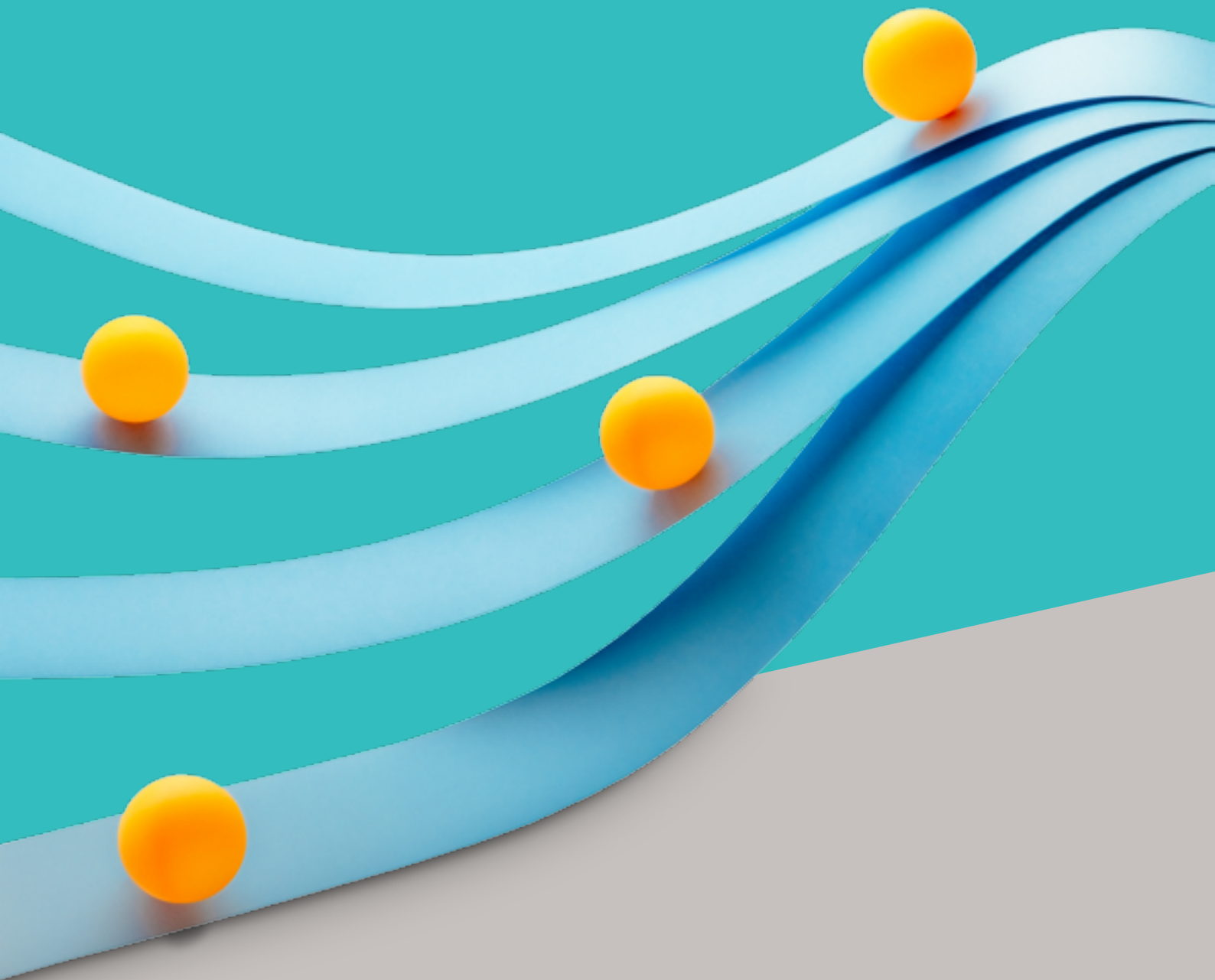




**tellco**



**Tellco pkPRO**  
Annual report  
2021

# Contents

**1.**

Foreword  
page 6

**2.**

Kex figures and  
Balance sheet  
page 8

**3.**

Operating statement  
page 12

**4.**

Appendix  
page 16

**Foreword**

# Foreword

## Dear Sir or Madam

The second year of the pandemic posed a challenge for all of us in many respects. It also had an impact on market development and our business performance: both trended in a positive direction.

## Encouraging growth

Following highly volatile months at the end of the year, the Swiss Market Index (SMI) closed 18 per cent higher than in the previous year. Tellco pkPRO also posted solid growth: The net return was 7.44 per cent as of the end of December. The number of insured persons grew from 76,825 to 88,519 as of the end of 2021. And our coverage ratio rose from 104 per cent to 111.2 per cent.

## New solutions launched

An important concern for Tellco pkPRO is offering attractive, tailored solutions for insured persons. That is why it is making substantial investments in digitalisation and project development. The compartment solution is the latest development. It will enable pension funds in future to decide freely on their investment: maintaining a more conservative strategy, with about a 25 per cent equity component, or choosing a risk- and return-oriented approach, with a 40 per cent equity component. For larger pension funds, a new feature has also been created in the form of a tailored solution. It allows them to manage their investments on their own. Tellco pkPRO is convinced that these new solutions will meet the individual needs of employers. With the launch of the compartments, the name of the Foundation is being changed slightly: Tellco pkPRO is becoming Tellco pk. The adjunct PRO, together with PULSE and INDIVIDUA, will be the names of the new compartments.

## New portal being planned for insured persons

Other innovations are in the pipeline: Plans are in place for a new portal for insured persons. It will enable insured persons to log in to their own account and run various simulations. Moreover, for certain payroll accounting systems, it will be possible to implement an interface in order to pool further information and make it available to insured persons.

## Focus on client orientation

Tellco pkPRO clients are the focus of daily work. In order to dismantle barriers and create transparency, the Tellco website will now collect all relevant OPA terms in a glossary, together with simple explanations. The annual Mystery Shopping ranking shows just how important client orientation is at Tellco pkPRO: We are proud to have taken first place in 2021.

## A positive outlook

We are ending an eventful year with a very positive outlook: in the hope that the pandemic will soon end, the number of insured persons will grow, and innovations will be profitable.

We would like to thank all our member organisations and affiliated companies. Your trust is the basis for our day-to-day work.

Yours sincerely



Peter Hofmann  
Chairman of the Board of Trustees



**Key figures and  
Balance sheet**

# Key figures

	2021 CHF 1'000	2020 CHF 1'000	Change in %
Gross contributions charged	378'284	347'523	8.9
> of which savings and unit contributions	309'286	282'432	9.5
> of which risk and administrative cost contributions	68'998	65'091	6.0
Pension capital of active insured persons	2'636'751	2'400'776	9.8
Pension capital for pension beneficiaries	790'641	753'280	5.0
Pension benefits	54'639	50'026	9.2
Technical provisions	78'527	75'090	4.6
> of which provisions pursuant to Article 17 of the VBA	–	261	–100.0
> of which OPA minimum termination benefit provisions	–	135	–100.0
> of which provisions for conversion rate	52'096	53'606	–2.8
> of which incurred but not reported (IBNR) reserves	2'256	2'256	0.0
> of which provisions for reduction of the technical interest rate	19'466	18'832	3.4
Underfunding / surplus cover	353'176	128'801	174.2
Balance sheet total	4'292'621	3'762'207	14.1
<b>Other information</b>			
Foundation's coverage ratio	110.30 %	104.00 %	6.3
Average pension providers' coverage ratio	111.20 %	104.70 %	6.5
Affiliated companies	9'943	9'333	6.5
Insured persons	88'519	76'825	15.2
Pension beneficiaries (number of pensions)	4'261	3'922	8.6
Return on investments	7.44 %	2.20 %	
Interest on savings capital	2.00 %	1.00 %	
<b>Technical interest rate</b>	<b>1.75 %</b>	<b>1.75 %</b>	

# Balance sheet

Assets	Appendix	31.12.2021 CHF	31.12.2020 CHF	Change in %
<b>Investments</b>				
<b>Non-committed funds</b>				
<b>Compartment investments</b>		<b>4'288'375'130</b>	<b>3'759'833'113</b>	<b>14.1</b>
PRO assets	6.4	4'182'832'686	3'759'833'113	11.3
INDIVIDUA assets	6.4	105'542'444	–	
<b>Prepaid expenses and accrued income</b>		<b>1'783'519</b>	<b>2'014'786</b>	<b>–11.5</b>
<b>Assets from insurance contracts</b>		<b>2'462'317</b>	<b>359'164</b>	<b>585.6</b>
<b>Total assets</b>		<b>4'292'620'966</b>	<b>3'762'207'063</b>	<b>14.1</b>

