Annual Report 2022

publica
THE PENSION PROVIDER

Table of contents

Foreword

The year 2022 is one that many of us will remember for a long time. An event long considered inconceivable – the outbreak of war in Europe – became a reality, while the climate grew warmer and warmer. These developments pushed the coronavirus pandemic to the back of the public consciousness, though its after-effects continue to rumble on.

Those developments also left their mark on the financial markets. PUBLICA's net investment performance in 2022 stood at –9.6%, compared with +4.4% in the prior year. The closed pension plans, which have a 10% equity allocation, posted a performance of –8.1% (prior year: +2.1%), while the open pension plans, with an equity allocation of at least 25%, recorded a figure of –9.7% (prior year: +4.6%).

The biggest negative contributors were bonds and equities, while real estate and precious metals recorded a positive result.

Asset Management deviated tactically from the strategic asset allocation in 2022, and made selection decisions. As a consequence, the consolidated net investment performance of –9.6% was 0.5 percentage points above that of the benchmark. The latter is calculated on the basis of the strategic asset allocation.

Owing to the negative performance, 14 pension plans are underfunded as at the end of 2022. The deterioration in their financial situation is partly attributable to rising interest rates, although these also lead to a higher expected return.

While 2022 was a difficult year on the financial markets, there were some positive developments:

– The Board of Directors adopted a new corporate strategy and a new strategic asset allocation, both of which PUBLICA has already begun implementing.
– In September, PUBLICA signed up to the Exemplary Energy and Climate initiative, in a commitment which supports the measures adopted by the Federal Council to achieve the climate goals. PUBLICA conducts its investments in an exemplary manner and reports regularly on the progress made in decarbonising its portfolio.
– Since 2021, the approximately 68,000 active members have been able to access their current pension data and pension certificates via the digital portal myPublica. The next step was completed in 2022, when the portal was expanded to include the approximately 42,000 pension recipients. They can now update their address, payment account and marital status themselves. Those who live abroad have to submit a life certificate every year, which they can do quickly and simply via myPublica.
– A large part of PUBLICA's premises was refurbished to create multi-space offices that facilitate communication and encourage teamwork. This saves space or allows it to be opened up for other uses, and gives staff modern and attractive places to work.

Sincerely

Jorge Serra
Chair of the Board of Directors, PUBLICA

Doris Bianchi
Director, PUBLICA

Bern, 20 March 2023

67,515
Active members

41,918
Pension recipients

96.2%
Regulatory funded ratio

95.4%
Economic funded ratio

CHF 39.4 bn
Total assets

0.21%
Asset management expenses as per OPSC minimum

–9.6%
Net investment performance

CHF 41,715
Average retirement pension per person

CHF 150
Administrative expenses per active member/ pension recipient

PUBLICA: who we are

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

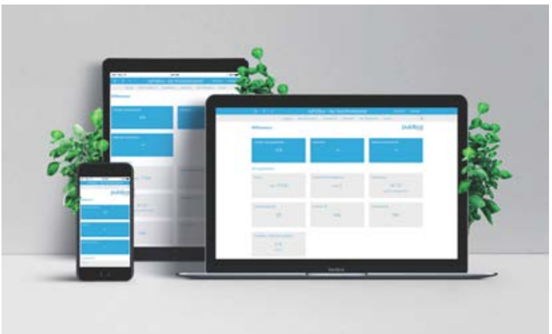
- Our active members work within the federal government, the ETH Domain and other organisations that fulfil public tasks.
- The benefits we provide are central to ensuring that our active members can maintain their accustomed standard of living in an appropriate way once they retire. We insure our active members and their relatives financially in case they become unable to work, and in the event of death.
- We finance our benefits using the funded system: we invest the contributions our active members pay in a responsible and profitable way, and pay them an annuity or a lump sum when they reach the end of their insurance period. Our benefits are safeguarded for the long term.
- With assets of CHF 39.4 billion and some 109,000 members, we are one of the biggest pension funds in Switzerland. We want to take the lead for the sector by actively embracing change.

Our 2022

Acting against human rights violations

PUBLICA invests in many companies in Switzerland and abroad. It is determined to act against potential human rights violations within companies' value chains and has included human rights as a focal point of its responsible investment policy.

Responsible investment | publica.ch



Launch of myPublica

The myPublica project to create a portal for active members and pension recipients is completed and goes live. By the end of April 2022, around 30% of active members have registered.

myPublica – your online pension account | publica.ch

Construction of "Sorrento" in Dübendorf begins

Dübendorf is growing fast and PUBLICA is part of that development: building work begins on the "Sorrento" high-rise, offering 116 apartments at a very well-connected location.

We also invest in real estate | publica.ch

Russia excluded from investment universe

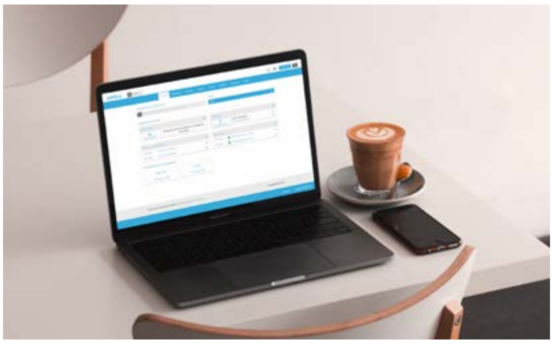
Following the Russian invasion of Ukraine, the EU and Switzerland impose sanctions on Russia. PUBLICA follows suit and excludes Russia from its investment universe.

PUBLICA excludes Russia from its investment universe | publica.ch

publica f
DAS FRAUENNETZWERK

Women's network PUBLICA f set up

PUBLICA sets up an in-house network for women. It holds two meetings in 2022: the first on "part-time working: blessing or curse?", the second on "working in male-dominated fields".



Employer portal project launched

The employer portal enables the HR departments of affiliated organisations to make changes and access important information. A project is launched to completely revamp the portal and make it more customer-friendly.

