



Looking ahead with confidence

2022 Annual Report

AVENA

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Message

from the Chair of the Pension Board

As we look back over the highlights of 2022, I'd like to call attention to our efforts in the area of environmental, social, and governance (ESG) responsibility. Here are just a few examples of the steps we've taken in each of the three areas.

> Environmental

At Pension Board meetings, members made a point of taking environmental impacts into account when discussing issues and making decisions. At AVENA, we've adopted a responsible, sustainability-oriented approach to asset management, which includes regular screening of our investments by an independent expert. This gives us a granular view of the effects of our investment decisions. In 2022, we again took part in the Paris Agreement Capital Transition Assessment run by the Swiss government, in order to provide transparency on our investment portfolios and compare our performance with our peers. Thanks to these various factors, we were able to implement the guidelines issued by the Swiss pension-fund association (ASIP) and are on track to publish the ESG report specified in those guidelines by end-2023.

> Social

We believe it's important to maintain clear, transparent dialogue with our Fund members. That's why we held a series of information sessions in 2022 – both online and in person, at venues across Vaud – giving members an opportunity to stay up to date and ask questions directly. These events helped us forge closer ties with our members and better understand their needs and concerns. In light of the success of these information sessions, they will become a regular feature of our communications landscape, so as to foster two-way dialogue with our members. The next session will be held in 2023.

> Governance

2022 was the last year before elections are held to appoint new employer and employee representatives. These elections are of vital importance to our Fund. In keeping with our commitment to transparency and responsible leadership, we've adopted a direct-democracy form of governance within our organization. That means everyone's voice can be heard and opinions taken into account when key decisions are made.

In conclusion, I want to express my sincerest thanks to all our Fund members for placing their trust in us again in 2022, and to everyone who was involved in managing our members' pension savings throughout the year. Your hard work helped make 2022 another remarkable year for AVENA. We fully intend to continue down the path we've chosen and make ESG a core element of our strategy.

I hope you'll enjoy browsing through our annual report and learning more about our achievements, the challenges we faced, and our bright prospects going forward. Together, we'll keep working to build a solid, responsible, and sustainable future in order to protect the interests of our insured members now and after they retire.

Alexandre Pahud



The Fund at a glance



1,081
Pension plans
(including 87 for self-employed lawyers
and notaries)



33%
Women on the Pension Board



16,403
Fund members
12,788 currently working



100.3%
Funded status



CHF **2.56** bn
Total assets



-10.07%
Net return



44
Years of experience



1%
Interest rate on pension assets
(compulsory and supplementary
portions)

Information sessions for insured members

> Getting the most out of your occupational pension

There is no shortage of questions on how to ensure a comfortable retirement! Over 500 Fund members attended our information sessions on this all-important issue. And given how animated the discussions were, we can qualify the events as a success. Participants asked questions on topics such as: the future trajectory of conversion rates; when they become eligible for early retirement; what happens if they get divorced after retirement; whether they can combine Pillar 2 and Pillar 3 tax deductions; and when students start being required to pay Swiss social security (AVS). There were so many questions that the Q&A could've gone on all night! However, participants did have an opportunity to talk with the speakers at a cocktail buffet held after each in-person event. All information sessions were held last fall, on the topic of "Getting the most out of your occupational pension."

Participants came from a variety of demographic groups, employment levels, and sectors. The goal was to give Fund members suggestions and advice on how to best prepare for retirement. It was the first time AVENA held such an event since BCV set up the Fund in 1978. Today we have over 15,000 Fund members and more than 1,000 member companies.

> Very specific questions

Participants at both the online and in-person events (held in Prangins, Vevey, and Lausanne) often asked highly detailed questions. The format used for the discussions was designed to encourage interaction, through an application that let participants ask questions and chat online while the experts were presenting. Some topics were of universal concern to participants, like the consequences of the higher retirement age for women and how inflation will affect Pillar 2 savings, while others were more site-specific. For instance, many participants at the Prangins event asked questions related to cross-border working.

"Considering how actively members participated in this first series, we'll definitely hold the events again."

Francis Bouvier, Director of AVENA



Francis Bouvier, Director of AVENA, commented: "I know each of you would like a specific answer to your question, but there are just as many occupational pension plans as there are AVENA member companies! It's a safe bet that your pension statement looks nothing like that of the person sitting next to you." That said, some people did come with their colleagues as word about the information sessions spread around their organization. The event was also an opportunity for colleagues to socialize while expanding their horizons.

> Answering questions, but also building awareness

Event speakers set the tone by stressing the role we each have in preparing for our own retirement. Bouvier and Olivier Reymond – a retirement planning expert at BCV's private banking division – gave a presentation on individuals' rights and obligations under Switzerland's three-pillar system, which turned 50 in 2022. They took the time to break down the rather complicated Swiss pension concepts in an easy-to-understand manner. For instance, Reymond walked participants through an example where he calculated the tax benefits of a voluntary Pillar 2 contribution for a married man living in Vevey. "His tax savings alone would pay for 25% of his contribution," said Reymond.



