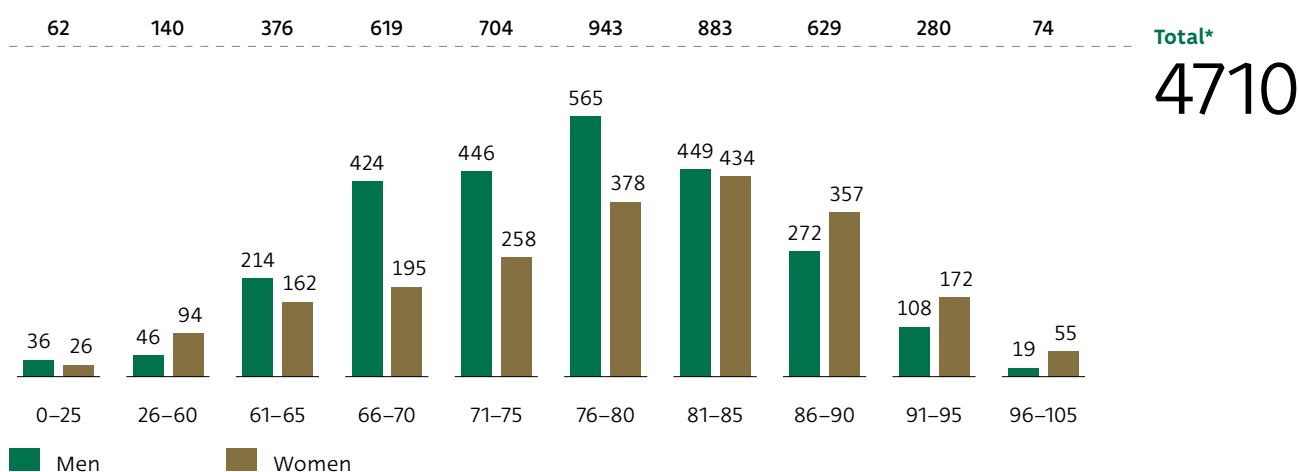
Active insureds can save for their retirement in a flexible manner. They can choose from the "Standard," "Plus," and "Surplus" savings plans, and switch between them annually. Regardless of the chosen savings plan, the employer in all cases makes the maximum contribution in accordance with the "Surplus" savings plan. With a share of 71.9%, the "Standard" contribution option is the most popular choice of savings plan.

\*Following completed collective exits of Huba Control and Landis+Gyr.

# Retirees

With a reduction totaling 361 pension recipients, the total number fell to 4710 (previous year: 5071) – a decrease of 7.1%. The two collective exits are one of the key factors behind the decline.

## Breakdown of Retirees by Age Group



119 persons (previous year: 151) took (partial) retirement in the year under review. 67 persons (previous year: 96) opted to draw a retirement pension and 29 (previous year: 27) to withdraw their retirement capital, while 23 (previous year: 28) chose a partial lump sum withdrawal. A total of CHF 21.685 million (previous year CHF 21.173 million) was paid out in lump-sum form.

## Pensions Paid Out as of September 30

	2022	2021	Change
Retirement pension	3249	3535	-286
Spouse's pension	1253	1299	-46
Disability pension	140	153	-13
Child's pension	62	78	-16
Divorce pension	6	6	0
<b>Total number of retirees*</b>	<b>4710</b>	<b>5071</b>	<b>-361</b>

## Adjustment of Pensions in Line with Inflation

At its meeting on December 15, 2022, the Board of Trustees decided not to adjust current pensions to inflation as of January 1, 2023. The statutory requirements are nevertheless met at all times.

\*Following completed collective exits of Huba Control and Landis+Gyr.

# Organizational Structure

The Pension Fund of the Siemens Companies in Switzerland is an own separate legal entity. The Board of Trustees is made up of an equal number of four employer and four employee representatives.

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## Board of Trustees

### Employer Representatives

Jörn Harde, Chair  
Heiko Fischer  
Thomas Frick  
Gerd Scheller

### Employee Representatives

Sandro Danioth  
Hanspeter Gujer  
Alexander Krähenmann  
Sandra Lony

### Retiree Representatives

Heinz Jossi  
Konrad Meier

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## Committees

### Investment Committee

Jörn Harde, Chair  
Alexander Krähenmann  
Sandra Lony  
Gerd Scheller

### Pension Committee

Thomas Frick, Chair  
Sandro Danioth  
Heiko Fischer  
Hanspeter Gujer

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## Executive Board

Markus Blaser, Managing Director  
Fausto Ciapponi, Head of Investment  
Ueli Korrodi, Head of Finance and Real Estate  
Tobias Schmid, Head of Pensions

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## Additional Bodies

### Statutory Auditors

Ernst & Young AG, Zurich,  
Marco Schmid (Auditor in Charge)

### Supervisory Authority

Office for Occupational Insurance and Foundations  
of the Canton of Zurich (BVS), Zurich

### Accredited Pension Actuary

Dipeka AG, Zurich (contract partner),  
Peter Bachmann (executive expert)

### Other Advisors

Allvisa AG, Zurich, Christoph Plüss (PF co-expert)  
PPCmetrics AG, Zurich, Andreas Reichlin (external  
investment expert)  
Wüest Partner AG, Zurich, Andreas Ammann and  
Reto Stiefel (real estate valuation)

# Smart Retirement Planning

With the PF Siemens, insureds enjoy above-average pension benefits in the event of retirement, disability and death. Why not take a moment to review your pension situation?



## Your Circumstances

Any change in circumstances (time off work, divorce, returning from abroad, salary adjustments, etc.) usually results in a pension gap. That's why you should review your pension situation on a regular basis.



## Home ownership using occupational pension assets

Money from the pension fund can be used to finance the purchase of your own home. Please note that an advance withdrawal permanently reduces your retirement benefits.



## Individual Voluntary Purchases

You can close any pension gaps – either completely or partially – by making additional voluntary purchases. In this way you can boost your retirement benefits. Your personal annual insurance certificate will show whether you have any scope for voluntary purchases.



## Cohabitation, Partnership

Make sure your partner is financially secure in the event of your death by registering them with us as a beneficiary. Please use the form "Registration of a domestic partnership".



## Flexible Saving

Would you like to take control when it comes to saving for retirement? No later than November 30 of each year, you can choose from three savings plans the one that best matches your circumstances. Your choice will apply from January 1 of the following year and until you let us know in writing.



## Married / Single, with / without Children

Would you like to change your statutory order of beneficiaries? Please complete the form "Amending the order of priority of the beneficiaries" and return it to us.

Further information as well as a **pension calculator** are available at [www.pk-siemens.ch](http://www.pk-siemens.ch). Use the pension calculator to quickly and easily simulate various retirement scenarios and how they affect your personal retirement situation.

### Questions?

Feel free to contact us in full confidence. You'll find the contact details of our experts on your personal annual insurance certificate or annual pension certificate, or on our website at [www.pk-siemens.ch](http://www.pk-siemens.ch).

## Further Information

The 2022 Annual Report contains key facts, figures, and events relating to the past financial year. The detailed financial statements can be found in the 2022 Financial Report (in German only). Both documents are available from the information center on our website at [www.pk-siemens.ch](http://www.pk-siemens.ch).

This Annual Report is published in German, French and English. The German version is binding.

## Our Properties

Are you dreaming of a home of your own or new business premises? Find out more about our portfolio.



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