

General Electric Switzerland Pension Fund

Short Report 2019

| Key figures | 2019 | 2018 |
|---|---------------|---------------|
| Capital investments in CHF | 1,657,755,001 | 1,522,647,191 |
| Expenditure/income surplus in CHF | 69,127,975 | -69,647,326 |
| Employer contributions in CHF | 26,806,522 | 32,499,925 |
| Employee contributions in CHF | 20,086,043 | 24,165,540 |
| Pension benefits in CHF | 49,705,685 | 42,849,969 |
| Capital benefits in CHF | 14,501,989 | 13,721,349 |
| Net cash flow contributions/benefits in CHF | -17,315,109 | 94,147 |
| Net result insurance benefits in CHF ¹⁾ | 48,366,129 | 15,701,636 |
| Administrative expenses in CHF (total) | 763,943 | 814,599 |
| Administrative expenses in CHF (per beneficiary; average volume at the beginning/end of the year) | 186 | 175 |
| Return on capital investments in % | 10.94 | -2.90 |
| Coverage ratio in % | 117.00 | 112.70 |
| Value fluctuation reserve in % ²⁾ | 17.00 | 12.70 |
| Target value fluctuation reserve in % ²⁾ | 20.00 | 20.00 |

¹⁾ This amount consists mainly of the following components: difference between risk premium and actual costs for death and disability benefits, difference between actual mortality rate during year under review and statistical long-term reading.

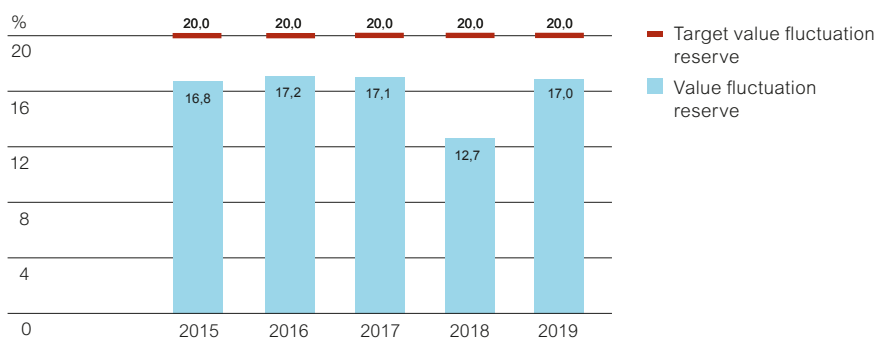
²⁾ As % of pension capital (savings and covering capital) and actuarial reserves

| Population | 2019 | in % | 2018 | in % |
|--------------------------|-------|------|-------|------|
| Active members | 2,377 | 62 | 2,937 | 68 |
| Pensioners ¹⁾ | 1,485 | 38 | 1,409 | 32 |
| Total | 3,862 | | 4,346 | |

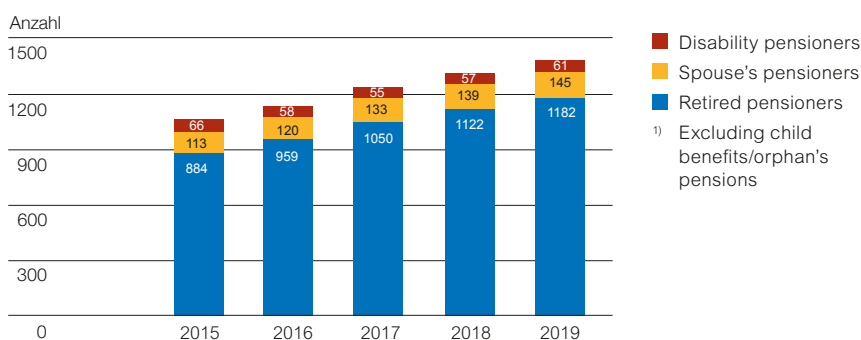
¹⁾ Including children and orphans

| Benefits | 2019 | 2018 |
|--|------|------|
| Pension increase in CHF | – | – |
| One-time bonus for retired pensioners in CHF | – | – |
| Conversion rate at 65 in % | 5.65 | 5.85 |
| Interest on savings capital in % | 7.00 | 1.00 |
| Average interest on savings capital over the last ten years in % | 3.50 | 2.96 |
| Actuarial interest rate in % | 1.00 | 1.50 |

Value fluctuation reserve



Breakdown by pensioner category ¹⁾



¹⁾ Excluding child benefits/orphan's pensions

Excellent investment result allows for exceptional interest

In 2019, economic activity slowed down considerably in the big economies. On top of this, a number of political and economic problems, such as the Brexit negotiations and most notably the US-China trade dispute, remained unresolved. Weaker economic indicators in the manufacturing and export industries prompted central banks to rethink their monetary policies. The FED implemented as many as three key interest rate cuts totalling 0.75% in the second half of the year, while the European Central Bank (ECB) launched another bond buying programme in November. This monetary easing spurred on the financial markets, in particular equity investments, some of which reached new record highs. The real estate and bond markets also benefited from the renewed decline in interest rates.

In 2019, the General Electric Switzerland Pension Fund generated an excellent total return of 10.94%, which led to an improvement of the Pension Fund's financial position. Thanks to the disproportionate increase of the coverage ratio, the Pension Fund was in a position to set an exceptional interest rate of 7.00%. In line with the preceding years, as a precautionary measure, the Board of Trustees furthermore resolved to apply a 1.00% interest rate to savings capitals in 2020 (the minimum interest rate set by the Federal Council). The Board of Trustees also decided to adjust the technical interest rate to the consistently low interest rate levels, lowering the rate to 1.00% for the annual accounts as of 31 December 2019. Despite these measures, the Pension Fund's coverage ratio rose to 117.00% (previous year: 112.70%).

