

Vita Classic – Investment reports

December 31, 2021

Review

Important facts	
Foundation name	Vita Collective Foundation
Pension assets	CHF 18.69 billion
Net performance 2021	8.49%
Average net performance 2017–2021	5.01% p.a.
Coverage ratio (Art. 44 para. 2 BVV 2)	n.a.

Good share performance

After a dip at the end of the third quarter, the final quarter of 2021 still ended positively in many stock markets. Viewed over the year as a whole, 2021 will even go down in history due to the very good return. Bonds had to struggle more: The rise in interest rates in the last two weeks of December, in particular, prevented better performance.

Investment development

2021 performance contributions	In %
Bonds	-0.50
Real estate	1.85
Equities	5.97
Alternative investments	1.54
Miscellaneous (put and mortgages)	-0.37
Total	8.49

Performance as at 12/31/2021	In %
Year(s) of operation	8.49
Year 1	8.49
3 years. p.a.	7.42
5 years. p.a.	5.01
1st quarter	2.96
2nd quarter	3.15
3rd quarter	0.21
4th quarter	1.96

Inflation determines what's happening

For many households, this winter will be expensive – because energy costs have risen significantly. This is also reflected in the increased inflation rates. So far, Switzerland has been spared inflation rates like those in the U.S. or, to some extent, in Europe, but prices are also higher in this country. At the moment, however, the strong Swiss franc still acts as a natural protective wall preventing prices from rising too rapidly.

If the central banks raise interest rates in the fight against inflation, this will put pressure on growth companies with very high valuations in particular. Other companies will, however, also be affected. Unrest could also arise on the bond market. A global sideline, but an important asset class for the Vita Collective Foundation, is the real estate market in Switzerland. If interest rates – especially for mortgages – continue to rise, this could reverse the rapid growth in real estate prices in recent years or at least slow it down noticeably.

Investment strategy

Asset structure as at 12/31/2021	In %	Target	Min.	Max.
		Strategy		
Swiss equities	6.42	6.00	4.00	8.00
Foreign equities	25.55	24.00	19.00	29.00
Total equities	31.97	30.00		
Swiss bonds	10.21	10.00	7.00	13.00
Foreign bonds	19.83	19.00	13.00	25.00
Total bonds	30.04	29.00		
Swiss real estate	10.32	10.00	5.00	17.00
Foreign real estate	5.39	5.00	2.00	8.00
Total real estate	15.71	15.00		
Mortgages	6.75	7.00	3.00	11.00
Total mortgages	6.75	7.00		
Private equity	3.30	3.00	0.00	5.00
Hedge fund	4.16	6.00	4.00	8.00
Infrastructure	2.09	3.00	0.00	8.00
Senior loans	3.63	4.00	2.00	6.00
Direct lending	1.60	2.00	0.00	4.00
Total alternative investments	14.78	18.00		
Total liquidity	0.55	1.00	0.00	5.00
Total miscellaneous	0.20			
Total	100.00	100.00		

Ten largest positions. Equities	In % of portfolio
Nestlé SA	1.28%
Roche Holding AG	0.97%
Apple Inc	0.79%
Tencent Holdings Ltd.	0.76%
Novartis AG	0.72%
Microsoft Corp	0.65%
Alibaba Group Holding Ltd.	0.51%
Alphabet Inc	0.45%
Amazon.com Inc	0.38%
Nvidia Corp	0.29%
Total	6.80%

Ten largest positions. Bonds	In % of portfolio
United States of America	3.64%
Pfandbriefbank schweizerischer Hypothekarinstitute	1.73%
Swiss Confederation	1.33%
Pfandbriefzentrale der schweizerischen Kantonalbanken AG	1.33%
French Republic	0.65%
Kingdom of Spain	0.51%
Federal Republic of Germany	0.45%
Canton of Geneva	0.27%
Zürcher Kantonalbank	0.24%
Electricité de France SA	0.17%
Total	10.32%

High-return year

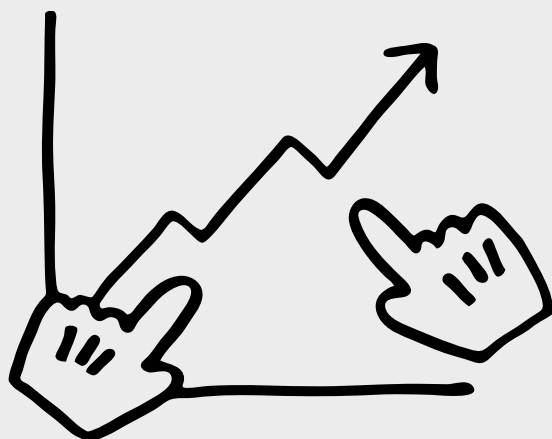
Although the past year ended on a volatile note, overall the Vita Collective Foundation portfolio achieved very good performance. Among the traditional asset classes, equities unsurprisingly stand out. Equity-like investments in the private market, such as private equity or infrastructure investments, also experienced a really good year.

Bonds are important for the stability of the portfolio, but they have fallen behind in terms of returns. Once again, however, real estate investments had convincing performance also finishing the year with a good return between the two poles of equities and bonds.

Revised strategic asset allocation

In the autumn of 2021, the Vita Collective Foundation had to review its strategic asset allocation once again. Here, both the characteristics of the Foundation and the environment on the capital markets play an important role.

Following the changes of last year, which were dominated by the revised Vita Classic retirement provision model, this year the Collective Foundation focused on currency risks and sustainability. The decision was also made to sell the hedge fund investments.



Nowadays it is impossible to imagine an investment strategy without sustainable investments that take into account not only purely financial goals but also ecological, social and good corporate governance aspects. Furthermore, the portfolio of the Vita Collective Foundation already includes many praiseworthy examples. The Foundation would like to follow this path even more consistently in future and has therefore decided to invest in green bonds for the first time. Green bonds refer to bonds that are issued by companies to finance "green" projects. The aim of these is to improve the eco-balance, which can be achieved, for example, by implementing measures to reduce CO₂ emissions.

Another major project in 2021 was the revision of the currency hedging strategy of the Vita Collective Foundation. This involved a system adjustment as well as a further reduction of foreign currency risks. The new foreign currency hedging strategy primarily increases the stability of the portfolio.

Last year, the Foundation defined a strategic asset allocation – "Ambition 2025" – for the first time. This allows a somewhat broader view of the future and, in particular, describes the structure of illiquid assets. In 2021, the Vita Collective Foundation made progress in this area as well with further investments and is therefore well on track to achieve the "Ambition 2025" objectives.

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