

Vita Classic – Investment reports

June 30, 2021

Review

Important facts	
Foundation name	Vita Collective Foundation
Pension assets	CHF 18.15 billion
Annual performance 2020	5.55%
Average performance 2016 – 2020	4.24% p.a.
Coverage ratio (Art. 44 para. 2 BVV 2)	113.2%

Stock markets continue to set new records

Spearheaded by the United States, stock market indices again reached new highs in the second quarter of 2021, despite inflation concerns. During the first three months of the year, bondholders were still smarting under poor performance. This was no longer the case in the second quarter. Although many countries around the globe are experiencing high inflation, the rise in interest rates on the bond markets has so far been a temporary phenomenon.

Investment development

2021 performance contributions	In %
Bonds	-0.24
Real estate	0.91
Equities	4.99
Alternative investments	0.87
Miscellaneous (put and mortgages)	-0.25
Total	6.28

Performance as at 06/30/2021	In %
Year(s) of operation	6.28
Year 1	13.08
3 years. p.a.	5.92
5 years. p.a.	5.48
1st quarter	2.99
2nd quarter	3.20
3rd quarter	n.a.
4th quarter	n.a.

Optimistic investors

Nothing seems to be able to curb the considerable optimism among investors. Spurred on by the central banks' support measures, a glut of money is flowing into the capital market, ensuring that interest rates remain low and valuations remain high. Although a continued upswing appears plausible, risk factors should not be ignored.

Rising COVID-19 infections and a slowing vaccination rate could set the economy back again. High inflation rates, while

temporary at present, will need to be monitored. In addition, tighter control by China's authorities will slow down IPOs of Chinese tech companies. Likewise, leading economic indicators are already starting to weaken again in some regions – at least in the manufacturing sector

Against this backdrop, holding a diversified portfolio that can survive in different economic environments is a must.

Investment strategy

Asset structure as at 06/30/2021	In %	Target	Min.	Max.
		Strategy		
Swiss equities	6.12	6.00	4.00	8.00
Foreign equities	25.49	24.00	19.00	29.00
Total equities	31.61	30.00		
Swiss bonds	9.70	10.00	7.00	13.00
Foreign bonds	20.77	19.00	13.00	25.00
Total capital market	30.47	29.00		
Swiss real estate	9.93	10.00	5.00	17.00
Foreign real estate	5.31	5.00	2.00	8.00
Total real estate	15.24	15.00		
Mortgages	6.91	7.00	3.00	11.00
Total mortgages	6.91	7.00		
Private equity	2.94	3.00	0.00	5.00
Hedge fund	5.47	6.00	4.00	8.00
Infrastructure	1.40	3.00	0.00	8.00
Senior loans	3.73	4.00	2.00	6.00
Direct lending	1.42	2.00	0.00	4.00
Total alternative investments	14.96	18.00		
Total liquidity	0.66	1.00	0.00	5.00
Total miscellaneous	0.15			
Total	100.00	100.00		

Ten largest positions. Equities	In % of portfolio
Nestlé SA	1.22%
Roche Holding AG	0.95%
Apple Inc	0.74%
Novartis AG	0.73%
Microsoft Corp	0.60%
Alphabet Inc	0.48%
Amazon.com Inc	0.46%
Taiwan Semiconductor Manufacturing Co Ltd	0.33%
Samsung Electronics Co Ltd	0.30%
Tencent Holdings Ltd	0.30%
Total	6.11%

Ten largest positions. Bonds	In % of portfolio
United States of America	3.79%
Pfandbriefbank schweizerischer Hypothekarinstitute	1.70%
Swiss Confederation	1.45%
Pfandbriefzentrale der schweizerischen Kantonalbanken AG	1.28%
French Republic	1.10%
Kingdom of Spain	0.56%
Federal Republic of Germany	0.45%
Canton of Zurich	0.29%
Canton of Geneva	0.26%
Kingdom of Belgium	0.20%
Total	11.08%

Another excellent performance

The buoyant mood on the capital markets also boosted the Vita Collective Foundation portfolio, which achieved an excellent performance of 6.28 percent in the first half of 2021. Among the traditional asset classes, equities once again came out on top. However, most other asset classes also performed very encouragingly, contributing to a pleasing overall performance.

Bonds were not yet able to recoup the losses suffered in the first quarter and were still in the red overall at the end of the first half of the year. However, they once again had a very valuable stabilizing effect, especially in the final weeks of the second quarter, when market volatility surged.

Outlook for the second half of the year

Record highs on the stock markets unsettle some investors, while making others euphoric. Many are now asking themselves whether a similarly positive performance can be expected in the second half of 2021 as in the first.

The US in particular is currently experiencing a veritable shopping spree. Many goods are becoming scarce due to huge consumer demand, and prices are rising. However, the Fed insists that this is a temporary phenomenon and continues to supply the market with cheap money. The prevailing opinion among professional investors is that this is merely a temporary hike in inflation.

Nevertheless, it is not only cyclical developments that need to be kept in mind. Towards the middle of the year, coronavirus infections rose again in many countries – in some cases even in those with high vaccination rates. Although case numbers are still far from the previous highs, the coronavirus crisis is not yet over. In addition to a rising number of cases, the greatest risk is posed by mutations that are resistant to the vaccines. Regional outbreaks, combined with the closure of key infrastructure such as ports or factories, could also have a severe impact on the global supply chain and possibly lead to further price increases.

Still, so long as confidence in central banks remains unshaken and no new risks emerge, the stock market recovery is likely to continue. The only thing clouding the outlook at the moment is that there seems to be nothing clouding the outlook – and that makes experienced investors at least a little cautious.



Disclaimer: This publication has been prepared with the greatest possible care. With regard to content, the Vita Collective Foundation disclaims any responsibility for the currentness, completeness and accuracy of data.

Vita Collective Foundation
Hagenholzstrasse 60 | 8050 Zurich, Switzerland
www.vita.ch