Annual Report 2023

publica
THE PENSION PROVIDER

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Foreword

2023 saw the net investment performance return to positive territory, with a consolidated figure of 3.9%. As a result, the consolidated funded ratio also rose, to stand at 98.3% at the end of 2023. Of the eleven open pension plans, three are still underfunded. The consolidated funded ratio of the closed pension plans was 100.6%.

Despite the underfunding recorded at the end of 2022, improved return expectations meant that no restructuring measures were necessary. The governing bodies and units responsible will now examine in detail the financial situation at the end of 2023. PUBLICA's finances and those of the pension plans have thus improved somewhat. We are both concerned and saddened by events in the geopolitical arena and the immense human suffering they are causing. It is difficult at present to predict the future ramifications of the escalation in the Middle East and its impact on the financial markets.

At the beginning of last year, PUBLICA embarked on a new strategy period, which runs from 2023 to 2026. When drawing up the strategy, we took great care to ensure that it is comprehensible and fit for purpose. Numerous projects have already been implemented.

Our employees have welcomed this, awarding us high marks for strategy in our 2023 staff survey. They are generally very satisfied with their work situation. The survey also highlights areas where we can still improve further, and we will now set about tackling them.

Our annual report details the measures we are taking to achieve our strategic goals.

For example, we have made preparations for a merger of the closed pension plans, which will balance risks and simplify administrative processes. A number of adjustments have been made to the pension plan regulations, to reflect changes in the personal circumstances of our active members. The groundwork for these was laid last year, and they were implemented on 1 January 2024. The new portal has made it easier for affiliated employers to work with us. One of our actions to implement the strategic asset allocation has been to make initial investments in private infrastructure equity.

Internally, we have reorganised and streamlined our Pensions division. We are looking to grow our real estate activities and portfolio, and have already put in place the structures necessary to do so.

We hope you find this report interesting and informative.

Kaspar Müller
Chair of the Board of Directors, PUBLICA

Doris Bianchi
Director, PUBLICA

Bern, 26 March 2024

68,928 Active members	**41,847** Pension recipients
98.3% Regulatory funded ratio	**91.3%** Economic funded ratio

CHF 40.5 bn
Total assets

0.22% Asset management expenses as per OPSC minimum requirements	**3.9%** Net investment performance
CHF 32,714 Median value of retirement pension per person	**CHF 147** Administrative expenses per active member / pension recipient

PUBLICA: who we are

We are the Federal Pension Fund. We are committed to ensuring that our active members receive good, reliable pension benefits. To that end, we invest their assets responsibly and profitably.

– Our active members work within the federal government, the ETH Domain and other organisations that fulfil public tasks.
– The benefits we provide are central to ensuring that our active members can maintain their accustomed standard of living in an appropriate way once they retire. We insure our active members and their relatives financially in case they become unable to work, and in the event of death.
– We finance our benefits using the funded system: we invest the contributions our active members pay in a responsible and profitable way, and pay them an annuity or a lump sum when they reach the end of their insurance period. Our benefits are safeguarded for the long term.
– With assets of CHF 40.5 billion and some 111,000 members, we are one of the biggest pension funds in Switzerland. We want to take the lead for the sector by actively embracing change.

Our highlights of 2023

New employer portal

PUBLICA launches a new, customer-friendly portal for employers offering a range of simplified processes. This is an agile and responsive project and is still ongoing, with new functionality being added on a regular basis.

Cèdres Park in Chavannes welcomes first residents, four more properties purchased

The 49 apartments owned by PUBLICA at Cèdres Park in Chavannes are ready for occupation in spring. In November, PUBLICA signs a contract to buy four more buildings at Cèdres Park. The properties are fully in line with the sustainability objectives and are located close to the city with very good transport links, but also offer proximity to nature.
We also invest in real estate | PUBLICA

New website: Bronze for myPublica

PUBLICA's new website goes live. Feedback is immediately positive, with active members and PUBLICA employees praising its uncluttered appearance and clear structure. Many use the website to access the myPublica portal for active members, which wins Bronze in the Best of Swiss Web Awards.
www.publica.ch

Strickermatte in Altdorf completed

Located right next to the new rail and bus station in Altdorf, the two buildings making up "Strickermatte Uno" are completed, offering 44 apartments and 1,071 m² of commercial space. Letting begins. The apartments will be ready to move into by June 2024.
www.strickermatte-uno.ch

One apprenticeship completed, two more begin

In summer, Alva successfully completes her commercial apprenticeship and stays on part-time at PUBLICA. Laureen and Michelle begin their apprenticeships as a commercial employee and ICT specialist, respectively.
We train apprentices | PUBLICA

No restructuring measures

PUBLICA's management bodies discuss the interest-rate environment and underfunding. They conclude that the underfunding is low, and consequently no restructuring measures are required. The Board of Directors also decides not to raise the technical interest rate to 2.5 % before 2025.
No restructuring measures on the basis of the 2022 funded ratio | PUBLICA

New asset class: private infrastructure equities

Three funds are selected for the new private infrastructure equities asset class, and the first investments are made during 2023.

Strategic asset allocation | PUBLICA

Topping-out and marketing launch for "Sorrento"

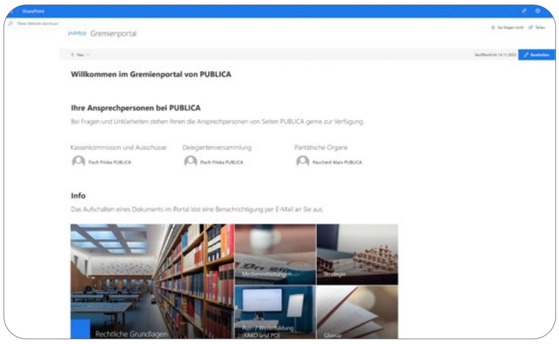
The topping-out ceremony for the "Sorrento" high-rise takes place in Dübendorf, and the website for first-time rentals goes online. The 116 apartments will be ready to move into by summer 2024.

www.sorrento-stettbach.ch

20 years of PUBLICA

The Swiss Federal Pension Fund PUBLICA in its current form celebrates its 20th birthday.

Two decades of PUBLICA | PUBLICA



Meik Haas, Tania Cucè and Adrian Egger join Board of Directors

Hans Häfliger, Mahidé Aslan and Jordi Serra step down from the Board of Directors. Meik Haas, Tania Cucè and Adrian Egger are elected to replace them. The Board of Directors appoints Nicolas Schmidt as its new Vice-Chair.
Strategic management | PUBLICA

New governing body portal

PUBLICA launches its new portal for governing bodies. This simplifies collaboration with the Board of Directors, committees, parity commissions and delegates.

Closed pension plans: preparations for merger

A project team from PUBLICA's office prepares to merge the closed pension plans into a single closed plan on 1 January 2024. An amendment to the PUBLICA Act has created the legal basis for this move.
The closed pension plan | PUBLICA


LE TEMPS
Tesla, la voiture qui vous espionne sans vergogne
Genève met fin aux baptêmes sur ses rivages
Der Bund
Italiens Premier Draghi bietet seinen Rücktritt an

2023 saw a positive performance once again, with a consolidated figure of 3.9 %. As a result, the consolidated funded ratio also rose, to stand at 98.3 % at the end of 2023.
We embarked on a new strategy period and have prepared, and in some cases implemented, a large number of projects.

Strategy period begins

The beginning of 2023 saw the start of PUBLICA's new strategy period, covering the years 2023–2026, in which we will be pursuing the following priorities:

– Aligning ourselves more closely with the needs of our active members and their employers
– Positioning the "third contributor" (asset management) more strongly
– Using digital technologies where sensible and necessary
– Simplifying our structures.

The impact of the strategy can already be seen at many points in the annual report. The following projects are making an especially important contribution to implementing the strategy:

– An ongoing review and modernisation of our pension offering along with organisational changes to our Pensions division to focus even more rigorously on our active members
– Increases to the risk budget along with progressive implementation of the new strategic asset allocation to position the "third contributor" (asset management) more strongly
– Advances in the use of digital technology, with the existing portal for active members and pension recipients and a newly developed portal for employers which, for the first time, allows HR departments to make mass changes. The new governing body portal also supports digital enhancements to PUBLICA's service offering.
– A uniform data strategy across the company, offering further scope for analysing data from pensions, asset management and key metrics from financial accounting
– Merging the closed pension plans on 1 January 2024, which helps to simplify structures
– Further refinements to our IT systems, embedding technical responsibility for applications more strongly in the areas concerned to optimise the interplay between IT and specialist operations.

The strategic principles also cover our ethos (page 7) and core values: responsible, service-oriented, proactive. The Board of Directors adopted the strategic principles in June 2022.

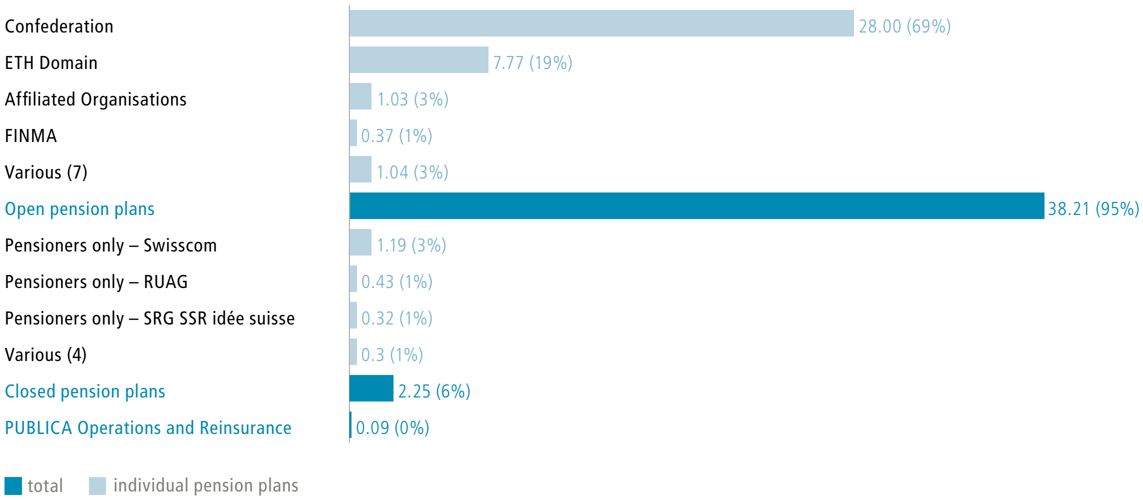
Pensions

At the end of 2023, PUBLICA operated eleven open and seven closed pension plans. Open pension plans also include active members, while closed pension plans are made up entirely of pension recipients. Each pension plan is organisationally and economically independent, and calculates and reports its own funded ratio. Eight of the eleven open pension plans have reinsured themselves internally against the financial consequences of deaths and disability, while the other three bear those risks themselves.

The pension plans differ in size and membership structure.

Pension plans by type and institution

As at 31.12.2023, in CHF bn and percentage of total assets



The open pension plans are valued at an unchanged technical interest rate of 2.0% and have funded ratios of between 97.5% and 109.8% (prior year: 95.5% and 100.8%). Three out of eleven were underfunded at the end of 2023 (prior year: nine). The regulatory funded ratio of all the pension plans has risen slightly compared with the end of 2022. PUBLICA notified all active members of the underfunding at the end of 2022. It is regarded as low, and therefore no restructuring measures have been taken. Owing to lower interest rates, the economic funded ratios are lower than the regulatory funded ratios, at between 89.8% and 104.1%.

The closed pension plans consist entirely of pension recipients, some from the federal operations (including Swisscom and RUAG) that were hived off at the turn of the millennium, and some from former affiliated organisations. Their funded ratios are between 92.4% and 112.9% (prior year: 88.8% and 108.7%). The closed pension plans are valued at a technical interest rate of 0.5%. Of them, four out of seven were underfunded at the end of 2023 (prior year: five). The funded ratio of all the pension plans has risen slightly compared with the end of 2022. Owing to the interest rate, which was higher than the technical interest rate of 0.5% at the end of 2023, the economic funded ratios are higher than the regulatory funded ratios, at between 93.6% and 114.4%.

During 2023, PUBLICA made preparations to merge the closed pension plans into a joint plan on 1 January 2024. This is part of the strategic priority of simplifying our structures. The merger balances risks and simplifies administrative processes. PUBLICA's strategy is not geared to generating more employer affiliations. For that reason, we will not set up any new pension plans and consequently no longer qualify as a pension institution engaged in competition as defined by the Occupational Pension Supervisory Commission.

Active members: increased numbers

At the end of 2023, PUBLICA was providing services to 68,928 active members and 41,847 pension recipients. The number of active members rose by around 2% (1,413), owing to an increase in the number of people employed at the affiliated employers. The number of pensioners fell slightly.

In all, just under 111,000 people are insured with PUBLICA. Around 25,000 admissions and departures are recorded annually, for example due to members joining and leaving, as well as retirements and deaths. Women make up 40% of the total, with the figure being slightly higher among pensioners than among active members.

Risk-insured and fully insured active members

2023, in no. of persons

	31.12.2022			31.12.2023			Change	
	Total	Women	Men	Total	Admissions	Departures	absolute	in%
Risk-insured	1 058	422	706	1 128	743	673	70	6.6%
Fully insured	66 457	25 766	42 034	67 800	10 405	9 062	1 343	2.0%
Total active members	**67 515**	**26 188**	**42 740**	**68 928**	**11 148**	**9 735**	**1 413**	**2.1%**

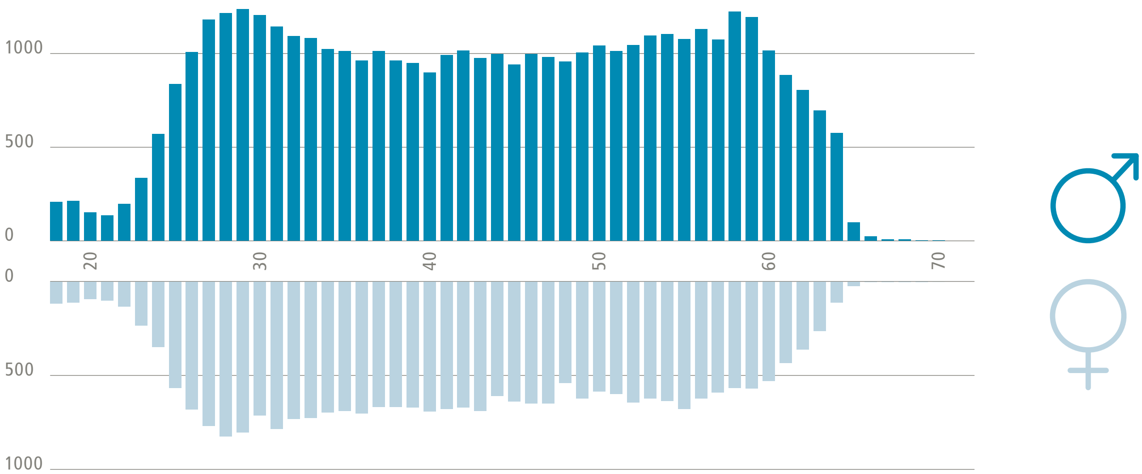
"Risk-insured" members are those up to the age of 21 who are insured only against risk, and consequently pay only a risk premium. "Active members" are employees aged 22 and over, who also pay savings contributions.

Baby-boomer generation coming up to retirement

PUBLICA has already recorded a higher number of retirements annually over recent years. From 2024, the youngest cohort of the baby-boomer generation (those born in 1964) will reach 60 and may be eligible to take early retirement. The trend towards a higher number of retirements can therefore be expected to continue in the years ahead. The chart below shows the number of active members at the 2023 reporting date, broken down by age group and gender.

Age structure of active members

31.12.2023, in no. of persons



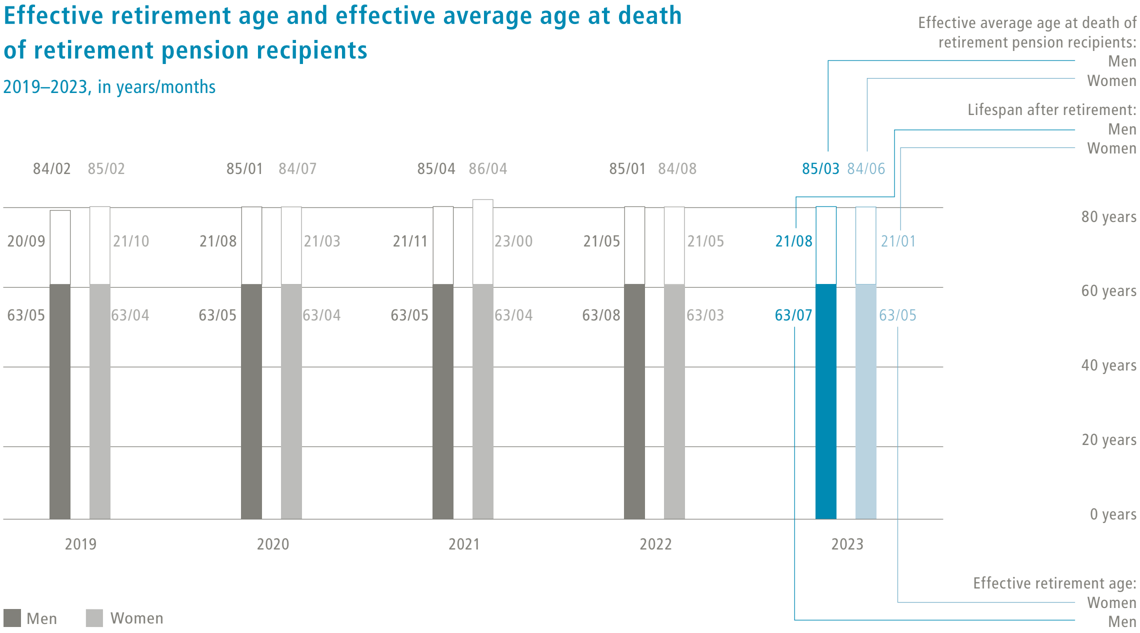
Those who continue working beyond the reference age now have the option to postpone drawing their pension. This means they stop paying savings contributions and risk premiums, but continue to benefit from interest credits and a higher conversion rate.

Retirement age remains stable

The effective retirement age is stable at a little over 63.

Effective retirement age and effective average age at death of retirement pension recipients

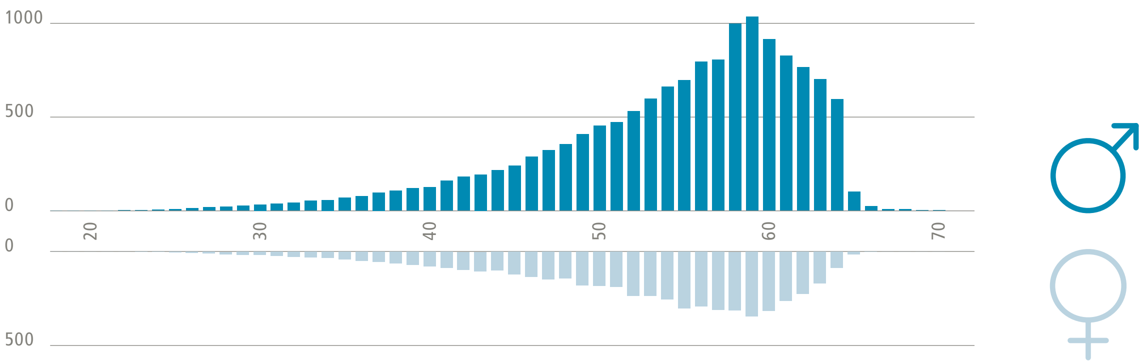
2019–2023, in years/months



The average is slightly above 63. This figure is below the reference age, and means that many of PUBLICA's active members take early retirement, either partially or in full. After retirement, our members draw their pension for an average of 21 years. A retirement pension insures two lives: PUBLICA pays retirees a pension for the rest of their life, and after their death, the surviving partner (if applicable) receives 67 % of the retirement pension for the rest of their life.

Retirement assets of active members, by age and gender

31.12.2023, in CHF mn



This chart shows the total retirement assets per year of age. A combination of salaries, which tend to rise during a person's working life, along with staggered savings contributions and interest credits means that when added together, retirement assets are highest at age 59.

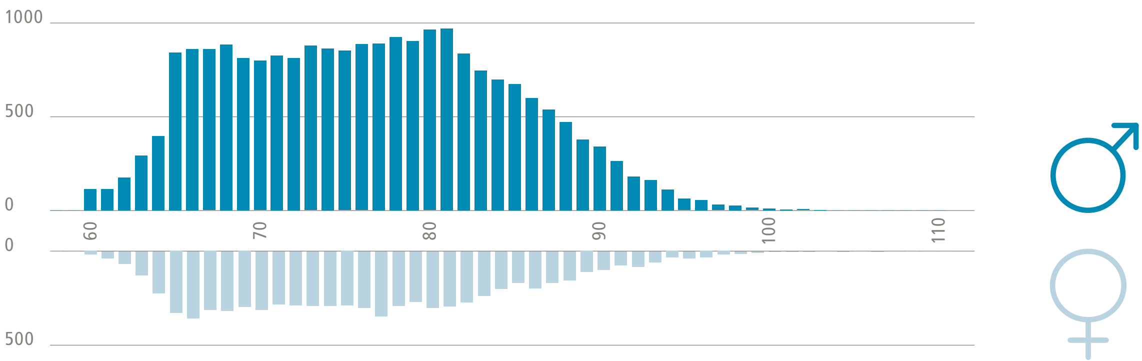
However, the chart does not show the number of persons of each age and thus provides no indication of the average retirement assets per person. The decline in retirement assets between ages 59 and 60 is due to the fact that many people withdraw a portion of their assets as a lump sum.

Members taking advantage of early retirement

As with the active members, the age structure of pension recipients can be used to estimate the financial impact on a pension plan. The funding capital of pension recipients declines with age, because statistically the expected future payments decrease. The age structure and selected pension data by gender are set out below.

Age structure of retirement pension recipients

31.12.2023, in no. of persons



The Affiliated Organisations pension plan allows members to take early retirement from age 58. In 2023, just under 800 people at PUBLICA retired early, either partially or in full.