3

In-person events



1

Online event



500

Participating
members



51

Average
participant age



47%

Women



53%

Men



200

Questions

Year after year, surveys show that Swiss people are highly concerned about how they'll pay for their retirement. And these concerns were compounded in 2022 by rising inflation and other economic headwinds. That's a big reason why participants asked so many questions at our information sessions. However, the number of questions was surprising since many of these issues were discussed at length during the recent campaign for the referendum on Swiss social security reform (AVS 21).

> **Greater transparency needed**

Another reason why members of collective pension funds and other occupational pension schemes are especially worried about their retirement is that they can't get direct information from their employers. This is due to a 2016 amendment to Swiss occupational pension regulations, which was passed to improve data protection. Managers can no longer speak with staff about their Pillar 2 assets – yet these assets make up the lion's share of most Swiss people's retirement savings.

External entities

Administrative and actuarial management	Banque Cantonale Vaudoise, Lausanne
Pension actuary	Stéphane Riesen, Pittet Associés
Auditor	Fiduciaire FIDAG SA, Martigny
Pension fund supervisory authority	Autorité de surveillance LPP et des fondations de Suisse occidentale, Lausanne
Asset manager and custodian bank	Banque Cantonale Vaudoise, Lausanne
Real estate purchaser	CBRE, Lausanne
Real estate expert	Vago Mattenberger Experts Immobiliers SA, Lausanne

Pension Board at 31 December 2022

Employee representatives



Alexandre Pahud
Chair

- > Governance Committee



Anne-Marie Auriault
Chair of the Real Estate Committee

- > Real Estate Committee
- > Investment Committee



Cosette Hausammann

- > Real Estate Committee
- > Marcom Committee



Claudine Imhof

- > Governance Committee
- > Marcom Committee



Claude Rey
Chair of the Governance Committee

- > Governance Committee
- > Investment Committee
- > Audit Committee



Michel Sonnard

- > Investment Committee
- > Marcom Committee
- > Replaced Marcellino Meleddu on 1 Oct. 2022

Employer representatives



Catherine Vogt
Vice Chair

- > Governance Committee
- > Marcom Committee



Dominique Blanchard
Chair of the Investment Committee

- > Investment Committee
- > Real Estate Committee



Giovanni Chiusano
Chair of the Audit Committee

- > Audit Committee
- > Governance Committee



Hervé Corger

- > Investment Committee
- > Marcom Committee
- > Replaced Carine Wick on 1 Jan. 2022



Yvan Henzer

- > Real Estate Committee
- > Governance Committee

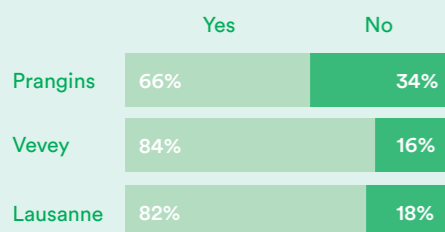


François Pugliese
Chair of the Marcom Committee

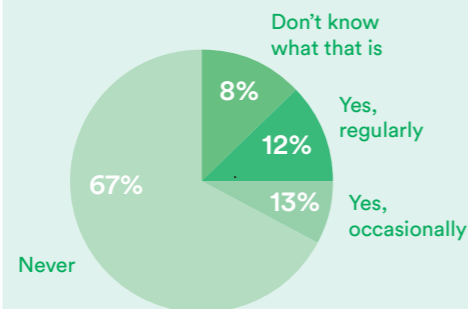
- > Marcom Committee
- > Investment Committee

AVENA information sessions on getting the most out of your occupational pension

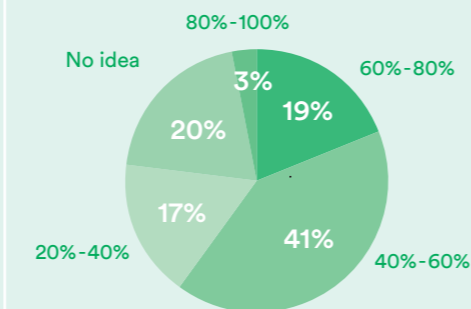
Did you spend your career in Switzerland?



Did you make any voluntary contributions over the past ten years to supplement your pension benefits?



What percentage of your current income do you expect to receive upon retirement?



Meet two of our Board members

“We should also promote occupational pension funds.”

**Catherine Vogt,
Deputy Chair**



“The support from experts is impressive.”
Yvan Henzer



> How do you view your role as a Board member of a collective pension fund?

