

10 years
of Vita Joint
Foundation



Annual report 2013

Vita Joint Foundation

Important key figures 2012 **2013**

Pensioners

All pensioners are reinsured with Zurich Life Insurance Company Ltd

8,912.7
9,475.0

Coverage ratio pursuant to Art. 44 BVV2

102.5%
106.2%

Active members

113,506
114,881

Affiliated employers

17,550
18,189

Annual result in CHF million

506.5 **315.0**

Return on investments

8.09% **7.14%**

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Successful and innovative going forward

Statement from the Chairman of the Foundation Board



Peter E. Naegeli

In the year of its tenth anniversary, Vita Joint Foundation can look back on a successful year. The key figures for the operating business are solid. The coverage ratio was 106.2% at the end of 2013, and at 7.1%, investment performance was well above the average. Vita Joint Foundation also continued to grow: more than 18,000 companies have outsourced their occupational pension plans to Vita Joint Foundation and trust the Foundation to manage the second pillar insurance for their around 115,000 employees.

«Although this is an impressive vote of confidence, it does not mean that we can now rest on our laurels.»

Although this is an impressive vote of confidence, it does not mean that we can now rest on our laurels. With the adoption of the new brand, we have laid the foundation for a promising future for occupational pension plans. Under the Vita

umbrella brand, Vita Joint Foundation and its partner Zurich will continue to develop their offer of modern occupational pension plans to serve the interests of the affiliated companies and their insured.

2013 election of the Foundation Board

The Foundation Board takes the needs of the customers and insured seriously. The Foundation Board of Vita Joint Foundation was re-elected in August 2013. For most of the twelve Board members, this is already their third term as a member of the highest governing body of Switzerland's largest joint foundation. This continuity is one of the reasons for our success, mostly because the Foundation Board knows that it shares responsibility for the structure of occupational pension plans and is willing to further improve on an already good system.

The BVG 2020 challenge

In the political arena, the Federal Council launched an important discussion in 2013 with its proposals regarding the development of the retirement planning system until 2020. The Federal Council proposed basic changes to the first and second pillars in Switzerland. With the structural reform already being enacted at the legislative level in 2012, it is clear that politicians and legislators are working intensely on redefining the statutory parameters – and hopefully these only.

Occupational pension provision in Switzerland has been delegated to the private sector. Providers of occupational pension plans would therefore be well advised to use their leeway for action. They can develop sustainable offers that pay equal consideration to the interests of the affiliated companies and those of the insured. If the providers were to miss this boat, they are sure to lose the trust of the insured and calls for more government control and regulation will become louder. Occupational pension provision will become even more complex – and definitely more expensive. This is neither in the interests of the companies nor the insured.

Customer-centric and modern service offer

The increase in life expectancy is leading not only to the graying of the Swiss population, but also to funding shortfalls for occupational pension plans. We must not turn a blind eye to these developments. Vita Joint Foundation and its partner Zurich are determined to meet these challenges with a customer-centric service offer. In 2013 we further reduced the risk and cost premiums. As always, Vita Joint Foundation, a pioneer in the consistent and contemporary separation of investments, risk insurance and services, is at the forefront of innovation: we developed a new pension model in 2013 that was received with much interest in professional circles. From January 2015, all our insured will benefit from this new model.

«simply secure pensions»

On behalf of the Foundation Board, I would like to thank you for your confidence. You can rest assured that during their new term of office the new Foundation Board, together with the General Manager Samuel Lisse and his employees, will do everything in their power to continue occupational pension planning in your best interests and in keeping with our motto «simply secure pensions».



Peter E. Naegeli
Chairman of the Foundation Board
of Vita Joint Foundation

Well-positioned for the interest rate turnaround

Statement from the Chairman of the Investment Committee



Prof. Dr. Thorsten Hens

The past year saw the economy recover. Central banks have started to soften their policy of «cheap money». To put it in medical terms: the patient – the global economy – has woken from its coma and some of the life support systems could be switched off.

«Interest rates have moved away from their all-time lows and are on the rise again.»

The result: interest rates have moved away from their all-time lows and are on the rise again. In 2013 therefore, investors transferred investments from developing countries back to developed countries, while prices of par value investments – and particularly those in Swiss francs – came under pressure at the same time.

Excellent investment year for Vita Joint Foundation

At 7.1%, Vita Joint Foundation's annual performance is very encouraging. A comparison with other large joint foundations confirms this conclusion. As rising money market interest rates are putting pressure on bond prices, Vita Joint Foundation lost 2.8% on its Swiss bonds, more than ever before in this asset class. Our decision to underweight our exposure to Swiss bonds in view of the expected interest rate turnaround therefore proved to be dead on target.

In contrast to bonds, equities did very well in the past year and Vita Joint Foundation earned a return of more than 20% on its equity investments. Alternative investments also contributed to its success, and Vita Joint Foundation posted an excellent return of 11.3% for its hedge fund investments. Mortgages and real estate developed divergently. On mortgage loans granted, Vita Joint Foundation earned a return of 2.8%. Its real estate investments returned as much as 6.5%, with Swiss residential properties once again performing outstandingly with 7.3%.

