



**syngenta**

Syngenta Pension Fund  
**Short Report**  
on the Year 2021

## Report by the Executive Director

2021 was an above-average investment year. The total return of most Swiss pension funds was around 8 % (Credit Suisse Swiss Pension Fund Index 8.28 % and UBS Pension Fund Performance 8.06 %). The typical target return of 1.5 % to 2.0 % was exceeded and the technical funding ratio of most pension funds increased significantly in the last year. Over a longer period of time, the return of pension funds has been in positive territory: the Credit Suisse Swiss Pension Fund Index has been posting an average annual return of 3.4 % since 1 January, 2000. The Syngenta Pension Fund achieved a return of 8.5 % in 2021 and was boasting a comfortable funding ratio of 121.2 % at the end of 2021.

In the new pension model, which came into force at Syngenta Pension Fund on 1 January 2022, future new pension payments will consist of a guaranteed basic retirement pension and a variable retirement pension. The variable pension will only be paid out in those years in which the funding ratio of the Pension Fund will allow for it, thus ensuring a better correspondence between the annually credited interest for insured members and future pension payments. Due to the funding ratio of 121.2 % reported at the end of 2021, the variable pension "Plus" will be paid out as a consequence of the new model introduced in 2022. In mathematical terms, such a variable pension "Plus" corresponds to a conversion rate of 4.94 % at the age of 65.

Increasing life expectancy and the situation on the financial markets continue to justify a reform of the Swiss pension system, both in the old-age and survivors' insurance AHV (first pillar) and in occupational pensions (second pillar). Two years ago, the Federal Council adopted the dispatch on the AHV 21 reform. The AHV 21 reform proposal is intended to keep financing of the first pillar in balance until 2030 while at the same time securing the level of old-age pension benefits in Switzerland. The reform now adopted by Parliament comprises a whole package of measures. The retirement age for women will be raised from 64 to 65, ensuring a very smooth transition: the first nine birth cohorts covered by the reform will be able to enjoy pension supplements for the rest of their lives. Around a third of the money

saved by raising the retirement age is spent in this way. At the same time, value-added tax will be increased from 7.7 to 8.1 percent in order to help the ailing social security system to generate new revenue. This AHV proposal does not represent a milestone on the way to sustainably secured old-age provisions. In view of the retiring baby boomers and the billion-dollar holes that are opening up, other reform measures should really be initiated. But even this timid reform has not been wrapped up yet. A broad alliance of trade unions, parties and associations has launched a referendum against the AHV reform, with the main bone of contention being the increase in the retirement age for women.

The reform of occupational pensions is intended to secure the pension level and strengthen its financing. At the end of 2020, the Federal Council adopted the dispatch for the BVG 21 reform and referred it to Parliament. Discussions are currently underway in parliament, with a main dispute continuing over how high the "compensations" for the future reduction of the conversion rate should be and who should pay them.

The Board of Trustees of the Syngenta Pension Fund has already addressed the challenges of longer pension payments and lower expected returns and has introduced the new pension model as of 1 January 2022. With this decision, the Syngenta Pension Fund has set the course early on and can continue to offer attractive pension benefits thanks to the accompanying measures.

Juan Carlos Fernández  
Executive Director

# Trust bodies

**Board of Trustees – period of office July 1, 2018 to June 30, 2022**

Members	Substitutes
<b>Employee representatives</b>	
Bossert Tobias Coquoz Serge Favre Sylvain Geiser Davina Gsell Bettina <b>Sneiders Luc</b> , Deputy Chairman	Bieri Peronnik Burri Manuela Dollinger Daniel Ferrin Dominique Gendre Yannick Schütz Mathieu
<b>Employer representatives</b>	
Cherix Jacques (until 05.2021) Nocera Daniele, Chairman Peter Markus Suter Sandra Vock Elisabeth Widmer Markus	Bugnon Pascal Hemeryck Filip Kälin Patrick Nistler Christian

## Investment Committee

**Nocera Daniele**, (Chairman)  
Member of Board of Trustees  
Geiser Davina, Member of Board of Trustees  
**Bieri Peronnik**, Substitute Member of Board of Trustees  
**Nistler Christian**, Substitute Member of Board of Trustees, Investment Strategist  
**Scherer Hansruedi**, Investment Controller  
PPCmetrics AG, Zürich