(Catherine Vogt)
It's the Board's duty to build bridges between our occupational pension fund, our member companies, and the individuals whose retirement savings we manage. We need to make sure the needs and concerns of all these stakeholders are addressed in a tangible manner. Another part of our role is to underscore the importance of occupational pension funds among the people we work with on a daily basis, explaining the risks, opportunities, and impacts associated with the Board's decisions.

(Yvan Henzer)
As Board members, we're responsible for overseeing the overall functioning of the Fund. That includes keeping an eye on how assets are managed – the trade-off between taking risks and playing it safe – and on our governance, especially regarding the development and implementation of business processes. We also need to make sure our retired members and our working members are treated equally.

> Has your view changed since you took office?

(Catherine Vogt)
Not so much changed, but rather been clarified – and broadened, since we deal with a wide range of topics on the Board. We've got to take a holistic view, plan for the medium- to long-term, and be flexible in how we respond to recent developments.

(Yvan Henzer)
So far my role has been as I expected. Since I'm a lawyer, I'm familiar with how a board generally works, and I'm surprised by just how well AVENA is managed. I'd also say that our job on the Board is made easier by the fact that we can draw on the advice of seasoned experts, skilled actuaries, and talented asset managers. Their support has been impressive.

> What are your tasks as a Board member?

(Catherine Vogt)
There are many things we do. For instance, each of us sits on two Board committees that examine specific issues and make recommendations in order to inform Board decisions. I sit on the Governance Committee, where we review legal and regulatory developments in the area of pension-fund management. I also sit on the Marcom – short for marketing and communications – Committee, where I take part in discussions on AVENA's positioning in the occupational pension market and on where we want to go.

(Yvan Henzer)
These various committees play a critical role in our Fund's operations. Like Catherine, I'm also a member of the Governance Committee, which makes sense given my background as a lawyer. The other committee I serve on is the Real Estate Committee. There's a lot going on in real estate right now – the market is tight, and it's been changing rapidly since interest rates started to climb. Another big issue we deal with on the committee is energy efficiency, and striking the right balance between carrying out important renovation work and keeping rents affordable.

> What experience as a Board member has stood out to you most?

(Catherine Vogt)
My term has been an unusual one, since the pandemic hit just two-and-a-half months after I took office! The pandemic completely upended our working methods, and social distancing from my new colleagues made it harder to get up to speed on the various issues the Board was examining. But despite these hurdles, we still managed to work effectively during the pandemic thanks to our robust processes and our members' broad range of experience.

(Yvan Henzer)
The experience I'd point to is when we had to set the interest rate on pension assets in 2021. It's an exercise we go through every year, and in 2021 we were able to set a higher rate – without compromising our healthy balance sheet – thanks to the gains we made in financial markets. This was a step in the right direction for AVENA and was good news for all our members.

> And what would you say were the highlights of 2022?

(Catherine Vogt)
For me, it was a year with a particularly wide variety of topics to address. For instance, we looked at how higher inflation will affect the returns on our investments, how we can further incorporate ESG criteria into our investment processes, and how we can manage the growth in member companies.

(Yvan Henzer)
The financial markets gave us a good case of whiplash in 2022! Our priority was to minimize the impact of the steep losses experienced in almost all asset classes. To that end, the strategy developed by BCV proved to be a big help, as it enabled our Fund to remain resilient. I'd also point to our solid growth at AVENA and our drive to continuously improve transparency, including through a major communications effort.

> Given the fast-changing occupational pension environment, how do you see AVENA's future?

(Catherine Vogt)
It's important for us at AVENA to build close ties with our insured members, while giving member companies pension solutions that are targeted to their needs. One example of this is our simplified pension plan for microbusinesses. We're also working to build even more transparent, reliable processes for asset management. These strengths are especially important now that companies are having to rethink their approach to occupational pension plans, in response to the shifts under way in the industry.

(Yvan Henzer)
We'll need to stay the course and keep offering pension plans tailored to the needs of many different kinds of companies. This kind of flexibility will be a major advantage in securing our future going forward. Our risk management strategy has proven to be effective, and our communications efforts have not only boosted our visibility, but also allowed us to explain the benefits of Pillar 2 in today's generally skeptical climate.



