

# Hewlett Packard Plus Pension Fund

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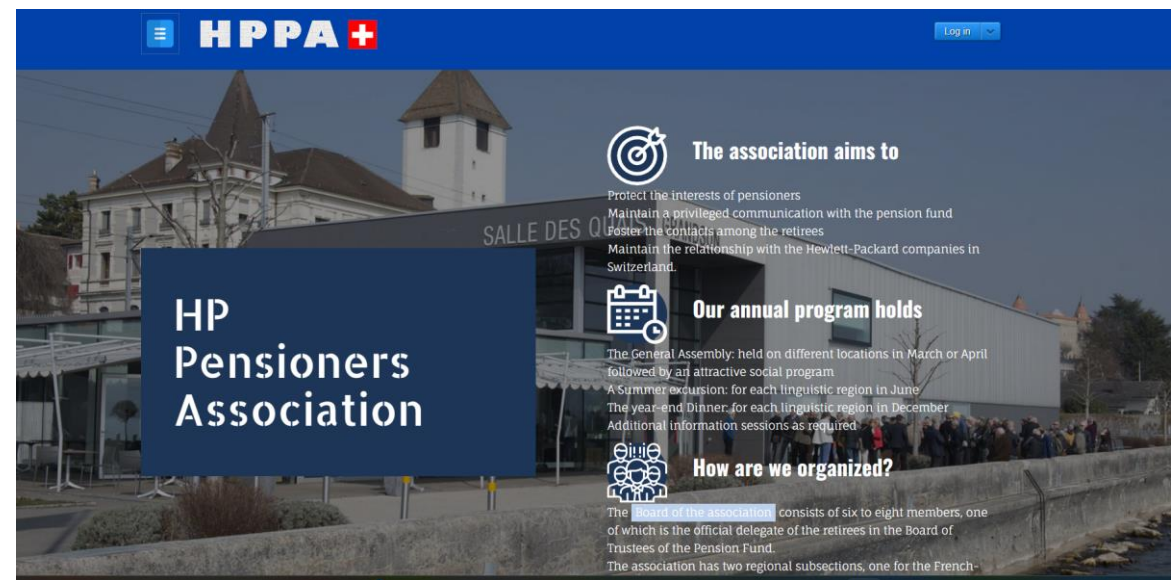
**Pensioner Meeting - Geneva**  
**Wednesday, 25 January 2023**  
**16.00h HPE Building**

