

Caisse de Pension Hewlett-Packard Plus
Pensionskasse Hewlett-Packard Plus
Pension Fund Hewlett-Packard Plus



Annual Report 2023



Financial year 2023

Dear members of our pension fund

The Board of Trustees is pleased to present you with the 2023 Annual Report. After a challenging year 2022 in terms of investments, we are pleased to be able to look back on a solid financial year in 2023. In contrast to the previous year, it overall developed positively. There were still some uncertainties of geopolitical and market-economic nature, but certain market areas developed very positively throughout the year, helping our pension fund to achieve a stable situation.

We were able to achieve a solid performance of 4.4% with our investments - despite an investment strategy that requires a lower risk profile due to the high proportion of pensioners. Thanks to the good investment results, the overall coverage ratio of the Pension fund Hewlett-Packard Plus, including its affiliations, improved to 116.6% at the end of 2023.

Thanks to the higher coverage ratio and a fluctuation reserve that was almost at its target level, the Board of Trustees had more leeway again in defining the interest on the savings capital of the active members, after the loss-making year 2022. And fortunately, this room for manoeuvre also allowed the pensioners to participate in the good result with a bonus, particularly in view of the increased cost of living / increased cost of illness insurance.

In addition to the core topics of asset management and managing the pension fund's fortunes using the critical key parameters (such as the technical interest rate, conversion rate, fluctuation reserve, etc.), a number of other activities and changes of significance were on the agenda in 2023.

Regulatory adjustments were necessary due to the 2021 AHV reform. The Board of Trustees also decided to make some adjustments to the regulations in favor of the insured persons. Due to regulatory requirements, we were also forced to abolish the option of a "deferred pension". This option will no longer be permitted from 1 January 2024. This will not change anything for existing deferred pensions.

From an organizational perspective, there are two significant changes. At Kurt Brüttsch's request, the search for a successor was initiated so that he could hand over the chairmanship of the Board of Trustees to a successor. Kurt Brüttsch has been a member of the Board of Trustees for over 20 years and has held the position of Chairman for somewhat over 11 years. He has carried out this role with great enthusiasm and inexhaustible commitment. He simply knows "every nook and cranny" of the pension fund and the large pool of underlying figures. Arthur Huber was elected to the position of Chairman of the Board of Trustees with effect from 1 January 2024. Kurt Brüttsch remains a member of the Board of Trustees as an employer representative and can thus ensure a smooth handover of this responsibility and the related activities to Arthur Huber.

Further, Franziska Schertenleib took over the management of our pension fund from Rolf Wehrli at the beginning of 2024. Rolf Wehrli left Assepro Vorsorge AG at the end of January 2024 to take on a new professional challenge.

We would like to take this opportunity to thank Kurt Brüttsch and Rolf Wehrli for their dedication and commitment to our pension fund in their respective roles.

Arthur Huber, Chairman of the Board of Trustees

Franziska Schertenleib, Managing Director

Balance sheet as of 31 December 2023

The table below shows the most important balance sheet values and key figures for 2023 as well as a comparison over five years.

The coverage ratio rose to 116.6 % and the fluctuation reserves were increased to 92 % of the target value. This allowed the Board of Trustees to distribute a higher interest rate on the savings assets again following the restrictions in 2022. The generally more optimistic return expectations on the financial markets also had a supportive effect.

In terms of total assets, the table below shows some drop in two years, with the following reasons.

At the end of 2021, the DXC affiliation left our fund and its capital flowed out accordingly, which led to a significant reduction in total assets compared to 2020.

The decrease in assets in 2022 is essentially the result of the financial market situation at that time and the associated negative performance, with a corresponding impact on total assets.