Fund members



42.39 years
Average age of working members



CHF **107,862**
Average pension assets per working member



74 years
Average age of pension recipients



CHF **23,120**
Average annual pension income



105
Number of times pension funds were used to help finance the purchase of a home



CHF **65,676**
Average amount withdrawn to help finance the purchase of a home



217
Number of new pension recipients



118
Number of members who opted to receive a lump-sum payment at retirement



CHF **246,017**
Average lump-sum payment at retirement

Working members

7,488
Men

5,300
Women

12,788
Total

Pension recipients

2,247
Retired members

408
Disabled members

636
Spouses

27
Bridging pensions

297
Children

3,615
Total

2022 economic overview

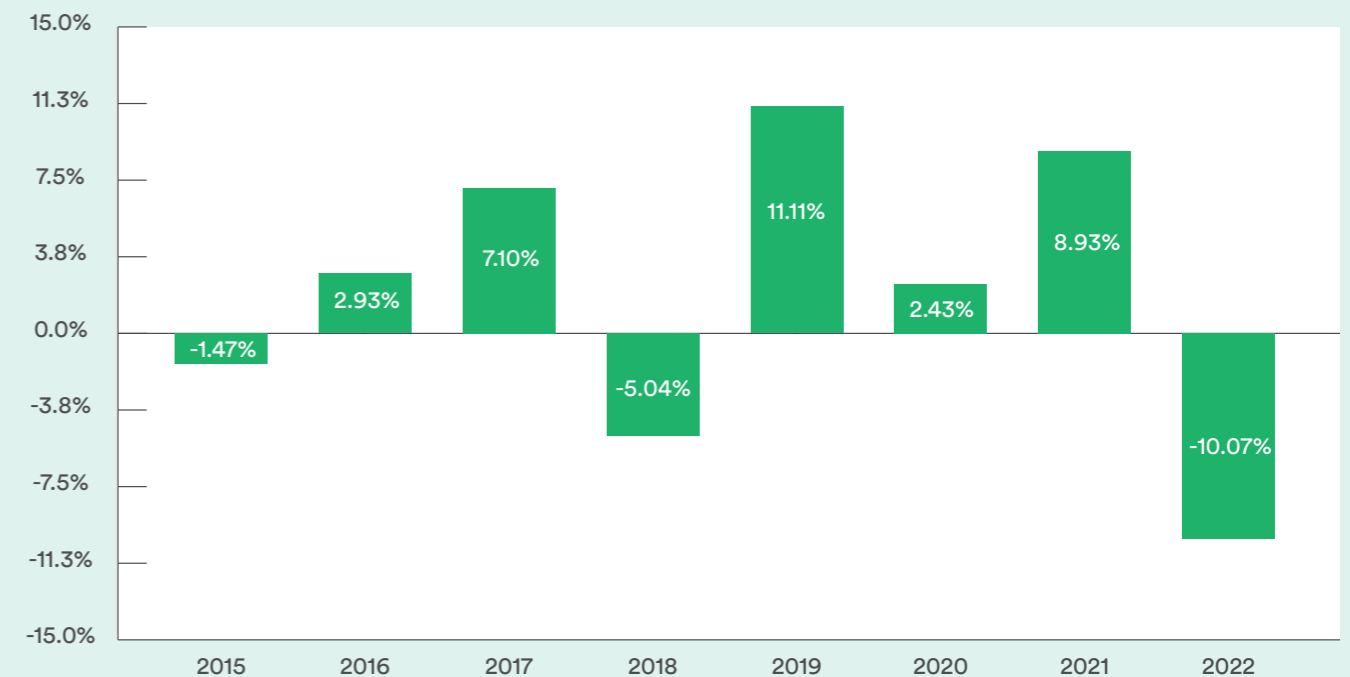
Central banks swiftly abandoned their wait-and-see approach on inflation in 2022 and embarked on some of the most aggressive rate hikes in history, starting in the spring. A total of around 280 hikes were carried out during the year. This hawkish stance came in response to the fastest pace of consumer-price growth in 40 years. Prices were pushed up by economies reopening after the pandemic, indulgent monetary and fiscal stimulus policies, supply-chain bottlenecks, and the war in Ukraine, which inflated energy and commodities prices.

The combination of rising inflation, higher interest rates, and geopolitical uncertainty weighed on financial markets. Stocks had a horrible year, with Swiss and global equities down 16.5% and 17%, respectively, and bonds recorded the worst losses since 1949. The benchmark Swiss bond index dropped 12% over the period. These falling bond prices came hand-in-hand with a sharp climb in yields.

The yield on 10-year Swiss government bonds rose from approximately -0.25% at end-2021 to 1.5% at end-2022. Swiss indirect real-estate funds were also battered by the rapid-fire rate hikes. The big winner in 2022 was commodities.