# Balance sheet

Liabilities	Appendix	31.12.2021 CHF	31.12.2020 CHF	Change in %
<b>Liabilities</b>		<b>335'766'623</b>	<b>325'421'082</b>	<b>3.2</b>
Vested and pension benefits		253'816'263	247'408'276	2.6
Current accounts of employer firms		24'408	–	
Lump sums received for pension providers		53'466'520	52'860'341	1.1
Bank / insurance company		4'885'838	4'791'779	2.0
Other liabilities		23'573'596	20'360'686	15.8
<b>Accruals and deferred income</b>		<b>21'605'437</b>	<b>19'692'597</b>	<b>9.7</b>
<b>Employer contribution reserve</b>	6.8.2	<b>31'890'721</b>	<b>32'193'695</b>	<b>-0.9</b>
<b>Non-technical provisions</b>	7.3	<b>2'251'000</b>	<b>2'700'000</b>	<b>-16.6</b>
<b>Pension capital and technical provisions</b>		<b>3'508'381'264</b>	<b>3'229'504'806</b>	<b>8.6</b>
Pension capital of active insured persons	5.3	2'636'750'588	2'400'776'238	9.8
Pension capital for pension beneficiaries	5.5	790'641'173	753'279'533	5.0
Technical provisions	5.6	78'527'187	75'089'871	4.6
Liabilities from insurance contracts	5.2	2'462'317	359'164	585.6
<b>Compartment fluctuation reserves</b>	6.3	<b>372'784'760</b>	<b>140'245'957</b>	<b>165.8</b>
<b>Compartment non-committed funds (INDIVIDUA)</b>				
Status at the beginning of the period		–	–	
± Surplus income / expenses		–	–	
<b>Status at the end of the period</b>		<b>–</b>	<b>–</b>	
<b>Non-committed funds of PRO compartment pension providers</b>				
Status at the beginning of the period		<b>12'448'926</b>	<b>13'248'102</b>	<b>-6.0</b>
± Inflow / outflow of non-committed funds of pension providers		7'492'234	-799'176	-1'037.5
± Surplus income / expenses		–	–	
<b>Status at the end of the period</b>		<b>19'941'160</b>	<b>12'448'926</b>	<b>60.2</b>
<b>Total liabilities</b>		<b>4'292'620'966</b>	<b>3'762'207'063</b>	<b>14.1</b>

Operating statement

# Operating statement

	Appendix	2021 CHF	2020 CHF	Change in %
<b>Ordinary and other contributions and deposits</b>		<b>399'452'186</b>	<b>375'818'649</b>	<b>6.3</b>
Employee contributions	3.2	179'957'095	165'606'429	8.7
Employer contributions	3.2	198'327'650	181'917'180	9.0
Withdrawal from employer contribution reserves to finance contributions	6.8.2	-9'377'398	-9'360'520	0.2
One-time deposits and buy-in amounts	5.3	19'523'954	20'542'225	-5.0
Contributions to employer contribution reserves	6.8.2	9'018'982	14'370'119	-37.2
Deposits in savings capital (from non-committed funds of pension providers)		2'001'904	2'743'216	-27.0
<b>Enrolment lump sums</b>		<b>382'439'266</b>	<b>503'051'040</b>	<b>-24.0</b>
Vested benefit deposits	5.3	366'377'362	451'409'961	-18.8
Deposits upon takeover of insured portfolios in		8'462'563	45'599'414	-81.4
> pension capital for pension beneficiaries	5.5	8'462'563	45'599'414	
> Technical provisions		-	-	-
> Fluctuation reserves		-	-	-
> Non-committed funds		-	-	-
Payment of PHO advance withdrawals / divorce	5.3	7'599'341	6'041'665	25.8
<b>Inflow from contributions and enrolment lump sums</b>		<b>781'891'452</b>	<b>878'869'689</b>	<b>-11.0</b>
<b>Regulatory benefits</b>		<b>-119'321'878</b>	<b>-95'075'362</b>	<b>25.5</b>
Retirement pensions		-36'179'493	-33'129'099	9.2
Survivor's pensions		-6'069'372	-5'786'854	4.9
Disability pensions		-12'389'865	-11'109'604	11.5
Lump sums upon retirement		-51'133'869	-36'213'875	41.2
Lump sums in the event of death or disability		-13'549'280	-8'835'930	53.3
Premium exemption		-	-	-
<b>Termination benefits</b>		<b>-461'366'789</b>	<b>-443'094'001</b>	<b>4.1</b>
Vested benefits on exit	5.3	-447'655'949	-428'633'109	4.4
Transfer of additional funds in the event of collective exit		-878'889	-1'211'398	-27.4
> Pension capital for pension beneficiaries	5.5	-	-425'725	-100.0
> Technical provisions		-622'714	-350'797	77.5
> Employer contribution reserves	6.8.2	-256'175	-434'876	-41.1
> Provisions for pension providers		-	-	-
Early withdrawals for PHO / divorce	5.3	-12'831'951	-13'249'494	-3.1
<b>Outflow for benefits and early withdrawals</b>		<b>-580'688'667</b>	<b>-538'169'363</b>	<b>7.9</b>

# Operating statement

	Appendix	31.12.2021 CHF	31.12.2020 CHF	Change in %
<b>Release / creation of pension capital, technical provisions and contribution reserves</b>		<b>-226'680'074</b>	<b>-375'189'621</b>	<b>-39.6</b>
Release / creation of pension capital for active insured persons	5.3	-143'921'477	-244'383'312	-41.1
Expense / income from partial liquidation		-3'564'638	-1'493'641	138.6
Release / creation of pension capital for pensioners	5.5	-34'019'923	-77'934'554	-56.3
Release / creation of technical provisions	5.2	-1'184'125	-25'576'394	-95.4
Interest on savings capital	5.3	-44'604'502	-21'226'997	110.1
Release / creation of employer contribution reserves	6.8.2	614'591	-4'574'723	-113.4
<b>Income from insurance benefits</b>		<b>44'528'641</b>	<b>30'986'865</b>	<b>43.7</b>
Insurance benefits	5.2	38'071'349	30'986'865	22.9
Participations in surpluses	5.1	6'457'292	-	
<b>Insurance expense</b>		<b>-37'316'361</b>	<b>-38'068'798</b>	<b>-2.0</b>
Insurance premiums	3.2	-30'440'328	-31'254'640	-2.6
> Risk premiums		-28'771'201	-	
> Cost premiums		-1'669'127	-	
Absence and Case Management	3.2	-4'121'787	-4'301'216	-4.2
Contributions to Guarantee Fund	3.2	-2'754'247	-2'512'942	9.6
<b>Net result from the insurance part</b>		<b>-18'265'009</b>	<b>-41'571'228</b>	<b>-56.1</b>

# Operating statement

	Appendix	31.12.2021 CHF	31.12.2020 CHF	Change in %
<b>Interest income on payments from ceding insurers</b>	6	<b>278'002'307</b>	<b>77'973'636</b>	<b>256.5</b>
<b>Gross investment income of the individual compartments</b>		<b>320'302'509</b>	<b>116'218'567</b>	<b>175.6</b>
Interest income of Foundation		–	–	–
PRO	6.7	312'988'802	116'218'567	169.3
INDIVIDUA	6.7	7'313'708	–	–
Administrative costs for investments	6.7.1	–42'300'202	–38'244'931	10.6
<b>Release / creation of technical provisions</b>		<b>–</b>	<b>–</b>	<b>–</b>
<b>Other income</b>		<b>1'140'791</b>	<b>1'125'173</b>	<b>1.4</b>
Income from services rendered		–	585'118	–100.0
Interest income on payments from ceding insurers		18'695	171'698	–89.1
Interest on amounts due from / liabilities to employers		276'282	282'551	–2.2
Other income		845'814	85'806	885.7
<b>Other expenses</b>		<b>–6'483'160</b>	<b>–4'066'367</b>	<b>59.4</b>
Release / creation of contingency premium accounts		–2'007'000	–165'000	1'116.4
Interest expense on vested benefits		–3'925'159	–3'489'665	12.5
Interest expense on termination benefits		–15'016	–	–
Interest on amounts due from / liabilities to third parties		–1'729	–327	428.8
Interest on employer contribution reserves		–311'618	–291'445	6.9
Interest on non-committed funds of pension providers		–222'344	–119'644	85.8
Other expenses		–295	–286	3.0
<b>Administrative costs</b>		<b>–28'878'125</b>	<b>–24'359'587</b>	<b>18.5</b>
General administration		–10'567'124	–9'357'521	12.9
Marketing and advertising		–8'332'884	–8'004'592	4.1
Brokering activities		–9'637'293	–6'742'815	42.9
Auditor and expert in occupational pension schemes		–269'443	–216'763	24.3
Supervisory authorities		–71'383	–37'896	88.3
<b>Revenue surplus before creation / release of fluctuation reserve for Foundation and compartments</b>		<b>225'516'803</b>	<b>9'101'627</b>	<b>2'377.8</b>
Creation / release of fluctuation reserve for Foundation		–	–	–
Creation / release of fluctuation reserve for compartments		–225'516'803	–9'101'627	–
PRO	6.3	–223'673'988	–9'101'627	2'357.5
INDIVIDUA	6.3	–1'842'815	–	–
<b>Surplus income / expenses</b>		<b>–</b>	<b>–</b>	<b>–</b>