Pension recipients by type of pension

2023, in no. of persons

	31.12.2022			31.12.2023			Change	
	Total	Women	Men	Total	Admissions	Departures	absolute	in%
Retirement pensioners	29 717	7 550	22 182	29 732	1 250	1 235	15	0.1%
Disability pensioners	879	387	466	853	84	110	–26	–3.0%
Spouse's pension recipients	10 214	9 693	409	10 102	660	772	–112	–1.1%
Child's pension recipients*	1 017	500	557	1 057	431	391	40	3.9%
Divorce pension recipients	91	103	0	103	16	4	12	13.2%
Total pension recipients	**41 918**	**18 233**	**23 614**	**41 847**	**2 441**	**2 512**	**–71**	**–0.2%**

* Child pensioners include persons who receive a retirement and disabled person´s child pension as well as an orphan´s pension.

PUBLICA records recipients of a retired person's child's pension, disabled person's child's pension or orphan's pension within the category of "child's pension recipients". In 2023, there were almost as many admissions as departures. By contrast, there was a net decrease in spouse's pensions owing to events such as death or remarriage.

Income distributed to pension recipients

PUBLICA is financed under the funded system. This means that the income is needed in order to pay interest on the assets of active members and the pension fund capital of pension recipients, and to fund any changes in the provisions policy (in particular a change to the technical parameters). The level of pensions is guaranteed until the end of the recipient's life, and so a fixed component of income is required to maintain this.

Distribution of income

2023, in CHF mn

	Active members	Pension recipients	Total
Interest	–185	–353	–538
Creation of provision for changes to technical parameters	–77	0	–77
Share of costs borne by active members / pension recipients (effective)	**–263**	**–353**	–615
Share of costs as per pension fund capital	**–328**	**–288**	–615
Redistribution to (+) / from (–)	**–65**	**65**	

Historical trend, in CHF mn	Active members	Pension recipients
2023	**–65**	**65**
2022	–70	70
2021	89	–89
2020	–86	86
2019	–608	608

CHF 615 million were paid out by the pension plans, with CHF 263 million (43 %) going to active members in the form of interest credits on retirement assets and creation of provisions for changes to technical parameters, and CHF 353 million (approx. 57 %) to pension recipients. In terms of the available pension fund capital, the proportions are 47 % to pension recipients and 53 % to active members, which means that, proportionally, pensioners received an extra CHF 65 million.

The provision for changes to technical parameters is now only formed for the active members, and is factored into the redistribution.

Sum and median value of pension types

	Men	Women	Total
Sum	**1 081 061 236**	**513 488 758**	**1 594 549 993**
Retirement pensions	1 030 308 200	201 486 140	1 231 794 340
Disability pensions	15 298 233	10 429 427	25 727 660
Spouse's pensions	6 595 554	292 275 151	298 870 705
Child's pensions	4 688 453	4 106 843	8 795 297
Divorce pensions		2 338 867	2 338 867
Median value	**39 113**	**25 105**	**32 714**
Retirement pensions	41 470	23 927	37 264
Disability pensions	29 534	23 694	27 033
Spouse's pensions	12 773	26 546	26 054
Child's pensions	7 541	7 527	7 534
Divorce pensions		20 448	20 448

The "total amount of pensions" figure indicates the insured pensions of the membership at the reference date and not the pensions actually paid out during the year under review. The figure for pension recipients does not include retirement bridging pensions or IV/AI replacement pensions. Those who retired before reaching statutory reference age, drew 100 % of their capital as a lump sum, and draw a bridging pension are recognised as retirement pension recipients for statistical purposes when calculating the membership. Partial pensions (partial retirement and disability pensions) are included.

Adjustments to pension plan regulations

PUBLICA's office, together with the parity commissions and the Board of Directors, conducted a review of the pension benefits and made a number of adjustments to bring them up to date, which came into force in January 2024. The main changes – not all of which are new for all pension plans, and not all of which have been implemented identically across all plans – are as set out below. All active members were informed in December 2023.

Lump-sum death benefit: This now comprises a lump-sum payment of the entire retirement assets. Brothers and sisters can now also be included as potential beneficiaries. Payment of a pension to divorced spouses no longer excludes the payment of a lump-sum death benefit to other beneficiaries. Instead, only the cash value of the pension benefit will be offset against a lump-sum death benefit.

Level of the retired person's child's pension (only for the ETH Domain, FINMA, Federal Nuclear Safety Inspectorate, Federal Audit Oversight Authority and Swiss National Museum SNM): Anyone entitled to a retirement pension can also claim a retired person's child's pension for their eligible children. The entitlement ends when the children reach the age of 18, but continues until their 25th birthday if they remain in full-time education. The level of the retired person's child's pension is now dictated by the mandatory occupational pension (minimum OPA benefit) and is 20% of the OPA retirement pension. Previously, the retired person's child's pension was 1/6 of the regulatory retirement pension. Current retired person's child's pensions are not affected by the reduction.

Primary and secondary employment: The entire insurable salary paid by an employer affiliated to PUBLICA is insured. No distinction is made between primary and secondary employment.

Reporting voluntary savings contributions: From January 2024, active members can change their voluntary savings contributions with effect from the first day of the following month.

New employer portal introduced

PUBLICA has set up an employer portal to facilitate collaboration with affiliated employers. It was launched on 1 March 2023. Employers can use it to, for example, access invoices, while the processes for departures and reporting retirement benefits have been simplified. Since November last year, it has also been possible to make mass changes to salaries, working hours, pension plan types, voluntary savings contributions and one-off allowances. This is an agile and responsive project and is still ongoing, with new functionality being added on a regular basis.

New, user-friendly website

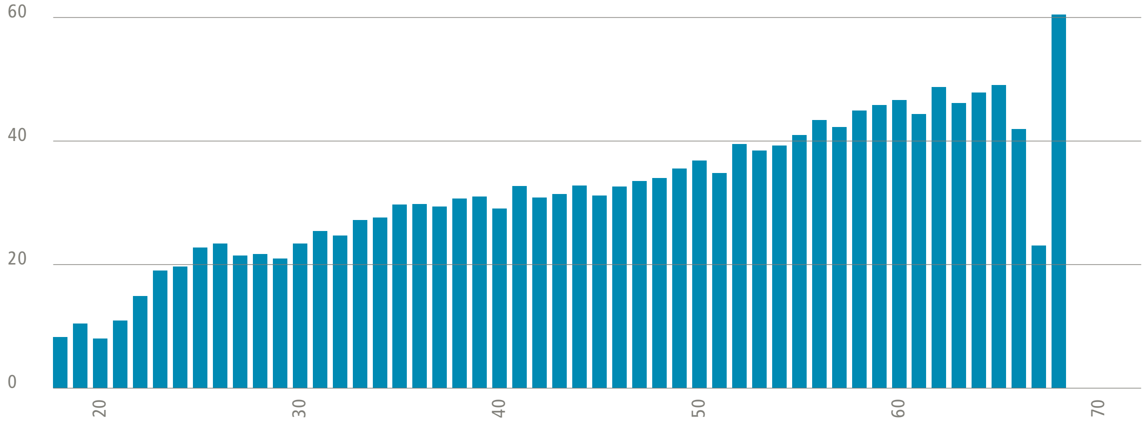
In March 2023, PUBLICA launched its new website. A survey of randomly selected active members reveals that they can easily find their way around the site and locate the information they are looking for quickly. Staff at PUBLICA's office see it as a valuable working tool. From the homepage, users most often access the myPublica active member portal.

myPublica sees increased user numbers

The number of people using myPublica rose once again during the year. As of 31 December 2023, around 27,300 active members (prior year: 22,400) and 3,100 pension recipients (prior year: 1,615) had registered on myPublica, an increase of just under 22% and just under 92% respectively.

Proportion of active members registered on the portal

31.12.2023, in % and by age



This chart shows the proportion of registered active members by age. Approximately 30 % of active members up to the age of 30 have registered, and the proportion rises in line with age. Currently, just under 60 % of active members aged 60 are registered on myPublica.

However, the crucial success factor for the portal is not so much registration as actual use. In total, those registered visited the portal 143,000 times in 2023 (prior year: 110,000). Once again, retirement was the most popular simulation function. Active members used myPublica almost 90,000 times to simulate their pension, at various retirement ages and drawing their pension in different ways. The second most popular function was the buy-in calculation, for which around 29,000 simulations were carried out. In third place were voluntary savings contribution simulations, which were carried out 10,000 times.

Investments

Gains on the equity markets

At the end of 2022, the yield curve in the US inverted, meaning that short-term (3-month) yields were higher than long-term yields on 10-year government bonds. For this reason, many market participants expected a recession in the US during 2023. An inverted yield curve is regarded as a reliable indicator, having correctly signalled the preceding eight recessions in the US. The benchmark interest rate rose sharply, from 0.25% in March 2020 to 5% in March 2023. This did indeed lead to the collapse of Silicon Valley Bank and Signature Bank. First Republic Bank also found itself in difficulties, and was taken over in May by JPMorgan Chase. The loss of confidence in the banking sector combined with home-grown problems also led to the demise of the Swiss big bank Credit Suisse, which was acquired in an emergency takeover by UBS on 19 March 2023. Central banks in the developed markets acted quickly to provide the banks with liquidity, thus preventing the banking crisis from spreading. The expected recession did not materialise.

Following strong corrections in 2022, the equity markets posted substantial gains. Spurred on by technological advances in artificial intelligence and its potential applications, the US Nasdaq-100 tech index rose 55% to record the best annual performance since the tech bubble of 1999. The stock markets in Switzerland and the emerging markets performed somewhat below average. Among the emerging economies, Chinese equities ended the year down 19%, owing to problems in the real estate sector and weak consumer demand.

For detailed information on economic developments see the Quarterly Bulletins issued by the Swiss National Bank (www.snb.ch).

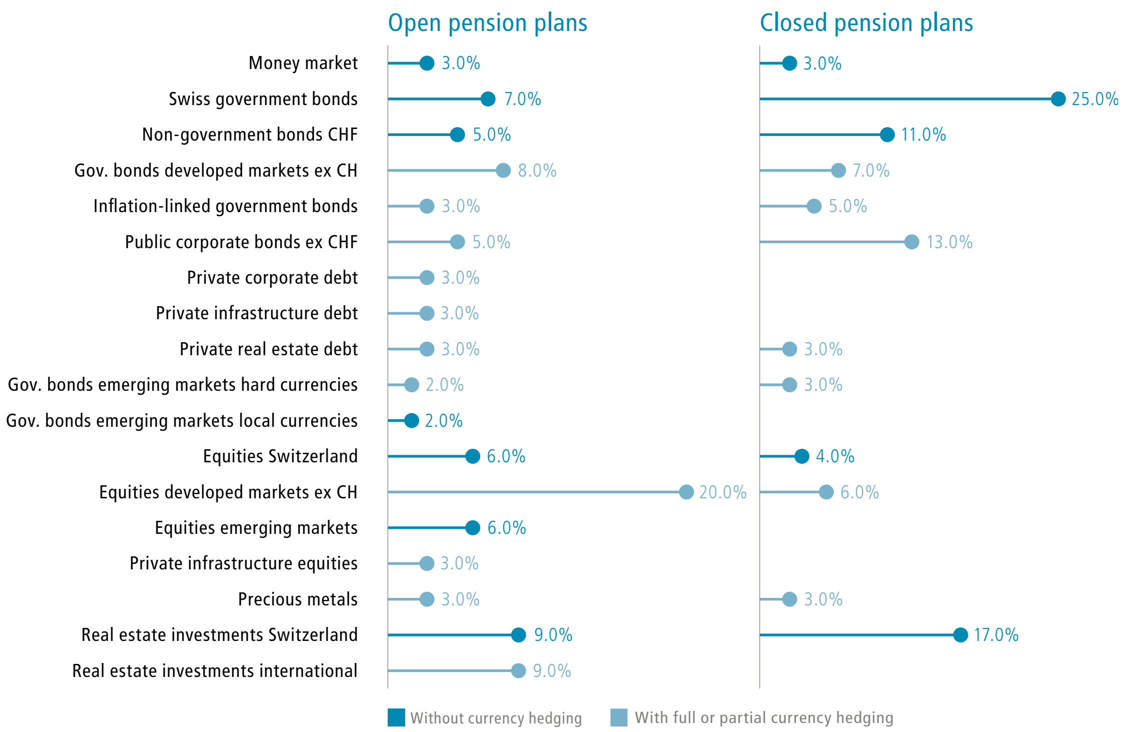
Diversified strategic asset allocations: geared to structure and trend

PUBLICA manages pension assets in the interests of its active members and pension recipients. It diversifies its investments widely in order to capture various risk premiums. The strategic asset allocation dictates how the assets are divided up among the various asset classes, such as equities, government bonds, corporate bonds, precious metals and real estate. PUBLICA reviews it periodically.

The closed and open pension plans differ substantially in terms of their structure and the expected development of their liabilities. For this reason, a single strategic asset allocation for all the pension plans would be at odds with Art. 50 OPO 2. Accordingly, in 2010 the Board of Directors approved for the first time the creation of one strategic asset allocation for all the closed pension plans and another for all the open ones. The two current strategic asset allocations are illustrated in the following chart.

Long-term strategic asset allocation by asset class

As at 31.12.2023, in percent

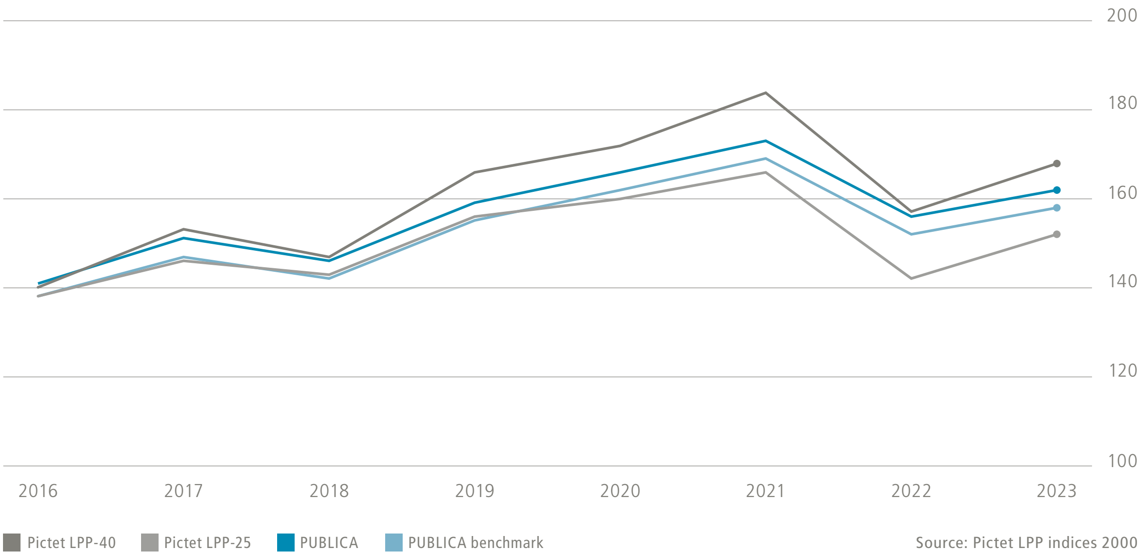


Positive performance in almost all asset classes

On a currency-hedged basis and in terms of consolidated total assets, PUBLICA recorded a net investment return (after all costs and taxes) of 3.9% in 2023. Without currency hedging, the consolidated net return across the two strategic asset allocations would have been 1.6%. The consolidated net investment return was 3 basis points below the benchmark performance. The main reasons for this slight negative deviation were asset management expenses (accounting for –28 basis points, as the benchmark does not take account of costs), largely offset by tactical and selection decisions, which contributed +25 basis points overall. The benchmark performance is calculated on the basis of the strategic asset allocation. Asset management expenses in 2022 also stood at 28 basis points (see section 6.10).

Cumulative performance

2016–2023, indexed (2005 = 100) in percent



Source: Pictet LPP indices 2000

All asset classes, with the exception of foreign real estate and private infrastructure equity, performed positively. As a result, PUBLICA recorded positive returns on both strategic asset allocations in the 2023 financial year. The closed pension plans, which have a 10% equity allocation, posted a performance of 4.7%, while the open pension plans, with an equity allocation of approximately 30% over the year as a whole, recorded a figure of 3.8%. The main reason for the superior return achieved by the closed pension plans is their higher allocation (60%) to Swiss investments. By contrast, the overall portfolio of the open pension plans is more internationally diversified, with Swiss investments accounting for 31%. Swiss bonds and Swiss real estate in particular performed better than their foreign counterparts during 2023.

A comparison with the Pictet LPP-25, LPP-40 and LPP-60 indices clearly shows that the equity weighting was not the key driver of performance in 2023 (see chart above). The Pictet indices closed the year 3–4 percentage points better than PUBLICA, having underperformed PUBLICA's portfolio by 4 to 6 percentage points in 2022. The two main reasons why PUBLICA's performance in 2023 deviated negatively from the Pictet indices are: 1) for diversification and liquidity reasons, PUBLICA has more of its bond exposure invested in foreign bonds, which performed less well last year; 2) PUBLICA invests a higher proportion of its portfolio in international real estate, which lost substantial value.

Equities had the biggest positive impact on PUBLICA's consolidated total assets in 2023. With a net annual return of 8.5%, they contributed 2.7 percentage points to the overall return of 3.9%. However, the differences between the regions and sectors are sharp. The best performers were equities in North America, with 15%, followed by Pacific, and Europe ex Switzerland, both at just under 9%, all of these being partially currency-hedged. In Switzerland and the emerging markets, equities gained just under 7% and a little over 2%, respectively. Seven large US tech firms performed very well during the year.

Bonds had the second-biggest impact on PUBLICA's consolidated total assets in 2023. With a net annual return of 4%, they contributed 2.1 percentage points to the total return. Swiss bonds performed best, gaining just under 7%, followed by private infrastructure debt (currency-hedged) at a little under 6% and corporate bonds from developed markets with just over 4%. Inflation-linked government bonds (currency-hedged) with 0.3% and government bonds from developed markets at 2% were the worst performers in the bond portfolios. Divergences in interest rates have resulted in large regional differences: the yield on 10-year Swiss government bonds stood at 0.7% at the end of 2023, less than half of the 1.5% seen at the start of the year. Interest rates in the main developed markets shifted less dramatically. In the US, for example, 10-year rates started and ended the year at just under 4%. This led to a substantial valuation gain in Switzerland, because bond prices rise as yields decline. There was no such gain in the principal developed markets.

PUBLICA's average annual return over the investment horizon from 2000 to 2023 is 2.7%. This is 20 basis points per year above the 2.5% of PUBLICA's benchmark.

Risk management

Risk policy

PUBLICA regards efficient quality management and an effective internal control system (ICS) as key parts of its corporate policy. For reasons of risk policy, PUBLICA enters into transactions only when it can gauge their risks with a high level of probability. PUBLICA adopts a cautious and conservative approach to risks where compensation is likely to be absent or inadequate. Members of staff who are responsible for the operational accumulation of risk positions are not simultaneously entrusted with monitoring or controlling them.

Investment risk management process

The investment risk management process is an integral part of PUBLICA's investment process. It governs how risks are identified, measured, steered and monitored within asset management. It also creates an acceptance of risk, so that residual risks are known and justifiable. The investment risk management process is based on three levels of risk: strategic, tactical and implementation.

It aims to actively manage risks that could impair PUBLICA's ability to fulfil its mandate over the long term. Strategic risks have the biggest influence on the achievement of PUBLICA's mandate; implementation and tactical risks have a lesser (potential) impact, but one that cannot be disregarded.

Strategic risks

The long-term investment policy is designed to ensure that PUBLICA can pay pensions at all times when they are due. It defines the key parameters for PUBLICA's asset management and is a sub-process in terms of strategic risks. This sub-process involves reviewing the investment beliefs, analysing the long-term trends, defining the permitted asset classes and setting the strategic risk budget. "Long-term" is defined as a horizon of more than 10 years, which also corresponds to PUBLICA's liabilities.

A review of the strategic asset allocation is a further sub-process at the strategic risks level. It is conducted within the boundaries set by the long-term investment policy and corresponds to the classic asset and liability management (ALM) process. ALM involves coordinating and controlling the interdependencies between the asset and liability sides of the balance sheet, and the structure and expected trend in membership.

The goal of an ALM study is to determine a strategic asset allocation that falls within the prescribed risk budget and is therefore tailored to the risk capacity and risk tolerance of the pension fund. An important aspect of this sub-process is that PUBLICA reviews the risk capacity as well as the key assumptions, in particular the risk/return assumptions for each asset class, on an annual basis.

To control qualitative risks that could have negative financial consequences for the invested assets over the medium to long term, PUBLICA conducts a strategic risk analysis process which covers ESG (environmental, social and governance) risks and, since 2020, systemic risks. In 2023, PUBLICA continued to address inadequate adjustment to climate change, and began implementing customised benchmarks for emerging market government bonds. It also began growing a knowledge base on biodiversity, the loss of which is being accentuated by climate change. PUBLICA will once again publish a responsible investment report for 2023, which will be available on the website publica.ch. It is designed to create transparency and explain what responsible investment means for PUBLICA, and where progress has been achieved.

Tactical risks

PUBLICA's investment specialists can deviate from the prescribed strategic asset allocation when they have substantiated reasons to believe that they can generate sustainable added value or reduce risk by doing so. The maximum permitted tactical exposures are decided upon by the Board of Directors, along with the strategic asset allocations. In principle, the risks of deviations from the strategic asset allocation within the tactical bandwidths should be set against the expected return.

Implementation risks

If the strategic asset allocation is not implemented in accordance with the rules within the individual asset classes, this distorts or expands the strategic risk budget. The aim of the implementation risk process is to prevent this and to ensure that all benefits can be paid out when they are due. It enables significant individual risks to be identified and appropriately reduced at all levels.

Operational risks

Operational risk comprises the risk of losses due to inappropriate operation or failure of internal processes, people or systems or the impact of negative external events. PUBLICA employs internal controls to minimise operational risks in all key areas. Company-wide checks enable PUBLICA to identify potential cyber risks, for instance, and define countermeasures where needed. Quality and security management, working with the managers responsible, conducts an annual review to establish whether the internal controls are still appropriate to current circumstances and requirements, or whether they need to be adjusted.