New strategy adopted

The Board of Directors adopts the newly drafted ethos, core values and strategic priorities. For details see page 13.
Our vision and values | publica.ch

Project to merge closed pension plans

A project is initiated to merge the seven closed pension plans, which consist solely of pension recipients, in order to simplify administration and balance risks.

Success for commercial apprentices

PUBLICA's two commercial apprentices successfully complete their apprenticeships.
We train apprentices

Refurbishment of offices completed

PUBLICA's staff now work in modern offices with desk sharing, and in some cases from home. Cucina PUBLICA becomes a meeting point for lunch and coffee.

New strategic asset allocation

The Board of Directors decides to increase the risk budget, invest more in real assets and listed equities, and reduce the exposure to bonds, with the aim of increasing returns.
Strategic asset allocation | publica.ch

Two new career paths

PUBLICA welcomes its first apprentice media and technology specialist. A successful applicant is found for the ICT specialist apprenticeship, which is offered for the first time in 2023.
We train apprentices | publica.ch

New occupants move into Industrieplatz in Neuhausen

The PUBLICA-owned property at Industrieplatz in Neuhausen stands close to the Rhine Falls and offers 76 apartments as well as commercial premises. It opens in September.
We also invest in real estate | publica.ch

Paris-aligned finance flows: declaration of intent signed

The Exemplary Energy and Climate initiative announces that PUBLICA has joined.
Exemplary Energy and Climate

Properties acquired in Plan-les-Ouates

The five apartment blocks are an ideal complement to the portfolio in the Geneva area.
We also invest in real estate | publica.ch

Modernising the pension offering

PUBLICA is responding to changing lifestyles by making the following changes to its pension offering from 1 January 2024:

– abolishing the distinction between primary and secondary employment among its affiliated employers,
– paying out 100% of the pension assets as a lump sum rather than an annuity in the event of death, if requested by the relatives, and
– introducing a stepless disability pension system.

2022 was an eventful year for the world as a whole, the financial markets and PUBLICA. The overall performance was negative, with 14 of 18 pension plans underfunded. Interest rates are rising, and we therefore expect significantly higher returns once again over the long term. We have adopted a new corporate strategy and a new strategic asset allocation, both of which we have already begun implementing.

Corporate strategy

During 2022, PUBLICA adopted a new strategy for the years 2023–2026, and work on some projects has already begun. Some key activities are still based on the 2019–2022 strategy and its key themes:

- **Strengthening pension fund governance:** In its federal decree of 31 March 2021, the Federal Council instructed the Federal Department of Finance to resolve a conflict of norms and examine other potential revisions in detail. A number of activities have been initiated to this end. The legislative amendment is to be submitted to the Federal Council by the end of 2023 at the latest.
- **Customer orientation, costs and structure:** The Board of Directors has issued instructions for the closed pension plans to be merged. On 18 March 2022, Parliament agreed that the federal government would make restructuring contributions available if one or more of the closed pension plans were 5% or more underfunded. This decision makes the merger legally possible. It is scheduled for implementation on 1 January 2024, and will simplify administrative processes while balancing risks.
- **Realistic bases for valuation and benefits:** PUBLICA's overriding objective is to meet its financial obligations to its active members and pension recipients over the long term. At the end of 2022, a number of pension plans were underfunded. PUBLICA therefore clarified with the parity commissions the areas of responsibility for a potential restructuring phase. Some asset classes are exposed to substantial value and price fluctuation risks. At PUBLICA, the target value of the fluctuation reserve used to consist of two components, one calculated for the investments and one for the pension liabilities. The latter was removed in 2022. The target value of the fluctuation reserve was set at 17% (value in the new strategic asset allocation) for the investments of the open pension plans, 15% for the closed pension plans, and 15% for PUBLICA Reinsurance.
- **Investment policy:** The Board of Directors has increased the risk budget and adjusted the strategic asset allocation for the open pension plans. The allocation to nominal assets is sharply reduced, while the exposure to real assets and equities is increased. Private infrastructure equities are included in PUBLICA's investment universe for the first time. A review of the strategic asset allocation for the closed pension plans is scheduled for 2023.

PUBLICA Operations: On the operational side, the focus was on keeping administrative expenses in check, expanding the portals for our stakeholders and digital pension processes, and ensuring that information is comprehensively protected. PUBLICA's premises have been completely refurbished in the last two years. Open office spaces combined with multi-space zones encourage communication and teamwork. Other parts of the building can now also be put to different uses. Administrative costs rose slightly year on year, to stand at CHF 150 per active member / pension recipient.

New strategy period: corporate strategy 2023–2026

In summer 2022, the Board of Directors defined its new strategic principles. They include a newly formulated ethos (see page 7, "who we are"), the core values "responsible, service-oriented, proactive", our assumptions for the future, and four strategic priorities for the 2023–2026 strategy period.

These are:
- aligning ourselves more closely with the needs of our active members and their employers.
- positioning the "third contributor" (asset management) more strongly.
- using digital technologies where sensible and necessary.
- simplifying our structures.

Some projects have already been launched. The increase in the risk budget and the new strategic asset allocation reflect our ambition to position the third contributor more strongly. The portal for active members and pension recipients helps to advance digital technologies at PUBLICA. The review of the pension offering and implementation of its findings focus attention more closely on active members, while the merger of the closed pension plans helps to simplify our structures. PUBLICA has also launched a project to make its IT more future-proof. One element of this is the Business Partner project, which is designed to embed specialist responsibility for IT applications more deeply in the divisions.

