

## Annual Report 2022



Dear members of our pension fund,

The Board of Trustees is pleased to present the Annual Report 2022 to you. The report has a similar presentation as in previous years, with the most important tables and explanatory text. We are also happy to answer individual questions from insured persons or provide additional details on the annual financial statement data.

Despite the loss-making year 2022, our pension fund still has sufficient reserves. The fact that a market correction was imminent was expected by many investment banks and advisors. As a pension fund, we therefore try to get through such periods with sufficient fluctuation reserves without running the risk of falling below 100% coverage ratio. At the end of 2022, we stood at 114.8%, which is around 5% above the average for private pension funds in Switzerland (Swisscanto Study 2022).

The chart with the asset level and monthly performances shows how differently the period from 1.1.2021 to 31.5.2023 has developed.

In the annexe, you will find the Balance Sheet and Profit of Loss Statement per 2022 and the comparative year 2021.

### Balance sheet as of December 31, 2022

We informed you at the beginning of the year that we would probably close with a loss of around 10% – according to the definitive assessment of the investment side, we are at -10.3% according to the Custodian report (weighted, per audited annual report at -9.6%); this is roughly in line with what Swiss pension funds have achieved on average.

At CHF 150 million, the fluctuation reserve is still at a very good level. The target coverage ratio in accordance with Art. 44 BVV2 for our investment strategy is 118%. With a coverage ratio of 114.8% at the end of 2022, we are only slightly lower.

As soon as the coverage ratio is above 118%, there are free funds, which means that the Board of Trustees can then freely decide whether to keep this amount as an additional reserve or to distribute it to the insured as an additional benefit (interest, bonus pension, etc.). Last year, we were not allowed to pay any improvement in regulatory benefits, i.e., the active interest rate could not exceed 2% last year and we were not allowed to pay pensioners' bonuses, supplementary pensions, or inflation adjustments. We hope that 2023 will develop better on the investment side and that, if necessary, we will be able to raise the interest rate again and grant a bonus pension.

Balance Sheet over 5 years Millions of CHF	2022	2021	2020	2019	2018
<b>Total Assets</b>	<b>1'166</b>	<b>1'349</b>	<b>1'670</b>	<b>1'646</b>	<b>1'767</b>
Short-Term Debts and Employer Contribution Reserve	-4	-9	-18	-19	-38
<b>Total Assets - net</b>	<b>1'162</b>	<b>1'340</b>	<b>1'652</b>	<b>1'627</b>	<b>1'729</b>
Retirement savings capital of active members	188	197	382	405	549
Pensioners' retirement savings capital	710	737	827	809	870
Actuarial provisions (technical reserves)	114	140	177	133	124
<b>Liabilities</b>	<b>1'012</b>	<b>1'074</b>	<b>1'386</b>	<b>1'348</b>	<b>1'544</b>
Investment fluctuation reserve (Excess of Assets)	150	266	266	280	184
<b>Coverage ratio art 44 BVV2</b>	<b>114.8%</b>	<b>124.8%</b>	<b>119.2%</b>	<b>120.8%</b>	<b>111.9%</b>
<b>Performance (net of WHTax and costs)</b>	<b>-10.3%</b>	<b>6.8%</b>	<b>5.2%</b>	<b>12.7%</b>	<b>-5.3%</b>
<b>Interest-credit to the active insured members</b>	<b>2.0%</b>	<b>6.0%</b>	<b>3.0%</b>	<b>4.0%</b>	<b>1.5%</b>