Balance Sheet over 5 years Millions of CHF	2023	2022	2021	2020	2019
Total Assets	1'170	1'166	1'349	1'670	1'646
Short-Term Debts and Employer Contribution Reserve	-10	-4	-9	-18	-19
Total Assets - net	1'160	1'162	1'340	1'652	1'627
Retirement savings capital of active members	190	188	197	382	405
Pensioners' retirement savings capital	695	710	737	827	809
Actuarial provisions (technical reserves)	110	114	140	177	133
Liabilities	995	1'012	1'074	1'386	1'348
Investment fluctuation reserve (Excess of Assets)	165	150	266	266	280
Coverage ratio art 44 BVV2	116.6%	114.8%	124.8%	119.2%	120.8%
Performance (net of WHTax and costs)	4.4%	-10.4%	6.8%	5.2%	12.7%

Overview of affiliated companies as of 31 December 2023

The table below provides an overview of the balance sheet figures per individual affiliation. All affiliated companies have a coverage ratio of over 100% with a technical interest rate of 1.0% for the HPE affiliation and 2.0% for each of the two smaller affiliations Hemmersbach and Microfocus with a significantly higher proportion of active insured persons. The lower the technical interest rate, the higher is the required actuarial coverage capital with the necessary technical reserves for pensioners.

The technical interest rate is periodically reviewed in comparison with the expected long-term bank interest rates and 10-year Confederation bonds and adjusted, if necessary, in view of the obligations (how high the proportion of pensioners' capital is in relation to the total obligations). For this reason, the technical interest rate for the two affiliations Hemmersbach and Microfocus with the significantly better ratio of active insured persons to pensioners was raised to 2% in 2023.

Balance Sheet per Affiliation at 31.12.2022 in Million CHF	HPE	Hemmers- bach	Entco Microfocus	Total
Total Assets incl Company Contrib. Res	1'136.7	17.9	15.7	1'170.3
Shortterm Debt and Accounts Payable	-9.3	0.0	-0.1	-9.4
Employer Contribution Reserve	-0.9	0.0	-0.2	-1.0
Total Assets – net	1'126.6	17.9	15.4	1'159.9
Net Assets by Affiliation as a % of Total	97.13%	1.54%	1.33%	100%
Savings capital of active members	171.9	7.8	10.1	189.8
Pensioners' retirement savings capital	684.3	6.6	3.7	694.7
Actuarial provisions	109.7	0.1	0.5	110.4
Liabilities	966.0	14.6	14.3	994.9
Investment Fluctuation Reserve (IFR)	160.6	3.3	1.1	165.0
Coverage ratio art 44 BVV2	116.6%	122.4%	107.5%	116.6%
Technical interest of pension capital	1.00%	2.00%	2.00%	1.01%
Interest credit to the active insured members	4.50%	4.50%	2.25%	

Development of insured members

When investing pension fund assets, the focus is always on securing benefits in the long term. The specific risk capacity of the fund, i.e. its actual financial situation and the *structure and expected development of the insured members*, must be taken into account.

The table below shows the structure of active insured persons and pensioners in total and broken down by the individual affiliations. The number of members at the end of 2023, excluding children's pensions, was 1,175. The proportion of pension recipients, again excluding children's pensions, was at 71% and in absolute figures 840. This means that we are in our basic structure a pensioner-heavy fund, which results in corresponding requirements for the investment strategy.

Overview of members and affiliation membership

Active Members	HPE		Hemmers- bach		MFC		Total	
Beginning of Year 1.1.2023	313		17		21		351	
New members affiliation	16				3		19	
Leaving members	-22				-2		-24	
Members being retired	-9		-1				-10	
Deaths	-1						-1	
End of Year 31.12.2023	297	-16	16	-1	22	1	335	-16
Pensioners	HPE		Hemmers- bach		MFC		Total	
Beginning of Year 1.1.2023	851		7		4		862	
Net changes	3				1		4	
End of Year 31.12.2023	854	3	7		5	1	866	4
thereof:								
Pensioners	685	4	7		3		695	4
Disabled pensioners	12	-1					12	-1
Widows and widowers	132	4			1	1	133	5
Children and orphans	25	-4			1		26	-4
Total of insured members	1'151	-13	23	-1	27	2	1'201	-12

Interest on savings capital 2023

Following the investment-related loss in year 2022, in which we had very limited possibilities for interest credits on the savings capital, the 2023 investment year developed favorably again. Thanks to the good investment results, the fluctuation reserve was almost fully replenished, and the coverage ratio improved. This made it possible to credit interest on the savings capital of active insured persons above the long-term average and to pay a bonus to pensioners (retirement, spouse's and disability pensions).

