

# Vita Classic – Investment reports

## September 30, 2020

### Review

Important facts	
Foundation name	<b>Vita Joint Foundation</b>
Pension assets	<b>CHF 16.00 billion</b>
Annual performance 2019	<b>8.66%</b>
Average performance 2015 – 2019	<b>3.37% p.a.</b>
Coverage ratio I taking pension model into account (Art. 44 para. 2 BVV 2)	<b>103.2%</b>
Coverage ratio II without taking pension model into account (for purposes of comparison)	<b>103.8%</b>

### Volatile sideways movement

On balance, most asset classes largely moved sideways in the third quarter. However, they fluctuated wildly throughout the quarter. In particular, investors were left unsettled by the new wave of COVID-19 cases, fears of a second lockdown and stalled negotiations regarding a further stimulus package in the US. Investors also exhibited caution in the run-up to the US presidential election in November.

### Investment development

2020 performance contributions	In %
Bonds	<b>0.66</b>
Real estate	<b>-0.14</b>
Equities	<b>0.06</b>
Alternative investments	<b>-0.47</b>
Miscellaneous (put and mortgages)	<b>0.81</b>
<b>Total</b>	<b>0.92</b>

Performance as at 09/30/2020	In %
Year(s) of operation	<b>0.92</b>
Year 1	<b>3.09</b>
3 years. p.a.	<b>2.72</b>
5 years. p.a.	<b>3.79</b>
1st quarter	<b>-5.71</b>
2nd quarter	<b>5.00</b>
3rd quarter	<b>1.93</b>
4th quarter	<b>n.a.</b>

### Asset allocation implemented in line with strategy

The big fluctuations this year again and again begged the question, how often and after how much deviation should investment ratios be returned to the targets? In this light, Vita Joint Foundation follows a systematic approach, which also bears the costs of a transaction in mind.

Asset allocation implementation in line with strategy is particularly important in crisis situations. However, a deviation may still persist longer than one might wish. In volatile

times, in particular, some asset classes cannot be traded optimally. For example, the liquidity in several bond sectors decreased significantly during the corona crisis. In general, illiquid assets cannot be sold or bought at short notice. They will thus weigh more or less than originally planned over an extended period. Vita Joint Foundation was able to master these challenges until now because it continuously monitors its investments and cooperates closely with investment managers.

## Investment strategy

Asset structure as at 09/30/2020	In %	Target	Min.	Max.
		Strategy		
Swiss equities	5.90	6.00	3.00	9.00
Foreign equities	24.85	24.00	19.00	29.00
<b>Total equities</b>	<b>30.75</b>	<b>30.00</b>		
Swiss bonds	5.94	6.00	3.00	9.00
Foreign bonds	27.07	25.00	15.00	35.00
<b>Total capital market</b>	<b>33.01</b>	<b>31.00</b>		
Swiss real estate	8.96	8.00	4.00	12.00
Foreign real estate	4.72	5.00	2.00	8.00
<b>Total real estate</b>	<b>13.68</b>	<b>13.00</b>		
Mortgages	7.60	7.00	3.00	11.00
<b>Total mortgages</b>	<b>7.60</b>	<b>7.00</b>		
Private equity	2.47	3.00	1.00	5.00
Hedge fund	5.66	6.00	3.00	9.00
Infrastructure	1.74	2.00	0.00	4.00
Senior loans	3.93	4.00	2.00	6.00
Insurance-linked securities	0.41	1.00	0.00	3.00
Collateralized loan obligation	0.54	2.00	0.00	4.00
<b>Total alternative investments</b>	<b>14.75</b>	<b>18.00</b>		
<b>Total liquidity</b>	<b>-0.36</b>	<b>1.00</b>	<b>0.00</b>	<b>5.00</b>
<b>Total miscellaneous</b>	<b>0.57</b>			
<b>Total</b>	<b>100.00</b>	<b>100.00</b>		