10 years of Vita Joint Foundation – a positive interim result

Vita Joint Foundation was established ten years ago. Looking back, Vita Joint Foundation turned in an excellent return of more than 3.5% per year on average over this period, and over the last five years actually 6.3% per year. This performance is all the more remarkable if we remember that this period also saw the largest financial crisis ever, which the still young Vita Joint Foundation mastered with aplomb. If we add the low volatility of return of just more than 4%, Vita Joint Foundation is a very secure joint foundation.

What will happen following the all-time high for equities?

In 2013, important stock markets such as the Dow Jones Industrial Average Index, the index of the biggest US stocks, once again closely approached or actually reached new all-time highs. Other standard asset classes favored by Swiss pension funds, such as Swiss bonds and Swiss real estate, are more expensive than ever before.

«As Vita Joint Foundation has a very widely diversified investment portfolio, it is well prepared for the interest rate turnaround.»

Against this background, Swiss pension funds and joint foundations will find it a challenge to earn appealing returns in the near future. As Vita Joint Foundation has a very widely diversified investment portfolio, it is well prepared for the interest rate turnaround. We are convinced that Vita Joint Foundation with its large proportion of non-traditional investments of 12.33% (hedge funds, private equity, commodities, insurance-linked securities, infrastructure investments) will continue to earn attractive returns in the near future.



Prof. Dr. Thorsten Hens
Chairman of the Investment Committee

Balance sheet and operating statement

Balance sheet

Assets

in CHF	Notes	12/31/2013	12/31/2012
Assets		9,395,895,686	8,898,525,737
Cash and cash equivalents	6.4	165,279,960	227,351,044
Other current accounts	7.1	1,022,554	41,988,786
Employers' current accounts	6.9	87,404,197	86,289,725
Other receivables		8,638,724	13,007,753
Collective investments – bonds	6.4	4,015,526,307	3,735,905,201
Collective investments – equities	6.4	2,287,216,386	2,135,466,273
Collective investments – real estate	6.4	990,358,930	918,837,325
Collective investments – alternative investments	6.4	1,163,187,778	1,018,253,045
Mortgage loans	6.4	677,260,850	721,426,586
Accrued income and deferred expenses	7.2	79,097,111	14,199,988
Total assets		9,474,992,797	8,912,725,725

Liabilities

in CHF	Notes	12/31/2013	12/31/2012
Liabilities		154,771,501	137,514,535
Vested benefits		152,634,428	136,207,747
Other liabilities		2,137,073	1,306,788
Accrued expenses and deferred income	7.3	287,533,614	255,390,179
Employers' contribution reserves	6.9	120,968,173	124,256,792
Pension capital, technical reserves and uncommitted funds of pension schemes		8,393,042,765	8,191,907,990
Pension capital of active insured	5.3	8,180,068,641	8,089,175,684
Technical reserves	5.5	121,322,567	0
Uncommitted funds of pension schemes	5.4	91,651,556	102,732,306
Value fluctuation reserve	6.3	518,626,745	203,606,229
Endowment capital and uncommitted funds		50,000	50,000
Endowment capital		50,000	50,000
Net income for current year		0	0
Total liabilities		9,474,992,797	8,912,725,725

Operating statement

in CHF	Notes	12/31/2013	12/31/2012
Regular and other contributions and purchases		1,097,866,590	1,120,472,604
Savings contributions	7.4	636,353,100	640,760,597
Risk contributions	7.6	153,503,438	181,859,399
Contributions for inflation adjustments	7.6	4,150,632	8,284,556
Security fund contributions	7.6	3,721,769	4,740,228
Cost premiums	7.6	59,844,614	65,159,442
Single contributions and purchase amounts		222,881,981	209,769,987
Withdrawal from uncommitted funds of pension schemes (net)	5.4	12,489,916	8,808,600
Capital contributions to employers' contribution reserves	6.9	-2,686,405	-25,055,277
Withdrawals from employers' contribution reserves	6.9	7,607,546	26,145,071
Benefits brought into scheme		628,972,423	607,662,049
Vested benefits		622,987,769	598,949,341
Advance withdrawals for promotion of home ownership/divorce received		5,984,654	8,712,708
Incoming contributions and benefits brought into scheme		1,726,839,013	1,728,134,653
Regulatory benefits and advance withdrawals		-260,355,360	-287,897,317
Retirement pensions		-85,308,671	-73,737,865
Survivors' pensions		-8,298,002	-7,308,110
Disability pensions		-34,767,109	-33,420,521
Lump-sum payments on retirement		-100,315,950	-136,298,641
Lump-sum payments for death and disability		-31,665,628	-37,132,180
Departure payments		-1,276,452,220	-1,010,833,926
Vested benefits paid to departing insured		-1,225,433,397	-944,996,289
Advance withdrawals for promotion of home ownership/divorce		-45,901,122	-64,765,708
Actuarial reserves for disability pensions on contract termination		-5,117,700	-1,071,929
Outgoing benefits and advance withdrawals		-1,536,807,580	-1,298,731,243
Reversal / formation of pension capital, technical reserves and employers' contribution reserves		-231,035,688	-239,079,726
Formation (-)/reversal (+) of pension capital for active insured		87,288,768	-104,721,719
Formation (-)/reversal (+) of technical reserves		-121,322,567	0
Formation (-)/reversal (+) of uncommitted funds of pension schemes	5.4	-12,489,916	-8,808,600
Formation of employers' contribution reserves	6.9	2,686,405	25,055,277
Reversal of employers' contribution reserves	6.9	-7,607,546	-26,145,071
Interest on savings capital		-178,181,724	-123,947,371
Interest on uncommitted funds of pension schemes	5.4	-1,409,109	-512,242
Brought forward		-41,004,255	190,323,684

