



tellico



Tellico pk
Annual financial statements
2023

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Foreword

Dear Sir or Madam

A time of global challenges

2023 was marked by geopolitical unrest and economic challenges that severely tested the global markets. The tensions between Russia and Ukraine and the unrest in the Middle East triggered political and economic shock waves throughout the world.

Strategic resilience in volatile times

In this challenging environment, Tellco pk pursued a balanced strategy: we stuck by our long-term investment objectives by investing in robust assets that promise resilience and sustainable growth. At the same time, we actively adjusted our positions to benefit from short-term market opportunities and minimise risks.

Focus on dynamic risk management

We remain resolutely committed to careful risk monitoring and management. Progressive analysis methods and scenario planning help us identify potential risks early on and adjust our portfolios to meet the long-term investment objectives of our policyholders and build trust among them.

Positive performance

Our long-term strategy has proved successful and sustainable. Tellco pk succeeded in closing the year with a positive performance: the end-of-year rally rewarded us with a return of 2.11 % in the PRO compartment – a testament to the effectiveness of our dynamic investment strategy and the commitment of our specialists. We are proud of this, as it allows us to offer our clients long-term security.

Commitment to sustainability and responsible investing

The Tellco pk foundation pursues a clear vision: ensuring sustainable occupational pension provision. In 2023, our experts worked intensively on consistently implementing the strict governance guidelines in our processes and investment decisions. Our commitment to the Swiss national 2050 energy strategy is reflected in us abstaining from carbon investments, focusing on sustainable investment products, pursuing sustainable objectives across all benchmarks and tracking greenhouse gas emissions in our securities portfolios. It is also evident in us exercising ownership and voting rights in line with a climate-friendly strategy and equipping real-estate investments with energy systems from renewable sources.



Client focus and digital innovation

The launch of our «ePlix» web app for policyholders is another step towards digital innovation and offering our clients a first-rate service. We are committed to continuously developing this portal, introducing new services and thereby meeting the ever-changing needs of clients.

Commitment to financial strength and stability

One Tellco pk attribute we take pride in is the ratio of active insured persons to pension recipients. This ratio is not just an indicator of financial health and stability but also a promise to our policyholders that their future is in safe hands with us.

Our approach is based on the belief that a solid basis of active contributors is essential to fulfilling the promises of tomorrow and offering our pension recipients a reliable and steady source of income in retirement. We constantly strive to preserve and enhance our financial strength in order to deliver long-term success.

Yours sincerely



Peter Hofmann
Chairman of the Board of Trustees

Key figures and Balance sheet

Key figures

	2023 CHF 1,000	2022 CHF 1,000	Change in %
Gross contributions charged	441,725	417,646	5.8
> of which savings and unit contributions	365,551	342,852	6.6
> of which risk and administrative cost contributions	76,174	74,794	1.8
Pension capital for active insured persons	2,975,093	2,806,902	6.0
Pension capital for pension beneficiaries	921,420	854,427	7.8
Pension benefits	64,757	58,302	11.0
Technical provisions	118,204	86,642	36.4
> of which provisions for conversion rate	80,193	64,211	24.9
> of which incurred but not reported (IBNR) reserves	32	32	0.0
> of which provisions for reduction of the technical interest rate	22,343	20,708	7.9
> of which provisions for fluctuations in the mortality risk	1,815	1,691	7.3
> of which provisions for longevity reserve	13,821	–	100.0
Underfunding / surplus cover	35,274	30,474	15.8
Balance sheet total	4,580,351	4,261,164	7.5
Other information			
Foundation's coverage ratio	100.9 %	100.8 %	0.1
Average pension providers, coverage ratio	101.6 %	101.7 %	0.0
Affiliated companies	10,307	10,192	1.1
Insured persons	97,785	95,604	2.3
Pension beneficiaries (number of pensions)	5,048	4,634	8.9
Compartment PRO			
Return on investments	2.11 %	- 5.92 %	
Interest on savings capital	1.00 %	1.00 %	
Technical interest rate	1.75 %	1.75 %	

Key ESG figures 2023

The key ESG figures are calculated based on the investments for the PRO compartment.

Stewardship (active ownership)

Exercise of voting rights

Proportion of companies at which voting rights are exercised based on the capital invested:

Switzerland in %	100
Abroad in %	–

As of 1 January 2024, Telco pk will be collaborating with ISS to actively exercise its voting rights for all listed Swiss equities, voting in line with a climate-friendly policy.

Proportion of proposals of the Board of Directors that were approved:

Switzerland in %	n / a
Abroad in %	n / a

This data will be available after the 2024 AGM season.

Commitments

Memberships:

None

ESG aspects influence portfolio composition

Exclusions, best-in-class / positive screening approach (ESG rating-based approaches), ESG integration, thematic investing, impact investing, environmental focus Equities, corporate bonds and convertible bonds (listed)

Greenhouse gas emissions

– Intensity: tCO ₂ e per CHF million in income for Scope 1 and 2 (weighted average carbon intensity)	Equities (CH + world)	Corporate bonds (CH + world)
Portfolio	114.7	39.8
Benchmark	169.0	63.8
Difference	- 32.0 %	- 38.0 %
Coverage (% of all equities / bonds)	100.0 %	38.0 % Remainder: government bonds or corporate bonds for which no data is available

– Footprint: tCO ₂ e per CHF million of invested capital for Scope 1 and 2	Equities (CH + world)	Corporate bonds (CH + world)
Portfolio	52.5	35.7
Benchmark	84.0	44.3
Difference	- 37.0 %	- 19.0 %
Coverage (% of all equities / bonds)	100.0 %	21.0 % Remainder: government bonds or corporate bonds for which no data is available

Exposure to fossil fuels:

	Equities	Obligations d'entreprise (CH + monde)
– Proportion invested in companies with activities (more than 5 % of their income from such business) in		
– Proportion of companies with >10 % of their revenue related to coal	–	–
– Proportion of revenue related to coal (weighted; entire portfolio)	2.6 % (Benchmark 6.7 %)	–
– related to other fossil fuels in %	n / a	n / a

Comments:

1. Benchmarks: equities = MSCI AC World; corporate bonds = Customized BB MSCI Index
2. Data source: equities = Bloomberg; corporate bonds = MSCI

Real estate CH (listed and unlisted): Scope 1

– Energy intensity (kWh per m ² of energy reference area or lettable area)	117
– CO ₂ intensity (kg CO ₂ per m ² of energy reference area or lettable area)	22
– Energy source mix	31 % oil heating 28 % gas heating 13 % geothermal probe/heat pump 4 % air-to-water heat pump 3 % water-to-water heat pump 2 % pellet heating 19 % district heating

Comments: data is based on direct properties and Telco Investment Foundation properties in Switzerland, degree of coverage 73 %.