**Thursday, 26 January 2023**  
**16.00h Wallisellen Glatt Tower**  
**6<sup>th</sup> floor conference room**



# Agenda

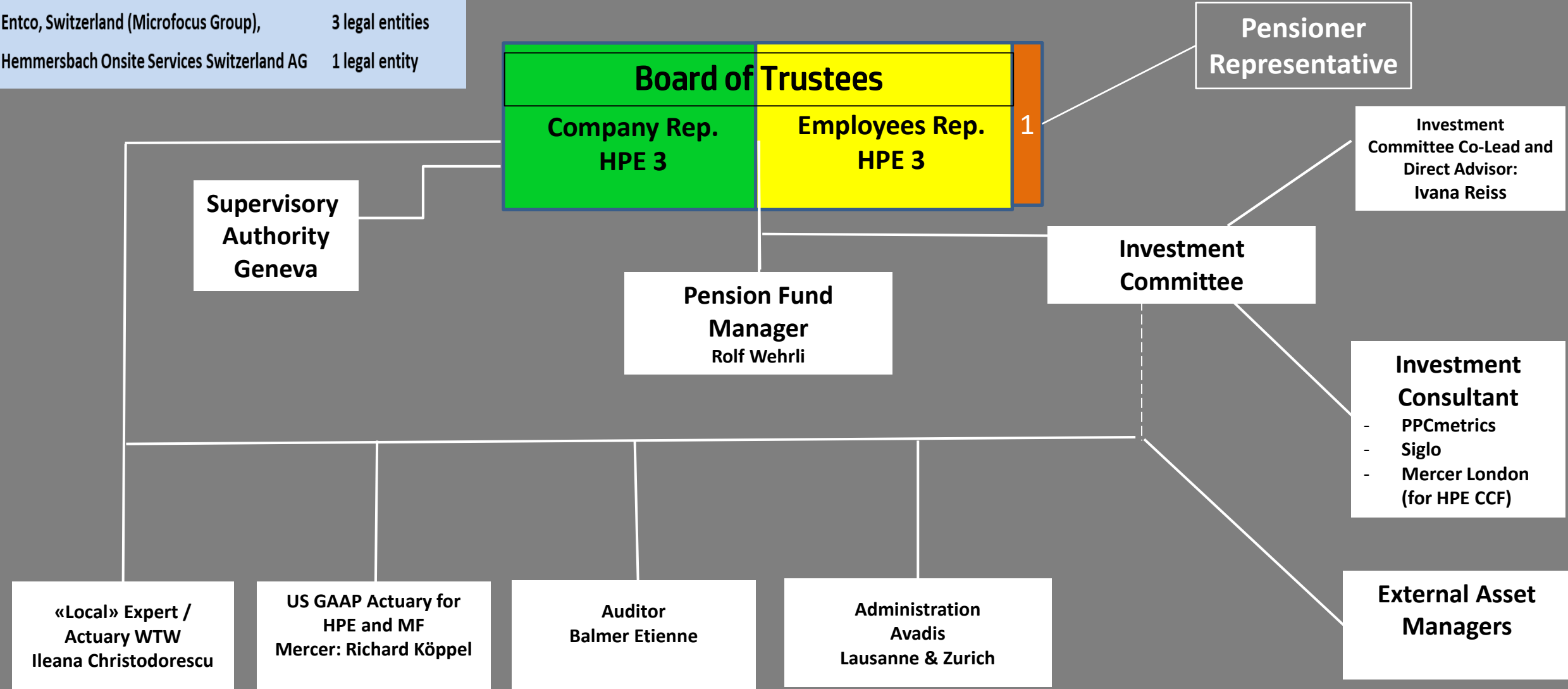
- Organization Update
  - Affiliations, Board
- Key Numbers / Financials
- Achievements during 2022 and outlook 2023
- Exit of DXC and partial liquidation
- Sustainable investments, ESG in our portfolio
- Revision of the 2<sup>nd</sup> pillar law and impact, if any, to our pension fund
- External presentation
  - GENEVA
    - How is Ethos contributing to improve ESG in quoted companies
      - David Jeannet, Head Responsible Investment and ESG International
  - ZURICH
    - Telefontricks und finanzieller Betrug.
      - Peter Burri from Pro Senectute Schweiz
- Apéro, drinks, snacks
- **Reminder:** if you are not yet a member of the HP Pensioner Association «HPPA» you can register under <https://hp-pensioners-association.ch/appmem>  
You can also find the link on our website: [www.pensionplus.ch](http://www.pensionplus.ch)



# Hewlett-Packard Plus Pension Fund Organization – 2023

## Affiliations 2023

Hewlett-Packard Enterprise, Switzerland,	3 legal entities
Entco, Switzerland (Microfocus Group),	3 legal entities
Hemmersbach Onsite Services Switzerland AG	1 legal entity



# *Hewlett-Packard Plus Pension Fund Organization – Board – Jan 2023*

## **Employer representatives**

<b>Brütsch (*)</b>	<b>Kurt</b>	<b>HPE, Zürich/Geneva (president)</b>
<b>Mondon</b>	<b>Katrin</b>	<b>HPE CH, Zürich</b>
<b>Huber</b>	<b>Arthur</b>	<b>HPE, Zürich (new)</b>

## **Employee representatives**

<b>Gerber (*)</b>	<b>Philippe</b>	<b>HPE CH, Bern</b>
<b>Gigante</b>	<b>Gianluca</b>	<b>HPE CH, Zürich</b>
<b>Babaci</b>	<b>Nabil</b>	<b>HPE CH, Geneva (new)</b>

## **Pensioner's representative**

**Peter Rychener (\*)**

## **Pension Fund Manager**

**Rolf Wehrli (\*)**

## **Investment committee (\*)**

**Kurt Brütsch, chairman**  
**Ivana Reiss, co-lead, [reiss@reissadvisory.ch](mailto:reiss@reissadvisory.ch)**

## **Administration Avadis SA**

**[hp@avadis.ch](mailto:hp@avadis.ch)**

**+41 58 585 33 99 (German & English) +41 58 585 34 40 (in French)**

**\* Member of the Investment Committee**



# Active Members and Pensioners per 31.12.2022 – a few key numbers

Active Members per 31.12.2022	
	Total
No of Actives	353
Assets in CHF	184'202'365
Average age in 2022	49