in CHF	Notes	12/31/2013	12/31/2012
Brought forward		-41,004,255	190,323,684
Income from insurance benefits		206,677,037	184,456,412
Pension benefits		128,373,783	114,466,496
Insurance benefits: lump-sum payments		12,352,063	15,996,910
Insurance benefits: premium waiver		25,967,406	27,655,794
Insurance benefits: actuarial reserves for disability pensions		5,117,700	1,071,929
Profit shares from insurance company	5.8	34,866,084	25,265,283
Insurance costs		-452,415,720	-492,189,353
Premiums to insurance companies			
Risk premiums	7.6	-157,654,070	-190,143,955
Cost premiums	7.6	-59,608,944	-65,159,442
Single contributions to insurance companies		-231,090,124	-232,679,971
Security fund contributions		-4,062,581	-4,205,985
Result from insurance activities		-286,742,939	-117,409,258
Net investment result		605,052,003	628,786,371
Interest	6.8.1	4,142,275	6,604,355
Interest on employers' contribution reserves		-1,632,557	-551,876
Gain on collective investments – bonds	6.8.1	26,317,810	195,379,628
Gain on collective investments – equities	6.8.1	429,293,644	253,725,394
Gain on collective investments – real estate	6.8.1	63,494,716	107,806,999
Gain on collective investments – alternative investments	6.8.1	139,159,417	40,878,541
Gain on currency hedging	6.8.1	3,674,179	6,245,983
Mortgage interest	6.8.1	19,364,249	21,071,043
Asset management costs	6.8	-78,761,730	-2,373,696
Other income		1,016,349	245,360
Income from services rendered		344,438	245,360
Reversal of allowance for doubtful debts		671,911	0
Other expenses		0	-1,791,649
Formation of allowance for doubtful debts		0	-1,791,649
Administrative costs		-4,304,898	-3,315,918
General administration		3,577,151	2,851,677
Auditors and pension actuary		389,238	164,241
Supervisory authority		237,199	300,000
Marketing		101,310	0
Income before formation of value fluctuation reserve		315,020,516	506,514,907
Formation (-)/reversal (+) of value fluctuation reserve		-315,020,516	-203,606,229
Expenditure (-)/income (+) surplus		0	302,908,678

Notes

1 Principles and organization

Legal form	Foundation pursuant to Art. 80 et seq. Swiss Civil Code
Establishment of Foundation	June 13, 2003
First entry in Commercial Register / no. CH-020.7.001.096-8	September 17, 2003
Deed of Foundation (last amendment)	May 2010
Rules of organization	October 2013
Pension regulations	October 2013
Investment regulations	February 2013
Regulations on the formation of provisions and value fluctuation reserves	November 2006
Regulations on partial liquidation	September 2010
Funding method	Defined contribution plan
Registration	Reference number ZH.1446
Security fund	Yes

1.1 Purpose

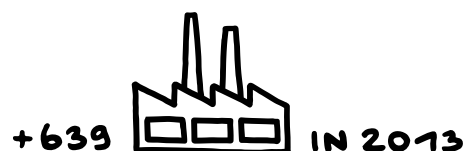
The purpose of the Foundation is to provide mandatory occupational pension plans for employees and employers as well as their surviving dependants against the consequences of old age, disability and death. Occupational pension plans are provided in accordance with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and its implementing ordinances. The

Foundation can also provide occupational benefits coverage that exceeds the statutory minimum benefits, including assistance to alleviate the hardship caused by illness, accident, disability or unemployment.

