

## Report of the Board of Trustees 2010

We looked forward to the year 2010 with hopes of recovery and better returns, but these hopes were somewhat disappointed. Despite a certain improvement in the markets and corporate health, we also witnessed a historic collapse of exchange rates (€ and \$), which largely undermined the expected returns and global financial performances. Nevertheless, your Board decided to remunerate pension fund capital at 2.25%, i.e. 0.25% higher than the legal minimum, while at the same time keeping in mind the constitution of technical reserves and the reserve for securities fluctuation. The latter amount to respectively to CHF 3.7 million and CHF 2.5 million. It was possible to consolidate our balance sheet, the Foundation's degree of cover rising from 100.01% to 100.7%.

With respect to new memberships in Copré, the positive trend of the last few years continued, with the number of companies increasing by 15.9% and the number of insured by 5.4%. Total pension insurance capital, for its part, grew by 7.1%. Although relatively modest, these results are appreciable in a context of unstable markets in which companies are proving to be extremely prudent when changing their pension fund institution. It is good to note that the advantages of Copré continue to convince and that its functioning and capacity to resist turbulences remain intact.

The total administration costs for 2010 reflect the decisions taken in 2009, namely the hiring of Marçal Decoppet as full-time director as of April 2010, and the end of Pierre Michel's term in June 2010. Other rationalisation decisions were taken during 2010; these will only be reflected in the figures during the 2011 period.

The discontinuation of the retrocessions of the reinsurer's commission in 2008 creates an imbalance in the degree of cover of management fees by the costs invoiced to the members; this is only 57.1% in 2010. The Board is continuing its consultation process with respect to a possible increase in the modest contribution to these costs. Moreover, the results obtained by transferring to a stop-loss insurance since 2009 are very satisfactory, and could lead us to propose reductions in future premiums.

The CRISP project (reduction of Costs and Risks, improvement of our Image, Systems and Benefits) presented at the last General Assembly was pursued throughout the year 2010 and continues in 2011. In this spirit, your Board has signed a draft agreement with six other pension fund institutions with a view to collaborating in the management of the assets, the idea being to create a « pooling of assets » and thus to optimise profitabilities, risks and costs. Similarly we have concluded an assignment contract with Credit Suisse on 'indexed management' for part of our movable assets, which should bring us stable profitability in line with the reference index at a lower cost than through traditional management. In terms of enhancement of Image, we have opted for a media campaign with simple and clear visuals, including some in 'post-it' format. In addition, we have put in place a new product, in partnership with Hpr, which consists in offering our insured an 'individual social report', under certain conditions. This report provides an overview of all the benefits paid out when an insurance case occurs, and highlights possible loopholes in cover.

We are convinced that this new service will be appreciated by all our current and future members.

### Headquarters:

8, rue Jacques-Grosselin case postale CH-1227 Carouge T 022 308 86 69 [www.copre.ch](http://www.copre.ch)

### Administration :

39, rue de la Madeleine case postale CH-1800 Vevey 1 T 021 924 87 40 [copre@copre.ch](mailto:copre@copre.ch)

With respect to regulation, the legislators have prepared a very comprehensive draft reform which is generally considered to be very restrictive and costly. Copré has joined the various bodies and groupings which oppose this, not for the principle of this reform itself but for the inevitable administrative burdens and resulting additional costs. Composed of a team of volunteers, your Board has worked satisfactorily for 37 years, but the constant increase in the workload and in the level of responsibilities causes us to fear that such a reform will bring us to the limit of voluntary work and endanger our current balance. The Board of Trustees remains convinced that the Swiss pension fund system is a good one which must be preserved as it was conceived.

In this context, we are very pleased to note that 10 persons have responded to our search for a new member of the Board, replacing Ms Michèle Perroud whose term ends on 21 June 2011. This demonstrates your interest in our pension fund institution and your willingness to be involved.

Your Board looks forward to welcoming this new member at the end of the General Assembly. It is convinced that his/her contribution in skills and new ideas will enable your Foundation to continue to move ahead and remain an excellent alternative to the larger pension fund structures.

The Board of Trustees

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