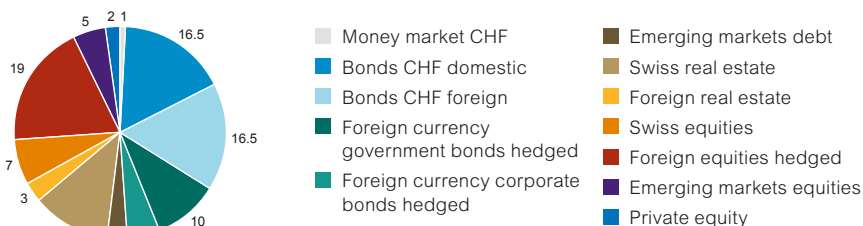
Rising life expectancy and consistently low interest rates on the capital markets are increasingly putting pressure on the conversion rate. The Board of Trustees has therefore decided to lower the conversion rate at age 65 to 4.90% in 2023 and 4.80% in 2024.

The Board of Trustees held four ordinary meetings in the past financial year and attended a specific advanced training course in the context of a workshop.

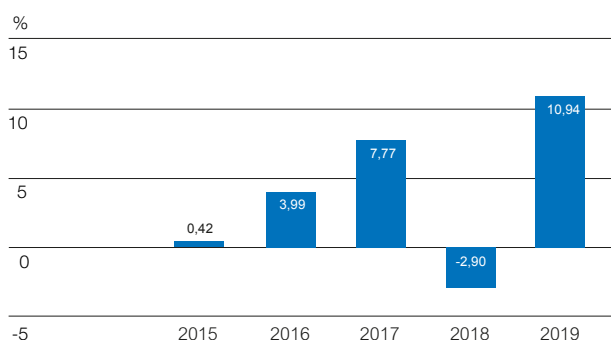
| Balance sheet | 31.12.2019 CHF | 31.12.2018 CHF |
|---|----------------------|----------------------|
| Assets | | |
| Capital investments | 1,657,755,001 | 1,522,647,191 |
| Employer receivables | 0 | 5,286,086 |
| Cash and other assets | 22,041,482 | 21,783,807 |
| Total assets | 1 679,796,483 | 1,549,717,084 |
| Liabilities | | |
| Liabilities and accruals | 19,235,068 | 24,297,486 |
| Active members' liabilities (savings capital) | 583,933,489 | 638,051,290 |
| Pensioners' liabilities (covering capital) | 772,590,738 | 661,973,095 |
| Actuarial reserves | 63,003,000 | 53,489,000 |
| Value fluctuation reserve | 241,034,188 | 171,906,213 |
| Total liabilities | 1 679,796,483 | 1,549,717,084 |

| Operating account | 2019 CHF | 2018 CHF |
|---|---------------------|---------------------|
| Regulatory contributions | 46,892,565 | 56,665,465 |
| Vested benefits, purchase amounts and one-time payments | 20,511,306 | 16,976,998 |
| Deposits from transfer of pensioners | 65,207,941 | 0 |
| Inflow from contributions and entry lump sum benefits | 132,611,810 | 73,642,463 |
| Retirement, survivors' and disability pensions | -64,207,674 | -56,571,318 |
| Termination benefits | -98,117,177 | -93,819,764 |
| Withdrawals for home ownership/divorce | -1,304,754 | -3,798,991 |
| Outflow for benefits and withdrawals | -163,629,605 | -154,190,073 |
| Decrease/increase in pension liability and actuarial reserves | -66,013,842 | 58,265,310 |
| Contribution to security fund | -235,485 | -254,612 |
| Net result of insurance activities | -97,267,122 | -22,536,912 |
| Net return on investments | 167,119,904 | -46,337,674 |
| Other income | 39,136 | 46,891 |
| Other expenses | 0 | -5,033 |
| Administration expenses | -763,943 | -814,599 |
| Decrease/increase in value fluctuation reserve | -69,127,975 | 69,647,326 |
| Income surplus | 0 | 0 |

Investment strategy in %



Return on capital investments



Official bodies

Board of Trustees

(term of office 2017–2020)

Employer Representatives

Alexander Mihajlovic, Chair
Martin Boller
Dana Kiefer
Michael Rechsteiner
Peter Rosa

Employee Representatives

Hans-Jürg Harder, Vice Chair
Jerome Harden
Christoph Hasler
Roland Hug
Peter Renz

Administrative Commission

(term of office 2017–2020)

Hans-Jürg Harder, Chair
Jerome Harden
Christoph Hasler
Roland Hug
Peter Renz

Audit Committee

Roland Hug
Peter Rosa

General Management (Avadis Vorsorge AG)

Jacky Baula, General Manager
(until 31.12.2019)
Marion Fischer, Deputy General Manager (until 31.12.2019, from 1.1.2020 General Manager)

Authorised Signatories

Alexander Mihajlovic
Hans-Jürg Harder
Christoph Hasler
Peter Rosa
Jacky Baula (Avadis Vorsorge AG)
Marion Fischer (Avadis Vorsorge AG)
Lars Kleuke (Avadis Vorsorge AG)
Albert Steiner (Avadis Vorsorge AG)

Occupational Benefits Expert

Olivier Kern, executive expert, Pittet Associates AG, Bern, contractual partner

Auditors

KPMG AG, Zurich

Investment Consultant

Hansruedi Scherer, PPCmetrics AG, Zurich

Supervisory Authority

BVSA, Bureau of Occupational Benefits and Foundation Supervision Aargau, Aarau

Further Information

The full annual report can be accessed at www.ge-vorsorge.ch. You may also order it (in German) from the General Electric Switzerland Pension Fund. The full annual report is legally binding.

General Electric Switzerland Pension Fund

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