Pensions in transformation

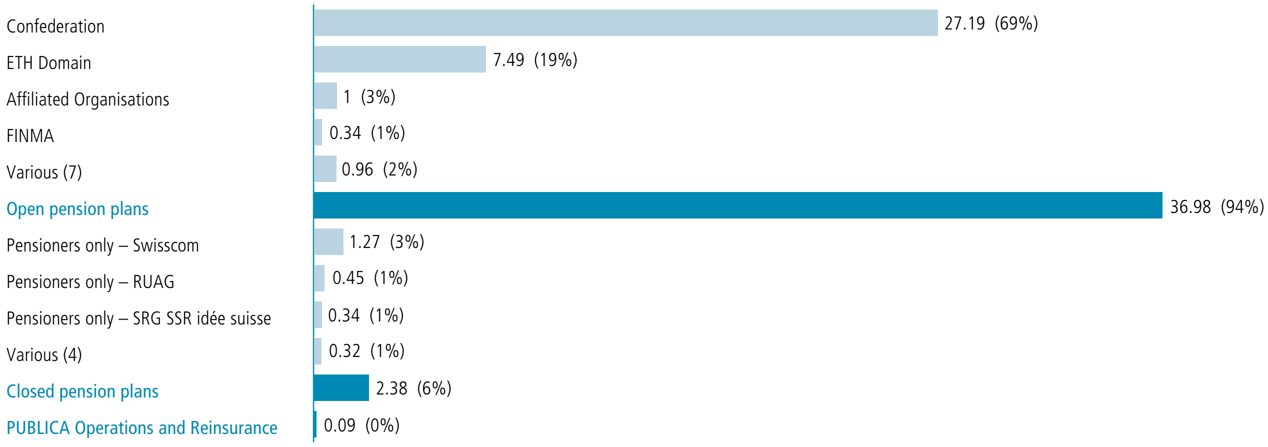
Collective institution: independent open and closed pension plans

At the end of 2022, PUBLICA operated eleven open and seven closed pension plans. Open pension plans also include active members, while closed pension plans are made up entirely of pension recipients. Each pension plan is organisationally and economically independent, which means it bears the risks of pension benefits for longevity, disability and death itself. The pension plans differ in size and membership structure.

In small pension plans, a single risk benefit can seriously impair their financial situation. For that reason, PUBLICA offers the open pension plans internal reinsurance. Depending on their size, the plans can wholly or partially reinsure themselves against the financial consequences of deaths and disability costs related to active members. These risk transfers to Reinsurance allow risks to be spread across a larger number of active members and therefore prevent the financial burdens on individual pension plans from fluctuating too sharply.

Pension plans by type and institution

As at 31.12.2022, in CHF bn and percentage of total assets



Light blue = individual pension plans, dark blue = total

Open pension plans

Open pension plans are made up of active members and pension recipients. They include the autonomous (non-reinsured) and reinsured pension plans.

The open pension plans are valued at an unchanged technical interest rate of 2.0% and have funded ratios of between 95.5% and 100.8% (prior year: 107.3% and 112.5%). The funded ratios have moved in different directions owing to a range of factors such as risk evolution, membership structure, and the differing interest and actuarial policies of the individual pension plans.

The economic funded ratios range between 94.0% and 101.3% (prior year: 93.7% and 102.3%). Liabilities are valued in a market-consistent manner when calculating the economic funded ratio.

Closed pension plans

The closed pension plans consist entirely of pension recipients, some from the federal operations (including Swisscom and RUAG) that were hived off at the turn of the millennium, and some from former affiliated organisations. Their funded ratios are between 88.8% and 108.7% (prior year: 98.3% and 117.4%). The closed pension plans are valued at a technical interest rate of 0.5%. Owing to the interest rate rises in 2022, the economic funded ratios trended upwards overall, from between 92.9% and 114.8% in the prior year to between 97.1% and 113.8%.

Open pension plans: calculation of the redistribution of income

Redistribution means that the return on investments is not divided up proportionately between active members and pension recipients.

PUBLICA is financed under the funded system. This means that a long-term, systematic redistribution of income between active members and pension recipients is not appropriate to the funding system. The income is needed in order to pay interest on the assets of active members and the pension fund capital of pension recipients, and to fund any changes in the provisions policy (in particular a change to the technical parameters). Actuarial gains and losses (e.g. when a pension recipient dies without any pension implications) are not included in this calculation.

Redistribution – open pension plans

2022, in CHF mn

	Active members	Pension recipients	Total
Interest	–168	–351	–518
Creation of provision for changes to technical parameters	–76	0	–76
Share of costs borne by active members / pension recipients (effective)	**–244**	**–351**	**–595**
Share of costs as per pension fund capital	**–314**	**–281**	**–595**
Redistribution to (+) / from (–)	**–70**	**70**	

Historical trend	**Units**	**Active members**	**Pension recipients**
2022	CHF mn	–70	70
2021	CHF mn	89	–89
2020	CHF mn	–86	86
2019	CHF mn	–608	608
2018	CHF mn	–86	86
2017	CHF mn	–6	6
2016	CHF mn	–93	93

The provision for changes to technical parameters is now only constituted for the active members, and is factored into the redistribution. In 2022, the technical interest rate was higher than the actual interest on retirement assets, resulting in a redistribution away from the active members.

Active members and pension recipients

At the end of 2022, PUBLICA was providing services to 67,515 active members and 41,918 pension recipients. The number of active members rose by 1% (653 people), while the number of pensioners declined by 0.2% (92 people). The figure for retirement pensioners also includes those who are drawing a bridging pension and have withdrawn their retirement pension entirely as a lump sum (103 people).

In all, just over 109,000 people are insured with PUBLICA. Roughly 26,000 arrivals and departures are recorded each year, for example members joining and leaving, retirements and deaths. Women account for just under 40% of the total. This figure is slightly higher among the pensioners than among the active members. Just under 2.5% of pension payments are made in the form of retired person’s child’s pensions and disabled person’s child’s pensions or to (orphaned) children.