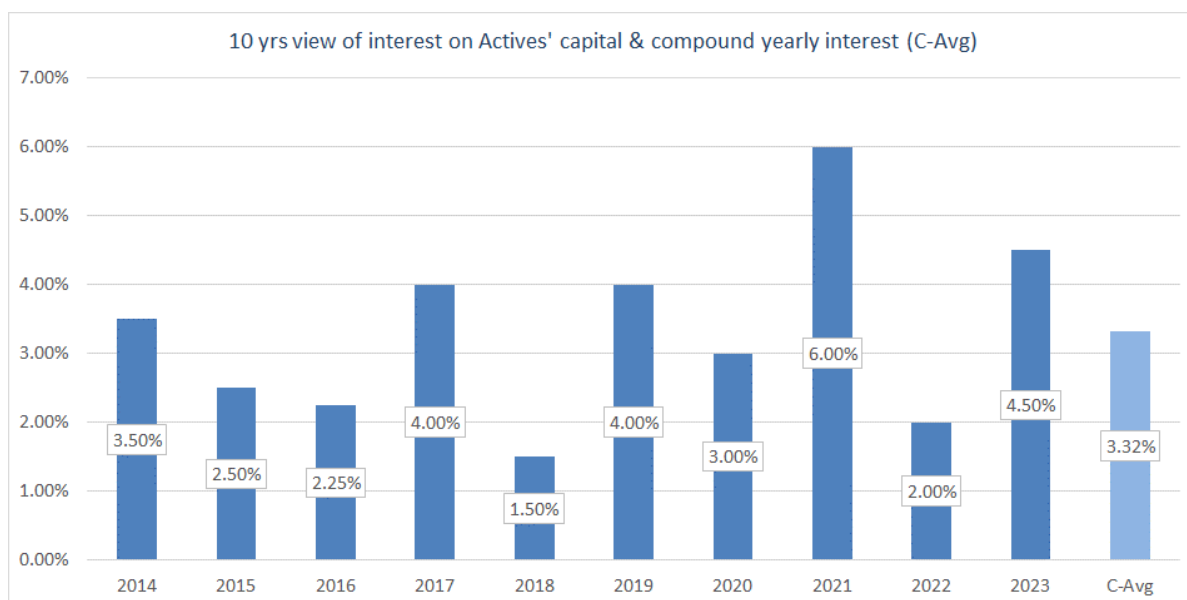
As a pension fund with the three affiliations HPE, Hemmersbach and Microfocus (the latter was taken over by OpenText in 2023), we manage the affiliations in a separate financial accounting with an individual coverage ratio.

Due to a previously different investment strategy, the coverage ratio of the Microfocus/OpenText affiliation is significantly lower than that of HPE and Hemmersbach. Furthermore, also the timing of relevant capital withdrawals or additions in the investment cycle can influence this effect. For this reason, the Board of Trustees has decided to treat the Microfocus/OpenText affiliation separately for 2023 with a lower interest rate and bonus. It should be noted, however, that this interest rate is still above the market average.

For the HPE and Hemmersbach affiliations, interest of 4.5% was credited on the savings capital of active insured persons and of 2.25% for the Microfocus/OpenText affiliation.

Due to the current market conditions, we are aiming for an average interest rate of 3% in the long term. However, this is dependent on longer-term market developments, i.e. inflation and general interest rate levels. With just these influencing factors we have experienced a special situation in recent years, first with a prolonged phase of negative interest rates and then again with unusually high inflation rates.

The following graph shows the development of interest on the savings capital of active employees as well as the compound average interest per year over the last 10 years.



We would also like to draw your attention to the possibility of making purchases into the pension fund. The maximum possible amount for ordinary retirement is stated on the insurance certificate. In addition, purchases can be made for early retirement and an AHV bridging pension. In each specific case, the maximum possible buy-ins are calculated individually by AVADIS Vorsorge AG.