Actuarial risk

Actuarial risk comprises the risks resulting from old age, death and disability. It arises when the basis for actuarial calculations, such as the technical interest rate or mortality tables, no longer corresponds to the actual risk events of the active members and pension recipients and the actual development in interest rates.

The capital of pension recipients that is expected to be freed up is compared with the capital of pension recipients that is actually released on death. This provides a measure of the deviation between the actuarial assumptions and the events that actually occurred in the year concerned. Similarly, for active members, the expected costs resulting from death or disability are compared with the cases that actually occurred. The difference between the risk premium and the actual claims corresponds to the annual actuarial gain or loss for each pension plan.

Risk result – active members

The risk result for active members shows an overall gain of CHF 33.8 million (prior year: CHF 31.3 million).

Risk result death and disability – active members, total for all pension plans

2019 to 2023, in CHF mn, number or percent

2023	Units	Risk premiums	Claims	Total gain (+) loss (–)	Number
Disability cases (incl. increases in degree of disability)	CHF mn	80.6	–45.1	35.5	100
Deaths	CHF mn	9.0	–10.6	–1.7	53
Total	CHF mn	**89.6**	**–55.7**	**33.8**	**153**
Insured salary	CHF mn	5 813	5 813		
Statutory required risk premium	Percent	1.54%	0.96%		

2022	Units	Risk premiums	Claims	Total gain (+) loss (–)	Number
Disability cases (incl. increases in degree of disability)	CHF mn	80.7	–53.3	27.4	97
Deaths	CHF mn	5.2	–1.3	3.9	55
Total	CHF mn	**85.9**	**–54.6**	**31.3**	**152**
Insured salary	CHF mn	5 614	5 614		
Statutory required risk premium	Percent	1.53%	0.97%		

Historical trend	Units	Risk premiums	Claims
2023	Percent	1.54%	0.96%
2022	Percent	1.53%	0.97%
2021	Percent	1.54%	0.65%
2020	Percent	1.54%	0.99%
2019	Percent	1.54%	0.70%

Risk result – pension recipients

The risk result for pension recipients shows an overall loss of around CHF 4.4 million. This is made up of gains of CHF 18.3 million for survivors’ pensions and CHF 7.3 million for disability pensions, and a loss of CHF 30.0 million for retirement pensions.

Our staff

Organisational developments in two areas

PUBLICA has overhauled its Pensions and Real Estate divisions. The developments, involving both organisation and staff, enable PUBLICA to respond to changed customer needs, react quickly and flexibly to current and future requirements, make processes simple and lean, and drive forward the digital transformation.

Pensions division slimmed down

In its Pensions division, PUBLICA has reduced the number of customer areas from three to two, divided day-to-day business and development into two separate areas, and integrated the team that handles disability cases into the customer areas. The functions previously performed by the Contact Center have been divided up, with the Pensions division responsible for the main telephone number and Logistics in charge of reception. A key element of the staff changes is a systematic employee development process. A multi-level career model has been introduced, comprising three functions – administrator, advisor and specialist – with graded qualification requirements. PUBLICA has also revised all its function descriptions and agreed individual development plans with staff members on that basis.

Real Estate division divided into four teams

The strategic asset allocation provides for growth in the portfolio of directly held real estate in Switzerland. The Real Estate division has now been separated into four teams: Portfolio Management, Asset Management, Construction and Development, and Operations. Additional jobs are being created to ensure that the division can successfully meet growing demands and the increasing complexity of the real estate business.

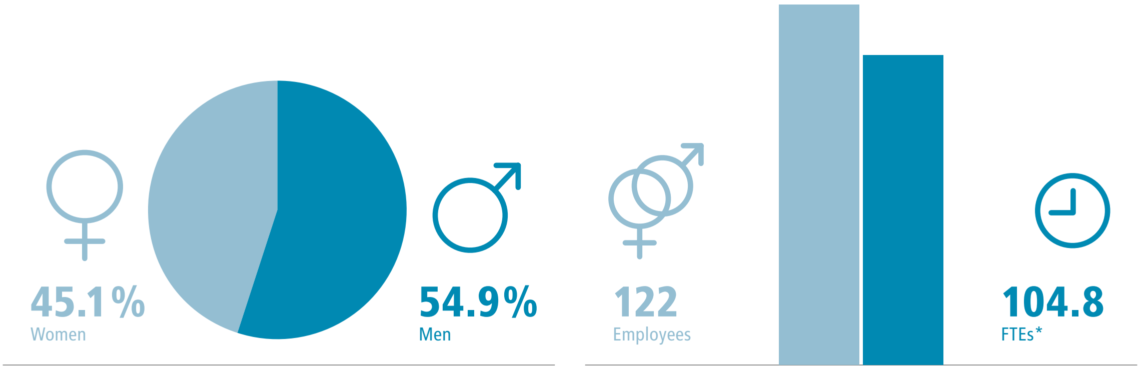
Staff survey: positive ratings for job satisfaction, improvement potential in processes

The staff survey was conducted at the end of November 2023. PUBLICA organises one every two years. The response rate was very high, at 82%, allowing for meaningful conclusions about how employees view their work situation.

- There were positive to very positive ratings for general job satisfaction, and employees' commitment and dedication to PUBLICA. The statement "If I had the choice today, I would opt for a job at PUBLICA again" received 84 points out of a possible 100 in the "agree" or "agree strongly" categories.
- Our staff also have a good to very good view of their working environment, work-life balance, PUBLICA's strategic orientation, equality and salaries.
- The main areas in which they see room for improvement are work processes, a shared understanding of necessary changes, and career prospects.

The Executive Board will work together with employees to define and implement measures to improve on the issues where criticisms were raised.

More men than women. Part-time working is widespread.



*Employees working ≥ 90% are regarded as working full time

Headcount (including apprentices and graduate interns) fell by just 1 year on year, to 122, and by 0.6 points to 104.84 on a full-time equivalent (FTE) basis. In all, 16.9% of men (prior year: 14.7%) and 69.1% of women (prior year: 67.3%) work part time.

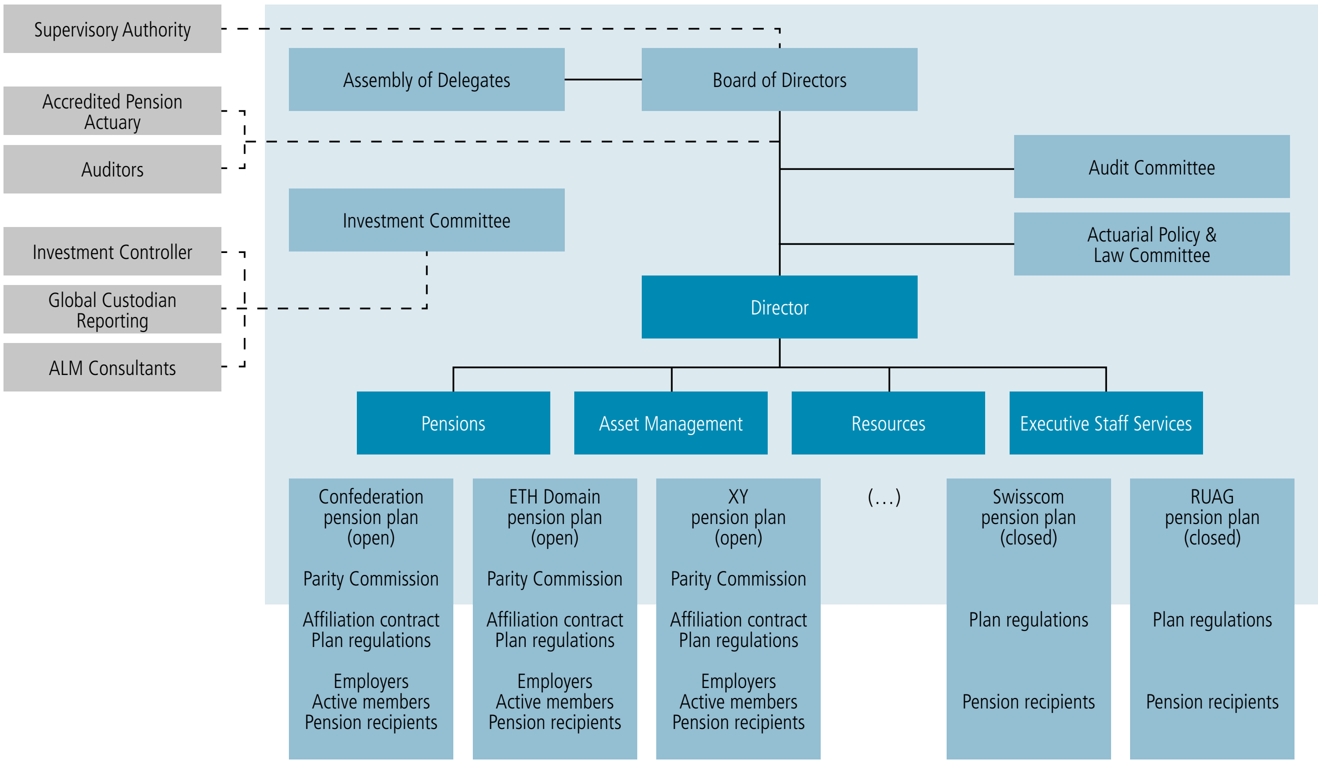
The proportion of women in the overall workforce has risen by 1.8 percentage points year on year, to 45.1%. Within management, it has remained unchanged at 22.2%.

A total of 10 members of staff left PUBLICA in 2023. Four resigned, four reached the end of their fixed-term contracts, and two retired.

Corporate governance

The popular training and professional development programme was continued in 2023 and opened up to members of the parity commissions and staff of PUBLICA’s office.

Organisational structure



The Board of Directors is PUBLICA's supreme body overseeing and controlling the management of business. It is independent of operations and determines PUBLICA's strategic orientation and management. The Bernische BVG- und Stiftungsaufsicht (BBSA) supervises PUBLICA's activities as an independent body.

Board of Directors

Elections and terms of office

The term of office of the members of PUBLICA's Board of Directors is four years. They appoint the Director and Deputy and select the collective institution's Statutory Auditors and Pension Actuary.

The Chair and Vice-Chair of the Board of Directors consist of one employer representative and one employee representative. They alternate as Chair and Vice-Chair every two years. On 1 July 2023, Kaspar Müller, representing the employers, succeeded Jordi Serra as Chair of the Board of Directors.

Some members also stepped down, with replacements being appointed:

Meik Haas took over from Hans Häfliger, Tania Cucè from Mahidé Aslan, and Adrian Egger from Jordi Serra (who left the Board at the end of December 2023).

The Board of Directors appointed Nicolas Schmidt as its new Vice-Chair with effect from 1 January 2024.

The following standing committees deal in depth with the tasks that fall within their competence: the Investment Committee, the Audit Committee, and the Actuarial Policy and Law Committee.

The Board of Directors, Investment Committee, Audit Committee and Actuarial Policy and Law Committee each met six times during 2023. The members of the Board and the committees attended various courses on strategic issues related to occupational pensions on a total of 15 days. Since 2022, members of the Board of Directors have been offered a systematic further training programme. This is based on competence profiles for the members and comprises both in-house and external courses. The programme was continued in 2023 and opened up to members of the parity commissions and staff of PUBLICA's office. This opportunity proved very popular.

The composition of the Board of Directors as at 31 December 2023 is set out on the following pages.

Employee representatives

Albisser Eliane

Occupation	Managing director, PK-Netz
Qualifications	MA in law and sociology
Board member since	01.07.2021
Committee	Actuarial Policy and Law Committee since 01.07.2021

Alvarez Cipriano

Occupation	Head of Legal Section, Federal Office for Housing
Qualifications	Lawyer
Board member since	01.07.2013
Committee	Investment Committee since 01.07.2013
External mandates	Member of the Operating Committee of the Construction and Housing Policy Fund

Cucè Tania

Occupation	Team leader, Federal Tax Administration
Qualifications	Lawyer
Board member since	01.10.2023
Committee	Actuarial Policy and Law Committee since 01.10.2023

Lagger Valentin

Occupation	Head of Training, Unemployment Insurance Office
Qualifications	Masters in political science
Board member since	01.07.2021
Committee	Audit Committee since 01.07.2021

Maurer Stalder Petra | Chair of the Audit Committee

Qualifications	Diploma in Business Administration, MAS in Corporate Communication Management
Board member since	01.07.2009
Committee	Audit Committee since 01.07.2021
External mandates	Vice-Chair, SPITEX services, Lake Thun area

Schmidt Nicolas

Occupation	Specialist in sustainable consumption and products, FOEN
Qualifications	Master of Social Science, Master of Public Administration
Board member since	01.07.2021
Committee	Investment Committee since 01.07.2021

Serra Jordi | Vice-Chair of the Board of Directors

Occupation	Secretary General and CFO of VPOD
Qualifications	Masters degree, federally certified staff pensions expert
Board member since	01.07.2013
External mandates	Member of the Federal Occupational Pensions Commission General manager, VPOD pension fund Chair of the Board of Trustees, City of Zurich Pension Fund Chair, PK-Netz Vice-Chair of the Board of Trustees, Substitute Occupational Benefit Institution Member of the Board of Trustees, gdz Pension Fund Administrator, VPOD holiday association foundation Administrator, VPOD interpreters’ assistance fund Administrator, VPOD death benefit fund foundation

Wey Natascha

Occupation	General Secretary, VPOD
Qualifications	Masters degree, historian
Board member since	01.07.2021
Committee	Audit Committee since 01.07.2021
External mandates	Member of the Board of Trustees, Substitute Occupational Benefit Institution Substitute member of the Federal Commission on the Working Hours Act

Employer representatives

Badrutt Gian Andrea

Occupation	Deputy Director of the Directorate for Resources, FDFA
Qualifications	Attorney-at-law
Board member since	01.07.2021
Committee	Actuarial Policy and Law Committee since 01.07.2021

Haas Meik

Occupation	Head of Finance and Services and member of the Executive Board, réservesuisse cooperative
Qualifications	Degree in business administration, major in finance and law
Board member since	01.07.2023
Committee	Audit Committee since 01.07.2023

Künzli Dieter

Occupation	Head of Finance and HR, ETH Board
Qualifications	Doctorate in science
Board member since	01.07.2017
Committee	Audit Committee since 01.07.2021
External mandates	Chair of the Board, Zentrum Passwang Mayor of Breitenbach, Solothurn Member of the Board of Directors, VEBO Genossenschaft

Müller Kaspar | Chair of the Board of Directors

Occupation	Deputy General Secretary, DETEC
Qualifications	Degree in business administration
Board member since	01.03.2016

Parnisari Bruno

Occupation	Deputy Director, FSIO
Qualifications	Doctorate in economics
Board member since	01.07.2017
Committee	Investment Committee since 01.07.2017
External mandates	AHV/IV/EO Compensation Fund Compenswiss: representative of the FSIO on the Board of Directors

Schwendener Peter

Occupation	Deputy Director, FDF
Qualifications	Doctorate in political science
Board member since	01.07.2021
Committee	Audit Committee since 01.07.2021
External mandates	Member of the Board of Directors, BLS Netz AG Board member, Verein Surprise

von Kaenel Rahel | Chair of the Actuarial Policy and Law Committee

Occupation	Director of the Federal Staff Office EPA
Qualifications	Doctorate in history
Board member since	01.07.2021
Committee	Actuarial Policy and Law Committee since 01.07.2021
External mandates	Board member, Association Pro Aventico Member of the Advisory Board, University of Bern, Executive MPA Member of the Suva Council

Weber Matthias | Chair of the Investment Committee

Occupation	Owner, alpha-optimum GmbH, Hedingen
Qualifications	Masters in economics, University of St. Gallen, EMBA International Wealth Management
Board member since	01.07.2018
Committee	Investment Committee since 01.07.2018

Investment Committee

The remit of the Investment Committee includes submitting the strategic asset allocations to the Board of Directors, ensuring monitoring of the activities of the external asset managers and internal portfolio managers, approving direct real estate transactions in Switzerland (purchases, sales, projects) with an investment value of over CHF 30 million and land purchases without a project ready for approval valued at over CHF 10 million. Below these limits, the Asset Management Real Estate Committee approves these investments. The Committee's members include the Director of PUBLICA, the Head of Asset Management and the Head of Real Estate.

In accordance with the Investment Guidelines, the Investment Committee consists of the Chair as well as a minimum of three and a maximum of five members appointed by the Board of Directors from its own members. The Board of Directors may also appoint a maximum of three external investment experts. The Federal Finance Administration may propose candidates to the Board of Directors. The Director and the Head of Asset Management of PUBLICA are consultative members of the committee. Matthias Weber has chaired the Investment Committee since 1 July 2018.

In addition to Cipriano Alvarez, Bruno Parnisari and Nicolas Schmidt, the external members of the Investment Committee are as follows:

Eggenberger Urs

Occupation	Vice-Director and Joint Head of the Federal Treasury Department, Federal Finance Administration
Qualifications	Degree in business administration, CFA
Committee member since	19.11.2007
External mandates	Decommissioning and Waste Disposal Fund for Nuclear Power Plants: member of the Administrative Committee and Investment Committee AHV/IV/EO Compensation Fund Compenswiss: representative of the FFA on the Board of Directors and Investment Committee

Loepfe Andreas

Occupation	Partner and General Manager, INREIM AG
Qualifications	Degree in business administration, FRICS
Committee member since	01.07.2015
External mandates	INREIM AG: Delegate of the Board of Directors IMMRA AG: member of the Board of Directors SOFISA SA: member of the Board of Directors SwissIncome AG: member of the Board of Directors

Actuarial Policy and Law Committee

The Actuarial Policy and Law Committee deals with issues concerning the actuarial policy in general and its implementation, the implementation of the employers' actuarial policy and the submission of suggestions to the employers with regard to the structuring of actuarial policy options. The Committee has been chaired by Rahel von Kaenel since 1 July 2021. Its members are Eliane Albisser, Gian Andrea Badrutt and Tania Cucè. The operational management of PUBLICA attends in a consultative capacity.

Audit Committee

The Audit Committee is principally concerned with financial and accounting matters. It discusses the annual financial statements and the reports of the Statutory Auditors and Pension Actuary. Petra Maurer has chaired the Audit Committee since 1 July 2021. Its members are Dieter Künzli, Meik Haas, Valentin Lagger, Peter Schwendener and Natascha Wey.

Communication and collaboration

In 2023, a project team made preparations to replace the governing body portal on 1 January 2024 with a new portal that is easier to use and clearer to navigate. Access for the Board of Directors, committees and parity commissions is governed by an authorisation concept.

Information and control instruments

The key instruments for controlling the activities of PUBLICA are the regulations and contracts of affiliation, which are approved by the Board of Directors. The most important information and control instruments employed by the Executive Board on behalf of the Board of Directors and its committees are:

Quality management

PUBLICA has a well-developed quality management system designed to ensure delivery of high-quality operational services to PUBLICA's stakeholders over the long term. Internal processes are also continually reviewed and optimised.

Internal control system

PUBLICA's internal control system (ICS) is process-based and embedded in the certified processes. PUBLICA reviews the internal controls annually and draws up a risk management report which is submitted to the Executive Board and Board of Directors.

Compliance

At least once a year, the Executive Board reports to the Board of Directors on the lawful and proper conduct of PUBLICA's business and on the conduct of external companies that work for PUBLICA.

Finance and management information system

The members of the Board of Directors and the parity commissions have access to monthly figures on changes in the funded ratios (OPO 2 funded ratio, economic funded ratio, etc.) for all pension plans. They also receive an annual report on the pension plans as well as the reports of the external Investment Controller. The Board of Directors approves the Annual Report.

Assembly of Delegates

The Assembly of Delegates (AD) is made up of 80 employees from the employers affiliated to PUBLICA. The AD elects eight individuals to represent the employees on the Board of Directors during each four-year term of office. It met twice in 2023, once in March and once in October. In March, delegates in Constituency I, comprising the Confederation pension plan, elected the employee representatives on the Confederation parity commission. In October 2023, they chose the successors to Mahidé Aslan and Jordi Serra as employee representatives on the Board of Directors. The delegates have the right to submit proposals to the Board of Directors. The Assembly of Delegates is newly elected every four years, most recently in November 2020 using e-voting. The names of all the delegates and the constituency they represent are published on publica.ch.

As at 31 December 2023, the Chair and Vice-Chair of the PUBLICA Assembly of Delegates are as follows:

Wüthrich Marcel

Function	Chair
Occupation	Actuary in risk management at the Occupational Pension Supervisory Commission OPSC

Morard-Niklaus Jacqueline

Function	Vice-Chair
Occupation	Chair of the EPFL section of the Federal Staff Association

The five members of the Executive Board act as heads of the Pensions, Asset Management and Resources divisions, as well as Executive Staff Services, which include Corporate Communications and IT.

Director, Deputy and Executive Board

The Director and Deputy are responsible for the operational strategy and management of PUBLICA. They strive to ensure that the strategic objectives are met and that PUBLICA is successful. Their activities are based on the Corporate and Organisational Regulations of the Federal Pension Fund PUBLICA. The current Director is Doris Bianchi, and her Deputy is Stefan Beiner (Head of Asset Management).

As at 31 December 2023, the Executive Board comprises the following members:

Bianchi Doris

Function	Director
Qualifications	LL.D.

Beiner Stefan

Function	Head of Asset Management Deputy to the Director
Qualifications	Doctorate in economics, University of St. Gallen
External mandates	Schoeni.ch Holding AG: member of the Board of Directors SIX Regulatory Board: member

Zaugg Markus

Function	Head of Resources
Qualifications	Degree in business administration, EMBA HRM

As at 31 December 2023 the Extended Executive Board comprises the following additional members:

Kobel Roger

Function	Head of IT
Qualifications	FTS technician

Rychen Beatrice

Function	Head of Corporate Communications
Qualifications	Degree in business administration, MAS in Corporate Communication

Compensation

Compensation policy

The Chair of the Board of Directors receives flat-rate compensation of CHF 36,000 and the Vice-Chair CHF 24,000. The Chair of the Investment Committee receives flat-rate annual compensation of CHF 50,000. The other members of the Board of Directors and the external members of the Investment Committee receive flat-rate compensation of CHF 4,000 as well as an attendance fee. The fee for each half-day meeting is CHF 500, and CHF 1,000 each for the Chair of the Audit Committee and the Chair of the Actuarial Policy and Law Committee.