Demographic breakdown of membership

2022 with prior-year comparison, in no. of persons

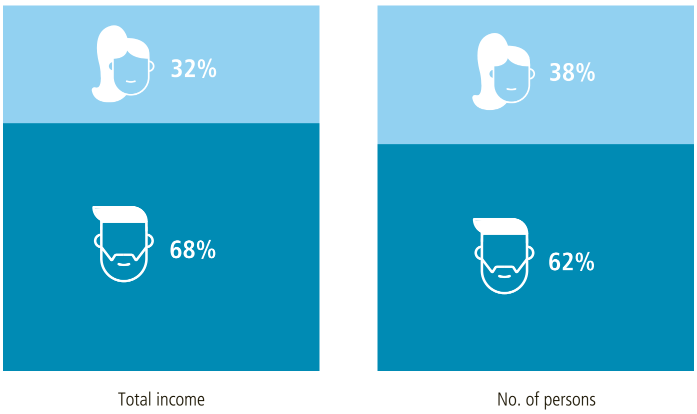
	31.12.2021			31.12.2022	Change			
	Total	Women	Men	Total	Admissions	Departures	Absolute	in %
Risk-insured	1 140	404	654	1 058	721	803	−82	−7,2%
Fully insured	65 722	24 945	41 512	66 457	9 898	9 163	735	1,1%
Total active members	66 862	25 349	42 166	67 515	10 619	9 966	653	1,0%
Retirement pensioners	29 808	7 491	22 226	29 717	1 272	1 363	−91	−0,3%
Disability pensioners	893	396	483	879	93	107	−14	−1,6%
Spouse’s pension recipients	10 261	9 809	405	10 214	736	783	−47	−0,5%
Child’s pension recipients*	972	491	526	1 017	386	341	45	4,6%
Divorce pension recipients	76	91	0	91	17	2	15	19,7%
Total pension recipients	42 010	18 278	23 640	41 918	2 504	2 596	−92	−0,2%
Total membership	**108 872**	**43 627**	**65 806**	**109 433**	**13 123**	**12 562**	**561**	**0,5%**

* of which	Retired person's child’s pensions	279	283	562
	Disabled person's child’s pensions	88	103	191
	Orphan’s pensions	124	140	264

Active members

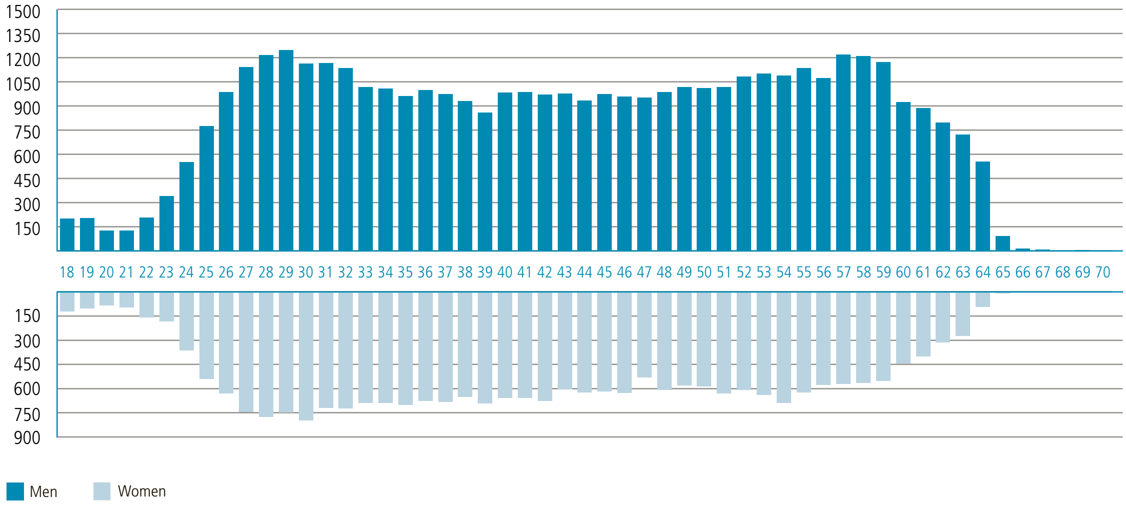
Almost 90% of active members belong to the Confederation or ETH Domain pension plans. However, the two plans have very different age structures. In the case of the Confederation pension plan, the number of active members of a given age essentially increases up to retirement age. Starting from the earliest possible retirement age (60, in the case of the Confederation pension plan), the figure tends to decline again. The situation at the ETH Domain pension plan is different. The highest numbers of active members are aged between 26 and 31. As a result, the age structure chart across all pension plans is wave-shaped. A number of conclusions and figures can be interpreted and obtained from the age structures. For example, they highlight any impending waves of retirements which could result in costs that reduce the funded ratio. Taken together with the chart of retirement assets for each age category, this reveals the pension asset transfer from active members to pension recipients. This is crucial to a pension plan's risk capacity. However, employers can also draw strategic conclusions from it, for example for succession arrangements, to react to a shortage of specialist staff or to calculate the costs for the pension fund. Moreover, a range of data are recorded and presented by gender.

Active members
31.12.2022



Age structure of active members

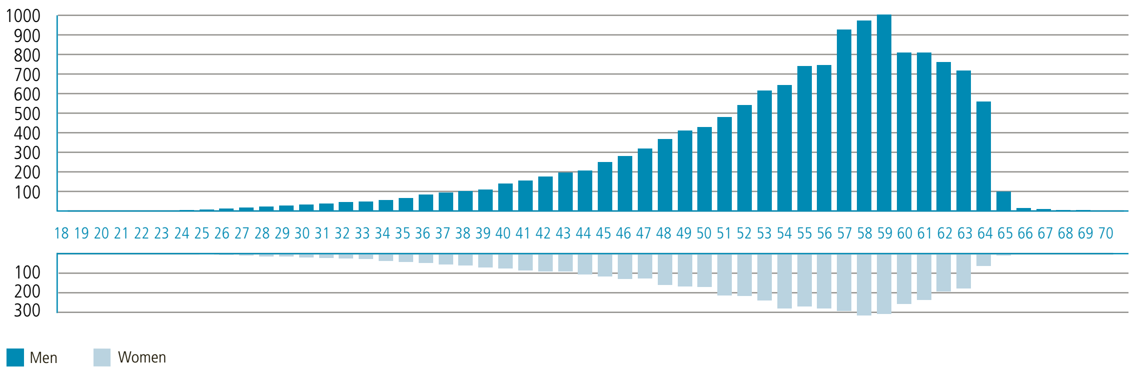
31.12.2022, in no. of persons



The highest number of insured men are aged 29, while the figure for women is 30. In all, 137 active members are working beyond the retirement age of 64/65.