## Regulatory Authority

BVG- und Stiftungsaufsicht beider Basel (BSABB)  
Eisengasse 8, 4001 Basel

## Auditor

PricewaterhouseCoopers AG  
St. Jakobs-Strasse 25, 4002 Basel

## Expert in Occupational Benefits Schemes (Actuary)

**Wiedmer Matthias**, Libera AG  
Stockerstrasse 34, 8022 Zürich

## Executive Director

Fernández Juan Carlos

# Investments

## Capital markets in 2021

“The stock market is booming not in spite of, but because of Covid. Without Covid, central banks would not have put these gigantic amounts of liquidity into the market.” This is the answer of Dr. Jens Ehrhardt, a renowned asset manager, to a journalist’s question as to why stock market indices continue to report new records despite Covid. In fact, the monetary policy tailwind has been enormous: the four largest central banks (FED, ECB, BoE and BoJ) alone have spent the equivalent of approximately USD 16 trillion on bond purchases over the past seven years. This so-called quantitative easing has two effects: on the one hand, the additional demand for bonds increases their price and at the same time keeps long-term interest rates low. The central banks finance these bond purchases by creating new money (expanding the money supply). The sellers of the bonds now have liquid funds at their disposal, and often these funds are invested in the stock or real estate market in anticipation of achieving higher returns. Monetary expansion also has an impact on the real economy: consumers are expanding their consumption and companies are capitalizing on low interests for long-term investments. The zero-interest rate policy also benefitted the countries: they were able to continue to incur debts without noticeably increasing their interest burden.

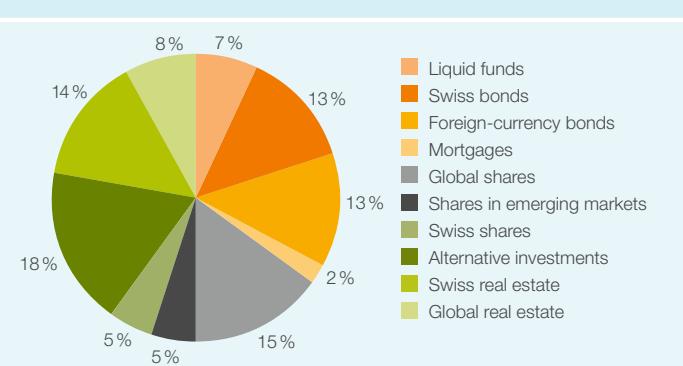
In addition to the highly expansionary monetary policy, massive stimulus packages in the USA and

Europe supported a global economic recovery. In this environment, corporate profits soared and boosted the stock market. Although the discovery of the Omicron variant led to a slight correction in the markets towards the end of the reporting year, this was quickly digested. At 26 %, global equities showed the highest appreciation, while Swiss equities also did excellently at 23 %. Emerging market equities, on the other hand, proved disappointing with zero yield.

Towards the end of the reporting year, the first harbingers of an interest rate turnaround may have become apparent. Swiss bonds (10-year bonds) ended the year at – 0.1 %, while at the beginning of the year they were still trading at – 0.5 %. This subdued rise in interest rates caused slight losses in the price of bonds to investors. In 2021, inflation rose significantly in many major economies. For example, consumer prices in the USA are almost 7 % higher than a year ago. The eurozone also recorded inflation of just under 5 %. In Switzerland, inflation pressure was much less pronounced at around 1.5 % thanks to the strong Swiss franc and a number of other special factors. In general, it can be expected that high inflation rates will put considerable pressure on central bankers to raise short-term interest rates in the hope of curbing inflation. This is likely to create upward pressure at the long end of the yield curves as well.

Naturally, low interest rates also provided a beneficial environment for real estate investments. Returns on listed and unlisted real estate investments in Switzerland were at a comparable level of 6 % to 7 %. The share premiums of listed real estate funds stood at a record high of 42 % at the end of 2021.

### Investment structure as per 31.12.2021



## Investment strategy and investment activities

The investment committee kept equity allocation close to the weight of the strategic benchmark of 25 % in the year under review. Towards the end of the year, shares were slightly reduced and thus the price gains accrued over the year were realized (rebalancing). In addition, a positive contribution to the total return of the Pension Fund could be

achieved by tactically buying equity index ETFs in the event of price setbacks and subsequently selling them after recovery. Investments in fixed-income securities were slightly underweighted compared to the long-term strategy, as the investment committee considers bonds to be comparatively unattractive. In the case of real estate, investments in (non-listed) investment foundations in Switzerland were slightly increased. In the area of alternative investments, partial gains of around 30 % were realized in raw materials after strong price gains. Insurance-linked securities, which have been very disappointing over the last few years, were completely removed from the portfolio. The premiums to be achieved still do not seem to reflect the increased natural risks caused by climate change. In the area of infrastructure and private equity, capital commitments were made for newly launched funds. In both areas, the Syngenta Pension Fund has achieved excellent returns in recent years. Fortunately, no adjustments had to be made to hedge fund investments, as all managers delivered good to very good results.

