

Staff memorandum

Leica Pensionskasse

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Valid for all members of the Leica Pension Fund

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

Dear Sir/Madam

As usual, we would like to inform you shortly before the turn of the year about the status of the pension fund and innovations that will take effect from the beginning of 2022.

Status at the end of November 2021

The Foundation's investment performance and funding ratio have again improved significantly compared to the situation reported at the end of May. The performance on investments from 01.01. to 30.11.2021 amounts to +7.8%, the approximate coverage ratio calculated without special influences is around 123%.

The performance was primarily driven by the strong development of the equity markets. Investments in real estate, infrastructures and commodities also made a clearly positive contribution. In contrast, investments in bonds in both Swiss francs and foreign currencies recorded slightly negative results. This was mainly caused by book losses due to emerging inflation fears and a slightly rising interest rate level.

We will be happy to provide you with more detailed information next spring as part of the reporting on the 2021 annual report.

Interest on savings capital 2021 and 2022

Last June we informed you about the gradual reduction of the conversion rate. This will prevent a systematic redistribution from active insured persons to new pensioners in the future. The corresponding relief helps to improve the Foundation's earnings situation, and the Board of Trustees has held out the prospect that a higher return on savings capital should be possible in the coming years if the funding ratio is sufficient.

Due to the very positive performance of the assets described at the beginning, the high funding ratio and the improved framework conditions described above thanks to the reduction in the conversion rate, the Foundation Board has decided to credit **interest on the savings capital in 2021 at 7.0%** (basic interest rate according to BVG 1.0% + 6.0% additional interest). The effect of the reduction in the conversion rate is thus already largely compensated on the retirement capital already saved.

The basic interest rate for 2022 was set at 1.0%, corresponding to the BVG minimum interest rate that will continue to apply in the new year. The Board of Trustees will again examine the possibility of an additional interest rate in autumn 2022.

No adjustment of pensions as of 01.01.2022

The Board of Trustees has unanimously decided not to adjust the current pensions as of 01.01.2022, as the current pension recipients have retired with significantly higher conversion rates.

New pension regulations, valid from 01.01.2022

With effect from 01.01.2022, the Board of Trustees has enacted new pension regulations to replace those previously in force.

The main changes to the pension fund regulations are:

- Reduction of the conversion rate in three steps from 5.0% to 4.7% by 2024 (as communicated separately).
- Adjustment of the pension scale for partially disabled persons with a degree of disability of 40% to 70% in accordance with the new regulations of the Federal Disability Insurance.
- The spouse's pension/life partner's pension in the event of death before retirement age is now defined as 35% of the insured salary. This leads to improved benefits for most insured persons. At the same time, in the event of death before reaching retirement age, voluntary purchases since 01.01.2012 will be paid out additionally as a lump-sum death benefit.
- Pension recipients residing in Austria can now apply for payment of the pension in 14 parts, analogous to the salary payment mode.

The Foundation Board has also enacted revised investment regulations. However, this is primarily an editorial modernisation, i.e. the previously valid investment strategy will continue to be pursued unchanged.

The new regulations will be published on our website from around end of January 2022 (www.pk-leica.ch).

We wish you a healthy and successful 2022 and are at your disposal for any additional information.

Yours sincerely

Leica Pensionskasse



Fritz Nufer
(Managing Director)