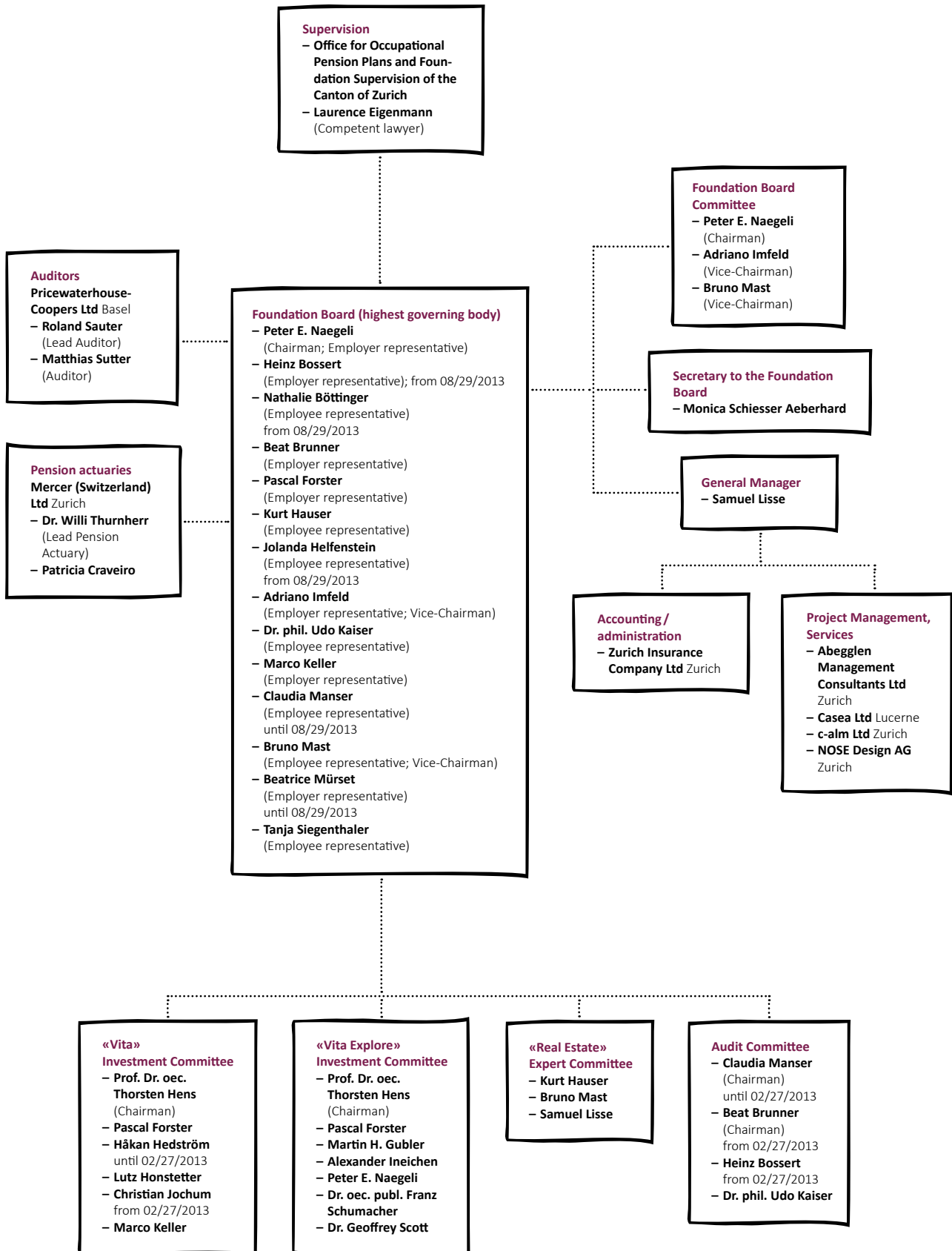
The Foundation Board Committee appoints the persons who are authorized to sign on behalf of the Foundation. Only joint signature with a minimum of two signatures is allowed.

1.2 Affiliated employers

	12/31/2013	12/31/2012
Number of affiliated employers	18,189	17,550



1.3 Governing bodies and other functions



2 Active insured and pensioners

	12/31/2013	12/31/2012
Total number of active members	114,881	113,506
Active insured	110,568	109,320
Occupationally disabled insured	4,313	4,186
Total number of pensioners	9,311	8,605
Retirement pensions	5,494	4,858
Retired person's child's pensions	100	92
Spouse's pensions	653	584
Orphan's pensions	258	240
Life annuities certain	0	1
Disability pensions	2,332	2,345
Disabled person's child's pensions	474	485

3 Achievement of purpose

The purpose of the Foundation is fulfilled in that employers willing to affiliate with the Foundation join the Foundation under affiliation contracts. With the affiliation contract, a pension fund is established.

The fund manager approves the pension regulations enacted by the Foundation Board. The fund manager also adopts a pension plan that sets out the type and scope of the occupational benefits, the contributions of the insured and the employer, and the provisions specific to the pension fund. The fund manager enacts the pension regulations and pension plan.

The pension costs are financed by the employees and the employer, whereby the employer must bear at least 50% of the costs.

4 Valuation and accounting principles, consistency

4.1 Confirmation that accounts are drawn up in accordance with Swiss GAAP ARR 26

Accounting, reporting and valuation practices comply with the provisions of the Swiss Code of Obligations (OR) and the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The annual financial statements comprising the balance sheet, operating statement and notes portray the actual financial position of the Foundation as defined in the occupational benefits legislation and comply with the provisions of Swiss GAAP ARR 26.

4.2 Accounting and valuation principles

Investments are stated at present value (generally market value). The standards of Swiss GAAP ARR 26 («true and fair view») apply in all other respects.

The value of direct real estate investments is determined with an accepted method in accordance with statutory valuation guidelines.

All other investments for which no market value is available are recognized at net asset value (e.g. private equity) or at par value less any impairment (e.g. mortgages).

All amounts in Swiss francs are rounded to the nearest franc in the annual financial statements and the notes. This may lead to small rounding differences.

5 Actuarial risk/risk coverage/coverage ratio

5.1 Type of risk coverage/reinsurance

The Foundation took out a collective life insurance agreement with Zurich Life Insurance Company Ltd to cover the actuarial risks of death and disability as well as the purchase of retirement benefits. The Foundation is the policyholder and beneficiary.