Investment category	Average weight	Return
Bonds/Liquidity	34 %	-1 %
Stocks	25 %	17 %
Real estate	21 %	7 %
Alternative investments	20 %	16 %



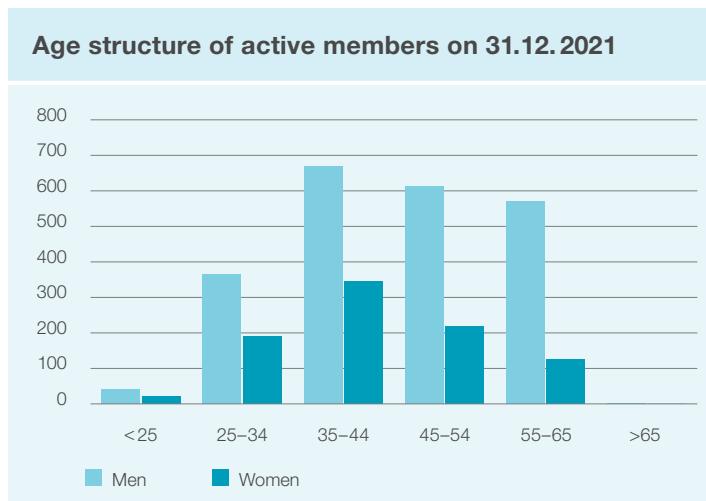
## Investment results

The Syngenta Pension Fund achieved an investment return of 8.5 % in 2021. According to the UBS Pension Fund Barometer, the average return of Swiss pension funds amounted to 8.1 %. The above-average investment performance of the Syngenta Pension Fund can mainly be attributed to the comparatively high allocation to alternative investments, which developed very pleasingly with an average increase in value of 16 %. In particular, investments in private equity (+48 %), hedge funds (+17 %) and infrastructure (+10 %) resulted in being the performance drivers. Compared to other pension funds, the relatively high allocation of 5 % to emerging market equities proved to be detrimental, as they yielded near zero and thus lagged significantly behind global and Swiss equities.

## Financial statement

<b>Assets in CHF</b>	31.12.2021	31.12.2020
Liquid funds	199,677,834	160,137,784
Receivables	17,209,577	10,273,118
Prepaid expenses	14,000	1,989,285
Stocks	782,600,939	714,522,957
Bonds	780,274,017	788,587,321
Real Estate	639,255,914	578,256,160
Alternative Investments	627,199,788	559,978,931
Mortgages	50,234,784	50,234,784
Currency Overlay	10,228,429	14,911,204
<b>Total assets</b>	<b>3,106,695,281</b>	<b>2,878,891,545</b>

<b>Liabilities in CHF</b>	31.12.2021	31.12.2020
Liabilities	16,390,069	18,019,491
Deferred income	1,606,768	1,275,532
Actuarial reserves for active members	1,046,517,284	1,032,847,952
Actuarial reserves for retirees	1,341,199,600	1,190,362,500
Technical provisions	160,891,119	171,319,200
Fluctuation reserve	458,749,441	454,960,634
Trust funds	81,341,001	10,106,235
<b>Total liabilities</b>	<b>3,106,695,281</b>	<b>2,878,891,545</b>



## Pension Fund liabilities

The actuarial reserves for active insured members and recipients of pensions, together with the technical reserves, represent the total pension capital and thus essentially the liabilities of the Pension Fund. The actuarial reserves for active insured members, the sum of all assets of the insured members in the retirement plan, amounted at the end of 2021 to around CHF 1,046 billion. Of which CHF 267 million is allotted to the retirement savings in accordance with BVG (Swiss pensions law) and is the compulsory part of the benefits. This allocation shows the scale of non-compulsory benefits provided by the Syngenta Pension Fund.

The actuarial reserves for recipients of pensions are calculated annually using actuarial methods and, based on the promised retirement benefits, must be sufficient at all times to guarantee these pension payments for life. The relevant figures for calculating the actuarial reserves needed for financing current pensions are the statistic life expectancy (expected benefit period) and the discount rate (future interest on retirement capital).