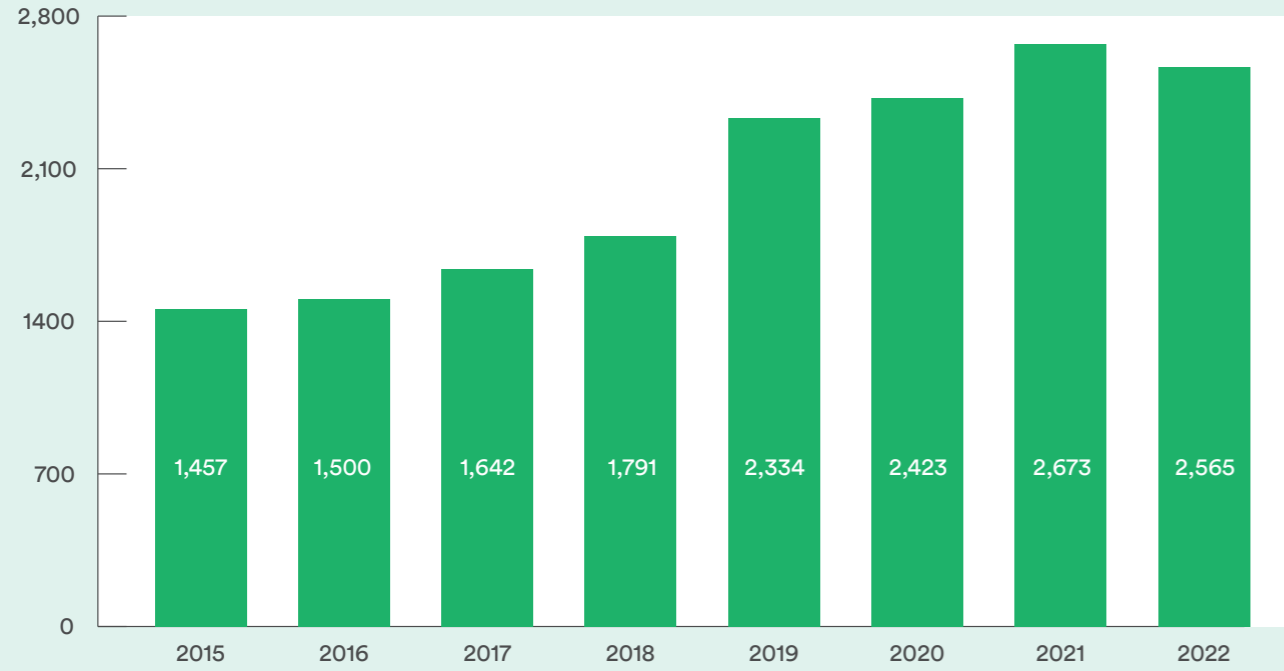
2022 will likely go down as the year when the global population crossed the eight-billion mark, but it may also be remembered as the year when the tech giants came tumbling down. Some of them, like Meta (the owner of Facebook), saw their stock prices plummet by over 60% as a result of higher interest rates, a return to normal consumer habits post-Covid, and questions about the viability of their business models. Although big tech will remain an indispensable element of investment portfolios, its slide in 2022 leaves room for fund managers to invest in more traditional sectors.