5.2 Assets and liabilities under insurance agreements

The actuarial reserves for pension obligations under the collective life insurance agreement with Zurich Life Insurance Company Ltd are not shown in the balance sheet. They amount to:

in CHF	12/31/2013	12/31/2012
Pensioners' actuarial reserves	1,923,295,328	1,738,749,265
Retirement pensions	1,351,190,799	1,182,460,287
Retired person's child's pensions	2,180,671	1,156,501
Disability pensions	222,854,632	223,816,535
Disabled person's child's pensions	6,488,661	6,407,591
Orphan's pensions	4,749,092	4,664,649
Spouse's pensions	126,501,699	112,758,552
Life annuities certain	0	12,062
Premium waivers	209,329,775	207,473,089

5.3 Changes to and interest on savings capital

in CHF	12/31/2013	12/31/2012
Interest on mandatory savings capital	2.00%	1.50%
Interest on supermandatory savings capital	2.50%	1.50%
Savings capital at 01/01	8,089,175,684	7,860,506,594
Formation of savings capital	-202,372,007	-7,571,673
Savings contributions	636,353,100	640,760,597
IV savings contribution	25,967,406	27,655,794
Purchase amounts	107,798,741	97,476,595
Vested benefits brought into scheme	622,987,769	598,949,341
Departure payments/vested benefits	-1,225,433,397	-944,996,289
Of which difference pursuant to VBA Art. 17 ¹⁾	309,334	536,596
Deductions for coverage deficiency on contract termination ¹⁾	-171,422	-3,041,353
Advance withdrawals for promotion of home ownership/divorce	-45,901,122	-64,765,708
Repayment of advance withdrawals	5,984,654	8,712,708
Lump-sum payments for death	-31,665,628	-37,078,180
Of which benefits paid by insurance company ¹⁾	12,352,063	15,942,910
Lump-sum payments on retirement	-100,315,950	-136,298,641
Purchase of retirement/survivors'/disability pensions	-231,090,124	-232,679,971
Of which pension purchase difference ¹⁾	20,452,568	21,253,928
Takeover of portfolios from previous insurers	115,083,240	112,293,392
Interest on savings capital	178,181,724	123,947,371
Savings capital at 12/31	8,180,068,641	8,089,175,684
Of which BVG retirement assets	4,936,018,206	4,876,281,329

1) Expenses and income charged to profit and loss that are included in the operating statement in the item «Formation of pension capital for active insured»

5.4 Changes to and interest on pension schemes' uncommitted funds

in CHF	12/31/2013	12/31/2012
Interest on uncommitted funds	1.50%	0.50%
Uncommitted funds (pension accounts)	91,651,556	102,732,306
Uncommitted funds (pension accounts) previous year	102,732,306	111,028,712
Capital contributions to uncommitted funds (pension accounts)		
From contracts taken over	512,500	1,249,493
From contributions	1,395,632	1,073,096
Withdrawals from uncommitted funds (pension accounts)		
From contract terminations	-3,399,324	-1,032,706
For capital contributions to savings capital	-10,987,594	-10,095,652
Reconciliation	-11,129	-2,831
Interest on uncommitted funds (pension accounts)	1,409,167	512,194

5.5 Composition, changes to and notes on technical reserves

In its letter of October 7, 2013, regarding the 2012 report, the supervisory authority established that the Foundation did not raise a provision for retirement losses. As a general rule, technical reserves should be set up for a pension fund's benefit obligations that are subject to value fluctuations or are not covered or not sufficiently covered by the regulatory contributions.

Together with the pension actuary, the Foundation Board decided to raise a provision for retirement losses for CHF 121,322,567 in the 2013 annual financial statements.

This provision covers the additional funding that is required because of the difference between the group rate applied by Zurich Life Insurance Company Ltd and the statutory or regulatory conversion rate.

5.6 Actuarial report of April 22, 2014

In his report, the pension actuary determines that

- the coverage ratio of Vita Joint Foundation is 106.2% on December 31, 2013, and has therefore improved substantially in 2013;
- the risk contributions and the contributions to the administrative costs (incl. profit shares from the insurance company) that were levied in 2013 are sufficient to cover the premiums due to the insurance company, the contributions to the security fund, the additional costs for purchasing retirement pensions and the administrative costs;
- the value fluctuation reserve equals only 51.49% of the defined target value so that the Foundation's financial risk capacity must be described as limited;
- because of its structural risk capacity, the Foundation can, however, carry the existing investment risks;
- the technical interest rate does not affect the calculation of the pension capital and the technical reserves, provided that current pensions are paid by Zurich Life Insurance Company Ltd and the method for calculating the reserves is not changed;
- although the current environment of persistently low interest rates must be kept in mind, a reduction of the technical interest rate should still be considered.

The actuarial balance sheet as at December 31, 2013, can be inspected at the office of the General Manager.

5.7 Coverage ratio pursuant to Art. 44 par. 2 BVV2

A coverage deficiency refers to a situation where a pension fund does not have sufficient pension assets on the reporting date to cover its future pension liabilities as calculated by the pension actuary.

in CHF	12/31/2013	12/31/2012
Accrued pension assets	8,911,719,510	8,395,564,219
Gross assets (total assets)	9,474,992,797	8,912,725,724
Minus liabilities	-154,771,501	-137,514,535
Minus accrued expenses and deferred income	-287,533,614	-255,390,179
Minus employers' contribution reserves	-120,968,173	-124,256,792
Actuarial pension capital	8,393,042,765	8,191,907,990
Coverage ratio pursuant to Art. 44 par. 2 BVV2	106.2%	102.5%

5.8 Profit shares from insurance company

In the past financial year, Vita Joint Foundation received profit shares of CHF 34.9 million (previous year CHF 25.3 million) from Zurich Life Insurance Company Ltd. This amount was credited in full to the operating statement in favor of the value fluctuation reserve.

