

To all pensioniers insured by the
Fondazioni EFG

Lugano, 08 May 2018

Elections to Foundation Boards for the four-year period from 07.2018 to 06.2022

Dear Sir/Madam

Yesterday, 7 May 2018, the Delegates' Meeting of Fondazione di Previdenza EFG SA ("Fondazione") and of Fondo Complementare di Previdenza EFG SA ("Fondo") ("Fondazioni") took place.

The two principal items of discussion were the presentation of Annual Accounts 2017 and the election of new Board members to represent the active members of the Fondazioni.

You can find the Annual Accounts of the Fondazioni (in Italian and English versions) on the EFG website as indicated in the attached communication.

Out of 15 candidates for the Fondazione and 10 candidates for the Fondo, the following Representatives of active members have been elected for the quadrennial 2nd sem. 2018 / 1st sem. 2022 for the Fondazione:

Antonini Massimo
Moser Christian
Rossi Omar
Calderari Tiziano

and for the Fondo:

Antonini Massimo
Rossi Omar

We would like to extend our best wishes to all the above staff members as they prepare to face their new challenges and for the services they would be able to carry out to all active members and pension beneficiaries.

Best regards,

Amministrazione Fondazioni di Previdenza EFG

To all active insured
To pensioners
To employers: EFG SA, EFG AM SA, Dreieck SA,
Finnat SA, Patrimony 1873 SA

Lugano, 08 May 2017

2017 Annual Financial Statements

Dear Sir/Madam

The Board of "Fondazione di previdenza EFG SA" ("Fondazione") and the Board of "Fondo Complementare di Previdenza EFG SA" ("Fondo") ("Fondazioni") approved the 2017 annual financial statements during the meetings of April 11th, 2018.

2017 has been a good year for the **performance** obtained by the management of the Fondazione's assets, which reached **6.99%**.

An important portion of the performance has been dedicated to update the technical bases, with the introduction of the generational tables LPP2015 year 2018 and with the decrease of the technical rate from 2.50% to 2.25%.

At the end of the year, the financial statement of the Fondazione registered a gain of CHF 28.5 million, leading to the increase of the fluctuation reserve, which, at the end of 2017, amounted to CHF 36.6 million. We are still far from the target set for this reserve, which corresponds to 16.4% of the pension obligations, i.e. CHF 151.8 million. The increase of the fluctuation reserve remains an important target to be achieved, in order to confer the Fondazione a better risk capacity and a financial stability useful to face up to the future with more certainty.

The net total assets amount to CHF 962.1 million, and the pension capital and the actuarial provisions amount to CHF 925.5 million. Accordingly, the Fondazione's **coverage ratio** has increased from 100.9% of 2016 to **104.0% at the end of 2017**. The projections for the future show however a slight, but constant decline, if the market conditions do not improve.

In conclusion, the Fondazione is still in a good financial situation, even though its financial balance is constantly hard tested by demographic and market trends.

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The annual financial statements of the Fondo experienced a similar development and registered, at the end of the year, a gain of CHF 7 million, leading to the increase of the fluctuation reserve, which, at the end of 2017, amounted to CHF 11.4 million. We are still far from the target set for this reserve, which corresponds to 16.8% of the pension obligations, i.e. CHF 29.1 million. For the Fondo, as well, increasing the fluctuation reserve is an important target to be achieved.

The **performance** obtained by the management of the Fondo's assets has reached **6.21%**.

An important portion of the performance has been dedicated to update the technical bases (with the introduction of the generational tables LPP2015 year 2018 and with the decrease of the technical rate from 2.50% to 2.25%) and to create a reserve in view of a possible decrease of the technical rate to 2.00% foreseen for next year.

The net total assets amount to CHF 184.4 million, and the pension capital and the actuarial provisions amount to CHF 173 million. The Fondo's **coverage ratio** increased from 102.3% of 2016 to **106.6% at the end of 2017**. As for the Fondazione, the projections for the future show a slight, but constant decline, if the market conditions do not improve.

The 2017 annual financial statements were presented by the respective Boards to the Delegates' Meetings, during the sessions of 7 May 2018. They are available to all active insured and pensioners, following the policy of transparent, timely and capillary communication that the Fondazioni have built over the years. The annual financial statements are available in Italian and English, to all *active insured* on the corporate portal (HR / Pension Fund / Fondazioni di Previdenza EFG SA / Annual Reports), while *pensioners* may obtain it via the following link:
<http://efginternational.tinext.net/en/fondazioneprev>.

Best Regards,



Massimo Antonini
Chairman of the Board
Fondazione
di Previdenza EFG SA



Thierry Cerclé
Chairman of the Board
Fondo Complementare
di Previdenza EFG SA



Michele Casartelli
Foundation Manager
Fondazioni EFG SA

c.c.:

- Autorità di Vigilanza sulle Fondazioni e LPP della Svizzera Orientale (Authority on Foundations and LPP of Eastern Switzerland), Piazza Stazione 4a, 6602 Muralto
- Ernst & Young SA, Corso Elvezia 9, 6901 Lugano
- Willis Towers Watson, Talstrasse 62, 8021 Zürich