> Net portfolio return in 2022

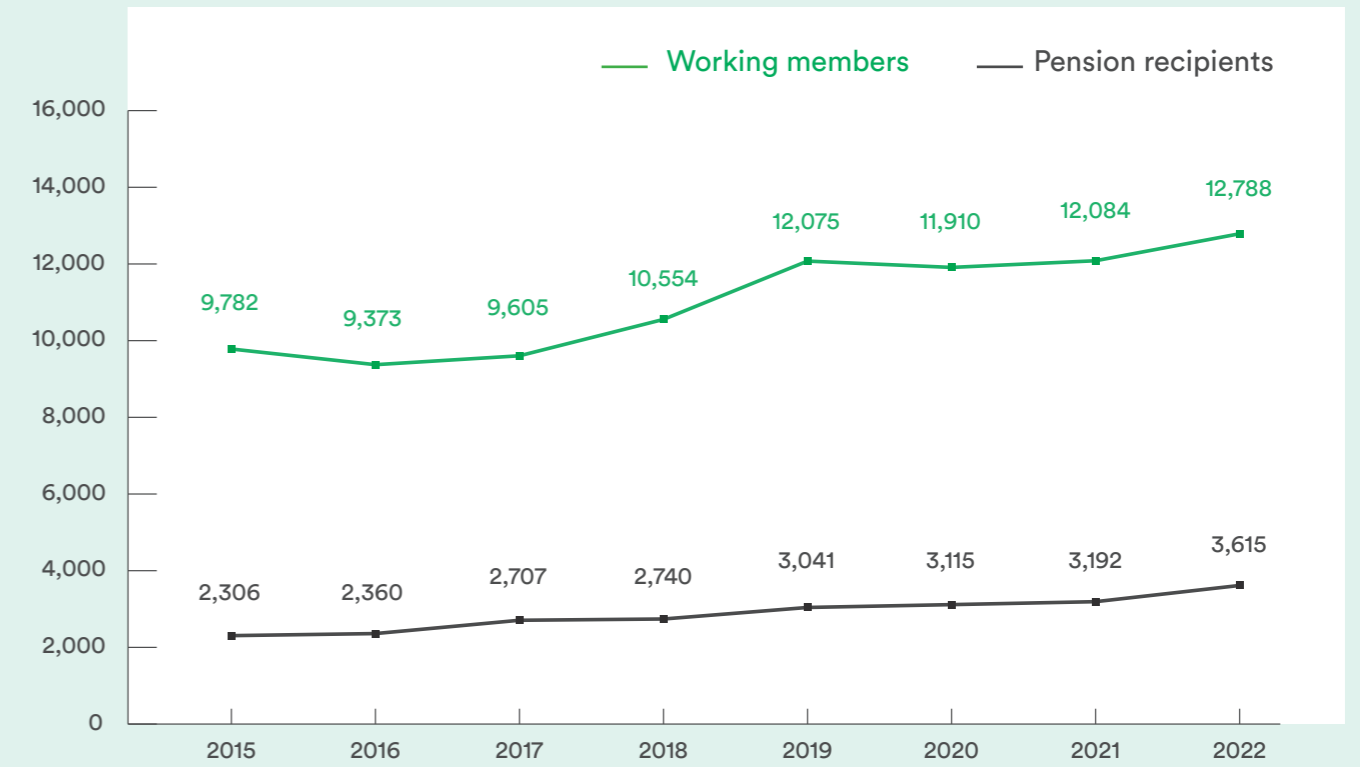


Key figures

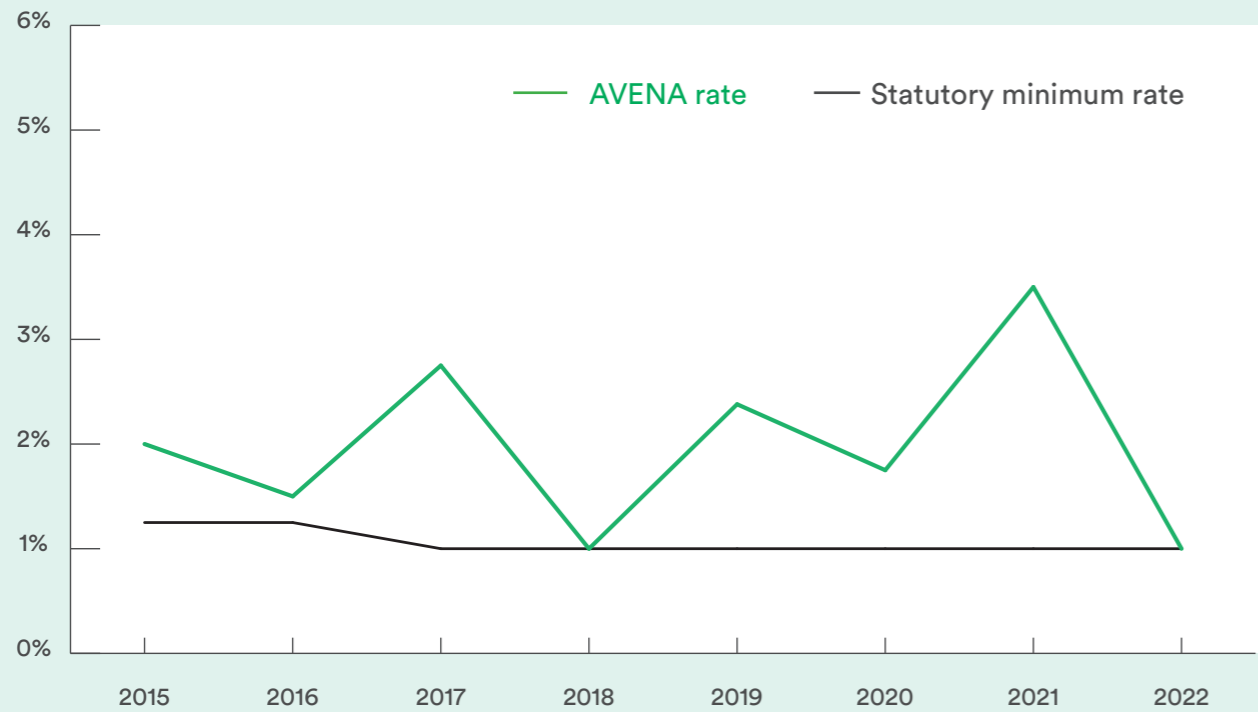
> Pension assets (in CHF millions)



> Number of insured members



> Interest rate on pension assets



> Funded status



Sustainability

at AVENA

> Paris Agreement Capital Transition Assessment

Sustainability has been an important issue for years and was again a key topic of Board discussions in 2022.

Last year, we took part in the Paris Agreement Capital Transition Assessment (PACTA) carried out by the Swiss Federal Office for the Environment. The goal of the assessment is to determine how well the country's financial institutions are progressing towards its climate goals. PACTA covers the eight high-carbon sectors that stand to be the most affected by the energy transition: oil, gas, coal, power generation, automotive, cement, aerospace, and steel (the "PACTA sectors"). Together, these sectors account for over 75% of global carbon emissions. Within each sector, PACTA looks specifically at the segments of the supply chain that generate the most emissions.