+ 3.7%  IN 2013

6 Investments and net investment result

6.1 Organization of investment activities, investment regulations

As the highest governing body, the Foundation Board is responsible for the investments. It defined the asset management organization and the powers of the units to whom the asset management has been delegated in the investment regulations and appendices I to III. The Foundation Board determines the investment strategy with the advice and support of the Investment Committee. The Foundation Board delegated the implementation of the investment strategy and the monitoring of the investments to the General Manager and the Investment Committee.

Mandates, asset managers, custodian banks

Collective investments	Zurich Investment Fund CapVis Equity Partners Ltd Everest Capital Frontier Markets Equity Ltd 36 South Funds PLC Aberdeen Global Frontier Markets Equity Fund
Mortgages	Zurich IMRE Ltd
Foreign currency hedging	UBS Inc.
Investment advisory service	swissQuant Group Ltd SIGLO Capital Advisors Ltd PPCmetrics Ltd c-alm Ltd casea Ltd
Custodian banks	Bank Julius Baer & Co. Ltd UBS Inc.

6.2 Expanded investment options pursuant to Art. 50 par. 4 BVV2

The expanded investment options pursuant to Art. 50 par. 4 BVV2 were not used in the past financial year.

6.3 Target and calculation of value fluctuation reserve

	12/31/2013	12/31/2012
Value fluctuation reserve – target		
Target as % of pension obligations	12%	12%
Value fluctuation reserve – target in CHF	1,007,165,132	983,028,959
Value fluctuation reserve – current	518,626,745	203,606,229
Value fluctuation reserve at 01/01	203,606,229	–
Reversal (-)/formation (+) of value fluctuation reserve	315,020,516	203,606,229
Difference between value fluctuation reserve and target	488,538,387	779,422,731

The method for calculating the target for the value fluctuation reserve is defined in the investment regulations. It is based on financial and economic principles and takes account of current circumstances and future expectations.

6.4 Investments by asset class

	12/31/2013	12/31/2013	Strategy	Tactical bandwidth		BVV2 limit
	in CHF			Minimum	Maximum	
Cash and cash equivalents	165,279,960	1.78%	0.50%	0.00%	5.00%	
Current accounts with banks, post office	165,279,960	1.78%	0.50%	0.00%	5.00%	
Collective investments – bonds	4,015,526,307	43.18%	42.50%	15.00%	77.50%	
Swiss bonds	1,036,095,892	11.14%	20.50%	5.00%	35.00%	
Foreign bonds	2,508,686,932	26.98%	17.00%	5.00%	35.00%	
Global convertible bonds	457,865,639	4.92%	5.00%	2.00%	7.50%	
Currency hedging	12,877,844	0.14%	n.a.	n.a.	n.a.	
Collective investments – equities	2,287,216,386	24.60%	21.00%	7.00%	33.50%	50%
Swiss equities	560,466,829	6.03%	5.50%	2.00%	8.00%	
Foreign equities	1,726,749,557	18.57%	15.50%	5.00%	25.50%	
Collective investments – real estate	990,358,930	10.65%	10.00%	5.00%	13.00%	30%
Swiss real estate	686,097,766	7.38%	7.00%	5.00%	9.00%	
Foreign real estate	304,261,164	3.27%	3.00%	0.00%	4.00%	10%
Collective investments – alternative investments	1,163,187,778	12.51%	18.00%	7.00%	24.00%	15%
Hedge funds	947,391,490	10.19%	10.00%	6.00%	11.00%	
Private equity	30,272,151	0.33%	2.00%	0.00%	3.00%	
Commodity funds	107,834,076	1.16%	2.00%	1.00%	3.00%	
Insurance-linked strategies	44,936,735	0.48%	2.00%	0.00%	3.00%	
Infrastructure	32,753,326	0.35%	2.00%	0.00%	4.00%	
Direct investments	677,260,850	7.28%	8.00%	7.00%	10.00%	50%
Mortgage loans	677,260,850	7.28%	8.00%	7.00%	10.00%	
Total investments	9,298,830,211	100.00%	100.00%			
Operating assets	176,162,586					
Other current accounts	1,022,554					
Employers' contribution credits	87,404,197					
Other receivables	8,638,724					
Accrued income and deferred expenses	79,097,111					
Total assets	9,474,992,797					
Equities		24.92%				50%
Unhedged foreign currency exposure		25.58%				30%

Limits pursuant to BVV2

The limits prescribed for investments by Art. 54, 54a, 54b and 55 BVV2 have been observed.

6.5 Current (pending) capital commitments

On the reporting date, capital commitments were pending for the following investments:

	in CHF
Private equity (CapVis)	24,100,000
Private equity (Zurich Investment Fund)	210,100,000
Direct real estate Europe (Zurich Investment Fund)	138,800,000
Infrastructure (Zurich Investment Fund)	151,900,000

6.6 Open derivative contracts

With reference to the Foundation Board's rules on foreign currency hedging, the following currency hedges were outstanding on December 31, 2013:

12/31/2013	CHF	USD	GBP	JPY
Amount in foreign currency		271,137,090	9,686,230	18,050,344,000
Equivalent in CHF	420,878,002	249,835,205	14,213,283	156,829,515
Exchange rate on 12/31		0.89060	1.47550	0.00846
Market value in CHF	408,472,635	241,474,692	14,292,032	152,705,910
Unrealized gains in CHF	12,405,368	8,360,512	-78,749	4,123,604

To minimize the counterparty risk for foreign currency hedges, the difference to the relevant market value is deposited in a Foundation bank account. The balance was CHF 12,520,000 on December 31, 2013.