### Good interest yield thanks to last year's performance

Despite the fact that the prices for most assets have, after the big crash, more or less returned to the same level as at the end of 2019, performance in the 2020 investment year has been lackluster to date. Vita Joint Foundation's invest-

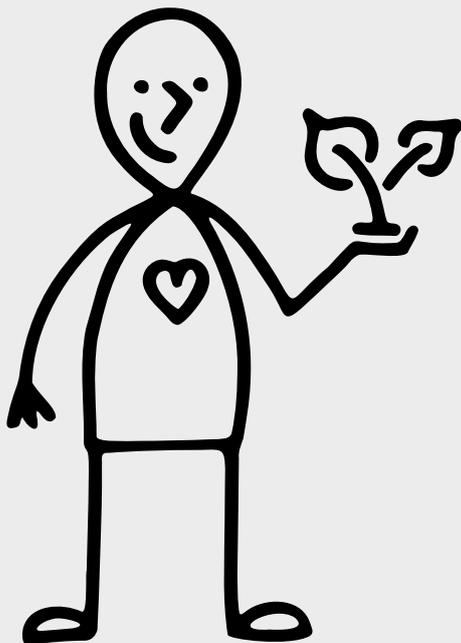
Ten largest positions, equities	In % of portfolio
Nestlé SA	1.33%
Roche Holding AG	0.93%
Novartis AG	0.82%
Apple Inc.	0.75%
Microsoft Corp.	0.61%
Amazon.com Inc.	0.54%
Alphabet Inc.	0.37%
Tencent Holdings Ltd.	0.35%
Taiwan Semiconductor Manufacturing Corp.	0.34%
Facebook Inc.	0.28%
<b>Total</b>	<b>6.32%</b>

Ten largest positions, bonds	In % of portfolio
United States of America	3.98%
French Republic	1.30%
Pfandbriefbank schweizerischer Hypothekarinstitute	1.10%
Swiss Confederation	0.81%
Pfandbriefzentrale der schweizerischen Kantonalbanken AG	0.80%
Kingdom of Spain	0.63%
Federal Republic of Germany	0.48%
Citigroup Inc.	0.27%
Kingdom of Belgium	0.27%
Crédit Agricole SA	0.24%
<b>Total</b>	<b>9.88%</b>

ments have, however, on average achieved returns of around 2.72 percent over the past three years. Vita Joint Foundation's long-standing insured parties can thus enjoy a good interest yield for their retirement savings in 2021 – in particular compared to record-low interest levels.

## Sustainability and ESG criteria

Sustainable investment and fulfilling ESG objectives (environmental, social and governance) have become an integral part of the world of financing. Vita Joint Foundation also attaches great importance to responsible investment, which represents an important pillar of its investment strategy.



The most well-known and recognized part of ESG criteria is the ecological aspect. In addition to this, social objectives, as well as good corporate governance practices, also play an important role.

A large part of Switzerland's annual carbon footprint stems from buildings – operating their heating systems, for example. Vita Joint Foundation has set itself the objective of continuously and sustainably lowering the carbon emissions of its real estate investments. Carbon emissions have been substantially reduced by 24 percent since 2010.

Social aspects also play a role in the investment process. With strategic investments in “seniors’ housing,” Vita Joint Foundation is promoting generational- and demand-oriented housing for the time after retirement. It is taking on responsibility in society in this way, which also happens to be directly related to its core business of occupational retirement provision. Five residential complexes belong to its portfolio, in Bazenheid (SG) and Ilanz (GR), for example. More are in the process of being purchased.

Vita Joint Foundation also promotes and demands modern corporate governance. It exercises its shareholders’ voting rights and is in active dialog with its investment managers. All of Vita Joint Foundation’s investment managers are UN PRI certified. In 2019 alone, Vita Joint Foundation took part in 585 shareholders’ meetings and tabled 9102 motions through its independent proxies.

Because of the increasing interest of citizens and the insured in sustainable investment, this topic will gain even more weight in the years to come and play an even more important role in future.

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