Government bonds

– Greenhouse gas emissions (intensity): tCO ₂ e per CHF million in GDP for Scope 1 and 2	n / a
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Balance sheet

Assets	Appendix	31.12.2023 CHF	31.12.2022 CHF	Change in %
Investments		4,575,423,125	4,257,691,666	
Compartment investments		4,575,423,125	4,257,691,666	7.5
PRO assets	6.4	4,427,984,083	4,125,636,297	7.3
> thereof amounts due from employers	6.8.1	78,661,640	62,605,516	25.6
INDIVIDUA assets	6.4	147,439,042	132,055,369	11.6
Prepaid expenses and accrued income		4,927,469	3,472,147	41.9
Total assets		4,580,350,594	4,261,163,813	7.5

Balance sheet

Liabilities	Annexe	31.12.2023 CHF	31.12.2022 CHF	Change in %
Liabilities		433,316,215	389,030,032	11.4
Vested benefits and pensions		351,822,257	304,033,202	15.7
Current accounts of employer firms		218,129	19,182	1,037.2
Lump sums received for pension providers		53,133,848	56,902,734	-6.6
Banks / insurances		2,520,511	5,340,310	-52.8
Other liabilities		25,621,470	22,734,604	12.7
Accruals and deferred income		26,944,728	24,389,176	10.5
Employer contribution reserve	6.8.2	35,543,096	35,260,275	0.8
Non-technical provisions	7.3	2,191,000	2,251,000	-2.7
Pension capital and technical provisions		4,014,716,155	3,747,971,522	7.1
Pension capital for active insured persons	5.3	2,975,092,570	2,806,901,763	6.0
Pension capital for pension beneficiaries	5.5	921,420,084	854,427,424	7.8
Technical provisions	5.6	118,203,501	86,642,335	36.4
Compartment fluctuation reserves	6.3	40,227,050	43,216,958	-6.9
Non-committed funds of PRO compartment pension providers				
Status at the beginning of the period		19,044,851	19,941,160	-4.5
± Inflow / outflow of non-committed funds of pension providers		8,367,502	-896,310	
Status at the end of the period		27,412,353	19,044,851	43.9
Compartment non-committed funds (INDIVIDUA)				
Status at the beginning of the period		-	-	
± Inflow / outflow of non-committed funds of pension providers		-	-	
± Surplus income / expenses		-	-	
Status at the end of the period		-	-	
Total liabilities		4,580,350,594	4,261,163,813	7.5

Operating statement

Operating statement

	Appendix	2023 CHF	2022 CHF	Change in %
Ordinary and other contributions and deposits		469,285,361	446,660,564	5.1
Employee contributions	3.2	210,570,673	199,107,460	5.8
Employer contributions	3.2	230,349,062	218,538,666	5.4
Withdrawal from employer contribution reserves to finance contributions	6.8.2	- 5,086,060	- 6,487,456	- 21.6
Third-party contributions	3.2	805,000	-	100.0
One-time deposits and buy-in amounts	5.3	24,145,321	25,400,133	- 4.9
Deposits into the employer contribution reserves	6.8.2	5,716,688	9,940,365	- 42.5
Deposits in savings capital (from non-committed funds of pension providers)		2,784,678	161,396	1,625.4
Enrolment lump sums		460,512,769	440,299,523	4.6
Vested contributions	5.3	424,721,217	415,038,644	2.3
Deposits upon takeover of insured portfolios in		27,443,154	18,944,843	44.9
> Pension capital for pension beneficiaries	5.5	27,443,154	13,235,449	107.3
> Technical provisions		-	1,075,593	100.0
> Fluctuation reserves		-	4,633,801	100.0
Payment of PHO advance withdrawals / divorce	5.3	8,348,398	6,316,037	32.2
Inflow from contributions and enrolment lump sums		929,798,131	886,960,087	4.8
Regulatory benefits		- 147,351,890	- 126,983,254	16.0
Retirement pensions		- 42,849,539	- 38,932,968	10.1
Survivor's pensions		- 7,234,619	- 6,668,004	8.5
Disability pensions		- 14,673,009	- 12,700,872	15.5
Lump sums upon retirement		- 72,898,639	- 58,858,700	23.9
Lump sums in the event of death or disability		- 9,696,084	- 9,822,710	- 1.3
Termination benefits		- 555,315,999	- 529,986,708	4.8
Vested benefits on departure	5.3	- 540,690,252	- 520,172,425	3.9
Transfer of additional funds in the event of collective exit		- 829,684	- 609,921	36.0
> Technical provisions		- 138,987	- 194,995	- 28.7
> Employer contribution reserves	6.8.2	- 690,697	- 414,927	66.5
Early withdrawals for PHO / divorce	5.3	- 13,796,063	- 9,204,363	49.9
Outflow for benefits and early withdrawals		- 702,667,890	- 656,969,962	7.0

Operating statement

	Appendix	31.12.2023 CHF	31.12.2022 CHF	Change in %
Release / creation of pension capital, technical provisions and contribution reserves		- 268,568,410	- 254,059,604	5.7
± Release / creation of pension capital for active insured persons	5.3	- 141,033,520	- 145,123,451	- 2.8
± Expense / income from partial liquidation		- 1,877,453	- 3,916,794	- 52.1
± Release / creation of pension capital for pension beneficiaries	5.5	- 66,995,107	- 69,495,645	- 3.6
± Release / creation of technical provisions	5.2	- 31,621,000	- 7,361,609	329.5
Interest on savings capital	5.3	- 27,101,399	- 25,124,121	7.9
± Release / creation of employer contribution reserves	6.8.2	60,069	- 3,037,983	- 102.0
Income from insurance benefits		43,288,868	27,890,577	55.2
Insurance benefits	5.2	43,288,868	27,890,577	55.2
Insurance expense		- 50,436,469	- 38,131,182	32.3
Insurance premiums	3.2	- 41,770,784	- 29,505,693	41.6
> Risk premiums		- 39,980,652	- 28,296,570	41.3
> Cost premiums		- 1,790,132	- 1,209,123	48.1
Absence and Case Management	3.2	- 5,369,675	- 5,761,570	- 6.8
Contributions to Guarantee Fund	3.2	- 3,296,010	- 2,863,919	15.1
Net result from the insurance part		- 48,585,770	- 34,310,083	41.6

Operating statement

	Appendix	31.12.2023 CHF	31.12.2022 CHF	Change in %
Net investment result		89,059,004	- 263,220,651	- 133.8
Gross investment income of the individual compartments		125,864,788	- 223,770,493	- 156.2
PRO	6.7	120,359,482	- 215,324,651	- 155.9
> thereof various interest expenses	6.7	- 5,335,314	-	- 100.0
INDIVIDUA	6.7	5,505,305	- 8,445,842	- 165.2
> thereof various interest expenses	6.7	- 33,501	-	- 100.0
Administrative costs for investments	6.7.1	- 36,805,784	- 39,450,157	- 6.7
Release / creation of non-technical provisions		60,000	-	100.0
Other income		968,163	906,880	6.8
Income from services rendered		717,922	-	100.0
Interest income on payments from ceding insurers		38,715	65,801	- 41.2
Interest on amounts due from / liabilities to employers		183,067	100,530	82.1
Other income		28,459	740,549	- 96.2
Other expenses		- 2,254,188	- 7,972,722	- 71.7
± Release / creation of contingency premium accounts	6.8.1	- 2,225,000	- 3,081,000	- 27.8
Interest expense on vested benefits	6.7	-	- 4,294,853	- 100.0
Interest expense on termination benefits	6.7	-	- 18,154	- 100.0
Interest on amounts due from / liabilities to third parties	6.7	-	- 17,897	- 100.0
Interest on employer contribution reserves	6.7	-	- 331,571	- 100.0
Interest on non-committed funds of pension providers	6.7	-	- 186,381	- 100.0
Other expenses		- 29,188	- 42,868	- 31.9
Administrative costs		- 33,869,618	- 29,605,028	14.4
General administration		- 14,434,562	- 13,206,532	9.3
Marketing and advertising		- 9,858,519	- 8,677,213	13.6
Brokering activities		- 9,204,288	- 7,438,656	23.7
Auditor and pension actuary		- 295,572	- 240,526	22.9
Supervisory authorities		- 76,676	- 42,101	82.1
Revenue surplus before creation / release of fluctuation reserves / non-committed funds of the Foundation and compartments		5,377,592	- 334,201,604	
± Release / creation of fluctuation reserve for compartments		2,989,910	334,201,604	
PRO	6.3	5,589,986	323,055,139	
INDIVIDUA	6.3	- 2,600,076	11,146,465	
± Release / creation of non-committed funds of pension providers		- 8,367,502	-	100.0
PRO	6.3	- 8,367,502	-	100.0
Surplus income / expenses		0	0	-

