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Gate Gourmet Switzerland (PGG)

Dear Members,

2023 was characterized by heightened volatility in the financial markets which culminated in a strong rally of global stock markets into the year end. As the board of PGG takes its decision for the interest credited to the capital accounts of the members very late in the year **we were able to credit the accounts of our active members with 3.0%,** which is likely to be higher than the average of the Swiss pension funds. Underlying performance was about 4.5% - lower than average due to our portfolio still being positioned rather conservatively, which in the difficult previous year 2022 resulted in significantly lower losses than for the average of Swiss pension funds and most of the common benchmarks.

Pensions paid remain unchanged and we would like to remind members that the calculations determining the pension amounts include a guaranteed interest of about 3.5% p.a. on the capital of pensioners. The board annually compares the credits awarded to pensioners and active members 15 years backwards to assure the fair treatment of all members. In this respect we can state that the credits to pensioners over this period still exceed the credits awarded to active members.

In June 2023 the regular term of all board members ended and all 4 employer representatives were re-appointed for a new 4-year term. Significant changes occurred on the side of the employee representatives. Karl Rawyler our longstanding Vice President retired mid-year. His unwavering engagement for the fund over the last two decades deserves special mentioning – Thank you! Thomas Weiss and Safet Istrefi left gategroup during the year. In the subsequent elections the following employee-representatives were newly elected: Zoran Gligoroski and Argyn Jasari (both for GG Zurich) and Jonathan Brügger (as of February 2024), who is based in Zurich but represents GG Geneva. Sabine Kubatz was re-elected as employee-representative of global headquarters. Subsequently the new Board of Trustees elected her as new Vice President and confirmed the presidency.

The new board revisited the overall investment strategy of the fund in an elaborate process over the year and re-defined the strategic asset allocation. The resulting changes to the fund’s portfolio will be effectuated over the coming year. The most prominent changes include an increase of- and even stricter international diversification in the stock portfolio, a moderate reduction in the allocation to Swiss Real Estate (still remaining in an overweight position) and a more balanced exposure to the various risks in the bond portfolio namely rate-change-, currency- and credit risks. A further reduction in the share of investments with reduced liquidity is contemplated.

Finally the technical parameters were updated to reflect the new interest rate environment and the new strategy. The coverage ratio as of year end 2023 increased to slightly above 117%.

With this the Board considers the financial position of the fund to be solid, even though there remains the need to increase reserves further as there are no freely distributable funds reported on the balance sheet.

I wish you all a successful 2024

Mark Zimmermann

President of the Board of Trustees