6.7 Market value and contracting parties for securities lending

The Foundation did not engage in any securities lending in the past financial year.

6.8 Net investment result

6.8.1 Presentation net investment result

in CHF	2013	2012
Interest	2,509,718	6,052,479
Interest on bank accounts	6,506	71,645
Interest on customer balances	9,170,051	11,089,158
Interest on contracts taken over	143,429	223,164
Interest on arrears and other interest due	-5,177,711	-4,779,612
Interest on employers' contribution reserves	-1,632,557	-551,876
Collective investments – bonds	26,317,810	195,379,627
Swiss bonds	-38,754,485	62,671,221
Foreign bonds	31,894,166	114,480,653
Global convertible bonds	33,178,130	18,227,753
Collective investments – equities	429,293,644	253,725,394
Swiss equities	132,432,376	81,294,958
Foreign equities	296,861,268	172,430,436
Collective investments – real estate	63,494,716	107,806,998
Swiss real estate	47,447,759	49,422,736
Foreign real estate	16,046,957	58,384,262
Collective investments – alternative investments	139,159,417	40,878,541
Hedge funds	140,913,753	43,253,676
Private equity	12,530,699	-1,891,431
Commodity funds	-15,206,216	431,875
Collateralized loan obligations in USD	0	-915,579
Infrastructure	869,426	0
Insurance-linked strategies	51,756	0
Direct investments	19,364,249	21,071,043
Mortgage loans	19,364,249	21,071,043
Gain from currency hedging	3,674,179	6,245,983
Asset management costs	-78,761,730	-2,373,696
TER and other asset management costs	-76,873,586	-380,643
Management of mortgages	-1,888,144	-1,993,053
Net investment result	605,052,003	628,786,369
Performance, net (MWR)	6.93%	7.83%
Performance, gross (TTWR)	7.14%	8.09%



MWR = Money Weighted Rate of Return

Calculation of portfolio performance that takes account of the capital inflows and outflows during the reporting period.

TTWR = True Time Weighted Rate of Return

Calculation of portfolio performance that does not take account of the capital inflows and outflows during the reporting period.

6.8.2 Asset management costs (with total expense ratio [TER] costs)

Investments

	in CHF
Total investments	9,395,895,686
Of which: cost-transparent investments	9,370,597,737
Cost-transparent investments in relation to total investments – cost transparency ratio	99.73%

Investments pursuant to Art. 48a par. 3 BVV2 without TER

Description (issuer)	ISIN	Number	Market value in CHF
Direct real estate Europe investment group (Zurich Investment Fund) ²⁾	CH0183503272	21,879.89	25,297,949

2) New investment group, launched in November 2013 (no TER available yet)

Asset management costs

	in CHF
Asset management costs booked directly	4,405,360
Total for all cost indicators in CHF for collective investments	74,356,370
Asset management costs recognized in operating statement	78,761,730
As % of cost-transparent investments	0.84%

The asset management costs booked directly comprise personnel expenses for the Foundation staff entrusted with the management of the assets.

Of the reported «Total for all cost indicators in CHF for collective investments», around 65% concern the alternative investments, which increased substantially year-on-year in 2013 due to good development and the resulting return fees; 27% refer to equities and bonds, and 8% to real estate. In addition to the fixed and return-related portfolio management fees charged at the level of the fund of funds and target funds, the total includes the following costs and services:

- Manager selection/dismissal as well as permanent monitoring and risk management at the level of the individual asset classes, including all related expenses (preparation of analyses, due diligence reports, implementation/structuring, travel expenses, etc.)
- Management of the direct real estate held through Zurich Investment Fund
- Custody fees for all domestic and foreign securities and all units of Zurich Investment Fund
- Proxy Voting
- Investment advice/support for the advisory and sales process targeting the affiliated companies

6.9 Investments with employers and employers' contribution reserves

in CHF	2013	2012
Interest on arrears on employers' current accounts	3.50%	3.50%
Employers' current accounts	87,404,197	86,289,725
Employers' current accounts (gross)	90,773,421	90,330,860
Minus allowance for doubtful debts	-3,369,224	-4,041,135
Employers' contribution reserves	120,968,173	124,256,792
Employers' contribution reserves at 01/01	124,256,792	124,794,710
Capital contributions to employers' contribution reserves		
From contracts taken over	493,681	1,276,342
By employers	2,192,724	23,778,935
Withdrawals from employers' contribution reserves		
From contract terminations	-5,944,251	-2,027,322
By employers	-1,661,554	-24,117,721
Reconciliation	-1,740	-27
Interest on employers' contribution reserves	1,632,521	551,876

6.10 Contractual agreements regarding retrocessions

Vita Joint Foundation primarily invests the pension assets in investment groups (collective investments) managed by Zurich Investment Fund. For managing the individual investment groups and the institutional funds used for this purpose, Zurich Invest Ltd (the manager of Zurich Investment Fund) is paid a management fee from the institutional funds. No retrocessions are paid. By investing in collective investment schemes managed by Zurich Investment Fund, Vita Joint Foundation is an investor with the investment fund.