## Balance Sheet by Affiliated Company per December 31, 2022

Balance Sheet per Affiliation at 31.12.2022 in Million CHF	HPE	Hemmers- bach	Entco Microfocus	Total
<b>Total Assets incl Company Contrib. Res</b>	<b>1'133.0</b>	<b>17.9</b>	<b>14.7</b>	<b>1'165.6</b>
Shortterm Debt and Accounts Payable	-3.2	0.0	0.1	-3.1
Employer Contribution Reserve	-0.7	0.0	-0.3	-1.0
<b>Total Assets - net</b>	<b>1'129.1</b>	<b>17.9</b>	<b>14.5</b>	<b>1'161.6</b>
<b>Net Assets by Affiliation as a % of Total</b>	<b>97%</b>	<b>2%</b>	<b>1%</b>	<b>100%</b>
Savings capital of active members	171.0	7.9	9.0	187.9
Pensioners' retirement savings capital	699.8	6.8	3.8	710.5
Actuarial provisions	110.6	1.4	1.7	113.6
<b>Liabilities</b>	<b>981.4</b>	<b>16.1</b>	<b>14.5</b>	<b>1'012.0</b>
<b>Investment Fluctuation Reserve (IFR)</b>	<b>147.7</b>	<b>1.8</b>	<b>0.0</b>	<b>149.6</b>
<b>Coverage ratio art 44 BVV2</b>	<b>115.1%</b>	<b>111.4%</b>	<b>100.0%</b>	<b>114.8%</b>
<b>Technical interest of pension capital</b>	<b>1.00%</b>	<b>1.20%</b>	<b>1.00%</b>	<b>1.00%</b>

All affiliations show a coverage ratio of 100% or more and this with a technical interest rate of 1.0% to 1.2%. The lower the technical interest rate, the higher the pensioners' reserve capital, which in turn leads to a lower coverage ratio.

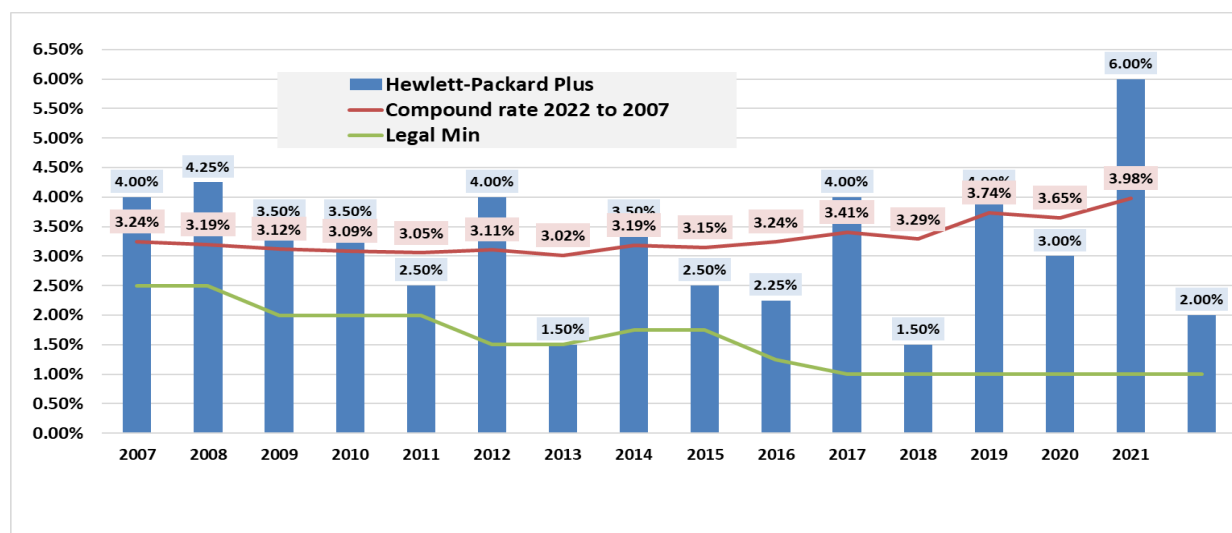
The technical interest rate will be reviewed again this year, compared with the long-term expected bank interest rates and 10-year federal bonds and, in view of the liabilities (how high the proportion of pensioners' capital is in relation to the total liabilities), will be adjusted. We are currently relatively conservative with our reserves. In view of the very high proportion of pensioners in our pension fund, this is in our view appropriate.