## 1 Basics and organisation

### 1.1 Legal form and purpose

Telco pkPRO is a foundation under private law within the meaning of Article 80 et seqq. of the Swiss Civil Code (CC), Article 331 of the Swiss Code of Obligations (CO) and Article 48(2) of the Swiss Occupational Pensions Act (OPA) with its own legal personhood registered in the Commercial Register under number CH-109.924.595. It insures employees and employers of its affiliated companies against the economic consequences of old age, death and disability within the framework of the OPA and its implementing provisions in accordance with the law and relevant regulations.

### 1.2 Registration and Guarantee Fund

In particular, Telco pkPRO is subject to the provisions of the Federal Act of 25 June 1982 on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA; Bundesgesetz vom 25. Juni 1982 über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge – BVG) and the Federal Act of 17 December 1993 on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits (VBA; Bundesgesetz vom 17. Dezember 1993 über die Freizügigkeit in der beruflichen Alters-, Hinterlassenen- und Invalidenvorsorge – FZG). It is entered in the register for occupational pensions under number SZ 69. Telco pkPRO is affiliated with the OPA Guarantee Fund pursuant to Article 57 of the OPA and pays contributions to it in accordance with the terms and conditions of the Ordinance of 22 June 1998 on the OPA Guarantee Fund (GFO; Verordnung vom 22. Juni 1998 über den Sicherheitsfonds BVG – SFV).

### 1.3 Specification of the deed and regulations

The following deed and regulations govern the activities of Telco pkPRO in the reporting year:

Designation	Date of last amendment	In force since
Foundation Deed	05.07.2018	15.11.2018
Terms and Conditions	05.07.2018	15.11.2018
Pension fund regulations for the occupational pension	21.09.2021	01.10.2021
Fees and Charges Policy	21.09.2021	01.01.2021
Provision Regulations	10.12.2021	31.12.2021
Investment Regulations	10.12.2021	01.01.2021
Regulations on partial liquidation of the Foundation or pension providers	08.08.2018	15.11.2018
Organisational Regulations	21.09.2021	01.10.2021

### 1.4 Joint management body / signatory powers, Board of Trustees

The jointly composed governing bodies of the Foundation are the Board of Trustees and the pension fund commissions of the affiliated pension funds.

## Board of Trustees

The Board of Trustees of Telco pkPRO consists of six members (three representatives each of the employees and of the employers) and forms the strategic management body of Telco pkPRO. It exercises the ultimate management authority, supervision and control over the management of Telco pkPRO. The members of the Board of Trustees are to sign jointly, two at a time.

The term of office of the members of the Board of Trustees is fixed at five years. Re-election is permitted. The Board of Trustees is composed of the following members:

First, surname, place	Term of office
Peter Hofmann, Geneva (Chair / EE representative)	01.06.2005 – 31.12.2024
Thomas Kopp, Lucerne (Vice Chair / ER representative)	01.01.2010 – 31.12.2021
Daniel Andermatt, Holzhäusern (EE representative)	01.01.2016 – 31.12.2024
Roland Walker, Weggis (EE representative)	01.07.2020 – 31.12.2024
Pierre Christen, Veyrier (ER representative)	01.01.2016 – 31.12.2024
Florence Biner, Rüschlikon (ER representative)	01.01.2021 – 31.12.2024

ER = employer representative

EE = employee representative

## Pension fund commission

Management bodies for the affiliated pension funds, composed jointly of an equal number of employer and employee representatives. All pension funds are independent from one another organisationally and economically.

### 1.5 Management

Management has been delegated to eCare Ltd., Schwyz.

The employees of the commissioned companies sign jointly, two at a time, by proxy or power of attorney.

### 1.6 Experts, auditor, advisers, supervisory authority Pension actuary

Within the meaning of Article 53(2) of the OPA, the recognised pension actuary is Dipeka AG, Zurich. It periodically reviews whether Telco pkPRO provides assurance at all times that it can meet its obligations and whether its actuarial provisions comply with the legal requirements. The Board of Trustees appointed Dipeka AG, Zurich, as the pension actuary for the 2021 financial year. Urs Burch is in charge of the mandate.

## Auditor

The Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) requires an independent auditor to audit the annual financial statements and reporting annually based on additional legal provisions and other regulations. The Board of Trustees has appointed Ernst & Young Ltd, Basle, as the auditor for the 2021 financial year. Patrik Schaller serves as lead auditor.

## Supervisory authority

Telco pkPRO is subject to supervision by the Central Switzerland OPA and Foundation Supervisory Authority (ZBSA), which evaluates matters including whether the pension fund's regulatory provisions comply with the legal requirements.

## Marketing and sales

Telco Ltd, Schwyz, has been commissioned with marketing and sales of Telco pkPRO's services.

## Administration and management

eCare Ltd, Schwyz, has been commissioned with administration and management.

## 1.7 Affiliated companies

The number of affiliated companies changed as follows:

	2021		2020		Change
	PRO	INDIVIDUA	Total	Total	in %
As of 1 January	9'333	–	9'333	8'641	8.0
Newly affiliated companies	1'333	13	1'346	1'282	5.0
Terminated affiliation agreements	–736	–	–736	–590	24.7
> of which due to discontinuation of business	–48	–	–48	–35	37.1
> of which terminations due to arrears in payment of premiums	–210	–	–210	–78	169.2
> of which due to bankruptcy or liquidation	–30	–	–30	–25	20.0
> of which due to change of pension institution	–124	–	–124	–88	40.9
> of which due to lack of employees to be insured	–318	–	–318	–364	–12.6
> of which due to other reasons	–6	–	–6	–	0.0
<b>As of 31 December</b>	<b>9'930</b>	<b>13</b>	<b>9'943</b>	<b>9'333</b>	<b>6.5</b>

## 2 Active members and pension beneficiaries

### 2.1 Active insured persons

These are the trends in the number of insured persons:

	2021		2020		Change
	PRO	INDIVIDUA	Total	Total	in %
As of 1 January	76'825	296	77'121	77'108	0.0
Not counted in previous years	259	–	259	–	0.0
Enrolments	89'944	289	90'233	76'283	18.3
Exits	–77'859	–97	–77'956	–75'482	3.3
Retirements	–809	–3	–812	–791	2.7
Transfer of disability cases	–270	–7	–277	–261	6.1
Deaths	–47	–2	–49	–32	53.1
<b>As of 31 December</b>	<b>88'043</b>	<b>476</b>	<b>88'519</b>	<b>76'825</b>	<b>15.2</b>

The high rate of change in enrolments and exits in relation to the overall portfolio can be traced back to staff turnover for business reasons in the companies affiliated with Telco pkPRO in the area of personnel procurement.

Age structure	Men	Women	Total
Under 25 years of age	5'820	2'387	8'207
25 to 34 years	16'743	7'306	24'049
35 to 44 years	16'367	7'037	23'404
45 to 54 years	13'718	6'492	20'210
55 to 65 years (women up to 64)	8'291	4'215	12'506
Over 65 years (women over 64)	123	20	143
<b>Total</b>	<b>61'062</b>	<b>27'457</b>	<b>88'519</b>

#### The average age of insured persons is:

	31.12.2021	31.12.2020
Men	<b>40.3</b>	40.6
Women	<b>40.9</b>	41.5

## 2.2 Pension beneficiaries

	Disability pensions	Retirement pensions	Partner pensions	Child's pensions	Divorce pensions	Total
As of 1 January	897	2'094	409	522	0	3'922
New pensions	159	237	44	167	4	611
> of which takeovers or from insurance contract	20	16	1	11	0	48
Retirement of disability pension beneficiaries	-49	0	0	0	0	-49
Reactivation of disability pension beneficiaries	-3	0	0	0	0	-3
Discontinuation of child's pensions	0	0	0	-131	0	-131
Deaths, expiry of bridging pensions	-26	-51	-12	0	0	-89
<b>As of 31 December 2021</b>	<b>978</b>	<b>2'280</b>	<b>411</b>	<b>558</b>	<b>4</b>	<b>4'261</b>

## 2.3 Pension beneficiaries under insurance contracts

	31.12.2021	31.12.2020
Disability pensions	3	3
Partner's pensions	4	1
<b>Total</b>	<b>7</b>	<b>4</b>

## 3 Fulfilment of the pension objective

### 3.1 Explanation of pension plans

The pension providers have one or more individual pension plans that are OPA-compliant defined contribution plans. The risk benefits are either dependent on the predicted retirement savings or defined as a percentage of the insured salary (with or without coordination).

