

Vita Classic – Investment reports

September 30, 2021

Review

Important facts	
Foundation name	Vita Collective Foundation
Pension assets	CHF 18.19 billion
Annual performance 2020	5.55%
Average performance 2016 – 2020	4.24% p.a.
Coverage ratio (Art. 44 para. 2 BVV 2)	112.7%

Volatile sideways movement

The third quarter of 2021 was significantly more volatile than the previous months. Despite this, we are still seeing record stock market levels, particularly in the United States. The first major correction of the year came towards the end of the quarter. However, the Vita Collective Foundation still managed a positive return – across the entire portfolio – even in the past three months.

Investment development

2021 performance contributions	In %
Bonds	-0.34
Real estate	1.16
Equities	4.61
Alternative investments	1.38
Miscellaneous (put and mortgages)	-0.22
Total	6.58

Performance as at 09/30/2021	In %
Year(s) of operation	6.58
Year 1	11.29
3 years. p.a.	5.85
5 years. p.a.	5.07
1st quarter	3.01
2nd quarter	3.23
3rd quarter	0.24
4th quarter	n.a.

High energy prices cause uncertainty

In many places, the rapid rise in energy prices is driving up costs for heating and gasoline – and this ahead of the upcoming winter. This development has already led to growing displeasure among the population in several European states.

However, high energy prices are not only explosive politically. They have also led to some factories temporarily halting operations. To date, this has mainly affected high-energy activities such as the production of steel.

High energy costs made production prohibitively expensive for some manufacturers, which in turn led to the further shortage of certain industrial goods in some cases.

Alongside high energy prices, the payment problems of the Chinese real estate group "Evergrande" also dampened the mood among market participants. While the uncontrolled collapse of the real estate giant has been prevented thus far, the crisis surrounding the heavily indebted firm is not yet over.

Investment strategy

Asset structure as at 09/30/2021	In %	Target	Min.	Max.
		Strategy		
Swiss equities	6.10	6.00	4.00	8.00
Foreign equities	24.27	24.00	19.00	29.00
Total equities	30.37	30.00		
Swiss bonds	9.88	10.00	7.00	13.00
Foreign bonds	20.47	19.00	13.00	25.00
Total bonds	30.35	29.00		
Swiss real estate	7.61	10.00	5.00	17.00
Foreign real estate	8.01	5.00	2.00	8.00
Total real estate	15.62	15.00		
Mortgages	6.93	7.00	3.00	11.00
Total mortgages	6.93	7.00		
Private equity	3.22	3.00	0.00	5.00
Hedge fund	5.47	6.00	4.00	8.00
Infrastructure	2.07	3.00	0.00	8.00
Senior loans	3.79	4.00	2.00	6.00
Direct lending	1.54	2.00	0.00	4.00
Total alternative investments	16.09	18.00		
Total liquidity	0.40	1.00	0.00	5.00
Total miscellaneous	0.24			
Total	100.00	100.00		

Ten largest positions. Equities	In % of portfolio
Nestlé SA	1.17%
Roche Holding AG	0.90%
Novartis AG	0.68%
Apple Inc	0.66%
Microsoft Corp	0.58%
Alphabet Inc	0.45%
Amazon.com Inc	0.41%
Taiwan Semiconductor Manufacturing Co Ltd	0.34%
Samsung Electronics Co Ltd	0.29%
Facebook Inc	0.29%
Total	5.77%

Ten largest positions. Bonds	In % of portfolio
United States of America	3.80%
Pfandbriefbank schweizerischer Hypothekarinstitute	1.62%
Pfandbriefzentrale der schweizerischen Kantonalbanken AG	1.30%
Swiss Confederation	1.27%
French Republic	0.69%
Kingdom of Spain	0.57%
Federal Republic of Germany	0.40%
Canton of Geneva	0.27%
Zürcher Kantonalbank	0.24%
Kingdom of Belgium	0.22%
Total	10.38%

Good performance in the year to date

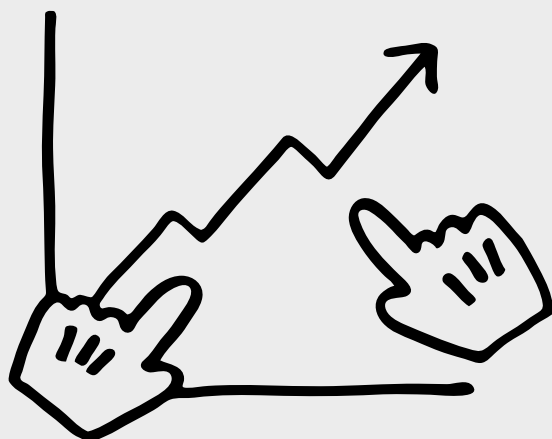
The portfolio of the Vita Collective Foundation was already performing very well as of the end of the first half of 2021. Among the traditional asset classes, equities once again led the way. Despite a weak period at the end of the third quarter, the return of the overall portfolio continues to be very good.

In the extended portfolio too, more risky asset classes impressed. Returns from the private equity area and infrastructure investments merit special mention. Furthermore, real estate investments have generated a very good total return to date. Bonds are once again on the negative side, having suffered most so far from the fear of inflation and rising interest rates.

Focusing on inflation

At present, hardly a day goes by when we don't read about higher energy prices or tailbacks of cargo ships. Disruptions to the global distribution chain are leading to a scarcity of certain goods, particularly steel and semiconductors. This has led the first firms to warn – despite full order books – that they might not be able to deliver the planned volumes.

In recent months, this shortage, which has been apparent for some time, has been accompanied by an increase in energy prices – particularly for natural gas. The combination of high energy prices, shortages and catch-up effects has led to high inflation rates in many countries. For central banks, the situation is difficult. On the one hand, they have to keep inflation under control. On the other hand, they cannot reduce stimuli too soon and thereby stall the still-fragile economic upturn. The economists responsible continue to promise that inflation is only temporarily high and will normalize again. Nevertheless, many market participants are expecting the cutting of support measures, for instance with respect to bond purchases, or initial interest rate hikes around the end of this year.



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