Appendix

1 Basics and organisation

1.1 Legal form and purpose

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

1.2 Registration and Guarantee Fund

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

1.3 Specification of the deed and regulations

The following deed and regulations govern the activities of Tellco pk in the reporting year:

Designation	Date of last amendment	In force since
Foundation Deed	28.03.2022	28.03.2022
Terms and Conditions	05.07.2018	15.11.2018
Pension fund regulations for the occupational pension	02.12.2022	01.01.2023
Supplementary regulations on continued insurance	10.12.2021	01.01.2022
Fees and Charges Policy	02.12.2022	01.01.2023
Reserve Regulations	15.12.2022	31.12.2023
Investment Regulations	10.12.2021	01.01.2022
Regulations on partial liquidation of the Foundation or pension funds	08.08.2018	15.11.2018
ICS Regulations (internal control system)	30.03.2023	01.01.2023
Organisational Regulations	21.09.2021	01.10.2021
Supplement 1 to the Organisational Regulations	05.09.2023	01.09.2023

1.4 Joint management body / signatory powers, Board of Trustees

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

Board of Trustees

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

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

First, surname, place	Term of office
Peter Hofmann, Geneva (President / EE representative)	01.06.2005 – 31.12.2024
Leonie Winter, Oberägeri (ER representative)	26.05.2022 – 31.12.2024
Daniel Andermatt, Holzhäusern (EE representative)	01.01.2016 – 31.12.2024
Roland Walker, Weggis (EE representative)	01.07.2020 – 31.12.2024
Pierre Christen, Veyrier (ER representative)	01.01.2016 – 31.12.2024
Florence Biner, Rüschlikon (ER representative)	01.01.2021 – 31.12.2024

ER = employer representative

EE = employee representative

Pension fund commission

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

1.5 Management

Management has been delegated to enovetic ag, Rotkreuz. The employees of the commissioned companies sign jointly, two at a time, by proxy or power of attorney.

1.6 Experts, auditor, advisers, supervisory authority Pension actuary

Within the meaning of Article 53 (2) of the OPA, the recognised pension actuary is DIPEKA AG, Zurich. It periodically reviews whether Tellco pk provides assurance at all times that it can meet its obligations and whether its actuarial provisions comply with the legal requirements. The Board of Trustees appointed DIPEKA AG, Zurich, as the pension actuary for the 2023 financial year. Boris Morf is in charge of the mandate.

Auditor

The Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) of 25 June 1982 requires an independent auditor to audit the annual financial statements and reporting annually based on additional legal provisions and other regulations. The Board of Trustees has appointed PricewaterhouseCoopers AG, Basel, as the auditor for the 2023 financial year. Marco Tiefenthal serves as lead auditor.

Supervisory authority

Tellco pk is subject to supervision by the Central Switzerland OPA and Foundation Supervisory Authority (Zentralschweizer BVG- und Stiftungsaufsicht – ZBSA), which evaluates matters including whether the pension fund's regulatory provisions comply with the legal requirements.

Marketing and sales

Tellco Bank Ltd, Schwyz, has been commissioned with marketing and sales of Tellco pk's services.

Administration and management

enovetic ag, (former eCare AG) Rotkreuz, has been commissioned with administration and management.

1.7 Affiliated companies

The number of affiliated companies developed as follows:

	2023	2022	Change		
	PRO	INDIVIDUA	Total		
	Total	Total	in %		
As of 1 January	10,177	15	10,192	9,943	2.5
Newly affiliated companies	1,021	0	1,021	1,152	-11.4
Terminated affiliation agreements	-902	-4	-906	-903	0.3
> of which due to discontinuation of business	-52	-	-52	-139	-62.6
> of which terminations due to arrears in payment of premiums	-280	-	-280	-287	-2.4
> of which due to bankruptcy or liquidation	-30	-	-30	-22	36.4
> of which due to change of pension institution	-148	-	-148	-106	39.6
> of which due to lack of employees to be insured	-385	-	-385	-343	12.2
> of which due to other reasons	-7	-4	-11	-6	83.3
As of 31 December	10,296	11	10,307	10,192	1.1

2 Active members and pension beneficiaries

2.1 Active insured persons

These are the trends in the number of insured persons:

	2023	2022	Change		
	PRO	INDIVIDUA	Total		
	Total	Total	in %		
As of 1 January	94,981	623	95,604	88,519	8.0
Not counted in previous years	284	-2	282	-	0.0
Enrolments	101,639	279	101,918	103,039	-1.1
Exits	-98,708	-240	-98,948	-94,733	4.4
Retirements	-701	-16	-717	-809	-11.4
Transfer of disability cases	-304	-1	-305	-331	-7.9
Deaths	-49	-	-49	-81	-39.5
As of 31 December	97,142	643	97,785	95,604	2.3

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

Age structure	Men	Women	Total
Under 25 years of age	6,018	2,676	8,694
25 to 34 years	18,061	8,256	26,317
35 to 44 years	17,608	8,177	25,785
45 to 54 years	14,719	7,399	22,118
55 to 65 years (women up to 64)	9,638	5,119	14,757
Over 65 years (women over 64)	90	24	114
Total	66,134	31,651	97,785

The average age of insured persons is:	31.12.2023	31.12.2022
Men	40.1	40.0
Women	40.8	40.7

2.2 Pension beneficiaries

	Disability pensions	Retirement pensions	Partner's pensions	Child's pensions	Divorce pensions	Total
As of 1 January 2023	1,035	2,523	474	597	5	4,634
New pensions	167	320	57	125	–	669
> of which takeovers or from insurance contract	–	–	3	–	–	3
Retirement of disability pension beneficiaries	-71	–	–	–	–	-71
Reactivation / expiry / deaths	-26	-45	-17	-96	–	-182
Pension beneficiary handover	–	–	–	–	–	–
As of 31 December 2023	1,105	2,798	514	626	5	5,048

2.3 Pension beneficiaries under insurance contracts

	31.12.2023	31.12.2022
Disability pensions	3	3
Partner's pensions	–	4
Total	3	7

3 Fulfilment of the pension objective

3.1 Explanation of pension plans

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

3.2 Financing, financing methods

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

3.3 Pension adjustment

As of 1 January 2023, certain survivors' and disability pensions under the mandatory second pillar will be adjusted to price developments for the first time. The adjustment rate for the pensions that have been ongoing since 2020 is 6.0 % (Article 36(1) of the OPA). At its meeting on 15 December 2023, the Board of Trustees decided not to increase the current pensions pursuant to Article 36 (2) of the OPA.

