



Facts
&
Figures

Table of contents

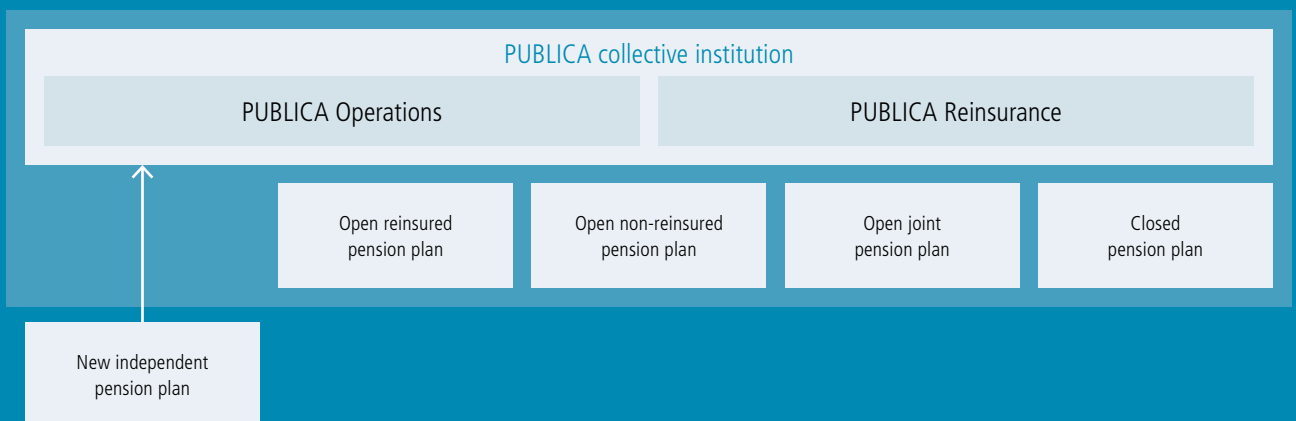
02	Foreword
04	Status report
05	Business activities
05	Corporate orientation
07	Pension plans
10	Strategic asset allocations
15	Structure and development of the pension institution
17	Risk management
22	Corporate governance
23	Organisational structure
24	Board of Directors
30	Information and control instruments
30	Code of conduct and exercise of voting rights
31	Assembly of Delegates
31	Director, deputy and Executive Board
33	Compensation
33	Statutory Auditors
34	Pension Actuary
36	Annual financial statements
37	Balance sheet
38	Income statement
40	Notes
40	1 Fundamentals and organisation
46	2 Active members and pension recipients
46	3 Implementation of the purpose
48	4 Valuation and accounting principles, consistency
50	5 Actuarial risks, risk coverage, funded ratio
55	6 Notes on investments and the net return on investment
68	7 Note on other items in the balance sheet and income statement
69	8 Requirements of the supervisory authorities
70	9 Further information concerning the financial situation
70	10 Post-balance sheet events
71	11 Report by the Statutory Auditors
73	12 Confirmation from the Accredited Pension Actuary
76	Publication data

PUBLICA is not profit-oriented.
It manages its assets solely in
the interests of its active members
and pension recipients.

PUBLICA is the pension fund of the Swiss Confederation, the independent decentralised administrative units, the ETH Domain and organisations that are closely associated with the Confederation or fulfil a public task on behalf of the Confederation, a canton or a municipality.

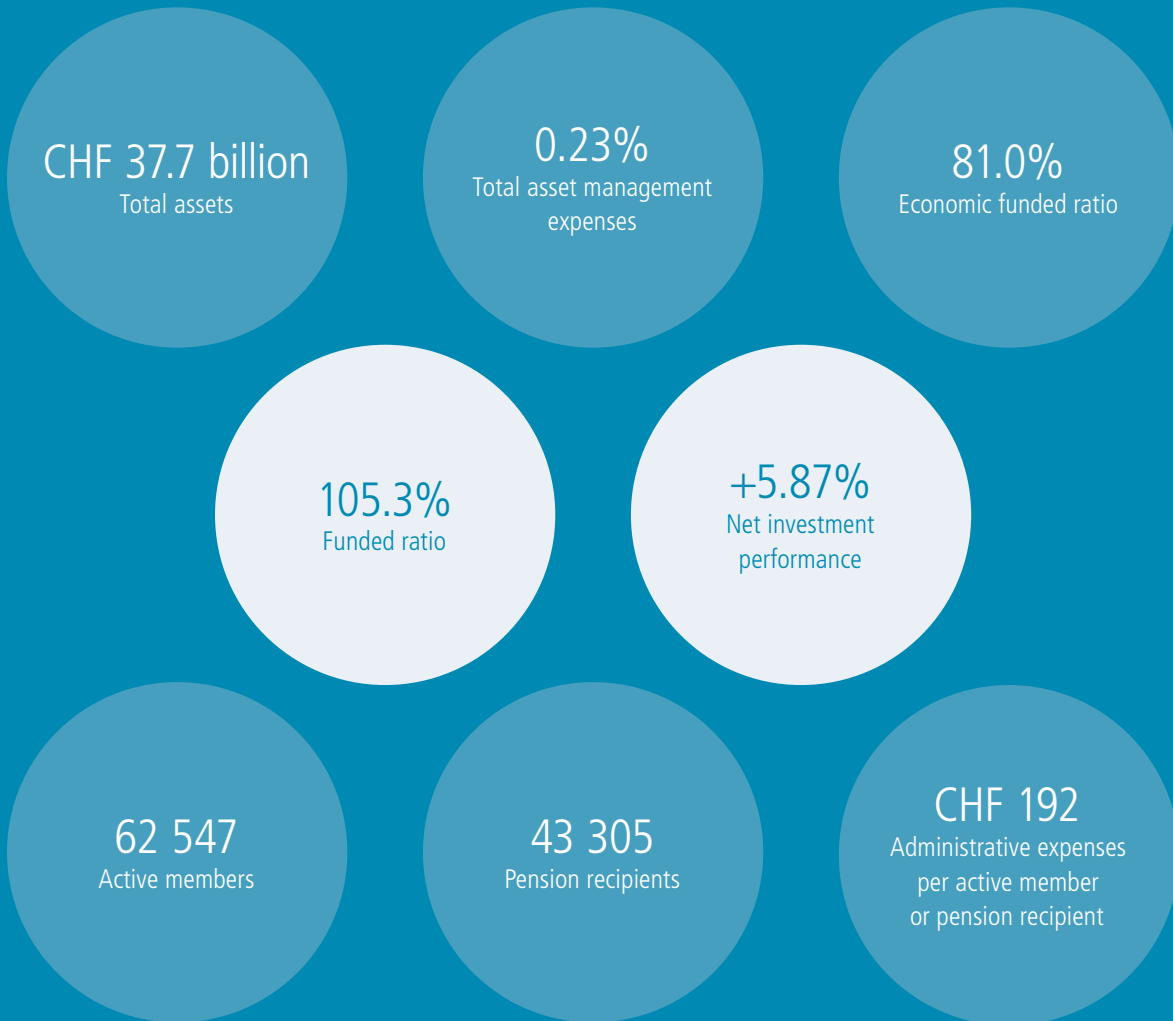
It is an independent collective institution established under public law and comprises 14 open and 7 closed pension plans, each of which is organisationally and economically independent. Unlike the closed pension plans, open pension plans can accept new members. PUBLICA's internal reinsurance operation offers the open pension plans full or partial cover against the risks of death and disability among their insured members, depending on their size and risk capacity. In addition to pension plans with a single employer, PUBLICA can also create joint plans to which a number of employers affiliate. PUBLICA currently includes one open plan of this type.

Collective institution with independent pension plans



Our mission statement:

- We are the leading pillar 2 collective institution.
- We are dedicated to the interests of our active members and pension recipients.
- We are committed to service and performance.
- We act as partners.



PUBLICA's strategic asset allocation requires it to invest only in simple, transparent products. This is reflected in a cost transparency level of 100%. The performance in 2014 was 5.87%.

The Annual Report deals with the collective institution and all the affiliated pension plans. The figures presented are 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.

Funded ratio

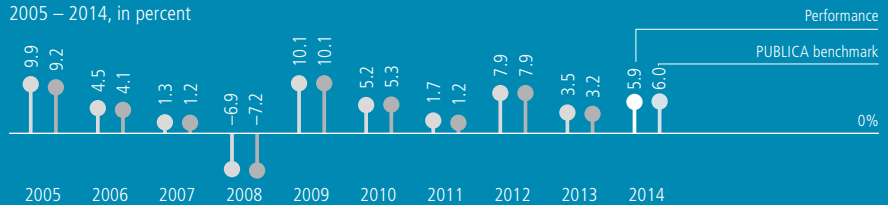
2005 – 2014, in percent



Scale: 100 percent = 30 mm

Performance

2005 – 2014, in percent



Scale: 100 percent = 60 mm

Foreword

In 2014, PUBLICA once again achieved pleasing operational and financial results, thanks to a good year on the markets and exceptional gains on the bond portfolio due to the further decline in interest rates.



Fred Scholl, Chair of the Board of Directors, PUBLICA

Dieter Stohler, Director, PUBLICA

Despite the considerable burden imposed by the provisions for the reduction in the technical interest rate, the consolidated funded ratio rose by 1.2 percentage points. While achieving a solid investment result of 5.87% (prior year: 3.47%), however, PUBLICA lagged behind the performance of the Pictet BVG indices. The main reason for this was the strategic decision to completely hedge the currencies of industrialised nations in order to eliminate risks that are non-systematic and, as such, not compensated from the portfolio. As of 31 December 2014, PUBLICA's total funded ratio stood at 105.3% (prior year: 104.1%).

Reduction in the technical interest rate

By resolution of the Board of Directors, the technical interest rate was lowered by 0.75 percentage points with effect from 1 January 2015. The rate for the open pension plans is now 2.75% (previously 3.5%), and for the closed plans 2.25% (previously 3%). This move is designed to take account of the decrease in expected income resulting from the low level of interest rates. It is combined with a reduction in the conversion rate

to 5.65% at age 65, also effective from 1 January 2015. To cushion the impact of these changes, PUBLICA created additional technical provisions of 2.2% per year from 2012 to 2014. The remaining amount will be charged to the income statement in 2015. Subsequently the parity commissions of the individual pension plans and the social partners agreed adjustments to the savings contributions and one-off increases in retirement capital for 2015. We are very pleased that the decisions of the parity commissions will enable the existing level of benefits to be largely maintained.

On the recommendation of the Pension Actuary, the Board of Directors also resolved to reduce risk premiums with effect from 1 January 2015.

New corporate strategy and mission statement

On 19 June 2014, the Board of Directors of the Swiss Federal Pension Fund PUBLICA adopted its corporate strategy for the period 2015 to 2018, thereby exercising its management responsibility. The values and principles set out in PUBLICA's new 2014 mission statement describe how the strategic objectives are to be implemented.

The Board of Directors favours a diversification of PUBLICA's strategic orientation, and therefore broadened the range of objectives for the new strategy period. PUBLICA will continue to build on its strengths: according top priority to safeguarding pension entitlements, continuing development based on a sound staff and organisational infrastructure, and positioning itself as one of Switzerland's leading pension funds.

Thanks

The Board of Directors and Executive Board wish to express their thanks to all members of the governing bodies and all staff of PUBLICA. Once again in 2014, they worked meticulously and successfully to provide occupational pension services in the interests of the employers, active members and pension recipients. We should also like to thank the affiliated employers and our business partners and suppliers who have worked alongside us with professionalism and dedication.



Fred Scholl
Chair of the Board of Directors, PUBLICA



Dieter Stohler
Director, PUBLICA

Status report



The funded ratio of PUBLICA's pension plans improved slightly despite the one-off burdens resulting from the reduction in the technical interest rate. None of the 21 pension plans is underfunded. The operational side reflects the results of PUBLICA's increased attention to costs and the increase in membership numbers: administrative expenses have fallen once again to CHF 192 per active member or pension recipient.

Business activities

PUBLICA is the pension fund of the Swiss Confederation, the independent decentralised administrative units, the ETH Domain and organisations that are closely associated with the Confederation or fulfil a public task on behalf of the Confederation, a canton or a municipality.

It is an independent collective institution established under public law and comprises 21 open and closed pension plans, each of which is organisationally and economically independent. Unlike the closed pension plans, open pension plans can accept new members. PUBLICA's internal reinsurance operation offers the open pension plans full or partial cover against the risks of death and disability among their insured members, depending on their size and risk capacity. In addition to pension plans with a single employer, PUBLICA can also create joint plans to which a number of employers affiliate. PUBLICA currently includes one open plan of this type.

This Annual Report deals with the collective institution and all the affiliated pension plans. The figures presented 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 key figures for the individual pension plans can be found in section 1.6.

Status report in brief

12%

Reduction in administrative expenses since 2011

Status report in brief

0 of 21

Underfunded pension plans

Corporate orientation





Mission statement and values:
leading pension fund

PUBLICA's vision targets a high level of financial, organisational and technical pension security. PUBLICA aims to provide benefits at attractive conditions over the long term.

In 2014, PUBLICA adopted a new mission statement. It contains a set of values designed to motivate our staff to deliver optimum pension benefits to our customers every day. Our ambition:

- We are the leading pillar 2 collective institution;
- We are dedicated to the interests of our active members and pension recipients;
- We are committed to service and performance;
- We act as partners.

Corporate strategy:
market orientation

PUBLICA sets out its strategic goals every four years as part of its corporate strategy. The current strategy remains in force until the end of 2014 and envisages moderate growth. It is in tune with the longer-term trend towards market consolidation, which is leading to a decline in the number of pension schemes. One of PUBLICA's strategic goals is to reduce administrative costs per active member or pension recipient while continually improving its services. The Board of Directors has adopted a new strategy for the period 2015 to 2018. It favours a diversification of PUBLICA's strategic orientation, and has therefore broadened the range of objectives for the new strategy period.

Corporate objectives:
measurable and realistic

The Board of Directors sets measurable and realistic corporate objectives for the management of PUBLICA every year. Each area draws up individual agreements on objectives that govern their detailed implementation down to employee level. Reports on the achievement of the corporate objectives are submitted to the Audit Committee periodically.

One important corporate objective for PUBLICA is to reduce administrative costs. Since 2011, these have fallen from CHF 217 per active member / pension recipient to CHF 192 at present. A further corporate objective is to be prepared technically, legally and in terms of communication for the reduction of the technical interest rate on 1 January 2015.

Fred Scholl,
Chair of the Board of Directors,
PUBLICA

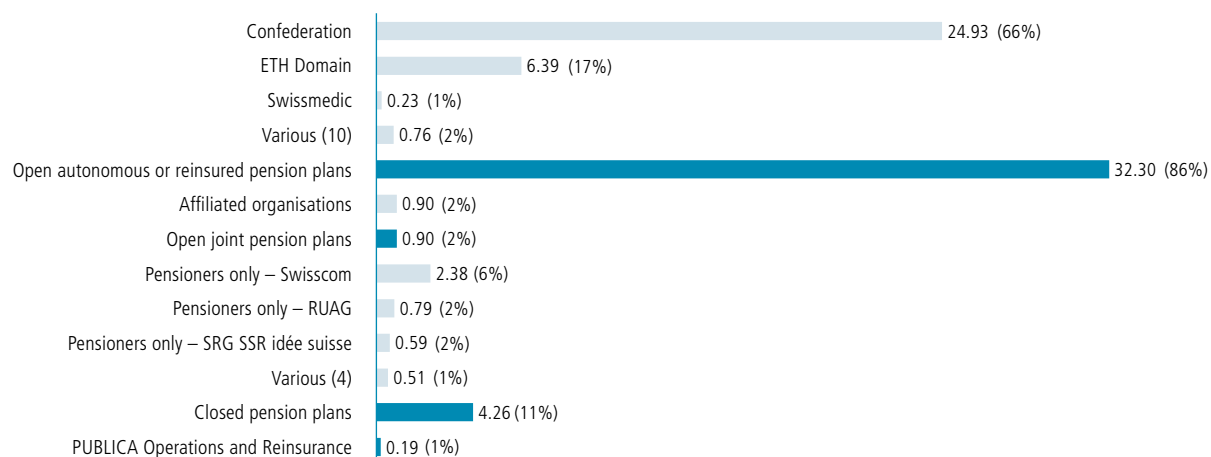
“PUBLICA's joint strategy for 2015 to 2018 was agreed on the basis of a constructive discussion.”

Pension plans

Pension plans by type and institution

as at 31.12.2014

in CHF bn and percentage of total assets



Scale: CHF1 bn = 3 mm

Collective institution:

independent open and closed pension plans

Open pension plans:
funded ratio between 102.7%
and 108.5%

Open pension plans are made up of active members and, in some cases, pension recipients. They include the autonomous (non-reinsured) and reinsured pension plans as well as the joint pension plan. The open pension plans have funded ratios of between 102.7% and 108.5% (prior year: 102.2% and 108.1%). Funded ratios have improved slightly overall. The actual return on investment is above the target required to maintain the funded ratio. The differences in funded ratio trends within the individual pension plans are mainly due to the declining proportion of pension recipients. Within the individual pension plans, this proportion ranges between 0% and 39.3% (prior year: 0% and 40.4%).

Closed pension plans:
funded ratio between 101.7%
and 111.0%

The closed pension plans consist entirely of pension recipients. Their funded ratio is between 101.7% and 111.0% (prior year: 99.2% and 106.8%). The liabilities of the closed pension plans are valued at a technical interest rate of 3%, which is 0.5 percentage points lower than that for the open pension plans.

Operations and Reinsurance:
structure of the collective institution

The PUBLICA collective institution has a two-part structure: administrative activities are the responsibility of Operations, while PUBLICA Reinsurance offers partial or full reinsurance to the pension plans within the collective institution.