Overall, the assessment fell short of our Board's expectations, especially with regard to the methods used and the way findings were summarized. More specifically, we identified the following limitations:

- While the assessment looks at how much of a portfolio is allocated to companies in sectors with the highest carbon emissions, it doesn't take into account how active the fund managers are as shareholders, even though shareholder activism is known to have a positive impact.
- The assessment doesn't cover investments in other potentially relevant asset classes like government bonds, commodities, and private equity.
- The method for calculating the allocation to a PACTA sector doesn't factor in the percent of an investee company's revenue generated by a high-carbon activity. For example, a company that generates just 1% of its revenue from coal-fired power plants would be given the same weighting as one that generates all its revenue from such power plants.
- Fund managers who take part in PACTA have a great deal of latitude in deciding which portfolios to include in the assessment, making peer comparisons difficult. There are no strict rules or checks provided for in PACTA to ensure that the selected portfolios are representative.

These limitations notwithstanding, the assessment found that our aggregate portfolio is less invested in high-carbon sectors than the portfolios of our peers. Only 5.4% of our equities and 5.6% of our corporate bonds are in PACTA sectors, against the industry average of 5.5% and 5.7%, respectively.

> ESG assessment of our portfolio

We have decided to conduct an ESG assessment of our portfolio in order to respond to members' concerns in this area. The assessment will be performed in 2023 based on our financial statements at 31 December 2022. In addition, our fund manager – BCV – has adopted a socially responsible investment (SRI) policy that sets forth a number of goals in this area, based on strong principles and values. The policy describes how BCV will incorporate SRI into its asset-management process, governance, internal control systems, and more. BCV has also committed to further embedding ESG criteria into its investment decisions, in line with new SRI standards and research advancements.

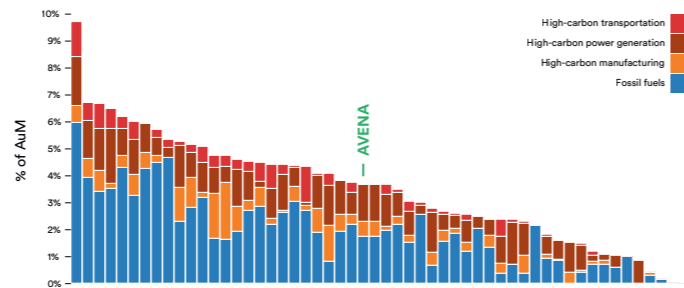
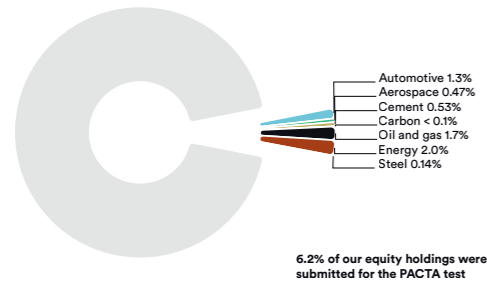
> Socially responsible investing

Our Board has decided to update our asset allocation starting in 2023. We will scale back our holdings in commodities and instead invest more heavily in infrastructure with a positive social impact (renewable energy, bridges, hospitals, etc.).

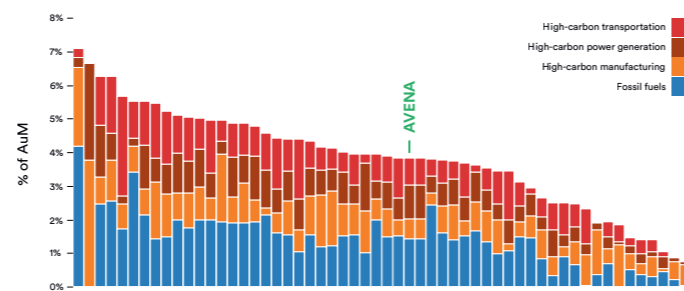
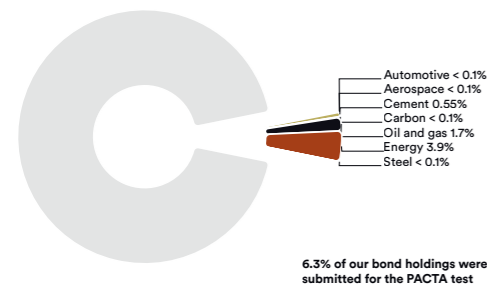
It's also worth noting that AVENA is a member of the Ethos sustainable development foundation and takes part in Ethos's Swiss and International Engagement Pools with other companies.

Our Real Estate Committee also took steps in the area of SRI in 2022, even though most of our buildings are fairly new constructions. For example, our new building in Tolochenaz fully adheres to sustainability criteria: it's Minergie certified and is equipped with solar panels and EV charging stations. In late 2022, we began the process of acquiring a new building that houses a nursing home; this building was purchased in 2023. It reflects both our policy and our vision on social responsibility at AVENA.