### 3.2 Financing, financing methods

The contributions to financing of the pension plans are defined either as a percentage of the insured salary in the pension plan or by a percentage allocation of the effective costs. The risk premiums are determined by the risk reinsurance rate. The risk and administrative cost contributions finance the insurance premiums, the Guarantee Fund, the provisions for the conversion rate and the administrative costs. At least 50 per cent of the total contributions are financed by the employer.

Revenue (contributions)	2021 CHF 1'000	2020 CHF 1'000	Change in %
Employee contributions	179'957	165'606	8.7
Employer contributions	198'328	181'917	9.0
Release / transfers to contingency premium accounts	-	-165	-100.0
<b>Total revenue</b>	<b>378'285</b>	<b>347'358</b>	<b>8.9</b>
<b>Expenditures (use)</b>			
Retirement credits	307'455	280'664	9.5
Expenses for insurance and Case Management	34'562	35'556	-2.8
Contributions to Guarantee Fund	2'754	2'513	9.6
Administrative costs	28'878	24'360	18.5
<b>Total expenditures</b>	<b>373'649</b>	<b>343'093</b>	<b>8.9</b>
<b>Balance</b>	<b>4'636</b>	<b>4'265</b>	<b>8.7</b>

## 3.3 Pension adjustment

At the meeting on 10 December 2021, the Board of Trustees decided not to increase the current pensions.

## 4 Valuation and accounting principles, consistency

### 4.1 Confirmation of accounting according to Swiss GAAP FER 26

The presentation and valuation of the annual financial statements comply with directive No. 26 issued by the Swiss Accounting and Reporting Recommendations Committee (Swiss GAAP FER) and are in accordance with the provisions of special occupational pension laws.

### 4.2 Accounting and valuation principles

Bookkeeping, accounting and valuation are carried out in accordance with the provisions of the OPA, including the relevant ordinances (in particular the OPO 2 and Swiss GAAP FER 26).

- Securities and currencies: market value
- Medium-term notes, mortgages and loans: nominal value
- Directly held real estate: discounted cash flow (DCF) method (annual valuation) or, in exceptional cases, at cost less identifiable value adjustments
- Alternative investments: last available market price
- Currency translation: rates on the reporting sheet date (assets and liabilities), daily rate (expenses and income)

## 4.3 Change in valuation, accounting and financial reporting principles

On 1 January 2021, the Telco pkPRO Foundation launched four compartments (PRO / PULSE / FLEX / INDIVIDUA). The previous year's values were not adjusted to conform to the current presentation but instead correspond to the previous year's values of former Telco pkPRO prior to the merger. It was elected to dispense with a detailed listing of the compartments PULSE and FLEX for this year's annual financial statements since these two compartments do not have any affiliated pension funds.

## 5 Actuarial risks, risk coverage, coverage ratio

### 5.1 Type of risk coverage, reinsurance

The Telco pkPRO is a semi-autonomous pension fund. The risks of disability and death are reinsured with Swiss Mobiliar Life Insurance Company Ltd (Mobiliar). Since 1 January 2005, the provisions created by Mobiliar for definitive benefit claims have been assigned to and subsequently managed by Telco pkPRO. A net contract has been in place with Mobiliar since 1 January 2010.

In 2021, Telco pkPRO did receive CHF 6.4 million surplus participation from insurance contracts.

### 5.2 Explanation of assets and liabilities from insurance contracts

This comprises coverage capital for pension beneficiaries with the insurance company ZURICH.

### 5.3 Development and interest rate of the pension capital of active insured persons

The following table shows the development of the pension capital of insured persons:

	2021 CHF 1'000	2020 CHF 1'000	Change in %
As of 1 January	2'400'776	2'135'187	12.4
Asset transfer Tellco Ltd / eGroup on 1 January 2021	47'333	–	–
Retirement credits	307'455	280'664	9.5
Premium-free retirement credits	9'763	8'952	9.1
Purchases and one-time deposits	19'524	20'542	–5.0
Vested contributions	366'377	451'410	–18.8
Deposits of non-committed funds and employer contribution reserves	2'002	2'743	–27.0
Payment of PHO advance withdrawals / divorce	7'599	6'041	25.8
Vested benefits / contract terminations	–447'645	–428'653	4.4
Expense due to partial liquidation	182	–36	–605.4
Lump sums upon retirement	–51'134	–36'214	41.2
Transfer to pension capital for pension beneficiaries (retirements)	–47'593	–41'981	13.4
Transfer to pension capital of pension beneficiaries (deaths)	–10'014	–5'892	70.0
Early withdrawals for PHO / withdrawals for divorce	–12'832	–13'250	–3.2
Interest on savings capital	44'605	21'227	110.1
Miscellaneous (VBA 17 / provision OPA minimum termination benefits)	353	36	880.6
<b>As of 31 December</b>	<b>2'636'751</b>	<b>2'400'776</b>	<b>9.8</b>
Number of savings accounts for active insured persons	80'787	70'483	14.6
Number of savings accounts for disability cases and disability pension beneficiaries	1'790	1'598	12.0

For the compartment PRO, the Board of Trustees sets the interest rate for savings capital. For the pension funds in the compartment INDIVIDUA, the joint pension fund commission decides on the interest rate.

For the affiliated insured persons in the compartment PRO, interest of 1 per cent was provisionally paid on savings assets in 2021. At its meeting on 10 December 2021, the Board of Trustees decided to set the definitive interest rate at 2 per cent. The pension fund commission of the affiliated pension funds in the compartment INDIVIDUA also set the definitive interest rates at 2 per cent.

### 5.4 Total retirement savings according to the OPA (shadow account)

Telco pkPRO maintains the legally required retirement savings as a shadow account in accordance with the provisions of the OPA, ensuring that the minimum benefits under the OPA will be fulfilled. The OPA retirement savings are included in the following items:

	31.12.2021 CHF 1'000	31.12.2020 CHF 1'000	Change in %
Pension capital of active insured persons	1'706'529	1'581'480	7.9
	<b>1'706'529</b>	<b>1'581'480</b>	<b>7.9</b>

The interest rate on the OPA assets in the shadow account was calculated using the OPA minimum interest rate of 1 per cent.

## 5.5 Trends in pension capital of pension beneficiaries

Since 31 December 2021, Telco pkPRO has recognised its pension obligations on actuarial assumptions in accordance with the OPA 2020 with a technical interest rate of 1.75 per cent. The Foundation created a provision for the reduction of the technical interest rate to 1.5 per cent.

Pension capital of pension beneficiaries	2021 CHF 1'000	2020 CHF 1'000	Change in %
As of 1 January	753'280	675'345	11.5
Asset transfer Tellco Ltd / eGroup on 1 January 2021	3'342	–	–
Takeover of pension beneficiaries	8'463	45'599	–81.4
Pension beneficiary handover	–	–426	–100.0
Insurance benefits	32'641	26'273	24.2
Transfer from pension capital of active insured persons (retirements)	47'593	41'982	13.4
Transfer from pension capital of active insured persons (deaths)	10'014	5'892	70.0
Lump sums	–13'549	–8'836	53.3
Pension payments	–54'118	–49'728	8.8
Savings credits premium waiver	–4'908	–4'561	7.6
From provisions for conversion rate	9'405	9'256	1.6
Creation (actuarial adjustment)	–1'521	12'484	–112.2
<b>As of 31 December</b>	<b>790'641</b>	<b>753'280</b>	<b>5.0</b>

During the reporting year, one pension beneficiary (previous year: one) was transferred to another foundation.