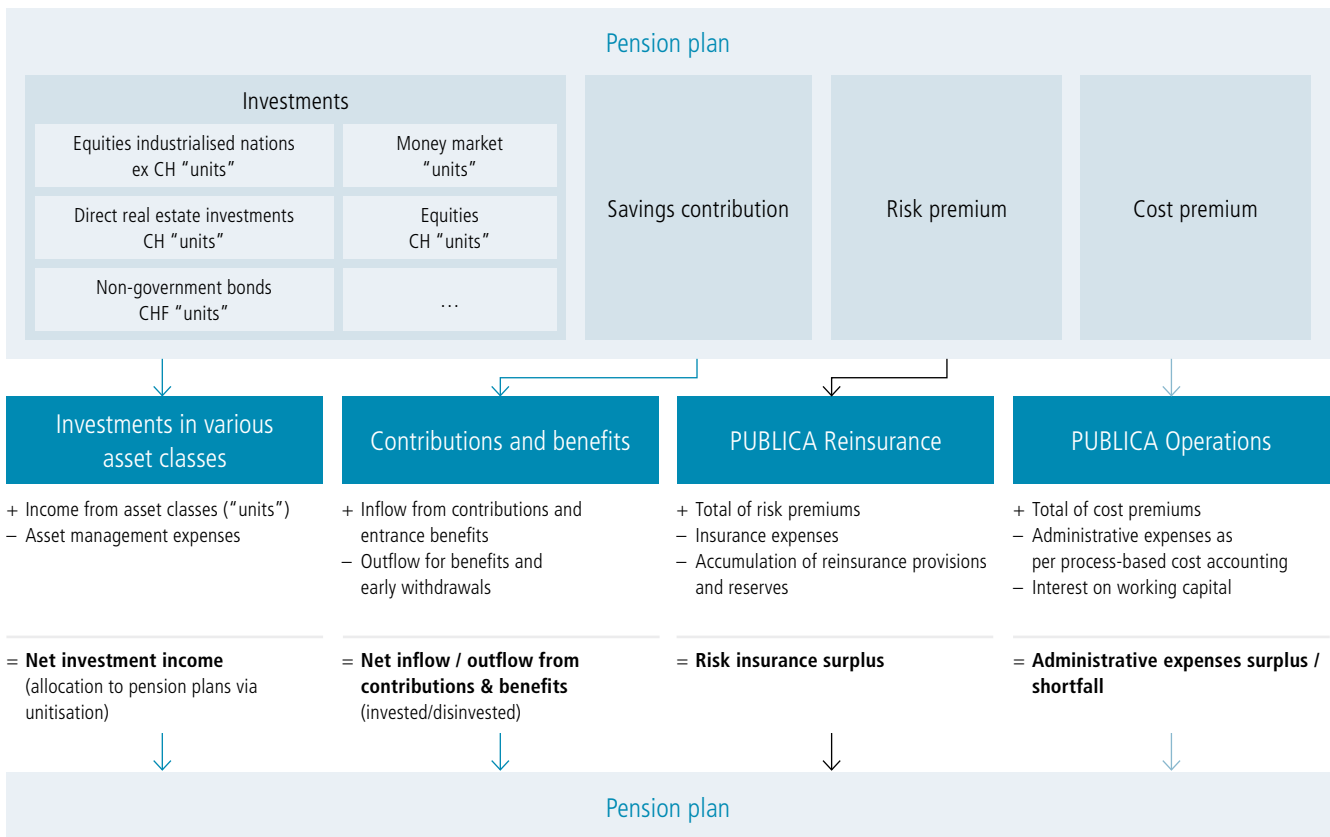


Cash flows:
no cross-subsidies

Active members and employers in the individual pension plans pay ongoing savings contributions, risk and cost premiums and make further deposits. The affiliated pension plans profit from any surpluses on the risk and cost premiums. PUBLICA also discloses internal transactions between the pension plans and Operations / Reinsurance in its income statement.

Cash flows

Example of a pension plan



An average 86% of all contributions made flow into active members' pension fund capital in the form of savings contributions. Of the remainder, 12% are made up of risk premiums and 2% of cost premiums. These figures do not include the surpluses on the risk and cost premiums for the pension plans.

Savings contributions:
86% of all contributions made

The savings contribution is paid by employers and active members, with the former at least matching the latter. PUBLICA credits the savings contributions direct to the pension fund capital of the active members in the pension plan concerned.

The income on the accumulated savings contributions funds the payment of interest on active members' pension fund capital, technical interest on the pension fund capital of pension recipients, and the accumulation of provisions. Any surpluses are transferred to the fluctuation reserve or the uncommitted funds of the pension plans.

Risk premiums:
autonomous or reinsured

The allocation of the risk premium to active members and employers differs from one pension plan to another. In the case of the autonomous pension plans, the premium remains in the plan; in the reinsured plans, it flows to PUBLICA Reinsurance. Depending on the risk result of PUBLICA Reinsurance, the surpluses flow back to the employers' contribution reserve or the pension fund capital of the pension plan.

Cost premiums:
participation in surpluses

In the open pension plans affiliated to PUBLICA, the vast majority of the cost premium is financed by the employer. The cost premium covers the administrative expenses of PUBLICA Operations. If the actual administrative expenses for a pension plan are lower than the cost premium, PUBLICA credits the difference to the pension plan's non-technical provisions.

Investments:
"unitisation" concept

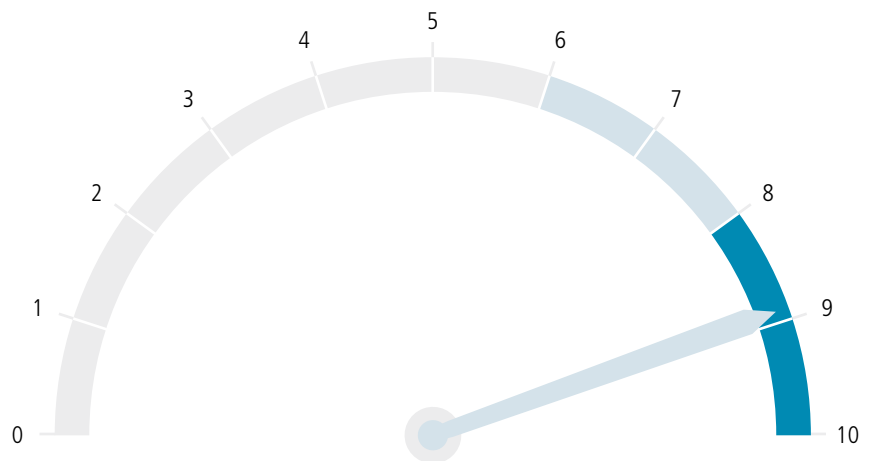
Investments are carried out collectively for all pension plans. The strategic asset allocations are implemented in accordance with the unitisation concept. A unit corresponds economically (though not legally) to an investment fund. Each pension plan receives its shares of the asset class in the form of "units", which correspond to participation certificates from an economic perspective. The units are valued daily at the net asset value. This means that the investments and the net income on them are allocated to the individual pension plans on a daily basis.

Customer satisfaction:
regular measurement

Satisfied customers are one of PUBLICA's corporate objectives. Accordingly, PUBLICA provides comprehensive customer service. Employers, active members and pension recipients each have a personal contact. A multilingual customer service organisation, the website with simulation tools, and regular information in three languages supply answers to all questions relating to occupational pensions. PUBLICA offers seminars on pensions and retirement, and carries out regular surveys to gauge customer satisfaction.

Customer satisfaction

2014 average, on a scale from 1 to 10



PUBLICA surveys customer satisfaction on entry, on retirement and when assets are withdrawn to finance home ownership. The quality of contact and the information provided by PUBLICA are rated on a scale from 0 (unsatisfactory) to 10 (excellent). In 2014, the average rating from the customer surveys was 8.93 (prior year: 8.95).



As well as measuring the satisfaction of its members, PUBLICA also carries out regular surveys among employers. The results of the 2014 survey show that PUBLICA enjoys exceptionally high customer satisfaction and loyalty. Three quarters of the employers approached are delighted with the service they receive.

Matthias Remund,
Vice-Chair of the Board of Directors,
PUBLICA

**“PUBLICA must embrace its responsibility
by making sustainable investments.”**

Strategic asset allocations

Investment credo:
a diversified and transparent portfolio

PUBLICA's assets are managed exclusively in the interests of active members and pension recipients.

PUBLICA's investment credo aims to capture premiums on various risks – such as equity risk, interest-rate risk, credit risk and liquidity risk – by means of broad diversification. The strategic asset allocation is the key to the distribution of assets across the various asset classes, such as equities, government bonds, corporate bonds, commodities and real estate. PUBLICA's investment performance depends crucially (approximately 90%) on the chosen strategic asset allocation. Each asset class is therefore assessed not just in isolation, but also with regard to its risk and earnings contribution to total assets. The strategic asset allocations are reviewed periodically, but at least every two years.

Assets are divided into different portfolios consisting of only one asset class. The same stringent requirements apply to both internal and external asset managers. PUBLICA seeks out the most capable partners for each asset class. Two mandates are always granted within a given asset class. This redundancy means that one asset manager can take over if the other drops out.

Very few asset managers are able to select individual securities successfully and put together a portfolio that consistently outperforms the market. Identifying these managers and investing the appropriate amounts in their products is a difficult task. For this reason, PUBLICA's internal and external asset managers replicate broad indices. PUBLICA analyses and selects these indices with meticulous care. Investments in non-transparent products are systematically avoided.

Alfred Wyler,
Member of the Board of Directors,
PUBLICA

**“Asset management costs must always be viewed
in relation to returns. The biggest contribution to
low costs lies in the asset allocation.”**

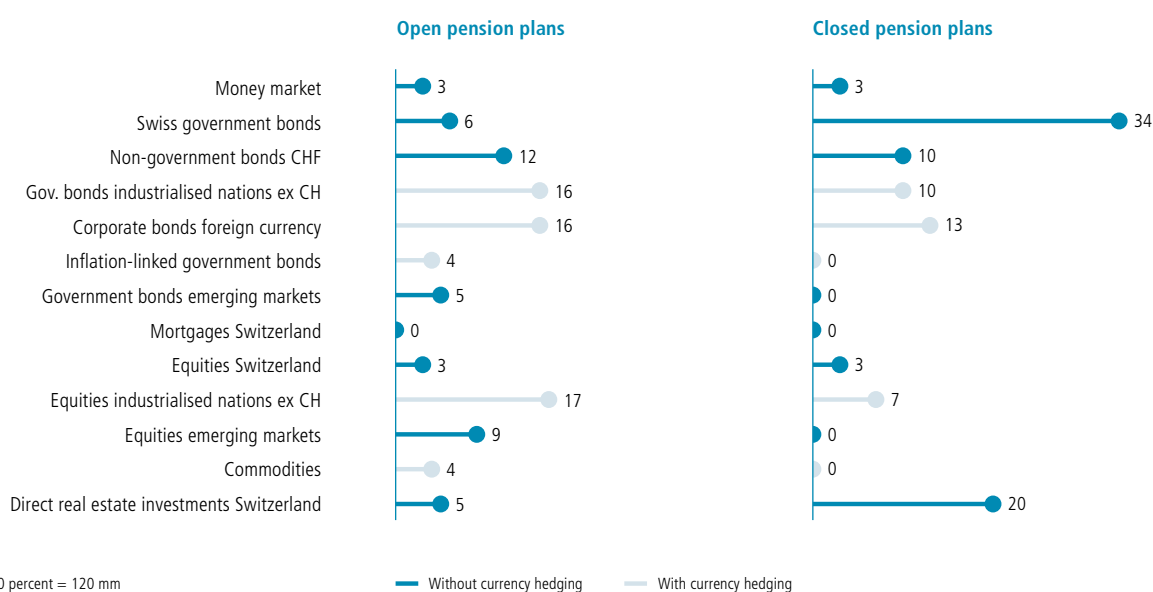
Strategic asset allocations: geared to the structure and membership trend

The structure and expected trend in the membership of the closed pension plans differ substantially from those of the open pension plans. For this reason, a single strategic asset allocation for all the pension plans would be at odds with Article 50 of BVV2. Accordingly, in 2010 the Board of Directors approved the creation of one strategy for all the closed pension plans and another for all the open ones.

Strategic asset allocation (pro rata) by asset class

as at 31.12.2014

in percent, in increasing order of risk and decreasing order of liquidity



In January 2014, the Board of Directors adopted the new revised strategic asset allocation for the open pension plans. It included the following four main adjustments:

- For reasons of risk and diversification, the equity allocation was reduced from 33% to 29%, and the build-up of an “inflation-linked government bonds” asset class was begun, with a target level of 4%.
- Based on the expectation that the yield curves of foreign government bonds will remain steeper than in the CHF segment, the weighting of bonds in CHF was reduced and that of government bonds in EUR, USD, GBP and CAD was raised.
- Because the real estate allocation in the open pension plans is relatively low, the real estate weighting was (slowly) raised from 5% to 7% and the commodity allocation reduced from 6% to 4%.
- For reasons of diversification, and because the banks are in some cases withdrawing from long-term corporate financing, PUBLICA began accumulating expertise in private debt.



The strategic asset allocation for the closed pension plans was reviewed in a separate ALM process. In June 2014, the Board of Directors approved the following adjustments:

- Based on the expectation that the yield curves of foreign government bonds will remain steeper than in the CHF segment, the weighting of bonds in CHF was reduced and that of government bonds in EUR, USD, GBP and CAD was raised.
- For risk reasons, the equity allocation was reduced from 15% to 10% and government bonds in EUR, USD, GBP and CAD were raised to a total of 10%.

Economic developments: falling interest rates

Bonds

To the great surprise of many investors, 2014 was an exceptionally good year for bonds. In the eurozone and the UK, fixed-income paper significantly outperformed equities. This development was driven by the weak eurozone economy and investors' flight into safe investments. Yield curves in the industrialised nations flattened as yields fell. With the exception of Russia, the performance of emerging market bonds in local currency was in the high single digits, and in some cases markedly higher.

Equities

Equities of industrialised nations continued the recovery that began in March 2009, which is now one of the longest ever such phases for the equity markets. On 29 December 2014 the US S&P 500 index reached a new historic high, more than 200% above its March 2009 low. Despite the increasing risk aversion of investors, the German DAX equity index also hit a new record high in December 2014. Equities from the pharmaceuticals and insurance sectors enabled the Swiss equity market to record welcome gains. After posting a very attractive performance from March to September, the equity markets of emerging economies were unable to recoup entirely the losses incurred in September and November.

Swiss real estate market

Real estate investments remain very popular with many investors. Although initial yields declined further as a result of increased purchase prices, the yield differentials between real estate and fixed-income investments are still viewed as attractive. However, higher real estate prices are increasingly prompting investors to be selective in their choice of segments and properties. Properties that hold their value – i.e. those that are in impeccable condition and very good locations, with low vacancy rates and secure long-term rental income – are in strong demand. They are particularly to be found in the residential segment, but also among office and retail premises with very long leases. Given the imbalances emerging within the individual markets, this selectivity can be expected to increase further. Demand for top properties will rise further, while "B" and "C" properties will lose favour with investors.

Commodities

Thanks to a recovery in precious metals prices, commodities delivered positive returns in the first half of the year. This was followed by a negative performance on the commodity markets driven by falling oil prices, reaching a temporary low in the fourth quarter as oil prices slumped from approximately USD 100 to around USD 55 per barrel. This was primarily due to increased production coupled with declining demand, with OPEC's refusal to cut production playing a key role. The aim of OPEC's policy is to put pressure on US shale oil production. At USD 1,225 an ounce, the price of physical gold at the end of the year was around 3% lower than a year earlier. In Swiss franc terms, the price rose by 9.5% during that period, to CHF 37,836 per kilogram.

Currencies

The US dollar staged a comeback in 2014, gaining over 13% against the euro and almost 12% against the Swiss franc. The euro trended weaker against the major currencies, particularly in the second half of the year. The de-facto peg to the euro also caused the Swiss franc to weaken against other currencies. The Swiss National Bank was also forced into additional measures to defend the CHF 1.20 floor against the euro.

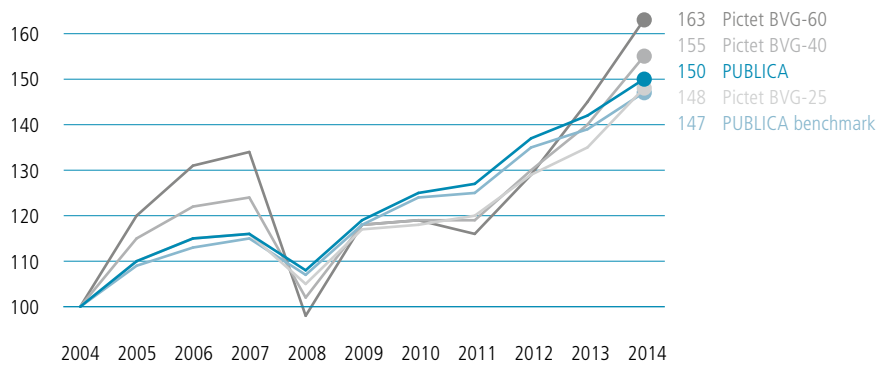
Performance:
plus 5.87%

On a currency-hedged basis and in terms of consolidated overall assets, PUBLICA achieved a net investment performance (after all costs and taxes) of 5.87% in 2014. Without currency hedging, the net portfolio performance would have been 8.95%. The benchmark performance for 2014 was 5.97%. The two main reasons for the 0.1 percentage point underperformance relative to the benchmark were the first-time recognition of deferred taxes on real estate (0.1% of total assets), and asset management costs of just over 0.2%. The investment performance was 5.68% (benchmark: 5.75%) for the open pension plans and 7.36% (benchmark: 7.63%) for the closed ones. The closed pension plans benefited in particular from a further flattening of yield curves.

PUBLICA underperformed relative to the Pictet BVG indices in 2014. The main reason for this was the strategic decision to completely hedge the currencies of industrialised nations in order to eliminate from the portfolio risks that are non-systematic and, as such, not compensated, thereby freeing up a risk budget to exploit other risk premiums. The Pictet BVG indices do not hedge foreign currency risks, and therefore profited as the dollar gained almost 12% against the Swiss franc in 2014.

Cumulative performance

2005 – 2014
Indexed (2004 = 100)



Scale: 100% = 60 mm, 1 index point = 0.6 mm

Source: Bloomberg for Pictet BVG indices



The Pictet BVG indices do not cover the commodities and real estate asset classes. There was a negative impact from commodities, specifically oil. For PUBLICA this translates into a return of –28.9% on this asset class and a reduction of 1.1 percentage points in the overall performance. For diversification reasons, PUBLICA invests just under 2% of its total assets in energy commodities (crude oil, heating oil and petrol). With a return of 3.75%, real estate made a positive contribution of 0.25 percentage points to the overall performance, but is lower than the corresponding KGAST (Conference of Investment Foundation Managers) benchmark and lower than the bond performance of the Pictet BVG indices, due to the first-time recognition of deferred taxes.

The upbeat performance of the equity market made a positive contribution to performance last year. Despite differences between the individual equity regions, the performance in all the key regions was positive in 2014. Bonds made the biggest contribution to total assets, with a net return of 6.8%, driven by book value gains on bonds resulting from lower interest rates.

From 2000 to 2014, PUBLICA's average annual return stands at 3.22%, 21 basis points above the benchmark figure of 3.01%.

