

# Vita Classic – Investment reports

## March 31, 2022

### Review

Important facts	
Foundation name	<b>Vita Collective Foundation</b>
Pension assets	<b>CHF 18,44 billion</b>
Net performance 2021	<b>8.49%</b>
Average net performance 2017–2021	<b>5.01% p.a.</b>
Coverage ratio (Art. 44 para. 2 BVV 2)	<b>110.7%</b>

### Geopolitical tensions negatively impact financial markets

The first quarter of 2022 was characterized by the Russian invasion of Ukraine and the consequent inflationary environment. Global stock markets declined significantly under these challenging and volatile conditions. Bonds too, suffered from rising interest rates and the falling prices that ensued. Commodity markets, particularly the energy sector, benefited from the conflict in Ukraine. Oil prices reached their highest level since 2014.

### Investment development

2022 performance contributions	In %
Bonds	<b>-1.74</b>
Real estate	<b>0.07</b>
Equities	<b>-1.96</b>
Infrastructure	<b>-0.04</b>
Alternative investments	<b>0.15</b>
Miscellaneous (Mortgages, put and FX hedge)	<b>-0.05</b>
<b>Total</b>	<b>-3.57</b>

Net performance as at 03/31/2022	In %
Year(s) of operation	<b>-3.57</b>
Year 1	<b>1.65</b>
3 years. p.a.	<b>4.78</b>
5 years. p.a.	<b>3.82</b>
1st quarter	<b>-3.57</b>
2nd quarter	<b>n.a.</b>
3rd quarter	<b>n.a.</b>
4th quarter	<b>n.a.</b>

### Low share of Russian securities

In late February, Russian forces invaded Ukraine. This had other consequences too, in terms of global financial markets. The West imposed far-reaching sanctions on Russia, and some of them affected the capital market. Companies doing a large proportion of their business in Russia came under pressure to sell. Russia suspended trading on the stock exchange, to stem the outflow of foreign capital.

As at the end of February, the share of Russian securities in the total assets of the Vita Collective Foundation was

rather low, at around 0.18 percent, or 34.3 million Swiss francs. This is down to the way the investment strategy was designed, whereby the Foundation made a conscious decision to avoid emerging market bonds. It has no investments in Ukraine or Belarus. The investment commission has moreover decided not to make any further purchases in Russian securities.

## Investment strategy

Asset structure as at 03/31/2022	In %	Target	Min.	Max.
		Strategy		
Swiss equities	6.12	6.00	4.00	8.00
Foreign equities	26.29	27.00	22.00	32.00
<b>Total equities</b>	<b>32.41</b>	<b>33.00</b>		
Swiss bonds	10.33	11.00	8.00	14.00
Foreign bonds	20.16	21.00	15.00	27.00
<b>Total bonds</b>	<b>30.49</b>	<b>32.00</b>		
Swiss real estate	10.84	10.00	5.00	17.00
Foreign real estate	5.25	5.00	2.00	8.00
<b>Total real estate</b>	<b>16.09</b>	<b>15.00</b>		
Mortgages	6.78	7.00	3.00	11.00
<b>Total mortgages</b>	<b>6.78</b>	<b>7.00</b>		
Infrastructure	1.81	3.00	0.00	8.00
<b>Total infrastructure</b>	<b>1.81</b>	<b>3.00</b>		
Private Equity	3.64	3.00	0.00	5.00
Hedgefonds	2.54	0.00	0.00	7.00
Private Debt	5.49	6.00	2.00	10.00
<b>Total alternative investments</b>	<b>11.67</b>	<b>9.00</b>		
<b>Total liquidity</b>	<b>0.46</b>	<b>1.00</b>	<b>0.00</b>	<b>5.00</b>
<b>Total miscellaneous</b>	<b>0.29</b>			
<b>Total</b>	<b>100.00</b>	<b>100.00</b>		

