

Report of the Board of Trustees 2009

The global economy is recovering gradually from the cataclysm it went through in 2008. International finance is still disoriented. The excessive debt of certain countries and its repercussions on national currencies has continued to raise questions. The pension sector is holding its breath. Despite the difficulties encountered, the creation of a new reserve for risk fluctuations, a value correction on the newly acquired properties at La Levratte in Nyon, and the quarter percent improvement in the savings rate to 2.25%, the results of the management of assets have allowed the degree of cover to climb back to 100%. It is especially interesting to note that this result has been achieved without excessive volatility of our assets: in 2008, the result of the management of assets was -12.16% for an LPP40 index at -17.28; in 2009, the result is 10.62% for an LPP40 index at 15.07%. The achievement of these good results while favouring a low volatility of the balance sheet is a particularity of our Foundation that we intend to maintain.

The year 2009 ends 4 years of significant progression: the total balance sheet has increased by 135%, the number of affiliated companies by 174%, and the number of insured by 80%. Taking into account the socio-economic environment of this past year, 2009 was also a year of reflection and questioning. This concerned both our relations with our partners and our own functioning. Three important contracts were renegotiated in order to reduce costs where possible and to simplify/clarify processes: with Hpr, the contracts covering administrative, technical and accounting management and commercialisation; with GFI, the contract for management of real estate assets. In addition, as it had promised at the General Assembly of June 2009, the Board of Trustees took the necessary steps to ensure the application of generally accepted principles of good governance. Important changes have occurred, in particular with the appointment in April 2010 of a full time Managing Director. A Newsletter mailed to the insured in May 2010 provides information on the various changes.

On the political side, the situation has also changed: for the first time, a referendum was launched against legal measures with respect to pensions, and it succeeded. Supporters of the referendum criticised in particular new provisions of the OPP2 concerning the allocation of investments and especially the quicker than expected reduction in the conversion rate. Our Foundation supported the movement against the reduction of the conversion rate, considering that the period that had elapsed since the last decision on reduction, based essentially on arguments of longevity and yields from assets that were difficult to verify, was not sufficient for a well-grounded opinion to be formed. This debate highlighted the existence of essentially two types of protagonist in the collective pension system: small and medium-sized pension institutions such as Copré - independent, efficient, and very conscious of the expectations of those they insure - and the large institutions attached to commercial companies - more strictly regulated, and focused on the risks of their own balance sheet. It is high time that all institutions in the pension sector operate within the same legal framework, something that we have been requesting for a long time.

Parallel with these developments, the Board of Trustees embarked in 2009 on a process of reflection on our future development. There is no doubt that our competitiveness and especially the maintenance of a conversion rate at 7% is dependent on control of management and administration costs, as well as on sound management of assets and commitments. To this end therefore, we are pursuing our deliberations and contacts in the direction of a grouping of pension institutions, both with respect to legal entities and to certain targeted activities. We are also working on both the means required for commercial developments and the structure and types of investment.

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Historically, our Foundation has developed by focusing on the attractiveness of convincing results, proven long-term solidity and pension solutions adapted to the market of SMEs. This situation is the fruit of the activity of a council composed of active members forming a team. Severely tested by the sharp drifts of the different markets and increasingly rigid legislation, the method has proved its worth. The Board of Trustees willingly and regularly exposes itself to the criticisms and suggestions of affiliates and of the General assembly, proving that a democratic and transparent system does not prevent good results. Among the different ways to develop, we do not forget what our affiliates say about their Foundation to the outside world. Your satisfaction is our best argument. Don't hesitate to spread the word around you! The Board of Trustees never loses sight of the fact that the Swiss pension system is a good system that needs to be preserved. Healthy and efficient institutions are the guarantors of its survival.

The Board of Trustees

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