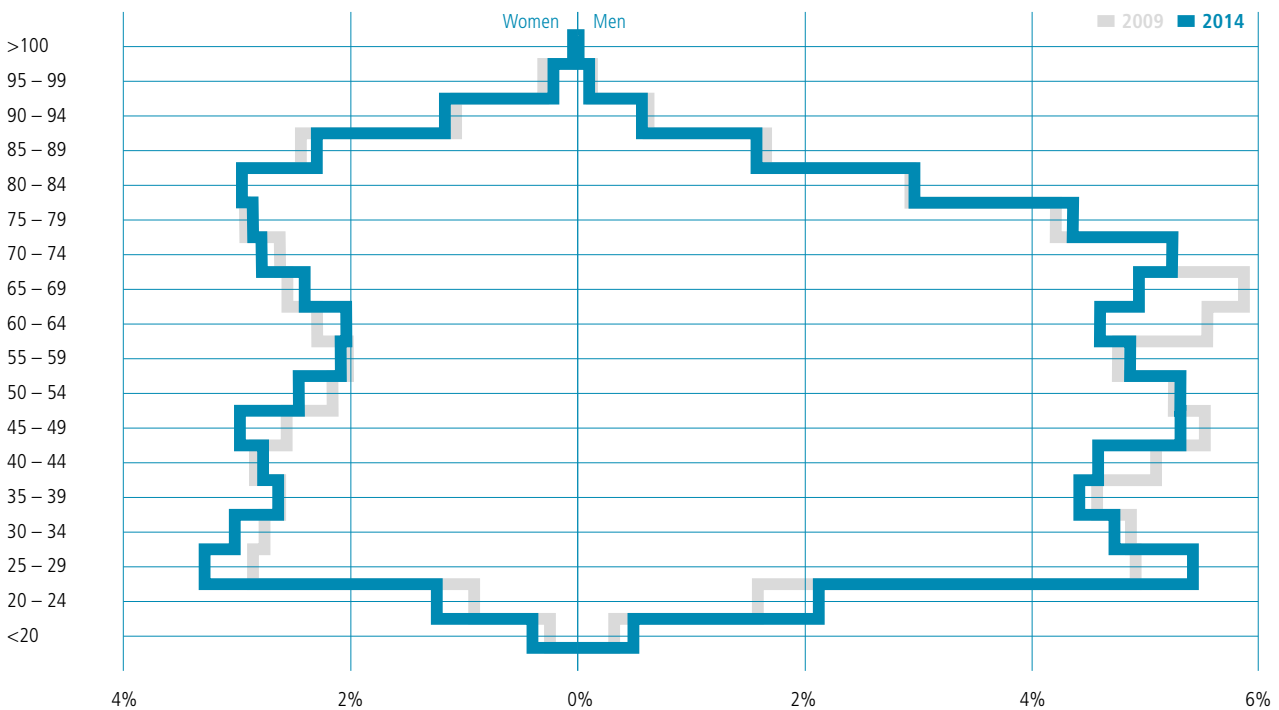
Structure and development of the pension institution

Active members and pension recipients: pensioner overhang declining

Owing to the closed pension plans, there is an overhang of pension recipients in the age structure of the pension plans overall. The proportion in the "men aged 65 to 69" age group has declined over the last five years. The reason for this is the retirement pension recipients of the closed pension plans, most of whom are now over 70 years of age.

Structure of active members and pension recipients

5-year age cohorts 2009 and 2014
by age and gender as % of total membership



Scale: 1 percent = 15 mm

The number of women of working age also increased slightly in 2014 compared with 2009.

Distribution of net result for open pension plans: redistribution in 2014

PUBLICA is financed under the funded system. This means that long-term, systematic redistributions of income between active members and pension recipients are not appropriate. PUBLICA refers to "redistribution" when the net return on investments is not distributed between active members and pension recipients in relation to pension fund capital over the long term.



Distribution of net income for open pension plans

2014 with prior-year comparison, in CHF mn

	31.12.2013	31.12.2014
Net investment income (incl. Δ deferred taxes)	1051	1766
Interest – active members	– 186	– 266
Change in provisions – active members (longevity and tech. int. rate)	– 380	– 399
Share of active members in net income (effective)	– 566	– 625
Interest – pension recipients *	– 495	– 496
Change in provisions – pension recipients (longevity & tech. int. rate)	– 366	– 381
Share of pension recipients in net income (effective)	– 862	– 877
Share of third-party benefits and risk result **	109	105
Formation/release of fluctuation reserve	– 267	369

* Simplified calculation: (pension fund capital pension recipients prior year + pension fund capital pension recipients current year – pension payments) × 0.5 × technical interest rate

** Approximate calculation

Provisions for longevity and the technical interest rate are accumulated via the net return on investments. When the next change of actuarial tables takes place, these provisions flow into pension fund capital and therefore have to be taken into account when calculating the redistribution.

Redistribution open pension plans

2014 with prior-year comparison, rounded, in CHF mn

	31.12.2013	31.12.2014
Share of net income as per pension fund capital active members	669	720
Share of active members in net income (effective)	566	625
Redistribution to (+) / from (–) active members	– 103	– 95
Share of net income as per pension fund capital pension recipients	758	782
Share of pension recipients in net income (effective)	862	877
Redistribution to (+) / from (–) pension recipients	103	95

The calculation of the redistribution for the open pension plans shows that the effective share of active members in net income is lower in relation to their pension fund capital than that of pension recipients.

Overall, this approximate calculation yields an allocation of the net investment income to pension recipients that is CHF 95 million higher (prior year: CHF 103 million) than that to active members.

Risk management

Risk policy: proactive and cautious

PUBLICA regards forward-looking risk management, efficient quality management and an effective internal control system (ICS) as a key part 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 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.

Organisation: internal and external monitoring

The key risks to which PUBLICA is exposed are monitored by internal and external specialists. Their activities are coordinated by internal Quality Management, which is also responsible for reporting and monitoring any measures taken.

Actuarial risk: risk result

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 reality. It also includes ongoing or prospective benefits that have not been adequately accounted for.

The Swiss Chamber of Pension Actuaries has issued a technical directive (FRP4) containing recommendations on the technical interest rate. On 1 October 2013 it reduced the recommended maximum technical interest rate from 3.5% to 3%. This is lower than the technical interest rate of 3.5% used by PUBLICA for the open pension plans. On the basis of its longer-term income expectations, PUBLICA decided to reduce the technical interest rate as of 1 January 2015, to 2.75% for the open pension plans and 2.25% for the closed pension plans.

The reduction in the technical interest rate entails a reduction in the conversion rate. Provisions are being created in order to maintain the level of benefits despite a reduction in the conversion rate. As of 31 December 2014 PUBLICA had already set aside the bulk of the provisions necessary to cushion this impact.

PUBLICA reviews the risk results for pension recipients and active members on an annual basis. In the case of pension recipients, the expected capital freed up is compared with the capital actually freed up as a result of death. The resulting difference 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 calculated on the basis of assumptions, and compared with the cases that actually occurred. If this difference is not covered by the risk premium, annual actuarial losses occur.

The risk result for death (CHF –0.2 million) in respect of active members is balanced for 2014, while the risk result for disability (CHF 113.9 million) shows an actuarial gain. This indicates that the claims that actually occurred were lower than was to be expected according to the actuarial tables. On the basis of claims experience from previous years, PUBLICA has once again reduced the risk premiums from 2015 onwards.



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

2010 to 2014, in CHF mn, number or percent

2014	Units	Risk premiums	Claims	Total gain (+) loss (-)	Number
Disability cases (incl. increases in degree of disability)	CHF mn	144.7	- 30.8	113.9	73
Deaths	CHF mn	6.0	- 6.2	- 0.2	58
Total	CHF mn	150.7	- 37.0	113.7	131
Insured salary	CHF mn	4 974	4 974		
Statutory required risk premium	Percent	3.03%	0.74%		

2013	Units	Risk premiums	Claims	Total gain (+) loss (-)	Number
Disability cases (incl. increases in degree of disability)	CHF mn	138.8	- 27.7	111.1	80
Deaths	CHF mn	7.3	- 6.3	1.0	55
Total	CHF mn	146.1	- 34.0	112.1	135
Insured salary	CHF mn	4 805	4 805		
Statutory required risk premium	Percent	3.04%	0.71%		

Historical trend	Units	Risk premiums	Claims
2014	Percent	3.03%	0.74%
2013	Percent	3.04%	0.71%
2012	Percent	3.16%	1.00%
2011	Percent	3.35%	0.78%
2010	Percent	3.36%	0.72%

The risk result for death for pension recipients shows an overall loss of around CHF –1.3 million. This is made up of a gain of around CHF 5.8 million on disability pensions and losses of CHF 4.2 million for survivors' pensions and CHF 2.9 million for retirement pensions. An actuarial gain for pension recipients indicates that overall more pension recipients died, and therefore more capital was freed up, than had been calculated and assumed on the basis of the actuarial tables.

When static tables are used, the expectation is that the losses will rise from year to year. Fewer pension recipients die than are assumed on the basis of the tables. Provisions are created to allow for this development.

Investment risk management process:

a vital component of the ICS

The investment risk management process is part of PUBLICA's internal control system (ICS). This governs the controlling and management of inherent risks within asset management. The core elements of the process are identifying key risks, minimising them and creating an acceptance of risk so that residual risks are known and justifiable. The investment risk management process is based on the strategic risk budget, operational and tactical risks, and implementation risks.

Strategic risk budget

PUBLICA's strategic asset allocations are drawn up by Asset Management in collaboration with the Investment Committee, and approved by the Board of Directors. They are also reviewed by an external specialist periodically, but at least every two years, The strategic asset allocations are adjusted as necessary.

Asset and liability management (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 is tailored to the benefit objectives, risk capacity and risk tolerance of the pension fund. Risk is thus observed from a holistic perspective. Corresponding parameters are used to measure risk, including the average probability of the future funded ratio or path probability of the funded ratio falling below a specified value.

Important steps in the ALM process include defining the strategic risk budget and strategic asset allocation, both of which are set by the Board of Directors. The risk budget is defined on the basis of the expected loss in given scenarios. The goal of the strategic asset allocation is to achieve or exceed the fund's financial objectives (liquidity, profitability and security) over the long term, within the prescribed risk limits. Asset Management is permitted to undertake deviations from the allocation within prescribed tactical bandwidths in order to generate added value. The corresponding maximum permitted tactical positions are taken into account in the strategic risk budget.

Alex Hinder,

Member of the Board of Directors,
PUBLICA

“We aim to invest in areas where PUBLICA already has some experience; otherwise, resources are accumulated in advance.”

Operational and implementation risks

The aim of this risk process is to prevent expansion or distortion of the strategic risk budget resulting from incorrect implementation of the strategic asset allocation within the individual asset classes. It enables significant individual risks to be identified and appropriately reduced at all levels. Cash management ensures the timely payment of all benefits on an ongoing basis.

Tactical risks

In principle, deviations from the strategic asset allocation within the tactical bandwidths are always set against the expected return. This means that PUBLICA's investment specialists only deviate from the prescribed strategic asset allocation when they have substantiated reasons to believe that they will generate sustainable added value or reduce risk by doing so.



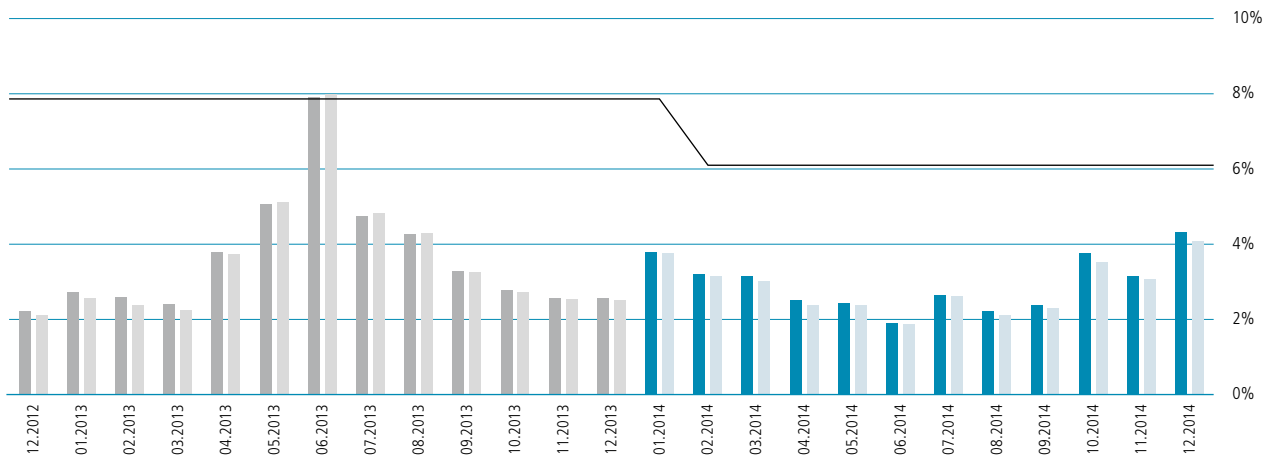
Volatility and performance compared with ALM study assumptions

Trend 2013 – 2014 on a monthly basis for the open pension plans
in percent

VOLATILITY

2014: ■ Annualised volatility PUBLICA portfolio ■ Annualised volatility benchmark
2013: ■ Annualised volatility PUBLICA portfolio ■ Annualised volatility benchmark

— Upper volatility limit as per ALM study

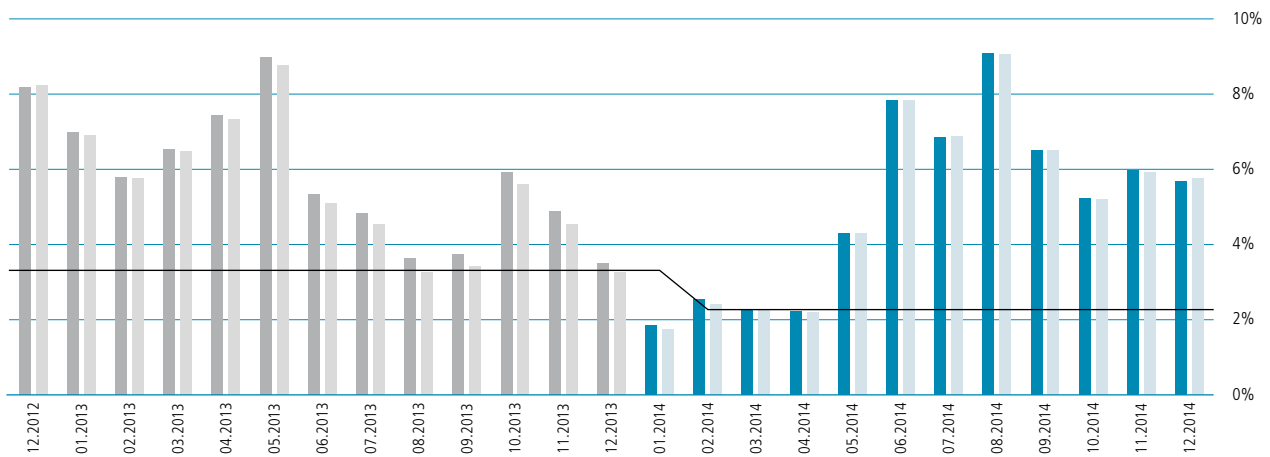


Scale: 1 percent = 5 mm

PERFORMANCE

2014: ■ Rolling 12-month performance PUBLICA portfolio ■ Rolling 12-month performance benchmark
2013: ■ Rolling 12-month performance PUBLICA portfolio ■ Rolling 12-month performance benchmark

— Lower performance limit as per ALM study



Scale: 1 percent = 5 mm

Operational risk:
annual internal ICS audit

Operational risk consists of the risk of losses that arise as a result of the inadequacy or failure of internal processes, persons or systems, or due to external events. PUBLICA employs internal controls to minimise operational risks in all key areas. Quality Management assesses on an annual basis whether the internal controls are appropriate to the current circumstances. This ICS audit did not reveal any material weaknesses in 2014.

Legal and regulatory risk:
increasing regulatory density

Legal or regulatory risks arise from failure to comply with legal or regulatory requirements leading to adverse consequences such as liability or reputational risks for PUBLICA. This may also occur if such requirements are omitted from or inadequately set out in internal regulations or if legal or regulatory requirements place PUBLICA's business activities in doubt. PUBLICA attaches great importance to its fiduciary duty of due diligence. Regulations are drawn up that clearly define responsibilities, powers and compliance requirements both internally and for external partners.

Corporate governance



PUBLICA's clearly defined and transparent corporate governance fosters trust, both within the organisation and beyond. In the interest of transparent reporting, PUBLICA adheres to the guidelines for listed Swiss companies.

Organisational structure

Corporate governance in brief

76%

Rejection of the remuneration report in the consultative votes

Corporate governance in brief

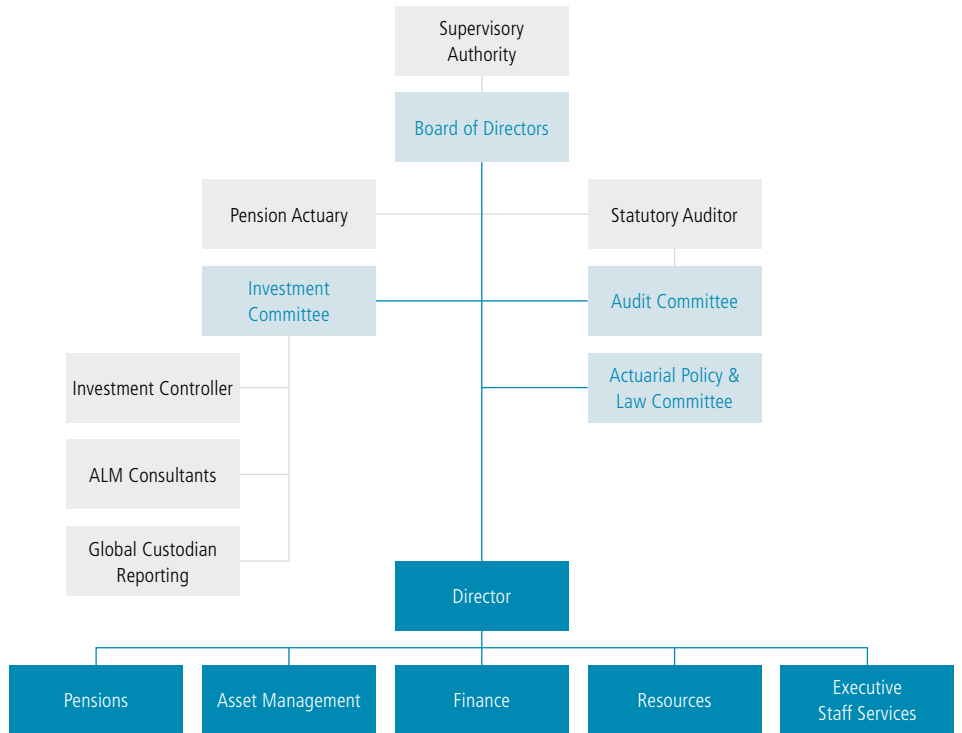
132

Employees

Corporate governance in brief

22

Meetings of the Board of Directors and committees



The Board of Directors, a central body independent of operations, exercises supervision and control of the management of PUBLICA. It defines PUBLICA's strategic orientation and management. The committees deal in depth with the tasks entrusted to them. The supervisory authority, as the supreme independent body, oversees the activities of PUBLICA.



Board of Directors

The members of the PUBLICA Board of Directors appoint the Director and his deputy and select the collective institution's Statutory Auditor and Pension Actuary. The other tasks of the Board of Directors, which are not listed exhaustively in the PUBLICA Act, include deciding on the accumulation of provisions and issuing regulations.

The Board of Directors' remit also covers a range of authorities governing financial matters. For instance, it issues the Investment Guidelines and approves the budget and the annual financial statements.

The term of office of the Board's Chair is set at two years. Fred Scholl, representing the employees, has been Chair of the Board of Directors since 1 July 2013. Representing the employers, Matthias Remund has been Vice-Chair since the same date. The term of office of the members of the Board of Directors and the committees is four years. The current term of office ends on 30 June 2017.

Kurt Buntschu,
Member of the Board of Directors,
PUBLICA

"In the interest of exemplary corporate governance, the Board of Directors too must carry out a periodic self-assessment of its work."

The Board of Directors has appointed the following permanent committees: the Investment Committee, the Audit Committee and the Actuarial Policy and Law Committee.