## 5.6 Composition, trends and explanation of the technical provisions

	Appendix	31.12.2021 CHF 1'000	31.12.2020 CHF 1'000	Change in %
<b>Composition of technical provisions</b>				
<b>Compartment PRO</b>				
Provisions pursuant to Article 17 of the VBA	5.6.1	–	261	–100.0
Provisions of the OPA minimum termination benefit	5.6.1	–	135	–100.0
Provisions for conversion rate	5.6.2	52'096	53'606	–2.8
Other incurred but not reported (IBNR) reserves	5.6.3	2'256	2'256	0.0
Provisions for reduction of technical interest rate	5.6.4	19'466	18'832	3.4
Provision for fluctuations in the mortality risk of pension beneficiaries	5.6.5	–	–	0.0
<b>Provision for fluctuations in the mortality risk of pension beneficiaries</b>		<b>73'818</b>	<b>75'090</b>	<b>–1.7</b>
<b>Compartment INDIVIDUA</b>				
Provisions of the OPA minimum termination benefit	5.6.1	–	–	0.0
Provisions for conversion rate	5.6.2	3'539	–	–
Other incurred but not reported (IBNR) reserves	5.6.3	–	–	0.0
Provisions for reduction of technical interest rate	5.6.4	–	–	0.0
Provision for fluctuations in the mortality risk of pension beneficiaries	5.6.5	1'170	–	–
<b>Provision for fluctuations in the mortality risk of pension beneficiaries</b>		<b>4'709</b>	<b>–</b>	<b>–</b>
<b>Total Telco pkPRO</b>				
Provisions pursuant to Article 17 of the VBA	5.6.1	–	261	–100.0
Provisions of the OPA minimum termination benefit	5.6.1	–	135	–100.0
Provisions for conversion rate	5.6.2	55'635	53'606	3.8
Other incurred but not reported (IBNR) reserves	5.6.3	2'256	2'256	0.0
Provisions for reduction of technical interest rate	5.6.4	19'466	18'832	3.4
Provision for fluctuations in the mortality risk of pension beneficiaries	5.6.5	1'170	–	–
<b>Overall Total</b>		<b>78'527</b>	<b>75'090</b>	<b>4.6</b>

The actuarial provisions are created in accordance with the Provisions Regulations. The following list is in line with the structure specified in the regulations. Each compartment creates its own provisions. The provisions consist of the following:

### 5.6.1 Provisions of the OPA minimum termination benefit

Due to the reduced interest rate on the savings capital in the imputation principle, the savings capital of 861 insured persons is below their termination benefits as of 31 December 2021. Since these persons are entitled to the higher benefit upon withdrawal or in the event of a benefit claim, a corresponding provision was created to make up the difference.

### 5.6.2 Provisions for conversion rate

The regulatory conversion rate for the calculation of retirement pensions is too high from an actuarial perspective. A reserve needs to be established for the expected losses.

### 5.6.3 Other incurred but not reported (IBNR) reserves

This concerns IBNR risk in connection with two affiliates.

### 5.6.4 Provisions for reduction of technical interest rate

Due to the fact that the applied actuarial interest rate may differ from the pension actuary's recommendation, an appropriate technical provision is built up to account for the cost of increasing the pension capital with application of the recommended interest rate.

### 5.6.5 Provision for fluctuations in the mortality risk of pension beneficiaries

In the case of relatively small pensioner portfolios, life expectancy of pensioners normally varies from the statistical average life expectancy as a result of insufficient risk equalisation and the impossibility to apply the law of large numbers at the moment. The purpose of the provision is to equalise risk fluctuations in the case of pensioner deaths.

## 5.7 Actuarial opinion

The selected pension actuary periodically performs an actuarial review of Telco pkPRO. The last review took place on 31 December 2020. The actuarial coverage ratio in accordance with Article 4 of the OPO 2 was 104.0 per cent.

In their report, the pension actuary confirmed that

- > the technical interest rate and the actuarial assumptions used were appropriate as of the key date;
- > the Foundation offers assurance that it will be able to meet its obligations as of the key date;
- > the regulations on actuarial provisions governing payments and financing meet the statutory requirements; and
- > the measures taken to cover actuarial risks are sufficient.

The actuary recommends considering a reduction of the technical interest rate to 1.5 per cent, as well as a switch to the actuarial assumptions in the OPA 2020 for the annual financial statements. The Board of Trustees decided to create a provision for the reduction of the technical interest rate and to switch to the technical bases in the OPA 2020 with the 2021 annual financial statements.

The next actuarial opinion as of 31 December 2021 is currently being prepared and will be discussed at the Board of Trustees meeting in June 2022.

## 5.8 Technical assumptions and other actuarially relevant assumptions

The obligations of Telco pkPRO have been calculated in accordance with the principles and professional guidelines for pension insurance experts of the Swiss Association of Actuaries and the Chamber of Pension Fund Experts. The following bases for calculation are used: OPA 2020, period life table (PLT) 2021, at the rate of 1.75 per cent, increased by 0.5 per cent annually.

## 5.9 Coverage ratio according to Article 44 of the OPO 2

Telco pkPRO maintains a separate coverage ratio for the compartment PRO as well as for each individual pension fund in the compartment INDIVIDUA. This means that a uniform coverage ratio is used for each pension fund that is affiliated through the compartment PRO. An individual coverage ratio is calculated for each pension fund that is affiliated through the compartment INDIVIDUA.

The funding ratio according to Article 44 of the OPO 2 is the ratio between the available pension assets and the actuarially required pension capital (including technical provisions).

## Composition of all INDIVIDUA pension funds

Coverage ratio, including reserve of employer's contributions without renunciation of use, in %	Number of pension providers	Pension providers %	Savings / coverage capital, CHF	Underfunding / surplus cover, CHF	Underfunding / surplus cover %	Total assets, CHF	Total assets %	Number of active insured persons	Number of retirement pension recipients	Number of insured persons, total
100 or less										
100 – 104.99										
105 – 109.99	2	67	61'144'027	5'807'331	0	72'678'818	70	366	16	382
110 – 114.99	1	33	26'843'298	3'057'484	0	30'991'783	30	110	2	112
115 – 119.99	0	0	0	0	0	0	0	0	0	0
120 or more	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>100</b>	<b>87'987'325</b>	<b>8'864'815</b>	<b>0</b>	<b>103'670'600</b>	<b>100</b>	<b>476</b>	<b>18</b>	<b>494</b>

### 5.9.1 Coverage ratio for the compartment PRO in accordance with Article 44 of the OPO 2

	31.12.2021 CHF 1'000	31.12.2020 CHF 1'000	Change in %
<b>Available pension assets</b>			
Balance sheet assets	4'184'874	3'762'207	11.2
Balance sheet liabilities	-332'046	-325'421	2.0
Accruals and deferred income	-21'250	-19'693	7.9
Employer contribution reserves	-31'891	-32'194	-0.9
Non-technical provisions	-2'251	-2'700	-16.6
Value fluctuation reserves of pension providers	-10'744	-11'445	-6.1
Non-committed funds of pension providers	-19'941	-12'449	60.2
<b>Total available pension assets</b>	<b>3'766'751</b>	<b>3'358'305</b>	<b>12.2</b>
<b>Pension capital and technical provisions</b>			
Pension capital of active insured persons	2'560'745	2'400'776	6.7
Pension capital for pension beneficiaries	778'660	753'280	3.4
Liabilities from insurance contracts	353	359	-1.7
Technical provisions	73'818	75'089	-1.7
<b>Pension capital and technical provisions</b>	<b>3'413'576</b>	<b>3'229'504</b>	<b>5.7</b>
<b>Actuarial surplus cover / underfunding</b>	<b>353'175</b>	<b>128'801</b>	<b>174.2</b>
<b>Compartment coverage ratio</b> (= minimum pension providers' coverage ratio)	<b>110.3 %</b>	<b>104.0 %</b>	
<b>Average pension providers' coverage ratio</b>	<b>111.2 %</b>	<b>104.7 %</b>	

Coverage ratio of the pension providers	Number	Pension obligations CHF 1'000
110.3 %	7'285	1'870'405
110.4 – 114.9 %	2'476	1'400'451
115 – 119.9 %	91	96'381
120 – 124.9 %	30	21'758
125 – 129.9 %	14	22'144
130 – 134.9 %	3	189
135 % or more	31	2'247
<b>Total</b>	<b>9'930</b>	<b>3'413'575</b>

The coverage ratio across all compartments (Foundation level) is 111.2 per cent.

## 6 Explanation of investments and net result

### 6.1 Organisation of investment activities, investment regulations

#### Investment commission

In collaboration with the independent investment controller Santro Invest AG, the investment committee selected by the Board of Trustees monitors the asset managers. The Board of Trustees is informed on a regular basis about overall performance of the investments, compliance with objectives and technical investment aspects.

Pension funds with customised investments form their own investment commissions, which submit their applications for asset managers to the investment commission of the Foundation.