Ten largest positions. Equities	In % of portfolio
Nestlé SA	1.23%
Roche Holding AG	0.96%
Apple Inc	0.86%
Novartis AG	0.73%
Microsoft Corp	0.66%
Alphabet Inc	0.48%
Amazon.com Inc	0.45%
Nvidia Corp.	0.33%
Taiwan semiconductor manufacturing co	0.33%
Samsung electronics co ltd	0.27%
<b>Total</b>	<b>6.30%</b>

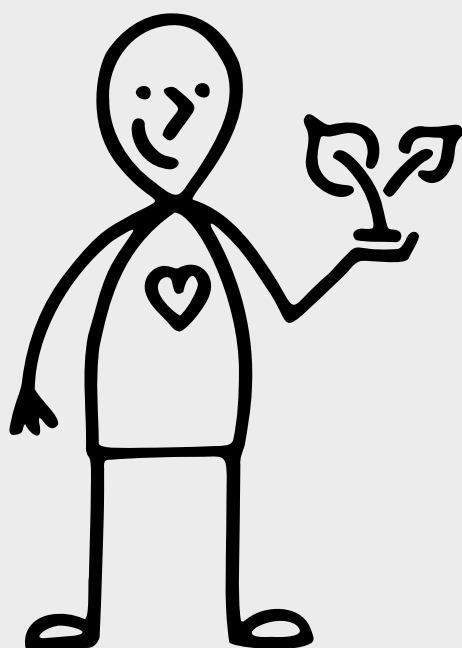
Ten largest positions. Bonds	In % of portfolio
United States of America	3.75%
Pfandbriefbank schweizerischer Hypothekarinstitute	1.69%
Swiss Confederation	1.39%
Pfandbriefzentrale der schweizerischen Kantonalbanken AG	1.30%
French Republic	0.71%
Federal Republic of Germany	0.47%
Kingdom of Spain	0.45%
Zürcher Kantonalbank	0.29%
Canton of Geneva	0.25%
European Investment Bank	0.20%
<b>Total</b>	<b>10.50%</b>

### Implementing the 2022 strategic asset allocation

The updated strategic asset allocation of the Vita Collective Foundation came into force on January 1, 2022. The foundation had decided to sell the hedge fund investments and increase the allocation in equities and bonds. It is also continuing to focus on sustainability and is now consciously investing in green bonds. Another important pillar in the

investment strategy is currency hedging: The foundation has, for example, decided to further reduce foreign currency risks. The new foreign currency hedging strategy primarily increases the stability of the portfolio. It already proven its worth in the first quarter of 2022, when currencies became more volatile due to the crisis in Ukraine.

## Vita Collective Foundation adopts exclusion criteria for coal



The energy sector is responsible for around three quarters of global greenhouse gas emissions. Most of these emissions are caused by the combustion of fossil fuels in order to generate electricity and heat. To achieve the climate targets set by the Paris Agreement for 2050, according to calculations by the IPCC (Intergovernmental Panel on Climate Change), most reserves of coal, oil and natural gas would have to remain underground, or no longer be burned. The fossil fuel industry is in danger of becoming one of the so-called “stranded assets” due to environmental and climate-related risks. Coal-fired power generation is considered to be particularly damaging to the climate and must be reduced to almost zero in all climate scenarios. The value of coal companies whose business models are based on the generation of electricity from coal, and that are less adaptable, is likely to fall in the long term, as a result of coal being phased out, or related taxation.

The Vita Collective Foundation has decided to exclude companies from its equities and alternative investments that derive more than 30 percent of their revenue from thermal coal mining, produce more than 20 million tons of thermal coal per year, generate more than 30 percent of their electricity from coal, or are in the process of developing new infrastructure projects for coal mining or coal-fired power generation. Similar exclusion criteria have also been established for the extraction of oil from oil sand and the mining of oil shale. The foundation is convinced that by taking this step it is contributing to the decarbonization of the energy sector and to the shift towards renewable energy.

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.

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