

Pension Fund ABB Power Grids Switzerland Ltd

Short Annual Report 1.7. – 31.12.2020

Key figures	2020
Capital investments and participations in CHF	565 563 198
Income (+) / expenditure (-) surplus in CHF	62 789 948
Employer contributions in CHF	12 353 402
Employee contributions in CHF	8 639 315
Pension benefits in CHF	131 755
Capital benefits in CHF	2 713 576
Return on capital investments in % ¹⁾	4.88
Coverage ratio in %	112.7
Fluctuation reserve in % ²⁾	12.7
Target fluctuation reserve in % ²⁾	21.1

¹⁾ 1.7. – 31.12.2020

²⁾ As a percentage of pension liabilities (savings and coverage capital) and actuarial reserves

Member portfolio	2020
Members	2 752
Pensioners	21
Total	2 773

Benefits	2020
Pension increase in CHF	-
One-time bonus for pensioners in CHF	-
Conversion rate at 65 in %	5.65
Interest on savings capital in %	2.0
Actuarial interest rate	1.75

Fluctuation reserve



Breakdown active members/pensioners



Positive result

In 2020, the COVID-19 pandemic dominated both the economy and the financial markets. This led to a sharp decline on the financial markets in the first quarter of 2020. In view of the severity of the global economic slump, central banks and governments around the world initiated unprecedented aid programmes. Thanks to the swift intervention of the central banks, the stock markets recovered from their low points and embarked on an impressive rebound.

By the end of the year, the Pension Fund's investment performance since 1 July 2020 delivered a strong result of 4.9%. The coverage ratio amounts to 112.7%.

Interest on savings capital in 2020 and 2021

In 2020, the savings capital of active members was subject to a 2.0% interest rate (1.0% BVG interest + 1.0% additional interest compensating for the reduction of the conversion rate; financed by the employer). For 2021, the Board of Trustees has set an interest on savings capital of 1.0% (BVG interest rate). Furthermore, a 1.0% additional interest will be credited to compensate for the reduction of the conversion rate. The costs of the additional interest are borne by the employer.

According to a Board of Trustees resolution, current pensions were not adjusted as of 1 January 2021.

New investment strategy

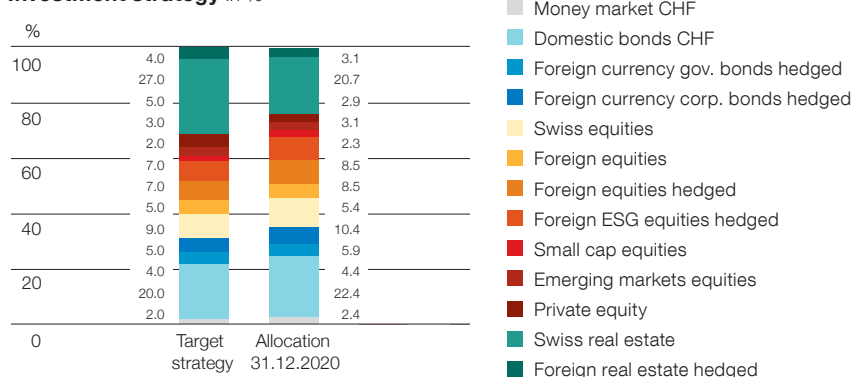
After the launch in the second half of 2020, the Board of Trustees focussed on the investment strategy. The Board decided to adjust the strategy as of 1 December 2020 due to the new, more advantageous member structure (no transfer of pensioners from the ABB Pension Fund).

The total bond exposure was reduced from 56% to 31% and the total equities exposure was raised from 21% to 38% in return. The real estate exposure will be increased gradually to 31%. The Board of Trustees is aware that the higher equities share will temporarily expose the new investment strategy to significantly higher fluctuations on the financial markets. However, the Board is convinced that this approach will pay off in the form of higher returns in the long term.