#### Members of the Telco pkPRO investment commission

	<b>Term of office</b>
Yves Bugmann (Chairman), independent	01.01.2021 – 31.12. 2024
Peter Hofmann, Chairman of the Board of Trustees	01.01.2021 – 31.12. 2024
Pierre Christen, employer representative on the Board of Trustees	01.01.2021 – 31.12. 2024

#### Investment controlling

Santro Invest Ltd

The Investment Regulations are dated 1 January 2021. The Foundation offers pension funds two compartments to choose from for the investment of pension assets:

#### PRO

- Collective investment for all affiliated pension funds
  - The investment strategy is based on an equity component of 25 per cent
  - The affiliated pension funds do not make independent investment decisions
  - Provisions are formed and the coverage ratio determined at compartment level
- The coverage ratio is generally the same for all pension funds. Pension funds may however have non-committed funds or their own fluctuation reserves.

Telco Ltd, Schwyz, is in charge of asset and real estate management. The custodian of the securities investments is also Telco Ltd, Schwyz. In terms of investments, and alternative investments in particular, Telco Ltd has structured monitoring processes that regulate potential conflicts of interest and legal transactions with associates; these are presented to the Board of Trustees of Telco pkPRO on an annual basis.

In the agreement of 25 October 2007, Telco Ltd provided an undertaking that it has not accepted any pecuniary benefits in the course of its asset management since September 2006 and agreed to automatically transfer any such pecuniary benefits to Telco pkPRO in the future. No such pecuniary benefits were received in 2021 (previous year: also none).

## INDIVIDUA

- Where size and risk capacity are sufficient, one individual pension fund may create its own investment strategy with individual investments
- The affiliated pension fund makes its own investment decisions (within the framework of the investment options defined by the Board of Trustees) and forms its own investment commission to this end
- Provisions are formed and the coverage ratio determined at pension fund level

Each pension fund sets its own investment strategy and selects asset managers itself.

### Disclosure of voting behaviour

Since 1 January 2015, all pension funds are obligated to meet certain voting and disclosure duties in the case of directly held equities in listed Swiss public limited companies. In that case, they are also required to disclose voting behaviour (agendas and allocation of votes) to their insured persons.

Telco pkPRO as well as the individual compartments do possess any directly held equities and accordingly have no ability to vote. However, they hereby fulfil the voting and disclosure duty pursuant to Article 23 of the Ordinance to Prevent Excessive Compensation in Listed Companies Limited by Shares (ERCO).

### 6.2 Utilisation of the extended investment possibilities (Article 50(4) of the OPO 2) with conclusive proof of compliance with security and risk distribution provisions (Article 50(1) to (3) of the OPO 2)

#### Investments in the compartment PRO Alternative investments

At the end of 2021, the proportion of alternative investments amounted to 15.4 per cent. The statutory proportion of 15 per cent was exceeded by 0.4 percentage points, which is permissible under the Investment Regulations.

### Selection / management / supervision

Telco Ltd selects alternative investments and real estate investments with specialists and exercises the same due diligence in managing and supervising them as it exercises in the case of traditional investments.



## Ensuring that the objective of pension provision is fulfilled

Past experience (among other things, asset allocation studies) was used as the basis for determining the proportion of assets invested in direct and indirect alternative investments. In the area of real estate, importance was attached to maintaining a broadly diversified portfolio. Experience shows that, especially in times of crisis, alternative investments and real estate are a valuable addition to traditional investments. Their contribution to fulfilling the objective of pension provision is thus guaranteed and ensures a consistent contribution.

## Diversification / liquidity

Alternative investments make a substantial contribution to diversification. While it is true that the value is influenced to a certain degree by the performance of traditional investments, other factors also have a considerable effect. Investments with cash flow qualities such as private debt are overweighted. We also consider it important that a large share of alternative investments are made in what are rather liquid assets (open-end structures which allow monthly / quarterly withdrawal). Nevertheless, we supplement these with an allocation of more illiquid assets (closed-end structures where withdrawal is not possible for several years) in order to achieve an improved level of diversification here as well.

## Profitability

The Board of Trustees decided to leave the percentage of alternative investments and real estate elevated since it is convinced that this will contribute positively to achieving earnings targets and serve to diversify risk in an appropriate manner, thus supporting the achievement of the objective of pension provision.

## Investment in the compartment INDIVIDUA

In the case of three pension funds, the pension fund commissions expand the statutory investment options in the area of real estate investments and alternative investments.

Despite exceeding the statutory limits in the areas of real estate and alternative investments, the Board of Trustees and the pension fund commissions believe that fulfilment of the objective of pension provision is ensured.

## 6.3 Target value and calculation of the fluctuation reserve

The fluctuation reserve is created or released in order to offset (short-term) fluctuations in the value of investments. The target amount of the fluctuation reserve is calculated using a risk-oriented approach relating to the assets on the occasion of the periodic completion of the asset and liability study.

The fluctuation reserves are calculated per compartment (PRO) and, for the INDIVIDUA compartments, per pension fund. They are created from the surplus income / expenses as of 31 December 2021.

	2021 CHF 1'000		
<b>Total fluctuation reserves</b>	<b>372'785</b>		
<b>Compartment PRO</b>	<b>2021 CHF 1'000</b>	<b>2020 CHF 1'000</b>	<b>Change in %</b>
As of 1 January	128'801	119'235	8.0
Allocations (+) / withdrawals (-) operating statement	224'375	9'566	2'245.5
<b>As of 31 December</b>	<b>353'176</b>	<b>128'801</b>	<b>174.2</b>
<b>Target value of the fluctuation reserve</b>	<b>590'067</b>	<b>553'000</b>	<b>6.7</b>
Target figure in % of investments	14.1	14.7	
Existing fluctuation reserve	353'176	128'801	174.2
<b>Reserve deficit</b>	<b>236'891</b>	<b>424'199</b>	<b>-44.2</b>
<b>Value fluctuation reserves of pension providers</b>			
As of 1 January	11'445	11'909	-3.9
Deposits / withdrawals	-701	-464	51.1
Allocation from operating statement	-	-	-
<b>As of 31 December</b>	<b>10'744</b>	<b>11'445</b>	<b>-6.1</b>
<b>Compartment INDIVIDUA (consolidated)</b>	<b>2021 CHF 1'000</b>		
As of 1 January	7'022		
Allocations (+) / withdrawals (-) operating statement	1'843		
<b>As of 31 December</b>	<b>8'865</b>		
<b>Target value of the fluctuation reserve</b>	<b>16'126</b>		
Target figure in % of investments (custom)	-		
Existing fluctuation reserve	8'865		
<b>Reserve deficit</b>	<b>7'261</b>		

In the compartment INDIVIDUA, the fluctuation reserves are calculated for each pension fund individually. In 2021 the target values ranged from 14.4 per cent to 15.9 per cent. They are created from the surplus income / expenses as of the end of the year.

The Foundation itself does not possess any fluctuation reserves.

## 6.4 Presentation of the investments according to investment categories

### Risk diversification of investments

Compartment PRO	31.12.2021		31.12.2020			
	CHF 1'000	Strategy in %	CHF 1'000	Strategy in %		
Money market	207'795	5.0	264'479	7.1		
Loans and mortgage loans	173'632	4.2	124'585	3.4		
Domestic and foreign bonds in CHF	121'305	2.9	180'023	4.9		
Global bonds in FC	197'463	4.8	357'074	9.6		
Global bonds in FC (hedged)	322'209	7.8	–	–		
Swiss equities	ww10	11.4	452'946	12.2		
Global equities	737'564	18.0	602'222	16.2		
Alternative investments	631'977	15.4	652'947	17.6		
Infrastructure investments (unleveraged)	61'613	1.5	–	–		
Swiss real estate	1'191'331	29.0	1'073'204	29.0		
<b>Intermediate total</b>	<b>4'115'999</b>	<b>100.0</b>	<b>3'707'480</b>	<b>100.0</b>		
Amounts due from employers	56'900		51'728			
Other Swiss amounts due	9'934		625			
Assets held in transit	1'688		2'015			
Assets from insurance contracts	353		359			
<b>Total assets</b>	<b>4'184'874</b>		<b>3'762'207</b>			
	CHF 1'000	in %	OPO 2 in %	CHF 1'000	in %	OPO 2 in %
<b>Total restrictions pursuant to the OPO 2</b>						
Investments in claims secured by real estate liens pursuant to Article 55a of the OPO 2	173'632	4.1	50	124'585	3.3	50
Investments in shares pursuant to Article 55b of the OPO 2	1'208'674	28.9	50	1'055'168	28.0	50
Investments in real estate pursuant to Article 55c of the OPO 2	1'191'331	28.5	30	1'073'204	28.5	30
> of which abroad	–	–	10	–	–	10
Alternative investments pursuant to Article 55d of the OPO 2	631'977	15.1	15	652'947	17.4	15
Alternative investments pursuant to Article 55d of the OPO 2	954'445	22.8	30	620'365	16.9	30