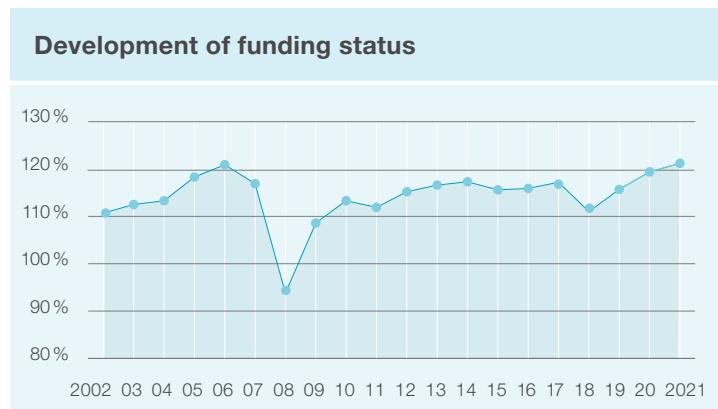
Life expectancy is established with the aid of statistical surveys in so-called technical bases. The Syngenta Pension Fund uses since end 2021 the technical basis BVG2020 as generational tables. The discount rate is determined by the Board of Trustees and amounts to 1 %. Due to the reduction of the discount rate to 1 %, a lower share of the investment income will be required in the future to pay interest on current pensions.

To make sure that pension obligations were met, the Pension Fund had to provide actuarial reserves of CHF 1,341 billion at the end of 2021. Compared to the previous year this represents an increase by CHF 150,8 million. This increase in pensioners' pension capital is mainly due to the change in the basis of accounting. The number of pension recipients increased by 68 people (retirement pensions).

Active members	2021	2020
Women	899	871
Men	2,257	2,227
<b>Total</b>	<b>3,156</b>	<b>3,098</b>

Pension recipients	2021	2020
Retirement pensions	1,385	1,317
Disability pensions	130	129
Spouse's pensions	197	183
Child pensions	114	112
<b>Total</b>	<b>1,826</b>	<b>1,741</b>

Pensions paid in CHF	2021	2020
Retirement pensions	59,873,184	57,686,620
Disability pensions	4,771,994	4,359,501
Spouse's pensions	5,417,837	5,002,082
Other pensions	2,315,075	2,712,149
<b>Total</b>	<b>72,378,090</b>	<b>69,760,352</b>



## Operating result

<b>Operating result in CHF</b>	<b>2021</b>	<b>2020</b>
Contributions of employees/employer, deposits	103,610,086	100,128,811
Vested benefits, repayment of early withdrawals for home ownership and divorce	18,275,695	56,940,332
Inflow from contributions and deposits	121,885,781	157,069,143
Pension benefits paid out	-72,3780,090	-69,760,352
Lump-sum benefits paid out	-23,495,335	-21,660,881
Vested benefits, early withdrawals for home ownership and for divorce	-36,647,003	-47,840,065
Outflow for benefits and early withdrawals	-132,520,428	-139,261,298
Formation of actuarial reserves and technical provisions	-154,078,351	-44,317,113
Contributions to security fund	-288,614	-289,144
<b>Net result from insurance part</b>	<b>-165,001,612</b>	<b>-26,798,412</b>
Net results from investments	241,725,825	125,162,270
Other earnings	4,399	14,837
Other expenses	-1,613	-1
Administrative expenditure	-1,703,427	-1,692,951
<b>Earnings surplus before release/formation of fluctuation reserve</b>	<b>75,023,572</b>	<b>96,685,744</b>
Release(-)/formation fluctuation reserve	-3,788,807	-86,579,508
<b>Expenditure/earnings surplus</b>	<b>71,234,765</b>	<b>10,106,235</b>

(-) Expenses  
(+) Earnings

### Interest on pension capital

The pension fund's return on assets is used to finance interest on the retirement savings of active members and pensioners as well as administration costs. The discount rate on retiree's assets is set at 1 %.

The discount rate is the interest rate that has to be earned on the remaining capital on average in the future in order to meet the obligations set forth in the regulations. The lower and thus the more cautious the discount rate, the greater the capital that has to be provided to cover the pension

payments. The Board of Trustees reduced the discount rate to 1 % with effect from 31.12.2021.

