

groupemutuel

Information for financial year 2023

Groupe Mutuel
Prévoyance-GMP



Overview of financial year 2023

2023: a year of change

In an environment of transformation for occupational pension benefits (2nd pillar), Groupe Mutuel Prévoyance-GMP experienced an eventful year in 2023. Innovation and the drive for growth were the driving forces behind our activities in a favourable environment.

In 2023, the Foundation Board decided to reform the structure of the foundation, which was transformed into Fondation Collective Groupe Mutuel on 1 January 2024. Existing contracts were grouped together within the joint fund Groupe Mutuel Prévoyance-GMP. All rights and obligations, as well as the assets with a cover ratio of 109.2%, were taken over unchanged by the new entity. This transformation will be completed in 2024 by a merger with Fondation Collective Opsion.

Coverage ratio according to Art. 44 OPP2/BVV2

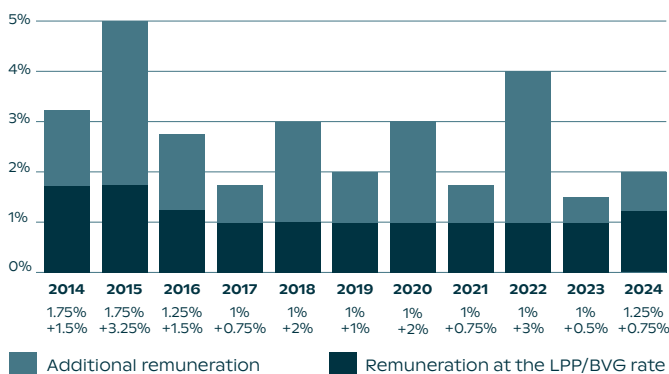
as of 31.12 / in CHF	2023	2022
Total assets	2 781 725 030	2 554 808 404
Commitments	-66 339 244	-96 381 127
Accruals for liabilities	-21 532 697	-23 568 221
Employer contribution reserves	-16 794 464	-16 771 540
Assets as of 31.12	2 677 058 625	2 418 087 516
Retirement assets of active policyholders and pensioners	2 389 079 648	2 230 098 428
Uncommitted funds of affiliated employers	3 639 601	7 455 228
Technical provisions	59 576 616	59 976 616
Retirement assets and technical provisions	2 452 295 864	2 297 530 272
Coverage ratio	109.17%	105.25%

IT at the service of the customer experience

An ambitious project was carried out in 2023: the upgrade of our IT application within only 12 months. On 3 January 2024, the new IT application was available, without any interruption to services, both for internal management activities and for our customers, whose access to information via the LPP/BVG portal is now greatly improved.

In the course of 2024, an environment designed for insured persons will be made available, with the possibility of individual access to current and future insured benefits at any time.

Interest rate allocated on the total savings of insured persons



2023, a historic year in commercial terms

Sales growth was strongest in German-speaking Switzerland, where contracts representing CHF 6.7m in new premiums were concluded, compared with CHF 6.6m in French-speaking Switzerland. It's pleasing to note that SMEs of all sizes and from all language regions have applied to become members of the Foundation. The range of products and services on offer is therefore perfectly suited to the Swiss economy, and reinforces the Foundation's national dimension.

Adjustment of conversion rates

From 1 January 2025, a uniform conversion rate, applicable to total assets, will come into force for calculating retirement pensions. Set at 5.6% for men and women at age 65, it will make the calculation of retirement benefits more transparent. In all cases, the total pension paid will be at least equivalent to 6.8% of the minimum LPP/BVG assets.

A new role for the Meeting of Delegates

Following GMP's transformation into a collective foundation, the Meeting of Delegates now elects the members of the pension committee of the Groupe Mutuel Prévoyance-GMP joint fund. On the other hand, this meeting is always a unique opportunity to introduce our activities and to understand the concerns of the representatives of the affiliated companies. We therefore hope to see a large number of our delegates at the next GMP General Meeting on 19 June 2024 in Martigny.

ESG - Sustainable and responsible investments

In 2023, we continued and strengthened our measures for positioning assets from an ESG perspective. The annual audit by Conser - ESG verifier SA, an independent expert, confirmed A rating awarded in 2022, with the benchmark remaining at B+.



Integrating ESG: The proportion of corporate issuers assessed with a positive consensus remains constant at 86%, including 26% with a very positive consensus on their management of sustainable issues (2022: 22%).

Exclusions: The exclusions in the Foundation's charter are complied with and the portfolio has little exposure to companies active in ethically sensitive sectors or that have been excluded by independent sources for non-compliance with international standards. Successful requests to apply the list of exclusion recommendations have been made to investment fund managers.

Impact investing: Exposure to high-impact investment themes (clean energy, water management, green and sustainable bonds, microfinance, green infrastructure) reached almost 10%, which is in line with the Foundation's objective.

Exercise of voting rights and commitment: The Foundation met its objective of systematically exercising voting rights for Swiss shares held directly, following the recommendations of the Ethos Foundation. Discussions were held with 15 companies to influence climate policy and non-compliance with international standards (human rights, corruption, labour rights, etc.).