Asset allocation of alternative investments	31.12.2021 Collectively CHF 1'000	31.12.2021 Direct CHF 1'000	31.12.2021 Total CHF 1'000	31.12.2020 Total CHF 1'000
Hedge funds	234'373	–	234'373	186'917
Insurance-linked securities	36'102	–	36'102	78'424
Private equities	144'261	–	144'261	129'847
Private debts	209'008	–	209'008	196'679
Infrastructure investments	61'613	–	61'613	37'850
Foreign exchange hedge transactions	8'233	–	8'233	2'866
<b>Total</b>	<b>693'590</b>	<b>–</b>	<b>693'590</b>	<b>632'583</b>

Compartment INDIVIDUA	31.12.2021	
	CHF 1'000	Strategy in %
Money market	6'369	6.0
Loans and mortgage loans	1'500	1.4
Domestic and foreign bonds in CHF	7'097	6.6
Global bonds in foreign currencies,	5'167	4.8
Global bonds in foreign currencies, hedged	3'202	3.0
Swiss equities	13'734	12.8
Global equities	14'299	13.4
Alternative investments	14'226	13.3
Infrastructure investments (unleveraged)	1'086	1.0
Mixed investment form	4'203	3.9
Direct real estate investments	12'186	11.4
Real estate funds	23'854	22.4
<b>Intermediate total</b>	<b>106'923</b>	<b>100.0</b>

Amounts due from employers	159
Other Swiss amounts due	–1'540
Assets held in transit	95
Assets from insurance contracts	2'109
<b>Total assets</b>	<b>107'746</b>

	CHF 1'000	in %	OPO 2 in %
<b>Total restrictions pursuant to the OPO 2</b>			
Investments in claims secured by real estate liens pursuant to Article 55a of the OPO 2	1'500	1.4	50
Investments in shares pursuant to Article 55b of the OPO 2	28'033	26.0	50
Investments in real estate pursuant to Article 55c of the OPO 2	36'040	33.4	30
> of which abroad	0	0.0	10
Alternative investments pursuant to Article 55d of the OPO 2	14'226	13.2	15
Alternative investments pursuant to Article 55d of the OPO 2	15'690	14.6	30

Asset allocation of alternative investments	31.12.2021 Collectively CHF 1'000	31.12.2021 Direct CHF 1'000	31.12.2021 Total CHF 1'000
Hedge funds	4'832	–	4'832
Insurance-linked securities	886	–	886
Private equities	2'337	–	2'337
Private debts	6'031	–	6'031
Infrastructure investments	1'086	–	1'086
Foreign exchange hedge transactions	140	–	140
<b>Total</b>	<b>15'312</b>	<b>–</b>	<b>15'312</b>

## 6.5 Current (open) derivative financial instruments

The following open derivative positions existed as of 31 December 2021:

	Market value 31.12.2021 CHF 1'000	Contract volumes CHF 1'000	Commitment increasing CHF 1'000	Commitment decreasing CHF 1'000
Forward exchange transactions in EUR, USD, GBP				
> Positive replacement value	9'513	613'876	–	613'876
> Negative replacement cost	–1'141	130'248	–	130'248
<b>Total forward foreign exchange transactions</b>	<b>8'372</b>	<b>744'124</b>	<b>–</b>	<b>744'124</b>

Derivative financial instruments are covered by the existing investments.

## 6.6 Open capital commitments

	31.12.2021 CHF 1'000	31.12.2020 CHF 1'000
The following open capital commitments existed as of 31 December 2021:		
> Infrastructure	53'320	0
> Private equities	10'011	0
> Private debts	62'550	43'633
<b>Total</b>	<b>125'881</b>	<b>43'633</b>

## 6.7 Explanation of net result from investments

	31.12.2021
<b>Compartment PRO</b>	<b>7.44 %</b>
	<b>CHF 1'000</b>
Net result liquid assets and forward foreign exchange transaction	2'615'956
Interest on amounts due and liabilities	1'676'524
Net result from equities	177'838'582
Net result from bonds	–10'790'061
Net result from real estate (direct investments)	47'749'923
Net result real estate funds	–
Net result alternative investments	93'897'879
Expenses for asset management	–41'365'625
<b>Net investment result</b>	<b>271'623'178</b>

	31.12.2021
<b>Compartment INDIVIDUA (consolidated)</b>	<b>6.67 %</b>
	<b>CHF 1'000</b>
Net result liquid assets and forward foreign exchange transaction	–27'960
Interest on amounts due and liabilities	–5'059
Net result from equities	3'047'417
Net result from bonds	–302'577
Net result from real estate (direct investments)	336'519
Net result real estate funds	1'045'513
Net result alternative investments	3'025'370
Net income from mixed investments	194'484
Expenses for asset management	–934'577
<b>Net investment result</b>	<b>6'379'130</b>

## 6.7.1 Administrative costs for investments

	Total Tellco pk 2021 CHF 1'000	in %	Total Tellco pk 2020 CHF 1'000	in %
Asset management fees on the institution level (TER costs)	8'328	0.19	7'035	0.19
Tax transaction costs (TTC)	895	0.02	2'124	0.06
Other costs (SC costs)	169	0.00	59	0.00
TER costs of cost-transparent collective investments	32'908	0.77	29'027	0.77
> of which TER costs for cost-transparent collective investments in alternative investments	10'929	0.25	10'344	0.28
> of which TER costs from performance fees for cost-transparent collective investments in alternative investments	5'153	0.12	5'007	0.13
> of which TER costs for cost-transparent collective investments in real estate	5'243	0.12	4'734	0.13
> of which TER costs of other cost-transparent collective investments	11'583	0.27	8'942	0.24
<b>Total</b>	<b>42'300</b>	<b>0.99</b>	<b>38'245</b>	<b>1.02</b>
Total investments	4'288'375	100.00	3'759'833	100.00
Cost-non-transparent investments	–	–	–	–
<b>Cost-transparent investments – cost transparency ratio</b>	<b>4'288'375</b>	<b>100.00</b>	<b>3'759'833</b>	<b>100.00</b>

In accordance with the directive of the Occupational Pension Supervisory Commission (OPSC) of 23 April 2013, as of the 2013 financial year all pension funds must also recognise the costs incurred within their investments, that is, the transaction costs and taxes as well as the TER costs of the cost-transparent collective investments, as an expense on their operating statement.

TTER costs: Namely management fees, custody fees, fund administration fees and performance fees  
TTC costs: Transaction costs such as brokerage fees and issuing and redemption commissions as well as taxes (stamp duties)  
SC costs: Costs for external investment controlling, among others

## 6.7.2 Non-transparent investments

None.

## 6.8 Explanation of investments with the employer and the employer contribution reserve

### 6.8.1 Explanation of the investments with the employer

On the one hand, there were premium account amounts due from affiliated companies totalling CHF 62,073,806.00 (3,727 employers) as of 31 December 2021. A total of 408 companies with arrears of CHF 6,099,518.00 are in a terminated relationship. Premium payments are past due in these cases. On the other hand, there are allowances for amounts due that are in doubt of CHF 5,014,799.00. In the narrow sense, these current account amounts due are not considered to be investments with the employer.

### 6.8.2 Explanation of the employer contribution reserves

In addition to premium account obligations to affiliated companies of CHF 21,915,514 as of 31 December 2021, there are employer contribution reserves of 440 employers. The contribution reserves trended as follows:

	2021 CHF 1'000	2020 CHF 1'000
<b>without renunciation of use</b>		
As of 1 January	32'194	27'328
Deposits	9'019	14'370
Transfers to supplementary insurer	–256	–435
Use for employer contribution payments	–9'377	–9'360
Use for deposits in savings capital		
Interest 1 % (previous year: 1 %)	311	291
<b>As of 31 December</b>	<b>31'891</b>	<b>32'194</b>

## 7 Explanation of additional items on the balance sheet and operating statement

### 7.1 Composition of the contributions

	31.12.2021 CHF 1'000	31.12.2020 CHF 1'000	Change in %
Savings contributions	302'170	275'667	9.6
Risk contributions	58'160	55'191	5.4
Administrative cost contributions	10'838	9'900	9.5
Uniform contributions	7'116	6'765	5.2
<b>Total contributions</b>	<b>378'284</b>	<b>347'523</b>	<b>8.9</b>

## 7.2 General administrative costs

### 7.2.1 General administrative costs

General administrative costs	31.12.2021 CHF	31.12.2020 CHF	Change in %
General administrative costs (absence and Case Management)	10'567'124	9'357'521	12.9
Auditor and pension actuary	269'443	216'763	24.3
Supervisory authority	71'383	37'896	88.4
Marketing and advertising costs	8'332'884	8'004'592	4.1
Broker and brokerage expenses	9'637'293	6'742'815	42.9
<b>Total</b>	<b>28'878'127</b>	<b>24'359'587</b>	<b>18.5</b>

As a result of a system conversion, certain payments in 2020 and 2021 for broker and brokerage expenses were taken into consideration in the 2021 financial year.