The Board of Directors met five times in the year under review, the Investment Committee seven times. There were six meetings of the Audit Committee and four of the Actuarial Policy and Law Committee. PUBLICA organised a total of seventeen external training days for members of the Board of Directors and committees (prior year: ten days), an average of 0.9 days per member.

The composition of the Board of Directors as at 31 December 2014 is as follows (names in alphabetical order):



Alvarez Cipriano

Occupation	Federal Office for Housing, Head of Legal Department
Qualifications	Lawyer
Representative of	Employees
Member	since 01.07.2013
Committee	Investment Committee
Committee member	since 01.07.2013
External mandates	Länggasse-Felsenau school committee: chair, Construction and Housing Policy Fund, Bern: member
Compensation	2013: CHF 6,000; 2014: CHF 18,500



Budliger Artieda Helene

Occupation	Director of the Directorate for Resources, FDFA
Qualifications	MBA
Representative of	Employers
Member	since 01.07.2013
Committee	Audit Committee
Committee member	since 01.07.2013
External mandates	Hotel Bellevue-Palace Immobilien AG, Bern: Vice-Chair of the Board of Directors (official representative of the FDFA), Private family foundation: advisor
Compensation	2013: CHF 5,500; 2014: CHF 10,500



Buntschu Kurt

Occupation	Head of HR, Swiss Red Cross
Qualifications	BA in Business Administration, federally certified pension fund manager
Representative of	Employers
Member	since 01.07.2002
Committee	Audit Committee
Committee member	since 01.07.2013
External mandates	Swiss Life Saving Society (SLSS): board member
Compensation	2013: CHF 8,500; 2014: CHF 10,000



Gaillard Serge / Chair of the Audit Committee

Occupation	Director, Federal Finance Administration
Qualifications	Doctorate in Business Administration
Representative of	Employers
Member	since 01.10.2012
Committee	Audit Committee
Committee member	since 18.10.2012
Compensation	2013: CHF 9,750; 2014: CHF 13,750



Grossenbacher-Frei Prisca / Chair of the Actuarial Policy and Law Committee

Occupation	Vice-Director of the Federal Food Safety and Veterinary Office
Qualifications	Lawyer
Representative of	Employees
Member	since 01.07.2009
Committee	Actuarial Policy and Law Committee
Committee member	since 01.07.2009
Compensation	2013: CHF 13,250; 2014: CHF 12,750



Hinder Alex / Chair of the Investment Committee

Occupation	CEO, Hinder Asset Management AG
Qualifications	Doctorate in Economics
Representative of	Employers
Member	since 01.07.2009
Committee	Investment Committee
Committee member	since 01.07.2009
Compensation	2013: CHF 50,000; 2014: CHF 50,000



Maurer Stalder Petra

Occupation	Freelance mandates for gfs.bern ag
Qualifications	Diploma in Business Administration, MAS Corporate Communication Management
Representative of	Employees
Member	since 01.07.2009
Committee	Audit Committee
Committee member	since 01.07.2009
Compensation	2013: CHF 11,500; 2014: CHF 11,500



Meier Ruth

Occupation	Vice-Director of the Swiss Federal Statistical Office
Qualifications	Masters in Economics, St. Gallen, Executive MBA, St. Gallen
Representative of	Employers
Member	since 01.07.2006
Committee	Investment Committee
Committee member	since 01.07.2009
Compensation	2013: CHF 10,500; 2014: CHF 9,000



Remund Matthias / Vice-Chair of the Board of Directors

Occupation	Director of the Federal Office for Sport
Qualifications	Lawyer
Representative of	Employers
Member	since 01.07.2009
External mandates	Swiss Olympic Association, Ittigen: member of the Executive Council, Swiss Sports Aid, Ittigen: member of the Foundation Board, Olympic Museum, Lausanne: member of the Foundation Board, International Centre for Sports Studies, Neuchâtel: member of the Foundation Board, Swiss University Sports Foundation: member of the Foundation Board
Compensation	2013: CHF 24,500; 2014: CHF 35,000



Schaerer Barbara

Occupation	Director of the Federal Personnel Office
Qualifications	LL.D., attorney-at-law, LL.M., EMBA
Representative of	Employers
Member	since 01.05.2008
Committee	Actuarial Policy and Law Committee
Committee member	since 01.01.2009
External mandates	BERNMOBIL AG, Bern: member of the Board of Directors, Swiss Society of Administrative Sciences SSAS: board member, Swiss Association for Administrative Organisational Law, SVVOR: board member, Suva, Lucerne: member of the Board of Directors
Compensation	2013: CHF 11,500; 2014: CHF 9,500



Scholl Fred / Chair of the Board of Directors

Occupation	Deputy General Secretary, Federal Staff Association
Qualifications	Precious metals expert, association secretary
Representative of	Employees
Member	since 01.07.2002
Compensation	2013: CHF 33,000; 2014: CHF 50,000



Schranz Conrad

Occupation	Directorate General of Customs, Head of HVF Section
Qualifications	Diploma in organisation, customs specialist with Swiss federal vocational diploma
Representative of	Employees
Member	since 01.07.2013
Committee	Audit Committee
Committee member	since 01.07.2013
External mandates	Municipality of Rubigen: municipal council member to 30.06.2014
Compensation	2013: CHF 5,500; 2014: CHF 11,500



Serra Jorge

Occupation	CFO of VPOD
Qualifications	PhD, federally certified staff pensions expert
Representative of	Employees
Member	since 01.07.2013
Committee	Actuarial Policy and Law Committee
Committee member	since 01.07.2013
External mandates	Public Services International PSI: asset manager, VPOD pension fund: general manager, St. Gallen pension fund: member of supreme governing body, City of Winterthur pension fund: member of supreme governing body, City of Zurich pension fund: member of supreme governing body
Compensation	2013: CHF 4,500; 2014: CHF 10,000



Sommer Martin

Occupation	Head of HR, ETH Board
Qualifications	Degree in Geography
Representative of	Employers
Member	since 01.07.2002
Committee	Actuarial Policy and Law Committee
Committee member	since 20.03.2003
Compensation	2013: CHF 12,000; 2014: CHF 9,500



Thalmann Philippe / Vice-Chair of the Investment Committee

Occupation	Professor EPFL ENAC INTER REME
Qualifications	PhD in Economics
Representative of	Employees
Member	since 01.07.2013
Committee	Investment Committee
Committee member	since 01.07.2013
Compensation	2013: CHF 5,000; 2014: CHF 10,000



Wyler Alfred

Occupation	Head of Benefits, Albicolac compensation office
Qualifications	MAS in Social Insurance Management
Representative of	Employees
Member	since 01.07.2009
Committee	Audit Committee
Committee member	since 01.07.2013
External mandates	Swiss Post Pension Fund, Bern: Vice-Chair of Board of Trustees and member of Investment Committee, comPlan Pension Fund, Bern: Chair of the Board of Trustees, Swiss Trade Union Association Pension Fund Cooperative, Bern: member of the Investment Committee, Graphic Industry Pension Foundation (pvgi), Bern: member of the Board of Trustees
Compensation	2013: CHF 10,500; 2014: CHF 14,500

The composition of the Board of Directors is unchanged from the previous year.
The proportion of women is 31%.

Investment Committee

The Investment Committee defines the strategic asset allocation on behalf of the Board of Directors, appoints the internal and external portfolio managers, and approves real estate transactions up to a maximum value of CHF 50 million.

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 between one and three external investment experts. The Federal Finance Administration has the power to propose an expert to the Board of Directors. The Director and the Head of Asset Management of PUBLICA are consultative members of the committee. The Chair of the Investment Committee is Alex Hinder.

In addition to Cipriano Alvarez, Ruth Meier and Philippe Thalmann, the external representatives on the Investment Committee as at 31 December 2014 are as follows (names in alphabetical order):

Eggenberger Urs

Occupation	Vice-Director and Head of the Federal Treasury Department, Federal Finance Administration
Qualifications	Degree in Business Administration, CFA
Committee member	since 19.11.2007
External mandates	Decommissioning Fund and Waste Disposal Fund: member of the Commission and Investment Committee, AHV/IV/EO Compensation Fund: representative of the FFA on the Board of Directors and Board of Directors Committee, BVG Security Fund, Bern: member of the Board of Trustees, Member of the audit committee in his home municipality
Compensation	2013: CHF 1,500; 2014: CHF 4,000

Wyss Oskar

Occupation	Professor of Architecture, Management and Real Estate at the Bern University of Applied Sciences
Qualifications	Diplomas in Engineering and Real-Estate Economics (postgraduate)
Committee member	since 29.10.2002
Compensation	2013: CHF 5,000; 2014: CHF 4,000

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 policies and the submission of suggestions to the employers with regard to the structuring of actuarial policy options. The committee's chair is Prisca Grossenbacher. Its members are Barbara Schaerer, Jorge Serra and Martin Sommer.

Audit Committee

The Audit Committee's tasks include in particular reviewing PUBLICA's annual financial statements. It discusses the financial statements with the Director of PUBLICA and his deputy as well as the external Statutory Auditor, and the Pension Actuary's report with the Pension Actuary. The Audit Committee is chaired by Serge Gaillard. Its members are Kurt Buntschu, Helene Budliger Artieda, Petra Maurer, Conrad Schranz and Alfred Wyler.



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 following is a selection of the main information and control instruments employed by the Executive Board on behalf of the Board of Directors and its committees:

Quality management

PUBLICA has a well-developed quality management system, and its processes are certified in accordance with ISO 9001. The aim is to provide high-quality operational services to customers.

Internal control system

PUBLICA's internal control system is process-based and embedded in the certified processes. PUBLICA reviews the status of the internal controls annually and draws up an annual risk management report.

Compliance

At least once a year, the Executive Board reports on PUBLICA's compliance policy and its implementation.

Finance

The committee members have timely access to details on the monthly performance of the pension plans (funded ratio according to BVV2, economic funded ratio, etc.). The Board of Directors also approves the Annual Report.

Code of conduct and exercise of voting rights

Because PUBLICA acts in a fiduciary capacity, it is required to meet high standards of ethical conduct. As a member of the Swiss Pension Funds Association ASIP, PUBLICA is bound by the code of conduct set out in ASIP's charter. PUBLICA undertakes to comply with the principles and to take appropriate measures to ensure that it does so. Implementation of the ASIP charter by means of regularly updated compliance regulations ensures that the stipulations concerning loyalty and integrity are complied with.

In its asset management activities, PUBLICA works only with external business partners that undertake to comply with the principles laid down in the ASIP charter. Alternatively, they may be subject to supervision by a recognised supervisory body or to regulations that meet the integrity and loyalty requirements of the ASIP charter.

The Investment Committee exercises voting rights on behalf of PUBLICA at the general meetings of listed joint-stock corporations in Switzerland. The rights are exercised in accordance with the long-term interests of the shareholders. Voting rights are generally not exercised abroad. Voting behaviour is disclosed on the PUBLICA website (www.publica.ch) following each general meeting. The disclosures on voting behaviour reveal that PUBLICA rejected the remuneration report in consultative votes in 76% of cases.

Assembly of Delegates

The Assembly of Delegates consists of 80 employees of the affiliated employers. It elects the employee representatives on the Board of Directors and has the power to submit proposals to the Board of Directors. The Board of Directors, the Director and his deputy report on PUBLICA's operations annually to the members of the Assembly of Delegates.

The active members of PUBLICA elected the 80 current members of the Assembly of Delegates on 26 October 2012. The four-year term of office began on 1 January 2013. The seats were distributed between the four constituencies according to the policy reserves of the individual pension plans as at 31 December 2011. The elected delegates and their distribution among the pension plans are published at www.publica.ch.

As at 31 December 2014, the Chair and Vice-Chair of the PUBLICA Assembly of Delegates are as follows:

Weber Matthias

Function Chair

Morard-Niklaus Jacqueline

Function Vice-Chair

Director, deputy and Executive Board

The Director and his 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 of 24 February 2011. The current Director is Dieter Stohler, and his deputy is Stefan Beiner (Head of Asset Management).

As at 31 December 2014, the Executive Board comprises the following members:

Stohler Dieter

Function Director
 Qualifications LL.B.
 External mandates Swiss Pension Funds Association ASIP: board member, Innovation Zweite Säule IZS: board member

Beiner Stefan

Function Head of Asset Management / Deputy to the Director
 Qualifications Doctorate in Economics, St. Gallen
 External mandates Schoeni.ch Holding AG: member of the Board of Directors, University of St. Gallen: lecturer in finance



Burgunder Daniel

Function Head of Pensions
Qualifications Diploma in Administration Management

Sohnrey Jan

Function Head of Finance
Qualifications Degree in IT, certified auditor, CAIA

Zaugg Markus

Function Head of Resources
Qualifications Degree in Business Administration, EMBA HRM

As at 31 December 2014 the Extended Executive Board consisted of:

Barandun Ursina

Function Head of Corporate Communications
Qualifications Secondary school teacher and culture manager, University of Bern

Geiser Corinne

Function Head of Strategic Legal Services
Qualifications Lawyer, Bern

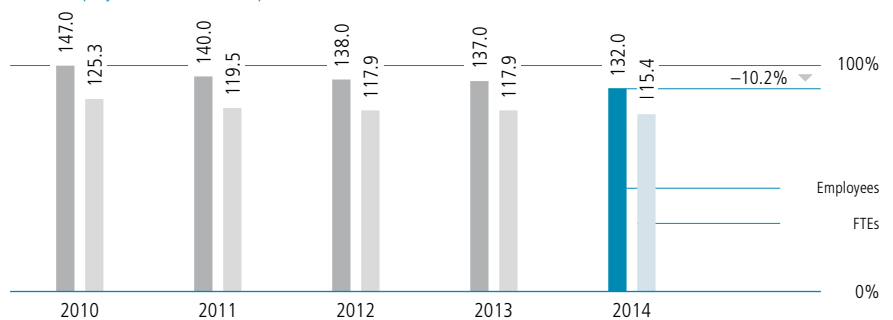
Headcount

Headcount once again declined year on year, and now stands at 132 (prior year: 137). The number of full-time equivalent positions also fell, from 117.9 to 115.4.

Headcount

2010 – 2014

No. of employees and full-time equivalents (FTEs), 2010 = 100%



The workforce consists of 50% women and 50% men. Within the Extended Executive Board, the proportion of women is 29%. PUBLICA is aware that it must intensify its efforts to increase the proportion of women with management responsibility over the longer term.

Compensation

Compensation policy

The Chair of the Board of Directors and the Chair of the Investment Committee each receive flat-rate annual compensation of CHF 50,000. The Vice-Chair of the Board of Directors receives flat-rate compensation of CHF 35,000. The remaining members of the Board of Directors each receive flat-rate compensation of CHF 4,000 as well as an attendance fee. The fee for each half-day meeting is CHF 500 for members of the committees and CHF 1,000 each for the Chair of the Audit Committee and the Chair of the Actuarial Policy and Law Committee.

PUBLICA does not generally pay bonuses.

Compensation-setting process

The Audit Committee reviews the appropriateness of the compensation paid to members of the Board of Directors annually.

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

Level of compensation

The total compensation paid by PUBLICA either directly or indirectly to the 18 members of the Board of Directors and its committees was CHF 294,000 (previous year: CHF 296,500).

The average compensation (gross salary including all allowances and employer's pension contributions) paid to members of the Executive Board was CHF 270,706 per person (prior year: CHF 264,724), while the total was CHF 1,353,530 (prior year: CHF 1,455,982). The highest compensation was paid to the Director, who received a gross salary of CHF 309,000 (prior year: CHF 297,000). The employers' pension contributions paid on his behalf amounted to CHF 58,593 (prior year: CHF 56,122).

Unlike the reporting of salaries paid to senior management, these figures relate to the individuals stipulated in Art. 663b of the Swiss Code of Obligations.

Statutory Auditors

The Statutory Auditors KPMG AG are licensed as a state-supervised audit firm by the Swiss Federal Audit Oversight Authority FAOA. Kurt Gysin is the lead auditor. The total audit fee for 2014 was CHF 243,716 (prior year: CHF 265,590). KPMG received additional fees totalling CHF 89,092 (prior year: CHF 89,381) for tax consultancy services. The Statutory Auditors reported to the Audit Committee on the planning and results of its audits at two meetings. The Audit Committee has the power to grant additional audit mandates to the Statutory Auditors. In the interests of good corporate governance, PUBLICA invites tenders for the audit mandate at least every seven years. The next tender is scheduled for 2019.



Pension Actuary

The Pension Actuary is Aon Hewitt (Switzerland) Inc., with Daniel Thomann as its lead auditor. Aon Hewitt (Switzerland) Inc. is licensed as a pension actuary by the Federal Occupational Pensions Regulatory Commission. The total fee for 2014 was CHF 207,292 (prior year: CHF 191,842). The Pension Actuary attended various meetings of the Board of Directors and its committees. The mandate granted to Aon Hewitt (Switzerland) Inc. has remained unchanged since PUBLICA was created. The Pension Actuary mandate will be put out to tender in 2015.

Annual financial statements



The annual financial statements (balance sheet, income statement, notes) comply with the formal and material requirements of Swiss GAAP ARR 26. As a non-profit-oriented undertaking, PUBLICA returns surpluses on the cost and risk premiums to the pension plans. The surpluses returned in 2014 amounted to over CHF 7 million.

Balance sheet

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.