## Interest 2022 on savings capital

As mentioned in the previous section, we were not allowed to pay any outgoing benefits above the interest rate of 2% in the loss year 2022. With the technical interest rate of 2% (an interest rate guarantee for pensioners, which is used to calculate pensioners' capitals), actives and pensioners were treated equally in 2022. In view of the loss of 10%, this interest rate seems attractive to us. This also means that we remain above our long-term objective of granting on average 3% interest to the actives' savings capital (bank interest rates plus around 1.5% to 2.0%)

Every year we draw attention to the possibility of making additional purchases into the Pension Fund. The amount you can still contribute as an additional purchase for the ordinary retirement at age 65 is indicated in your last insurance certificate. In addition, you have the option to contribute towards an early retirement or/and an AVS bridge pension.

The following table shows the interest rate since 2007:



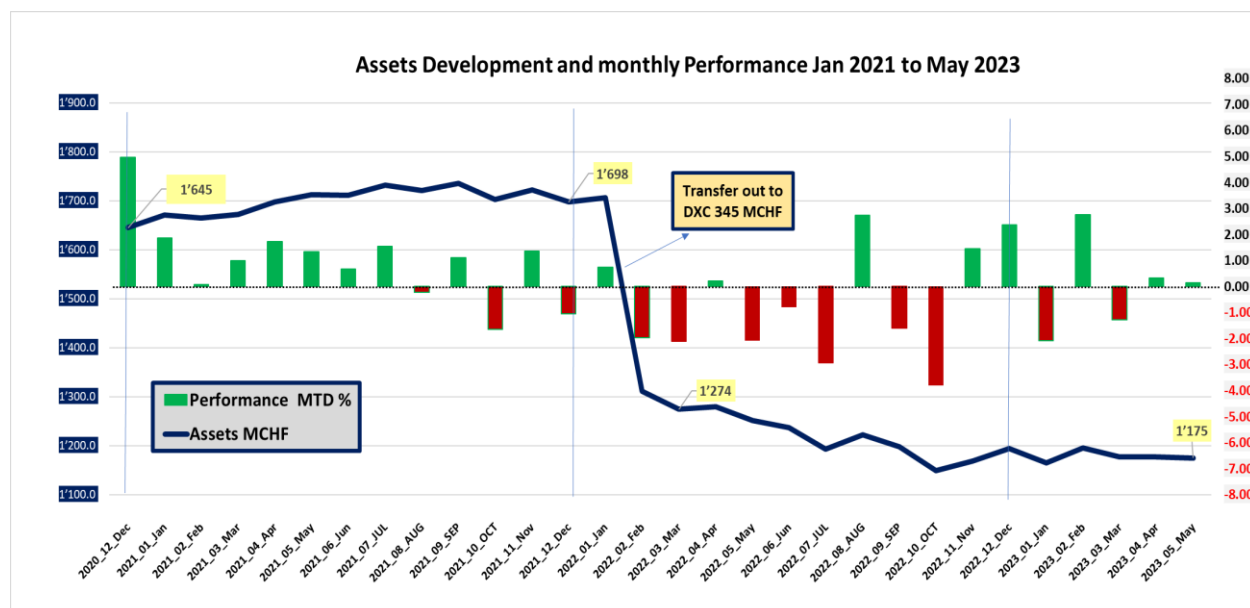
## Development of the number of insured members

After the spin-off of DXC, we have 71% pensioners (excluding child pensions) and 29% active members, in total 1183 members (excluding child pensions).