Compensation-setting process

The Audit Committee reviews, by no later than the middle of each term of office, whether the compensation paid to the members of the Board of Directors, and especially the Chair and Vice-Chair, is appropriate.

The Chair and Vice-Chair of the Board of Directors set the salary of the Director. The Director and Deputy are responsible for the salaries of employees of PUBLICA.

Level of compensation paid to the Board of Directors

The total compensation plus flat-rate travel expenses paid by PUBLICA either directly or indirectly to the members of the Board of Directors and its committees was CHF 274,918 (prior year: CHF 312,947).

Compensation of members of the Board of Directors and committees

2023 with prior-year comparison, in CHF, excluding departures

		31.12.2022	31.12.2023
Albisser Eliane		15 500	11 000
Alvarez Cipriano		19 500	14 000
Badrutt Gian Andrea		13 000	11 000
Cucè Tania*		0	2 000
Eggenberger Urs		7 000	6 500
Haas Meik*		0	5 000
Künzli Dieter		12 500	11 000
Lagger Valentin		18 500	12 500
Loepfe Andreas		9 000	8 490
Maurer Stalder Petra	Chair of the Audit Committee	17 000	15 000
Müller Kaspar	Chair of the Board of Directors	24 000	30 000
Parnisari Bruno		11 500	9 500
Schmidt Nicolas		13 500	13 000
Schwendener Peter		16 500	11 000
Serra Jordi	Vice-Chair of the Board of Directors	36 000	30 000
von Kaenel Rahel	Chair of the Actuarial Policy and Law Committee	18 000	13 500
Weber Matthias	Chair of the Investment Committee	50 000	50 000
Wey Natascha		13 000	9 500

* Joined during the year under review

Level of compensation paid to the Executive Board

The average compensation (gross salary including all allowances and employer's pension contributions) paid to members of the Executive Board (including the Director and Deputy) was CHF 271,779 (prior year: CHF 301,780). The total compensation paid to the Executive Board was CHF 1,087,118 (prior year: CHF 1,207,121). The Director's compensation was CHF 326,812 (prior year: CHF 320,108). This sum includes employer's pension contributions of CHF 46,037 (prior year: CHF 45,108).

PUBLICA does not pay bonuses.

Statutory Auditors

The statutory auditor mandate was put out to tender. The newly appointed auditors, PwC AG, are licensed as a state-supervised audit firm by the Swiss Federal Audit Oversight Authority FAOA. Felix Steiger is the lead auditor. The total audit fee for 2023 was CHF 218,254 (prior year: CHF 231,017 paid to KPMG AG). PwC received additional fees totalling CHF 16,694 (prior year: CHF 110,515 paid to KPMG AG) for tax consultancy services in 2023. The Statutory Auditors reported to the supreme governing body on the planning and results of their audits. In the interests of good corporate governance, PUBLICA invites tenders for the audit mandate at least every seven years.

Pension Actuary

The Pension Actuary since 1 January 2016 is Allvisa AG, with Christoph Plüss as lead actuary. Allvisa AG is licensed as a pension actuary by the Occupational Pension Supervisory Commission (OPSC). The total fee paid to Allvisa AG in 2023 was CHF 191,814 (prior year: CHF 353,294). The Pension Actuary attended a number of meetings of the Board of Directors and its committees. In the interests of good corporate governance, PUBLICA puts the Pension Actuary mandate out to tender after a maximum of nine years.

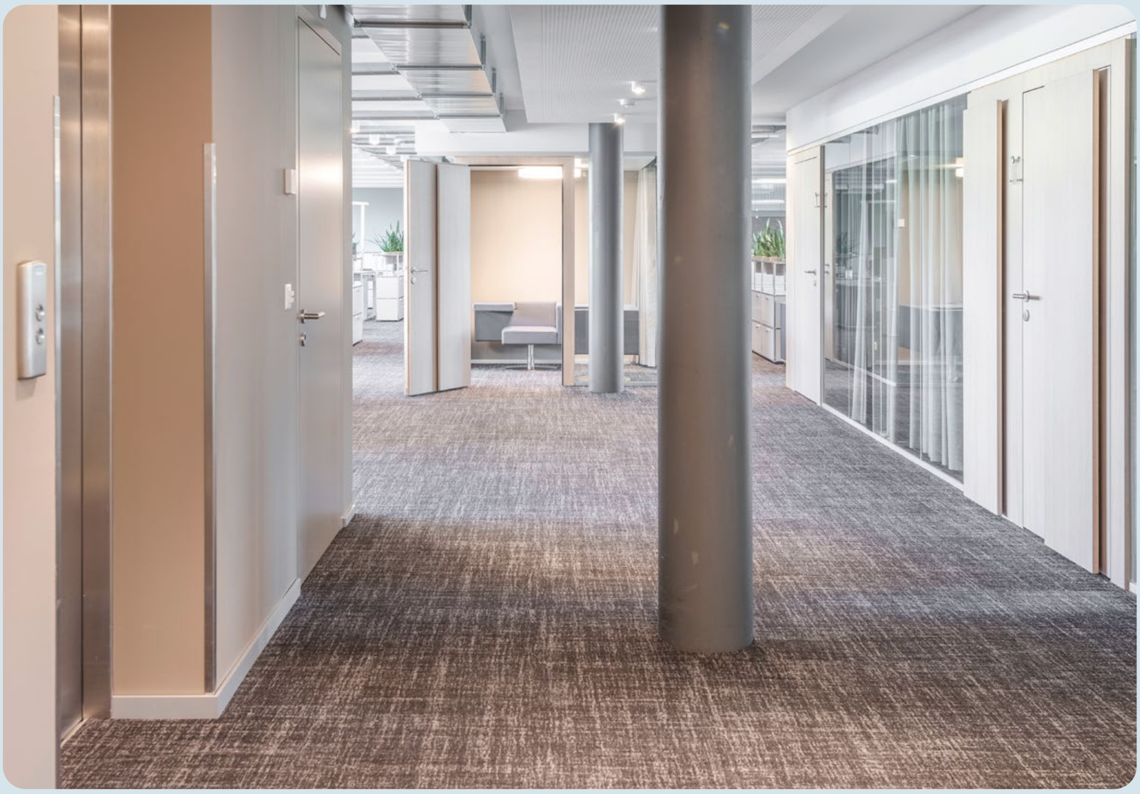
Annual financial statements

The annual financial statements (balance sheet, income statement, notes) comply with the formal and material requirements of Swiss GAAP ARR 26.

Balance sheet

The balance sheet, income statement and notes deal with the collective institution and all the affiliated pension plans, PUBLICA's internal Reinsurance and PUBLICA Operations. The figures are therefore aggregated. The relevant figures for the individual active members and pension recipients are those of their respective pension plans. PUBLICA maintains separate accounts for each pension plan. Each plan reports its own funded ratio, which is not influenced by the other plans.

The amounts reported in the balance sheet, income statement and notes are rounded to the nearest franc. For this reason, total amounts may in some cases deviate slightly from the sum of the individual values.



Balance sheet – collective institution

2023 with prior-year comparison, in CHF

Assets	Note	31.12.2022	31.12.2023
Cash & cash equivalents		62 866 111	101 360 343
Receivables		134 125 775	140 730 730
Money market		1 524 724 910	1 304 410 543
Swiss government bonds		2 594 503 924	3 001 707 857
Non-government bonds CHF		3 372 795 872	3 051 038 067
Government bonds developed markets ex Switzerland		2 843 015 614	3 201 374 239
Inflation-linked government bonds		1 909 404 464	1 352 611 171
Public corporate bonds ex CHF		3 285 096 989	2 821 762 462
Private corporate debt		1 140 995 112	1 215 147 234
Private infrastructure debt		1 111 283 161	1 247 186 928
Private real estate debt		1 106 751 445	1 090 664 500
Government bonds emerging markets hard currencies		1 083 458 550	906 933 743
Government bonds emerging markets local currencies		1 288 810 818	775 472 480
Equities Switzerland		1 721 443 350	2 426 460 521
Equities developed markets ex Switzerland		6 176 134 568	7 459 192 212
Equities emerging markets		2 693 366 439	2 833 087 935
Private infrastructure equities		–-	98 634 623
Precious metals		984 913 932	1 144 923 565
Real estate investments Switzerland		3 436 579 117	3 520 566 234
Real estate investments international		2 962 524 759	2 830 198 232
Investments	**6.4**	**39 432 794 911**	**40 523 463 619**
Operating assets	**7.1**	**16 258 631**	**16 655 197**
Prepaid expenses and accrued income		**120 518**	**92 014**
Total assets		**39 449 174 061**	**40 540 210 830**

Liabilities	Note	31.12.2022	31.12.2023
Vested benefits and pensions		109 271 704	99 387 846
Other liabilities		9 626 448	9 631 633
Operating liabilities	7.1	1 912 695	2 160 594
Liabilities		**120 810 847**	**111 180 074**
Accrued expenses and deferred income		**4 590 601**	**4 047 468**
Employers' contribution reserve (without waiver of use)	**6.11**	**45 153 199**	**46 738 808**
Non-technical provisions	**7.3**	**192 290 390**	**179 347 262**
Pension fund capital – active members	5.2	19 242 808 071	19 608 106 060
Pension fund capital – pension recipients	5.4	20 089 886 366	19 936 339 949
Technical provisions	5.5	1 302 948 912	1 343 655 159
Pension fund capital and technical provisions		**40 635 643 349**	**40 888 101 169**
Fluctuation reserve	**6.3**	**25 461 642**	**100 227 812**
Uncommitted funds / underfunding of pension plans	1.6	–1 594 170 100	–810 987 557
Uncommitted funds / underfunding Reinsurance	5.1	5 048 198	7 061 192
Working capital – PUBLICA Operations and Reinsurance	5.1/7.1	14 345 936	14 494 603
Uncommitted funds / underfunding / working capital		**–1 574 775 966**	**–789 431 763**
Total liabilities		**39 449 174 061**	**40 540 210 830**

Income statement – collective institution

2023 with prior-year comparison, in CHF

	Note	2022	2023
Savings contributions – employees	5.2	553 594 530	577 968 548
Risk premiums – employees		8 566 611	8 925 281
Cost premiums – employees		204 550	226 400
Employee contributions		562 365 691	587 120 230
Savings contributions – employers	5.2	888 043 030	923 247 081
Risk premiums – employers		77 323 936	80 594 446
Cost premiums – employers		11 260 920	11 091 247
Employer contributions		976 627 886	1 014 932 774
Removal from employers' contribution reserve to finance contributions		–1 939 945	–1 237 087
Contributions from third parties		71 830 039	2 037 648
Lump-sum payments and buy-ins – active members	5.2	121 837 269	133 546 896
Buy-outs of pension reductions and pension buy-ins	5.4	20 922 712	37 891 014
Lump-sum payments and buy-ins		142 759 982	171 437 910
Payments to employers' contribution reserve		5 123 174	2 145 000
Contributions to the OPA Guarantee Fund		32 184	27 757
Ordinary and other contributions and payments		**1 756 799 011**	**1 776 464 231**
Vested benefits received		457 974 108	517 290 866
Home ownership and divorce payments received		28 391 385	22 063 864
Payments on takeover of member portfolios	1.6 / 9.2	141 866 073	0
Entrance benefits	**5.2**	**628 231 566**	**539 354 731**
Inflow from contributions and entrance benefits		**2 385 030 577**	**2 315 818 962**
Retirement pensions		–1 238 708 292	–1 235 046 771
Survivors' pensions		–303 054 329	–301 260 339
Disability pensions		–27 073 420	–27 931 405
Other statutory benefits		–33 760 736	–30 037 252
Lump-sum benefits upon retirement		–339 076 941	–435 720 885
Lump-sum benefits in case of death/disability		–12 397 720	–18 171 329
Divorce pensions		–3 528 581	–3 702 505
Statutory benefits	**5.4**	**–1 957 600 019**	**–2 051 870 486**
Vested benefits paid on departure		–537 260 665	–532 863 321
Early withdrawals for home ownership / divorce		–78 694 816	–84 457 055
Transfer of additional funds on collective departure	1.6 / 9.3	–126 875 607	0
Vested termination benefits	**5.2**	**–742 831 088**	**–617 320 375**
Outflow for benefits and early withdrawals		**–2 700 431 107**	**–2 669 190 861**
Formation (–) / release (+) of pension fund capital – active members	5.2	–194 669 876	–180 059 140
Formation (–) / release (+) of pension fund capital – pension recipients	5.4	185 816 662	153 546 417
Formation (–) / release (+) of technical provisions	5.5	–23 585 133	–40 706 247
Interest on savings capital	5.2	–167 706 221	–185 238 849
Formation (–) / release (+) of employers' contribution reserve	6.11	–2 872 783	–1 585 609
Formation (–) / release (+) of pension fund capital, technical provisions and contribution reserves		**–203 017 352**	**–254 043 428**
Shares in surpluses for pension plans from internal Reinsurance	5.1	5 253 320	2 834 274
Shares in surpluses for pension plans from PUBLICA internal Operations		646 687	520 757
Pension plans		**5 900 007**	**3 355 031**
Risk premium received – internal Reinsurance, gross	5.1	4 270 593	4 596 430
Cost premium received – PUBLICA internal Operations, gross		11 465 470	11 317 647
PUBLICA Operations and PUBLICA Reinsurance		**15 736 064**	**15 914 077**
Income from insurance benefits		**21 636 071**	**19 269 108**
Risk premiums paid by pension plans for internal Reinsurance	5.1	–4 270 593	–4 596 430
Cost premiums paid by pension plans for PUBLICA Operations		–11 465 470	–11 317 647
Corrective invoicing to pension plans from PUBLICA Operations		–5 424 126	–5 301 828
Contributions to Guarantee Fund		–4 869 367	–4 073 569
Pension plans		**–26 029 556**	**–25 289 474**
Repayment of shares in surplus from PUBLICA Reinsurance	5.1	–5 253 320	–2 834 274
Result from shares of surplus and corrective invoicing from PUBLICA Operations		4 777 438	4 781 071
PUBLICA Operations and PUBLICA Reinsurance		**–475 882**	**1 946 797**
Insurance expenses		**–26 505 438**	**–23 342 677**
Net insurance income		**–523 287 249**	**–611 488 897**

Income statement – collective institution

2023 with prior-year comparison, in CHF

	Note	2022	2023
Net income from cash and cash equivalents	6.8	–474 258	567 918
Net income from receivables	6.8	47 442	0
Net income from liabilities	6.8	–984 142	–959 267
Net income from money market	6.8	–3 871 659	18 741 421
Net income from Swiss government bonds	6.8	–212 947 284	199 393 186
Net income from non-government bonds CHF	6.8	–438 750 806	200 859 154
Net income from government bonds developed markets ex Switzerland	6.8	–448 563 898	67 475 731
Net income from inflation-linked government bonds	6.8	–326 218 861	6 237 516
Net income from public corporate bonds ex CHF	6.8	–491 284 359	127 234 933
Net income from private corporate debt	6.8	–239 103 371	46 156 790
Net income from private infrastructure debt	6.8	–229 834 668	67 699 241
Net income from private real estate debt	6.8	–133 048 592	30 944 287
Net income from government bonds emerging markets hard currencies	6.8	–278 082 604	20 253 656
Net income from government bonds emerging markets local currencies	6.8	–98 754 141	52 490 691
Net income from equities Switzerland	6.8	–226 191 365	116 738 961
Net income from equities developed markets ex Switzerland	6.8	–943 750 868	770 234 365
Net income from equities emerging markets	6.8	–544 194 392	76 155 950
Net income from private infrastructure equities	6.8	0	–7 273 697
Net income from precious metals	6.8	10 631 513	55 458 309
Net income from real estate investments Switzerland	6.8	134 204 478	65 136 508
Net income from real estate investments international	6.8	413 041 313	–327 630 895
Asset management expenses	6.10	–117 891 336	–110 428 156
Net investment income	**6.8**	**–4 176 021 860**	**1 475 486 601**
Formation (–) / release (+) of non-technical provisions	**7.3**	**2 144 719**	**12 943 127**
Other income		**1 902 009**	**222 988**
Other expenses		**–72 424 047**	**–907 388**
General administration	7.2	–15 598 873	–15 598 655
Marketing and advertising	7.2	0	0
Brokerage	7.2	0	0
Statutory Auditors	7.2	–231 017	–218 254
Pension Actuary	7.2	–363 294	–203 015
Supervisory authorities	7.2	–103 742	–126 134
Administrative expenses	**7.2**	**–16 296 925**	**–16 146 058**
Expenditure (–) / income (+) surplus before formation / release of fluctuation reserve		**–4 783 983 354**	**860 110 374**
Formation (–) / release (+) of fluctuation reserve	**6.3**	**3 112 592 365**	**–74 766 171**
Expenditure (–) / income (+) surplus		**–1 671 390 989**	**785 344 204**
Expenditure (–) / income (+) surplus – pension plans		–1 592 459 322	783 182 543
Expenditure (–) / income (+) surplus – Reinsurance	5.1	–8 283 365	2 012 994
Expenditure (–) / income (+) surplus working capital – PUBLICA Operations and Reinsurance	5.1/7.2	–70 648 302	148 667
Expenditure (–) / income (+) surplus		**-1 671 390 989**	**785 344 204**

Notes

1 Fundamentals and organisation

1.1 Legal form and purpose
PUBLICA is an institution of the Swiss Confederation established under public law. Its head office is in Bern, and it is entered in the commercial register.

As a collective institution, PUBLICA insures the employees of the centralised and decentralised Federal Administration and of affiliated organisations. Employers of the centralised and decentralised Federal Administration affiliate to PUBLICA on the basis set out in the relevant specific legislation. Affiliation to PUBLICA is also open to employers that are closely associated with the Confederation or fulfil a public task on behalf of the Confederation, a canton or a commune (Art. 4 para. 2 of the Federal Act of 20 December 2006 on the Federal Pension Fund [PUBLICA Act, SR 172.222.1]).

PUBLICA provides its members with occupational pension insurance in accordance with, and in excess of, the requirements set out in the Federal Act of 25 June 1982 on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA, SR 831.40).

1.2 OPA registration and Guarantee Fund
Pursuant to the provisions of the OPA, PUBLICA is entered in the register of occupational pension schemes and is subject to supervision by the regulatory authority for occupational pension schemes of the Canton of Bern (Bernische BVG- und Stiftungsaufsicht (BBSA)), with reference number BE.0835.

PUBLICA is subject to the Federal Act of 17 December 1993 on the Vesting of Occupational Old Age, Survivors' and Invalidity Benefits (Vested Benefits Act, VBA, SR 831.42), and is thus affiliated with the Guarantee Fund as per Art. 57 OPA, to which it contributes in accordance with the provisions of the Ordinance of 22 June 1998 on the OPA Guarantee Fund (GFO, SR 831.432.1).

1.3 Legal basis
- PUBLICA Act of 20 December 2006 (status as at 1 January 2023)
- Contracts of affiliation of the employers affiliated to PUBLICA, consisting of the following components:
  - Pension plan regulations or framework pension plan regulations with the pension plan type
  - Service Level Agreement on Services
  - Partial Liquidation Regulations
- Framework Pension Plan Regulations of the Swiss Federal Pension Fund PUBLICA of 26 March 2015 (status as at 1 January 2021)
- Corporate and Organisational Regulations of the Federal Pension Fund PUBLICA of 25 August 2015 (status as at 20 June 2019 and 26 August 2021)
- Investment Guidelines of the Federal Pension Fund PUBLICA (PUBLICA Investment Guidelines) of 15 April 2010 (status as at 25 October 2022)
- Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance of 22 November 2016 (status as at 31 December 2022)
- Compliance Regulations of 23 August 2012 (status as at 10 April 2014)
- Regulations governing the Risk Policy and Internal Control System of 11 April 2013 (status as at 28 March 2019)
- PUBLICA policy document on hardship cases of 25 November 2010 (status as at 13 March 2023)
- Regulations governing the Handling of Personal Data at the Federal Pension Fund PUBLICA of 22 November 2016

- Cost Regulations for the Active Members and Pension Recipients of the Federal Pension Fund PUBLICA of 21 February 2008 (status as at 1 January 2022)
- Regulations governing the Remuneration of Members of the Board of Directors of the Federal Pension Fund PUBLICA of 26 November 2009 (status as at 3 May 2022)
- Regulations governing the Audit Committee of PUBLICA of 13 October 2011 (status as at 26 August 2021)
- Regulations governing the Actuarial Policy and Law Committee of PUBLICA of 22 November 2012 (status as at 26 August 2021)
- Regulations governing the Election of the Assembly of Delegates of the Federal Pension Fund PUBLICA of 17 November 2015 (status as at 28 November 2017)
- Business Regulations of the PUBLICA Assembly of Delegates of 12 March 2009
- Regulations of the PUBLICA Assembly of Delegates regarding the Election of Employee Representatives to the PUBLICA Board of Directors of 24 January 2017
- Regulations of the Delegates of Constituency I of the PUBLICA Assembly of Delegates regarding the Election of Employee Representatives to the Parity Commission of the Confederation Pension Plan of 24 August 2016
- Business Regulations of the Parity Commission of the PUBLICA Pension Plan of 22 October 2009 (status as at 21 November 2013)
- Regulations of the Board of Directors of PUBLICA governing the Staff of the Federal Pension Fund PUBLICA dated 6 November 2009 (status as at 1 October 2016)

1.4 Supreme governing body, management and signing powers

The Board of Directors comprises 16 members (eight representing the employees and eight representing the employers) and forms the strategic management body of PUBLICA. As the supreme governing body, it supervises and oversees PUBLICA's operations. The Director, Deputy and the Executive Board are responsible for the ongoing business of PUBLICA subject to the provisions of the law and the requirements laid down by the Board of Directors. The names of the members of the Board of Directors, the Director and Deputy, and the (Extended) Executive Board are listed in the Annual Report.

The Chair and Vice-Chair of the Board of Directors as well as the Director and Deputy, the Extended Executive Board and the Head of Real Estate are entered in the commercial register as joint signatories, with two signatures being required.