Annual financial statements in brief

CHF +4 million

Surpluses from the risk premium returned to the reinsured pension plans

Annual financial statements in brief

CHF +3 million

Surpluses from the cost premium returned to all pension plans

Annual financial statements in brief

CHF –426 million

Net cash outflow from contributions and benefits

Consolidated balance sheet

2014 with prior-year comparison, in CHF

Assets	Notes	31.12.2013	31.12.2014
Cash and cash equivalents	6.4.1	95 496 710	88 199 403
Receivables	6.4.1	112 957 535	111 665 871
Money market	6.4.1	921 274 624	902 208 419
Swiss government bonds	6.4.2	3 311 852 153	3 388 180 570
Non-government bonds CHF	6.4.2	4 896 565 712	4 264 542 568
Government bonds industrialised nations ex Switzerland	6.4.2	3 630 404 753	5 508 242 627
Corporate bonds foreign currency	6.4.2	5 532 395 653	5 807 034 405
Inflation-linked government bonds	6.4.2	0	1 279 854 337
Government bonds emerging markets	6.4.2	1 469 941 708	1 795 717 194
Mortgages Switzerland	6.4.3	177 593 503	174 157 435
Equities Switzerland	6.4.4	1 228 404 017	1 222 926 830
Equities industrialised nations ex Switzerland	6.4.4	7 238 977 923	6 382 965 626
Equities emerging markets	6.4.4	3 134 254 827	3 032 771 754
Commodities	6.4.5	1 788 097 956	1 188 474 928
Real estate investments Switzerland	6.4.6	2 456 429 696	2 484 074 326
Investments	6.4	35 994 646 770	37 631 016 292
Operating assets	7.1	17 450 907	17 847 338
Prepaid expenses and accrued income		2 254 526	3 050 825
Total assets		36 014 352 203	37 651 914 455
Liabilities			
Vested pension benefits and pensions		86 313 003	62 088 400
Other liabilities		6 586 889	6 237 232
Operating liabilities	7.1	17 450 907	17 847 338
Liabilities		110 350 800	86 172 970
Accrued expenses and deferred income		938 869	489 923
Employers' contribution reserves	6.11	19 972 254	25 647 907
Non-technical provisions	7.3	28 140 575	68 564 740
Pension fund capital – active members	5.2	13 392 097 320	13 806 207 593
Pension fund capital – pension recipients	5.4	18 733 185 931	18 632 492 099
Technical provisions	5.5	2 320 079 731	3 130 654 593
Pension fund capital and technical provisions		34 445 362 981	35 569 354 285
Fluctuation reserve	6.3	1 419 642 081	1 901 684 628
Uncommitted funds / underfunding of pension plans		– 10 055 356	0
Opening balance sheet		– 599 148	– 10 055 356
Expenditure (–) / income (+) surplus	5.9	– 9 456 208	10 055 356
Closing balance sheet		– 10 055 356	0
Uncommitted funds / underfunding Reinsurance	5.1	0	0
Total liabilities		36 014 352 203	37 651 914 455



Income statement

Consolidated income statement

2014 with prior-year comparison, in CHF

	Notes	2013	2014
Savings contributions – employees	5.2	401 542 178	417 203 743
Risk premiums – employees		13 741 685	14 185 945
Cost premiums – employees		138 232	145 091
Employee contributions		415 422 094	431 534 779
Savings contributions – employers	5.2	618 142 988	649 078 339
Risk premiums – employers		132 340 233	136 542 393
Cost premiums – employers		22 387 080	22 719 205
Employer contributions		772 870 301	808 339 936
Removal from employers' contribution reserve to finance contributions	6.11	– 383 088	– 637 027
Contributions from third parties		1 310 890	220 730
Lump-sum payments and buy-ins – active members	5.2	308 695 787	70 320 601
Buy-outs of pension reductions and pension buy-ins	5.4	39 203 100	49 987 264
Lump-sum payments and buy-ins		347 898 887	120 307 865
Payment of employers' contribution reserves	6.11	494 949	2 905 425
Contributions to the BVG Security Fund		200	0
Ordinary and other contributions and payments		1 537 614 234	1 362 671 708
Vested pension benefits received		389 232 295	331 879 823
Home ownership and divorce payments received		14 268 586	14 558 498
Payments on takeover of member portfolios	1.6	59 762 123	3 811 742
Entrance benefits	5.2	463 263 003	350 250 063
Inflow from contributions and entrance benefits		2 000 877 237	1 712 921 771
Retirement pensions		– 1 268 817 761	– 1 271 857 364
Survivors' pensions		– 300 537 984	– 304 449 007
Disability pensions		– 34 126 424	– 31 188 679
Other statutory benefits		– 59 684 139	– 53 704 714
Lump-sum benefits upon retirement		– 81 744 292	– 115 593 805
Lump-sum benefits in case of death / disability		– 1 975 168	– 7 089 763
Statutory benefits	5.4	– 1 746 885 767	– 1 783 883 332
Vested benefits paid on departure		– 364 697 441	– 297 915 031
Early withdrawals for home ownership / divorce		– 52 691 661	– 53 494 571
Transfer of additional funds on collective departure	1.6	– 60 828 721	– 4 228 906
Vested termination benefits	5.2	– 478 217 823	– 355 638 507
Outflow for benefits and early withdrawals		– 2 225 103 590	– 2 139 521 839
Formation (-) / release (+) of pension fund capital – active members	5.2	– 609 539 136	– 188 144 330
Formation (-) / release (+) of pension fund capital – pension recipients	5.4	360 060 362	100 693 832
Formation (-) / release (+) of technical provisions	5.5	– 832 175 089	– 810 574 862
Interest on savings capital	5.2	– 186 125 263	– 225 986 049
Formation/ (-) / release (+) of employers' contribution reserves	6.11	– 3 413 460	– 5 675 653
Formation (-) / release (+) of pension fund capital, technical provisions and contribution reserves		– 1 271 192 586	– 1 129 687 062
Shares in surpluses for pension plans from internal Reinsurance	5.1	3 415 831	4 241 304
Shares in surpluses for pension plans from PUBLICA internal Operations		2 224 927	3 050 825
Pension plans		5 640 758	7 292 129
Risk premium received – internal Reinsurance, gross	5.1	7 909 257	6 920 868
Cost premium received – PUBLICA internal Operations, gross		22 525 312	22 864 296
PUBLICA Operations and PUBLICA Reinsurance		30 434 570	29 785 164
Income from insurance benefits		36 075 329	37 077 293
Risk premiums paid by pension plans for internal Reinsurance	5.1	– 7 909 257	– 6 920 868
Cost premiums paid by pension plans for PUBLICA internal Operations		– 22 525 312	– 22 864 296
Additional payment of cost premiums from non-technical provisions		– 337 198	– 11 133
Contributions to Security Fund		– 4 933 772	– 3 525 943
Pension plans		– 35 705 540	– 33 322 240
Repayment of shares in surplus from PUBLICA Reinsurance	5.1	– 3 415 831	– 4 241 304
Repayment of shares in surplus from PUBLICA Operations		– 1 887 729	– 3 039 692
PUBLICA Operations and PUBLICA Reinsurance		– 5 303 560	– 7 280 997
Insurance expenses		– 41 009 100	– 40 603 236
Net insurance income		– 1 500 352 709	– 1 559 813 072

Consolidated income statement

2014 with prior-year comparison, in CHF

	Notes	2013	2014
Net income from cash & cash equivalents	6.8	269 656	- 49 702
Net income from receivables	6.8	476	0
Net income from liabilities	6.8	- 749 213	- 1 447 030
Net income from money market	6.8	- 258 878	1 677 816
Net income from Swiss government bonds	6.8	- 147 627 772	296 694 321
Net income from non-government bonds CHF	6.8	- 53 355 286	316 439 541
Net income from government bonds industrialised nations ex Switzerland	6.8	- 113 469 527	404 502 889
Net income from corporate bonds foreign currency	6.8	6 386 948	357 614 706
Net income from inflation-linked government bonds	6.8	0	- 17 783 639
Net income from government bonds emerging markets	6.8	- 158 594 566	91 538 685
Net income from mortgages Switzerland	6.8	3 517 772	3 473 420
Net income from equities Switzerland	6.8	269 764 830	162 693 603
Net income from equities industrialised nations ex Switzerland	6.8	1 692 516 294	580 176 102
Net income from equities emerging markets	6.8	- 139 642 405	281 757 413
Net income from commodities	6.8	- 228 603 687	- 419 105 329
Net income from real estate investments Switzerland	6.8	145 829 044	137 225 685
Asset management expenses	6.10	- 77 272 950	- 83 225 974
Net investment income	6.8	1 198 710 735	2 112 182 508
Formation (-) / release (+) of non-technical provisions	7.3	- 1 887 729	- 40 424 164
Other expenses		- 1 405 510	- 916 274
Other income		1 209 466	1 378 305
General administration		- 20 416 698	- 19 712 170
Marketing and advertising		- 68 493	- 36 919
Brokerage		0	0
Statutory Auditors		- 265 590	- 243 716
Pension Actuary		- 191 842	- 207 292
Supervisory authorities		- 128 688	- 109 300
Administrative expenses	7.2	- 21 071 312	- 20 309 397
Expenditure (-) / income (+) surplus before formation / release of fluctuation reserve		- 324 797 059	492 097 903
Formation (-) / release (+) of fluctuation reserve	6.3	315 340 850	- 482 042 547
Expenditure (-) / income (+) surplus – pension plans		- 9 456 208	10 055 356
Expenditure (-) / income (+) surplus – Reinsurance		0	0



Notes

1 Fundamentals and organisation

1.1 Legal form and purpose

PUBLICA is an undertaking of the Swiss Confederation established under public law with a separate legal personality. Its head office is in Bern, and it is entered in the commercial register.

PUBLICA insures the employees of the centralised and decentralised federal administration and of affiliated organisations. Affiliation to PUBLICA is open to employers that are closely associated with the Confederation or fulfil a public task on behalf of the Confederation, a canton or a municipality (Art. 4 of the Federal Act of 20 December 2006 on the Federal Pension Fund [PUBLICA Act, SR 172.222.1]).

PUBLICA provides its insured 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 Disability Pension Provision (BVG, SR 831.40). PUBLICA is an autonomous collective institution.

1.2 BVG registration and Security Fund

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

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

1.3 Legal basis

- PUBLICA Act, status as at 1 January 2012
- 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 2013)
- Contracts of affiliation of the employers affiliated to PUBLICA, consisting of the following components:
 - the Pension Plan Regulations
 - the Service Level Agreement on Services
 - the Service Level Agreement on Medical Examinations (not obligatory; as required)
 - the Winding-Up Regulations
- Corporate and Organisational Regulations of the Federal Pension Fund PUBLICA of 24 February 2011
- Investment Guidelines of the Federal Pension Fund PUBLICA (PUBLICA Investment Guidelines) of 15 April 2010 (status as at 18 October 2013)
- Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance of 25 November 2010 (status as at 20 June 2013)
- 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
- PUBLICA policy document on hardship cases of 25 November 2010 (status as at 21 November 2013)
- Expenses policy for the active members and pension recipients of the Federal Pension Fund PUBLICA of 21 February 2008 (status as at 1 November 2012)

- Regulations governing the Board of Directors of the Federal Pension Fund PUBLICA of 21 May 2008
- Regulations governing the Remuneration of Members of the Board of Directors of the Federal Pension Fund PUBLICA of 26 November 2009 (status as at 20 June 2013)
- Regulations governing the Audit Committee of the Federal Pension Fund PUBLICA of 13 October 2011 (status as at 21 November 2013)
- Regulations governing the Actuarial Policy and Law Committee of the Federal Pension Fund PUBLICA of 22 November 2012 (status as at 21 November 2013)
- Regulations governing the Election of the Assembly of Delegates of the Federal Pension Fund PUBLICA of 21 May 2008

1.4 Supreme governing body, management and signing powers

The joint Board of Directors comprises 16 members (eight representing the insured members and eight representing the employers) and forms the strategic management body of PUBLICA. As the highest governing body, it supervises and oversees PUBLICA's operations. Management is 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 these bodies and of management are listed in the status report.

The Chair and Vice-Chair of the Board of Directors as well as the members of the 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	Aon Hewitt (Switzerland) Inc. Avenue Edouard-Dubois 20 2000 Neuchâtel	www.aonhewitt.ch
Statutory Auditors	KPMG AG Hofgut 3073 Gümligen-Bern	www.kpmg.com
Supervisory authority	Bernische BVG- und Stiftungsaufsicht (BBSA) Belpstrasse 48 3007 Bern	www.aufsichtbern.ch
Property Valuer	Jones Lang LaSalle Ltd Prime Tower, Hardstrasse 201 8005 Zurich	www.joneslanglasalle.ch
Investment Controller	PPCmetrics AG Badenerstrasse 6, P.O. Box 8021 Zurich	www.ppcmetrics.ch

1.6 Affiliated employers

The range of employers that have either the option or the obligation to insure their employees' occupational pensions with PUBLICA is defined in the PUBLICA Act (Art. 4). As of 31 December 2014, the PUBLICA collective institution included 21 mutually independent pension plans (prior year: 21), of which seven were closed, pensioner-only plans without any active members. The pension plans have their own accounts and are managed by their own parity commissions.



1.6.1 Open pension plans

PUBLICA draws up separate, detailed annual financial statements for each pension plan, which are submitted to the parity commissions.

Open pension plans

2014 with prior-year comparison, in CHF or percent

Pension plans with one employer		Units	31.12.2013	31.12.2014
Confederation	Active members	Number	38 658	39 687
	Pension recipients	Number	26 233	25 668
	Total active members and pension recipients	Number	64 891	65 355
	Available assets	in CHF	23 668 948 982	24 859 997 629
	Pension fund capital & technical provisions	in CHF	22 704 905 928	23 597 511 270
	Funded ratio as per BVV2	in percent	104.2%	105.4%
	Economic funded ratio	in percent	84.3%	79.8%
ETH Domain	Active members	Number	17 996	18 441
	Pension recipients	Number	5 480	5 236
	Total active members and pension recipients	Number	23 476	23 677
	Available assets	in CHF	6 008 216 634	6 363 018 708
	Pension fund capital & technical provisions	in CHF	5 711 556 572	6 017 379 225
	Funded ratio as per BVV2	in percent	105.2%	105.7%
	Economic funded ratio	in percent	86.2%	81.3%
Swiss Federal Institute of Intellectual Property	Active members	Number	257	262
	Pension recipients	Number	60	58
	Total active members and pension recipients	Number	317	320
	Available assets	in CHF	97 755 866	105 325 398
	Pension fund capital & technical provisions	in CHF	93 829 305	99 712 735
	Funded ratio as per BVV2	in percent	104.2%	105.6%
	Economic funded ratio	in percent	83.4%	78.5%
Swissmedic	Active members	Number	431	431
	Pension recipients	Number	111	109
	Total active members and pension recipients	Number	542	540
	Available assets	in CHF	198 063 825	215 421 483
	Pension fund capital & technical provisions	in CHF	190 064 531	204 339 930
	Funded ratio as per BVV2	in percent	104.2%	105.4%
	Economic funded ratio	in percent	84.0%	79.0%
Swiss Federal Institute for Vocational Education and Training	Active members	Number	227	235
	Pension recipients	Number	24	30
	Total active members and pension recipients	Number	251	265
	Available assets	in CHF	66 235 428	72 644 847
	Pension fund capital & technical provisions	in CHF	62 427 185	68 237 756
	Funded ratio as per BVV2	in percent	106.1%	106.5%
	Economic funded ratio	in percent	85.2%	79.0%
Federal Audit Oversight Authority	Active members	Number	32	32
	Pension recipients	Number	0	1
	Total active members and pension recipients	Number	32	33
	Available assets	in CHF	5 468 663	6 275 440
	Pension fund capital & technical provisions	in CHF	5 274 240	6 052 209
	Funded ratio as per BVV2	in percent	103.7%	103.7%
	Economic funded ratio	in percent	84.0%	77.4%

Open pension plans

2014 with prior-year comparison, in CHF or percent

Pension plans with one employer		Units	31.12.2013	31.12.2014
Historical Dictionary of Switzerland	Active members	Number	28	26
	Pension recipients	Number	12	11
	Total active members and pension recipients	Number	40	37
	Available assets	in CHF	11 056 251	11 559 919
	Pension fund capital & technical provisions	in CHF	10 226 159	10 659 106
	Funded ratio as per BVV2	in percent	108.1%	108.5%
	Economic funded ratio	in percent	87.0%	81.4%
Swiss Financial Market Supervisory Authority	Active members	Number	504	519
	Pension recipients	Number	46	51
	Total active members and pension recipients	Number	550	570
	Available assets	in CHF	182 490 064	201 569 456
	Pension fund capital & technical provisions	in CHF	174 151 161	191 786 331
	Funded ratio as per BVV2	in percent	104.8%	105.1%
	Economic funded ratio	in percent	84.5%	78.4%
Federal Nuclear Safety Inspectorate	Active members	Number	149	149
	Pension recipients	Number	39	46
	Total active members and pension recipients	Number	188	195
	Available assets	in CHF	89 794 573	99 306 883
	Pension fund capital & technical provisions	in CHF	84 872 383	93 674 468
	Funded ratio as per BVV2	in percent	105.8%	106.0%
	Economic funded ratio	in percent	84.7%	78.9%
PUBLICA	Active members	Number	133	128
	Pension recipients	Number	55	47
	Total active members and pension recipients	Number	188	175
	Available assets	in CHF	59 822 905	64 290 211
	Pension fund capital & technical provisions	in CHF	57 606 276	60 730 061
	Funded ratio as per BVV2	in percent	103.8%	105.9%
	Economic funded ratio	in percent	83.0%	78.6%
Trasse Schweiz AG	Active members	Number	10	10
	Pension recipients	Number	0	0
	Total active members and pension recipients	Number	10	10
	Available assets	in CHF	5 506 898	6 140 745
	Pension fund capital & technical provisions	in CHF	5 220 545	5 806 599
	Funded ratio as per BVV2	in percent	105.5%	105.8%
	Economic funded ratio	in percent	85.4%	78.9%
Swiss National Museum	Active members	Number	197	212
	Pension recipients	Number	78	80
	Total active members and pension recipients	Number	275	292
	Available assets	in CHF	56 690 203	60 120 525
	Pension fund capital & technical provisions	in CHF	55 445 849	58 567 885
	Funded ratio as per BVV2	in percent	102.2%	102.7%
	Economic funded ratio	in percent	84.3%	79.2%
METAS	Active members	Number	174	175
	Pension recipients	Number	88	85
	Total active members and pension recipients	Number	262	260
	Available assets	in CHF	109 869 200	115 824 273
	Pension fund capital & technical provisions	in CHF	103 575 796	110 288 763
	Funded ratio as per BVV2	in percent	106.1%	105.0%
	Economic funded ratio	in percent	85.6%	79.3%



Open pension plans

2014 with prior-year comparison, in CHF or percent

Joint pension plans		Units	31.12.2013	31.12.2014
Affiliated Organisations				
Active members	Number		2 148	2 240
Pension recipients	Number		872	852
Total active members and pension recipients	Number		3 020	3 092
Available assets	in CHF		834 841 248	890 632 947
Pension fund capital & technical provisions	in CHF		786 071 400	828 402 067
Funded ratio as per BVV2	in percent		106.2%	107.5%
Economic funded ratio	in percent		86.1%	81.6%
Total open pension plans				
Active members	Number		60 944	62 547
Pension recipients	Number		33 098	32 274
Total active members and pension recipients	Number		94 042	94 821
Available assets	in CHF		31 394 760 740	33 072 128 464
Pension fund capital & technical provisions	in CHF		30 045 227 331	31 353 148 405
Funded ratio as per BVV2	in percent		104.5%	105.5%
Economic funded ratio	in percent		84.7%	80.1%

New affiliations

The Board of Directors approved the following new employer affiliations in 2014:

Joint pension plan

- ecoinvent Association

Departures

- Stiftung Wissenschaftliche Politikstipendien

1.6.2 Closed pension plans

When they set up their own pension plans, Swisscom, SRG SSR idée suisse and RUAG 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

2014 with prior-year comparison, in CHF or percent

		Units	31.12.2013	31.12.2014
Pensioners only – voluntarily insured Pension entitlement from 01.06.2003	Pension recipients	Number	304	300
	Available assets	in CHF	122 288 550	123 883 747
	Pension fund capital & technical provisions	in CHF	114 522 745	113 263 852
	Funded ratio as per BVV2	in percent	106.8%	109.4%
	Economic funded ratio	in percent	88.1%	86.0%
Pensioners only – Affiliated organisations	Pension recipients	Number	375	343
	Available assets	in CHF	133 079 819	129 316 819
	Pension fund capital & technical provisions	in CHF	134 202 636	127 105 854
	Funded ratio as per BVV2	in percent	99.2%	101.7%
	Economic funded ratio	in percent	86.4%	85.7%
Pensioners only – Confederation	Pension recipients	Number	810	769
	Available assets	in CHF	170 742 491	168 223 099
	Pension fund capital & technical provisions	in CHF	165 878 250	158 896 426
	Funded ratio as per BVV2	in percent	102.9%	105.9%
	Economic funded ratio	in percent	89.9%	89.4%
Pensioners only – Swisscom Pension entitlement before 01.01.1999	Pension recipients	Number	6 674	6 296
	Available assets	in CHF	2 417 033 641	2 369 278 484
	Pension fund capital & technical provisions	in CHF	2 425 966 180	2 314 578 597
	Funded ratio as per BVV2	in percent	99.6%	102.4%
	Economic funded ratio	in percent	87.2%	86.8%
Pensioners only – RUAG Pension entitlement before 01.07.01	Pension recipients	Number	2 357	2 195
	Available assets	in CHF	793 454 701	781 786 676
	Pension fund capital & technical provisions	in CHF	780 969 498	747 907 402
	Funded ratio as per BVV2	in percent	101.6%	104.5%
	Economic funded ratio	in percent	88.2%	87.6%
Pensioners only – SRG SSR idée suisse Pension entitlement before 01.01.2003	Pension recipients	Number	1 086	1 037
	Available assets	in CHF	590 927 891	584 720 429
	Pension fund capital & technical provisions	in CHF	563 959 251	541 587 878
	Funded ratio as per BVV2	in percent	104.8%	108.0%
	Economic funded ratio	in percent	91.0%	90.7%
Pensioners only – PUBLICA Administration	Pension recipients	Number	92	91
	Available assets	in CHF	83 160 615	85 471 477
	Pension fund capital & technical provisions	in CHF	78 259 186	77 030 880
	Funded ratio as per BVV2	in percent	106.3%	111.0%
	Economic funded ratio	in percent	96.5%	98.5%
Total closed pension plans				
	Pension recipients	Number	11 698	11 031
	Available assets	in CHF	4 310 687 708	4 242 680 731
	Pension fund capital & technical provisions	in CHF	4 263 757 746	4 080 370 889
	Funded ratio as per BVV2	in percent	101.1%	104.0%
	Economic funded ratio	in percent	88.2%	87.7%



2 Active members and pension recipients

2.1 Active members

Active members include those who are insured only against the risks of death and/or disability. More than one insurance situation may apply to each person.