Pensioners per 31.12.2022 (excl Child pensions)	
	Total
No of Actives	862
Liability / Pensioner Capital	717'000'000
Average age in 2022	73
Pensions paid in 2022 in CHF	51'260'000



- 2.4 times more pensioners than actives
- Not a problem (like the trend in the AHV/AVS), as each member is financed with it's own capital

**Responsibility of Board of Trustees: manage risks, fairness in profit/loss allocation**

- Over 1200 members after the exit of HP Inc and DXC
- Main “preoccupation”: to safeguard the actives’ & pensioners’ capital –  
**YOU ARE VERY IMPORTANT TO US**
- Second key goal: to remunerate the actives savings account with  
the highest possible interest rate
- And thirdly: to pay a bonus to our pensioners whenever legally  
allowed and financially possible



# And what happened on the investment side?

- We «de-risked» our investments per 1.1.2022 by increasing Bonds and decreasing Equities
- No-one expected such a **drastic adjustment in the bond valuations**, which occurred mainly as a reaction of the Central Banks rapidly increasing rates  
**Last major adjustment in Bonds: -5% in 1989**
- Real Estate is a relatively safe and long-term investment, not very liquid, and has little opportunities, in particular Swiss RE.



**We lost  
- 9.9%**

Asset Category	Benchmark / Indexes	Aggregate in our Portfolio	% invested, Strategy
<b>Bonds / Obligationen / Obligations</b>			
SWISS BOND INDEX (SBI) AAA-BBB	-12.1%	-15.0%	42.0%
FTSE WORLD GOVERNMENT BOND INDEX HEDGED IN CHF	-15.2%		
ICE BOFA GLOBAL CORPORATE INDEX HEDGED TO CHF	-16.7%		
JPM EMBI Global Diversified Hedged CHF	-19.4%		
<b>Equities / Aktien / Actions</b>			
Swiss Performance Index 20 (tr)	-14.6%	-18.3%	30.0%
Swiss Performance Index Extra (tr)	-24.0%		
MSCI Wrld ex CH (net div.)	-16.9%		
MSCI All Countries World hedged in CHF	-20.2%		
MSCI Emerging Markets	-18.2%		
<b>Real Estate / Immobilien / Biens immobiliers</b>			
KGAST-Immobilien	4.42%	4.0%	22.0%
Global Real Estate: own long term objective	3.14%		
Eurekahedge ILS Advisors Index	0.52%		4.0%