Overview of members and affiliation membership									
Active Members	HPE		Hemmersbach		MFC Entco		Total		
Beginning of Year 1.1.2022	328		20		22		370		
New members affiliation	20						20		
Leaving members	-20				-1		-21		
Members being retired	-14		-3				-17		
Deaths	-1						-1		
End of Year 31.12.2022	313	-15	17	-3	21	-1	351	-19	
Pensioners	HPE		Hemmersbach		MFC Entco		Total		
Beginning of Year 1.1.2022	850		4		5		859		
Net changes	1	1	3	3	-1	-1	3	3	
End of Year 31.12.2022	851	1	7	3	4	-1	862	3	
thereof:									
Pensioners	681	-8	7	3	3		691	-5	
Disabled pensioners	13	-2					13	-2	
Widows and widowers	128	17					128	17	
Children and orphans	29	-10			1	-1	30	-11	
Total of insured members	1'164	-14	24		25	-2	1'213	-16	

## Asset development, changes, performance

After three very good years, in which we had achieved a cumulative return of 24.7%, the correction occurred in 2022 resulting in minus 10.3%. The strategy adjustment from equities to bonds should have protected us better, but for the first time in history, bonds have also closed at minus 15% due to the rapid interest rate hikes, especially in the USA. Shares were down 19%. As of May 2023, the benchmark of the bonds in our portfolio is plus 1.9% and that of equities is 6.1% - both still show about minus 13% compared to the beginning of 2021.



The investment strategy has remained unchanged since the end of 2021 with 42% bonds, 30% equities, 22% real estate and 4% Insurance Linked Securities.

In 2022, we implemented a further focus on sustainable ESG funds. In doing so, we exited the "standard" passive shares of global equities and invested in ESG (Environment, Social and Governance) funds, approx. CHF 60 million passively (UBS), and in an ESG fund, which is actively managed, with approx. CHF 30 million (Pictet).

For the first time, we have also had a report prepared that provides us with information about our investments in terms of sustainability / ESG criteria. We have not yet defined specific ESG guidelines for our pension fund, but our investment regulations have included general principles for ESG investments since 2021. We have also been a member of the Ethos Foundation for many years and participate in the Ethos Engagement Pools for Swiss and Global Equities. The analysis, carried out by our consultants at PPCmetrics, shows the following:

1. All managers (with whom we invest, such as UBS, Vontobel, Pictet, etc.) are signatories to the Principles of Responsible Investments (PRI)
2. The vast majority are also affiliated with other climate initiatives (SSF, TCFD, UN Global Compact, Climate 100+, DCP and NZAM). The Climate Action 100+ initiative, for example, aims to ensure that the world's largest CO2 emitters take the necessary actions against climate change.
3. Our portfolio does not include any companies that are part of the exclusion list of SVVK-ASIR (SVVK for Swiss Association for Responsible Investment). In addition, managers, such as ZKB, apply also their own "blacklists" to exclude companies that do not meet ESG guidelines.
4. In the real estate strategy component, ESG criteria are being implemented to a lesser extent or not yet. For the time being, we are concentrating on the equity and bond components.
5. Our portfolio of analyzed investments shows that we achieve a reduction of 23.6% carbon intensity compared to the benchmark.

We realise that the issues of the environment and investment will continue to occupy us, but we also think that we have created a foundation on which to build. Furthermore, we will of course not lose sight of the other main criteria, return, liquidity, and risk of an investment (they are also easier to monitor, as we receive monthly data).

The ESG 2022 report, prepared by our investment advisor, PPCmetrics, can be downloaded from our website [www.pensionplus.ch](http://www.pensionplus.ch).