Retirement assets of active members

31.12.2022, in CHF mn

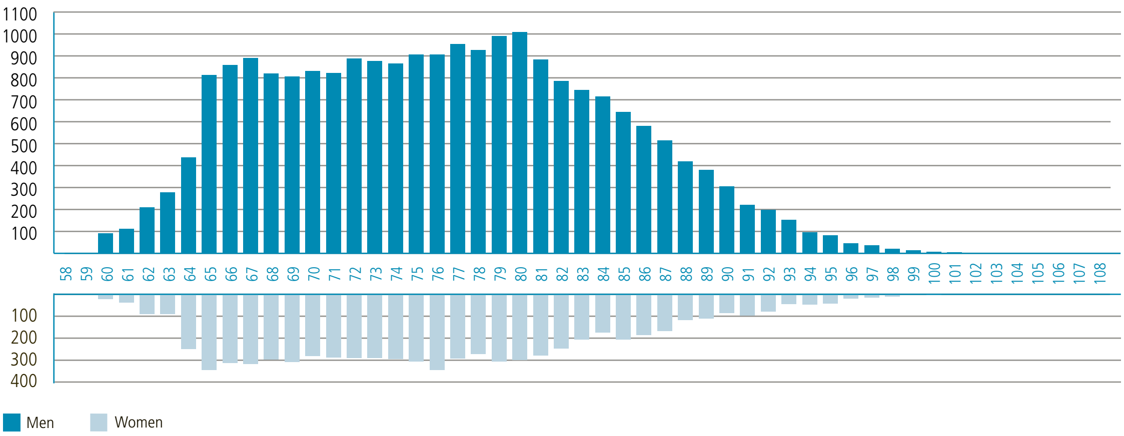


Pension recipients

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

Age structure of pension recipients

31.12.2022, in no. of persons



In total, 14 male retirement pension recipients and 9 female are over 100 years of age. The highest number of male pension recipients are aged 80, the highest number of women 76.

Statistics for pension recipients

As at 31.12.2022, in CHF

	Women	Men	Total
Amount of retirement pensions	198 484 110	1 036 874 090	1 235 358 200
Amount of disability pensions	10 306 897	15 093 509	25 400 406
Amount of spouse's pensions	294 729 560	6 451 088	301 180 648
Amount of child's pensions	4 087 883	4 391 443	8 479 325
Amount of divorce pensions	2 048 639	0	2 048 639
Total amount of pensions	**509 657 089**	**1 062 810 130**	**1 572 467 218**

	Women	Men	Total
Average pension – retirement pension recipients	26 546	46 839	41 715
Average pension – disability pension recipients	26 028	31 250	28 897
Average pension – spouse's pension recipients	30 047	15 929	29 487
Average pension – child's pension recipients	8 326	8 349	8 338
Average pension – divorce pension recipients	22 513	0	22 513
Average pension – all pension recipients	**27 905**	**45 128**	**37 605**

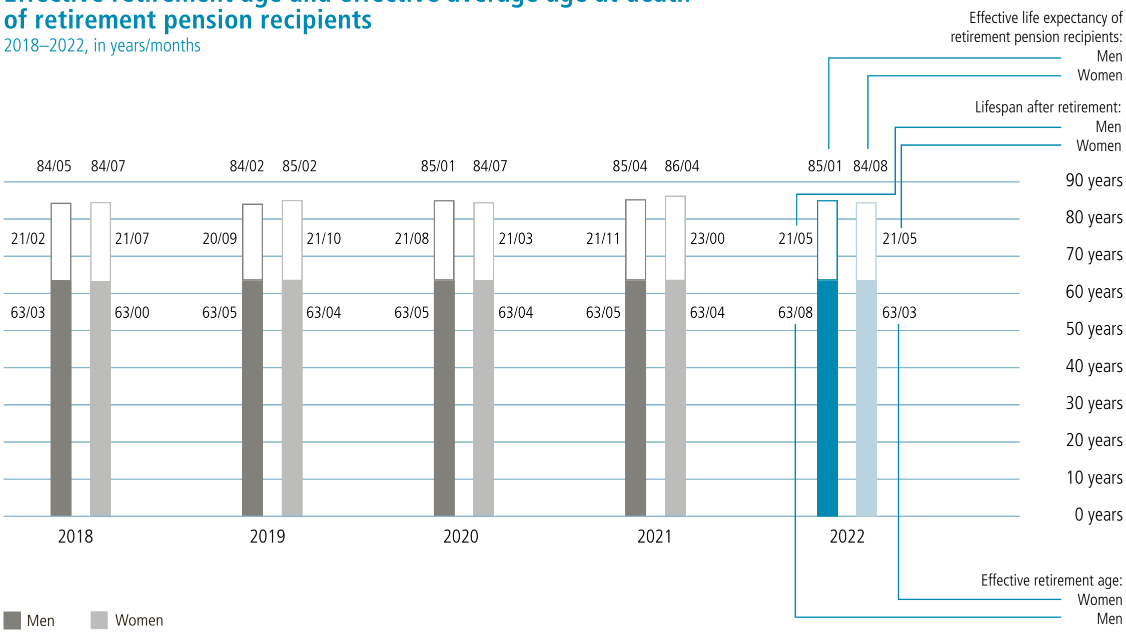
The "total amount of pensions" figure indicates the insured pensions of the membership at the reference date and not the pensions actually paid out during the year under review. The figure for pension recipients does not include retirement bridging pensions or IV/AI replacement pensions. Those who retired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