# Safe investments in Swiss Federal Bonds: «before and after» 2008

## Yields on Swiss Government Bonds for 1Y and 10Y



# Living through the cycles – Investor Psychology.....

## Investor Psychology Cycle

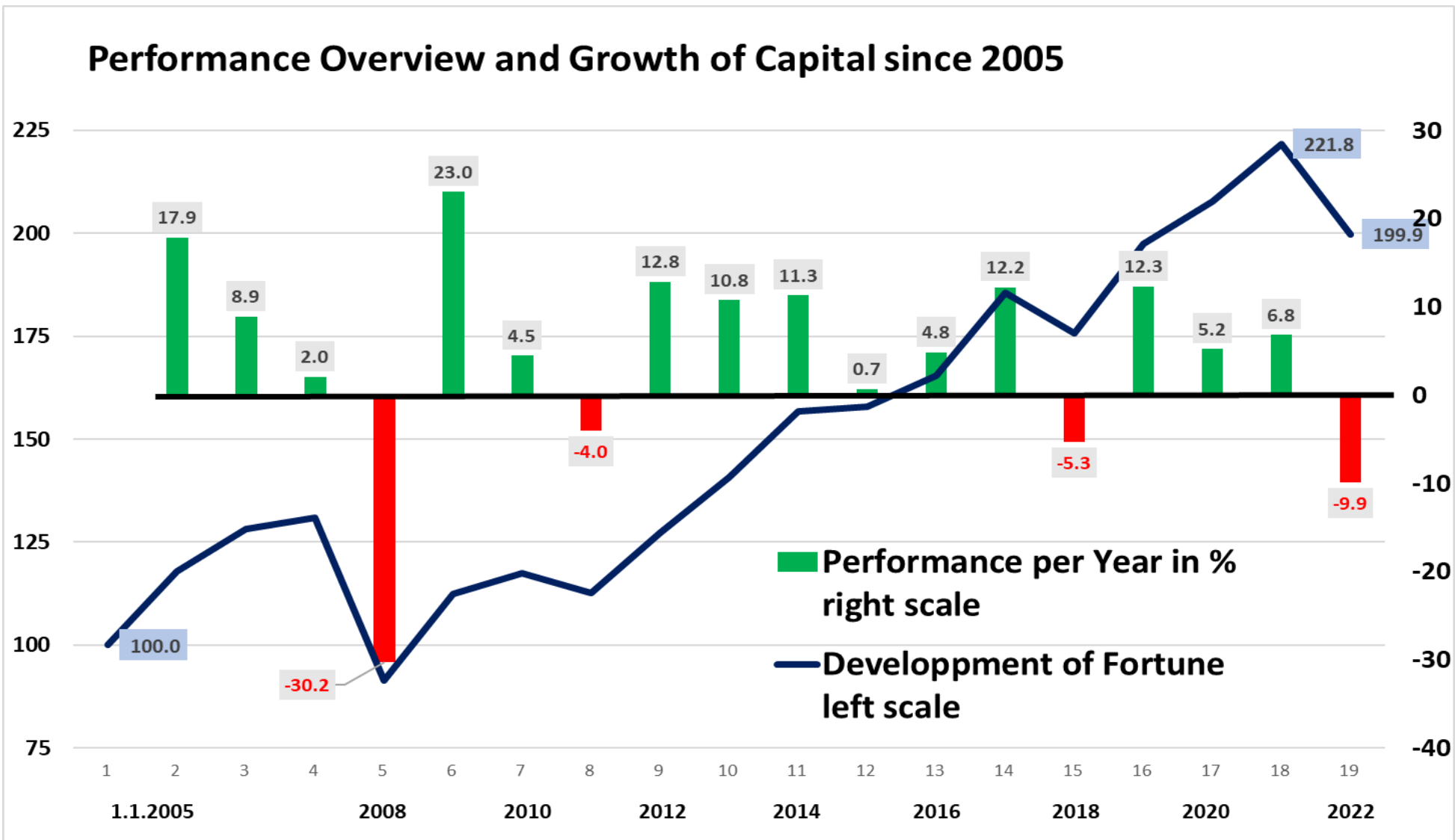


**Rule for a Pension Fund: STICK TO YOUR STRATEGY**





# 2022 was financially not a good year, but in the bigger context.....?



## Compound Growth Rates:

18 years	3.92%
10 years	4.62%
5 years	1.49%
1 year	- 9.89%

# How will we likely finish the difficult year 2022?

Balance Sheet - Best Estimate per 31.12.2022				
31.12.2022	HPE	HEM	MFC	TOTAL
Assets				
Total assets eSTAR	1'137'763'208	18'747'882	14'624'512	1'171'135'602
./. Short-term debt	-6'688'155	-2'055	-1'274'553	-7'964'764
./. ECR without renunciation	243'329	5'476	-252'439	-3'634
<b>Available assets</b>	<b>1'131'318'382</b>	<b>18'751'302</b>	<b>13'097'520</b>	<b>1'163'167'204</b>
Liabilities				
Active participants savings capital	174'053'556	7'855'802	6'207'424	188'116'782
Pensioners capital	708'746'539	6'840'977	4'748'979	720'336'495
<b>Total liabilities</b>	<b>882'800'095</b>	<b>14'696'779</b>	<b>10'956'403</b>	<b>908'453'277</b>
<b>Pensioners capital in % of Total Liabilities</b>	<b>80%</b>	<b>47%</b>	<b>43%</b>	<b>79%</b>
Technical provisions	124'975'000	1'678'000	974'000	127'627'000
<b>Total liabilities</b>	<b>1'007'775'095</b>	<b>16'374'779</b>	<b>11'930'403</b>	<b>1'036'080'277</b>
<b>Technical surplus / (deficit)</b>	<b>123'543'287</b>	<b>2'376'523</b>	<b>1'167'117</b>	<b>127'086'927</b>
Tech.Discount applied (included in provision)	1.0%	1.2%	1.0%	1.0%
Coverage ratio according to art. 44 para 1 OPP2; TGT 118%	112.3%	114.5%	109.8%	112.3%
<b>Update to BVG / LPP 2020 (former 2015)</b>				
<b>Coverage ratio according to art. 44 para 1 OPP2; TGT 118%</b>	<b>115.1%</b>	<b>116.4%</b>	<b>111.4%</b>	<b>115.1%</b>