## How has the fluctuation reserve developed in 2022 and 2021?

Why and how has the fluctuation reserve changed?	x 1000 CHF 2022	x 1000 CHF 2021
<b>Value Investment Fluctuation Reserve at 31.12.2021 / 31.12.2020 (2020 incl. DXC)</b>	<b>265'945</b>	<b>266'954</b>
<b>Net result from investments / capital investments: profit, (loss)</b>	<b>-138'392</b>	<b>115'517</b>
Interest costs on the savings accounts of Active Members (2%; 6%)	-3'709	-19'319
Interest cost on the savings accounts of the pensioner's coverage capital (2%; 2%)	-14'518	-16'497
Actuarial (losses) on retirement and recalculation of longevity impact	-10'228	3'192
Actuarial adaptation to new BVG tables (BVG 2020 vs BVG 2015); Gain	29'394	
<b>Technical Reserves</b>		
Dissolution (creation) of reserves for bridging pensions (pensions II & III)	4'900	32'053
Dissolution (creation) of reserves to ensure the conversion rate	3'386	5'097
Dissolution (creation) of reserves for risk, death and disability	189	1'804
Dissolution (creation) of reserves for lowering the technical interest rate	18'238	-1'947
<b>Exit DXC Affiliation per 31.12.2021</b>		
DXC Investment Fluctuation Reserve transferred to the new DXC pension fund		-62'242
Technical Reserves DXC transferred to their new pension fund		-48'742
(Cost) of Administration	-558	-659
(Cost) of Insurances, net of Risk contributions from employees and employers	990	-411
Extraordinary benefits	-1'065	-4'420
Other fluctuations	-4'999	-4'435
<b>Total Changes in the Investment Fluctuation Reserve in 2022</b>	<b>-116'372</b>	<b>-1'009</b>
<b>Investment Fluctuation Reserve per 31.12.2022 / 31.12.2021 (excl. DXC)</b>	<b>149'573</b>	<b>265'945</b>

The movement in the fluctuation reserves clearly show the impact of a year of high profit or loss. At the end of 2021, the fluctuation reserves were approximately the same as at the beginning of the year, although we transferred over CHF 110 million in reserves to DXC.

In 2022, the losses from investments of CHF 138 million were at least partially offset by actuarial adjustments to reserves totalling CHF 46 million. However, the net loss of 116 MCHF nevertheless had a negative impact on the coverage ratio, which was reduced by 10%.

## Asset management and administration costs 2022

**Asset management costs amounted to 0.57%** of total assets, compared to 0.53% in the previous year, when DXC assets were still counted in this calculation.

**Administrative costs fell from CHF 659,000 in 2021 to CHF 557,800 per year. Calculated on the number of insured persons, per capita, there is nevertheless a considerable increase from CHF 389 (2021) to CHF 451 (2022).** The reason for this is that, especially with the departure of the DXC affiliation, only flexible costs are eliminated, but the fixed costs remain. The costs of 2022 were divided among 452 fewer members than those of 2021.

The management fee covers the costs of Avadis, our management service provider, the pension fund expert Mercer (and now WTW), the auditors (Balmer Etienne) as well as the costs of the supervisory authorities, the board of trustees and the management team. We are committed to continuing to provide the best possible services to our members, to maintain costs under control and where possible to optimize processes and achieve cost savings.

## Update as of May 31, 2023

The investment performance as of 31.5.2023 is 2.0%. Unfortunately, there were major write-downs in one fund for global real estate (these could be partially reversed due to a change in the fund valuation method – FINMA approval is awaited) and one of the insurance-linked securities had also suffered losses. After 5 months, we are on track with our target return of 3.6%, whereby a minimum return of 1.42% would be sufficient to maintain the coverage ratio. As every year, however, the books are only closed at the end of the year – we remain confident.

## Organization of the Foundation

From January 2022 to December 2022, after the exit of DXC, the Board of Trustees consisted of 4 members – all from Hewlett Packard Enterprise, as it counts for over 95% of the assets and members.

Since January 1, 2023, we are back at 6 members with 2 new members of the Board of Trustees. From a governance point of view, for the size of our pension fund, this seemed to us a more appropriate number of Board Members.

