

Staff memorandum

Leica Pensionskasse

Heinrich-Wild-Strasse 210
CH-9435 Heerbrugg

Tel. +41 (0)71 727 30 32
info@pk-leica.ch, www.pk-leica.ch

Display until Middle of July 2021
From/date 3032 Fritz Nufer / End of June 2021
Valid for all members of the Leica Pension Fund

Re **Latest information from the Leica Pension Fund**

Dear Sir/Madam

At its meeting on April 27, 2021, the Board of Trustees of Leica Pensionskasse formally closed accounting year 2020. As usual, we would like to provide you with the most important information on the completed reporting year and on the start of the new year.

Financial Statements 2020

The Foundation Board unanimously approved the annual report and the annual financial statement 2020. It re-elected the auditors - KPMG AG, St. Gallen - for another year.

The past year closed with a deficit of CHF 10.4 million. The result was charged to the fluctuation reserves, which were thus formed to around 61% of the target value at the end of 2020. The coverage ratio of the pension fund decreased from 115.8% to 113.6% in 2020. As already described in the information of January 2021, the investment result in 2020 was significantly influenced by the negative results from hedging measures on the share portfolios.

Detailed information on the annual financial statements and the annual report can be found on our website www.pk-leica.ch. The complete annual financial statement can be viewed on request by appointment at the pension fund office.

There are no requirements on the part of the supervisory authorities.

Status at the end of April 2021

The performance of the investments from 01.01.2021 to 31.05.2021 was +4.8%. The approximate coverage ratio thus improved from 113.6% to 118.1% at the end of Mai. The positive trend continued in June.

The performance was mainly driven by the continued strong development of the equity markets (foreign equities +14.1%, Swiss equities +11.3%). In contrast, the environment for fixed-interest investments (especially bonds) was rather unfavourable due to emerging inflation fears and rising interest rate expectations. The performance of CHF bond holdings was -1.5%. A slightly positive result was achieved with foreign currency bonds, as the lower market values - depending on the segment - were compensated by the effect of stronger main foreign currencies (US Dollar, Euro).

In general, it can be said that valuations in almost all asset classes have reached a very high level, which makes the markets increasingly susceptible to effects from inflation and interest rate expectations. In addition, a great deal of optimism is priced into the equity markets from the economic recovery after the foreseeable overcoming of the Corona pandemic. There is a large gap between the development of stock market prices and the measured profit growth of the companies.

At the request of the Investment Commission, the Foundation Board has implemented a slightly modified investment strategy as of 1 May 2021. The adjusted strategy pursues an even broader diversification of the investments with a somewhat lower equity exposure. The adjustment was made primarily because there has been no systematic hedging of equity risks since 1 January 2021 and in consideration of the lower fluctuation reserves compared to the previous year. The investment strategy can also be viewed on the pension fund's website.

Yours sincerely

Leica Pensionskasse



Fritz Nufer
Managing Director