Active members

2014 with prior-year comparison, in number of insurance situations

	31.12.2013	Admissions	Departures	31.12.2014
Active members	60 944	10 063	- 8 460	62 547

2.2 Pension recipients

The figure for pension recipients does not include retirement bridging pensions or IV/AI replacement pensions. Multiple pensions are only paid separately when there is more than one employer and pension category involved. This adjustment to the method of counting in 2014 is contained in the change to the member portfolio.

Pension recipients

2014 with prior-year comparison, in number of pension situations

	31.12.2013	Admissions	Departures	31.12.2014
Retirement pensions	31 206	1 424	- 2 455	30 175
Retired person's child's pensions	582	205	- 262	525
Disability pensions	1 387	72	- 249	1 210
Disabled person's child's pensions	328	45	- 101	272
Surviving spouse / life-partner's pensions	10 963	680	- 830	10 813
Orphan's pensions	330	83	- 103	310
Total pension recipients	44 796	2 509	- 4 000	43 305

Additionally, a total of 2,389 retirement bridging pensions (prior year: 2,472) and 173 IV/AI replacement pensions (prior year: 210) were paid.

3 Implementation of the purpose

3.1 Note on the pension schemes

PUBLICA operates separate pension schemes for each pension plan. The employer allocates the insured members to the various pension schemes on the basis of objective criteria set out in the pension plan regulations.

As an all-encompassing pension fund, PUBLICA undertakes to provide the statutory pension benefits as a minimum and at the same time makes provision for benefits significantly in excess of the BVG minimum. The insured salary comprises the annual salary less the coordination offset of 30% of the annual salary, but no more than CHF 24,570 (status as at 31 December 2014).

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, insured 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 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 6.15%. 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 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.

Active members have the option to top up their personal retirement assets by making voluntary savings contributions. This increases the retirement pension or vested termination benefits paid out on departure from the pension plan. 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 pension benefits from previous pension plans and buy-ins, as well as income earned on pension plan assets. The level of employee contributions is set out in the individual pension plan regulations.

PUBLICA's operations are funded by contributions to administrative expenses (cost premiums) invoiced to the employers. These are set out in various service level agreements on services (SLA D) with the pension plans. Any additional services are invoiced separately using agreed fee schedules.

3.3 Further information on pension provision

Pursuant to Art. 3 (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.

For the purposes of Art. 36 (3) BVG, neither the parity commissions nor the Board of Directors have decided to adjust pensions generally in line with the cost of living. Individual employers among the closed pension plans fund pension increases.



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 as a separate pension plan, 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 and liabilities, employers' contribution reserves

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

4.2.6 Securities and derivative financial instruments

Securities (bonds, equities, alternative investments and collective investments) and derivative financial instruments are normally valued at market value. The market value 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 investment strategy (economic exposure).

4.2.7 Real estate

Directly held real estate is recognised in the balance sheet at the net present value (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 discount rate and capitalisation interest rate is between 4.1% and 5.5% (the same as in the previous year). The average capital-weighted discount rate and capitalisation interest rate across the valued portfolio is 4.55% (prior year: 4.61%). Properties under construction are recognised at the proportionate accrued cost according to their stage of completion less any necessary value adjustments. After entering service and once the approved statement of construction costs is available, new builds are revalued for the first time at year-end using the DCF method.

4.2.8 Deferred taxes

For the purposes of deferred taxes, property gains taxes on the property portfolio are calculated using the current local tax multipliers, on the basis of the effective holding duration plus 15 years. Deferred taxes are reported under non-technical provisions without discounting and without loss offsetting within cantons or municipalities. Only future capital gains taxes are taken into account; future transaction taxes such as property transfer taxes, land register fees, notary's fees, broker's commissions and other costs are disregarded.

4.2.9 Pension fund capital and technical provisions

The internal actuarial service prepares the basis for calculating the pension fund capital and technical provisions and supplies the data to the Pension Actuary. The Pension Actuary calculates the pension fund capital and technical provisions annually in accordance with recognised principles and on the basis of generally accessible actuarial tables. The basis for the calculation of 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.

4.3 Changes to principles concerning valuation, accounting and reporting

For the first time, deferred taxes on the real estate portfolio were recognised as non-technical provisions.



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 autonomous or are fully reinsured with PUBLICA Reinsurance. The pension plans concerned pay a risk premium for this reinsurance and also participate in any surpluses. Both the individual 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 key figures for internal reinsurance are as follows:

PUBLICA Reinsurance

2014 with prior-year comparison, in CHF or percent

	Units	31.12.2013	31.12.2014
Available assets	in CHF	149 501 255	156 229 719
Liabilities & provisions	in CHF	136 377 904	135 834 992
Funded ratio as per BVV2	in percent	109.6%	115.0%
Economic funded ratio	in percent	109.6%	115.0%
Risk premium received – employers and pension plans	in CHF	7 501 458	6 514 599
Risk premium received – employees	in CHF	407 799	406 269
Total risk premium received	in CHF	7 909 257	6 920 868
Reimbursement of shares in surplus – employers	in CHF	3 217 606	4 010 710
Reimbursement of shares in surplus – employees	in CHF	198 225	230 594
Total reimbursement of shares in surplus	in CHF	3 415 831	4 241 304

PUBLICA Reinsurance has its own, separate, low-risk strategic asset allocation to keep its investment risks as low as possible.

5.2 Development of pension fund capital for active members

The balance sheet item "Pension fund capital – active members" contains the total statutory vested termination benefits for active members of CHF 13.8 billion (prior year: CHF 13.4 billion). The interest rate on retirement assets fixed by the parity commissions for the current business year is between 1.5% and 2.25% (prior year: 1.5% and 2%). The following table shows the development in pension fund capital during the period under review.

Pension fund capital – active members

2014 with prior-year comparison, in CHF

	2013	2014
Pension fund capital 01.01.	12 596 432 921	13 392 097 320
Savings contributions – employees and employers	1 019 685 166	1 066 282 082
Lump-sum payments and buy-ins – active members	308 695 787	70 320 601
Vested pension benefits received	389 232 295	331 879 823
Home ownership and divorce payments received	14 268 586	14 558 499
Interest (including interest relating to other periods)	186 125 263	225 986 049
Vested benefits paid on departure	– 364 697 441	– 297 516 833
Early withdrawals for home ownership / divorce	– 52 691 661	– 53 494 571
Retirement pensions	– 656 445 636	– 827 134 868
Release on death	– 22 582 889	– 21 834 166
Release on disability leading to pension	– 15 499 521	– 15 471 327
Other changes	– 10 425 550	– 79 465 016
Total pension fund capital – active members 31.12.	13 392 097 320	13 806 207 593

The other changes include corrections, bookings relating to other periods and exceptional bookings. This item is higher in 2014 than in previous years, owing to a change in the booking system.

5.3 Total retirement assets under BVG

BVG retirement assets

2014 with prior-year comparison, in CHF and percent

	Units	31.12.2013	31.12.2014
Total BVG retirement assets	CHF	4 637 443 469	4 796 932 905
BVG minimum interest rate, set by Federal Council	Percent	1.5%	1.75%

In addition to managing the pension fund capital of its active members, PUBLICA manages the retirement assets prescribed by the provisions of the BVG (shadow account). This ensures that the requirements for statutory minimum benefits are met in all cases. The reported retirement assets under the BVG 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 101 million from the previous year's figure.

Pension fund capital – pension recipients

2014 with prior-year comparison, in CHF

	2013	2014
Pension fund capital 01.01.	19 093 246 293	18 733 185 931
Statutory benefits	– 1 746 885 767	– 1 783 883 332
Lump-sum payments and buy-ins (buy-outs of pension reductions and pension buy-ins)	39 203 100	49 987 264
Retirements	656 445 636	827 134 868
Disability cases leading to pension	15 499 521	15 471 327
Technical interest rate*	n/a	630 551 400
Deaths and other changes	675 677 148	160 044 641
Total pension fund capital – pension recipients 31.12.	18 733 185 931	18 632 492 099

* Approximate calculation



Employers and employees partially finance the buy-out of pension reductions, bridging pensions and further statutory 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

In response to continuing low interest rates, the Board of Directors of PUBLICA decided to reduce the technical interest rate to 2.75% (2.25% for the closed pension plans) with effect from 1 January 2015. This decision also resulted in an adjustment to the conversion rate. The Board of Directors took steps, including setting aside provisions and other accompanying measures, to maintain the current level of pensions. The technical provisions increased by a total of CHF 811 million compared with the previous year, largely due to the creation of provisions to cushion the impact of the reduction in the technical interest rate.

Technical provisions

2014 with prior-year comparison, in CHF

Pension plans	31.12.2013	31.12.2014
Provision for active members – longevity	116 387 070	189 890 353
Provision for active members – technical interest rate	639 572 282	965 079 700
Provision for pension recipients – longevity	112 399 114	167 692 429
Provision for pension recipients – technical interest rate	824 260 183	1 229 744 479
Provision for fluctuations in the membership of closed pension plans	49 679 141	51 271 104
Provision for outstanding claims (IBNR)	177 216 196	179 496 859
Provision for death and disability	67 404 000	69 435 000
Provision for guarantees (change of system)	170 885 574	116 122 790
Provision for cost-of-living adjustment and administrative expenses	25 898 266	26 086 887
Total technical provisions – pension plans	2 183 701 826	2 994 819 601
Reinsurance		
Provision for outstanding claims (IBNR)	20 382 291	20 762 605
Provision for death and disability	26 496 000	18 582 000
Provision for pricing	63 617 000	70 817 000
Provision for hardship cases – active members / pensioners	14 130 591	14 130 591
Provision for hardship cases – pension plans	11 752 022	11 542 796
Total technical provisions – Reinsurance	136 377 904	135 834 992
Total technical provisions	2 320 079 731	3 130 654 593

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 essentially serve to meet a benefit obligation that is not taken into account in the pension fund capital and (unlike reserves) are to be allocated to specific causes. They are measured using recognised procedures and transparent assumptions.

Provisions for active members and pension recipients (longevity, technical interest rate)

Where the life expectancy trend over time is not reflected in the actuarial tables used, certain precautions have to be taken to ensure that the promised benefits can always be provided. For this reason a provision for longevity is created for active members and pension recipients.

A reduction in the technical interest rate normally results in a reduction in the conversion rate. The provision is set aside to help maintain continuity when the rate is lowered and to counteract – in whole or in part – any adverse impact on the future benefits of active members and pension recipients.

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. There comes a point when they are no longer able to meet their liabilities themselves, and have no option but to assign them to another insurer. The provision for fluctuations in the membership of closed pension plans is created to mitigate these risks.

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 corresponding provision is created for the subsequent processing of such cases.

Provision for death and disability

The cases of death and disability to be expected in one year and the policy reserve required for paying the statutory benefits are calculated using the BVG 2010 (loaded) actuarial tables. The provision for death and disability cushions the adverse financial impact of unexpected deviations in the volume of claims. This provision only exists in those pension plans that cover the risks of death and disability themselves, in whole or in part, and are thus exposed to the risk of fluctuation.

Provision for guarantees (change of system)

The provision for guarantees (change of system) is used to finance those pension components arising on the basis of Art. 25 of the PUBLICA Act (static guarantee of vested benefits).

Provision for cost-of-living adjustment and administrative expenses

Certain groups of pensioners no longer have an employer to assume their future administrative expenses. The provision for cost-of-living adjustments and administrative expenses 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.



5.5.2 Technical provisions – reinsurance

Provision for outstanding claims (IBNR)

Like the pension plans, PUBLICA Reinsurance maintains a provision for outstanding claims. This is accumulated using the risk premium of the fully or partially reinsured pension plans. Depending on the percentage of the target value achieved, any surplus is reimbursed to the pension plans concerned on the basis of a surplus concept.

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 pricing

The provision for pricing provides Reinsurance with time to adjust premiums in the event of an error in the actuarial basis.

Provision for hardship cases

The prerequisites for guaranteeing voluntary benefits from reinsurance are set out in the PUBLICA policy document on hardship cases. The Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA divide the provision into one for hardship cases related to active members and pension recipients and one for hardship cases related to the pension plans.

5.6 Results of the latest actuarial assessment

See the confirmation from the Pension Actuary as at 31 December 2014 (point 12).

5.7 Actuarial tables and other actuarial assumptions

The calculations are based on the BVG 2010 (loaded) actuarial tables with a technical interest rate of 3.5% for the open pension plans and 3% for the closed pension plans. The results of past profit and loss analyses have shown that, where the risk results are concerned, the mortality of pension recipients among PUBLICA members is lower than the average of BVG 2010. For this reason, mortality rate predictions extrapolated to 2018 are used.

5.8 Changes to actuarial tables and assumptions

No changes were made to the actuarial tables and assumptions in 2014.

5.9 Funded ratio as per Art. 44 BVV2

The funded ratio as per Art. 44 BVV2 results from the ratio of the assets available to cover actuarial liabilities to the required actuarial pension fund capital (pension fund capital and technical provisions).

Funded ratio as per Art. 44 BVV2

2014 with prior-year comparison, in CHF

	31.12.2013	31.12.2014
Actuarially required pension fund capital	34 445 362 981	35 569 354 285
Fluctuation reserve	1 419 642 081	1 901 684 628
Uncommitted funds (+) / underfunding (-)	- 10 055 356	0
Available assets	35 854 949 705	37 471 038 915
Funded ratio as per Article 44 BVV2	104.1%	105.3%

5.10 Economic funded ratio

In order to permit an effective assessment of the Fund's situation, it is sensible to value the pension liabilities on the basis of current interest rates and to calculate an economic funded ratio in addition to the actuarial funded ratio. In calculating the economic funded ratio, the liabilities are calculated using a maturity-congruent, risk-free interest rate. This risk-free interest rate is based on 20-year Swiss government bonds for active members and 10-year Swiss government bonds for pension recipients.

The calculation of the economic liability on the active members assumes that the pension conversion rates are only reduced by creating additional provisions to maintain the existing level of benefits.

The corresponding calculations made by the Pension Actuary produced an economic funded ratio of 81.0% (prior year: 85.2%).

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, sticking close to a benchmark but allowing for active elements subject to relatively tight tracking error requirements in order to avoid the disadvantages of fully replicating capitalisation-weighted bond indices. Real-estate investments are made within Switzerland. Commodities investments are managed by two external specialists. The benchmarks are customised, and minor deviations from the indices are permitted in order to counteract market inefficiencies.

In the interest of business continuity planning, an optional mandate agreement was concluded with Pictet & Cie. in 2011. If PUBLICA Asset Management suddenly finds itself unable to manage the internally managed mandates itself, Pictet Asset Management 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.