> Stocks



> Corporate bonds



Fund holdings

at 31 December 2022

Asset class	Allocation at 31 December 2022	Strategic allocation
Cash and cash equivalents (including fiduciary investments)	15.21%	6.00%
CHF bonds	20.53%	24.50%
Non-CHF global bonds	7.78%	6.50%
Non-CHF emerging-market bonds	1.37%	2.00%
Swiss equities	11.21%	14.00%
Foreign equities	16.01%	17.00%
Swiss real estate (including direct real estate)	17.04%	13.00%
Hedge funds	7.01%	10.00%
Commodities (only indirect investments)	2.81%	5.00%
Private Equity	1.03%	2.00%
	100.00%	100.00%

Type of holding	CHF	31/12/2022 %	Strategy	Tactical	
				Min.	Max.
Cash and cash equivalents					
Cash at bank in CHF	361,874,563	14.11%	6.0	0.0	20.0
Cash at bank in foreign currency	1,044,547	0.04%			
Shares in money-market funds	0	0.00%			
Other	27,235,264	1.06%			
Total cash and cash equivalents	390,154,375	15.21%			
Bonds (including accrued interest)					
Mortgage-backed bonds	78,332,370	3.05%			
Swiss bonds	321,149,801	12.52%			
Foreign CHF bonds	126,822,989	4.94%			
Total CHF bonds	526,305,160	20.53%	24.5	15.5	34.5
Non-CHF bonds	199,681,877	7.78%	6.5	3.25	9.75
Emerging-market non-CHF bonds	35,221,583	1.37%	2.0	0.0	4.0
Total bonds	761,208,622	29.69%			
Equities					
Swiss equities	286,975,253	11.19%			
Shares in the Fund's founder	568,088	0.02%			
Total Swiss equities	287,543,342	11.21%	14.0		
Foreign equities	410,781,325	16.01%	17.0		
Total equities	698,324,668	27.22%	31.0	25.0	43.0
Real estate					
Residential properties and investments in real-estate companies	41,098,437	1.60%			
Shares in real-estate funds	395,972,247	15.44%			
Total real estate	437,070,685	17.04%	13.0	6.5	19.5
Hedge funds					
Total hedge funds	179,854,612	7.01%	10.0	5.0	15.0
Commodities					
Total commodities	71,971,563	2.81%	5.0	0.0	7.5
Private Equity					
Total Private Equity	26,463,735	1.03%	2.0	0.0	5.0
Total assets	2,565,048,263	100.00%	100.0		



Balance sheet

at 31 December 2022

	31/12/2022 CHF	31/12/2021 CHF
Assets		
Investments		
CHF current accounts	361,874,563	352,346,330
Non-CHF current accounts	1,044,547	3,093,881
Securities	2,133,795,450	2,252,137,140
Real estate	41,098,437	39,628,828
Total investments	2,537,812,999	2,647,206,181
Accruals	27,235,264	26,217,172
Total assets	2,565,048,263	2,673,423,354
Liabilities and equity		
Liabilities		
Termination benefits and pension benefits	56,818,908	54,551,047
Banks and insurance companies	94,869	29,269
Prepaid pension capital	100,551,593	0
Other	1,394,137	1,890,823
Total liabilities	158,859,509	56,471,140
Deferrals	33,146,044	52,549,505
Employer contribution reserve	30,424,363	29,651,978
Pension capital for working members	1,442,897,680	1,375,683,479
Pension capital for pensioners	797,684,987	749,496,059
Actuarial reserves	87,358,113	85,162,538
Non-committed funds belonging to members	8,421,575	8,780,964
Total pension capital and actuarial reserves	2,336,362,357	2,219,123,041
Value fluctuation reserve	6,255,989	315,627,688
Fund capital, free assets		
Opening balance	0	0
Total Fund capital, free assets	0	0
Total liabilities	2,565,048,263	2,673,423,354

Income statement

	2022 CHF	2021 CHF
Ordinary and other contributions	156,308,362	146,350,665
Transfers-in	209,983,960	139,120,529
Inflow from contributions and transfers-in	366,292,323	285,471,194
Regulatory benefits	-96,469,978	-93,427,881
Non-regulatory benefits	-5,784	-5,784
Termination benefits	-189,221,400	-159,133,347
Outflow for benefits and early withdrawals	-285,697,163	-252,567,013
Release/creation of pension capital, actuarial reserves, and contribution reserves	-118,011,699	-111,336,137
Income from insurance benefits	17,052,376	18,504,912
Insurance expenses	-13,486,802	-12,322,096
Net income from insurance components	-33,850,966	-72,249,140
Net return on investments	-266,798,652	208,512,143
Other income	600,641	128,359
Expenses	-9,322,720	-9,802,315
Income/(expense) surplus before creation/release	-309,371,698	126,589,046
Change in value fluctuation reserve	309,371,698	-126,589,046
Net income/(expense)	0	0





AVENA

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