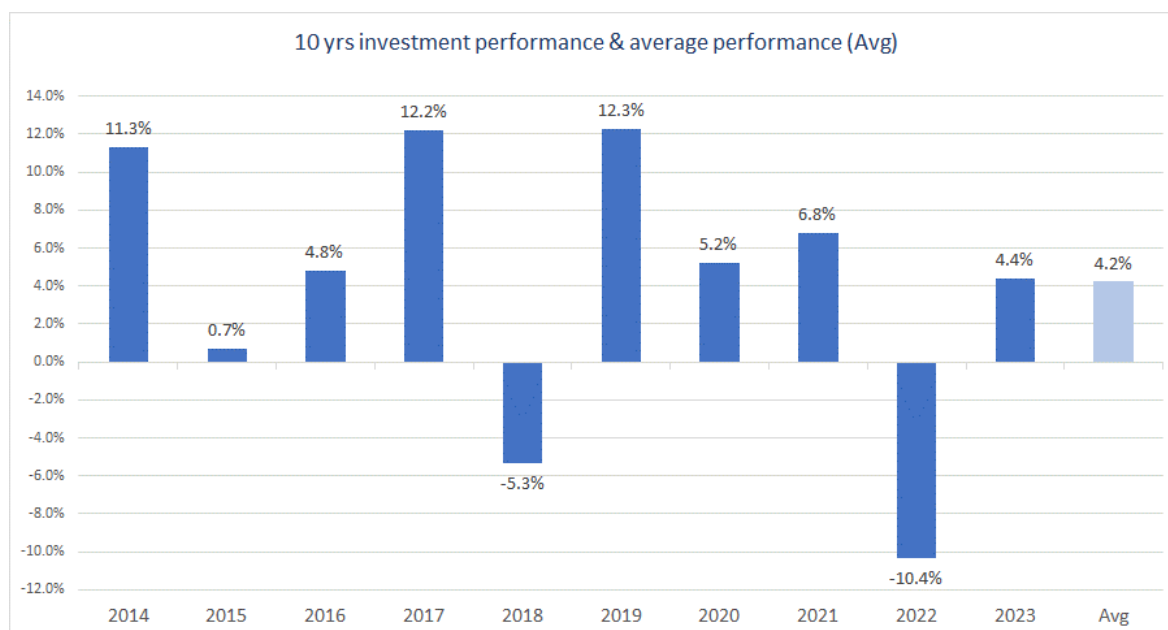
Investment performance 2023

With a return of 4.4% in 2023, we are above the compound, annualized 10-year average of 3.95%, which is slightly above the expected return based on our investment strategy. The specified required target return of the pension fund is lower at around 1.5%. In the longer term, we would like to credit interests on the savings capital of our active insured persons at 2% to 3% above current interest rates, if possible. This objective has led the Board of Trustees to maintain an equity allocation of 30% as of to date.

This strategic equity component of 30% contributed 71% to the total return in 2023, while the bond component of 42% contributed 43%. Unfortunately, we had to accept losses in the UBS and Credit Suisse Global Real Estate funds due to interest rate adjustments. We also suffered a loss in the Insurance Linked Securities (ILS) in one of the funds (Life) - the "classic" ILS (catastrophic or cat bonds for short), on the other hand, were clearly positive.

Nevertheless, we are satisfied with the overall performance in 2023. It allowed us to increase the fluctuation reserves by CHF 15.3 million.