- Started the year 2022 with a high level of fluctuation reserves of 24.8%
- Are still pleased with the level of reserves of 15%, at 31.12.2022, after a very difficult year
- Swisscanto Pension Fund Monitor:
  - Avg ~ 105.6%
  - Only ~ 20% >= 115%

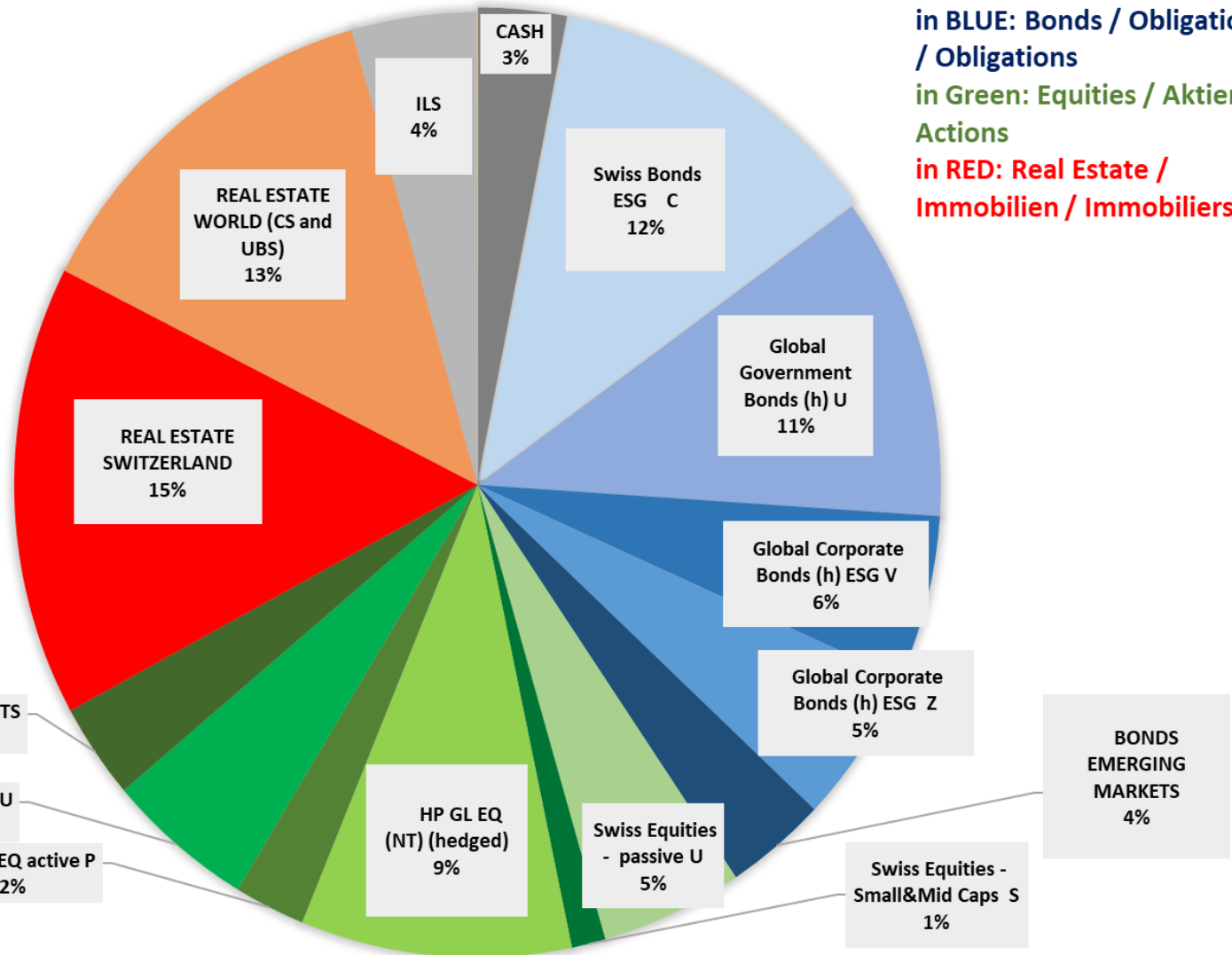
The goal is, to reach again a Coverage Ratio > 118% -> i.e. free reserves: freedom, to become a bit «more generous»