### 7.2.2 General administrative costs per change

General administrative costs per change	31.12.2021	31.12.2020	Change in %
Number of active insured persons as of 1 January including enrolments and exits	245'310	228'873	7.2
Number of pension beneficiaries as of 31 December (excluding child's pensions).	3'703	3'476	6.5
<b>Total beneficiaries</b>	<b>249'013</b>	<b>232'459</b>	<b>7.1</b>
<b>General administrative costs per capita in CHF</b>	<b>116</b>	<b>125</b>	<b>-7.2</b>

Each year, Weibel Hess & Partner AG conducts a pension fund comparison. In spring 2020 (based on annual financial statements as of 31.12.2019), the administrative costs of the collective foundations were calculated in relation to the number of changes. Telco pkPRO comes in second place with a value of CHF 130.00.  
(Source: pensionskassenvergleich.ch)

## 7.3 Non-technical provisions

	31.12.2021 CHF 1'000	31.12.2020 CHF 1'000	Change in %
As of 1 January	2'700	825	227.3
Allocations (+) / withdrawals (-) taxes on property gains	-449	1'875	-123.9
<b>As of 31 December</b>	<b>2'251</b>	<b>2'700</b>	<b>-16.6</b>

## 8 Conditions of the supervisory authority

By ruling of 25 April 2022, the OPA and foundation supervisory authority for Central Switzerland (Zentralschweizer BVG- und Stiftungsaufsicht – ZBSA) nullified the transfer by Telco pkPRO to a pension foundation of a portfolio of pensioners drawing old age, survivors' and invalidity benefits. The Foundation was ordered to unwind the pensioner transfers.

Telco pkPRO is currently reviewing the steps to be taken.

## 9 Further information relating to the financial situation

### 9.1 Measures to remedy underfunding

All pension providers have surplus cover at the end of the financial year.

### 9.2 Pledge of assets

The following custody account was pledged as collateral for derivative financial instruments:

	31.12.2021 CHF 1'000	31.12.2020 CHF 1'000
<b>Telco Ltd</b>	<b>83'744</b>	<b>85'423</b>

### 9.3 Ongoing legal proceedings

There are no pending legal proceedings relating to the financial situation.

### 9.4 Contingent liabilities for the benefit of third parties

None.

## 10 Events after the balance sheet date

There were no material events after the reporting date that would require a correction to the 2021 annual financial statement.

# Auditor's report

To the Foundation Board of  
Tellco pkPRO, Schwyz

Basle, 15 May 2022

## Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Tellco pkPRO, which comprise the balance sheet, operating accounts and notes, for the year ended 31 December 2021.

### Foundation Board's responsibility

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation's deed of formation and the regulations. This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Responsibility of the expert in occupational benefits

In addition to the auditor, the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with article 52e paragraph 1 of the Occupational Pensions Act (OPA) and article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and with the foundation's deed of formation and the regulations.

## Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (article 52b OPA) and independence (article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by article 52c paragraph 1 OPA and article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organization, management and investments are applied.

We have assessed whether:

- > organization and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation
- > funds are invested in accordance with legal and regulatory requirements
- > the occupational pension accounts comply with legal requirements
- > measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfill their duties of loyalty and disclosure of interests
- > the available funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions
- > the legally required information and reports have been given to the supervisory authority
- > the pension fund's interests are safeguarded in disclosed transactions with related entities

We confirm that the applicable provisions of the law, the foundation deed and the regulations are met.

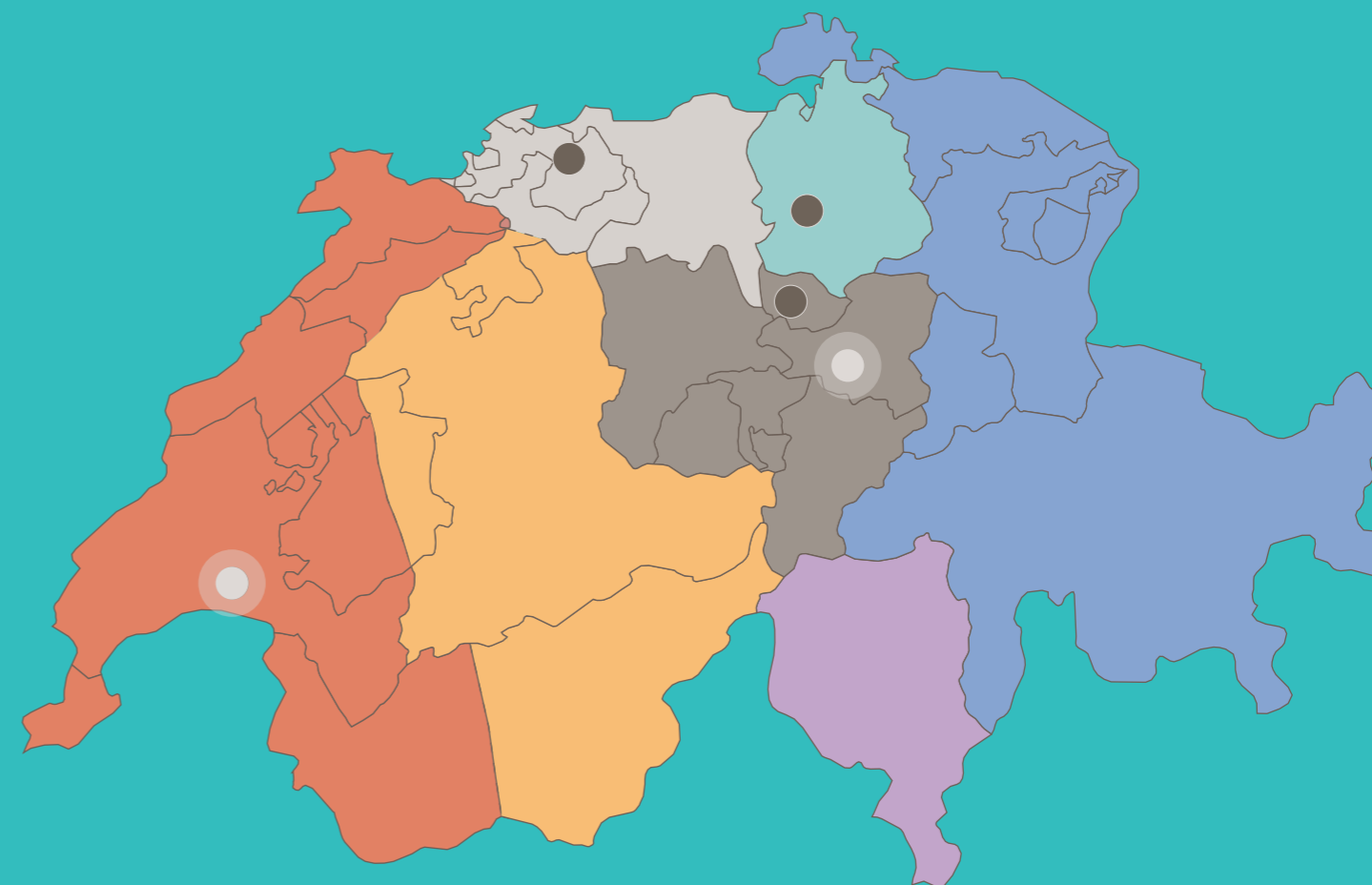
We recommend that the financial statements submitted to you be approved.


Ernst & Young Ltd

Patrick Schaller  
Licensed audit expert  
(Auditor in charge)

Raymond Frey  
Licensed audit expert

## Schwyz is our home – we are at home in Switzerland



 **Head office (Schwyz) and  
Regional Administration  
Romandie  
(Lausanne)**

**Tellco Ltd**  
Bahnhofstrasse 4  
Postfach 713  
CH-6431 Schwyz

t +41 58 442 12 91  
tellco.ch

 **Regional locations**

**We have strong**

-  Romandie Central
-  Plateau
-  Central Switzerland
-  Ticino
-  Northwestern Switzerland
-  Eastern Switzerland
-  Zurich

## Imprint

Tellco pkPRO      Annual report 2021  
Publisher        Tellco pkPRO  
Copyright © 2022    Tellco Ltd, Schwyz, tellco.ch

The German text is authoritative.