The interest on retirement savings of active members is determined at the end of each year based on the investment return achieved during that year and base on the financial situation of the pension fund.

The Board of Trustees decided that all retirement savings of active members should bear in 2021 an interest rate of 5.25 %. In contrast the minimum interest rate as defined by the Federal Council was set at 1 % in 2021.

### Fluctuation reserve and funding ratio

The technical funding ratio of the Pension Fund amounts to 121.2 % as per end of 2021 and thus showed due to the positive investment return an increase as compared to the previous year (119.4 %). With the investment return of more than 8 % generated in 2021, the fluctuation reserves were further increased.

In view of the investment strategy, fluctuation reserves of 18 % are required, which corresponds to a target funding ratio of 118 %. In this method of calculation of the funding ratio as stipulated by law, liabilities are taken at their balance sheet value, discounting the funding ratio for current pensions with the discount rate of 1 %.

In an economic context, liabilities are calculated at the current market interest on risk-free investments. This valuation of liabilities reflecting market conditions leads to an economic funding ratio as of 31.12.2021 of 111.7 % (previous year: 101.1 %).

### Technical funding ratio according to art. 44 BVV2

The technical funding ratio indicates the percentage level at which a pension fund's liabilities are covered by assets 100 percent corresponds to a full coverage.

### Fluctuation reserve

Liabilities must be covered at all times by appropriate assets. While liabilities are relatively stable, assets can be subject to considerable fluctuation in value. Fluctuation reserves serve to absorb asset losses on capital markets. The level of fluctuation reserves needed is determined using a financial economic method. The fluctuation reserve supports the pension fund to meet its liabilities over the long term. Therefore it contributes to the financial stability of the pension fund.

### Economic funding ratio

Contrary to the above-mentioned funding ratio, liabilities are not discounted at the more stable technical interest rate but at a risk-free market interest rate on accrual basis. The interest rates of federal bonds may be taken as a basis for the risk-free interest rate.

### Development of pensions

Number of pension recipients



## Miscellaneous

### Exercise of voting rights

In spring 2022 the Syngenta Pension Fund exercised its shareholder's rights in the following companies and thereby approved all motions within the scope of the "Decree against excessive remunerations" issued by the corresponding Board of Directors:

- Allreal Holding AG
- HIAG Immobilien AG
- MOBIMO Holding AG
- PLAZZA AG
- PSP Swiss Property AG
- SF Urban Properties AG
- Swiss Prime Site AG
- Zug Estates Holding AG

### Sustainable investments in the Syngenta Pension Fund

The Syngenta Pension Fund, with the support of the consulting firm PPCmetrics, has reviewed as part of an inventory which aspects of sustainable investment (ESG<sup>1</sup> criteria) are taken into account in the portfolio. To this end, the external asset managers of the Syngenta Pension Fund were asked to comment on their respective sustainability efforts on the basis of a questionnaire. The main findings of the analysis are:

- The asset managers are committed to sustainable investment through memberships in more than 20 initiatives. All but one asset managers have signed the UN Principles for Responsible Investments (UN PRI). This corresponds to more than 98 % of the total assets of the Syngenta Pension Fund as of 31 December 2021. By signing these principles, asset managers undertake to integrate ESG criteria into their investment activities and to report on them transparently.

- In the case of equity funds, all asset managers stated that they exercise their voting rights taking into account ESG criteria and exert influence on the companies through an active dialogue with management (engagement). The majority of asset managers are also actively exercising engagement in the remaining investment categories. For example, asset managers are using the assets of the Syngenta Pension Fund to engage in combating climate change (e.g. via the Climate Action 100+ initiative) and other important topics in the field of sustainability.
- In the area of impact investing, the Syngenta Pension Fund is investing in microfinance, which enables the "poorest of the poor" to access basic financial services.
- In the case of real estate, all real estate managers either take into account sustainability factors in the construction, purchase and renovation of directly held properties or ESG criteria when selecting real estate funds and shares.

The Syngenta Pension Fund will observe ESG compliance in the future selection of external asset managers and ESG will be one of the selection criteria. In future, the Syngenta Pension Fund will also carry out regular inventories on the topic of sustainability in its portfolio and inform its insured members of the results.

<sup>1</sup> "ESG" stands for Environmental, Social and Governance



### **Contact address**

Do you have any questions about your  
Pension Fund or do you need some expert advice?  
Don't hesitate to contact us:

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[www.pensionskasse-syngenta.ch](http://www.pensionskasse-syngenta.ch)