1.5 Pension Actuary, Statutory Auditors, supervisory authority, consultants

Pension Actuary	Contracting partner: Allvisa AG Thurgauerstrasse 54 8050 Zürich Lead actuary: Christoph Plüss	allvisa.ch
Statutory Auditors	PwC AG Bahnhofplatz 10, Postfach 3001 Bern	pwc.ch
Supervisory authority	Bernische BVG- und Stiftungsaufsicht (BBSA) Belpstrasse 48, Postfach 3000 Bern 14	aufsichtbern.ch
Property Valuer	Jones Lang LaSalle AG Prime Tower, Hardstrasse 201 8005 Zürich	jll.ch
Investment Controller	PPCmetrics AG Badenerstrasse 6, Postfach 8021 Zürich	ppcmetrics.ch
ALM Consultants	ORTEC Finance (Switzerland) AG Poststrasse 4 8808 Pfäffikon	ortecfinance.com
	c-alm AG Vadianstrasse 25a 9000 St. Gallen	c-alm.ch

1.6 Affiliated employers

As at 31 December 2023, the PUBLICA collective institution included 18 mutually independent pension plans, unchanged from 2022, of which seven were closed, pensioner-only plans. All the pension plans have their own accounts and are managed by their own parity commissions.

PUBLICA is not actively seeking new affiliations, and is therefore not in competition with other pension institutions. Financial stability is the prime concern, and that is also reflected in the strategic priority to simplify PUBLICA's structures, which has been in force since the start of 2023. This means that the only new employers accepted are those which have been spun off from employers that are already affiliated and can be insured in the joint Affiliated Organisations pension plan. Setting up new pension plans would be at odds with the new strategic priority and is therefore something PUBLICA no longer pursues. This means that there is no conflict of interest between growth and financial stability pursuant to OPSC Directive 01/2021 on transparency and internal control requirements for pension institutions in competition.

New affiliations

The Psychotherapeutische Praxis für Überlebende von Folter und Krieg AG affiliated to the joint Affiliated Organisations pension plan.

Departures

There were no departures in 2023.

Liquidations

There were no liquidations in 2023.

1.6.1 Open pension plans

Open pension plans

2023 with prior-year comparison, in CHF, number or percent

Pension plans with one employer		Units	31.12.2022	31.12.2023
ETH Domain	Active members	Number	21 350	21 679
	Pension recipients	Number	6 037	6 147
	Total active members and pension recipients	**Number**	**27 387**	**27 826**
	Available assets	CHF	7 423 759 187	7 702 360 579
	Pension fund capital & technical provisions	CHF	7 639 181 334	7 758 467 897
	Funded ratio as per OPO 2	**Percent**	**97.2%**	**99.3%**
	Economic funded ratio	Percent	96.5%	92.2%
IPI	Active members	Number	312	315
	Pension recipients	Number	82	85
	Total active members and pension recipients	**Number**	**394**	**400**
	Available assets	CHF	155 930 767	176 267 272
	Pension fund capital & technical provisions	CHF	154 645 891	160 602 050
	Funded ratio as per OPO 2	**Percent**	**100.8%**	**109.8%**
	Economic funded ratio	Percent	101.3%	104.1%
Swissmedic	Active members	Number	540	582
	Pension recipients	Number	176	188
	Total active members and pension recipients	**Number**	**716**	**770**
	Available assets	CHF	302 769 441	334 233 021
	Pension fund capital & technical provisions	CHF	305 921 207	331 144 121
	Funded ratio as per OPO 2	**Percent**	**99.0%**	**100.9%**
	Economic funded ratio	Percent	98.2%	94.2%
Federal Audit Oversight Authority	Active members	Number	30	36
	Pension recipients	Number	7	7
	Total active members and pension recipients	**Number**	**37**	**43**
	Available assets	CHF	16 319 921	18 300 888
	Pension fund capital & technical provisions	CHF	16 592 120	18 265 750
	Funded ratio as per OPO 2	**Percent**	**98.4%**	**100.2%**
	Economic funded ratio	Percent	98.0%	95.5%
FINMA	Active members	Number	602	665
	Pension recipients	Number	91	95
	Total active members and pension recipients	**Number**	**693**	**760**
	Available assets	CHF	319 020 350	351 887 837
	Pension fund capital & technical provisions	CHF	324 586 548	350 114 176
	Funded ratio as per OPO 2	**Percent**	**98.3%**	**100.5%**
	Economic funded ratio	Percent	98.3%	96.4%
Federal Nuclear Safety Inspectorate	Active members	Number	165	164
	Pension recipients	Number	71	75
	Total active members and pension recipients	**Number**	**236**	**239**
	Available assets	CHF	142 708 600	149 951 214
	Pension fund capital & technical provisions	CHF	145 370 871	147 942 058
	Funded ratio as per OPO 2	**Percent**	**98.2%**	**101.4%**
	Economic funded ratio	Percent	96.3%	92.5%
PUBLICA	Active members	Number	118	121
	Pension recipients	Number	67	69
	Total active members and pension recipients	**Number**	**185**	**190**
	Available assets	CHF	81 717 368	85 876 792
	Pension fund capital & technical provisions	CHF	82 297 560	84 915 895
	Funded ratio as per OPO 2	**Percent**	**99.3%**	**101.1%**
	Economic funded ratio	Percent	99.0%	94.9%
Swiss National Museum SNM	Active members	Number	312	301
	Pension recipients	Number	86	90
	Total active members and pension recipients	**Number**	**398**	**391**
	Available assets	CHF	81 364 476	86 107 382
	Pension fund capital & technical provisions	CHF	81 710 475	84 930 994
	Funded ratio as per OPO 2	**Percent**	**99.6%**	**101.4%**
	Economic funded ratio	Percent	98.0%	92.8%

Pension plans with one employer		Units	31.12.2022	31.12.2023
METAS	Active members	Number	249	272
	Pension recipients	Number	105	111
	Total active members and pension recipients	**Number**	**354**	**383**
	Available assets	CHF	153 459 869	162 373 466
	Pension fund capital & technical provisions	CHF	159 614 926	165 873 252
	Funded ratio as per OPO 2	**Percent**	**96.1%**	**97.9%**
	Economic funded ratio	Percent	95.8%	91.9%

Joint pension plans		Units	31.12.2022	31.12.2023
Confederation	Active members	Number	41 271	42 138
	Pension recipients	Number	26 749	26 954
	Total active members and pension recipients	**Number**	**68 020**	**69 092**
	Available assets	CHF	27 000 078 081	27 820 899 243
	Pension fund capital & technical provisions	CHF	28 268 582 706	28 541 857 869
	Funded ratio as per OPO 2	**Percent**	**95.5%**	**97.5%**
	Economic funded ratio	Percent	94.0%	89.8%
Affiliated Organisations	Active members	Number	2 566	2 655
	Pension recipients	Number	1 018	1 034
	Total active members and pension recipients	**Number**	**3 584**	**3 689**
	Available assets	CHF	983 330 334	1 013 717 329
	Pension fund capital & technical provisions	CHF	978 503 806	989 671 611
	Funded ratio as per OPO 2	**Percent**	**100.5%**	**102.4%**
	Economic funded ratio	Percent	98.7%	93.4%
Total open pension plans	Active members	Number	67 515	68 928
	Pension recipients	Number	34 489	34 855
	Total active members and pension recipients	**Number**	**102 004**	**103 783**
	Available assets	CHF	36 660 458 395	37 901 975 022
	Pension fund capital & technical provisions	CHF	38 157 007 445	38 633 785 673
	Funded ratio as per OPO 2	**Percent**	**96.1%**	**98.1%**
	Economic funded ratio	Percent	94.8%	90.6%

1.6.2 Closed pension plans

When they set up their own pension funds, Swisscom, RUAG and SRG SSR idée suisse left their respective pension recipients in FPF, the former Federal Pension Fund. The closed plans include pension recipients who remained with FPF or PUBLICA following the departure of their employer, as well as the former voluntarily insured members.

Closed pension plans

2023 with prior-year comparison, in CHF, number or percent

Pension plans with one employer		Units	31.12.2022	31.12.2023
Pensioners only – Voluntarily Insured	**Pension recipients**	**Number**	**283**	**277**
Pension entitlement from 01.06.2003	Available assets	CHF	84 917 644	82 087 970
	Pension fund capital & technical provisions	CHF	95 643 833	88 882 800
	Funded ratio as per OPO 2	**Percent**	**88.8%**	**92.4%**
	Economic funded ratio	Percent	97.1%	93.6%
Pensioners only – Confederation	**Pension recipients**	**Number**	**539**	**513**
	Available assets	CHF	92 924 472	87 159 326
	Pension fund capital & technical provisions	CHF	101 276 322	91 621 640
	Funded ratio as per OPO 2	**Percent**	**91.8%**	**95.1%**
	Economic funded ratio	Percent	99.6%	97.5%
Pensioners only – Swisscom	**Pension recipients**	**Number**	**4 184**	**3 905**
Pension entitlement before 01.01.1999	Available assets	CHF	1 254 932 358	1 176 325 844
	Pension fund capital & technical provisions	CHF	1 322 314 313	1 193 931 191
	Funded ratio as per OPO 2	**Percent**	**94.9%**	**98.5%**
	Economic funded ratio	Percent	103.3%	101.6%
Pensioners only – RUAG Switzerland Ltd	**Pension recipients**	**Number**	**1 377**	**1 297**
Pension entitlement before 01.07.2001	Available assets	CHF	448 271 819	426 726 327
	Pension fund capital & technical provisions	CHF	441 730 539	400 322 209
	Funded ratio as per OPO 2	**Percent**	**101.5%**	**106.6%**
	Economic funded ratio	Percent	110.6%	109.8%
Pensioners only – SRG SSR idée suisse	**Pension recipients**	**Number**	**754**	**723**
Pension entitlement before 01.01.2003	Available assets	CHF	333 631 062	315 723 381
	Pension fund capital & technical provisions	CHF	334 716 655	305 787 920
	Funded ratio as per OPO 2	**Percent**	**99.7%**	**103.2%**
	Economic funded ratio	Percent	108.1%	105.8%
Pensioners only – PUBLICA Administration	**Pension recipients**	**Number**	**69**	**67**
	Available assets	CHF	64 232 612	63 747 707
	Pension fund capital & technical provisions	CHF	59 106 990	56 487 549
	Funded ratio as per OPO 2	**Percent**	**108.7%**	**112.9%**
	Economic funded ratio	Percent	113.8%	114.4%

Joint pension plan		Units	31.12.2022	31.12.2023
Pensioners only – Affiliated Organisations	**Pension recipients**	**Number**	**223**	**210**
	Available assets	CHF	68 660 959	64 471 852
	Pension fund capital & technical provisions	CHF	72 625 018	65 870 016
	Funded ratio as per OPO 2	**Percent**	**94.5%**	**97.9%**
	Economic funded ratio	Percent	102.2%	99.8%
Total closed pension plans	**Pension recipients**	**Number**	**7 429**	**6 992**
	Available assets	CHF	2 347 570 925	2 216 242 406
	Pension fund capital & technical provisions	CHF	2 427 413 669	2 202 903 325
	Funded ratio as per OPO 2	**Percent**	**96.7%**	**100.6%**
	Economic funded ratio	Percent	105.2%	103.5%

2 Active members and pension recipients

2.1 Active members

Individuals who are only insured for the risks of death and disability are included among active members. More than one insurance situation may apply to each person. Further information can be found in the "Active members and pension recipients" section in the first part of this report.

Active members

2023 with prior-year comparison, in number of insurance situations

	Active members
31.12.2021	**66 862**
Admissions	10 619
Departures	–9 966
31.12.2022	**67 515**
Admissions	11 148
Departures	–9 735
31.12.2023	**68 928**

2.2 Pension recipients

The figure for pension recipients does not include retirement bridging pensions or IV/AI replacement pensions. A pension recipient is listed as a member more than once if they are insured with a number of employers and/or appear in different pension categories. Further information can be found in the "Active members and pension recipients" section in the first part of this report.

Pension recipients

2023 with prior-year comparison, in number of persons

	Retirement pensions	Disability pensions*	Surviving spouse/ life partner's pensions	Child's pensions**	Divorce pensions	Total pension recipients
31.12.2021	**29 808**	**893**	**10 261**	**972**	**76**	**42 010**
Admissions	1 272	93	736	386	17	2 504
Departures	–1 363	–107	–783	–341	–2	–2 596
31.12.2022	**29 717**	**879**	**10 214**	**1 017**	**91**	**41 918**
Admissions	1 250	84	660	431	16	2 441
Departures	–1 235	–110	–772	–391	–4	–2 512
31.12.2023	**29 732**	**853**	**10 102**	**1 057**	**103**	**41 847**

* The disability pension departures include 24 pensions that were combined because they had different terms.
** The figure for child's pensions includes recipients of retired person's and disabled person's child's pensions as well as orphan's pensions.

A total of 869 retirement bridging pensions (prior year: 988) and 41 IV/AI replacement pensions (prior year: 46) were paid.

3 Implementation of the purpose

3.1 Note on the pension plan types

PUBLICA operates separate pension plan types for each pension plan. The employer allocates the active members to the relevant pension plan type on the basis of objective criteria set out in the pension plan regulations.

PUBLICA undertakes to provide the statutory (mandatory) pension benefits as a minimum and at the same time makes provision for extra-mandatory benefits significantly in excess of the OPA minimum. The insured salary comprises the annual salary less the coordination offset of 30% of the annual salary, but no more than CHF 25,725 (status as at 31 December 2023).

The benefits depend on the vested benefits paid in, deposits, savings and interest credits, less any early withdrawals for home ownership or divorce settlements. On taking retirement, members can choose to draw their pension fund capital as a lifetime annuity or wholly or in part as a lump sum. Persons living in a registered partnership are treated in the same way as spouses.

The level of the retirement pension is determined on the basis of the savings available at the time of retirement. At the reference age of 65 for men and 64 for women, the conversion rate is 5.09%.

For the disability pension, the current assets are projected to age 65 and converted into a pension using the conversion rate. The spouse's and partner's prospective pensions amount to 2/3 of the disability benefits or current retirement benefits; for orphan's pensions the figure is 1/6. If there is no entitlement to survivors' benefits, a lump-sum death benefit is paid. By way of alternative, some pension plans provide for the disability pension to be set as a percentage of the insured salary.

Active members have the option to top up their personal retirement assets by making voluntary savings contributions, thereby increasing their retirement pension or vested benefits on departure. The risk premiums are based on a percentage of the insured salary.

3.2 Financing, method of financing

The actuarial financing of the individual pension plans is based on what is known as the funded or capital cover system. The revenues are formed by contributions, inflows of vested benefits from previous pension plans, deposits, and income earned on pension assets. The level of employee and employer contributions and the maximum buy-ins are set out in the individual pension plan regulations.

The vast majority of PUBLICA's operations are funded by contributions to administrative expenses (cost premiums) invoiced to the employers. These are set out in "service level agreements on services".

3.3 Further information on pension activities

Pursuant to Art. 3 para. 2 of the PUBLICA Act, the Federal Council may delegate other tasks to PUBLICA provided that these are relevant to its area of responsibility under the PUBLICA Act; the costs incurred are borne by the Confederation. On this basis, PUBLICA takes charge of paying pensions on behalf of the Federal Council in accordance with the Federal Act of 6 October 1989 on the Remuneration and Occupational Pensions of Federal Council Members and other Federal Officials. These payments are not financed under the funded system: they are billed to the Confederation on an ongoing basis and are not charged to PUBLICA's annual financial statements.

Based on Art. 36 para. 2 OPA, the parity commissions and the Board of Directors have decided not to adjust pensions in line with the cost of living. Individual employers fund pension increases for their former employees.

4 Valuation and accounting principles, consistency

4.1 Confirmation of financial reporting as per Swiss GAAP ARR 26

The financial statements are compiled in accordance with the Swiss GAAP ARR 26 accounting standards.

4.2 Accounting and valuation principles

4.2.1 General principles

Accounts are kept in accordance with the commercial principles of the Swiss Code of Obligations. The annual financial statements include the entire collective institution consisting of the pension plans, PUBLICA Reinsurance, and PUBLICA Operations. Assets, liabilities and transactions between the individual pension plans, PUBLICA Operations and PUBLICA Reinsurance are not cancelled out but are booked as if between third parties.

4.2.2 Recording point of transactions

All concluded transactions are recorded on a daily basis. Transactions are normally booked on the trade date.

4.2.3 Foreign currency translation

Transactions involving foreign currencies are translated into Swiss francs and recorded using the exchange rate applying on the transaction date. Assets and liabilities held on the balance sheet date are translated at the exchange rate applying on that date. Price differences arising out of the settlement or revaluation of the foreign currency position on the balance sheet date are recorded through income.

4.2.4 Offsetting of assets and liabilities

Receivables and liabilities are offset in the balance sheet to the extent that such offsetting is legally enforceable.

4.2.5 Cash and cash equivalents, receivables, mortgages and liabilities, employers' contribution reserve

Cash and cash equivalents, receivables, mortgages and liabilities as well as the employers' contribution reserve are recorded at their nominal value. Allowances are created as necessary to cover expected defaults on receivables and mortgages.

4.2.6 Securities and derivative financial instruments

Securities (bonds, equities, etc.) and derivative financial instruments are normally valued at market value, which corresponds to the price offered on a market. In exceptional cases where no market value is available, a value arrived at using a valuation model is used. If it is impossible to calculate such a value, the assets are valued and recorded in the balance sheet at cost less any necessary value adjustments. The profits and losses arising out of the valuation are recorded through income.

The replacement values of derivative financial instruments are recorded in the balance sheet item corresponding to the assets from which they are derived. Likewise, transactions used to hedge foreign currency risks are recognised in the balance sheet item affected.

Cash and cash equivalents, receivables or liabilities in connection with the administration of asset management mandates or collective investment schemes are recorded in the corresponding balance sheet item under "Investments". Within asset management mandates and collective investment schemes, cash and cash equivalents are used in particular to provide full and permanent cover for derivatives that increase the exposure, thus ensuring that there is no leverage effect on the overall portfolio. For this reason, the balance sheet items under "Investments" normally show the actual strategic asset allocation (economic exposure).

4.2.7 Private corporate, infrastructure and real estate debt ex Switzerland

Private corporate, infrastructure and real estate debt outside Switzerland is revalued at least quarterly and recognised at the current value. The valuation is carried out using the discounted cash flow (DCF) method or market prices, where available. Discounting is conducted using interest rates derived from comparable market data that take account of the term, liquidity, credit risk and industry sector of the borrower. If a debtor falls behind with their payments or the asset managers responsible anticipate impairments, the valuation is reviewed by PUBLICA. In the case of private corporate and infrastructure debt, the impairment is based on the lower of a valuation using historical default rates for comparable borrowers and the valuation proposed by the asset managers for debtors in financial difficulties. In the case of private real estate debt, an impairment is recorded if there are indications that the value of the underlying collateral is lower than the nominal value.

4.2.8 Private real estate debt Switzerland

Private real estate debt in Switzerland is recognised at its nominal value. Impairments are assessed if a default is probable or the value of the underlying collateral has fallen significantly.

4.2.9 Real estate investments Switzerland

Directly held real estate is revalued annually and recognised at the market value. The market value is calculated by Jones Lang LaSalle Ltd using the discounted cash flow (DCF) method. The discounting is based on the interest on long-term, risk-free investments together with a specific risk premium. The bandwidth for the nominal discount interest rate is between 3.50% and 5.80% (prior year: 3.05% and 5.50%). The average capital-weighted nominal discount interest rate across the valued portfolio is 4.06% (prior year: 3.74% on a like-for-like basis).

4.2.10 Real estate investments international

Unlisted foreign real estate funds are revalued at least quarterly and recognised at market value in accordance with the most recent quarterly or monthly valuation. They are valued using a customary real estate valuation method such as the capitalised earnings or discounted cash flow method. If market indicators indicate a material impairment since the most recent quarterly or monthly valuation, the valuation is reviewed by PUBLICA. The level of the impairment is calculated in collaboration with the fund managers.

4.2.11 Private infrastructure equities

Unlisted foreign infrastructure funds are revalued at least quarterly and recognised at market value at the most recent available quarterly valuation. They are valued using the discounted cash flow method customarily employed for infrastructure investments. The valuations are carried out or verified by an independent valuer.

4.2.12 Deferred taxes

For the purposes of deferred taxes, property gains taxes on the directly held real estate portfolio are calculated using the current local tax multipliers, on the basis of the effective holding duration. Deferred taxes are reported under non-technical provisions without discounting and without loss offsetting within cantons or communes. Future capital gains taxes are taken into account; however, future transaction costs such as property transfer taxes, land register fees, notary's fees, broker's commissions and other costs are disregarded.

4.2.13 Pension fund capital and technical provisions

The basis for the calculation of the technical provisions is the current version of the Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance. PUBLICA's internal actuarial service calculates the pension fund capital and technical provisions using the actuarial tables and supplies the data to the Pension Actuary. The latter then confirms the figures annually using recognised principles and widely available actuarial tables.

4.3 Changes to principles concerning valuation, accounting and reporting

No changes were made to the principles concerning valuation, accounting and reporting.

5 Actuarial risks, risk coverage, funded ratio

5.1 Form of risk coverage, reinsurance

PUBLICA has not taken out any external reinsurance cover for its actuarial risks. With respect to actuarial risks, the individual pension plans are either autonomously reinsured or fully reinsured with PUBLICA Reinsurance. The pension plans concerned pay a risk premium for this reinsurance and also participate in any surpluses. Shares in the surplus are appropriated as a payment to the employers' contribution reserve for the employers and, where provided for, as a lump-sum payment for employees. Both the autonomous pension plans and PUBLICA Reinsurance have created adequate provisions to cover foreseeable liabilities and counteract any actuarial fluctuations.

The internal relationship between the pension plans and PUBLICA Reinsurance is reported gross in the income statement. The balance sheet for PUBLICA Reinsurance is as follows:

Balance sheet – PUBLICA Reinsurance

2023 with prior-year comparison, in CHF

	31.12.2022	31.12.2023
Operating assets – PUBLICA Reinsurance	**71 757 857**	**72 190 154**
Liabilities and deferrals	7 804 089	6 004 966
Technical provisions	51 222 235	51 412 170
Fluctuation reserve	7 683 335	7 711 826
Working capital – Reinsurance	0	0
Uncommitted funds	5 048 198	7 061 192
Liabilities and available risk capital – PUBLICA Reinsurance	**71 757 857**	**72 190 154**

The operating assets comprise cash and cash equivalents from cash pooling, bond investments and any accruals/deferrals. PUBLICA Reinsurance has its own, separate, low-risk strategic asset allocation to keep its investment risks as low as possible.