## Exit of DXC and partial liquidation

- A Partial Liquidation: ...occurs,
  - whenever a bigger number of active members quit the pension fund due to restructuring of the organization and
  - When an affiliated company leaves our pension fund
- Both those situations occurred with DXC
  - An organizational workforce reduction occurred end of 2020 and in 2021
  - DXC left our pension fund per 31.12.2021
- By law, we had to inform all members in our pension fund of these events – done in June
- One of the relevant questions in a partial liquidation is: Are there any free reserves?
  - We experienced issues in this process: in June, the answer was “yes”, then: error detection, with the consequence that in September, the answer was “no”,
    - new corrected balance sheet and partial liquidation report
    - new information to the members of the pension fund, including the DXC members
- We are sorry for this confusion – neither the June data nor the September data correction had any impact on any of the transferred DXC members or the remaining members

# How are we invested these days going into 2023? ...and our part in sustainable Investments?

## ACTUAL ALLOCATION OF OUR ASSETS - JANUARY 2023



## Investment Positions: Part of Sustainable Investments

	Jan 23	
	in MCHF	in % of Tot
<b>TOTAL CONSOLIDATION</b>	<b>1'171.14</b>	<b>100.0%</b>
<b>CASH</b>	<b>36.08</b>	<b>3.1%</b>
<b>BONDS</b>	<b>439.25</b>	<b>37.5%</b>
<b>BONDS SWITZERLAND</b>	<b>139.24</b>	<b>11.9%</b>
Swiss Bonds ESG C	139.24	11.9%
<b>BONDS WORLD</b>	<b>258.52</b>	<b>22.1%</b>
Global Government Bonds (h) U	129.83	11.1%
Global Corporate Bonds (h) ESG V	66.21	5.7%
Global Corporate Bonds (h) ESG Z	62.47	5.3%
<b>BONDS EMERGING MARKETS</b>	<b>41.49</b>	<b>3.5%</b>
EmMa Debt V	20.07	1.7%
EmMa Debt A	21.43	1.8%
<b>EQUITIES</b>	<b>310.20</b>	<b>26.5%</b>
<b>EQUITIES SWITZERLAND</b>	<b>71.97</b>	<b>6.1%</b>
Swiss Equities - passive U	58.14	5.0%
Swiss Equities - Small&Mid Caps S	13.82	1.2%
<b>EQUITIES WORLD</b>	<b>200.09</b>	<b>17.1%</b>
HP GL EQ (NT) (hedged)	110.62	9.4%
Global EQ active P	29.07	2.5%
Global EQ ESG passive U	60.41	5.2%
<b>EQUITIES EMERGING MARKETS</b>	<b>38.13</b>	<b>3.3%</b>
<b>REAL ESTATE</b>	<b>334.31</b>	<b>28.5%</b>
<b>REAL ESTATE SWITZERLAND</b>	<b>180.52</b>	<b>15.4%</b>
<b>REAL ESTATE WORLD (CS and UBS)</b>	<b>153.79</b>	<b>13.1%</b>
<b>ILS</b>	<b>51.02</b>	<b>4.4%</b>
<b>HEDGE FUNDS</b>	<b>0.28</b>	<b>0.0%</b>
<b>Invested in sustainable / ESG Funds</b>	<b>371.23</b>	<b>31.7%</b>
CH Small & Mid Caps included - will be done in Q1 23		



# Sustainable Investments – ESG considerations

- Swiss pension funds are increasingly encouraged to exercise their status as major financial institutions and to **consciously focus their investments more sustainably**
- ASIP, the Swiss Pension Fund Association **published ESG reporting standards** for pension funds
- **Global climate risks continue to rise and the importance of ESG (environmental, social and governance)** issues is growing at all levels, from international organizations to governments, from companies to their employees, customers and shareholders
- The HP Plus pension fund is encouraged, but not pressured **by Hewlett Packard Company** to consider ESG investments
- **Key principles in our decisions**, in addition to the classical ones (performance, cost, tracking error, reputation, etc.):
  - Exclusion of companies listed in the SVVK/ASIR (Swiss Association for Responsible Investments; Schweiz.Verein verantwortungsbewusste Kapitalanlagen, Association suisse pour des investissements responsable). More info in the internet
  - Weighted average carbon intensity of the portfolio (WACI) i.e. tons of CO<sub>2</sub>/mio revenues
    - E.g. we had 4 well known funds we could have invested in: t-CO<sub>2</sub> was: 76.6; 26.0, 99.0, 65.0; we selected the one with 26.0
- **Continued participation to the ETHOS Engagement Pools, Swiss & International (Geneva presentation later on)**
- **Awareness of some “Greenwashing”, which we believe is not a reason not to engage in ESG investing**