Climate policy and fossil fuels: Exposure to the coal (0.5%) and oil & gas (0.9%) sectors has remained stable compared to 2022. Exposure to companies without a verified transition plan to a net-zero economy and active in coal mining and/or coal-based power generation is only 0.2% of the portfolio.

Climate policy: CO₂ emissions continued to fall in 2023, in line with the target of reducing CO₂ emissions by 7% per year on the equity side.

Real estate: The Foundation has implemented energy monitoring of its property portfolio and renovation planning to achieve its environmental objectives and those of the Federal Council. Directly owned properties have achieved an ESG rating of B- (2022: C+). There is still much progress to be made, in line with the Swiss property market.

Annual accounts 2023 – Summary

Total contributions from employees and employers amounted to CHF 204,451,126, up by 9.6% compared to the previous financial year. The result of investment activities shows a significant surplus income of CHF 125,277,720. Administrative and commercial fees amounted to CHF 13,591,434 and represented 6.65% of collected premiums, which is a stable rate compared to the previous year. The surplus income for the financial year before setting up the value fluctuation reserve amounts to CHF 104,205,516, which is entirely allocated to the value fluctuation reserve. As of 31 December 2023, the balance sheet total was CHF 2,781,725,030, that is an increase of 8.88%.

Balance sheet

Assets in CHF	31.12.2023	31.12.2022
Investments	2 693 868 756	2 485 256 080
Operating liquidity	54 333 941	44 136 881
Deliverables	27 779 846	20 666 541
Accruals for assets	5 742 487	4 748 902
Total assets	2 781 725 030	2 554 808 404
Liabilities in CHF	31.12.2023	31.12.2022
Commitments	66 339 244	96 381 127
Accruals for liabilities	21 532 697	23 568 221
Employer contribution reserves	16 794 464	16 771 540
Retirement assets and technical provisions	2 452 295 864	2 297 530 272
Value fluctuation reserve	224 762 760	120 557 244
Fund assets / Uncommitted funds	0	0
Total liabilities	2 781 725 030	2 554 808 404

Operating account

in CHF	2023	2022
Inflows from contributions and entry benefits	482 305 151	477 208 423
Expenses relating to benefits and advance payments	-336 680 976	-345 438 463
Adjustment / build-up of retirement assets, technical provisions and contribution reserves	-154 381 446	-149 593 669
Revenue of insurance benefits	18 443 559	44 092 153
Insurance expenses	-17 504 141	-15 112 286
Net insurance result	-7 817 852	11 156 156
Net return on investments	125 277 720	-251 860 644
Other revenue	337 083	310 332
Administrative fees	-13 591 434	-12 357 572
Revenue / expenses surplus before build-up / adjustment of the value fluctuation reserve	104 205 516	-252 751 727
Adjustment / build-up of the value fluctuation reserve	-104 205 516	192 542 756
Expenses (-) / revenue surplus (+)	0	-60 208 971

Investment activities

The management of different types of assets in 2023 provided a return on equity of 4.99% net of fees. The benchmark index was 5.72% (excluding fees) and the UBS LPP index 4.95%. In accordance with the provisions of Swiss GAAP FER 26, the Foundation's assets are valued at market value. The private markets comprise investments in private equity, infrastructure and private debt. Performance is calculated using the TWR (Time Weighted Return) method. A new strategy was introduced on 1 January 2023.

Allocation of investments by category

as of 31.12. / in CHF	2023	in %
Assets available for investment and money market investments in CHF	109 631 783	4.1%
Assets available for investment and money market investments in foreign currencies	8 500 752	0.3%
Bonds in CHF	786 504 629	29.2%
Foreign currency bonds	147 763 190	5.5%
Loans and mortgages in Switzerland	55 926 548	2.1%
Swiss shares	352 146 323	13.1%
Foreign shares	495 018 732	18.4%
Real estate held in Switzerland in operation	252 325 059	9.4%
Real estate held in Switzerland under construction	29 778 178	1.1%
Indirect real estate investments in Switzerland	204 857 675	7.6%
Indirect real estate investments abroad	0	0.0%
Private markets	97 610 683	3.6%
Defensive structured products	101 804 332	3.8%
Microfinance	52 000 872	1.9%
Total	2 693 868 756	100.0%

Return per asset type (net of expenses)

	2023 Return Benchmark index	Achieved return
Swiss shares (SMI Expanded with dividends)	6.04%	6.58%
Foreign shares (Composite)	7.88%	8.21%
Swiss and foreign bonds in CHF (SBI AAA-BBB Total return)	7.36%	5.74%
Bonds in foreign currencies (Composite)	1.00%	-0.73%
Loans and mortgages (minimum LPP/BVG rate)	1.00%	3.04%
Private equity (8.00%)	8.00%	-2.63%
Private debt (Libor CHF 12 months +3%)	4.51%	2.34%
Microfinance (SWX-MIV Debt Index)	0.71%	1.85%
Defensive structured products (Saron CHF 24-month rate +2%)	3.60%	10.21%
Direct real estate (3.50%)	3.50%	3.41%
Indirect real estate in Switzerland (SXI Real Est. Funds TR Index)	5.03%	3.82%
Indirect foreign real estate (SXI Real Est. Funds TR Index)	5.03%	0.00%
Liquidity (JPM Cash Index CHF 3 months)	0.90%	-1.51%
Total	5.72%	4.99%