The result for PUBLICA Reinsurance shows a profit of CHF 2.0 million (prior year: loss of CHF 8.3 million) and is reported in the income statement for the collective institution.

5.2 Development of pension fund capital for active members

The balance sheet item “Pension fund capital – active members” corresponds to the total statutory vested termination benefits for active members of CHF 19.6 billion (prior year: CHF 19.2 billion). The interest rate on retirement assets was between 1.0% and 1.5% (prior year: 0.9% and 1.0%) during the year in review. The following table shows the development in pension fund capital during the period under review.

Pension fund capital – active members

2023 with prior-year comparison, in CHF mn

	2022	2023
Pension fund capital 1 January	**18 880**	**19 243**
Savings contributions – employees and employers	1 449	1 532
Lump-sum payments and buy-ins – active members	122	134
Vested benefits received	458	517
Vested benefits received on takeover of member portfolios	72	0
Home ownership and divorce payments received	28	22
Interest on savings capital	168	185
Vested benefits paid on departure	–537	–533
Vested benefits transferred on collective departure	–72	0
Early withdrawals for home ownership / divorce payments	–79	–84
Retirement pensions	–1 212	–1 363
Release on death	–33	–36
Release on disability leading to pension	–27	–30
Creation of pension fund capital as a result of reintegration under disability insurance	29	26
Other changes	–3	–4
Total pension fund capital 31 December	**19 243**	**19 608**

The other changes include corrections, bookings relating to other periods and exceptional bookings from the previous year.

5.3 Total OPA retirement assets

OPA retirement assets

2023 with prior-year comparison, in CHF mn and percent

	Units	31.12.2022	31.12.2023
Total OPA retirement assets	CHF mn	5 856	5 972
in% of pension fund capital – active members	Percent	30.4%	30.5%
OPA minimum interest rate, set by Federal Council	Percent	1.0%	1.0%

In addition to managing the pension fund capital of its active members, PUBLICA manages the retirement assets prescribed by the provisions of the OPA (shadow account). This ensures that the requirements for statutory minimum benefits are met in all cases. The reported OPA retirement assets are contained in the pension fund capital of active members.

5.4 Development of pension fund capital for pension recipients

The pension fund capital for pension recipients corresponds to the net present value of current pensions including associated deferred annuities, and decreased by CHF 154 million from the prior-year figure.

Pension fund capital – pension recipients

2023 with prior-year comparison, in CHF mn

	2022	2023
Pension fund capital 1 January	**20 276**	**20 090**
Statutory benefits	–1 958	–2 052
Lump-sum payments and buy-ins (buy-outs of pension reductions and pension buy-ins)	21	38
Retirements	1 212	1 363
Disability cases leading to pension	27	30
Change to technical parameters	0	0
Technical interest rate*	366	364
Deaths and other changes	146	104
Total pension fund capital 31 December	**20 090**	**19 936**

* Approximate calculation

Employers and employees partially finance the buy-out of pension reductions, bridging pensions and further benefits under the regulations. Such lump-sum payments and buy-ins flow directly into the pension fund capital for pension recipients.

5.5 Composition, development and explanation of technical provisions

The technical provisions increased by CHF 40.7 million year on year.

Technical provisions

2023 with prior-year comparison, in CHF

Pension plans	31.12.2022	Formation	Release	31.12.2023
Provision for change to technical parameters – active members	812 215 159	78 017 931	–724 309	889 508 781
Provision for change to technical parameters – pension recipients	36 553 478	0	0	36 553 478
Provision for transitional arrangements on change to technical parameters	44 227 152	1 488 493	–37 761 948	7 953 697
Provision for fluctuations in the membership of closed pension plans	63 964 170	2 093 713	–1 055 587	65 002 296
Provision for outstanding claims (IBNR)	196 000 000	0	–1 000 000	195 000 000
Provision for death and disability	73 000 000	0	0	73 000 000
Provision for administrative expenses and cost-of-living adjustment	25 542 776	1 535	–533 337	25 010 973
Provision for administrative expenses and risk premium	223 942	894	–11 072	213 763
Total technical provisions – pension plans	**1 251 726 677**	**81 602 566**	**–41 086 254**	**1 292 242 989**
Reinsurance				
Provision for outstanding claims (IBNR)	14 000 000	6 897 391	–6 897 391	14 000 000
Provision for death and disability	12 000 000	0	0	12 000 000
Provision for hardship cases – active members / pension recipients	14 096 845	189 935	0	14 286 781
Provision for hardship cases – pension plans	11 125 390	0	0	11 125 390
Total technical provisions – Reinsurance	**51 222 235**	**7 087 326**	**–6 897 391**	**51 412 170**
Total technical provisions	**1 302 948 912**	**88 689 892**	**–47 983 645**	**1 343 655 159**

5.5.1 Technical provisions – pension plans

Technical provisions are capital that, together with the retirement assets of active members and the policy reserves of pension recipients, make up the liabilities on the balance sheet. They serve to meet a future benefit obligation that is not taken into account in the pension fund capital. They are measured using recognised procedures and transparent assumptions.

Provision for changes to technical parameters

At the end of 2021, PUBLICA switched from static actuarial tables to generational tables in its financial statements, but did not adjust the conversion rate in its regulations. This results in retirement losses which are taken into account in the provision for changes to technical parameters. For active members who had reached the age of 55 on 31 December 2023, the provision rate is 5.6%; for all others, it is 2.4%. The annual addition to the provision is calculated exactly on the basis of the difference between the actuarially correct conversion rate and the rate set out in the regulations, and corresponds on average to an annual increase of around 0.3%. The provision can be additionally increased to wholly or partially cushion the impact on the benefits of active members and pension recipients resulting from any reduction in the conversion rate due to a change to the technical parameters.

Provision for transitional arrangements on change to technical parameters

This provision finances the measures taken in respect of active members who had in principle reached age 60 on 1 January 2019 when the technical parameters were adjusted. They receive a credit for the portion they draw as an annuity when they take retirement.

Provision for fluctuations in the membership of closed pension plans

Pension plans with closed memberships are subject to fluctuation risk over the medium or long term as a result of having too few members. To cushion the impact of this risk, the provision for fluctuations in the membership of closed pension plans is increased annually until it reaches the level of the statutory benefits for one year.

Provision for outstanding claims (IBNR)

The risk premiums are calculated on an actuarial basis so that they finance the death and disability cases arising in the current year. In the case of disability, however, several years may pass between the occurrence of the insured event and the definitive settlement. A provision is created to enable a correct result for the period to be reported.

Provision for death and disability

The provision for death and disability cushions the financial impact of a one-off extraordinary claims year that is not covered by the risk premium. The calculation is based on a safety level of 99%. This provision only exists in the pension plans that cover the risks of death and disability themselves and are thus exposed to the risk of fluctuation.

Provisions for administrative expenses and cost-of-living adjustment, administrative expenses and risk premium

Certain groups of pensioners no longer have an employer to assume their future administrative expenses.

The provision for administrative expenses and cost-of-living adjustment thus serves to fund future administrative expenses and any cost-of-living adjustments. It is allocated to specific groups of pensioners in the Pensioners only – PUBLICA Administration pension plan and used in accordance with the purpose.

The provision for administrative expenses and risk premium serves to fund future administrative expenses and includes an allowance for the takeover of pension recipients in respect of the increasing life expectancy risk and costs for a potential reduction in the technical interest rate.

5.5.2 Technical provisions – Reinsurance

Provision for outstanding claims (IBNR)

Like the pension plans, PUBLICA Reinsurance maintains a provision for outstanding claims. In the case of disability, several years may pass between the occurrence of the insured event and the definitive settlement. The provision for outstanding claims in Reinsurance ensures that the costs of disability are covered in the event that a reinsured pension plan is deemed liable for payment.

Provision for death and disability

As with the provision for outstanding claims, Reinsurance is also obliged to set aside a provision for death and disability because it has to bear the risk of fluctuations in the volume of claims of the reinsured pension plans.

Provision for hardship cases

The prerequisites for granting voluntary benefits from Reinsurance are set out in the PUBLICA policy document on hardship cases. PUBLICA Reinsurance maintains a provision for hardship cases in respect of active members and pension recipients, and another for hardship cases relating to the pension plans. The provision does not accrue interest and no payments are credited to it.

5.6 Results of the latest actuarial assessment

In its report dated 31 December 2023, the Pension Actuary confirms that the regulatory insurance provisions regarding the benefits and financing comply with the statutory rules. It also states that, on the basis of the consolidated funded ratio under Art. 44 OPO 2 of 98.3% as at 31 December 2023, it is unable to confirm that, on the reference date, the pension fund can provide assurance that it can meet its liabilities. It does however confirm that the measures taken to cover actuarial risks (old age, death and disability) are sufficient. PUBLICA thus meets the requirements of Art. 52e para. 1 OPA. Please refer to our further comments in section 9.1. The confirmation from the Pension Actuary can be found in section 12.

5.7 Actuarial tables and other actuarial assumptions

As of 31 December 2023, the policy reserves for pension recipients were calculated using the BVG 2020 (loaded) actuarial tables (generational tables). The technical interest rate is unchanged at 2.0% for the open pension plans and 0.5% for the closed pension plans.

When PUBLICA switched over to generational tables at the end of 2021, the only change made was to the way in which the pension fund capital of pension recipients is shown in the balance sheet. All the actuarial parameters in the pension plan regulations (such as the conversion rate, pension reductions as a result of drawing a bridging pension) and the technical provisions for outstanding claims (IBNR) and death and disability are still calculated using the previous static tables. They are to be adjusted at a later date.

5.8 Funded ratio as per Art. 44 OPO 2

The consolidated funded ratio as per Art. 44 OPO 2 is the ratio of the assets available to cover actuarial liabilities to the required actuarial pension fund capital (pension fund capital and technical provisions). PUBLICA is operated under the fully funded system.

Funded ratio as per Art. 44 OPO 2

2023 with prior-year comparison, in CHF

	31.12.2022	31.12.2023
Actuarially required pension fund capital	40 635 643 349	40 888 101 169
Fluctuation reserve	25 461 642	100 227 812
Uncommitted funds (+) / underfunding (–) / working capital (+)	–1 574 775 966	–789 431 763
Available assets	**39 086 329 025**	**40 198 897 218**
Funded ratio as per Article 44 OPO 2	**96.2%**	**98.3%**

5.9 Economic funded ratio

In order to permit an effective assessment of the Fund's situation, it is sensible to value the pension liabilities in a market-consistent manner and to calculate an economic funded ratio in addition to the actuarial funded ratio. When calculating the economic funded ratio, liabilities are valued using the current BVG actuarial tables, taking account of the yield curve of Confederation bonds and generational tables. In addition to the obligations to pension recipients, the potential obligations to active members who have already reached the earliest possible retirement age specified in the regulations are also taken into account. This potential obligation arises out of the current provisions in the regulations on drawing a retirement pension before reaching the ordinary OASI age limit of 64 for women and 65 for men.

The corresponding calculations produced an economic funded ratio across all 18 pension plans and PUBLICA Reinsurance of 91.3% (prior year: 95.4%).

6 Notes on investments and the net return on investment

6.1 Organisation of investment activity, investment advisors and managers, Investment Guidelines, custodians

The Board of Directors bears overall responsibility for asset management. It is responsible for issuing and amending the Investment Guidelines and determines the strategic asset allocation. The Investment Committee advises the Board of Directors on investment-related issues and monitors compliance with the Investment Guidelines and strategic asset allocation.

Equity investments are made in line with an index and replicate market trends. All equity portfolios are managed by external specialists. The bond portfolios are managed by PUBLICA Asset Management and external specialists on an "enhanced passive" or semi-active basis, allowing for active elements subject to relatively tight tracking error requirements in order to avoid the disadvantages of fully replicating capitalisation-weighted bond indices. Illiquid asset classes such as Swiss and international real estate or private corporate, infrastructure and real estate debt are actively managed, endeavouring to replicate comparable indices as far as possible.

In the interest of business continuity planning, an optional mandate agreement was concluded with Pictet Asset Management in 2011. If PUBLICA Asset Management suddenly finds itself unable to manage the internally managed mandates itself, Pictet has undertaken to take over those mandates within 48 hours. Pictet Asset Management will then manage them on a fiduciary basis until PUBLICA is able to resume doing so itself or a definitive solution has been found.

Management

2023

Mandate	Asset manager	Licensing authority	Benchmark	Investment style	Retrocessions Date of regulation	Retrocessions Received
Swiss government bonds	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	SBI Domestic Swiss Government, Custom Duration	Semi-active	–	prohibited
Non-government bonds CHF	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	SBI AAA-A foreign borrowers (40%) and domestic borrowers (60%)	Semi-active	–	prohibited
Non-government bonds CHF	Pictet et Cie	Swiss Financial Market Supervisory Authority FINMA[2]	SBI AAA-A foreign borrowers (40%) and domestic borrowers (60%)	Semi-active	08.12.11	prohibited
Government bonds EUR	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI Germany (60%) and Netherlands (40%), Custom Duration	Enhanced passive	–	prohibited
Government bonds USD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI USA, Custom Duration	Enhanced passive	–	prohibited
Government bonds GBP	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI UK	Enhanced passive	–	prohibited
Government bonds CAD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI Canada	Enhanced passive	–	prohibited
Government bonds AUD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI Australia	Enhanced passive	–	prohibited
Government bonds SEK	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI Sweden, Custom Duration	Enhanced passive	–	prohibited
Inflation-linked government bonds EUR	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	80% Barclays Euro Government EMU HICP-Linked Bond Index 1–10 Years 20% Barclays Euro Government EMU HICP-Linked Bond Index > 10 Years	Enhanced passive	–	prohibited
Inflation-linked government bonds USD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	80% Barclays US Government Inflation-Linked Bond Index 1–10 Years 20% Barclays US Government Inflation-Linked Bond Index > 10 Years	Enhanced passive	–	prohibited
Currency hedging inflation-linked government bonds	Russell Implementation Services Ltd	Financial Conduct Authority (UK)[4]	Difference in relevant portfolio benchmark hedged vs. unhedged	Enhanced passive	30.06.20	prohibited
Public corporate bonds EUR[7]	Union Investment Institutional GmbH	Federal Financial Supervisory Authority (DE)[4]	Barclays EUR Corporate	Enhanced passive	20.06.11	prohibited
Public corporate bonds EUR[7]	abrdn Investments Limited	Financial Conduct Authority (UK)[4]	Barclays EUR Corporate ex Financials	Enhanced passive	25.08.11	prohibited
Public corporate bonds USD[7]	PIMCO Europe Ltd	Financial Conduct Authority (UK)[4]	Barclays USD Corporate Intermediate	Enhanced passive	04.05.11	prohibited
Public corporate bonds USD[7]	BlackRock Institutional Trust Company	Office of the Comptroller of the Currency (US)[4]	Barclays USD Corporate Intermediate ex Financials	Enhanced passive	04.05.11	prohibited
Private corporate debt	MetLife Investment Management Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	29.09.15	prohibited
Private corporate debt	PGIM Private Capital Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	29.09.15	prohibited
Private infrastructure debt	MetLife Investment Management Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	29.09.15	prohibited
Private infrastructure debt	Vantage Asset Management (UK) Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	01.12.23	prohibited
Private real estate debt	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	SBI Domestic AAA-BBB 1–3Y	Direct investments	–	prohibited
Private real estate debt	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	SBI Domestic A Yield Custom	Direct investments	–	prohibited
Private real estate debt	PGIM Real Estate (UK) Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	15.11.19	prohibited
Private real estate debt	Baring International Investment Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	29.01.20	prohibited
Currency hedging corporate bonds foreign currency	Record Currency Management Limited	Financial Conduct Authority (UK)[4]	Difference in relevant portfolio benchmark hedged vs. unhedged	Enhanced passive	30.06.20	prohibited
Government bonds emerging markets hard currencies[7]	UBS Asset Management	Swiss Financial Market Supervisory Authority FINMA[3]	JPM EMBIG Diversified Investment Grade (USD)[8]	Enhanced passive	26.02.16	prohibited
Government bonds emerging markets local currencies	Ashmore Investment Management Limited	Financial Conduct Authority (UK)[4]	JPM GBI-EM Global Diversified[9]	Active	21.02.13	prohibited
Government bonds emerging markets local currencies	Ninety One Asset Management	Financial Conduct Authority (UK)[4]	JPM GBI-EM Global Diversified[9]	Active	21.02.13	prohibited
Equities Switzerland	Credit Suisse AG	Swiss Financial Market Supervisory Authority FINMA[2]	MSCI (gross) Switzerland[5]	Indexed	01.12.08	prohibited
Equities Switzerland	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA[2]	MSCI (gross) Switzerland[5]	Indexed	02.12.08	prohibited
Equities developed markets ex Switzerland[7]	Credit Suisse Funds AG	Swiss Financial Market Supervisory Authority FINMA[3]	MSCI (gross) Europe ex Switzerland (30%)[6], North America (50%)[6], Pacific (20%)[6]	Indexed	09.11.05	prohibited
Equities Europe[7]	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA[3]	MSCI (gross) Europe[6]	Indexed	01.05.21	prohibited

Mandate	Asset manager	Licensing authority	Benchmark	Investment style	Retrocessions	
					Date of regulation	Received
Equities North America[7]	Northern Trust Global Investments Limited (UK)	Financial Conduct Authority (UK)[4]	MSCI (gross) North America (50%)[6]	Indexed	01.05.21	prohibited
Equities Pacific[7]	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA[3]	MSCI (gross) Pacific[6]	Indexed	01.05.21	prohibited
Currency hedging equities developed markets ex Switzerland	Russell Implementation Services Ltd	Financial Conduct Authority (UK)[4]	Difference in relevant portfolio benchmark hedged vs. unhedged	Enhanced passive	30.06.20	prohibited
Equities emerging markets[7]	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA[2]	MSCI (net) Emerging Markets[6]	Indexed	19.08.10	prohibited
Equities emerging markets[7]	UBS Asset Management	Swiss Financial Market Supervisory Authority FINMA[2]	MSCI (net) Emerging Markets[6]	Indexed	19.08.10	prohibited
Precious metals	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	S&P GSCI TR Precious Metals	Enhanced passive	02.11.09	prohibited
Precious metals	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	London Gold Price PM Auction USD	Direct investments	20.05.15	prohibited
Real estate Switzerland	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	KGAST Immo Index	Direct investments	–	prohibited
Real estate investments Switzerland	LIVIT AG	n/a	n/a	Direct investments	23.11.11	prohibited
Real estate investments Switzerland	Von Graffenried AG Liegenschaften	n/a	n/a	Direct investments	27.06.16	prohibited
Real estate investments Switzerland	Privera AG	n/a	n/a	Direct investments	27.06.16	prohibited
Real estate investments Switzerland	Apleona GVA AG	n/a	n/a	Direct investments	01.07.14	prohibited
Real estate investments Switzerland	Sidenzia AG	n/a	n/a	Direct investments	01.07.14	prohibited
Real estate investments Switzerland	Régie Duboux SA	n/a	n/a	Direct investments	04.08.22	prohibited
Real estate investments Switzerland	Reasco AG	n/a	n/a	Direct investments	19.04.22	prohibited
Real estate investments international APAC	M&G Luxembourg S.A.	Commission de Surveillance du Secteur Financier (CSSF)	ANREV ODCE (Open End Diversified Core Equity) Fund Index	Real estate funds	10.05.16	prohibited
Real estate investments international APAC	Nuveen Alternatives Europe S.à.r.l	Commission de Surveillance du Secteur Financier (CSSF)	ANREV ODCE (Open End Diversified Core Equity) Fund Index	Real estate funds	01.10.18	prohibited
Real estate investments international Australia	Dexus Capital Funds Management Limited	Australian Securities and Investments Commission (ASIC)	ANREV Australia Core Open End Fund Monthly Index	Real estate funds	01.11.15	prohibited
Real estate investments international Australia	Dexus Wholesale Property Limited	Australian Securities and Investments Commission (ASIC)	ANREV Australia Core Open End Fund Monthly Index	Real estate funds	07.06.18	prohibited
Real estate investments international Australia	GPT Funds Management Limited	Australian Securities and Investments Commission (ASIC)	ANREV Australia Core Open End Fund Monthly Index	Real estate funds	29.11.17	prohibited
Real estate investments international Europe	AEW S.à.r.l.	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	13.12.19	prohibited
Real estate investments international Europe	AXA CoRE Europe GP S.à.r.l.	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	01.01.18	prohibited
Real estate investments international Europe	Hines Luxembourg Investment Management Sàrl	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	07.02.20	prohibited
Real estate investments international Europe	PGIM Real Estate Luxembourg S.A.	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	01.07.19	prohibited
Real estate investments international USA	LaSalle Property Fund, L.P.	U.S. Securities and Exchange Commission (SEC)	NCREIF Fund Index Open End Diversified Core Equity	Real estate funds	01.03.16	prohibited
Real estate investments international USA	PRISA Fund Manager LLC	U.S. Securities and Exchange Commission (SEC)	NCREIF Fund Index Open End Diversified Core Equity	Real estate funds	19.09.17	prohibited
Real estate investments international USA	RREEF America LLC	U.S. Securities and Exchange Commission (SEC)	NCREIF Fund Index Open End Diversified Core Equity	Real estate funds	19.06.17	prohibited
Private infrastructure equities	Macquarie Asset Management Europe S.à.r.l.	Commission de Surveillance du Secteur Financier (CSSF)	MSCI Custom Global Quarterly Private Infrastructure Asset Index (Unfrozen)	Infrastructure funds	24.11.21	prohibited
Private infrastructure equities	BlackRock France SAS	L´Autorité des Marchés Financiers	MSCI Custom Global Quarterly Private Infrastructure Asset Index (Unfrozen)	Infrastructure funds	25.08.23	prohibited

1) Art. 48f para. 4 let. a. OPO 2 registered pension plans under Article 48 OPA
2) Art. 48f para. 4 let. d. OPO 2 banks under the Banking Act
3) Art. 48f para. 4 let. f. OPO 2 fund management companies
4) Art. 48f para. 4 let. h. OPO 2 financial intermediaries operating outside Switzerland that are subject to supervision by a foreign supervisory authority
5) 100% MSCI Switzerland IMI capital-weighted climate-efficient index
6) Each 50% MSCI CEC capital-weighted, 16.6% MSCI CEC Minimum Volatility, 16.6% MSCI CEC Small Caps and 16.6% MSCI CEC Enhanced Value climate-efficient indices
7) Mandate in single-investor fund
8) FTSE ESG Democracy Emerging Markets Investment-Grade US Dollar Government Bond Index, from 1.12.2023
9) FTSE ESG Democracy Emerging Markets Local Currency Government Bond Index, from 1.12.2023

PUBLICA strives to achieve low costs and fair, transparent agreements in the individual asset classes at all times. In connection with securities and real estate, the arrangements entered into with PUBLICA's partners prohibit the acceptance or retention of compensation in excess of the contractually agreed mandate fee, in particular retrocessions or similar pecuniary advantages.