# Forthcoming revision of BVG/LPP (employee benefits insurance = pension funds)

✓ Reform of the 1<sup>st</sup> Pilar, AHV/AVS was voted on in autumn 2022 (increase retirement age women to 65)

• 2<sup>nd</sup> pilar revision is necessary and has been in parliament discussions for many years.

Why is change needed? Main issue is the conversion factor of 6.8% in the BVG/LPP minimum, at age 65

Example of “issue” (mortality statistics or widows pension not taken into account):

1 Life expectancy at age 65 (OFS 2023), **men 86.2; women 87.9**, let's take 87 for the calculation

CHF 100'000 savings at age 65, pay for 22 years:  $100'000/22 = \text{CHF } 4'545 \text{ p.a.}$

= **interest rate 0%**

Current conversion factor of 6.8% pays annually:  $100'000 * 6.8\% = \text{CHF } 6'800 \text{ p.a.}$

= **interest rate 3.93%**

**Proposed by the parliament: conversion factor of 6.0%** = CHF 6'000 p.a.

= **interest rate 2.64%**

**Pensioner Savings Capital to be invested in a very low risk strategy, e.g. Federal Bonds,**

**which currently pay 1.125%. This would represent a conversion factor of 5.13% or pay CHF 5'133.- p.a. = interest rate 1.125%**

Who pays, if there is not enough money “at the end”? Today's younger generation, not getting enough interest!

2 2<sup>nd</sup> “issue”: changed working model:

Part-timers, especially often for women, several employers, low salaries result in a very low 2<sup>nd</sup> pillar saving

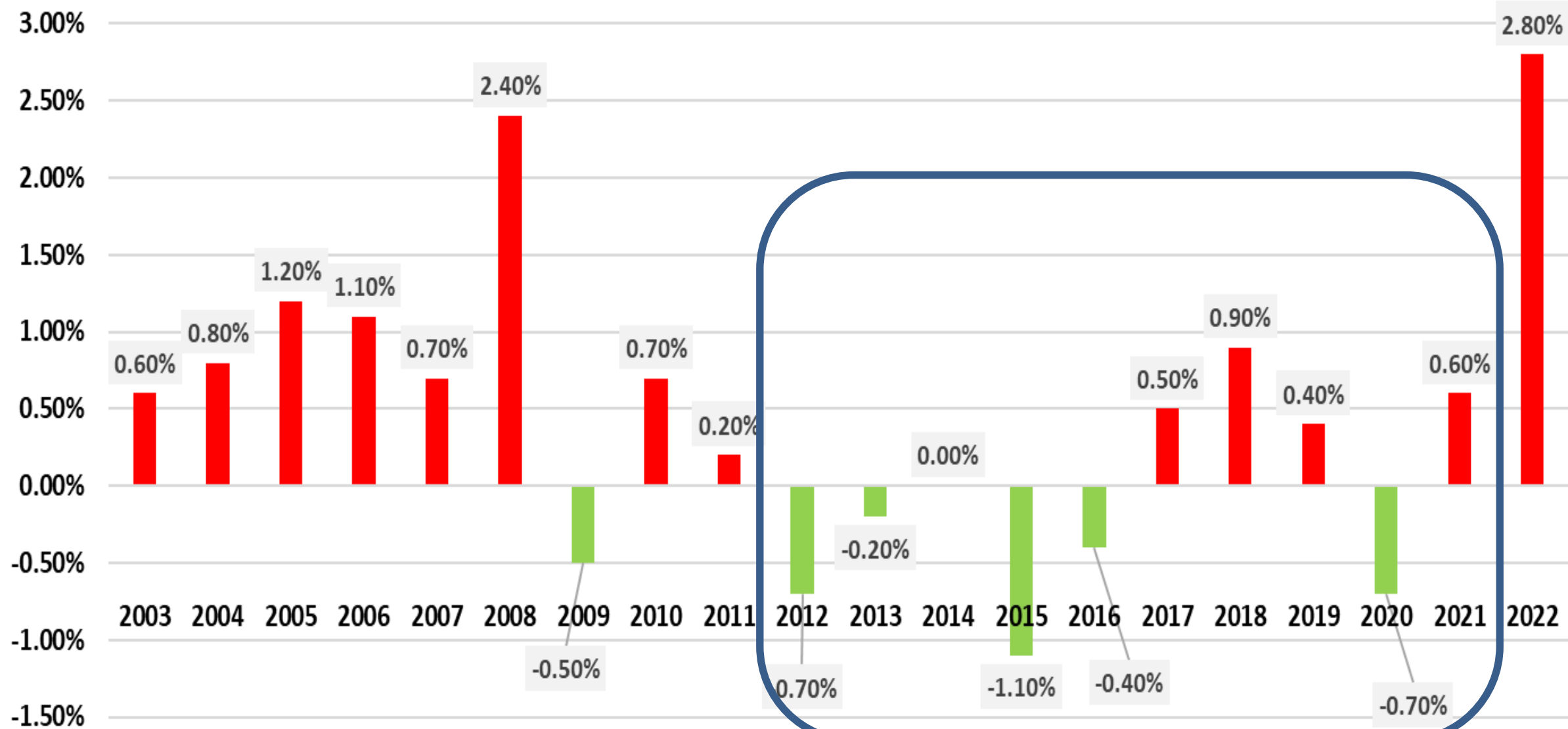
• Granting an immediate additional pension (Rentenzuschlag), over 15 years > 200; 150; 100 CHF, to partially grandfather the impact of the decrease