4 Valuation and accounting principles, consistency

4.1 Confirmation of accounting according to Swiss GAAP FER 26

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

4.2 Accounting and valuation principles

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

- Securities and currencies: market value
- Medium-term notes, mortgages, loans: nominal value
- Directly held real estate: discounted cash flow (DCF) method (annual valuation) or, in exceptional cases, at cost less identifiable value adjustments
- Alternative investments: last available market price
- Currency conversion: rates on the reporting sheet date (assets and liabilities), daily rate (expenses and income)
- Currency conversion: rates on the reporting sheet date (assets and liabilities), daily rate (expenses and income)
- Pension capital for active insured persons, pension capital for pension beneficiaries and technical provisions: based on the provisions set out in the reserve regulations and the calculations made by the pension actuary
- Pursuant to the Investment Regulations, the fluctuation reserves are calculated using a financial economic method (value-at-risk method).

4.3 Change in valuation, accounting and financial reporting principles

In the 2023 financial year, the provision for the change in basis is now reported under technical provisions as «provisions for longevity reserve». It was previously reported directly in the coverage capital for pension beneficiaries.

5 Underwriting risks, risk coverage, coverage ratio

5.1 Type of risk coverage, reinsurance

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

In 2023, Telco pk did not receive any surplus participation.

5.2 Explanation of assets and liabilities from insurance contracts

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

	31.12.2023	31.12.2022
Assets from insurance contracts	393,717	2,316,491
Liabilities from insurance contracts	393,717	2,316,491

One INDIVIDUA received a cash value settlement from the previous insurer (Mobiliar). The pension will now be paid directly by the pension fund.

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

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

	2023 CHF 1,000	2022 CHF 1,000	Change in %
As of 1 January	2,806,902	2,636,751	6.5
Retirement credits	363,437	340,758	6.7
Premium-free retirement credits	11,306	10,753	5.1
Buy-in amounts and one-time deposits	22,322	24,736	-9.8
Vested contributions	424,611	421,599	0.7
Vested contributions upon contract change	198,904	139,583	42.5
Deposits of non-committed funds and employer contribution reserves	2,640	161	1,535.5
Payment of PHO advance withdrawals / divorce	9,498	6,980	36.1
Vested benefits	-540,683	-520,172	3.9
Vested benefits upon contract change	-198,904	-139,583	42.5
Expense due to partial liquidation	-6	-15	-58.9
Lump sums upon retirement	-72,899	-57,806	26.1
Transfer to pension capital for pension beneficiaries (retirements)	-60,792	-63,237	-3.9
Transfer to pension capital for pension beneficiaries (deaths)	-4,713	-9,454	-50.1
Early withdrawals for PHO / withdrawals for divorce	-13,796	-9,204	49.9
Interest on savings capital	27,101	25,124	7.9
Miscellaneous (VBA 17 / provision OPA minimum termination benefits)	166	-72	-329.4
As of 31 December	2,975,093	2,806,902	6.0
Number of savings accounts for active insured persons	89,235	87,974	1.4
Number of savings accounts for active insured persons	2,055	1,917	7.2

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

For the affiliated insured persons in the compartment PRO, interest of 1 % was provisionally paid on savings assets in 2023. At its meeting on 15 December 2023, the Board of Trustees decided to set the definitive interest rate for 2023 at 1 %. The pension fund commissions of the affiliated pension funds in the compartment INDIVIDUA set the definitive interest rates at 1 % to 4 %. These were approved by the Board of Trustees.

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

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

	31.12.2023 CHF 1,000	31.12.2022 CHF 1,000	Change in %
Pension capital of active insured persons	1,917,039	1,808,717	6.0
	1,917,039	1,808,717	6.0

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

5.5 Trends in pension capital of pension beneficiaries

Since 31 December 2021, Telco pk has recognised its pension obligations on actuarial assumptions in accordance with the OPA 2020 with a technical interest rate of 1.75 %. The Foundation created a provision for the reduction of the technical interest rate to 1.50 %.

Pension capital of pension beneficiaries	2023 CHF 1,000	2022 CHF 1,000	Change in %
As of 1 January	854,427	790,641	8.1
Takeover of pension beneficiaries	27,443	13,235	107.3
Pension beneficiary handover	-2	-	0.0
Insurance benefits	36,481	21,670	68.3
Transfer from pension capital of active insured persons (retirements)	59,691	60,036	-0.6
Transfer from pension capital of active insured persons (deaths)	6,070	11,601	-47.7
Lump sums	-9,696	-9,823	-1.3
Pension payments	-63,683	-57,631	10.5
Savings credits premium waiver	-5,630	-5,262	7.0
From provisions for conversion rate	-	-	0.0
Creation (actuarial adjustment)	16,318	29,959	-45.5
As of 31 December	921,420	854,427	7.8

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

5.6 Composition, trends and explanation of the technical provisions

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

	Appendix	31.12.2023 CHF 1,000	31.12.2022 CHF 1,000	Change in %
Composition of technical provisions				
Compartment PRO				
Provisions for conversion rate	5.6.1	75,074	60,510	24.1
Other incurred but not reported (IBNR) reserves	5.6.2	–	–	–
Provision for reduction of technical interest rate	5.6.3	22,343	20,708	7.9
Provision for fluctuations in the mortality risk of pension beneficiaries	5.6.4	–	–	–
Provision for longevity reserve	5.6.5	13,406	–	–
Total technical provisions compartment PRO		110,823	81,218	36.5
Compartment INDIVIDUA				
Provisions for conversion rate	5.6.1	5,119	3,701	38.3
Other incurred but not reported (IBNR) reserves	5.6.2	32	32	–
Provision for reduction of technical interest rate	5.6.3	–	–	–
Provision for fluctuations in the mortality risk of pension beneficiaries	5.6.4	1,815	1,691	7.3
Provision for longevity reserve	5.6.5	415	–	–
Total technical provisions compartment INDIVIDUA		7,381	5,424	36.1
Telco pk total				
Provisions for conversion rate	5.6.1	80,193	64,211	24.9
Other incurred but not reported (IBNR) reserves	5.6.2	32	32	–
Provision for reduction of technical interest rate	5.6.3	22,343	20,708	7.9
Provision for fluctuations in the mortality risk of pension beneficiaries	5.6.4	1,815	1,691	7.3
Provision for longevity reserve	5.6.5	13,821	–	–
Overall total		118,204	86,642	36.4

5.6.1 Provisions for conversion rate

This reserve is intended to ensure that the envisaged conversion rate, which is periodically set by the Board of Trustees / the pension fund commission, can continue to be applied in the medium term even if the technical conversion rate is lower.

5.6.2 Other incurred but not reported (IBNR) reserves

The incurred but not reported reserves include the necessary reserves that result from the takeover of affiliations.

5.6.3 Provisions for reduction of the technical interest rate

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

5.6.4 Provision for fluctuations in the mortality risk of pension beneficiaries

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

5.6.5 Provision for longevity reserve

The provision for the longevity reserve serves to finance the pension capital for pension beneficiaries. The provision is calculated as the deviation of the effective development in the mortality of pension beneficiaries from that set out in the model assumptions in the actuarial bases.