The following institutions were entrusted with the management of PUBLICA's assets as at the balance sheet date of 31 December 2014:



Asset management

2014

Mandate	Asset manager	Licensing authority	Benchmark	Investment style	Retrocessions	
					Date of regulation	Received
Swiss government bonds	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	Government bonds SBI	Index-tracking	–	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%)	Index-tracking	–	prohibited
Non-government bonds CHF	Pictet et Cie	Swiss Financial Market Supervisory Authority FINMA (CH) ²	SBI AAA-A foreign borrowers (40%) and domestic borrowers (60%)	Index-tracking	08.12.2011	prohibited
Government bonds EUR	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	JPM GBI Germany (50%), France (33%) and Netherlands (17%)	Index-tracking	–	prohibited
Government bonds USD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	JPM GBI USA	Index-tracking	–	prohibited
Government bonds GBP	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	JPM GBI UK	Index-tracking	–	prohibited
Government bonds CAD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	JPM GBI Canada	Index-tracking	–	prohibited
Corporate bonds EUR	Union Investment Institutional GmbH	Federal Financial Supervisory Authority (DE) ⁴	Barclays EUR Corporate	Index-tracking	20.06.2011	prohibited
Corporate bonds EUR	Standard Life Investments Limited	Financial Conduct Authority (UK) ⁴	Barclays EUR Corporate ex Financials	Index-tracking	25.08.2011	prohibited
Corporate bonds USD	PIMCO Europe Ltd	Financial Conduct Authority (UK) ⁴	Barclays USD Corporate Intermediate	Index-tracking	04.05.2011	prohibited
Corporate bonds USD	BlackRock Institutional Trust Company	Office of the Comptroller of the Currency (US) ⁴	Barclays USD Corporate Intermediate ex Financials	Index-tracking	04.05.2011	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	Index-tracking	–	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	Index-tracking	–	prohibited
Currency hedging foreign currency bonds	Record Currency Management Limited	Financial Conduct Authority (UK) ⁴	Difference in relevant portfolio benchmark hedged vs. unhedged	Indexed	22.10.2008	prohibited
Currency hedging Inflation-linked government bonds	Russell Implementation Services Ltd	Financial Conduct Authority (UK) ⁴	Difference in relevant portfolio benchmark hedged vs. unhedged	Indexed	22.05.2014	prohibited
Government bonds emerging markets	Ashmore Investment Management Limited	Financial Conduct Authority (UK) ⁴	JPM GBI-EM Global Diversified	Index-tracking enhanced	21.02.2013	prohibited
Government bonds emerging markets	Investec Asset Management	Financial Conduct Authority (UK) ⁴	JPM GBI-EM Global Diversified	Index-tracking enhanced	21.02.2013	prohibited
Mortgages Switzerland	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	Based on lower interest-rate band BEKB variable mortgages	Direct investments	–	prohibited
Equities Switzerland	Credit Suisse AG	Swiss Financial Market Supervisory Authority FINMA (CH) ²	SMI	Indexed	01.12.2008	prohibited
Equities Switzerland	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA (CH) ²	SMI	Indexed	02.12.2008	prohibited
Equities industrialised nations ex Switzerland	Credit Suisse Funds AG	Swiss Financial Market Supervisory Authority FINMA (CH) ³	MSCI (gross) Europe ex Switzerland (25%) ⁵ , North America (50%) ⁵ , Japan (10%) and Pacific ex Japan (15%)	Indexed	09.11.2005	prohibited
Equities industrialised nations ex Switzerland	BlackRock Advisors (UK) Limited	Financial Conduct Authority (UK) ⁴	MSCI (gross) Europe ex Switzerland (25%), North America (50%), Japan (10%) and Pacific ex Japan (15%)	Indexed	27.06.2005	prohibited
Currency hedging Equities industrialised nations ex Switzerland	Russell Implementation Services Ltd	Financial Conduct Authority (UK) ⁴	Difference in relevant portfolio benchmark hedged vs. unhedged	Indexed	28.10.2008	prohibited
Equities emerging markets	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA (CH) ²	MSCI (net) Emerging Markets ⁵	Indexed	19.08.2010	prohibited
Equities emerging markets	Vanguard Asset Management, Ltd	Financial Conduct Authority (UK) ⁴	MSCI (net) Emerging Markets	Indexed	19.08.2010	prohibited
Commodities	Morgan Stanley & Co. International Plc	Financial Conduct Authority (UK) ⁴	S&P GSCI TR Petroleum (50%) and Precious Metals (50%)	Index-tracking (swaps)	02.11.2009	prohibited
Commodities	BlackRock Advisors (UK) Limited	Financial Conduct Authority (UK) ⁴	S&P GSCI TR Petroleum (50%) and Precious Metals (50%)	Indexed (futures)	02.11.2009	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	23.11.2011	prohibited

Asset management

2014

Mandate	Asset manager	Licensing authority	Benchmark	Investment style	Retrocessions	
					Date of regulation	Received
Real estate investments Switzerland	Von Graffenried AG Liegenschaften	n/a	n/a	Direct investments	02.07.2012	prohibited
Real estate investments Switzerland	Privera AG	n/a	n/a	Direct investments	16.05.2012	prohibited
Real estate investments Switzerland	psm Center Management AG	n/a	n/a	Direct investments	02.07.2012	prohibited
Real estate investments Switzerland	Mata Treuhand- und Revisions AG	n/a	n/a	Direct investments	02.07.2012	prohibited
Real estate investments Switzerland	Immosupport by Fritz und Caspar Jenny AG	n/a	n/a	Direct investments	14.05.2012	prohibited
Real estate investments Switzerland	Bilfinger Real Estate AG	n/a	n/a	Direct investments	01.07.2014	prohibited

¹ Art. 48f para. 4 let. a. BVV2 registered pension plans under Article 48 BVG

² Art. 48f para. 4 let. d. BVV2 banks under the Banking Act

³ Art. 48f para. 4 let. f. BVV2 fund management companies

⁴ Art. 48f para. 4 let. h. BVV2 financial intermediaries operating outside Switzerland that are subject to supervision by a foreign supervisory authority

¹ Each 50% MSCI capital-weighted, 25% MSCI minimum volatility and 25% MSCI fundamental weighted indices

PUBLICA strives to achieve low costs and fair, transparent agreements 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.

With the exception of Swiss securities, PUBLICA's securities are held by a global custodian.

Global Custodian
(custodian bank for foreign securities and consolidation of all assets)

J.P. Morgan (Switzerland) Ltd www.jpmorgan.com
Dreikönigstrasse 21
8022 Zurich

CH Custodian
(custodian bank for CH securities)

Credit Suisse www.credit-suisse.com
Custody & Transaction Services
Uetlibergstrasse 231
8070 Zurich

6.2 Extensions to the range of permitted investments (Art. 50 BVV2)

PUBLICA does not take advantage of the extensions to the range of permitted investments provided for under Art. 50 BVV2.



6.3 Target size and calculation of the fluctuation reserve

Owing to the positive operating result, there was a net addition to fluctuation reserves.

Target size and calculation of fluctuation reserve

2014 with prior-year comparison, in CHF

	2013	2014
Fluctuation reserve 01.01	1 734 982 931	1 419 642 081
Change in fluctuation reserve debited (+) / credited (-) to income statement	- 315 340 850	482 042 547
Total fluctuation reserve 31.12	1 419 642 081	1 901 684 628
Fluctuation reserve deficit 31.12	8 371 836 370	8 963 432 190
Target fluctuation reserve	9 791 478 451	10 865 116 818
Fluctuation reserve as % of target	14.5%	17.5%
Target value of fluctuation reserve in % of pension fund capital and technical provisions	28.4%	30.5%

Under the Regulations governing the Provisions and Reserves of PUBLICA, the fluctuation reserve takes account of two separate elements: the risk of fluctuation on investments, and the risk of fluctuation on pension liabilities.

The component of the fluctuation reserve set aside for investments ensures that investment risks can be borne. It is necessary to take on investment risks in order to achieve the target returns. The percentage specified depends on the risk/return characteristics of the strategic asset allocation, the safety level sought and the investment horizon. The minimum target value has been fixed, on the basis of a safety level of 97.5% and an investment horizon of one year, at 15.7% (prior year: 17.4%) of the sum of the pension fund capital and the technical provisions.

The component of the fluctuation reserve set aside to cover pension liabilities serves to absorb potentially higher liabilities. The target size of this reserve is 50% of the difference between the pension fund capital calculated using the technical interest rate and that calculated using the risk-free interest rate.

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 over time.

Strategic asset allocation – open pension plans

2014, in percent

Asset class	Allocation at 31.12.14	Pro rata strategy	Long-term strategy	Tactical bandwidths in % of strategy weighting	
				Minimum	Maximum
Money market	2.4%	3.0%	3.0%	0%	200%
Swiss government bonds	5.9%	6.0%	6.0%	80%	120%
Non-government bonds CHF	11.4%	12.0%	10.0%	80%	120%
Government bonds EUR currency hedged	5.8%	6.0%	6.0%	50%	150%
Government bonds USD currency hedged	5.8%	6.0%	6.0%	50%	150%
Government bonds GBP currency hedged	1.9%	2.0%	2.0%	0%	200%
Government bonds CAD currency hedged	1.9%	2.0%	2.0%	0%	200%
Government bonds industrialised nations ex Switzerland	15.4%	16.0%	16.0%	80%	120%
Corporate bonds EUR currency hedged	7.8%	8.0%	8.0%	50%	150%
Corporate bonds USD currency hedged	8.0%	8.0%	8.0%	50%	150%
Corporate bonds foreign currency	15.9%	16.0%	16.0%	80%	120%
Inflation-linked government bonds EUR currency hedged	1.0%	1.0%	1.0%	0%	200%
Inflation-linked government bonds USD currency hedged	2.9%	3.0%	3.0%	0%	200%
Inflation-linked government bonds	3.9%	4.0%	4.0%	80%	120%
Government bonds emerging markets	5.4%	5.0%	5.0%	80%	120%
Mortgages Switzerland	0.5%	0.0%	0.0%		
Equities Switzerland	3.3%	3.0%	3.0%	50%	150%
Equities Europe currency hedged	4.4%	4.3%	4.3%	50%	150%
Equities North America currency hedged	9.5%	8.5%	8.5%	50%	150%
Equities Pacific currency hedged	4.4%	4.2%	4.2%	50%	150%
Equities industrialised nations ex Switzerland	18.4%	17.0%	17.0%	50%	150%
Equities emerging markets	9.2%	9.0%	9.0%	50%	150%
Commodities	3.6%	4.0%	4.0%	80%	120%
Real estate investments Switzerland	4.8%	5.0%	7.0%	80%	120%
Total	100.0%	100.0%	100.0%		
Total not currency hedged	14.6%	14.0%	14.0%		
Total currency hedged	85.4%	86.0%	86.0%		

Strategic asset allocation – closed pension plans

2014, in percent

Asset class	Allocation at 31.12.14	Pro rata strategy	Long-term strategy	Tactical bandwidths in % of strategy weighting	
				Minimum	Maximum
Money market	2.4%	3.0%	3.0%	0%	200%
Swiss government bonds	34.0%	34.0%	34.0%	80%	120%
Non-government bonds CHF	9.5%	10.0%	10.0%	80%	120%
Government bonds EUR currency hedged	3.6%	3.7%	3.7%	50%	150%
Government bonds USD currency hedged	3.7%	3.7%	3.7%	50%	150%
Government bonds GBP currency hedged	1.2%	1.3%	1.3%	0%	200%
Government bonds CAD currency hedged	1.2%	1.3%	1.3%	0%	200%
Government bonds industrialised nations ex Switzerland	9.7%	10.0%	10.0%	80%	120%
Corporate bonds EUR currency hedged	6.6%	6.5%	6.5%	50%	150%
Corporate bonds USD currency hedged	6.8%	6.5%	6.5%	50%	150%
Corporate bonds foreign currency	13.3%	13.0%	13.0%	80%	120%
Equities Switzerland	3.3%	3.0%	3.0%	50%	150%
Equities Europe currency hedged	1.8%	1.8%	1.8%	50%	150%
Equities North America currency hedged	3.8%	3.5%	3.5%	50%	150%
Equities Pacific currency hedged	1.8%	1.7%	1.7%	50%	150%
Equities industrialised nations ex Switzerland	7.4%	7.0%	7.0%	80%	120%
Real estate investments Switzerland	20.3%	20.0%	20.0%	80%	120%
Total	100.0%	100.0%	100.0%		
Total not currency hedged	0%	0%	0%		
Total currency hedged	100%	100%	100%		



All currency risks arising out of equity and bond investments from industrialised countries other than Switzerland are hedged using currency forwards. For economic reasons, currency risks on investments in emerging nations are not hedged. Investments are divided into the following classes:

Investments by asset class

2014 with prior-year comparison, in CHF

	Notes	31.12.2013	31.12.2014
Cash and cash equivalents	6.4.1	95 496 710	88 199 403
Receivables	6.4.1	112 957 535	111 665 871
Money market	6.4.1	921 274 624	902 208 419
Swiss government bonds	6.4.2	3 311 852 153	3 388 180 570
Non-government bonds CHF	6.4.2	4 896 565 712	4 264 542 568
Government bonds EUR		1 925 854 258	2 055 047 470
Government bonds USD		1 155 481 072	2 079 126 706
Government bonds GBP		264 704 857	691 350 134
Government bonds CAD		284 364 566	682 718 318
Gov. bonds industrialised nations ex Switzerland	6.4.2	3 630 404 753	5 508 242 627
Corporate bonds EUR		2 486 797 890	2 861 230 502
Corporate bonds USD		3 045 597 764	2 945 803 903
Corporate bonds foreign currency	6.4.2	5 532 395 653	5 807 034 405
Inflation-linked government bonds	6.4.2	0	1 279 854 337
Government bonds emerging markets	6.4.2	1 469 941 708	1 795 717 194
Mortgages Switzerland	6.4.3	177 593 503	174 157 435
Equities Switzerland	6.4.4	1 228 404 017	1 222 926 830
Equities Europe		1 905 593 587	1 538 794 300
Equities North America		3 638 828 880	3 297 613 338
Equities Pacific		1 694 555 457	1 546 557 987
Equities industrialised nations ex Switzerland	6.4.4	7 238 977 923	6 382 965 626
Equities emerging markets	6.4.4	3 134 254 827	3 032 771 754
Commodities	6.4.5	1 788 097 956	1 188 474 928
Real estate investments Switzerland	6.4.6	2 456 429 696	2 484 074 326
Total investments		35 994 646 770	37 631 016 292
Operating assets – PUBLICA Operations		17 450 907	17 847 338
Prepaid expenses and accrued income		2 254 526	3 050 825
Balance sheet total		36 014 352 203	37 651 914 455

6.4.1 Cash and cash equivalents, receivables

Cash and cash equivalents include operating cash from pension business, which is credited to strategic cash (money market) after each monthly closing.

At CHF 110.8 million, the current accounts of employers with contributing receivables are the largest single items under the item "Receivables". The employees' and employers' contributions are billed at the end of each month. The contributions for the month of December were due and payable on 31 December 2014.

6.4.2 Bonds

Owing to the adjustment of the strategic asset allocation, the "Non-government bonds CHF" asset class was reduced from 14.2% to 12% for the open pension plans. This reduction was made in stages over a number of months. Market liquidity was sufficient to allow the bonds to be sold without difficulty. The allocation to Swiss government bonds was also reduced in three stages during 2014, from 6.8% to 6%. The allocation

to "Government bonds foreign currency", meanwhile, was increased. The weighting of government bonds in US dollars was increased by 2 percentage points to 6%, and those of government bonds in UK sterling and the Canadian dollar were each increased by 1 percentage point to 2%.

In the closed pension funds, the weighting of "Non-government bonds CHF" was reduced from 15% to 10%. No adjustments were made to Swiss government bonds, as the weighting was already at the strategic target level of 34% at the start of the year. The "Government bonds foreign currency" asset class was a new addition to the asset allocation for the closed pension plans. The allocations to government bonds in euros and US dollars (each 3.75%) and sterling and the Canadian dollar (each 1.25%) were built up in five stages.

In January 2014, on the recommendation of the Investment Committee, the Board of Directors decided to introduce a 4% allocation to inflation-linked government bonds for the open pension plans. These add extra diversification to the portfolio. They are managed by internal Asset Management. Investments are made in line with an index, and the currency risk is hedged. The new asset class is being built up over a period of time.

In the 2014 strategic asset allocation, the total allocation to corporate bonds of 16% for the open pension plans and 13% for the closed pension plans was maintained. However, the allocations to USD and EUR were changed: the two currencies now have the same weighting. Between March and June 2014, the strategic allocations of 7% EUR and 9% USD were both adjusted to 8% for the open pension plans. During the same period, the allocations for the closed pension plans of 5.7% EUR and 7.3% USD were both adjusted to 6.5%.

Implementation of the "Government bonds emerging markets" allocation was completed in November 2013. This meant that the target allocation of 5% for the open pension plans was achieved at the start of 2014. The portfolio management guidelines permit active elements to steer the country and currency allocations and avoid the disadvantages of classic replication of bond benchmarks.

6.4.3 Mortgages

Mortgage loans amounting to CHF 174.2 million (prior year: CHF 177.6 million) were granted to housing cooperatives.

6.4.4 Equities

The equity portfolios are managed fully in line with an index by a total of four external partners: BlackRock, Credit Suisse, Pictet and Vanguard. The benchmark for each portfolio is the relevant regional MSCI index (reinvested), with the exception of Switzerland, where the Swiss Market Index (SMI reinvested) is used. The adjustment of the benchmarks for the markets of Europe ex Switzerland, North America and emerging markets implemented in 2013 was maintained in 2014. The weightings within the extended benchmarks remained unchanged.

Owing to the adjustment of the two strategic asset allocations, the equity allocation was reduced during the course of the year from 34.8% to 30.9% for the open pension plans and from 16.2% to 10.7% for the closed pension plans. Internal Asset Management sets the global and regional equity allocations within the tactical bandwidths.



As in the previous years, no investment was made in shares of Transocean in either of the SMI mandates in 2014. In the second half of the year, a project was launched to review the tax situation of the equity investments. Where possible, the aim is to secure exemption from withholding tax.

6.4.5 Commodities

Approximately half the investment volume in commodities is invested in exchange-traded futures contracts, with the remainder being implemented using an excess return swap. In both the managed futures mandate and the excess return swap, PUBLICA manages the funding internally. In the case of the swap solution, collateral is exchanged on a daily basis by an independent partner (J.P. Morgan) in order to keep the counterparty risk low.

In accordance with the new strategic asset allocation for the open pension plans, the strategic weighting of the “commodities” asset class was reduced during the year from 6% to 4%. Internal Asset Management sets the global commodity allocation within the tactical bandwidths. The benchmark for commodity investments was also successfully adjusted. Having previously consisted of three components – energy (ex natural gas), precious metals and industrial metals – as of May 2014 it now consists of equal parts of energy (ex natural gas) and precious metals.

6.4.6 Real estate

PUBLICA’s real estate portfolio comprises a total of 69 properties and one plot of land at average to very good locations in three principal segments: residential, office and retail. The overall performance was 3.75% on properties with a net value of CHF 2.447 billion (including deferred taxes). For the first time during the last financial year, deferred taxes amounting to CHF 37.4 million were recognised. This one-off effect of minus 1.5% had a corresponding negative impact on the result.

No acquisitions were made in 2014. However, the extension of the property at Erlenstrasse 15 in Basel with a gymnasium for the long-standing tenant (International School) entered operation successfully.

6.5 Current (open) derivative financial instruments

As at 31 December 2014, the following derivative positions were open:

Current (open) derivative financial instruments and collateral

2014 with prior-year comparison, in CHF

2014	Net replacement value	Net contract volume in mn	Collateral received	Collateral pledged
Interest-rate swaps	29 581 334	175	29 358 859	0
Commodity swaps	- 71 910 891	785	0	56 155 000
Currency forwards	- 458 973 415	18 881	0	376 447 802
Equity futures	824 127	71	0	0
Commodity futures	- 32 275 108	514	0	0
Bond futures	- 651 448	19	0	0
2013	Net replacement value	Net contract volume in mn	Collateral received	Collateral pledged
Interest-rate swaps	19 875 062	175	5 648 736	0
Commodity swaps	13 479 070	1 024	25 865 000	0
Currency forwards	247 020 917	16 454	326 833 053	0
Equity futures	2 733 489	82	0	0
Commodity futures	- 6 023 275	724	0	0
Bond futures	- 752 684	5	0	0

Interest-rate swaps are used to control interest-rate risks. One half of the investments in commodities is formed using a corresponding swap transaction, while the other half is formed with commodity futures. Currency forwards are used for strategic hedging of the currency risks arising from bond and equity investments in industrialised nations other than Switzerland and reduce the currency risk to which the portfolio as a whole is exposed. Equity futures are used to efficiently reinvest dividends already contained in the equity indices but not yet paid out.

PUBLICA employs a prime brokerage set-up to ensure the efficient management of counterparty risks in its currency hedging programmes. As at the end of 2014, HSBC and UBS are PUBLICA's 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 on payment of a fee. The only counterparty risk is 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.

Interest-rate and commodity swaps are also covered by collateral to hedge the counterparty risks involved.

The necessary collateral for all derivatives is available in the form of cash and cash equivalents. This means there is no leverage effect on the overall portfolio.

6.6 Open capital commitments

There are no open capital commitments as at 31 December 2014.



6.7 Securities lending

PUBLICA has concluded a securities lending agreement with J.P. Morgan, under which the latter acts as 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. The securities lending programme with Credit Suisse for Swiss securities has been suspended since 2011. As of 31 December 2014 securities valued at CHF 863.3 million were on loan (compared with CHF 774.2 million as at 31 December 2013).