Purpose and calculation of the value fluctuation reserve

in CHF	2023	2022
Value fluctuation reserve as of 01.01	120 557 244	313 100 000
Build-up / adjustment	104 205 516	-192 542 756
Value fluctuation reserve as of 31.12	224 762 760	120 557 244
Purpose of the value fluctuation reserve as a % of commitments	16.52%	16.25%
Purpose of the value fluctuation reserve in CHF	405 100 000	373 300 000

The purpose of the value fluctuation reserve is to cover specific market risks in order to fund pension benefits in the long-term. Its objective is to achieve a security level of 99.75% taking into account the expected return and volatility of every investment category and taking into account the diversification gain. In 2023, the value fluctuation reserve fully fulfilled its role of protecting the Foundation from a downturn in the equity markets. At 31 December 2023, it had been partially replenished to 55.5% of its target.

Background and organisation

As of 31 December 2023, Groupe Mutuel Prévoyance-GMP is a semi-autonomous joint pension foundation of the "defined contribution plan" type, with its head office in Sion. The Foundation is registered under the number 304 083 with the Supervisory Authority for LPP/BVG Pensions and Foundations in Western Switzerland and the LPP/BVG Security Fund.

On 3 January 2024, the supervisory authority approved the transformation into Fondation Collective Groupe Mutuel, comprising various entities, and the transfer of all rights and obligations to the Groupe Mutuel Prévoyance-GMP joint fund.

Foundation Board

Mrs Karin Perraudin, President¹
Mr Bruno Pache, Vice-President¹
Mr Patrick Varone, Secretary¹
Mr Marc-Etienne Berdoz, Member (until 31 March 2023)
Mr Fabrice Constantin, Member (from 1 April 2023)
Mrs Stéphanie Emery Haenni, Member
Mr François Frezza, Member
Mrs Patricia Lorenz, Member
Mr Stéphane Roduit, Member
Mr Thierry Rosset, Member
Mr Benoît Schoechli, Member
¹joint signatures in pairs

Founders' representatives, excluding the Board

Mr Fabio Naselli Feo
Mr Fabrice Constantin, until 31 March 2023

2023 - Amendment to the regulations

The transformation of Groupe Mutuel Prévoyance-GMP into a collective foundation on 1 January 2024 led to a complete overhaul of the Foundation's Articles of Association and Regulations, which can be downloaded from www.groupemutuel.ch/regulationslpp.

The financial statements 2023 can be downloaded from the website, at the address: www.groupemutuel.ch/rapportLPP. You may also order them by email: lpp@groupemutuel.ch

Technical provisions

as of 31.12 / in CHF	2023	2022
Provision for conversion rate difference	34 176 616	34 176 616
Provision for risk fluctuation and costs	9 700 000	9 700 000
Provision for additional interest	15 700 000	9 800 000
Provision for future interest allocation	0	6 300 000
Total of technical provisions	59 576 616	59 576 616

The regulations for actuarial liabilities govern the constitution of provisions. The provision for conversion rate difference is set up to prefinance the costs of ordinary or early retirements resulting from the application of a regulatory conversion rate higher than the conversion rate corresponding to the technical bases used. The provision for risk and expense fluctuations intends to compensate for variations and differences between the actual costs and the premiums charged for risks and expenses. The provision for additional interest covers the financing of the interest increase allocated to insured persons in 2024.

Numbers

Insured employers as of 31.12	2023	2022
	2 880	2 802
Active members as of 31.12	2023	2022
Men	12 121	11 465
Women	10 968	10 398
Total	23 089	21 863
Number of persons who contributed during the financial year	28 727	27 264
Pensioners as of 31.12	2023	2022
Old-age pensions	1 425	1 303
Spouse's / partner's pensions	116	113
Disability pensions	402	400
Pensions for children (of pensioners or disabled members)	181	191
Orphan pensions	63	55
Pensions of divorced spouse	1	1
Total	2 188	2 063

Merger of Fondation Collective Groupe Mutuel and Fondation Collective Opsion

In 2024, the Foundation Board initiated a merger process with Fondation Collective Opsion. Approval was given at the meetings of 17 April 2024 for Fondation Collective Opsion and 18 April 2024 for Fondation Collective Groupe Mutuel. The consultation period for insured members of the merger documents runs from 21 April 2024 to 20 May 2024. The two Foundation Boards will then confirm the merger by sending the documents to the Supervisory Authority for approval. Once the approval decision comes into force, the merger will be entered in the Commercial Register with effect from 1 January 2024.

Administrator: