



AXA Foundation
for Occupational Benefits

Annual Report 2020

AXA Foundation for Occupational Benefits,
Winterthur

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**“Our cautious strategy
proved itself in Covid
year 2020.”**

Gabriela Grob Hügli, Chair of the Board of Trustees
AXA Foundation for Occupational Benefits

Foreword by the Chair of the Board of Trustees on the 2020 Annual Report

Dear reader

2020 was an exceptionally challenging year for all of us – both privately and professionally. The AXA Foundation for Occupational Benefits was likewise forced to adapt to the new situation. In a nutshell, our strategy of sustainable investment and prudent asset management proved itself. At no point was there any risk of becoming underfunded despite the high level of volatility in financial markets. Against this challenging backdrop, we demonstrated that the AXA Foundation for Occupational Benefits – as a robustly financed pension fund solution – is effective over the long term and can deliver an impressive performance for affiliated companies and their employees – even in challenging times.

We are delighted that our work on the Board of Trustees and the strategic direction we have taken are supported by you, the insureds. This is also reflected in the re-election of all members of the Board of Trustees who stood for election once again. We are deeply grateful for the trust you have placed in us, as it shows we're on the right track. Indeed, the virtually unchanged composition of the Board of Trustees also ensures the necessary continuity and dependability – both of which are of vital importance in challenging times.

“We are delighted that our work on the Board of Trustees and the strategic direction we have taken are supported by you, the insureds.”

Last year saw us continue to build upon the governance rules of our Foundation. In a comprehensive strategic and organizational process, the Board of Trustees elected a Managing Director who is exclusively responsible for our Foundation and represents the interests of the Foundation in an independent way. This enabled us to define clear responsibilities as well as strengthen our operational management. At the same time, it was an important decision in terms of deepening our highly successful partnership with AXA and the numerous benefits this brings for our insureds.

The Board of Trustees believes in the importance of transparent communication with insureds. For that reason, we worked with AXA to develop a standalone identity for the Foundation. You will see the initial results for yourself in this Annual Report. We also redesigned our website, which can be found at [AXA-foundation-for-occupational-benefits.ch](https://www.axa-foundation-for-occupational-benefits.ch). With its more in-depth information, this complements the existing production information on "Professional Invest" as well as the pensions portal in the "myAXA" customer account.

The interest model devised in 2019 – which creates transparency regarding the decisions taken by the Board of Trustees in relation to the interest rates on insureds' retirement assets as well as clearly specified parameters – continued to prove itself. We are delighted to once again be in a position to pay a very good interest rate of 2.25% for the mandatory element and 3.00% for extra-mandatory benefits based on retirement assets for 2020. This means the annual returns of insureds are well above the 1.0% BVG minimum interest rate set by the Federal Council.

This above-average interest rate is impressive in view of the exceptionally challenging market situation experienced in 2020. However, the Foundation's prudent investment strategy proved itself even in this challenging environment and enabled us to manage the assets on a secure yet profitable basis. Thus the 2020 financial year ended with an overall return of +4.8%.

Other key figures likewise developed positively in 2020: The relevant coverage ratio stood at 111% at the end of the year, while the highly favorable age structure, high proportion of extra-mandatory pension assets as well as persistently low pension obligations reduced the redistribution effects from active insured employees to pension recipients.

We can look back on a solid financial year in which we were once again able to offer our insureds a high level of added value. Looking ahead, the Board of Trustees – together with the Managing Director and AXA – will continue its endeavors to generate a good return on the basis of a sound investment strategy.



Gabriela Grob Hügli
Chair of the Board of Trustees
AXA Foundation for Occupational Benefits

We wish to express our deep gratitude to all insureds, together with our partner AXA, for their tremendous commitment as well as the trust placed in us. As your dependable pensions partner, we look forward to continuing to support you in 2021.

Gabriela Grob Hügli
Chair of the Board of Trustees
AXA Foundation for Occupational Benefits

Composition of the Board of Trustees for the 2021 – 2024 term of office



Gabriela Grob Hügli (Chair)
Employee representative

Procap, Olten
Attorney, Employee



Christoph Burkhalter
Employee representative

Avaloq Evolution AG, Zurich
Deputy Head Innovation



Hanspeter Herger
Employee representative

x-plus services gmbh, Engelberg
Project manager



Bodo Möller
Employee representative

Google Switzerland GmbH, Zurich
Software Engineer



Christoph Senti (Vice-Chair)
Employer representative

Christoph Senti AG, Altstätten
Partner



Urs Flück
Employer representative

Mathys AG Bettlach, Bettlach
CFO



Elisabeth Meyerhans Sarasin
Employer representative

Meyerhans & Partner GmbH, Zurich
Managing Director



Massimo Tognola
Employer representative

Fidam Servizi SA, Chiasso
Owner

Profile of the Foundation

The Board of Trustees is the Foundation's highest governing body. Comprising a total of eight members, it has an equal number of employee and employer representatives. It determines the strategy, monitors implementation, is responsible for managing the investments, and also ensures the Foundation's sustainable approach and independence. The Board of Trustees has entrusted AXA Life Ltd with management and administration. AXA Life Ltd manages operations and is responsible for implementing the resolutions of the Board of Trustees.

To that end, AXA Life Ltd makes an independent Managing Director and Deputy Managing Director available on a full-time basis.

The affiliated companies and insureds benefit from this strong partnership and semi-autonomous model in multiple ways: Through a higher interest rate yet simultaneously high degree of security, coupled with a very good price/performance ratio.



Sandra Gisin
Managing Director



Esther Jacomet
Deputy Managing Director

Facts & Figures 2020

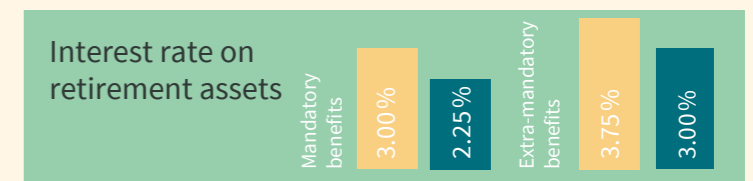
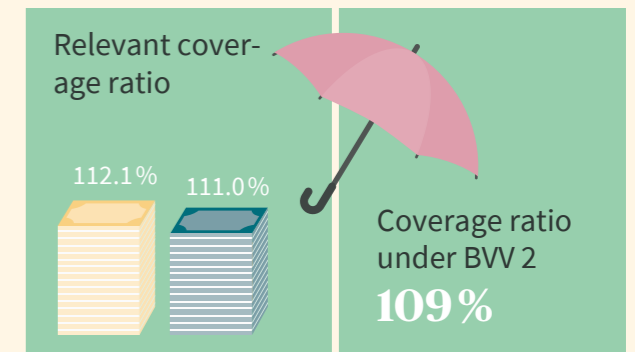
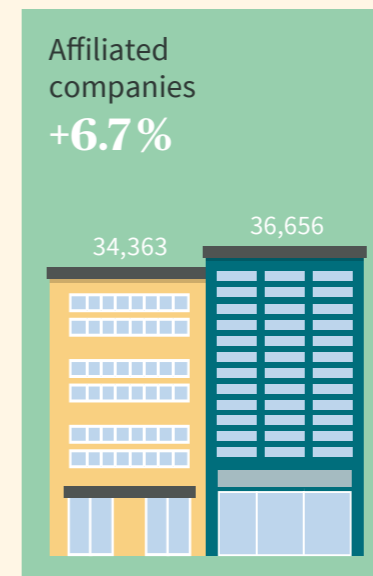
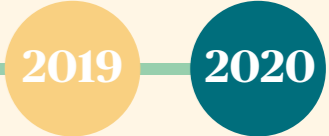
With over 175,000 insureds and more than 35,000 affiliated companies, the AXA Foundation for Occupational Benefits is the largest semi-autonomous collective foundation in Switzerland.

The top priority for our Board of Trustees is to safeguard the retirement assets and pension benefits of our insureds for the long term. With this aim in mind, our strategy is based on four key pillars.

- **Attractive and sustainable interest on retirement assets:** We not only base the interest rate on the short-term investment market but also take account of medium and long-term developments. This enables us to smooth out fluctuations as well as ensure stability and sustainability. The result is an above-average interest rate on retirement assets for the mandatory as well as extra-mandatory elements, and therefore growth in the retirement assets of our insureds.

- **Strict risk control and monitoring of investments:** The Board of Trustees defines a sustainable investment strategy and keeps a watchful eye on the management of the assets. The focus at all times is on safeguarding the interests of our insureds. The Investment and Liability Committee is responsible for ensuring these objectives are met. If required, we can also count on the expertise of external specialists.
- **Clear governance rules of the Foundation:** We exercise the responsibilities assigned to us with a high degree of care and commitment in the sole interest of our insureds. To that end, we rely on a state-of-the-art governance structure with clearly defined responsibilities at strategic as well as operating level.

- **High level of transparency for insureds:** The transparency of the decisions taken by the Board of Trustees is important to us. For that reason, we employ an interest model that creates transparency regarding the decisions taken by the Board of Trustees in relation to the interest rate on retirement assets. All communication in relation to the Foundation is proactive and transparent. In addition, the AXA pensions portal provides our insureds with all relevant information at all times.



Financial statements 2020

Balance sheet

in CHF	Index explanatory notes	31.12.2020	31.12.2019
Assets			
Investments of Foundation	6.4	25,137,280,882.21	20,899,458,470.63
Investments of Custom Invest occupational benefits funds	6.4	8,974,053.07	0.00
Accounts receivable	7.1.1	12,328,021.08	16,987,486.22
Assets with AXA Life Ltd.	7.1.2	23,700,870.51	38,266,490.86
Accounts receivable from affiliated employers	6.11.1	161,407,959.35	144,672,939.24
./. Del credere		-624,300.00	0.00
Prepayments and accrued income	7.1.3	13,085,373.45	7,022,239.80
Total assets		25,356,152,859.67	21,106,407,626.75
Liabilities			
Liabilities		633,611,340.31	550,675,297.18
Vested termination benefits accounts and pensions	7.2.1	581,319,216.20	500,378,378.70
Prepaid contributions from affiliated employers		42,781,924.25	42,189,808.72
Other liabilities	7.2.2	9,510,199.86	8,107,109.76
Accrued liabilities and deferred income	7.2.3	11,915,918.39	5,346,379.90
Employer-paid contribution reserve	6.11.2	237,077,972.39	223,416,271.52
Contribution reserves without waiver of use		237,077,972.39	223,416,271.52
Non actuarial provisions		0.00	0.00
Pension liabilities and actuarial reserves		22,358,392,463.83	18,619,236,434.97
Active participants' liabilities	5.3.1	19,704,403,009.03	16,665,796,991.77
Pensioners' liabilities	5.5.1	1,075,283,144.94	497,124,617.34
Actuarial reserves	5.6.1	1,174,855,736.85	892,630,392.85
Reserve for supplementary interest	5.6.2	403,850,573.01	563,684,433.01
Reserve for fluctuations in asset value of Foundation	6.3.2	2,021,973,757.63	1,628,767,759.10
Non-committed funds (unallocated assets) of occupational benefits funds	7.2.4	93,181,407.12	78,965,484.08
Non-committed funds at the beginning of the period		78,965,484.08	111,899,344.96
Change in non-committed funds from takeovers and transfers		33,954,847.53	-20,082,054.27
Expense surplus of occupational benefits funds (net)		-19,738,924.49	-12,851,806.61
Non-committed funds of Foundation		0.00	0.00
Balance at the beginning of the period		0.00	6,819,651.19
Income/expense surplus of Foundation		0.00	-6,819,651.19
Total liabilities		25,356,152,859.67	21,106,407,626.75

Operating account

in CHF	Index explanatory notes	2020	2019
Ordinary and other contributions and transfers		2,023,007,152.48	1,771,479,600.20
Employee contributions	7.3.1	752,940,084.51	651,213,514.68
Employer contributions	7.3.1	963,821,532.58	843,207,105.98
of which withdrawal from employer-paid contribution reserve to finance contributions	6.11.2	-46,322,155.53	-43,147,491.79
of which financed by payments from BVG (LOB) Guarantee Fund		-15,864,551.95	-15,096,203.10
Contributions from third parties		0.00	765,309.27
One-time payments and purchase amounts		280,528,615.71	275,931,124.02
Other one-time payments		6,046,639.84	1,298,074.95
Transfers to employer-paid contribution reserve	6.11.2	65,969,404.47	42,191,213.74
Payments from BVG (LOB) Guarantee Fund		15,887,582.85	15,116,952.45
Entry lump sum transfers		3,720,958,185.46	2,316,590,095.25
Vested termination benefits transfers		3,603,589,064.90	2,204,619,604.84
Transfers following takeover of benefits		40,579,050.10	69,850,254.18
Transfers following takeover of participants	7.3.2	36,540,923.41	11,258,191.05
Reimbursements of withdrawals for home ownership/divorce		40,249,147.05	30,862,045.18
Inflow from contributions and entry lump-sum transfers		5,743,965,337.94	4,088,069,695.45
Regulatory benefits		-1,033,222,420.26	-1,028,609,256.00
Retirement pensions	7.3.3	-447,590,735.56	-431,722,427.40
Survivors' pensions	7.3.4	-65,409,252.65	-63,472,441.80
Disability pensions		-80,782,212.35	-75,269,346.35
Lump-sum benefits on retirement		-395,655,590.20	-394,150,244.00
Lump-sum benefits on death or disability		-43,784,629.50	-63,994,796.45
Termination benefits		-2,000,567,115.08	-5,335,781,174.31
Vested termination benefits for leavers		-1,888,226,858.55	-4,979,222,183.34
Transfer of additional assets in the case of collective exit	7.3.2	-2,586,075.88	-41,318,650.37
Transfer of employer-paid contribution reserve in the case of withdrawals from occupational benefits funds	6.11.2	-5,211,002.85	-98,868,628.34
Withdrawals for encouragement of home ownership/divorce	7.3.5	-83,895,433.40	-75,561,479.56
Reimbursement values in case of transfer of benefits		-20,647,744.40	-140,810,232.70
Outflow for benefits and withdrawals		-3,033,789,535.34	-6,364,390,430.31
Increase in pension liabilities, actuarial reserves, and contribution reserves		-3,786,772,577.26	-128,190,551.02
Increase/decrease in active participants' liabilities (net)		-2,580,869,837.43	1,903,544,670.69
Change in pensioners' liabilities (net)		-578,158,527.60	-205,954,082.34
Change in non-committed funds from takeovers and transfers		-33,954,847.53	20,082,054.27
Increase in actuarial reserves		-122,391,484.00	-1,449,433,895.86
Interest on active participants' liabilities		-457,736,179.83	-496,816,707.76
Increase/decrease in employer contribution reserves		-13,661,700.87	100,387,409.98

in CHF	Index explanatory notes	2020	2019
Income from insurance benefits		703,492,765.47	21,465,110,981.13
Insurance benefits	7.3.6	661,722,552.82	20,761,555,046.88
Share of insurance surpluses	5.7	41,770,212.65	703,555,934.25
Insurance cost		-373,779,900.65	-425,662,116.87
Savings premium		-142,402.30	861,301.60
Risk premium		-204,254,399.80	-177,304,660.00
Cost premium	7.3.7	-88,683,198.40	-81,549,346.31
One-time contributions to insurances		-71,249,555.05	-151,252,529.36
Contributions to the BVG (LOB) Guarantee Fund	7.3.8	-9,450,345.10	-16,416,882.80
Change in assets from insurance contracts	5.2		-18,330,217,015.55
Net result of insurance activities		-746,883,909.84	304,720,562.83
Net return on investments	6.9	1,121,727,595.22	1,295,100,056.75
Net return on investments, Foundation		1,226,620,753.31	1,384,967,684.82
Net return on investments, Custom Invest occupational benefits funds		39,524.56	0.00
Other income from assets		-1,781,820.00	-1,256,658.54
Administration cost of investments	6.10.1	-103,150,862.65	-88,610,969.53
Other income		4,987,006.69	4,027,534.71
Income from services rendered	7.3.9	2,406,674.51	2,439,109.75
Other income	7.3.10	2,580,332.18	1,588,424.96
Other expenses	7.3.11	-2,634,831.13	-1,285,113.38
Administration expenses	7.3.7	-3,728,786.90	-3,445,144.66
General administration expenses		-3,391,849.05	-3,086,378.31
Auditor's costs		-81,841.25	-124,888.90
Costs of occupational pensions actuary		-82,785.85	-55,440.80
Supervisory authorities' costs		-172,310.75	-178,436.65
Income surplus prior to decrease/increase in reserves for fluctuations in asset value		373,467,074.04	1,599,117,896.25
Decrease in reserves for fluctuations in asset value of occupational benefits funds (net)	6.3.1	0.00	9,978,405.05
Increase in reserves for fluctuations in asset value of Foundation		-393,205,998.53	-1,628,767,759.10
Expense surplus		-19,738,924.49	-19,671,457.80
Expense surplus of occupational benefits funds (net)	7.3.12	-19,738,924.49	-12,851,806.61
Income/expense surplus of Foundation	7.3.13	0.00	-6,819,651.19

Notes to the financial statements 2020

Explanatory notes

1 Basis and organization

1.1 Legal form and purpose

“Winterthur” Life Insurance Company established a foundation on June 8, 1984, in Winterthur in accordance with Art. 80 ff. of the Swiss Civil Code under the name of “Winterthur” Foundation for Mandatory Occupational Benefits. The present name of the Founder is AXA Life Ltd. The present name of the foundation is AXA Foundation for Occupational Benefits, Winterthur, (UID: CHE-109.691.681 HR).

The Foundation has its registered office in Winterthur. The Foundation is active in all of Switzerland.

The Foundation was established in order to provide occupational retirement, survivors' and disability benefits. Its purpose is to protect employees and employers of affiliated companies in accordance with its regulations against the economic consequences of loss of earnings resulting from old age, disability or death. It provides benefits in accordance with the provisions of the compulsory occupational benefits plan and also offers pension plans that exceed the minimum statutory requirements.

Self-employed persons can also become affiliated to the Foundation through a professional association pension solution.

1.2 Registration with BVG and the Guarantee Fund

The Foundation is entered in the Canton of Zurich's register for occupational pension schemes under serial no. ZH.1431 and pays contributions to the BVG (LOB) Guarantee Fund.

1.3 Details on the document and regulations	Version	New version as at
Deed of foundation	2019	2020
Election regulations of the Board of Trustees	01.01.2019	
Organization regulations of the Foundation	01.09.2019	01.01.2021
Regulations on conflicts of interest	01.09.2019	01.09.2020
Regulations on delegates in external organizations	01.03.2020	01.09.2020
Organization regulations of the Occupational Benefits Fund Commission/Professional Association Occupational Benefits Fund Commission	01.01.2019	01.01.2021
Occupational benefits fund regulations/ occupational benefits plans	01.01.2020	01.01.2021
Regulations for the Promotion of Residential Property Ownership	01.10.2017	01.01.2021
Professional Invest investment regulations	10.09.2019	01.07.2020
Custom Invest investment regulations		01.07.2020
Regulations on surplus participation	01.01.2020	
Regulations on the partial and total liquidation of occupational benefits funds	01.01.2019	
Regulations on the partial liquidation of a collective foundation	01.01.2019	
Regulations for the formation of provisions and reserves	31.12.2019	31.12.2020
Cost regulations	01.01.2017	

1.4 Supervisory board, authorized signatories, committees and management

1.4.1 Board of Trustees

Members	Function	Term of office	Employer/ employee rep
Urs Flück		2019 - 2020	Employer
Elisabeth Meyerhans Sarasin		2017 - 2020	Employer
Christoph Senti		2017 - 2020	Employer
Massimo Tognola		2017 - 2020	Employer
Gabriela Grob Hügli	Chair	2017 - 2020	Employee
Christoph Burkhalter		2019 - 2020	Employee
Sandro Caluori		2017 - 2020	Employee
Hanspeter Herger		2019 - 2020	Employee

The general election of the Board of Trustees for the term from 2021 until 2024 was held in the autumn of 2020. The following persons were elected:

Members	Function	Term of office	Employer/ employee rep
Christoph Senti	(returning) Vice Chair	2021 - 2024	Employer
Urs Flück	(returning)	2021 - 2024	Employer
Elisabeth Meyerhans Sarasin	(returning)	2021 - 2024	Employer
Massimo Tognola	(returning)	2021 - 2024	Employer
Gabriela Grob Hügli	(returning) Chair	2021 - 2024	Employee
Christoph Burkhalter	(returning)	2021 - 2024	Employee
Hanspeter Herger	(returning)	2021 - 2024	Employee
Bodo Möller	(new)	2021 - 2024	Employee

At its inaugural meeting on January 26, 2021, the Board of Trustees elected Gabriela Grob Hügli as Chair and Christoph Senti as Vice Chair for the term of office from 2021 until 2024.

Documents must be signed by two trustees to be legally binding.

The Foundation has established the following committees:

1.4.2 Investment Committee

Members	Function
Elisabeth Meyerhans Sarasin ¹⁾	Foundation representative
Sandro Caluori (until Dec. 31, 2020) ¹⁾	Foundation representative
Urs Flück (from Jan. 1, 2021) ¹⁾	Foundation representative
Hanspeter Herger (from Jan. 1, 2021) ¹⁾	Foundation representative
Ivana Reiss ¹⁾	External member of the Investment Committee
Stephan Skaanes	PPCmetrics AG, Investment Controller
Rosa Maria Masino (until Aug. 31, 2020)	Management
Sandra Gisin (from Sept. 1, 2020)	Managing Director
Esther Jacomet (from Sept. 1, 2020)	Deputy Managing Director

¹⁾ Members with voting right

1.4.3 Governance Committee

Members	Function
Gabriela Grob Hügli ¹⁾	Foundation representative
Christoph Senti ¹⁾	Foundation representative
Constance Reschke (until Aug. 31, 2020)	Management
Sandra Gisin (from Sept. 1, 2020)	Managing Director
Esther Jacomet	Deputy Managing Director

¹⁾ Members with voting right

1.4.4 Liability Committee

Members	Function
Christoph Burkhalter ¹⁾	Foundation representative
Massimo Tognola ¹⁾	Foundation representative
Urs Flück (until Dec. 31, 2020) ¹⁾	Foundation representative
Hanspeter Herger (until Dec. 31, 2020) ¹⁾	Foundation representative
Bodo Möller (from Jan. 1, 2021) ¹⁾	Foundation representative
Christoph Plüss	Allvisa AG, occupational pensions actuary
Constance Reschke (until Aug. 31, 2020)	Management
Sandra Gisin (from Sept. 1, 2020)	Managing Director
Esther Jacomet	Deputy Managing Director

¹⁾ Members with voting right

1.4.5 Occupational Benefits Fund Commission (OBFC) / Professional Association Occupational Benefits Fund Commission (AOBFC)

The management bodies of the separately managed occupational benefits funds for affiliated employers and professional associations. These bodies consist of an equal number of employee and employer representatives.

1.4.6 Management

Managing Director (from Sept. 1, 2020)	Sandra Gisin, AXA Life Ltd.
Deputy Managing Director (from Sept. 1, 2020)	Esther Jacomet, AXA Life Ltd.
Management, administration, bookkeeping and distribution	AXA Life Ltd., Winterthur

1.5 Occupational pensions actuary, auditor, supervisory authority

Occupational pensions actuary	Contractual partner: Allvisa AG, Zurich Appointed actuary: Christoph Plüss, licensed occupational pensions actuary in accordance with Art. 52d BVG/LPP
Auditors	KPMG AG, Zurich
Supervisory authority	BVG and Foundation Supervision of the Canton of Zurich (BVS)

1.6 Affiliated employers (number of affiliation contracts)	2020	2019	Change in %
Balance as at January 1	34,363	36,472	-5.78
Additions	3,959	2,739	
Withdrawals	-1,666	-4,848	
Balance as at December 31	36,656	34,363	6.67

2 Active members and pensioners

2.1 Active participants	2020	2019	Change in %
Balance as at January 1	154,301	195,986	-21.27
Additions	61,006	44,737	
Withdrawals	-39,668	-86,422	
Balance as at December 31	175,639	154,301	13.83

2.2 Pension recipients

2.2.1 Pensions borne autonomously by the Foundation	Number on 31.12.2020	Additions Withdrawals 2020	Number on 31.12.2019
Retirement pensions	2,712	1,470 -28	1,270
Divorce pensions	1	1 0	0
Retired person's child's pensions	126	81 -26	71
Partner's pensions	13	10 0	3
Orphan's pensions	3	2 -1	2
Term annuities	2	1 0	1
Balance as at December 31	2,857		1,347

2.2.2 Reinsured Pensions

	Number on 31.12.2020	Additions Withdrawals 2020	Number on 31.12.2019
Retirement pensions	20,912	31 -577	21,458
Divorce pensions	25	8 0	17
Retired person's child's pensions	268	22 -75	321
Disability pensions	5,054	635 -569	4,988
Disabled person's child's pensions	1,355	196 -240	1,399
Partner's pensions	5,159	298 -200	5,061
Orphan's pensions	870	97 -130	903
Term annuities	2	0 0	2
Balance as at December 31	33,645		34,149
Total pensions portfolio as at December 31	36,502		35,496

3 Implementation of objectives

3.1 Characteristics of the pension plans

The pension fund regulations issued by the Board of Trustees form the framework of the individual pension plans of the affiliated occupational benefits funds.

Each affiliated occupational benefits fund has issued a pension plan. It stipulates the type and amount of occupational benefits as well as the amount and composition of the contributions.

Pension conversion rates	2020	2019
Mandatory benefits (BVG/LPP)		
for men with retirement age 65	6.800 %	6.800 %
for women with retirement age 64	6.800 %	6.800 %
Extra-mandatory benefits		
for men with retirement age 65	5.000 %	5.000 %
for women with retirement age 64	4.880 %	4.880 %

In individual cases, the conversion rates of the occupational benefits funds may deviate from those of the Foundation.

3.2 Financing, financing method

The financing of the occupational benefits fund depends on the individual pension plans of the pension funds.

3.3 Share of insurance surpluses

AXA Life Ltd. calculates the surplus participations annually in accordance with the regulatory principles of the federal government.

Details of the allocation of the share of surpluses are shown under point 5.7.

4 Significant accounting policies and valuation methods, consistency

4.1 Statement of compliance with Swiss GAAP FER 26

The balance sheet, operating account and explanatory notes on the annual financial statements are in accordance with the accounting recommendations of Swiss GAAP FER 26.

4.2 Significant accounting policies and valuation methods

The significant accounting policies and valuation methods are in compliance with the statutory provisions and are implemented as follows:

- Currency conversion: Rates on the balance sheet date
- Liquid funds, accounts receivable, liabilities and deferrals/accruals: Nominal value less necessary value adjustments
- Securities: The Foundation holds no direct securities investments, but exclusively collective investments. These are valued at their net asset value on the balance sheet date.
- Active participants' liabilities, pensioners' liabilities and actuarial reserves: In accordance with the regulations on the formation of provisions and reserves as well as the occupational pension actuary's calculations.
- Target value of the reserve for fluctuations in asset value: In accordance with the investment regulations, the reserve for fluctuations in asset value is calculated by the value-at-risk method.

4.3 Changes in principles regarding valuation, bookkeeping, and financial accounting

None

5 Actuarial risks / risk benefit coverage / coverage rate

5.1 Type of risk benefit coverage, reinsurance

The actuarial risks of disability and death are reinsured under a group insurance contract with AXA Life Ltd. Since 2019, retirement and connected survivors' pensions have been autonomously provided by the Foundation. The costs of connected risks shall be borne by the Foundation.

5.2 Assets and liabilities from insurance contracts

Assets and liabilities from insurance contracts correspond to actuarial reserves arising from the group insurance contract, and are not recognized in the balance sheet.

Development of assets and liabilities from insurance contracts	2020 CHF	2019 CHF
Balance as at January 1	6,820,160,101.00	25,150,377,116.55
Reimbursement values from transformation	0.00	-15,237,562,172.09
Other reimbursement values	0.00	-2,801,484,308.46
Change in actuarial reserves for pensioners	-165,016,165.00	-291,170,535.00
Balance as at December 31	6,655,143,936.00	6,820,160,101.00

5.3 Development and return on active participants' liabilities

Active participants' liabilities are the regulatory retirement assets of the insured persons.

5.3.1 Development of retirement assets

	2020 CHF	2019 CHF
Balance as at January 1	16,665,796,991.77	18,072,524,954.70
Retirement credits	1,499,794,860.21	1,280,402,205.59
One-time payments and purchase amounts	280,528,615.71	275,931,124.02
Vested termination benefits transfers	3,603,589,064.90	2,204,619,604.84
Reimbursements of withdrawals for home ownership/divorce	40,249,147.05	30,862,045.18
Upward valuation of minimum amount of vested termination benefits for leavers	176,191.50	1,435,121.05
Further transfers ¹⁾	20,479,738.26	16,674,679.07
Vested termination benefits for leavers	-1,888,226,858.55	-4,979,222,183.34
Withdrawals for encouragement of home ownership/divorce	-83,895,433.40	-75,561,479.56
Decrease due to retirement (transfer to pensioners' liabilities)	-460,008,880.95	-362,025,887.00
Lump-sum benefits on retirement and death; other interest on retirement assets	-431,816,607.30	-296,659,900.54
Interest on retirement assets	457,736,179.83	496,816,707.76
Balance as at December 31	19,704,403,009.03	16,665,796,991.77

¹⁾ The position 'Further transfers' comprises transfers from the distribution of non-committed funds and other change-related transfers not specified under other positions.

5.3.2 Interest on retirement assets

	2020	2019
Interest on retirement assets under BVG/LPP	1.00 %	1.00 %
Supplementary interest on retirement assets under BVG/LPP ¹⁾	1.25 %	2.00 %
Total interest on retirement assets under BVG/LPP	2.25 %	3.00 %
Interest on non-mandatory retirement assets	1.00 %	1.00 %
Supplementary interest on non-mandatory retirement assets ¹⁾	2.00 %	2.75 %
Total interest on non-mandatory retirement assets	3.00 %	3.75 %

¹⁾ of which 1.00 % (previous year 0.50 %) due to withdrawals from the dedicated reserve for supplementary interest, see also point 5.6.2. The provisions of Art. 46 BVV 2/OPP 2 were complied with.

5.4 Sum of retirement assets under BVG/LPP

	31.12.2020	31.12.2019
	CHF	CHF
Total retirement assets under BVG/LPP (sample accounting)	9,827,760,246.37	8,420,578,066.40
BVG/LPP minimum interest set by Federal Council	1.00 %	1.00 %

5.5 Development of pensioners' liabilities and actuarial reserves for pensioners

5.5.1 Autonomously invested pensioners' liabilities

	31.12.2020	31.12.2019
	CHF	CHF
Retirement pensions including divorce pensions	1,065,485,400.48	491,710,521.81
Retired person's child's pensions	4,721,433.34	2,799,313.69
Partner's pensions	4,881,036.98	2,506,677.83
Orphan's pensions	95,269.72	71,144.56
Term annuities	100,004.42	36,959.45
Balance as at December 31	1,075,283,144.94	497,124,617.34
Number of pensions (see point 2.2.1 for details)	2,857	1,347

5.5.2 Development of autonomously invested pensioners' liabilities

	2020	2019
	CHF	CHF
Balance as at January 1	497,124,617.34	0.00
Transfer of retirement assets on retirement	460,162,495.90	362,025,887.00
Increase from pension takeovers	1,660,362.90	54,469,336.40
Increase from rise in pensions	391,141.60	301,572.60
Increase for fund-specific benefit components (financed from reserves of the occupational benefits funds)	-37,866,495.10	-12,665,114.70
Pension payments	1,225,638.30	74,248.05
Retirement losses at expense of Foundation	102,202,290.00	79,252,764.60
Interest ¹⁾	13,758,567.92	4,970,877.00
Effect of change in actuarial principles	30,827,012.48	0.00
Actuarial profit/loss, other changes	5,797,513.60	8,695,046.39
Balance as at December 31	1,075,283,144.94	497,124,617.34

¹⁾ Annual interest 1.75 % (prior year: 2.00 %) on the arithmetic mean between pensioners' liabilities at the beginning of the year and the end of the year.

5.5.3 Reinsured actuarial reserves for pensioners

	31.12.2020	Increase Decrease	31.12.2019
	CHF	2020	CHF
Retirement pensions	5,035,660,999.00	3,876,075.00	5,264,805,633.00
		-233,020,709.00	
Divorce pensions	5,627,776.00	1,584,310.00	4,172,075.00
		-128,609.00	
Retired person's child's pensions	5,101,170.00	506,723.00	5,848,205.00
		-1,253,758.00	
Disability pensions	692,317,959.00	96,487,688.00	656,479,889.00
		-60,649,618.00	
Disabled person's child's pensions	15,986,711.00	2,999,583.00	15,773,358.00
		-2,786,230.00	
Partner's pensions	877,120,721.00	66,182,825.00	849,033,917.00
		-38,096,021.00	
Orphan's pensions	23,316,852.00	3,063,087.00	24,033,264.00
		-3,779,499.00	
Term annuities	11,748.00	0.00	13,760.00
		-2,012.00	
Balance as at December 31	6,655,143,936.00		6,820,160,101.00
Number of pensions (see point 2.2.2 for details)	33,645		34,149

5.5.4 Adaptation of pensions to inflation developments

In 2020, pensions were adapted to inflation developments in accordance with Art. 36 para. 1 BVG/LPP. Beyond that, no adaptations were made to pensions (Art. 36 para. 2 BVG/LPP).

5.6 Composition of, development of and explanation regarding actuarial reserves

5.6.1 Actuarial reserves

Actuarial reserves of the Foundation	31.12.2020	Increase Decrease	31.12.2019
	CHF	2020	CHF
Reserve for retirement losses	1,168,939,190.00	445,468,328.00	723,470,862.00
		0.00	
Reserve for exit losses	27,370.00	0.00	28,189.00
		-819.00	
Reserve for reduction in actuarial interest rate	0.00	0.00	162,852,896.00
		-162,852,896.00	
Balance as at December 31	1,168,966,560.00		886,351,947.00

The reserve for retirement losses serves to cover the financing gap between the available retirement assets at the time of retirement and the pension liabilities needed to cover the pension obligations.

The reserve for exit losses serves to finance the difference between the statutory vested termination benefits accounts and the retirement assets of the insured persons.

An appropriate actuarial reserve was created in the previous year to cover funding of a future reduction in the actuarial interest rate used for calculating pension liabilities and actuarial reserves from 2.00 % to 1.75 %. The actuarial interest rate was reduced to 1.75 % as of December 31, 2020; this enabled the reserve to be fully released.

Actuarial reserves of the occupational benefits funds	31.12.2020	Increase Decrease	31.12.2019
	CHF	2020	CHF
Reserves for additional fund-specific benefit components	5,889,176.85	851,369.30 -1,240,638.30	6,278,445.85
Balance as at December 31	5,889,176.85		6,278,445.85
Total portfolio as at December 31	1,174,855,736.85		892,630,392.85

Calculation of the reserves for retirement losses is governed by the regulations on the formation of provisions and reserves. The reserves are calculated by the occupational pensions actuary.

5.6.2 Reserve for supplementary interest	31.12.2020	Increase Decrease	31.12.2019
	CHF	2020	CHF
Reserve for supplementary interest Foundation	403,850,573.01	0.00 -159,833,860.00	563,684,433.01
Balance as at December 31	403,850,573.01		563,684,433.01

Every year, the Board of Trustees decides on the amount of supplementary interest financed from this reserve. In 2020, this amounted to 1.00 % (prior year: 0.50 %) of the retirement assets. In order to avoid or remedy an underfunding, the Board of Trustees can decide to use the reserve for supplementary interest in part or in full to eradicate the shortfall. The reserve must be used up in full by December 31, 2023, at the latest.

5.7 Share of insurance surpluses

In 2020, AXA Life Ltd. paid out a total of CHF 41,770,212.65 from the share of surpluses from the group insurance contract:

- CHF 40,625,845.00 from the share of surpluses from the risk process. This amount was allocated to the Foundation assets in accordance with the regulations on surplus participation.
- CHF 1,169,776.45 from the share of surpluses from the risk process for occupational benefits funds with their own separate bonus formula.
- less CHF 25,408.80 from retroactive changes.

	2020 CHF	2019 CHF
Total share of surpluses received from insurance	41,770,212.65	703,555,934.25
of which to create the reserve for supplementary interest	0.00	631,000,000.00
of which allocated to Foundation assets	40,625,845.00	67,950,854.00
of which credited to occupational benefits funds	1,144,367.65	4,605,080.25

5.8 Conclusions of the last actuarial report

The last actuarial report by Libera AG was produced on May 17, 2019, as at January 1, 2019. Among other things, the report determined that:

- The actuarial reserves were calculated using the BVG 2015 generation tables as the actuarial fundamentals and applying an actuarial interest rate of 2.00 %.
- The use of the BVG 2015 generation tables as the actuarial fundamentals is deemed to be appropriate.
- The actuarial interest rate of 2.00 % to determine the actuarial reserves is assessed as appropriate from today's perspective.
- With pension assets at CHF 17,564,365,557 and pension liabilities at CHF 16,524,027,469, the coverage rate according to Art. 44 BVV 2/OPP 2 was 106.3 % as at January 1, 2019.
- The actuarial reserves are in compliance with the regulations on the formation of actuarial reserves and fluctuation reserves. The fluctuation reserves could not be built up in accordance with the estimated amount.
- The benchmark interest rate stipulated by Special Guideline FRP 4 for financial statements for 2018 is 2.00 %, which corresponds to the Foundation's actuarial interest rate.
- The economic coverage rate as at January 1, 2019 – which is determined on the basis of the interest rate curve employed for the Swiss Solvency Test (SST) and using the BVG 2015 generation tables – is 100.0 %.
- Based on the comprehensive risk assessment, the risk to the Foundation's long-term financial stability is determined to be average.
- The audited regulatory actuarial provisions on benefits and financing meet the statutory requirements.
- The group insurance contract with AXA Life Ltd. includes the congruent reinsurance coverage of the risks of death and disability. With effect from January 1, 2019, the Foundation has borne the longevity risk itself. Actuarial reserves for additional fund-specific benefit components are formed at the level of the occupational benefits fund.
- As at January 1, 2019, the Foundation offers sufficient security to meet its actuarial obligations. It therefore satisfies the requirements of Art. 52e para. 1 BVG/LPP.

5.9 Actuarial principles and other significant actuarial assumptions

5.9.1 Reinsurance coverage of risks

The Foundation has reinsured the actuarial risks of disability and death under a group insurance contract with AXA Life Ltd. The actuarial principles are based on the currently prevailing group life insurance rate of AXA Life Ltd. as approved by the Swiss Financial Market Supervisory Authority (FINMA).

5.9.2 Risks borne autonomously by the Foundation

Since 2019 the Foundation has provided new current retirement and connected survivors' pensions at its own risk by means of pension solutions entailing the autonomous investment of assets. The actuarial calculations are performed in accordance with recognized principles using the BVG 2015 generation tables as actuarial fundamentals and applying an actuarial interest rate of 1.75 %. This does not apply to pensions brought into the fund as part of a new affiliation. To calculate their purchase amount, their valuation is determined using the actuarial interest rate.

5.10 Change in actuarial bases and assumptions

5.10.1 Reinsurance coverage of risks

The FINMA-approved AXA Life Ltd. rates applied by the Foundation were adjusted for 2020. While overall this caused a slight reduction in the risk premium for the risk benefits death and disability, the amount of the risk premium is not dependent solely on the basic rate, but also on other factors such as the sector to which the employer belongs and, in the case of disability, the risk experience with the insured group of persons.

5.10.2 Risks borne autonomously by the Foundation

The actuarial interest rate was reduced from 2.00 % to 1.75 % as of December 31, 2020.

5.11 Calculation of the coverage rates

The Foundation determines a coverage rate for the purpose of market comparison and a coverage rate in accordance with Art. 44 BVW 2/OPP 2. The coverage rate for the purpose of market comparison serves to help the Board of Trustees when determining the interest rates for the retirement assets. In contrast to the coverage rate for market comparison purposes, the coverage rate according to Art. 44 BVW 2/OPP 2 factors in the reserve for future additional interest payments not only on retirement assets, but also as actuarial pension liabilities.

5.11.1 Foundation coverage rate for the purpose of market comparison

	31.12.2020	31.12.2019
	CHF	CHF
Net assets at market values (pension assets)		
Assets	25,356,152,859.67	21,106,407,626.75
./. Liabilities	-633,611,340.31	-550,675,297.18
./. Accrued liabilities and deferred income	-11,915,918.39	-5,346,379.90
./. Employer-paid contribution reserve	-237,077,972.39	-223,416,271.52
./. Non-committed funds (unallocated assets) of occupational benefits funds	-93,181,407.12	-78,965,484.08
Total pension assets	24,380,366,221.46	20,248,004,194.07
Actuarial pension liabilities (PL)		
Active participants' liabilities	19,704,403,009.03	16,665,796,991.77
Pensioners' liabilities	1,075,283,144.94	497,124,617.34
Actuarial reserves	1,174,855,736.85	892,630,392.85
Total PL	21,954,541,890.82	18,055,552,001.96
Foundation coverage rate for the purpose of market comparison	111.0 %	112.1 %

5.11.2 Foundation coverage rate according to Art. 44 BVW 2 / OPP 2

	31.12.2020	31.12.2019
	CHF	CHF
Net assets at market values (pension assets)		
Assets	25,356,152,859.67	21,106,407,626.75
./. Liabilities	-633,611,340.31	-550,675,297.18
./. Accrued liabilities and deferred income	-11,915,918.39	-5,346,379.90
./. Employer-paid contribution reserve	-237,077,972.39	-223,416,271.52
./. Non-committed funds (unallocated assets) of occupational benefits funds	-93,181,407.12	-78,965,484.08
Total pension assets	24,380,366,221.46	20,248,004,194.07
Actuarial pension liabilities (PL)		
Active participants' liabilities	19,704,403,009.03	16,665,796,991.77
Pensioners' liabilities	1,075,283,144.94	497,124,617.34
Actuarial reserves	1,174,855,736.85	892,630,392.85
Provision for supplementary interest	403,850,573.01	563,684,433.01
Total PL	22,358,392,463.83	18,619,236,434.97
Foundation coverage rate according to Art. 44 BVW 2 / OPP 2	109.0 %	108.7 %

The coverage rate of the individual occupational benefits funds is dependent on any available non-committed funds and may, therefore, deviate from the coverage rate of the Foundation.

6 Explanatory notes on investments and net return on investments

6.1 Organization of investment activities, investment advisor, investment manager, and investment rules and regulations

The principles and guidelines governing the organization of investment activities and asset management are contained in the investment regulations. The Foundation's governance structure in the area of asset management comprises the Board of Trustees, the investment committee and the managing director.

Investment controller	Stephan Skaanes, PPCmetrics AG, Zurich
External specialist	Ivana Reiss

Asset management by AXA Insurance Ltd

(authorized in accordance with Art. 48f para. 4g BVV 2/OPP2)

Asset manager	AXA Insurance Ltd, Winterthur
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The AXA Foundation for Occupational Benefits, as an occupational benefits institution, implements its investment strategy exclusively with collective investment schemes (with the exception of the derivative financial instruments permitted under the investment regulations). The Foundation is the co-sponsor and sole investor of "AXA Strategy Fund Professional Invest" (managed by Credit Suisse Funds AG) and an investor in further collective investment schemes in which the asset manager AXA Insurance Ltd invests for the Foundation's account. "AXA Strategy Fund Professional Invest" is a subfund of the umbrella fund "AXA BVG Strategy Fund" established by Credit Suisse Funds AG. The umbrella fund is aimed exclusively at qualified investors within the meaning of Art. 10 para. 3a to 3d CISA.

The "AXA Strategy Fund Professional Invest" invests in accordance with the investment strategy of the AXA Foundation for Occupational Benefits in shares, bonds, real estate, mortgages and alternative investments within the provisions of the Federal Act on Occupational Retirement, Survivors' and Invalidity Pension Provision BVG/BVV 2 / LPP/OPP 2). Compliance by AXA Insurance Ltd with the investment guidelines is monitored by the fund management of Credit Suisse Funds.

Fund management of the single-investor fund	Credit Suisse Funds AG, Zurich
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The provisions of Art. 48f BVV 2/OPP 2 are being complied with.

Investment manager per asset class as at December 31, 2020

Asset class	Investment manager	Accreditation
CHF bonds	AXA Investment Managers Switzerland Ltd., Zurich	FINMA (Switzerland)
FC bonds (hedged)	AXA Investment Managers Paris SA, Paris	AMF (France)
	AXA Investment Managers Inc., Greenwich	SEC (USA)
Emerging market bonds (hard currency)	AllianceBernstein Limited, London with some delegation to AllianceBernstein LP, New York	FCA (UK) SEC (USA)
	AXA Insurance Ltd, Winterthur	FINMA (Switzerland)
Swiss equities	Credit Suisse Asset Management (Switzerland) AG, Zurich	FINMA (Switzerland)
	Lombard Odier Asset Management (Switzerland) SA, Petit-Lancy	FINMA (Switzerland)
	BlackRock Investment Management (UK) Limited, London	FCA (UK)
Equities, global (hedged)	AXA Investment Managers Paris SA, Paris	AMF (France)
	Lazard Asset Management, London	FCA (UK)
	Threadneedle Asset Management Limited, London	FCA (UK)
	UBS AG, Asset Management, Zurich	FINMA (Switzerland)
Emerging market equities	AXA Investment Managers UK Limited, London	FCA (UK)
	UBS AG, Asset Management, Zurich	FINMA (Switzerland)
Swiss real estate	AXA Investment Managers Switzerland Ltd., Zurich	FINMA (Switzerland)
Foreign real estate	AXA Investment Managers Switzerland Ltd., Zurich	FINMA (Switzerland)
	LaSalle Investment Management SAS, Paris	AMF (France)
Private equity	Ardian France SA, Paris	AMF (France)
Alternative investments	AXA Investment Managers Paris SA, Paris	AMF (France)

Account / custody account management

The accounts and custody accounts are managed by Credit Suisse (Schweiz) AG.

6.2 Availment of expanded investment possibilities (Art. 50 para. 4 BVV 2 / OPP 2) with conclusive proof of compliance with security and risk distribution (Art. 50 para. 1 to 3 BVV 2 / OPP 2)

The investment regulations provide that expansions of investment possibilities within the meaning of Art. 50 para. 4 BVV 2/OPP 2 may be availed of. No use was made of this option in the reporting year.

6.3 Target reserve for fluctuations in asset value and calculation of the reserve

The Foundation's target reserve for fluctuations in asset value is determined using the financial economic method. The appropriateness of the target value is reviewed by the Board of Trustees periodically, or when exceptional events so require, and, if necessary, adjusted. A level of certainty of 97.5 % over a period of one year is aimed for.

The Board of Trustees has set the target reserve for fluctuations in the Foundation's asset value at 15 % of the autonomously invested active participants' and pensioners' liabilities, the actuarial reserves (excluding reserves for additional interest payments), the employer-paid contribution reserve as well as the non-committed funds of the occupational benefits funds.

6.3.1 Reserve for fluctuations in asset value of occupational benefits funds

The reserve for fluctuations in asset value available as at December 31, 2018 was released in 2019. A reserve for fluctuations in asset value is not required at the level of the occupational benefits funds.

6.3.2 Reserve for fluctuations in asset value of the Foundation

	31.12.2020	31.12.2019
	CHF	CHF
Reserve for fluctuations as shown in the balance sheet	2,021,973,757.63	1,628,767,759.10
Target amount of reserve for fluctuations	3,342,720,190.55	2,753,690,063.63
Shortfall in reserve for fluctuations (reserve deficit)	1,320,746,432.92	1,124,922,304.53
Reserve for fluctuations as % of the target amount	60.5 %	59.1 %

6.4 Breakdown of investments into investment categories

Asset class	31.12.2020		Strategy in %	Bandwidth	
	CHF	in %		min. %	max. %
Liquidity/money market	841,538,427	3.35	2	0	10
CHF bonds	4,139,964,420	16.47	18	15	21
Foreign currency bonds (hedged)	4,287,842,320	17.06	17	14	20
Emerging market bonds (hard currency)	1,022,811,448	4.07	4	2	6
High-yield bonds	0	0.00	0	0	5
Convertible bonds	0	0.00	0	0	5
CHF mortgages	1,097,129,018	4.36	3	0	10
Swiss equities	763,237,543	3.04	3	1	5
Equities, global (hedged)	6,026,918,798	23.96	24	21	27
Emerging market equities	754,863,436	3.00	3	1	5
Swiss real estate	5,292,996,596	21.06	23	18	28
Foreign real estate	187,318,147	0.75	0	0	5
Private equity	619,923,114	2.47	3	1	5
Alternative investments	102,737,615	0.41	0	0	15
Total investments of Foundation	25,137,280,882	100.00			
- of which total shares		30.00	30	23	37
- of which total alternative investments		2.87	3	1	15
- of which foreign currencies (not hedged)		9.80	10	4	16
Investments of occupational benefits funds					
Custom Invest ¹⁾	8,974,053				
Accounts receivable	12,328,021				
Assets with AXA Life Ltd.	23,700,871				
Accounts receivable from affiliated employers	161,407,959				
./. Del credere	-624,300				
Prepayments and accrued income	13,085,373				
Total assets	25,356,152,859				

¹⁾ In the context of a pension solution authorized by the Board of Trustees, two occupational benefits funds invest their unallocated assets for their own account and at their own discretion in accordance with the "Custom Invest" investment regulations.

Confirmation of compliance with limits

The limits according to Art. 54, Art. 54a, Art. 54b, Art. 55 and Art. 57 BVV 2/OPP 2 are being complied with.

6.5 Current (open) financial derivative instruments

No derivatives are held directly. However, the Foundation has invested in collective investment vehicles in which financial derivative instruments are used. The provisions of Art. 56a BW 2/OPP 2 are being complied with.

6.6 Deeds of pledge

None

6.7 Open commitments

None

6.8 Market value and counterparties in securities lending

The Foundation has not engaged in direct securities lending and repurchase transactions since it invests exclusively in collective investment schemes. The investment guidelines defined by the Board of Trustees for the single-investor fund "AXA Strategy Fund Professional Invest" exclude securities lending.

6.9 Comments on net return on investments

	2020	2019
	CHF	CHF
Net return on investments, Foundation	1,226,620,753.31	1,384,967,684.82
Securities income	1,227,090,503.43	1,386,773,834.43
Negative interest rates	-469,750.12	-1,806,140.80
Interest expense on bank accounts	0.00	-8.81
Net return on investments, Custom Invest occupational benefits funds	39,524.56	0.00
Securities income	39,730.36	0.00
Negative interest rates	-205.80	0.00
Other income from assets	-1,781,820.00	-1,256,658.54
Interest on assets/obligations with AXA Life Ltd.	-311,255.54	417,044.10
Interest income on accounts receivable from employers	2,154,333.08	2,675,992.07
Interest income on insurance benefits received	153,079.49	3,392,619.12
Interest on vested termination benefits accounts/insurance benefits	-4,551,297.46	-7,888,776.33
Interest on takeover of participants	773,320.43	146,462.50
Administration cost of investments	-103,150,862.65	-88,610,969.53
Total	1,121,727,595.22	1,295,100,056.75

Investment performance, Foundation

	2020	
	TWR total in %	Benchmark perf. in %
Liquidity/money market (excl. operational liquidity)	-0.92	-0.77
CHF bonds	0.84	0.90
Foreign currency bonds	0.37	-0.32
Emerging market bonds (hard currency)	0.49	-0.58
CHF mortgages	-0.05	1.21
Swiss equities	4.73	3.82
Global equities	4.89	5.92
Emerging market equities	8.46	7.99
Swiss real estate	3.59	5.06
Foreign real estate	1.69	5.06
Private equity	1.69	6.40
Alternative investments	-4.52	-6.30
Performance interim total		3.79
Fees & taxes, FX hedge effect overlay and other effects		2.01
Operational liquidity		-0.03
Investment performance, Foundation		5.98
		4.83

Performance is calculated using the time-weighted rate of return (TWR) method.

6.10 Comments on the asset management costs**6.10.1 Administration cost of investments, Foundation**

	2020	2019
	CHF	CHF
Sum of cost indicators for collective investment schemes (TER) ¹⁾	102,884,090.00	88,412,852.00
Transaction costs fund units (TTC costs) ²⁾	21,500.00	23,900.00
Other direct asset management costs	22,913.10	18,900.68
Fee for independent investment consulting	221,103.55	155,316.85
Total	103,149,606.65	88,610,969.53

¹⁾ The TER include the costs of asset manager AXA Insurance Ltd as well as safekeeping, administration, benchmarking, analysis and service fees.

²⁾ Transaction costs for subscription and redemption of unit certificates of the strategy fund and modules received.

Administration cost of investments, occupational benefits funds

	2020	2019
	CHF	CHF
Sum of cost indicators for collective investment schemes (TER)	1,256.00	0.00
Total	1,256.00	0.00

Total administration cost of investments	103,150,862.65	88,610,969.53
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	31.12.2020	31.12.2019
	CHF	CHF
Total investments	25,137,280,882.21	20,899,458,470.63
Total transparent investments	25,137,280,882.21	20,899,458,470.63
Total investment costs as a percentage of transparent investments	0.41 %	0.42 %
Cost transparency ratio	100.00 %	100.00 %

Non-transparent collective investment schemes

None

6.10.2 Refunds / retrocessions

Any refunds/retrocessions from investments are credited to the Foundation.

The use of any retrocessions, remuneration, repayments, fees, discounts, sales commissions, etc. which persons and institutions entrusted with asset management receive in the exercise of their activities on behalf of the Foundation is governed by the arrangements entered into under the asset management agreements. On an annual basis, they must submit a written confirmation or statement and pass on all pecuniary advantages to the Foundation that they receive above and beyond this amount from their activities on behalf of the Foundation.

6.10.3 Shareholders' rights

The Foundation does not invest in equities directly and therefore has no shareholders' rights.

6.11 Comments on investments in employers' entities and employer-paid contribution reserve

6.11.1 Accounts receivable from affiliated employers	31.12.2020	31.12.2019
	CHF	CHF
Accounts receivable from affiliated employers (open contributions)	161,407,959.35	144,672,939.24
./. Del credere	-624,300.00	0.00
Balance as at December 31	160,783,659.35	144,672,939.24

As at March 31, 2021, these accounts receivable were reduced by payments from the respective employers to CHF 40,617,642.28 (prior year: CHF 39,254,874.44).

Del credere were formed for the accounts receivable at risk as of January 1, 2019.

The Foundation levied default interest of 5.00 % (prior year: 4.00 %).

The Foundation did not make investments within the meaning of Art. 57 BWV 2/OPP 2 in affiliated employers.

6.11.2 Employer-paid contribution reserve	2020	2019
	CHF	CHF
Balance as at January 1	223,416,271.52	323,803,681.50
Transfers to employer-paid contribution reserve (incl. any takeovers of occupational benefits funds)	65,969,404.47	42,191,213.74
Withdrawal to finance contributions	-46,322,155.53	-43,147,491.79
Transfer in the case of withdrawals from occupational benefits funds	-5,211,002.85	-98,868,628.34
Net result of investments in employer-paid contribution reserve from autonomous investment	0.00	1,858.06
Decrease in favor of non-committed funds	-774,545.22	-564,361.65
Balance as at December 31	237,077,972.39	223,416,271.52

The employer-paid contribution reserve bore no interest.

7 Comments on other positions in the balance sheet and operating account

7.1 Comments on asset accounts

7.1.1 Accounts receivable

This position contains mainly accounts receivable from other occupational benefits institutions.

7.1.2 Assets with AXA Life Ltd.

These comprise balances on Foundation accounts with AXA Life Ltd.

7.1.3 Prepayments and accrued income

These consist largely of earned contributions not yet settled as well as prepaid pensions.

7.2 Comments on liability accounts

7.2.1 Vested termination benefits accounts and pensions

These consist largely of vested termination benefits not yet transferred to other occupational benefits institutions as well as vested termination benefits received but not yet included.

7.2.2 Other liabilities

These are largely liabilities toward the BVG (LOB) Guarantee Fund.

7.2.3 Accrued liabilities and deferred income

This position comprises mainly contribution refunds that have not yet been credited in favor of affiliated employers and prepaid vested termination benefits in connection with new affiliations.

7.2.4 Non-committed funds (unallocated assets) of occupational benefits funds	31.12.2020	31.12.2019
	CHF	CHF
Non-committed funds of occupational benefits funds ¹⁾	84,071,178.90	78,844,702.48
Non-committed funds of Custom Invest occupational benefits funds (investments for own account and at own discretion)	8,974,053.07	0.00
Financing reserves of occupational benefits funds in the context of an affiliation solution	136,175.15	120,781.60
Balance as at December 31	93,181,407.12	78,965,484.08

¹⁾ In 2020, non-committed funds of occupational benefits funds bore interest of 1.00 %, as in the prior year.

7.3 Comments on operating accounts

7.3.1 Breakdown of total contributions

	2020	2019
	CHF	CHF
Savings contributions	1,459,426,328.98	1,239,650,368.93
Risk contributions	192,684,436.49	167,088,386.07
Cost contributions	56,817,869.39	75,561,693.02
Contributions to the BVG (LOB) Guarantee Fund	9,274,912.50	16,381,863.80
Total	1,718,203,547.36	1,498,682,311.83
of which employee contributions	752,940,084.51	651,213,514.68
of which employer contributions	963,821,532.58	843,207,105.98
of which contributions from non-committed funds of occupational benefits funds	1,441,930.27	4,261,691.17

7.3.2 Transfers following takeover / transfer in the case of collective exit

Transfers following takeover of participants	2020	2019
	CHF	CHF
Non-committed funds	36,540,923.41	11,258,191.05
Total	36,540,923.41	11,258,191.05
Transfer of additional assets in the case of collective exit	2020	2019
	CHF	CHF
Reserve for fluctuations in asset value	0.00	9,978,405.05
Non-committed funds	2,586,075.88	31,340,245.32
Total	2,586,075.88	41,318,650.37

7.3.3 Retirement pensions paid

	2020	2019
	CHF	CHF
Pensions borne autonomously by the Foundation	37,679,538.15	12,551,771.60
Reinsured pensions	409,911,197.41	419,170,655.80
Total	447,590,735.56	431,722,427.40

7.3.4 Survivors' pensions paid

	2020	2019
	CHF	CHF
Pensions borne autonomously by the Foundation	190,378.75	113,343.10
Reinsured pensions	65,218,873.90	63,359,098.70
Total	65,409,252.65	63,472,441.80

7.3.5 Withdrawals for encouragement of home ownership / divorce

Withdrawals for purchase of residential property	2020	2019
Number	696	566
Total amount in CHF	58,134,922.24	44,634,542.38
Pledges for residential property		
Number	279	185
Payments following divorce		
Number	348	340
Total amount in CHF	25,760,511.16	30,926,937.18

7.3.6 Insurance benefits

These contain the retirement, survivors' and disability benefits (pensions and capital) received from AXA Life Ltd., savings contribution exemptions, premium waivers, as well as reimbursement values in the case of contract terminations.

The significant year-on-year reduction is due to the transformation of the full-value insurance foundation into a semi-autonomous foundation by means of the transfer of the saving process from AXA Life Ltd. to the Foundation in 2019 (reimbursement of the saved actuarial reserves and additional reserves).

7.3.7 Cost premiums / administration expenses

Cost premiums	2020	2019
	CHF	CHF
Costs for general administration expenses	51,524,656.36	47,434,495.15
Marketing and advertising expenses	963,350.82	1,881,557.38
Remuneration for distribution and closing costs	36,195,191.22	32,233,293.78
<i>of which remuneration for brokers</i>	13,888,392.95	12,805,820.85
<i>of which remuneration for distribution costs excl. brokers' commission</i>	22,306,798.27	19,427,472.93
Total	88,683,198.40	81,549,346.31

The cost premium is an element of the insurance cost booked in the reporting year. It reflects the compensation which the Foundation pays to AXA Life Ltd. for administration and services in accordance with the insurance and management contract as well as to recompense sales costs such as closing and brokerage commissions.

Serving as a basis is the cost structure deployed by AXA Life Ltd. to calculate the annual FINMA-audited cost tariff using the applied actuarial model. This cost structure reflects empirical values from the cost process adopted by AXA Life Ltd. and is composed as shown.

Administration expenses

The administration expenses reported in the operating accounts contain administration cost contributions for special expenses and services billed to the Foundation in addition to the cost premium as well as direct Foundation costs.

Costs of special expenses

(financed by occupational benefits funds, employers, insured participants)¹⁾	2020	2019
	CHF	CHF
Costs of purchase calculation for early retirement	0.00	200.00
Costs of purchase	5,746.25	2,600.00
Costs of processing promotion of home ownership	421,456.90	313,700.00
Costs of debt collection	632,528.35	663,269.60
Costs of total and partial liquidation of occupational benefits funds	1,317,370.35	1,314,840.59
Costs of voluntary distribution of non-committed funds	21,894.90	36,496.19
Costs of reporting	153,500.00	305,737.50
Costs of special services	122,721.50	43,249.98
Costs of occupational pensions actuary	3,234.25	2,590.45
Total	2,678,452.50	2,682,684.31

¹⁾ These costs financed by occupational benefits funds, employers or insured participants do not influence the Foundation's income/expense surplus.

Direct Foundation costs

(financed from Foundation assets)²⁾	2020	2019
	CHF	CHF
Costs of training and compensating the Board of Trustees	443,119.70	325,066.20
Advisory costs	265,622.30	80,293.25
Auditor's costs	81,841.25	124,888.90
Costs of occupational pensions actuary	79,551.60	52,850.35
Costs of direct supervision	77,300.00	73,900.00
Costs of Occupational Pension Supervisory Commission	95,010.75	104,536.65
Costs of special expenses	7,888.80	925.00
Total	1,050,334.40	762,460.35

Total administration expenses **3,728,786.90** **3,445,144.66**

²⁾ In 2020, the Foundation assumed part of these costs (CHF 123,298.35/prior year: CHF 48,758.00). The amounts credited are contained in the position "Other income".

7.3.8 Contributions to the BVG (LOB) Guarantee Fund

As a consequence of the change in invoicing method, the contributions for 2018 and 2019 were invoiced in the previous year.

7.3.9 Income from services rendered

For the purpose of settling special expenses (e.g. for debt enforcement/debt collection measures, processing promotion of home ownership, contract terminations) additional cost contributions were levied in accordance with the cost regulations.

7.3.10 Other income

This position contains above all credits from the Founder, regarding the assumption of losses on receivables as well as payments to finance the Foundation's direct costs.

7.3.11 Other expenses

This consists largely of losses on receivables, the formation of del credere and the premium for asset loss liability insurance.

7.3.12 Expense surplus of occupational benefits funds (net)

The financial situation of the occupational benefits funds cannot be inferred from the expense surplus. For example, the distribution of non-committed funds in favor of insured participants results in an expense surplus.

7.3.13 Income / expense surplus of Foundation

	2020	2019
	CHF	CHF
Interest on active participants' liabilities	-457,736,179.83	-496,816,707.76
Increase in actuarial reserves of the Foundation (net)	-122,780,753.00	-1,450,036,380.01
Autonomously paid pensions and addition to pension liabilities	-152,585,384.00	-92,918,687.99
Exit loss on vested termination benefits	-173,767.75	-1,435,121.05
Insurance expense financed by the Foundation	-33,325,290.00	-5,538,124.85
Net return on investments	1,121,689,326.66	1,294,990,213.73
Income from transformation	0.00	2,307,472,517.71
Share of surplus from risk process	40,625,845.00	67,950,854.00
Interest on non-committed funds of occupational benefits funds	-845,424.40	-842,769.10
Direct Foundation costs (administration expenses)	-1,050,334.40	-762,460.35
Costs assumed by Founder	123,298.35	48,758.00
Losses on receivables (net)	-137,921.07	-15,345.95
<i>Losses on receivables</i>	-1,927,058.32	-1,201,854.55
<i>Losses on receivables assumed by Founder</i>	1,789,137.25	1,186,508.60
Formation of del credere	-624,300.00	0.00
Premium for asset loss liability insurance	-70,164.05	-74,971.96
Effects from accruals and deferrals	175,902.45	-107,047.24
Other expenses and income (net)	-78,855.43	33,380.73
Income surplus prior to increase in reserves for fluctuations in asset value	393,205,998.53	1,621,948,107.91
Increase in reserves for fluctuations in asset value of Foundation	-393,205,998.53	-1,628,767,759.10
Income / expense surplus of Foundation	0.00	-6,819,651.19

8 Supervisory authority requirements

The requirement of the supervisory authority with regard to the 2019 report and confirmation of Art. 46 BVV 2/OPP 2 was implemented (see point 5.3.2.).

9 Further information regarding financial situation**9.1 Underfunding / comments on measures taken (Art. 44 BVV 2 / OPP 2)**

The Foundation is not underfunded.

9.2 Total and partial liquidations

The conditions for the partial liquidation of the Foundation and the execution of a partial liquidation procedure are laid down in the "Regulations on the partial liquidation of a collective foundation". In 2020, no partial liquidation procedures were executed at Foundation level.

In the course of business operations, partial and total liquidation procedures are executed at the level of the occupational benefits funds. These procedures are laid down in the "Regulations on the partial and total liquidation of occupational benefits funds".

9.3 Legal proceedings in course

On December 31, 2020, there were 29 legal proceedings pending in connection with the benefit claims. They are being executed in collaboration with AXA Life Ltd. and/or an external law firm.

10 Events after the balance sheet date

None



KPMG AG
 Räfelstrasse 28
 PO Box
 CH-8036 Zurich

 +41 58 249 31 31
 kpmg.ch

Report of the Statutory Auditor to the Board of Foundation of the AXA Foundation for Occupational Benefits, Winterthur in Winterthur

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of AXA Foundation for Occupational Benefits, Winterthur, which comprise the balance sheet, operating account and notes for the year ended 31 December 2020.

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 2020 comply with Swiss law and with the foundation's deed of formation and the regulations.

The annual report of the AXA Foundation for Occupational Benefits, Winterthur is published in English, German, French and Italian. If the text of the English, French, or Italian versions differs from the original German text, the German version is binding.



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 organisation, management and investments are applied.

We have assessed whether

- organisation 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 fulfil 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 legal and statutory requirements have been met.

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

KPMG AG

***This is the English translation of the
German Report of the Statutory Auditor***

Erich Meier
Licensed Audit Expert
Auditor in Charge

Carole Gehrler
Licensed Audit Expert

Zurich, 23 June 2021

AXA-foundation-for-occupational-benefits.ch
24-hour hotline:
0800 809 810
Customer portal:
myAXA.ch

AXA Life Ltd