For pension recipients, this reserve is intended to enable a seamless transition to the technical bases that are newly issued on a periodic basis. In this regard, the presumed increase in the cash values and coverage capital is set aside on a pro-rata basis.

The provision was set up for the first time for the 2023 financial year. In the past, the coverage capital for pension beneficiaries was adjusted every year.

5.7 Actuarial opinion

A selected pension actuary periodically performs an actuarial review of Telco pk. The last review took place on 31 December 2022. It determined that there is an actuarial coverage ratio as per Article 4 of the OPO 2 of 100.8 %.

In their report, the pension actuary confirmed that

- the technical interest rate and the actuarial assumptions used were appropriate as of the cut-off date;
- the Foundation offered security as of the cut-off date to ensure that it can meet its obligations;
- the regulations on actuarial provisions governing payments and financing meet the statutory requirements; and

- the measures taken to cover actuarial risks are sufficient.

The expert recommends monitoring a reduction of the technical interest rate annually. Otherwise, no further recommendations are necessary.

The next actuarial opinion as of 31 December 2023 is currently being prepared and is likely to be discussed at the Board of Trustees meeting in June 2024.

5.8 Technical assumptions and other actuarially relevant assumptions

The obligations of Tellco pk have been calculated in accordance with the principles and professional guidelines for pension insurance experts of the Swiss Association of Actuaries and the Chamber of Pension Fund Experts. The following bases for calculation are used: OPA 2020, period life tables 2021, at the rate of 1.75 %.

5.9 Coverage ratio according to Article 44 of the OPO 2

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

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

Composition of all INDIVIDUA pension funds

Coverage ratio, including reserve of employer's contributions without renunciation of use, in %	Number of pension providers	Pension funds %	Savings / coverage capital in TCHF	Underfunding / surplus cover TCHF	Underfunding / surplus cover %	Total assets, TCHF	Total assets %	Number of active insured persons	Number of old-age pension beneficiaries	Total number of insured persons
99.49 or less	–	–	–	–	–	–	–	–	–	–
99.50 – 99.99	–	–	–	–	–	–	–	–	–	–
100 – 104.99	3	75.00	100,263	2,597	2.27	114,391	77.43	515	51	566
105 – 109.99	1	25.00	27,857	2,355	7.06	33,348	23	128	15	143
110 – 114.99	–	–	–	–	–	–	–	–	–	–
115 – 119.99	–	–	–	–	–	–	–	–	–	–
120 or more	–	–	–	–	–	–	–	–	–	–
Total	4	100.00	128,120	4,952	3.35	147,739	100.00	643	66	709

5.9.1 Funding ratio of compartment PRO according to Article 44 of the OPO 2

	31.12.2023 CHF 1,000	31.12.2022 CHF 1,000	Change in %
Available pension assets			
Balance sheet assets	4,432,612	4,128,566	7.4
Balance sheet liabilities	- 427,452	- 384,792	11.1
Accruals and deferred income	- 25,523	- 23,229	9.9
Employer contribution reserves	- 35,543	- 35,260	0.8
Non-technical provisions	- 2,191	- 2,251	–
Value fluctuation reserves of pension funds	–	- 10,390	- 100.0
Non-committed funds of pension funds	- 27,413	- 19,045	43.9
Total available pension assets	3,914,490	3,653,599	7.1
Pension capital and technical provisions			
Pension capital of active insured persons	2,874,672	2,713,592	5.9
Pension capital for pension beneficiaries	893,721	828,315	7.9
Liabilities from insurance contracts	–	–	0.0
Technical provisions	110,823	81,218	36.5
Total pension capital and technical provisions	3,879,216	3,623,125	7.1
Actuarial surplus cover / underfunding	35,274	30,474	15.8
Coverage ratio of the compartment (= minimum coverage ratio of the pension funds)	100.9 %	100.8 %	0.1

6 Explanation of investments and net investments result

6.1 Organisation of investment activities, investment regulations Investment commission

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

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

Members of the Tellco pk investment commission

Yves Bugmann (Chairman), independent
Peter Hofmann, Chairman of the Board of Trustees
Pierre Christen, employer representative on the Board of Trustees

Term of office
01.01.2021 – 31.12.2024
01.01.2021 – 31.12.2024
01.01.2021 – 31.12.2024

Investment controlling

Santro Invest AG

The Investment Regulations are dated 1 January 2022. The Foundation offers pension funds two compartments to choose from for the investment of pension assets:

PRO

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

Tellco Bank Ltd, Schwyz, is in charge of asset management. The custodian of the securities investments is also Tellco Bank Ltd, Schwyz. In terms of investments, and alternative investments in particular, Tellco Bank Ltd has structured monitoring processes that regulate potential conflicts of interest and legal transactions with associates. These are presented to the Board of Trustees of Tellco pk on an annual basis. Tellco Immobilien AG is responsible for real estate management for the directly held real estate.

In the agreement of 25 October 2007, Tellco Bank Ltd provided an undertaking that it has not accepted any pecuniary benefits in the course of its asset management since September 2006 and agreed to to automatically transfer any such pecuniary benefits to Tellco pk in the future. No such pecuniary benefits were received in 2023 (previous year: none).

INDIVIDUA

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

Each pension fund submits a proposal to the Board of Trustees regarding its own investment strategy and own asset manager.

Disclosure of voting behaviour

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

The Foundation must vote in the long-term interests of its policyholders and must report to its policyholders at least once a year in a consolidated report on how it fulfilled its voting obligation. Interests are disclosed in the annual financial statement and on the Foundation's website.

With one exception (previous year: 1 compartment), Tellco pk does not have any directly held equities in listed Swiss public limited companies, meaning that it has no opportunity to exercise voting rights. As a result, no consolidated report was prepared.

One INDIVIDUA compartment (previous year: 1) has directly held equities in listed Swiss public limited companies. The voting rights were exercised by the asset manager on the basis of the instructions drawn up and disclosed to the insured persons of the compartment.

6.2 Utilisation of the extended investment possibilities (Article 50(4) of the OPO 2) with conclusive proof of compliance with security and risk diversification provisions (Article 50(1) to (3) of the OPO 2) Investment in the compartment PRO

In line with the current investment strategy, 32 % of investments are to be made in Swiss real estate (range 20.00 – 35.00 % end of 2023: 27 %). There is also the option of exploiting the ranges of up to 20 % for alternative investments (end of 2023: 14.00 %, range 0.00 – 20.00 %).

No extensions were utilised.

Violation of the regulatory ranges

At 19 %, money market investments violated the regulatory ranges of 0.00 % to 15.00 %. The Board of Trustees decided at its meeting on 15 December 2023 that, as of 2024, all ranges would have to be adhered to again. In order to achieve this, the investment strategy was redefined by the Board of Trustees and the regulatory ranges are adhered to again as of 1 January 2024.

Investment in the compartment INDIVIDUA Extension utilisation

In the case of three pension funds, the investment commissions expand the statutory investment options for:

- real estate investments (two pension funds up to 33.25 % / 36.10 %)
- alternative investments (two pension funds up to 15.90 % / 16.26 %)

Violation of the regulatory ranges

In addition, the investment commissions extend the regulatory ranges for two pension funds, which were set out in the appendix to the affiliation contract. The ranges are undercut/exceeded as follows:

- In the case of one pension fund in the areas of money market (27.90 % instead of max. 12.00 %), real estate (14.80 % instead of at least 20.00 %) and global equities (9.70 % instead of at least 10.00 %)
- In the case of one pension fund in the area of CH equities (8.20 % instead of at least 9.00 %)

Despite exceeding the statutory limits in the areas of real estate and alternative investments as well as the violation of the regulatory ranges in the areas of money market (overshoot), real estate, CH equities and global equities (undercut), the Board of Trustees / the investment commissions believe that fulfilment of the objective of pension provision is ensured.