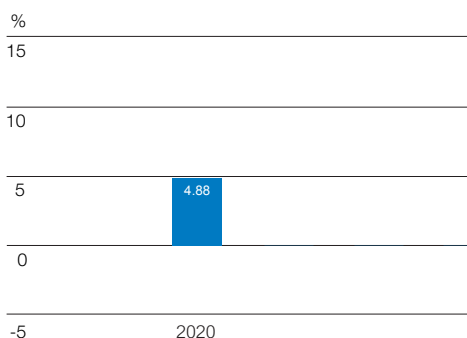
	31.12.2020 CHF
Balance sheet	
Assets	
Capital investments and participations	565 563 198
Other assets	1 268 897
Total assets	566 832 095
Liabilities	
Liabilities and accruals	9 053 330
Employer contributions reserve	0
Active members' liabilities (savings capital)	443 519 351
Pensioners' liabilities (coverage capital)	11 648 740
Actuarial reserves	39 820 726
Fluctuation reserve	62 789 948
Foundation capital, disposable assets	0
Total liabilities	566 832 095

	1.7. – 31.12.2020 CHF
Operating Account	
Regulatory contributions	20 992 717
Vested benefits, purchase, one-time payments	537 038 540
Inflow from contributions and entry benefits	558 031 257
Retirement, survivors' and disability benefits	-2 845 331
Termination benefits	-9 901 568
Advance withdrawals for home ownership / divorce	-1 807 824
Outflow for benefits and withdrawals	-14 554 723
Accrual pension plan capital, actuarial and contribution reserves	-494 988 817
Security fund contributions	-200 000
Net result from insurance activities	48 287 717
Net result from investment of assets	15 047 742
Administration expenses	-545 511
Accrual fluctuation reserve	-62 789 948
Income/expenditure surplus	0

Investment strategy in %



Return on capital investments (1.7. – 31.12.2020)



Official Bodies

Board of Trustees

Employer representatives

(1.7.2020–30.6.2024)

Ron Steijn (Chair)
Christoph Käubler
Katharina Ohlhoff
Rafaela Vogt

Employee representatives

(1.7.2020–31.3.2024)

Jörg Lehmann (Vice Chair)
Robert Fellmann
Jeannette Müller
Nathalie Thürwächter

Investment Risk Committee (IRC)

(1.7.2020–31.12.2020)

Jörg Lehmann (Chair)
Katharina Ohlhoff (Vice Chair)
Marco Bagutti (external consultant)
Ron Steijn
Michael J. Theurillat (external consultant)
Nathalie Thürwächter

Pensioners commission

(1.7.2020–31.3.2024)

Jörg Lehmann (Chair)
Robert Fellmann
Jeannette Müller
Nathalie Thürwächter
Andreas Berger, from 8.12.2020
Gabriel Salm, from 8.12.2020

General management (Avadis Vorsorge AG)

Katrin Wagner (General Manager)
Alessio Lapadula (Dep. General Manager)

Occupational benefits expert

Christoph Plüss (executive expert),
Allvisa AG (contractual partner), Zurich

Auditor

PricewaterhouseCoopers AG, Zurich

Asset management

Avadis Investment Foundation and Avadis Investment Foundation 2, Zurich
AFIAA Investment Foundation for International Real Estate Investments, Zurich

Investment consultant ALM study

Roger Baumann, c-alm AG, St. Gallen

Supervisory authority

BVSA, BVG- und Stiftungsaufsicht Aargau, Aarau

Further information

The full annual report is legally binding.
It can be obtained at www.hitachiabb-powergrids.com/ch/en/career/vorsorge.

Pension Fund ABB Power Grids Switzerland Ltd

c/o Avadis Vorsorge AG
Zollstrasse 42, P.O. Box 1077
8005 Zurich
T 058 585 82 87
power-grids@avadis.ch
www.hitachiabb-powergrids.com/ch/en/career/vorsorge