Trends in the effective age of retirement and death

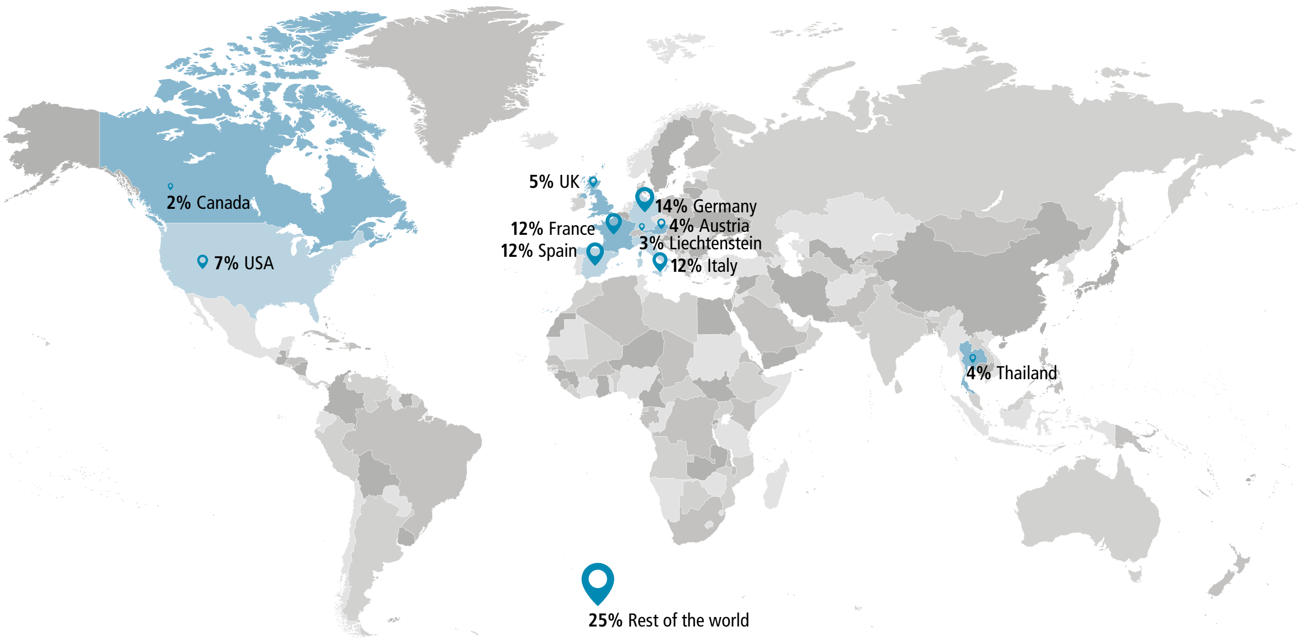
The effective retirement age is stable at a little over 63, while the effective average life expectancy has fallen slightly.

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

2018–2022, in years/months



Pension payments abroad
1.1.2022 to 31.12.2022
No. of transactions in percent, broken down by country



PUBLICA pays out pensions to recipients worldwide. Roughly 1% of the number of pensions is paid out abroad. Around 75% of the foreign payments go to ten countries.

Modernising the pension offering

PUBLICA is responding to changing lifestyles by making the following changes to its pension offering from 1 January 2024:

- abolishing the distinction between primary and secondary employment among its affiliated employers,
- paying out 100% of the pension assets as a lump sum rather than an annuity in the event of death, if requested by the relatives, and
- introducing a stepless disability pension system.

The strategic priority of simplifying our structures also prompted the decision to merge the closed pension plans with effect from 1 January 2024. This move will balance risks and simplify administrative processes.

Our customers are very satisfied, and that is thanks to our highly motivated staff.

Customer satisfaction

PUBLICA's employees are highly service-oriented. Our active members, pension recipients and employers have clearly assigned contacts, ensuring they receive consistent advice and customer support in a range of life situations over an extended period. Our qualified experts also run courses for active members on topics such as "pensions and finances", and "preparing for retirement". These courses are very popular and well attended.

Following the launch of the myPublica portal for active members in October 2021, the portal for pension recipients went live in March 2022. The two portals have advanced the digital transformation at PUBLICA. The response from active members and pension recipients has been highly positive. Users particularly appreciate the simulation options and the ability to download documents.

In line with PUBLICA's commitment to high quality, we conduct a rolling survey of active members and pension recipients each month. An employer satisfaction survey is also carried out every two years.

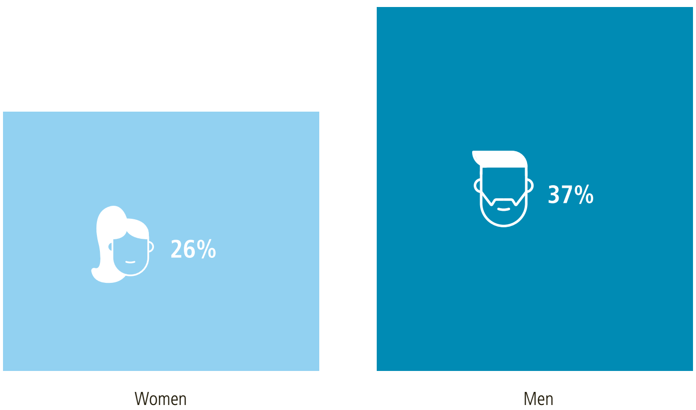
The results from the survey of our active members and pension recipients are very encouraging, with 81 out of every 100 customers very satisfied with the service they receive from PUBLICA. The three main business cases that customers rated in 2022 were buy-ins (50.1%), retirement (33.6%) and early withdrawals for home ownership (16.3%).

myPublica in figures

Take-up of the portal in its first full year of operation was very good. As of 31 December 2022, 22,400 active members and 1,615 pension recipients had registered on myPublica, giving a total of 24,015 people who had completed registration and can now actively use the portal.