Affected compartments redefined their investment strategy effective 1 January 2024, meaning that the ranges will be adhered to again in the future.

6.3 Target value and calculation of the fluctuation reserve

The fluctuation reserve is created or released in order to offset (short-term) fluctuations in the value of investments. The independent investment controller calculates the target value of the fluctuation reserve using risk-oriented estimations of the assets.

The fluctuation reserves are calculated per PRO compartment on a consolidated basis for all pension funds. In the compartment INDIVIDUA, the fluctuation reserves are calculated for each pension fund. They are created from the surplus income / expenses as of 31 December 2023.

* Due to the compartment changes, the previous individual fluctuation reserves of CHF 10.2 million for the pensions funds in the PRO compartment were reallocated to the individual non-committed funds of the pension funds in 2023.

	2023 CHF 1,000		
Total fluctuation des reserves	40,227		
Compartment PRO	2023 CHF 1,000	2022 CHF 1,000	Change in %
As of 1 January	30,475	353,176	-91.4
Allocations (+) / withdrawals (-) operating statement	4,800	-322,701	-101.5
As of 31 December	35,275	30,475	15.8
Target value of the fluctuation reserve	624,998	582,128	7.4
Target figure in % of investments	14.1 %	14.1 %	-
Existing fluctuation reserve	35,275	30,475	15.8
Reserve deficit	589,723	551,653	6.9
Value fluctuation reserves of pension funds			
As of 1 January	10,390	10,744	-3.3
Deposits / withdrawals	-195	-354	-44.9
Allocation from operating statement	-	-	-
Outflow to non-committed funds of pension funds*	-10,195	-	-
As of 31 December	-	10,390	-100.0
Compartment INDIVIDUA (consolidated)	2023 CHF 1,000	2022 CHF 1,000	
As of 1 January	2,352	8,865	
Inflow / outflow fluctuation reserves	-	4,634	
Allocations (+) / withdrawals (-) operating statement	2,601	-11,146	
As of 31 December	4,952	2,352	
Target value of the fluctuation reserve	21,268	21,003	
Target figure in % of investments (custom)	-	-	
Existing fluctuation reserve	4,952	2,352	
Reserve deficit	16,316	18,651	

In the compartment INDIVIDUA, the fluctuation reserves are calculated for each pension fund individually. In 2023 the target values ranged from 13.00 % to 15.30 %. They are created from the surplus income / expenses as of the end of the year.

The Foundation itself does not possess any fluctuation reserves.

6.4 Presentation of the investments according to investment categories

Risk distribution of the investments

Compartment PRO	31.12.2023				31.12.2022		
	CHF 1,000	in %	Strategy in %	Ranges in %	CHF 1,000	in %	Strategy in %
Money market	831,811	19.0	5	0.00–15.00	433,824	10.6	5
Loans and mortgage loans	195,711	4.5	3	0.00–10.00	313,310	7.7	3
Domestic and foreign bonds in CHF	331,545	7.6	5	0.00–15.00	280,311	6.9	5
Global bonds in foreign currencies	222,451	5.1	5	0.00–15.00	240,307	5.9	5
Global bonds in foreign currencies, (hedged)	226,831	5.2	7	0.00–15.00	282,156	7.0	7
Swiss equities	281,240	6.5	10	0.00–17.00	340,427	8.4	10
Global equities	361,329	8.3	16	0.00–20.00	338,891	8.4	16
Alternative investments	609,191	14.0	15	0.00–20.00	583,618	14.4	15
Infrastructure investments (unleveraged)	111,775	2.6	2	0.00–10.00	95,583	2.4	2
Swiss real estate	1,172,305	27.0	32	20.00–35.00	1,149,999	28.3	32
Intermediate total	4,344,189	100.0	100		4,058,426	100.0	100

Amounts due from employers	78,662			62,606
Other Swiss amounts due	5,133			4,604
Assets held in transit	4,628			2,930
Total assets	4,432,612			4,128,566

	CHF 1,000	in %	OPO 2 in %	CHF 1,000	in %	OPO 2 in %
Total restrictions pursuant to OPO 2						
Investments in claims secured by real estate liens pursuant to Article 55a of OPO 2	195,711	4.42	50	313,310	7.60	50
Investments in shares pursuant to Article 55b of OPO 2	642,569	14.50	50	679,318	16.50	50
Investments in real estate pursuant to Article 55c of OPO 2	1,172,305	26.45	30	1,149,999	27.90	30
> of which abroad	–	–	10	–	–	10
Alternative investments pursuant to Article 55d of OPO 2	609,191	13.74	15	583,618	14.10	15
Investments in infrastructure pursuant to Article 55f of OPO 2	111,775	2.52	10	95,583	2.40	10
Investments in foreign currencies without hedging pursuant to Article 55e of OPO 2	583,780	13.17	30	579,198	14.00	30

The individual debtor restrictions set out in Article 54, Article 54a and Article 54b OPO 2 are adhered to.

Compartment INDIVIDUA

	31.12.2023	
	CHF 1,000	in %
Money market	21,609	14.6
Loans and mortgage loans	6,200	4.2
Domestic and foreign bonds in CHF	14,936	10.2
Global bonds in foreign currencies	4,901	3.3
Global bonds in foreign currencies, hedged	3,773	2.6
Swiss equities	21,003	14.3
Global equities	14,220	9.7
Alternative investments	14,613	9.9
Infrastructure investments (unleveraged)	3,449	2.3
Direct real estate investments	3,079	2.1
Real estate funds	39,166	26.7
Intermediate total	146,949	100.0
Amounts due from employers	1	
Other Swiss amounts due	490	
Assets held in transit	300	
Total assets	147,739	

	CHF 1,000	in %	OPO 2 in %
Total restrictions pursuant to OPO 2			
Investments in claims secured by real estate liens pursuant to Article 55a of OPO 2	6,200	4.22	50
Investments in shares pursuant to Article 55b of OPO 2	35,223	23.97	50
Investments in real estate pursuant to Article 55c of OPO 2	42,245	28.75	30
> of which abroad	–	–	10
Alternative investments pursuant to Article 55d of OPO 2	14,613	9.94	15
Investments in infrastructure pursuant to Article 55f of OPO 2	3,449	2.35	10
Investments in foreign currencies without hedging pursuant to Article 55e of OPO 2	19,121	13.01	30

The individual debtor restrictions are adhered to with the exception of one pension fund in the area of money market and real estate.

6.5 Current (open) derivative financial instruments

The following open derivative positions existed as of 31 December 2023.

	Market value 31.12.2023 CHF 1,000	Contract volumes CHF 1,000	Commitment increasing CHF 1,000	Commitment decreasing CHF 1,000
Forward exchange transactions in EUR, USD, GBP				
> Positive replacement value	25,076	633,804	–	633,804
> Negative replacement value	- 864	34,541	–	34,541
Total forward foreign exchange transactions	24,212	668,345	–	668,345

Derivative financial instruments are covered by the existing investments.