Long-term development of investment performance

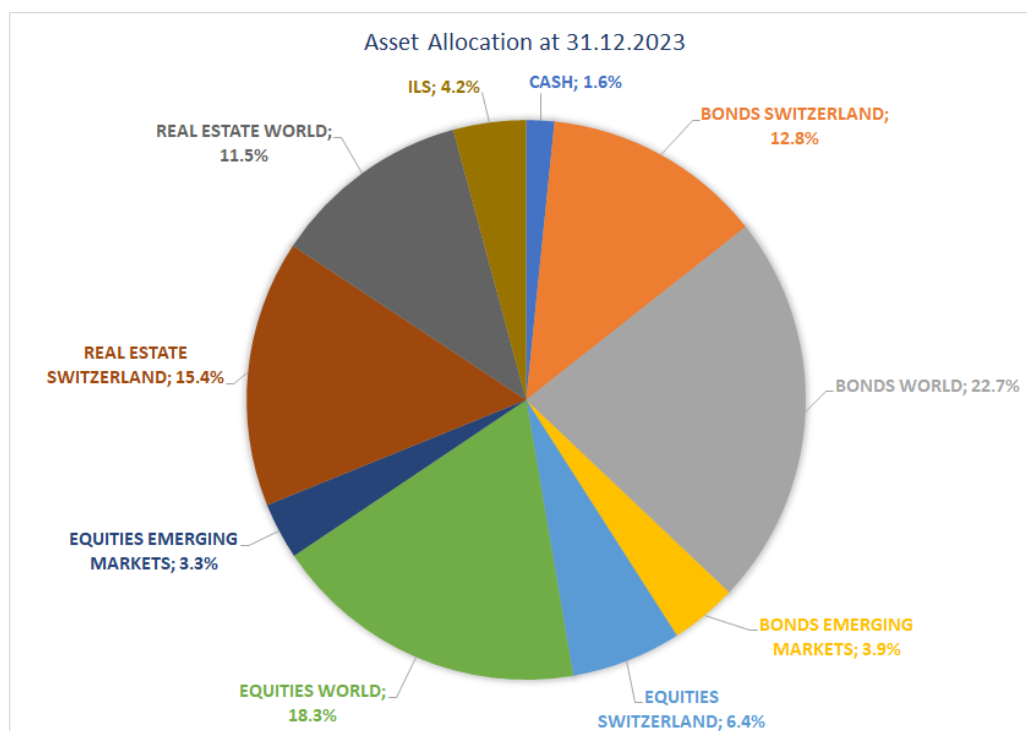


Investment strategy for the future

A pension fund specific analysis (ALM study) is carried out every 3 to 4 years to verify the investment strategy and adapt it to new circumstances. Such an analysis is currently in progress and initial results are available.

There will probably be no major changes, as the risk capacity of our pension fund is limited by the high portion of pension cover capital. By and large, we will probably remain at around 30% equities and 40% to 50% in the so-called "fixed income" strategy class (bonds and cash). Real estate is likely to be set at around 20% (a reduction compared to the current level). And in order to ensure at least some "de-correlation" with the markets, we will continue to maintain the approximately 4% ILS.

Breakdown of investments by investment category



Asset management / administration costs 2023

Asset management costs amounted to 0.57 % of assets under management. They are therefore identical to the asset management costs in the previous year 2022.

At CHF 670'070 for 2023, the general administration costs have risen compared to CHF 557'800 in the previous year. This represents an increase of CHF 98 to CHF 558 per insured person compared to the previous year. There were various reasons for the increase in administration costs in 2023: i.e. costs for external consulting and the implementation in relation to the entry into force of the new Data Protection Act from 1 September 2023, additional expenses due to the know-how transfer and the handover of operational tasks related to the change in the Chair of the Board of Trustees and furthermore a high number of demanding and time-intensive special pension cases and consultations with our members. Nevertheless, it is important to us to continue to provide our members with high-quality services that go beyond purely administrative processing. At the same time, we are also clearly committed to continue keeping costs under control and optimizing them wherever possible.

The general administration costs cover the fees for AVADIS Vorsorge AG, our service provider for administrative management, the pension fund expert WTW, the auditors (Balmer Etienne) and the costs of the supervisory authorities, the Board of Trustees and the management team including the pension fund manager function of ASSEPRO Vorsorge AG.

Sustainability

We have not yet defined any 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.

ESG reporting, as is now required of general business companies, is not yet mandatory for pension funds. However, the Swiss Pension Fund Association has issued recommendations in this regard, which

are currently being adopted and introduced step by step by larger pension funds. We will address the topic of defining ESG guidelines and reporting in the second half of 2024.

As a concrete example of the implementation of ESG criteria, we made a change to our investments in 2023 in which the clear ESG focus of the new fund was one of the key criteria. It concerns the investment in a Swiss Small & Mid Caps equity fund, which is managed in accordance with Ethos guidelines and therefore fulfils ESG criteria to a high degree.