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

6.8 Net investment income

The total net investment income consists of the net income from the various asset classes:

Net investment income

2014 with prior-year comparison, in CHF

	2013	2014
Net income from cash & cash equivalents	269 656	- 49 702
Net income from receivables	476	0
Net income from liabilities	- 749 213	- 1 447 030
Net income from money market	- 258 878	1 677 816
Net income from Swiss government bonds	- 147 627 772	296 694 321
Net income from Swiss non-government bonds	- 53 355 286	316 439 541
Net income from government bonds EUR	- 42 449 427	203 954 142
Net income from government bonds USD	- 46 407 877	95 800 732
Net income from government bonds GBP	- 13 895 463	73 285 590
Net income from government bonds CAD	- 10 716 760	31 462 425
Net income from gov. bonds industrialised nations ex Switzerland	- 113 469 527	404 502 889
Net income from corporate bonds EUR	45 544 914	231 184 023
Net income from corporate bonds USD	- 39 157 966	126 430 684
Net income from corporate bonds foreign currency	6 386 948	357 614 706
Net income from inflation-linked government bonds	0	- 17 783 639
Net income from government bonds emerging markets	- 158 594 566	91 538 685
Net income from mortgages Switzerland	3 517 772	3 473 420
Net income from equities Switzerland	269 764 830	162 693 603
Net income from equities Europe	343 902 924	77 538 239
Net income from equities North America	894 736 164	409 837 199
Net income from equities Pacific	453 877 206	92 800 664
Net income from equities industrialised nations ex Switzerland	1 692 516 294	580 176 102
Net income from equities emerging markets	- 139 642 405	281 757 413
Net income from commodities	- 228 603 687	- 419 105 329
Net income from real estate investments Switzerland	145 829 044	137 225 685
Asset management expenses	- 77 272 950	- 83 225 974
Net investment income	1 198 710 735	2 112 182 508

6.9 Net 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 influence 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

2014, in CHF and percent, after deduction of all asset management expenses

	Portfolio performance	Benchmark performance	Difference	Investments CHF mn
Money market	0.16%	- 0.12%	0.28%	902
Swiss government bonds	9.24%	9.18%	0.06%	3 388
Non-government bonds CHF	6.85%	6.90%	- 0.05%	4 265
Government bonds EUR	10.85%	10.97%	- 0.12%	2 055
Government bonds USD	5.80%	5.76%	0.04%	2 079
Government bonds GBP	13.54%	13.41%	0.13%	691
Government bonds CAD	6.25%	6.60%	- 0.35%	683
Government bonds industrialised nations ex Switzerland	8.81%	8.85%	- 0.04%	5 508
Corporate bonds EUR	8.56%	8.38%	0.18%	2 861
Corporate bonds USD	4.15%	4.01%	0.14%	2 946
Corporate bonds foreign currency	6.31%	6.15%	0.16%	5 807
Inflation-linked government bonds	- 1.61%	- 1.43%	- 0.18%	1 280
Government bonds emerging markets	5.49%	5.34%	0.15%	1 796
Mortgages Switzerland	1.89%	2.50%	- 0.61%	174
Equities Switzerland	13.87%	12.94%	0.93%	1 223
Equities industrialised nations ex Switzerland	9.10%	9.03%	0.07%	6 383
Equities emerging markets	8.77%	8.93%	- 0.16%	3 033
Commodities	- 28.94%	- 29.09%	0.15%	1 188
Real estate investments Switzerland	3.75%	5.35%	- 1.60%	2 447
Total	5.87%	5.97%	- 0.10%	37 394
Total without currency hedging	8.95%	8.98%	- 0.03%	37 848
Open pension plans	5.68%	5.75%	- 0.07%	33 046
Closed pension plans	7.36%	7.63%	- 0.27%	4 248
Reinsurance	6.84%	6.90%	- 0.06%	100



6.10 Asset management expenses

With a cost transparency level of 100%, total asset management expenses stand at 22.6 basis points (prior year: 21.8 basis points). Asset management expenses are made up of the main items listed in the following table:

Asset management expenses		
2014 with prior-year comparison, in CHF		
	2013	2014
External asset managers – securities	– 23 555 629	– 24 509 537
External asset managers – real estate	– 5 388 446	– 7 507 700
External asset managers – mortgages	– 222 707	– 219 744
Internal asset managers – securities	– 4 790 867	– 4 811 734
Internal asset managers – real estate	– 2 136 168	– 2 334 551
Asset manager expenses	– 36 093 817	– 39 383 266
Custody fees and management	– 7 738 538	– 9 687 688
Custodian expenses	– 7 738 538	– 9 687 688
TER costs	– 43 832 355	– 49 070 954
Stamp duty	– 11 434 628	– 14 572 805
Withholding tax (not reclaimable)	– 12 701 313	– 14 595 936
Other taxes	– 2 810 138	0
Taxes	– 26 946 079	– 29 168 741
Trading fees, commissions, other costs	– 5 810 148	– 4 469 974
Transaction expenses	– 5 810 148	– 4 469 974
Transaction expenses and taxes (TTC costs)	– 32 756 227	– 33 638 715
Investment Controller	– 179 280	– 179 280
Other consultancy (legal, tax, ALM, etc.)	– 505 088	– 337 025
Other expenses (SC costs)	– 684 368	– 516 305
Total asset management expenses	– 77 272 950	– 83 225 974
Average cost-transparent capital investments	35 519 999 109	36 812 851 531
TER expenses (costs) in basis points	12.3	13.3
Transaction expenses and taxes in basis points	9.2	9.1
Other expenses in basis points	0.2	0.1
Asset management expenses in basis points	21.8	22.6
Total of all key cost figures reported in the income statement in CHF for collective investment schemes	0	0
Cost transparency level	100%	100%

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.

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 13.3 basis points should be applied.

Asset management expenses do not include the custodian fees in connection with securities lending amounting to CHF 1 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 0.7 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

Owing to the special legal requirements governing PUBLICA, the restrictions set out in Art. 57 and 58 BVV2 on investments in the employer (in this case the Confederation) do not apply. 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 employers' contribution reserves 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 reinsured their risks in a matching manner. The employers' contribution reserve was used in particular for voluntary deposits into the fluctuation reserve and to provide additional interest on insured members' pension fund capital. There are no waivers of use in respect of the employers' contribution reserves.

Employers' contribution reserves

2014 with prior-year comparison, in CHF

	2013	2014
Employers' contribution reserves 01.01	16 558 794	19 972 254
Allocations	3 712 555	6 916 135
Utilisation	– 383 088	– 1 397 907
Interest (0.5%)	83 993	157 425
Total employers' contribution reserves 31.12	19 972 254	25 647 907



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

7.1 Operating assets / liabilities

The operating assets / liabilities comprise the following:

Operating assets and liabilities – PUBLICA

2014 with prior-year comparison, in CHF

	31.12.2013	31.12.2014
Current assets	11 858 610	14 149 555
Investment assets	5 592 297	3 697 783
Operating assets – PUBLICA Operations	17 450 907	17 847 338
Debt	4 833 102	4 989 698
Working capital	12 617 806	12 857 639
Liabilities – PUBLICA Operations	17 450 907	17 847 338

7.2 Administrative account – Operations

The resources of PUBLICA Operations are used for the administration of active members and pension recipients as well as components of asset management. Accordingly, 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 point 6.10 in asset management expenses under the items "Internal asset managers", "Other expenses", and as a component of custodian expenses. The item "Marketing and advertising" includes the general administrative expenses in connection with client acquisition.

Administrative expenses

2014 with prior-year comparison, in CHF

	2013	2014
Personnel expenses	- 18 667 558	- 18 707 703
General administrative expenses	- 11 534 813	- 10 447 359
Financial expenses	- 186 644	- 221 782
Apportionments to Asset Management	9 972 317	9 664 674
General administration	- 20 416 698	- 19 712 170
Marketing and advertising	- 68 493	- 36 919
Statutory Auditors	- 265 590	- 243 716
Pension Actuary	- 191 842	- 207 292
Supervisory authority	- 128 688	- 109 300
Administrative expenses	- 21 071 312	- 20 309 397
No. of active members	60 944	62 547
No. of pension recipients	44 796	43 305
Total active members and pension recipients	105 740	105 852
Administrative expenses per active member / pension recipient	199	192

General administrative expenses are charged to asset management and administrative management transparently and in line with their contribution to those expenses. 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, changes). They are charged according to the quantity used.

7.3 Non-technical provisions

The cost premiums paid by employers are compared with the administrative costs actually caused. Surpluses are transferred to the non-technical provisions of the pension plans. As at 31 December 2014, these stood at CHF 31.2 million (prior year: CHF 28.1 million). They are used to fund uncovered administrative costs.

Under Art. 27 and 43 of the Regulations governing the Provisions and Reserves of PUBLICA, 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 target values, negotiations are conducted with the employers concerned with a view to setting new cost scales, unless otherwise agreed.

Deferred taxes on the real estate portfolio amount to CHF 37.4 million. They are recognised as non-technical provisions. Changes are booked and released via the corresponding account in the income statement.

8 Requirements of the supervisory authorities

No special requirements have been imposed by the supervisory authorities.



9 Further information concerning the financial situation

9.1 Underfunded pension plans

As of 31 December 2014 none of the pension plans was underfunded.

PUBLICA monitors the situation of the closed pension plans closely, as the options for closed, pensioner-only memberships to remedy underfunding are limited and additional financial support may be required. The Board of Directors of PUBLICA has therefore initiated discussions with the Confederation with the aim of drawing up a proposal for securing the financial stability of the closed pension plans over the long term.

9.2 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.

9.3 Ongoing legal proceedings

The legal proceedings currently ongoing relate to individual cases and are not an indicator of systematic problems.

In 2013, pension recipients from METAS lodged an objection to the partial liquidation of the Confederation pension fund following the outsourcing of METAS. The supervisory authority has now dismissed the objection, and the partial liquidation has thus taken legal effect.

9.4 Collective departures

Collective departures are mentioned in section 1.6.1.

10 Post-balance sheet events

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

11 Report by the Statutory Auditors



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Report of the Statutory Auditor to the Fund Commission of the

Swiss federal pension fund PUBLICA, Bern

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Swiss federal pension fund PUBLICA, which comprise the balance sheet, operating accounts and notes (pages 37 to 70) for the year ended 31 December 2014.

Fund Commission's Responsibility

The Fund Commission is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the regulations. This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Fund Commission is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibility of the expert in occupational benefits

In addition to the auditor, the Fund Commission appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with Article 52e paragraph 1 of the Occupational Pensions Act (OPA) and Article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Swiss federal pension fund PUBLICA, Bern
Report of the Statutory Auditor
to the Fund Commission*

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the regulations.

Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (Article 52b OPA) and independence (Article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by Article 52c paragraph 1 OPA and Article 35 OPO 2. The Fund Commission is responsible for ensuring that the legal requirements are met and that the regulatory provisions on organisation, management and investments are applied.

We have assessed whether

- organisation and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation;
- funds are invested in accordance with legal and regulatory requirements;
- the occupational pension accounts 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 available funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- 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 requirements of Swiss law and the regulations have been met.

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

KPMG AG

Kurt Gysin
Licensed Audit Expert

Erich Meier
Licensed Audit Expert

Bern, May 7, 2015

12 Confirmation from the Accredited Pension Actuary



PUBLICA Confirmation from the Accredited Pension Actuary as of 31.12.2014

Terms of Reference

We have been instructed by the responsible representatives of PUBLICA (hereafter: "the Fund") to prepare an actuarial report in accordance with Article 52e(1)(a) BVG/LPP.

Confirmation of Independence

As Accredited Pension Actuary within the meaning of Article 52a(1) BVG/LPP, we hereby confirm that, in compliance with Article 40 BVV2/OPP2 and Directive OAK BV W-03/2013, we are independent and objective in our judgment and recommendations.

We further confirm that we satisfy the certification criteria of appropriate professional training and experience and knowledge of the relevant legal prescriptions stipulated in Article 52d(2)(a) and (b) BVG/LPP, and that we are authorised by the Oberaufsichtskommission OAK BV, the Independent Regulatory Authority, based on the personal requirements of good repute and trustworthiness in accordance with Article 52d(2)(c) BVG/LPP.

Membership data

PUBLICA provided us with all relevant data relating to its active members and pensioners for our actuarial appraisal. In its letter of 23.02.2015, PUBLICA confirmed that the membership numbers communicated to us were definitive and that it had relied upon the same data in establishing its balance sheet.

Actuarial capital

The actuarial liabilities for PUBLICA's active members and pensioners were calculated based on the BVG/LPP 2010 (P2018) 3.5% actuarial tables, while the liabilities for closed-scheme pensioners were calculated using BVG/LPP 2010 (P2018) 3.0% tables. The actuarial liability, or actuarial capital, is equal to the sum of the active members' individual vested termination benefits and the present value of pensions in payment plus the corresponding prospective survivor benefits. They total **CHF 32'438'699'692.--**.

Provisions and Reserves

The Fund Commission has adopted regulations on provisions and reserves which apply in preparing the actuarial balance sheet. In accordance with those regulations, the actuarial balance sheet shows total provisions of **CHF 3'130'654'593.-**. Moreover, PUBLICA set aside investment fluctuation reserves within the limits allowed by its financial situation; as of 31.12.2014, the investment fluctuation reserves for all pension plans averaged 17.5% of the relevant target values.

Assets

The assets available for covering actuarial liabilities and calculating the funded status correspond to the total assets at market value minus short-term liabilities, deferred income, employer contribution reserves and non-actuarial reserves. Thus calculated, the available assets total **CHF 37'471'038'914.--**.

Financial Situation

The actuarial balance sheets of the affiliated pension plans are well-balanced and show neither a surplus nor a deficit. PUBLICA and its pension plans will not be able to report an actuarial surplus (or free assets) before reserves have reached their target value. Given the low level of its reserves, PUBLICA has limited tolerance for investment risks. At the same time, PUBLICA cannot hope to attain its financial objectives unless it continues to pursue a risky investment strategy.



Funded Status

Funded status under Article 44 BVV2/OPP2

Funded status, within the meaning of Article 44 OPP2/BVV2, is the ratio between the assets available for covering the Fund's actuarial liabilities and the aggregate actuarial capital calculated with a discount rate of 3.5% (respectively 3%) plus the actuarial provisions. As of 31.12.2014, PUBLICA's funded status under BVV2/OPP2 was 105.3% compared with 104.1% on 31.12.2013.

Economic funded status

The economic funded status is the ratio between the assets available for covering the Fund's actuarial liabilities and the aggregate actuarial capital calculated with a risk-free discount rate (20-year Federal Bonds for active members and 10-year Federal Bonds for pensioners) plus the actuarial provisions. As of 31.12.2014, PUBLICA's economic funded status was 81.0% compared with 85.2% on 31.12.2013.

Appraisal of financial situation

Consolidated perspective

The figures submitted are the aggregate figures for all affiliated pension plans. The consolidated financial situation of PUBLICA, calculated in accordance with Article 44 BVV2/OPP2, has improved slightly, despite the creation of more extensive reserves related to the forthcoming decrease of the technical interest rate, thanks in particular to the good return on investments. With a funded status of 105.3% as of 31.12.2014, PUBLICA has been able to increase its reserves slightly. Although PUBLICA managed to eliminate the underfunding within the meaning of Article 44 OPP2/BVV2 some time ago, its recovery cannot be considered sustainable until its reserves have been fully replenished.

The individual plans have a funded status ranging from 101.7% to 111.0%. In appraising the financial situation of the individual plans, membership age structure must be taken into account in addition to funded status. The financial situation of pensioner-only pension plans, in particular, could quickly deteriorate to a point where improvement would be impossible without external intervention: accordingly, since 1 January 2011, a separate investment strategy with differentiated risks has been implemented for those pension plans.

Open pension plans

PUBLICA's open pension plans are well-funded and have no structural deficits. Their funding was consolidated by the change in actuarial tables on 1 July 2012. The reduction in discount rate to 2.75% implemented effective 01.01.2015 is expected to further strengthen the funding of these pension plans in the long term. The cost of the reduction was largely pre-funded through reserves already set aside as at 31.12.2014. The balance will be charged to the 2015 financial year.

Closed-scheme pension plans

Given expected rates of return, PUBLICA's closed-scheme pension plans are inadequately funded. Thanks to last year's good investment performance, these plans managed to avoid underfunding despite the financial cost of the planned discount rate reduction to 2.25%. Nevertheless, low expected returns in the coming years will inevitably drive these pension plans into underfunding.

When that happens, these pension plans will be reliant upon external support since they cannot take any recovery measures themselves. Attention was drawn to this development some time ago and the Fund Commission submitted proposals to the Finance Department at the end of 2013. A solution must be devised for securing the healthy financial development of all affiliated pension plans; this solution must be supported by the Fund Commission, in its capacity as the highest joint administration body of all the affiliated pension plans, and the Finance Department. Work is in progress and the Regulatory Authority has been informed accordingly.

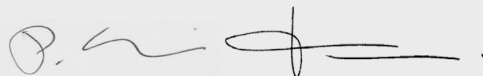
Confirmation from the Accredited Pension Actuary

The actuarial appraisal for PUBLICA was prepared in accordance with the guidelines and principles for pension actuaries and guidelines of the Swiss Chamber of Pension Actuaries.

Based on the foregoing, we hereby confirm that:

- As of 31.12.2014, PUBLICA is in a position to fully cover its actuarial liabilities or actuarial capital, calculated on the basis of the BVG/LPP 2010 (P2018) actuarial tables with a discount rate of 3.5% (respectively 3.0%), as well as its provisions.
- The BVG/LPP 2010 (P2018) actuarial tables now applied are appropriate for the Pension Fund. The discount rate of 3.5%, respectively 3.0%, and the reduction to 2.75% and 2.25% respectively implemented effective 01.01.2015, are consistent with guideline FRP 4 of the Swiss Chamber of Pension Actuaries. The continuous increase in life expectancy will be duly taken into account by appropriate increases in the relevant provisions.
- All security measures were taken within the Fund's financial limits in accordance with the regulations on actuarial provisions and reserves. Provisions are stated at their target value. However, the investment fluctuation reserves covering fluctuation risks in asset values and pension liabilities still fall short of their target value.
- Funded status, within the meaning of Article 44 OPP2/BVV2, was 105.3% as of 31.12.2014 based on actuarial discount rates of 3.5%, respectively 3.0%.
- The economic funded status calculated with a risk-free actuarial discount rate was 81.0% as of 31.12.2014.
- Although none of the pension plans are underfunded, in view of their modest reserves, their recovery cannot be considered sustainable and they still have not achieved full risk capacity.
- The **open pension funds** are currently adequately funded and can meet their benefit obligations. Taking into account the applicable actuarial tables, the benefits obligations are duly secured by the actuarial capital, actuarial provisions, contributions and expected return on investment.
- The funding of the **closed-scheme pension plans** depends primarily on the return on investment, which is unlikely to be sufficient given the conservative investment strategy adopted. The Fund Commission, which is also the joint administration body for all closed-scheme pension plans, has prepared proposals for the Finance Department with a view to securing the financial development of the closed-scheme pension plans. A solution which is both financially expedient and politically viable is being sought.
- The Fund's actuarial regulations on benefits and financing are in compliance with the applicable statutory requirements on 31.12.2014.

Aon Hewitt (Switzerland) Inc.



Daniel Thomann
Swiss Accredited Pension Actuary
Neuchâtel, 7 May 2015

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