6.6 Open capital commitments

	31.12.2023 CHF 1,000	31.12.2022 CHF 1,000
As of 31 December 2023, the following open capital commitments exist:		
> Infrastructure	127,006	68,140
> Private equity	28,083	46,520
> Private debt	93,123	89,919
> Hedge funds	1,880	8,653
Total	250,092	213,232

6.7 Explanation of net investment result

	31.12.2023	31.12.2022
Compartment PRO	2.11 %	- 5.92 %
Net result liquid assets and forward foreign exchange transaction	18,138,533	- 1,600,094
Interest on loans and mortgages	5,389,740	1,019,276
Net result from bonds	20,373,889	- 87,631,472
Net result from equities	31,376,204	- 194,600,009
Net result from infrastructure investments	943,484	–
Net result from real estate (direct investments)	14,334,611	60,216,598
Net result from Swiss equities and real estate	35,706,283	–
Expenses for asset management	- 35,636,522	- 38,362,036
Interest expense on vested benefits*	- 4,808,059	–
Interest on employer contribution reserves*	- 342,890	–
Interest on non-committed funds of pension providers*	- 184,364	–
Net investment result	84,782,960	- 253,686,687

	31.12.2023	31.12.2022
Compartment INDIVIDUA (consolidated)	3.48 %	- 8.22 %
Net result liquid assets and forward foreign exchange transaction	565,819	- 91,548
Interest on loans and mortgages	51,911	- 2,491
Net result from bonds	743,495	- 2,523,468
Net result from equities	1,576,066	- 6,552,064
Net result from infrastructure investments	161,678	–
Net result from real estate (direct investments)	363,202	712,946
Net result real estate funds	1,447,877	1,317,698
Net result alternative investments	628,758	- 666,477
Net income from mixed investments	–	- 640,437
Expenses for asset management	- 1,169,262	- 1,088,121
Interest expense on termination benefits*	- 33,501	–
Net investment result	4,336,043	- 9,533,962

* The interest expenses on vested benefits, employer contribution reserves and interest on non-committed funds were previously reported under «Other expenses» in the operating statement. As of the 2023 financial year, these interest expenses are reported under gross investment income.

6.7.1 Administrative costs for investments

	Total Telco pk 2023		Total Telco pk 2022	
	CHF 1,000	in %	CHF 1,000	in %
Asset management fees on the institution level (TER costs)	9,075	0.20	8,556	0.20
Tax transaction costs (TTC)	615	0.01	1,207	0.03
Other costs (SC costs)	–	0.00	150	0.00
TER costs of cost-transparent collective investments	27,116	0.59	29,537	0.69
> of which TER costs for cost-transparent collective investments in alternative investments	11,165	0.24	10,560	0.25
> of which TER costs from performance fees for cost-transparent alternative investments	2,899	0.06	6,089	0.14
> of which TER costs for cost-transparent collective investments in real estate	5,732	0.13	5,309	0.12
> of which TER costs of other cost-transparent collective investments	7,320	0.16	7,455	0.18
Total	36,806	0.80	39,450	0.93
Total investments	4,575,423	100.00	4,257,691	100.00
Cost-non-transparent investments		0.00	–	0.00
Cost-transparent investments – cost transparency ratio	4,575,423	100.00	4,257,691	100.00

TER costs: Namely management fees, custody fees, fund administration fees and performance fees

TTC costs: Transaction costs such as brokerage fees and issuing and redemption commissions as well as taxes (stamp duties)

SC costs: Costs for external investment controlling, among others

6.7.2 Non-transparent investments

None.

6.8 Explanation of the investments with the employer and the employer contribution reserves

6.8.1 Explanation of the investments with the employer

On the one hand, there were premium account amounts due from affiliated companies totalling CHF 80,001,374.50 (previous year: CHF 69,244,044.35) as of 31 December 2023. A total of 744 companies with arrears of CHF 14,656,433 are in a terminated relationship. Premium payments are past due in these cases. On the other hand, there are allowances for amounts due that are in doubt of CHF 8,134,025.51.

6.8.2 Explanation of the employer contribution reserves

In addition to premium account obligations to affiliated companies of CHF 20,970,335.96 as of 31 December 2023, there are employer contribution reserves of 457 employers. The contribution reserves trended as follows:

	2023	2022
	CHF 1,000	CHF 1,000
Without renunciation of use		
As of 1 January	35,261	31,891
Deposits	5,717	9,940
Transfers to supplementary insurer	- 691	- 415
Use for employer contribution payments	- 5,086	- 6,487
Use for deposits in savings capital	–	–
Interest 1 % (previous year: 1 %)	343	332
As of 31 December	35,543	35,261

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

7.1 Composition of the contributions

	31.12.2023	31.12.2022	Change
	CHF 1,000	CHF 1,000	in %
Savings contributions	357,252	334,848	6.7
Risk contributions	63,484	62,799	1.1
Administrative cost contributions	12,689	11,995	5.8
Uniform contributions	8,299	8,004	3.7
Total contributions	441,725	417,646	5.8

7.2 General administrative costs

7.2.1 General administrative costs

	31.12.2023 CHF	31.12.2022 CHF	Change in %
General administrative costs	14,434,562	13,206,532	9.3
Auditor and pension actuary	295,572	240,526	22.9
Supervisory authority	76,676	42,101	82.1
Marketing and advertising costs	9,858,519	8,677,213	13.6
Broker and brokerage expenses	9,204,288	7,438,656	23.7
Total	33,869,618	29,605,028	14.4

7.2.2 General administrative costs per change

	31.12.2023	31.12.2022	Change in %
Number of active insured persons as of 1 January including enrolments and exits	296,470	286,291	3.6
Number of pension beneficiaries as of 31 December (excluding child's pensions).	4,422	4,037	9.5
Total beneficiaries	300,892	290,328	3.6
General administrative costs per capita in CHF incl. entries and exits	113	102	10.4

7.3 Non-technical provisions

	31.12.2023 CHF 1,000	31.12.2022 CHF 1,000	Change in %
As of 1 January	2,251	2,251	–
Allocations (+) / withdrawals (–) taxes on property gains	- 60	–	100.0
As of 31 December	2,191	2,251	- 2.7

The non-technical provisions only include deferred taxes on property gains.

8 Conditions of the supervisory authority

8.1 Audit of the annual financial statements

The reporting for 2021 was acknowledged, without any comments on the annual financial statements, by way of a ruling dated 12 October 2023.

8.2 Further conditions

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

The case is currently under review.

9 Further information relating to the financial situation

9.1 Measures to remedy underfunding

As of 31 December 2023, neither the PRO compartment nor any INDIVIDUA pension fund (previous year: 1) had a funding ratio of less than 100 %.

9.2 Pledge of assets

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

	31.12.2023 CHF 1,000	31.12.2022 CHF 1,000
Tellco Bank Ltd	102,240	112,570

9.3 Ongoing legal proceedings

There is currently one legal case ongoing before the Swiss Federal Administrative Court (Bundesverwaltungsgericht). This is the same case referred to under point 8.2. Potential rescission would not have any major financial impact on Tellco pk.

9.4 Contingent liabilities for the benefit of third parties

None.

10 Events after the balance sheet date

There are no known events following the balance sheet date that would have a material effect on the annual financial statements.