More male than female active members have registered on the portal: the figures are 26% for women and 37% for men.

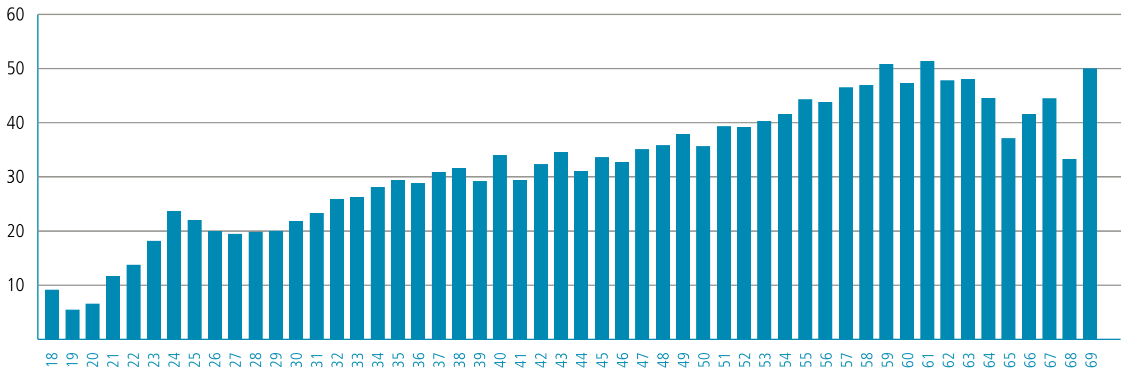
Proportion of active members registered on the portal
31.12.2022, by gender



This chart shows the proportion of registered active members by age. Approximately 20% of active members up to age 30 have registered, and the proportion rises in line with age. Currently, half of active members aged 60 are registered on myPublica.

Number of active members registered on the portal

31.12.2022, in % and by age



However, the crucial success factor for the portal is not so much registration as actual use. In total, registered active members logged in to the portal 110,289 times in 2022. That means that on average, each registered active member used the portal just under five times within the space of a year. On average, active members spend almost 5.5 minutes on the portal. The most popular simulation tool in 2022 was the retirement tool, which was used almost 70,000 times. It enables active members to calculate their pension for a given retirement age. In second place is the buy-in calculation tool, which was used to carry out around 32,000 simulations for various buy-ins in the space of a year. Third place goes to the tool used to simulate the impact of voluntary savings contributions, with some 10,000 calculations carried out.

An eventful year for investors

Economic and financial market performance

A scenario that the vast majority of national leaders and specialists had considered unlikely became reality: on 24 February 2022, Russian troops marched into Ukraine and began a war whose outcome remained uncertain at the end of the year. Western countries responded swiftly and resolutely to the attack, imposing wide-ranging sanctions on Russia: assets were seized, trading in securities was prohibited, and oil and gas imports from Russia restricted. Oil prices climbed from USD 78 per barrel at the start of January to a high of USD 133 per barrel in August, before closing the year at USD 79 per barrel, almost exactly where they had started it. Energy shortages hit European countries hardest. While high demand and persistent supply bottlenecks pushed inflation higher in the US, Europe's inflationary pressure was caused by rising energy and food prices. Western central banks' monetary policy became markedly more restrictive. This led to several rounds of interest rate rises. The economic outlook became gloomier, and consensus forecasts for GDP growth in 2023 were revised downwards. Meanwhile, market participants raised their predictions for inflation.

The bond markets reacted sharply to the surprisingly large interest rate rises and high inflation. The yield on 10-year US Treasuries rose from 1.6% to over 4% in October, and ended the year at 3.5%, while for Swiss government bonds, it increased from –0.1% to +1.5% at year-end. Yield curves flattened as the year went on. By the end of 2022, they were inverted in the US, Germany and the UK, with yields on short-dated bonds higher than those on long-dated paper. This reflected investors' expectation of a marked economic slowdown in the industrialised nations. The equity markets were hit by rising interest rates and fears of recession, and suffered major setbacks.

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

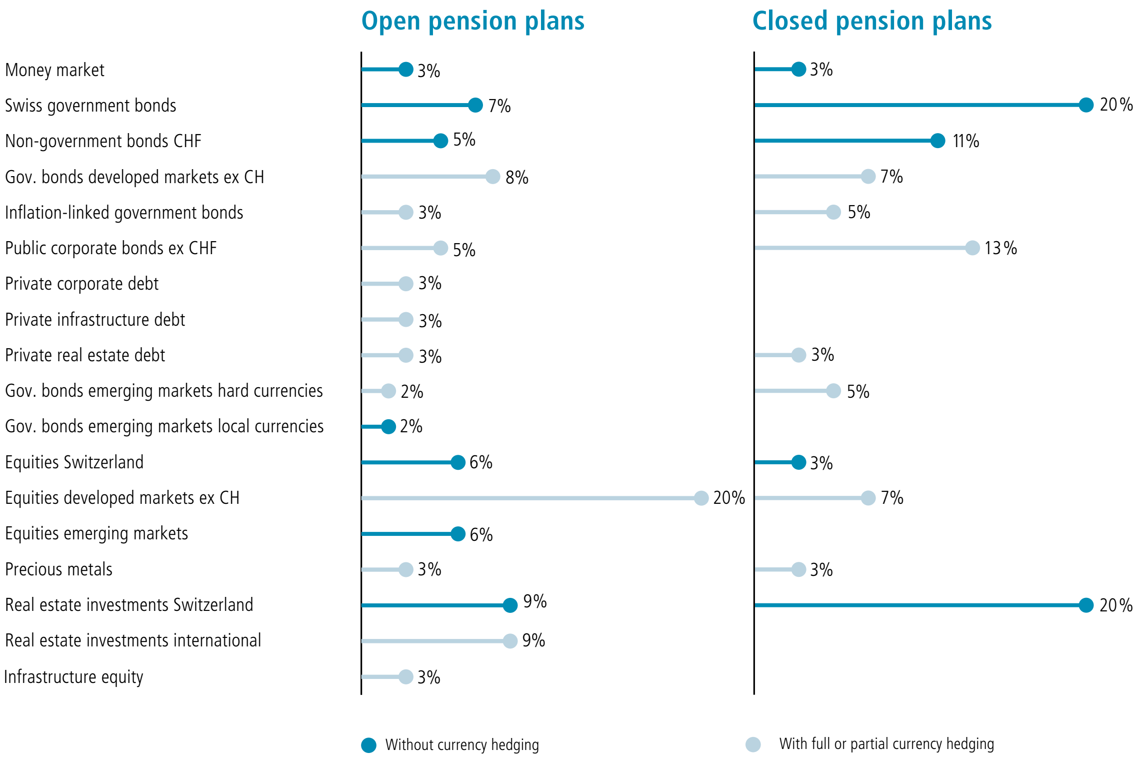
Diversified strategic asset allocations: geared to structure and trend