### Employee representatives

Gerber Philippe	HPE CH, Bern
Gigante Gianluca	HPE CH, Zurich
Babaci Nabil	HPE CH, Geneva (new from 1.1.2023)

### Employers' representatives

Brütsch Kurt	HPE CH, (President)
Mondon Katrin	HPE CH, Zurich
Arthur Huber	HPE CH, Zurich (new from 1.1.2023)

<b>Pensioners' representative</b>	Rychener Peter
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<b>Managing Director</b>	Rolf Wehrli, ASSEPRO Vorsorge AG, Zurich, since 14.6.2022, Tel. 079 509 12 34; E-mail: <a href="mailto:rolf.wehrli@pensionplus.ch">rolf.wehrli@pensionplus.ch</a> Lydia Ackermann, until 13.6.2022
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<b>Investment Committee</b>	Ivana Reiss, Kurt Brütsch, Philippe Gerber, Peter Rychener
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<b>Administration</b>	Avadis Vorsorge AG, Pension Fund Hewlett-Packard Plus Zollstrasse 42, 8005 Zürich / Avenue de la Gare 4, 1003 Lausanne Phone: 058 585 33 99 D/E F: 058 585 34 40, e-Mail: <a href="mailto:hp@avadis.ch">hp@avadis.ch</a>
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<b>Auditors</b>	Balmer Etienne AG, Ueli Christen
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<b>Pension Fund Expert</b>	MERCER SA, Ileana Christodorescu until 31.1.2022 MERCER SA, Richard Köppel, from 1.2.2022 to 31.10.2022 WTW (Willis Towers Watson), Ileana Christodorescu, ab 1.11.2022.
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For more information, please visit our website [www.pensionplus.ch](http://www.pensionplus.ch) , in French, German and English. No password is required for access.

You are also welcome to contact us by e-mail at [info@pensionplus.ch](mailto:info@pensionplus.ch)



**Annexe: Balance Sheet and Profit & Loss Statement (in 1'000 CHF)**

<b>Balance sheet</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	KCHF	KCHF
Cash & deposits	35'979	384'407
Receivables	2'296	4'817
Bonds	439'249	519'982
Equities	310'576	392'308
Alternatives	51'486	90'860
Real Estate	328'331	321'785
<b>Total assets</b>	<b>1'167'917</b>	<b>1'714'159</b>
Accounts payable	4'841	372'856
Other liabilities	538	620
Employer contribution reserve	980	764
Employer contribution reserve with renounced use		
Old age saving capital	187'906	196'900
Actuarial reserve pensioners	710'455	736'738
Technical provisions	113'623	140'336
Investment fluctuation reserve / (funding gap)	149'574	239'496
Free reserves		26'449
<b>Total liabilities</b>	<b>1'167'917</b>	<b>1'714'159</b>

<b>Profit &amp; Loss account</b>	<b>2022</b>	<b>2021</b>
	KCHF	KCHF
Employee contributions	5'543	9'942
Employer contributions	6'420	11'694
Voluntary contributions	5'776	7'072
Special employer contributions	6'579	10'879
Utilisation employer contribution reserve	-6'349	-11'531
Entry payments received	4'002	11'222
Pensions and capital payments	-51'607	-59'041
Extra-regulatory benefits (adapting pensions)	-1'075	-5'511
Vested benefits exit payments	-8'581	-52'261
Vested benefits exit payments Entserv / DXC		-349'756
Dissolution/attribution saving capitals	12'703	204'382
Dissolution/attribution actuarial reserve pensioners	26'283	89'829
Dissolution/attribution technical provisions	26'713	37'007
Interest of old age saving capital	-3'709	-19'319
Dissolution/attribution employer contribution reserve	-204	1'541
Insurance expenses	-24	-2'493
<b>net result from investments</b>	<b>-138'497</b>	<b>115'280</b>
Others	213	714
Administration expenditures	-558	-659
<b>Profit/loss before dissolution / attribution fluctuation reserve</b>	<b>-116'371</b>	<b>-1'009</b>
<b>Investment fluctuation reserve / (funding gap)</b>	<b>1.1</b>	<b>265'945</b>
<b>Dissolution / attribution fluctuation reserve</b>	<b>-116'371</b>	<b>-1'009</b>
<b>Investment fluctuation reserve / (funding gap)</b>	<b>31.12</b>	<b>265'945</b>