Organization

Following the departure of the DXC affiliation, the Foundation Board consisted of just four members in 2022 - all from Hewlett Packard Enterprise, as this affiliation accounts for over 95% of the assets and members. On 1 January 2023, the Board of Trustees was expanded by two newly elected members to a total of six members. From a governance perspective, we believe this is a more appropriate number for the size of the fund.

Employee representative

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

Employer representative

Brütsch Kurt	HPE CH, (Chairman until 31.12.2023; Board of Trustees from 1.1.2024)
Huber Arthur	HPE CH, Zurich (new from 1.1.2023, Chairman from 1.1.2024)
Mondon Katrin	HPE CH, Zurich

Pensioner representative

Rychener Peter

Managing Director

Rolf Wehrli, ASSEPRO Vorsorge AG, Zurich (until 31 January 2024)
Franziska Schertenleib, ASSEPRO Vorsorge AG, Zurich (from 1 February 2024)
Tel. 058 590 46 61 / Email: f.schertenleib@pensionplus.ch

Investment Committee

Ivana Reiss (Reiss Advisory), Kurt Brütsch, Philippe Gerber, Arthur Huber, Peter Rychener

Administration

AVADIS Vorsorge AG, Caisse de pension Hewlett-Packard Plus
Zollstrasse 42, 8005 Zurich
Tel.: 058 585 33 99 (D/E/F) / Email: hp@avadis.ch
For pensioners: Tel.: 058 585 13 34) / Email: leistungsdienst@avadis.ch

Auditors

Balmer Etienne AG, Ueli Christen

PK expert

WTW (Willis Towers Watson), Ileana Christodorescu

Further information can be found on our website www.pensionplus.ch, in French, German and English. No password is required for access.

You can also contact us by e-mail at info@pensionplus.ch.

Appendix: Balance sheet and Profit&Loss account (in CHF 1,000)

Balance sheet	31.12.2023	31.12.2022
	KCHF	KCHF
Cash & deposits	18'925	35'979
Receivables	1'280	2'296
Bonds	460'006	439'249
Equities	326'921	310'576
Alternatives	49'295	51'486
Real Estate	315'174	328'331
Total assets	1'171'601	1'167'917
Accounts payable	6'665	4'841
Other liabilities	4'047	538
Employer contribution reserve	1'035	980
Employer contribution reserve with renounced use		
Old age saving capital	189'810	187'906
Actuarial reserve pensioners	694'698	710'455
Technical provisions	110'379	113'623
Investment fluctuation reserve / (funding gap)	164'967	149'574
Free reserves		
Total liabilities	1'171'601	1'167'917

Profit & Loss account	2023	2022
	KCHF	KCHF
Employee contributions	5'404	5'543
Employer contributions	6'248	6'420
Voluntary contributions	3'354	6'233
Special employer contributions	6'172	6'579
Utilisation employer contribution reserve	-6'116	-6'349
Entry payments received	4'994	3'544
Pensions and capital payments	-53'070	-52'678
Extra-regulatory benefits (adapting pensions)	-3'784	-3
Vested benefits exit payments	-11'608	-8'581
Vested benefits exit payments Entserv / DXC		
Dissolution/attribution saving capitals	5'922	12'703
Dissolution/attribution actuarial reserve pensioners	15'757	26'283
Dissolution/attribution technical provisions	3'244	26'713
Interest of old age saving capital	-7'825	-3'709
Dissolution/attribution employer contribution reserve	-55	-204
Dissolution/attribution employer contribution reserve with renounced use		
Insurance expenses	-1'305	-24
net result from investments	48'734	-138'497
Others	1	213
Administration expenditures	-670	-558
Profit/loss before dissolution / attribution fluctuation reserve	15'394	-116'372
Investment fluctuation reserve / (funding gap) 1.1	149'573	265'945
Dissolution / attribution fluctuation reserve	15'394	-116'372
Investment fluctuation reserve / (funding gap) 31.12	164'967	149'573