Report of the Statutory Auditor

to the Foundation Board of Tellco pk
Schwyz

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Tellco pk (the Occupational benefit scheme), which comprise the balance sheet as at 31 December 2023, the accounts for the year then ended, and appendix to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 11 to 42) comply with Swiss law, the foundation deed and the scheme regulations.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the «Auditor's Responsibilities for the Audit of the Financial Statements» section of our report. We are independent of the Occupational benefit scheme in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The Tellco pk pension fund's financial statements for the year ended 31 December 2022 were audited by another firm of auditors whose report, dated 16 May 2023, expressed an unmodified opinion on those statements. However, these auditors stated in their report that the investment guidelines in the money market, CHF bonds, global equities and alternative investments categories were not complied with in the 2022 reporting year and also as at the balance sheet date.

Other Information

The Foundation Board is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Foundation Board for the Financial Statements

The Foundation Board is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law, the foundation deed and the scheme regulations, and for such internal control as the Foundation Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Expert in Occupational Benefits for the Audit of the Financial Statements

For the audit the Foundation Board appoints a statutory auditor as well as an expert in occupational benefits. The expert in occupational benefits is responsible for evaluating the reserves necessary for underwriting insurance-related risk, consisting of pension liabilities and actuarial reserves. Assessing the evaluation of the pension liabilities and actuarial reserves is not one of the tasks of the statutory auditor pursuant to Art. 52c para. 1 let. a of the Swiss Occupational Pensions Act (OPA). Pursuant to Art. 52e para. 1 OPA, the expert in occupational benefits also evaluates whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all insurance-related provisions regarding benefits and funding in the scheme regulations comply with the legal requirements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the occupational benefit scheme.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, other than pension liabilities and actuarial reserves evaluated by the expert in occupational benefits.

We communicate with the Foundation Board or its relevant committee regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organization, management and investments are applied. In accordance with Art. 52c para. 1 OPA and Art. 35 of the Occupational Pensions Ordinance 2 (OPO 2) we have performed the prescribed procedures.

We have assessed whether

- the organization and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the Occupational benefit scheme;
- the investment of assets complies with legal and regulatory requirements;
- the occupational pension accounts OPA 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 duties of loyalty are fulfilled, and interests are disclosed;
- 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 issued to the supervisory authority;
- the Occupational benefit scheme's interests are safeguarded in disclosed transactions with related parties.

In the case of one pension fund, the regulatory limits for investments in the money market were exceeded in the reporting year and those for investments in property and shares abroad were not complied with as at the balance sheet date (see presentation in note 6.2 of the annual financial statements).

Another pension fund did not meet the regulatory requirements for investments in Swiss equities in the reporting year was also not in compliance as at the balance sheet date (see presentation in note 6.2 of the annual financial statements).

In addition, the statutory limit for individual debtors in accordance with art. 54 OPO 2 and for investments in individual properties in accordance with art. 54b para. 1 OPO 2 are not complied with in the case of one pension fund (see presentation in note 6.4 of the annual financial statements).

We confirm that the applicable legal, statutory and regulatory provisions in this regard have been complied with except for the effects of the matters relating to investments described in the above paragraph.

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

PricewaterhouseCoopers AG

Marco Tiefenthal Brian Bauhart
Licensed audit expert Licensed audit expert
Auditor in charge

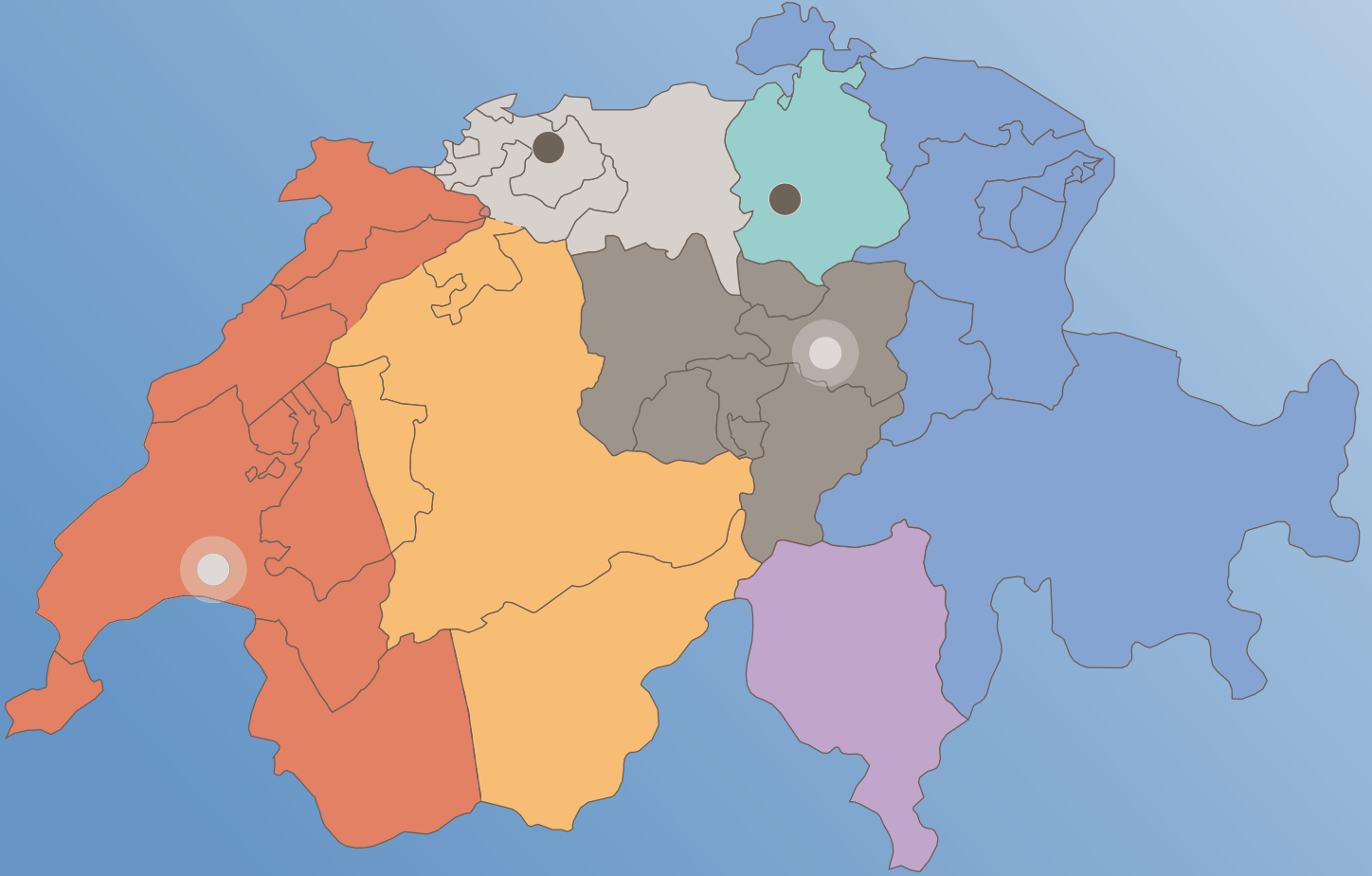
Basel, 13 May 2024

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The German text is authoritative.

Schwyz is our home – we are at home in Switzerland



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




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Regional locations

We have strong

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