PUBLICA's securities are held with the following custodian bank:

Global Custodian (custodian bank for securities and consolidation of all assets)	J.P. Morgan (Switzerland) AG Dreikönigstrasse 21 8002 Zürich	jpmorgan.com

6.2 Extensions to the range of permitted investments (Art. 50 OPO 2)

The alternative asset classes "private corporate debt" amounting to CHF 1,215 million (prior year: CHF 1,141 million) and "private real estate debt" amounting to CHF 1,091 million (prior year: CHF 1,107 million) are implemented via diversified mandates. The open pension plans hold 3.2% (prior year: 3.1%) of private corporate debt and 2.7% (prior year: 2.8%) of private real estate debt. This complies with the bandwidths of 1.7%–5.0% and 1.5%–4.5% respectively.

The "precious metals" alternative asset class amounting to CHF 1,145 million (prior year: CHF 985 million) is managed internally. Of this total, approx. 80% is invested in physical gold, with the remaining approx. 20% being implemented by means of an excess return swap. The open pension plans have invested 2.9% of their assets (prior year: 2.5%), which is within the 1.5%–4.5% bandwidth. The closed pension plans have invested 2.8% of their assets (prior year: 3.3%), which is also within the 1.5%–4.5% bandwidth. For further information see section 6.4.

These three alternative asset classes do not constitute collective investments within the meaning of Art. 53 para. 4 OPO 2, so that the extension provided for in Art. 50 para. 4 OPO 2 is utilised. A specialised investment team is responsible for the diligent selection, management and monitoring of these alternative asset classes.

Reliable achievement of the pension objectives is ensured by regularly conducted asset and liability studies. Direct investments are permitted as set out in Art. 25 of the PUBLICA Investment Guidelines and appropriate risk diversification within the asset classes is ensured.

6.3 Target size and calculation of the fluctuation reserve

Owing to the positive operating result, fluctuation reserves of CHF 74.9 million were created.

Target size and calculation of the fluctuation reserve

2023 with prior-year comparison, in CHF

	31.12.2022	31.12.2023
Fluctuation reserve 01.01	**3 138 054 007**	**25 461 642**
Change in fluctuation reserve debited (+) / credited (–) to income statement	–3 112 592 365	74 766 171
Total fluctuation reserve 31.12	**25 461 642**	**100 227 812**
Fluctuation reserve deficit 31.12	6 847 370 945	6 820 157 679
Target fluctuation reserve	**6 872 832 587**	**6 920 385 492**
Fluctuation reserve in % of target size	0.4%	1.4%
Average target size of fluctuation reserve in % of pension fund capital and technical provisions	16.9%	16.9%

The target value of the fluctuation reserve is calculated in accordance with the Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance such that the total loss incurred on the investments in a year is covered, with a minimal residual probability. This is defined by the one-year Value at Risk (VaR) with a confidence level of 97.5% (as in the previous year) for the open pension plans. As in 2022, the target value is 17% of the sum of pension fund capital and technical provisions. For the closed pension plans and PUBLICA Reinsurance, the confidence level is 99%, the same as in 2022, giving a target value of 15%, again the same as in 2022. The target value is 17% for the open plans and at least 15% for the closed ones. No adjustment is made until the difference between the new and existing target values is at least two percentage points.

6.4 Assets by asset class

Responsibility for implementing the strategic asset allocation lies with PUBLICA Asset Management. Asset Management also takes tactical decisions to deviate temporarily from the weightings set out in the strategic asset allocation in order to generate added value relative to the defined allocation. Where individual asset classes are increased or reduced over a number of years, a pro rata allocation is calculated to ensure that transactions are diversified as well as possible over time with regard to opportunity and transaction costs.

Of the total CHF 40.1 billion of investments (excluding cash and cash equivalents, receivables, operating assets, prepaid expenses and accrued income, and taking account of deferred taxes), CHF 37.9 billion are invested in the strategic asset allocation for the open pension plans and CHF 2.2 billion in the allocation for the closed pension plans. The remaining investments of CHF 0.1 billion have been invested in accordance with the lower-risk strategic asset allocation of PUBLICA Reinsurance. The composition of the investments in the individual asset classes is set out in detail in the balance sheet and in section 6.9.

Strategic asset allocation – open pension plans

2023, in CHF mn or percent

Asset class	Investments 31.12.2023 CHF mn	Allocation at 31.12.2023	Pro-rata strategy	Tactical bandwidths as a % of strategy weighting	
				Minimum	Maximum
Money market	**1 239**	**3.3%**	**3.0%**	**0.0%**	**6.0%**
Swiss government bonds	**2 493**	**6.6%**	**7.0%**	**5.6%**	**8.4%**
Non-government bonds CHF	**2 764**	**7.3%**	**6.8%**	**5.4%**	**8.1%**
Government bonds EUR currency hedged	971	2.6%	2.5%	1.3%	3.8%
Government bonds USD currency hedged	612	1.6%	1.5%	0.8%	2.3%
Government bonds GBP currency hedged	359	0.9%	1.0%	0.0%	2.0%
Government bonds CAD currency hedged	361	1.0%	1.0%	0.0%	2.0%
Government bonds AUD currency hedged	381	1.0%	1.0%	0.0%	2.0%
Government bonds SEK currency hedged	362	1.0%	1.0%	0.0%	2.0%
Government bonds developed markets ex Switzerland	**3 046**	**8.0%**	**8.0%**	**6.4%**	**9.6%**
Inflation-linked government bonds EUR currency hedged	383	1.0%	1.0%	0.5%	1.5%
Inflation-linked government bonds USD currency hedged	851	2.2%	2.0%	1.0%	3.0%
Inflation-linked government bonds	**1 234**	**3.3%**	**3.0%**	**2.4%**	**3.6%**
Public corporate bonds EUR currency hedged	1 255	3.3%	3.3%	1.7%	5.0%
Public corporate bonds USD currency hedged	1 279	3.4%	3.3%	1.7%	5.0%
Public corporate bonds ex CHF	**2 534**	**6.7%**	**6.6%**	**5.3%**	**8.0%**
Private corporate debt	**1 215**	**3.2%**	**3.3%**	**1.7%**	**5.0%**
Private infrastructure debt	**1 247**	**3.3%**	**3.3%**	**1.7%**	**5.0%**
Private real estate debt	**1 029**	**2.7%**	**3.0%**	**1.5%**	**4.5%**
Government bonds emerging markets hard currencies	**835**	**2.2%**	**2.0%**	**1.0%**	**3.0%**
Government bonds emerging markets local currencies	**775**	**2.0%**	**2.0%**	**1.0%**	**3.0%**
Equities Switzerland	**2 337**	**6.2%**	**6.0%**	**3.0%**	**9.0%**
Equities Europe partially currency hedged	2 118	5.6%	5.5%	2.8%	8.3%
Equities North America partially currency hedged	3 661	9.7%	9.5%	4.8%	14.3%
Equities Pacific partially currency hedged	1 545	4.1%	4.0%	2.0%	6.0%
Equities developed markets ex Switzerland partially currency hedged	**7 325**	**19.3%**	**19.0%**	**9.5%**	**28.5%**
Equities emerging markets	**2 833**	**7.5%**	**8.0%**	**4.0%**	**12.0%**
Private infrastructure equities	**99**	**0.3%**	**0.3%**	**0.1%**	**0.4%**
Precious metals partially currency hedged	**1 083**	**2.9%**	**3.0%**	**1.5%**	**4.5%**
Real estate investments Switzerland direct[1]	**2 963**	**7.8%**	**7.3%**	**3.6%**	**10.9%**
Real estate investments international indirect	**2 830**	**7.5%**	**8.5%**	**4.3%**	**12.8%**
Total in CHF mn	**37 881**	**100.0%**	**100.0%**		
Total not currency hedged	7 856	20.7%	20.6%		
Total currency hedged	30 026	79.3%	79.4%		

1) Including deferred taxes

Strategic asset allocation – closed pension plans

2023, in CHF mn or percent

Asset class	Investments 31.12.2023 CHF mn	Allocation at 31.12.2023	Pro-rata strategy	Tactical bandwidths as a % of strategy weighting Minimum	Maximum
Money market	**65**	**2.9%**	**3.0%**	**0.0%**	**6.0%**
Swiss government bonds	**509**	**22.9%**	**25.0%**	**20.0%**	**30.0%**
Non-government bonds CHF	**261**	**11.8%**	**11.0%**	**8.8%**	**13.2%**
Government bonds EUR currency hedged	49	2.2%	2.2%	1.1%	3.3%
Government bonds USD currency hedged	31	1.4%	1.3%	0.7%	2.0%
Government bonds GBP currency hedged	18	0.8%	0.9%	0.0%	1.8%
Government bonds CAD currency hedged	18	0.8%	0.9%	0.0%	1.8%
Government bonds AUD currency hedged	19	0.9%	0.9%	0.0%	1.8%
Government bonds SEK currency hedged	18	0.8%	0.9%	0.0%	1.8%
Government bonds developed markets ex Switzerland	**155**	**7.0%**	**7.0%**	**5.6%**	**8.4%**
Inflation-linked government bonds EUR currency hedged	37	1.7%	1.7%	0.8%	2.5%
Inflation-linked government bonds USD currency hedged	82	3.7%	3.3%	1.7%	5.0%
Inflation-linked government bonds	**119**	**5.4%**	**5.0%**	**4.0%**	**6.0%**
Public corporate bonds EUR currency hedged	142	6.4%	6.5%	3.3%	9.8%
Public corporate bonds USD currency hedged	145	6.5%	6.5%	3.3%	9.8%
Public corporate bonds ex CHF	**288**	**12.9%**	**13.0%**	**10.4%**	**15.6%**
Private real estate debt	**61**	**2.8%**	**3.0%**	**1.5%**	**4.5%**
Government bonds emerging markets hard currencies	**72**	**3.2%**	**3.0%**	**1.5%**	**4.5%**
Equities Switzerland	**90**	**4.0%**	**4.0%**	**2.0%**	**6.0%**
Equities Europe partially currency hedged	39	1.7%	1.7%	0.9%	2.6%
Equities North America partially currency hedged	67	3.0%	3.0%	1.5%	4.5%
Equities Pacific partially currency hedged	28	1.3%	1.3%	0.6%	1.9%
Equities developed markets ex Switzerland partially currency hedged	**134**	**6.0%**	**6.0%**	**3.0%**	**9.0%**
Precious metals partially currency hedged	**62**	**2.8%**	**3.0%**	**1.5%**	**4.5%**
Real estate investments Switzerland direct[1]	**409**	**18.4%**	**17.0%**	**8.5%**	**25.5%**
Total in CHF mn	**2 225**	**100.0%**	**100.0%**		
Total not currency hedged	125	5.6%	5.0%		
Total currency hedged	2 100	94.4%	95.0%		

1) Including deferred taxes

The Swiss government bonds amounting to CHF 3,002 million (prior year: CHF 2,595 million) are investments in the employer; see section 6.11.

In the case of equity investments from developed markets other than Switzerland, currency risks were hedged between 50% and 80%, depending on the currency pair, using a rules-based, dynamic process. The currency risks on bonds were once again 100% hedged using currency forwards. For economic reasons, currencies of emerging nations are not hedged. Derivative financial instruments are reported under the associated asset classes.

The Swiss real estate portfolio held directly by PUBLICA comprises 80 properties (prior year: 77) and three properties in development / under construction (prior year: five). The portfolio is made up of 65% residential properties, 20% commercial properties and 15% mixed residential and commercial properties (based on the market value as at 31 December 2023).

The bandwidths set out in the strategic asset allocation were complied with as of the reference date, as were the individual limits under Arts 54, 54a and 54b OPO 2 and the category limits under Arts 55 and 57 OPO 2.

6.5 Current (open) derivative financial instruments

As at 31 December 2023, the following derivative positions were open:

Current (open) derivative financial instruments and collateral

2023 with prior-year comparison, in CHF

31.12.2023	Net replacement value	Underlying equivalent exposure-increasing derivatives in mn	Underlying equivalent exposure-reducing derivatives in mn	Collateral received in mn	Collateral pledged in mn
Interest-rate swaps	3 100 811	75	0	3	0
Precious metal swaps	108 061	202	0	0	0
Currency forwards	581 398 132	104	–18 070	521	0
Equity futures	1 392 067	91	0	0	0
Bond futures	10 768 202	247	–3	0	0

31.12.2022	Net replacement value	Underlying equivalent exposure-increasing derivatives in mn	Underlying equivalent exposure-reducing derivatives in mn	Collateral received in mn	Collateral pledged in mn
Interest-rate swaps	2 448 110	75	0	3	0
Precious metal swaps	9 576 710	217	0	10	0
Currency forwards	445 695 346	167	–20 240	416	0
Equity futures	–1 667 158	86	0	0	0
Bond futures	–6 124 902	248	–30	0	0

Interest-rate swaps are used to control interest-rate risks. Around one fifth of the investments in precious metals are replicated via a corresponding swap transaction. Currency forwards are used for strategic hedging of currency risks and thus reduce the currency risk to which the portfolio as a whole is exposed. Portfolio dividends that have been approved but not yet paid out are reinvested via equity index futures to minimise the portfolio's deviation from the benchmark.

PUBLICA employs a prime brokerage set-up to ensure the efficient management of counterparty risks in its currency hedging programmes. As at end-2023, HSBC and Deutsche Bank are the two FX prime brokers. The currency managers act on a competitive basis with a wide range of banks. They pass the transactions to one of PUBLICA's two FX prime brokers, which then settles all currency forward transactions as central counterparty in return for a fee. The only counterparty risk is therefore in respect of the two FX prime brokers. This is covered by collateral in the form of government bonds that are exchanged daily in order to keep the counterparty risk low.

The interest-rate and precious metal swaps are also covered by collateral to hedge the counterparty risks involved.

PUBLICA uses bond futures to implement a synthetic USD government bond portfolio and fine-tune the interest-rate risk.

The legally required collateral for all exposure-increasing derivatives in the form of cash and cash equivalents is continually monitored to ensure there is no leverage effect on the overall portfolio. Exposure-reducing derivatives are hedged with the corresponding underlyings.

6.6 Open capital commitments

The following capital commitments are open as at 31 December 2023:

Open capital commitments by asset class

2023 with prior-year comparison, in CHF

	31.12.2022	31.12.2023
Private infrastructure debt	32 869 271	13 161 777
Private real estate debt	2 889 063	7 825 027
Real estate investments international	0	146 110 500
Private infrastructure equity	0	243 186 249
Total open capital commitments	**35 758 334**	**410 283 553**

The open capital commitments result from time delays between the approval of the investment and the capital drawdown in the case of unlisted investments.

6.7 Securities lending

PUBLICA has concluded a securities lending agreement for foreign securities with J.P. Morgan, under which J.P. Morgan acts as an agent. The borrowers are first-class counterparties that are carefully selected and constantly monitored. PUBLICA accepts only government bonds with a high credit rating as collateral. As at 31 December 2023, securities valued at CHF 1,169 million were on loan (compared with CHF 1,355 million as at 31 December 2022).

The securities lending transactions are in accordance with the investment regulations applicable to pension funds, which refer to the corresponding rules for Swiss collective investment schemes (Art. 55 CISA, Art. 76 CISO, CISO-FINMA).

6.8 Net investment income

The composition of the net income from the individual asset classes is set out in detail in the income statement. Interest on arrears in respect of vested benefits is reported under “Net income from liabilities”.

6.9 Performance

Performance measurement seeks to report, as factually and in as much detail as possible, the influence of market trends and investment decisions on investments. The performance is calculated as the ratio of income to average invested capital. Current income such as coupons and dividend payments as well as capital gains and losses and total asset management expenses are taken into account (total return). Inflows and outflows of funds similarly influence the average invested capital, with the timing of these flows also playing a role. PUBLICA's performance calculation is drawn up by the Global Custodian, reconciled with the asset managers and reviewed by the Investment Controller. It is adjusted for the flows of funds and is based on a daily valuation of securities.

Net performance

2023 in CHF and percent, after deduction of all asset management expenses

	Portfolio performance	Benchmark performance	Difference portfolio – benchmark	Investments[1] CHF mn
Money market	**0.93%**	**1.34%**	**–0.41%**	**1 304**
Swiss government bonds	**7.39%**	**7.30%**	**0.09%**	**3 002**
Non-government bonds CHF	**6.46%**	**6.25%**	**0.21%**	**3 051**
Government bonds EUR	3.87%	4.22%	–0.35%	1 021
Government bonds USD	–0.53%	–0.49%	–0.04%	644
Government bonds GBP	0.09%	0.15%	–0.06%	377
Government bonds CAD	1.22%	1.38%	–0.16%	380
Government bonds AUD	1.68%	1.87%	–0.19%	400
Government bonds SEK	2.65%	2.49%	0.16%	380
Government bonds developed markets ex Switzerland	**1.89%**	**2.00%**	**–0.11%**	**3 201**
Inflation-linked government bonds	**0.25%**	**0.14%**	**0.11%**	**1 353**
Public corporate bonds EUR	6.42%	5.75%	0.67%	1 398
Public corporate bonds USD	2.39%	2.58%	–0.19%	1 424
Public corporate bonds ex Switzerland	**4.37%**	**4.16%**	**0.21%**	**2 822**
Private corporate debt	**3.68%**	**4.00%**	**–0.32%**	**1 215**
Private infrastructure debt	**5.60%**	**4.81%**	**0.79%**	**1 247**
Private real estate debt	**2.55%**	**3.41%**	**–0.86%**	**1 091**
Government bonds emerging markets hard currencies	**2.51%**	**2.52%**	**–0.01%**	**907**
Government bonds emerging markets local currencies	**4.23%**	**3.55%**	**0.68%**	**775**
Equities Switzerland	**6.56%**	**6.65%**	**–0.09%**	**2 426**
Equities developed markets ex Switzerland	**11.75%**	**11.96%**	**–0.21%**	**7 459**
Equities emerging markets	**2.35%**	**2.34%**	**0.01%**	**2 833**
Private infrastructure equities[2]	**–7.70%**	**0.00%**	**–7.70%**	**99**
Precious metals	**4.67%**	**4.73%**	**–0.06%**	**1 145**
Real estate investments Switzerland[3]	**1.90%**	**2.12%**	**–0.22%**	**3 372**
Real estate investments international	**–12.29%**	**–13.02%**	**0.73%**	**2 830**
Total	**3.85%**	**3.89%**	**–0.04%**	**40 133**
Total without currency hedging	1.62%	1.59%	0.03%	39 553
Open pension plans	3.80%	3.83%	–0.03%	37 881
Closed pension plans	4.70%	4.73%	–0.03%	2 225
Reinsurance	6.46%	6.25%	0.21%	26

1) Excluding cash & cash equivalents, receivables, operating assets, prepaid expenses and accrued income
2) Added in September 2023. The customised benchmark was not available as of the report date.
3) Including deferred taxes

6.10 Asset management expenses

With a cost transparency level of 100%, total asset management expenses stand at 22.2 basis points (prior year: 21.1 basis points). The following figures are presented in accordance with the OPSC minimum requirements.

Asset management expenses

2023 with prior-year comparison, in CHF

	2022	2023	Basis points **
External asset managers – securities	–12 961 629	–12 013 250	3.0
External asset managers – real estate	–5 879 687	–6 514 644	1.6
External asset managers – mortgages	–2 745 451	–2 994 822	0.7
Internal asset managers – securities	–3 316 223	–3 296 145	0.8
Internal asset managers – real estate	–2 576 529	–2 875 317	0.7
Custody fees and management	–4 033 686	–4 001 183	1.0
Direct asset management expenses	–31 513 206	–31 695 361	7.9
Total of all key cost figures reported in the income statement in CHF for collective investment schemes	–45 513 084	–43 830 698	11.0
Total direct asset management expenses (TER costs)	**–77 026 291**	**–75 526 059**	**18.9**
Stamp duty	–5 331 126	–7 290 374	1.8
Withholding tax (not reclaimable)	–716 790	94 656	0.0
Taxes	–6 047 916	–7 195 718	1.8
Trading fees, commissions, other costs	–4 416 308	–5 446 102	1.4
Transaction expenses	–4 416 308	–5 446 102	1.4
Transaction expenses and taxes for collective investment schemes	–29 695 290	–21 575 446	5.4
Total transaction expenses and taxes (TTC costs)	**–40 159 514**	**–34 217 267**	**8.6**
Investment Controller	–178 782	–178 782	0.0
Other consultancy (legal, tax, ALM etc.)	–526 749	–506 047	0.1
Other expenses	–705 531	–684 829	0.2
Total other expenses (SC costs)	**–705 531**	**–684 829**	**0.2**
Total asset management expenses in basis points reported in the income statement for the cost-transparent investments	**–117 891 336**	**–110 428 156**	**27.6**
less transaction expenses and taxes in collective investment schemes (TTC costs)	29 695 290	21 575 446	–5.4
Total PUBLICA asset management expenses according to OPSC minimum requirements*	**–88 196 046**	**–88 852 710**	**22.2**
Average cost-transparent investments	41 715 718 520	39 978 129 265	
Cost transparency level	**100%**	**100%**	

* This is the total asset management expenses reported in the income statement less the TTC costs for the collective investment schemes. The OPSC requirements have been supplemented to further improve transparency.