• Coordination deduction: Nationalrat: 50% of today, Ständerat: 15% of Base Salary: both proposals increase the base of “insured salary”: today e.g. salary of 60'000 ./ 25'725 = insured salary 34'275; new Nationalrat: 41'138; Ständerat: 51'000.-

• A flatter contribution scheme (age 25 to 44: 9%; age 45 to 65: 14% total = 460%; versus today 7%, 10%, 15%, 18% = total 500%)

Retired before  
2013 ? : CF ~ 7.0 =  
interest of ~ 4.0%

Annual Inflation in Switzerland: 10 yrs average till 2021, **-0.6%**,  
since 2003, cpd **0.23%** per year



**Time for Q & A ....**

**...and a question which you certainly have in your mind.....**

**DO WE GET A  
BONUS ?**

**.....and if Yes, how much**

**.....and if No, why not?**





# Pensioner Bonus ?

## Reasons, why Board of Trustees had to vote against a pensioner bonus

- Law for collective & common foundations:
  - In case IFR (investment fluctuation reserve) is not fully funded, i.e. there are no “free reserves”, we can grant a “**benefit improvement**”:
    - of Maximum 50% of Performance (we: **-9.9%**) and
    - if the IFR is at least 75% (we: **84%**)
- We have granted approx. 8.4% last year and do our best to be back with good news beginning of 2024
- **Your representative in the Board, Peter Rychener, was fighting hard to pay anyway a bonus (there are a few reasons, which were despite of the above limitations, for a bonus payment...)**



# CAISSE DE PENSION HEWLETT-PACKARD PLUS

EXERCICE DES DROITS  
D'ACTIONNAIRE ET DIALOGUE  
ACTIONNARIAL

David Jeannet

Head Responsible Investment and ESG International

25 janvier 2023







**PRO  
SENECTUTE**

GEMEINSAM STÄRKER

**SKPPSC**

Schweizerischer Kriminalpräventionsrat  
Elaborazione Svizzera della Criminalità  
Prevenzione Svizzera della Criminalità

**È in  
votre  
La vostra  
POLIZIA**

Nationalpolizei und Gendarmeriepolizei  
Gemeinsame nationale Kriminalpolizei  
Corso di polizia nazionale e comunal

lice - institut de lutte contre  
la criminalité économique

leg - Institut de gestion

**arc**

# Pro Senectute «Finanzmissbrauch 55plus II» Partnerdossier

Peter Burri Follath; Leiter Kommunikation Pro Senectute Schweiz  
2022