

# Vita Classic – Investment reports

## June 30, 2023

### Review

Important facts	
Foundation name	<b>Vita Collective Foundation</b>
Pension assets	<b>CHF 18.24 billion</b>
Net performance 2022	<b>-9.80%</b>
Average net performance 2018–2022	<b>1.59% p.a.</b>
Coverage ratio (Art. 44 para. 2 BVV 2)	<b>104.4%</b>

### Suspension of United States' debt ceiling

The financial markets appear to have weathered the upheaval among certain U.S. banks well. Equities were able to continue the positive trend – albeit in a weakened form. Nevertheless, the U.S. remains the focus: Once again, U.S. national debt is reaching its legislative limit. A default by this key global trading partner would have far-reaching consequences for the world economy. However, shortly before the deadline Congress passed a temporary suspension of the debt ceiling.

### Investment development

2023 performance contributions	In %
Bonds	<b>0.65</b>
Real estate	<b>-0.05</b>
Equities	<b>3.28</b>
Infrastructure	<b>-0.05</b>
Alternative investments	<b>0.19</b>
Miscellaneous (mortgages, put options and FX hedge)	<b>0.06</b>
<b>Total</b>	<b>4.08</b>

Net performance as at 06/30/2023	In %
Year(s) of operation	<b>4.08</b>
Year 1	<b>3.07</b>
3 years, p.a.	<b>2.65</b>
5 years, p.a.	<b>2.52</b>
1st quarter	<b>2.70</b>
2nd quarter	<b>1.33</b>
3rd quarter	<b>n.a.</b>
4th quarter	<b>n.a.</b>

### Economic growth moves to the fore

While inflation was the key concern of the last few months, the focus of the 2nd quarter shifted toward growth data. In the majority of countries the rate of inflation is falling, marking a reversal of recent trends. Nevertheless, inflation is still above the two percent target set by most central banks. To combat inflation, central banks are enacting prime rate hikes. Simply put, this is slowing down the economy. Thanks to rising prices, saving has become more

attractive than consuming and leveraged investments are becoming more expensive due to the higher cost of borrowing. Overall, supply and demand are changing, which will ultimately result in lower prices. To prevent the economy from sliding into a recession, it is imperative that interest rates are raised only as far as is necessary. Post-COVID catch-up effects are stabilizing the economy for the time being.

## Investment strategy

Asset structure as at 06/30/2023	In %	Target	Min.	Max.
		Strategy		
Swiss equities	5.82	6.00	4.00	8.00
Foreign equities	26.79	27.00	22.00	32.00
<b>Total equities</b>	<b>32.61</b>	<b>33.00</b>		
Swiss bonds	10.90	11.00	8.00	14.00
Foreign bonds	18.44	21.00	15.00	27.00
<b>Total bonds</b>	<b>29.34</b>	<b>32.00</b>		
Swiss real estate	12.22	10.00	5.00	17.00
Foreign real estate	4.56	5.00	2.00	8.00
<b>Total real estate</b>	<b>16.78</b>	<b>15.00</b>		
Mortgages	7.07	7.00	3.00	11.00
<b>Total mortgages</b>	<b>7.07</b>	<b>7.00</b>		
Infrastructure	2.71	3.00	0.00	8.00
<b>Total infrastructure</b>	<b>2.71</b>	<b>3.00</b>		
Private equity	4.01	3.00	0.00	5.00
Hedge funds	0.00	0.00	0.00	7.00
Private debt	6.33	6.00	2.00	10.00
<b>Total alternative investments</b>	<b>10.43</b>	<b>9.00</b>		
<b>Total liquidity</b>	<b>0.96</b>	<b>1.00</b>	<b>0.00</b>	<b>5.00</b>
<b>Total miscellaneous</b>	<b>0.10</b>			
<b>Total</b>	<b>100.00</b>	<b>100.00</b>		

Ten largest positions: equities	In % of portfolio
Nestlé SA	1.11%
Apple Inc	0.90%
Roche Holding AG	0.78%
Novartis AG	0.76%
Microsoft Corp	0.73%
Alphabet Inc	0.47%
Nvidia Corp	0.39%
Amazon.com Inc	0.37%
Taiwan Semiconductor Manufacturing Co	0.33%
Cie Financière Richemont SA	0.32%
<b>Total</b>	<b>6.16%</b>

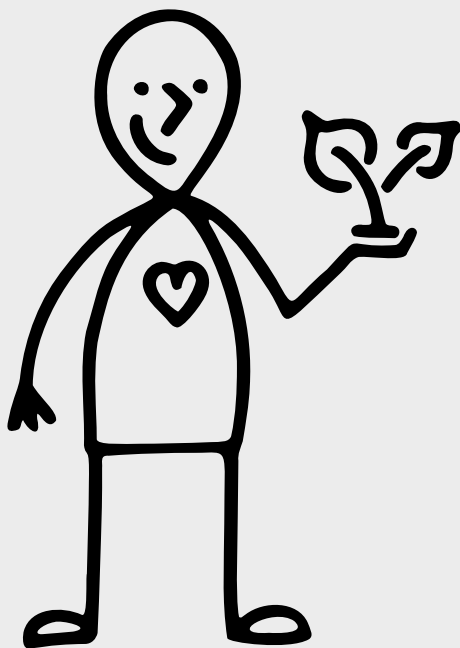
Ten largest positions: bonds	In % of portfolio
United States of America	3.61%
Pfandbriefbank schweizerischer Hypothekarinstitute	1.97%
Pfandbriefzentrale der schweizerischen Kantonalbanken AG	1.32%
Swiss Confederation	1.09%
French Republic	0.37%
Federal Republic of Germany	0.35%
Kingdom of Spain	0.29%
Zürcher Kantonalbank	0.28%
Canton of Geneva	0.21%
Luzerner Kantonalbank AG	0.19%
<b>Total</b>	<b>9.68%</b>

### Equity as a performance driver

The stock market was largely unfazed by the banking turbulence and continued its positive trend. Tech-shares saw strong growth – driven by the economic potential of artificial intelligence. For bonds, the market environment is more challenging. Growing concerns about the economy put pressure on the returns of safer government bonds. After ten interest rate hikes, the U.S. Federal Reserve

announced a pause for the first time in June. Firstly, because inflation has decreased considerably, and secondly, to wait and see whether turbulence in the banking sector would lead to more cautious lending. The Vita Collective Foundation concluded the first half of the year with a performance of 4.08%.

## More focus on sustainability in exercising voting rights



In spring 2023, the Vita Collective Foundation utilized its voting principles to strengthen its focus on sustainability. As an active shareholder, it is guided by ESG (Environment, Social, Governance) guidelines when exercising its voting rights – with a focus on combating climate change. Here, the Foundation places great value on the disclosure of companies' climate policies and practices. It promotes transparency across social and ecological issues, as well as those relating to labor law, and in the reporting of sustainable business practices.

In the first half of 2023, the Vita Collective Foundation refused to accept the sustainability reports issued by a Swiss company. There were clear gaps in the reporting, which was missing science-based targets. Through its engagement, and by actively exercising its voting rights, the Vita Collective Foundation has the option of exerting greater influence in favor of sustainable development.

Should ongoing dialog with a company fail to result in an improvement, the Foundation has the option of increasing the pressure further through its voting behavior. The Vita Collective Foundation considers it more effective to support companies in their transformation than to implement exclusions across the board. The exclusion of securities will only be used as a last resort and only if the aforementioned steps have failed to bring about a change or if businesses are not in a position to refrain from controversial activities on the basis of their primary business model. In addition, the Foundation always takes steps to ensure that the returns of its portfolios are not negatively influenced.

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