** Figures in basis points for the average cost-transparent investments

External asset manager expenses for real estate include the cost of property valuation and management. Internal asset manager expenses comprise both personnel expenses (including social benefits) and, in particular, all expenses related to securities accounting and a portion of the infrastructure costs of PUBLICA Operations.

In addition to custodian fees and administrative costs, custodian expenses include expenditure on collateralisation processes, in particular collateral management and periodic reporting.

Asset management expenses include professional advice from the Investment Controller, ALM studies and further consultancy services in connection with asset management.

PUBLICA books collective investment schemes such as single-investor funds in a fully cost-transparent manner, and takes full account of the associated transaction and tax expenses. When comparing with pension funds that have invested in collective investment schemes and calculate asset management expenses solely on the basis of the TER in their income statements, reduced asset management expenses on a TER basis of 18.9 basis points (prior year: 18.5 basis points) should be applied.

Asset management expenses do not include the custodian fees in connection with securities lending amounting to CHF 1.2 million (prior year: CHF 1.4 million), which are offset directly against income. Transaction expenses in relation to foreign currency transactions, chiefly in currencies that are not freely tradable, are likewise not included. They are included by the custodian in the spread and amount to CHF 0.3 million (prior year: CHF 0.3 million).

Total asset management expenses are taken into account when calculating the performance.

6.11 Note on investments with the employer and the employers' contribution reserve

Based on Art. 54 para. 2 let. a OPO 2 on limits for individual debtors, there is no upper limit for investments in the employer. The banks entrusted with the respective asset management mandates are authorised to acquire debt claims against the Confederation, e.g. in the form of bonds.

Allocations to the employers' contribution reserve take account of the surpluses resulting from the good risk results of PUBLICA Reinsurance, among other factors. This relates to the pension plans that have matching reinsurance for their risks. In addition, deposits were made into the employers' contribution reserve following decisions by the parity commissions. In total, CHF 1,237,086 (prior year: CHF 1,939,945) were withdrawn from the reserve (employers' contributions). Following decisions by the parity commissions, CHF 1,732,905 (prior year: CHF 7,552,310) were released (additional interest and restructuring contributions).

The employers' contribution reserve did not accrue interest, since in line with PUBLICA's current practice interest is accrued at the OPA interest rate (currently 1%) less 1%.

Employers' contribution reserve

2023 with prior-year comparison, in CHF

	2022	2023
Employers' contribution reserve 01.01.	**42 280 415**	**45 153 199**
Payments	8 025 484	2 145 000
Payment – Reinsurance surplus concept	4 339 554	2 410 601
Allocations	**12 365 038**	**4 555 601**
Withdrawals to finance contributions	–1 939 945	–1 237 086
Financing for changes to technical parameters	–7 552 310	–1 732 905
Utilisation	**–9 492 255**	**–2 969 992**
Interest	**0**	**0**
Total employers' contribution reserve 31.12	**45 153 199**	**46 738 808**

7 Note on other items in the balance sheet and income statement

7.1 Operating assets, working capital and liabilities – Operations

The operating assets of PUBLICA Operations comprise the following:

Operating assets, working capital and liabilities – PUBLICA Operations

2023 with prior-year comparison, in CHF

	31.12.2022	31.12.2023
Current assets	8 654 613	10 241 876
Investment assets	7 604 018	6 413 321
Operating assets – PUBLICA Operations	**16 258 631**	**16 655 197**
Liabilities	1 912 695	2 160 594
Working capital	14 345 936	14 494 603
Working capital and liabilities – PUBLICA Operations	**16 258 631**	**16 655 197**

To guarantee its ability to act and as risk capital for exceptional operational liabilities, PUBLICA Operations has its own working capital. This is reported in the same way as uncommitted funds.

7.2 Administrative expenses – Operations

The resources of PUBLICA Operations are used for the administration of active members and pension recipients as well as components of asset management. The items for general administration consist of expenses for both areas of administration. Administrative expenses are reported net of apportionments to asset management. The corresponding expenses are reported under section 6.10 in asset management expenses under the items “Internal asset managers” and “Other expenses” and as a component of custodian expenses.

Administrative expenses

2023 with prior-year comparison, in CHF

	2022	2023
Personnel expenses	–18 223 397	–18 508 603
General administrative expenses	–8 205 775	–8 325 191
Financial expenses	–1 810	–1 347
Apportionments to Asset Management	10 832 109	11 236 486
General administration	**–15 598 873**	**–15 598 655**
Marketing and advertising	**0**	**0**
Statutory Auditors	**–231 017**	**–218 254**
Pension Actuary	**–363 294**	**–203 015**
Supervisory authority	**–103 742**	**–126 134**
Total administrative expenses	**–16 296 925**	**–16 146 058**
Expenditure (–) / income (+) surplus working capital – PUBLICA Operations	–168 698	–148 667
Administrative expenses	**–16 465 623**	**–16 294 725**
No. of active members	67 515	68 928
No. of pension recipients	41 918	41 847
Total active members and pension recipients	**109 433**	**110 775**
Administrative expenses per active member / pension recipient	**150**	**147**

General administrative expenses are charged to asset management and administrative management transparently and in line with their contribution to those expenses. PUBLICA obtains services from affiliated employers at market conditions and does not receive any hidden contributions. Administrative costs are then attributed to the individual pension plans. While the allocation of costs to the two administrative areas is largely carried out via apportionments, the allocation to the individual pension plans is largely guided by processes. These are derived directly from the services provided in the administration of active members and pension recipients (e.g. entrance, departure and pension calculations, and changes). They are charged according to the quantity used.

7.3 Non-technical provisions

Non-technical provisions

2023 with prior-year comparison, in CHF

	31.12.2022	31.12.2023
Provision for cost fluctuations	35 335 915	30 554 843
Deferred taxes	156 954 475	148 792 419
Non-technical provisions	**192 290 390**	**179 347 262**

The cost premiums paid by employers are compared with the administrative costs actually caused. The shortfall from administrative expenses amounting to CHF 4.8 million (prior year: CHF 4.7 million) was charged to the non-technical provisions of the pension plans.

Under Arts 13 and 20 of the Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance, the upper limit for this provision is two thirds of the annual cost premium for the concluded accounting year, while the lower limit is one third. Where the figure falls outside these limits, negotiations are conducted with the employers concerned with a view to setting new cost scales, unless otherwise agreed.

Deferred taxes on the directly held real estate portfolio were reduced by CHF 8.2 million (prior year: increase of CHF 2.6 million) in the year under review. Changes are booked via the corresponding account in the income statement.

8 Requirements of the supervisory authority

Following consultation with the Federal Occupational Pension Supervisory Commission (OPSC) as directive issuer, the Bernische BVG- und Stiftungsaufsicht (BBSA) has, as from the 2022 financial year, removed PUBLICA from the scope of the relevant OPSC Directive 01/2021 on transparency and internal control requirements for pension institutions in competition (status as at 26 January 2021) subject to the following conditions:

"PUBLICA will annually, on submitting its reporting to the BBSA, put on record that it continues to pursue unchanged the strategy set out in its communication dated 22 May 2023. In other words, PUBLICA will confirm that it has not affiliated any new employers in the financial year just ended and will not do so in future, with the exception of employers that are already linked to PUBLICA and are spun off from the affiliated organisations."

Those conditions were also met in the year under review: no new affiliations were undertaken, with the exception of spinoffs from already affiliated employers.

There are no other requirements of the supervisory authority that have not been met.

9 Further information concerning the financial situation

9.1 Underfunded pension plans

Some pension plans improved their funded ratio as per Art. 44 OPO 2 compared with the previous year, and as such are no longer underfunded. As at 31 December 2023, the situation is as follows:

Underfunded pension plans

2023 with prior-year comparison, funded ratio as per Art. 44 OPO 2 in %

Open pension plans with one employer	31.12.2022	31.12.2023
ETH Domain	97.2%	99.3%
Swissmedic	99.0%	100.9%
Swiss Federal Audit Oversight Authority	98.4%	100.2%
FINMA	98.3%	100.5%
Swiss Federal Nuclear Safety Inspectorate	98.2%	101.4%
PUBLICA	99.3%	101.1%
Swiss National Museum	99.6%	101.4%
METAS	96.1%	97.9%
Open joint pension plans	**31.12.2022**	**31.12.2023**
Confederation	95.5%	97.5%
Closed pension plans with one employer	**31.12.2022**	**31.12.2023**
Pensioners only – Voluntarily Insured	88.8%	92.4%
Pensioners only – Confederation	91.8%	95.1%
Pensioners only – Swisscom	94.9%	98.5%
Pensioners only – SRG SSR idée suisse	99.7%	103.2%
Closed joint pension plans	**31.12.2022**	**31.12.2023**
Pensioners only – Affiliated Organisations	94.5%	97.9%

Open pension plans

As at the end of 2023, the open pension plans have regulatory funded ratios of between 97.5% (Confederation pension plan) and 109.8% (Swiss Federal Institute of Intellectual Property pension plan). In all, 3 (prior year: 9) of the 11 open pension plans are underfunded.

Closed pension plans

The 7 closed pension plans have regulatory funded ratios of between 92.4% (Pensioners only – Voluntarily Insured pension plan) and 112.9% (Pensioners only – PUBLICA Administration pension plan). Altogether, 4 (prior year: 5) of the 7 pension plans are underfunded.

Underfunding situation in 2022

When reviewing the 2022 annual financial statements, the Pension Actuary examined whether the underfunding of the pension plans concerned is structural or otherwise. PUBLICA then notified the parity commissions of the underfunding and its cause. On the basis of the Pension Actuary's analysis, the parity commissions of the open pension plans decided that no measures needed to be taken. This was based on the restructuring strategies for the pension plans concerned. Restructuring of the closed pension plans is conducted in accordance with Art. 24a of the Federal Act on the Federal Pension Fund (PUBLICA Act of 20 December 2006, status as at 1 January 2023). If the actuarial review of a pension plan with a closed membership (closed pension plan) reveals an underfunding in accordance with the OPA of 5% or more, the Confederation will pay restructuring contributions to the pension plan until the underfunding has been eliminated. On the basis of the Pension Actuary's analysis, no measures were taken in respect of the closed pension plans either. The Board of Directors approved the parity commissions' restructuring plan.

Underfunding situation in 2023

In its actuarial assessment of the 2023 annual financial statements, the Pension Actuary states in respect of the closed pension plans that there is a federal guarantee (Art. 24a of the PUBLICA Act), and that the Board of Directors has decided to merge the closed pension plans and adjust the technical provisions with effect from 1 January 2024. As a result of this, the merged, closed pension plan is no longer underfunded as at 1 January 2024. For this reason, the Pension Actuary does not consider separate restructuring reports to be necessary.

With regard to the Swissmedic, Federal Audit Oversight Authority, FINMA, Federal Nuclear Safety Inspectorate, PUBLICA and Swiss National Museum pension plans, which are open, the Pension Actuary states in its assessment that the underfunding had been rectified during 2023. Concerning the ETH Domain, METAS and Confederation pension plans, which are still underfunded, the Actuary detailed suggested restructuring measures and their effectiveness in separate reports for each. In all of those reports, the Actuary notes that the reasons for the underfunding as at 31 December 2023 are not structural but the result of economic developments. As it had already done in respect of its 2022 annual financial statements, PUBLICA therefore decided that there is no need to review risk capacity in the strategic asset allocation. The defined process, involving ALM studies every four years, will be maintained.

The Pension Actuary states in its restructuring reports for the ETH Domain, METAS and Confederation pension plans that in each case the underfunding can still be described as low. For this reason, it considers that under the provisions of the law, there is still no requirement for restructuring measures.

At its meeting on 19 March, the Board of Directors acknowledged the reports by the Pension Actuary and agrees with its assessment. It recommends that the parity commissions do not adopt any immediate restructuring measures, but instead proceed in accordance with the Actuary's recommendations contained in the restructuring reports.

9.2 Liquidation of the SFUVET pension plan in 2022

The Swiss Federal University for Vocational Education and Training pension plan was integrated into the Confederation pension plan with effect from 1 January 2022.

Active members and pension recipients of the pension plan were informed of the partial liquidation. Two objections were raised, which were rejected by the parity commission in December 2022. The two individuals concerned also submitted an objection to the BBSA, which in turn requested a response from PUBLICA. PUBLICA prepared a response for the parity commission which answers the questions raised by the BBSA. The BBSA then requested PUBLICA to respond and concluded the correspondence with a communication dispatched on 19 January 2024. The deadline for the complainant to reply is 2 February 2024. Uncommitted funds can only be distributed when the BBSA's judgement becomes legally binding.

9.3 Pledging of assets

PUBLICA has concluded framework agreements customary in the sector in respect of derivative financial instruments not transacted on an exchange. In the case of material contract partners, these provide for liabilities to be hedged using securities or cash. The level of the pledged assets for current (open) derivative financial instruments is disclosed in section 6.5.

9.4 Ongoing legal proceedings

There are currently no substantive ongoing legal proceedings.

10 Post-balance sheet events

There have been no extraordinary events since the balance sheet date.

11 Report by the Statutory Auditors

Report of the statutory auditor

to the Board of Directors of the Swiss Federal Pension Fund PUBLICA

Bern

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Swiss Federal Pension Fund PUBLICA (the Pension Fund), which comprise the balance sheet as at 31 December 2023, the operating statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 49 to 85 of the Annual report 2023) comply with Swiss law, the Federal Act on the Federal Pension Fund (PUBLICA Act) and the internal regulations.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Pension Fund in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of Swiss Federal Pension Fund PUBLICA for the year ended 31 December 2022 were audited by another statutory auditor whose report, dated 20 March 2023, expressed an unmodified opinion on those financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Board of Directors responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements in accordance with the provisions of Swiss law, the Federal Act on the Federal Pension Fund and the internal regulations, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the expert in occupational benefits for the audit of the financial statements

The Board of Directors appoints a statutory auditor as well as an expert in occupational benefits for the audit. The expert in occupational benefits is responsible for evaluating the necessary reserves of underwriting insurance-related risk, consisting of pension liabilities and actuarial reserves. Assessing the evaluation of the pension liabilities and actuarial reserves is not a task of the statutory auditor pursuant to Art. 52c para. 1 let. A of the Swiss Occupational Pensions Act (OPA). In accordance with Art. 52e para. 1 OPA, the expert in occupational benefits also evaluates whether the occupational pension scheme provides assurance that it can meet its obligations and whether all insurance-related provisions regarding benefits and funding in the scheme regulations comply with the legal requirements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Board of Directors is responsible for ensuring that the legal requirements are met and that regulatory provisions on organisation, management and investments are applied. In accordance with article 52c para. 1 OPA and article 35 of the Occupational Pensions Ordinance (OPO 2) we have performed the prescribed procedures.

We have assessed whether

- the organisation and management comply with the legal and regulatory requirements and whether internal controls exist that is appropriate to the size and complexity of the Pension Fund;
- the investment of assets complies with legal and regulatory requirements;
- the occupational pension accounts OPA comply with legal requirements;
- measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfil their duties of loyalty and disclosure of interests;
- the non-committed funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- in the event of a funding gap, the pension fund has taken the necessary measures to restore full coverage;
- the legally required information and reports have been given to the supervisory authority;
- the Pension Fund's interests are safeguarded in disclosed transactions with related entities.

We confirm that the applicable legal and regulatory requirements have been met.

The financial statements show an underfunding of CHF 789'431'763 and funding ratio of 98.3%. The Swiss Federal Pension Fund PUBLICA comprises 18 pension funds, of which 7 pension funds have a underfunding. For an overview of the coverage ratios of the pension funds, please refer to the information in the appendix to the annual financial statements. The measures drawn up by the Board of Directors on its own responsibility in consultation with the parity commissions of the open pension plans and expert on occupational benefits to remedy the underfunding, on investments and on providing information to the beneficiaries are shown in the notes to the financial statements. According to article 35a para. 2 OPO 2, we are obliged to state in our report whether the investments of pension plans with a funding ratio of less than 100% are in line with the risk capacity of each pension plan having the underfunding. In our opinion,

- the Board of Directors in consultation with the parity commissions of the open pension plans fulfils its management role in a clear and comprehensible manner in its choice of an investment strategy appropriate to the given risk capacity, as described in the notes to the financial statements under 9.1;
- when investing funds, the Board of Directors in consultation with the parity commissions of the open pension plans complies with the legal requirements and in particular has determined the risk capacity having assessed all assets and liabilities in accordance with the actual financial situation, as well as the fund's structure and expected developments in the number of insured persons;
- the investments with employers are legally compliant;
- taking the above into consideration, the investment of assets is in compliance with the provisions of article 49a and 50 OPO 2;
- the measures to remedy the underfunding were decided on by the Board of the Directors in in consultation with the parity commissions of the open pension plans and with the expert in occupational benefits and have been implemented within the scope of the legal provisions and the action plan. In addition, disclosure requirements have been complied with;
- the Board of Directors in consultation with the parity commissions of the open pension plans has monitored the effectiveness of the measures taken to remedy the underfunding so far. Furthermore, it has assured us that it will continue to monitor the situation and adapt the measures if the situation may change.

We note that the possibility of remedying the funding gap and the risk capacity regarding investments may also be subject to unpredictable events, e.g. developments in the investment markets and with employers.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

This is the English translation of the German report of the statutory auditor

Felix Steiger	Michel Weidmann
Licensed audit expert Auditor in charge	Licensed audit expert

Bern, 26 March 2024

12 Confirmation from the Accredited Pension Actuary

Mandate

Allvisa AG was mandated by the Board of Directors of the Swiss Federal Pension Fund PUBLICA (hereinafter referred to as the "Pension Fund") to prepare an actuarial report as at 31 December 2023 as defined by art. 52e para. 1 (b) of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG).

Confirmation of independence

As pension actuary as defined in art. 52a para. 1 BVG, we confirm that

- we are licensed by the Occupational Pension Supervisory Commission as defined in art. 52d BVG;
- we are independent as defined in art. 40 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2) as well as Directive BV W-03/2013 of the Occupational Pension Supervisory Commission;
- this actuarial report was prepared in accordance with the principles and guidelines of the Swiss Association of Actuaries and the Swiss Chamber of Pension Actuaries. It is in particular confirmed that Standard 5 "Minimum requirements for audits of pension funds pursuant to art. 52e para. 1 BVG" of the Swiss Chamber of Pension Actuaries is being implemented, which was declared binding and expanded for all accredited pension actuaries by Directive BV W-03/2014 of the Occupational Pension Supervisory Commission. We also confirm compliance with Standard 7 "Audits pursuant to art. 52e BVG para. 1 (a) of competing occupational benefits institutions" of the Swiss Chamber of Pension Actuaries.

Available documents and reference date

We received the data for the active insured and pensioners that are relevant to the calculations from the Pension Fund's management.

Calculation of required actuarial pension capital

We have checked the Pension Fund's calculations for determining the required actuarial pension capital. We can confirm that the following figures are correct:

Total pension capital of insured	CHF	19,608,106,060
Total pension capital of pensioners	CHF	19,936,339,949
Total technical provisions	CHF	1,343,655,159

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Confirmation by pension actuary

In compliance with our duties as pension actuary, we confirm as at **31 December 2023** that we believe that

- the technical rates applied for the open pension plans (2.0 %) and the closed pension plans (0.5 %) and the applied BVG 2020 (GT 2027) actuarial tables are appropriate;
- the fluctuation reserve target of 16.9 % of the required actuarial pension capital is sufficient from a consolidated point of view;
- the technical provisions comply with the reserve regulations pursuant to art. 48e BVV 2 and the Pension Fund has sufficient reinsurance measures in place as defined in art. 43 BVV 2;
- the regulatory insurance provisions regarding the benefits and financing comply with the statutory rules (art. 52e para. 1bis BVG);
- the measures implemented to cover the actuarial risks (old age, death and disability) are sufficient.

The consolidated funding ratio pursuant to art. 44 BVV 2 as at 31 December 2023 is 98.3 %. We therefore cannot confirm that the Pension Fund can guarantee that it is able to fulfil its obligations as at the reporting date. The funding ratio pursuant to art. 44 BVV 2 of the open pension plans is 98.1 %, while the funding ratios of the individual open pension plans range from 97.5 % to 109.8 %. The funding ratio pursuant to art. 44 BVV 2 of the closed pension plans is 100.6 %, while the funding ratios of the individual closed pension plans range from 92.4 % to 112.9 %.

Recommendations

As at 31 December 2023, three open pension plans and four closed pension plans for the second year in a row report a funding deficiency. According to art. 65c BVG, a temporary funding deficiency is permitted if it is certain that the benefits can be paid when they fall due and that measures have been taken to remedy the funding deficiency within an appropriate period.

If there is a funding deficiency, the pension actuary has to prepare a report in compliance with art. 41a BVV 2 to confirm the effectiveness of the measures that were taken and assess whether they comply with the provisions of art. 65d BVG. When preparing the rehabilitation reports, not only is the effectiveness of the current rehabilitation concept analysed for each pension plan, but the minimum rehabilitation measures that are required are identified. A recommendation about the next steps is also provided, which sets out the consequences as well as the advantages and disadvantages of the various options. Particular attention should be paid to which party has to bear the costs associated with the relevant measures.

At this point we have to remind the Board of Directors and the joint bodies of their obligation to provide information under art. 65c para. 2 BVG. They are obliged to inform the insured persons, pensioners, employers and supervisory authority about the scope and causes of the funding deficiency and the measures that have been taken.

For the following reasons, we do not believe that urgent action needs to be taken for the closed pension funds:

- There is a guarantee issued by the Federal government for the closed pension plans (art. 24a of the PUBLICA law);

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ALLVISA VORSORGE

– The closed pension plans are to be merged on 1 January 2024. As part of this merger, two technical provisions can be released, as a result of which the merged closed pension fund will no longer have a funding deficiency from 1 January 2024.

At present we consider the technical interest rates of 2.0 % applied to the open pension funds and 0.5 % to the closed pension funds for the 2023 financial statements to be appropriate. We do not recommend changing the technical interest rates.

Zurich, 26 March 2024

Pensionskassen-Experte SKPE
Allvisa AG, 26.03.2024
Qualifizierte elektronische Signatur · Schweizer Recht

Christoph Plüss
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Executive Pension Actuary

Pensionskassen-Expertin SKPE
Allvisa AG, 26.03.2024
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Thank you for your interest.

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