7 Other items in balance sheet and operating statement

7.1 Other current accounts

All current payments between the Foundation and Zurich Life Insurance Company Ltd relating to insurance premiums, doctors' fees for medical check-ups and costs for advance withdrawals to finance residential property are routed through this account.

7.2 Accrued income and deferred expenses

in CHF	12/31/2013	12/31/2012
Accrued income and deferred expenses	79,097,111	14,199,988
Management fee discount for collective investments	5,155,514	4,599,181
Accrued interest on mortgages	2,570,079	2,949,451
Pending benefits from insurance company	8,303,329	1,535,979
Prepaid benefits to insured	23,032,775	1,175,746
Other deferrals	40,035,414	3,939,630

The item «Other deferrals» contains CHF 40.0 million for units of the insurance-linked strategies investment group of Zurich Investment Fund that were bought on December 24, 2013, but only settled on January 3, 2014.

7.3 Accrued expenses and deferred income

in CHF	12/31/2013	12/31/2012
Accrued expenses and deferred income	287,533,614	255,390,179
Prepaid contributions	173,459,273	137,242,375
Incoming payments not yet processed	47,598,931	53,179,997
Contracts taken over and other deferrals	53,955,409	61,307,806
Foreign currency hedging	12,520,000	3,660,000

7.4 Savings, risk and other contributions broken down into employer and employee contributions

For technical reasons, the contributions are not broken down into employer and employee contributions in the operating statement. For information purposes, the following table provides such a breakdown for all contributions:

	2013		2012	
	in CHF		in CHF	
Savings contributions	636,353,100		640,760,597	
Savings contributions by employees	292,793,170	46.0%	295,262,483	46.0%
Savings contributions by employers	343,559,931	54.0%	345,498,114	54.0%
Risk and other contributions	221,220,453		260,043,625	
Risk and other contributions by employees	99,821,012	45.0%	116,343,518	45.0%
Risk and other contributions by employers	121,399,441	55.0%	143,700,107	55.0%
Total contributions	857,573,553		900,804,223	
Total contributions by employees	392,614,181	46.0%	411,606,001	46.0%
Total contributions by employers	464,959,371	54.0%	489,198,221	54.0%

7.5 Regulatory benefits

When the contracts of new affiliated companies are taken over, the pensioners (retirement, survivors' and disability pensions) are sometimes only transferred to Vita Joint Foundation during the course of the year. The previous pension funds continue to pay these pensions until the transfer to Vita Joint Foundation is finalized. The operating statement therefore shows only the pensions that were paid out by Vita Joint Foundation.

In agreement with the previous pension funds, the security fund contributions on the paid pensions are settled by the pension fund that paid the pensions.

7.6 Financing of risk and other costs

According to the Foundation Board's decision of February 21, 2005, no contributions to cover the difference between the retirement benefits according to the pension plan and according to the conditions of the insurance agreement have been collected since 2006. Any shortfall must be covered by investment income.

in CHF	12/31/2013	12/31/2012
Subtotal for premiums due to insurance companies	-217,263,015	-255,303,397
Risk premiums due to insurance companies	-157,654,070	-181,859,399
Cost premiums due to insurance companies	-59,608,944	-73,443,998
Minus profit shares due from insurance companies	34,866,084	25,265,283
Security fund contributions	-4,062,581	-4,205,985
Additional costs for purchase of retirement pensions	-20,452,568	-21,253,928
Administrative costs	-4,304,898	-3,315,918
Total premiums and administrative costs	-211,216,978	-258,813,945
Risk and administrative costs	221,220,453	260,043,625
Risk contributions	157,654,070	181,859,399
Cost contributions	59,844,614	73,443,998
Security fund contributions	3,721,769	4,740,228
Overfinancing (+)/underfinancing (-)	10,003,475	1,229,680

8 Requirements of supervisory authority

Decision of October 4, 2013, of the Office for Occupational Pension Plans and Foundation Supervision of the Canton of Zurich (BVS) regarding its audit of the 2012 report: The supervisory authority listed a number of comments and requirements in its letter regarding the 2012 re-

port. The Foundation already incorporated some of these into this year's financial statements. In all other respects the Foundation refers to its detailed reply sent to the supervisory authority on December 2, 2013.

9 Additional information on financial position

Vita Joint Foundation's coverage ratio improved from 102.5% to 106.2% in the past financial year.

10 Events after reporting date

No events after the reporting date have come to light that could have a material impact on the assessment of the 2013 annual financial statements.

Coverage ratio pursuant
to Art. 44 BVV2

102.5%

106.2% ↗

2012 2013

Report of the statutory auditor to the Foundation Board

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Vita Joint Foundation, which comprise the balance sheet, operating accounts and notes (on pages 9 to 30), for the year ended December 31, 2013.

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 internal controls 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 (OPO2).

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 controls 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 controls. 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 December 31, 2013 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 OPO2) 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 OPO2. 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 internal controls exist 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.

PricewaterhouseCoopers Ltd



Roland Sauter
Audit expert
Auditor in charge



Matthias Sutter
Audit expert

Basel, May 26, 2014

Vita Joint Foundation

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