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

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

Long-term strategic asset allocation by asset class

As at 31.12.2022, in percent

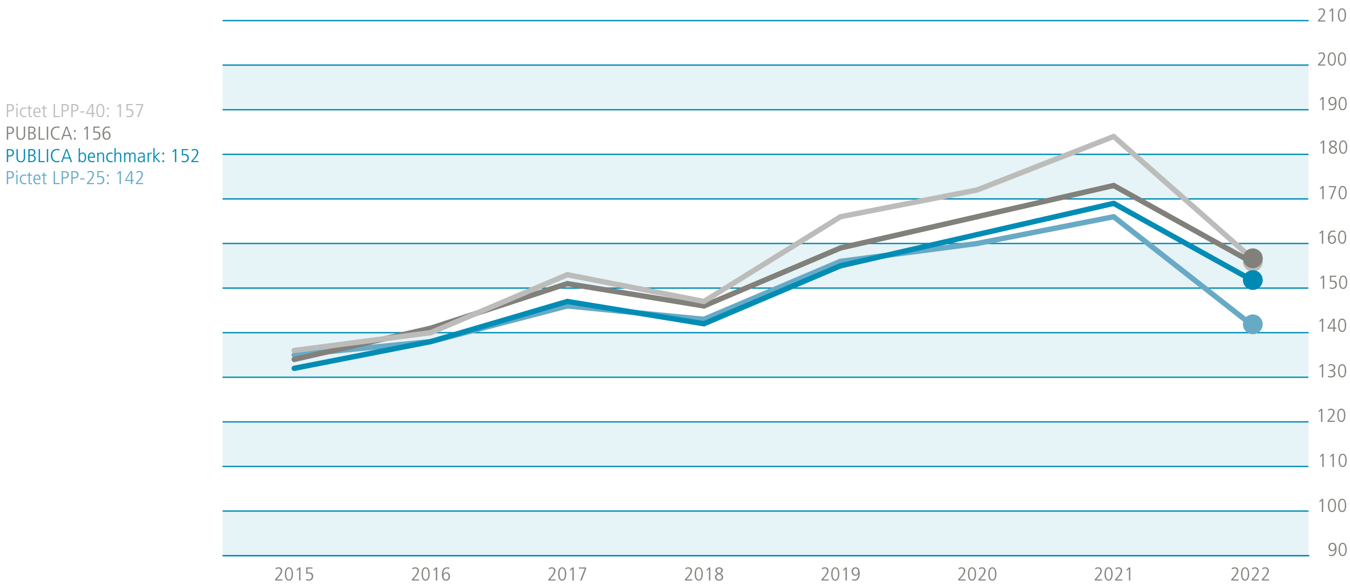


Performance

On a currency-hedged basis and in terms of consolidated total assets, PUBLICA recorded a net investment performance (after all costs and taxes) of –9.6% in 2022. Without currency hedging, the consolidated net performance across the two strategic asset allocations would have been –9.8%. PUBLICA deviated tactically from the strategic asset allocation in 2022, and made selection decisions. This meant that the consolidated net investment performance of –9.6% was 0.5 percentage points above that of the benchmark (0.8 percentage points less asset management expenses amounting to 0.3 percentage points). The benchmark performance is calculated on the basis of the strategic asset allocation. As expected, asset management expenses (see section 6.10) rose by 3.5 basis points year on year, as further additions were made to the international real estate portfolio, which is more expensive than other asset classes to implement.

Cumulative performance

2015–2022, indexed (2005 = 100) in percent



Source: Pictet LPP indices 2000

Owing to the strongly negative performance of bonds and equities, PUBLICA recorded negative returns on both strategic asset allocations in 2022. The closed pension plans, which have a 10% equity allocation, posted a performance of –8.1%, while the open pension plans, with an equity allocation of at least 25%, recorded a figure of –9.7%. A comparison with the Pictet LPP-25 and LPP-40 indices clearly shows that the equity weighting was less central to performance in 2022 than it was in 2021 (see chart above). Equity and bond prices both fell back. This meant that there was no diversification effect, and PUBLICA's 2022 performance was worse than after the financial crisis of 2008.

The three main reasons why PUBLICA's performance in 2022 deviated positively from the Pictet indices are the combination of a higher credit quality in the bond portfolio and a lower duration of the CHF and EUR bond portfolios at PUBLICA, the investments in precious metals, and the investments in unlisted real estate in Switzerland and abroad. For 2022 in general, the higher the allocation to unlisted investments, the better – or less bad – the return generated.

Bonds had the biggest negative impact on PUBLICA's consolidated assets in 2022. With a return of just under –12%, they made a negative contribution of 6.3 percentage points to the overall return of –9.6%. Long-dated bonds generally performed worse than their shorter-dated counterparts, owing to the sharp rise in interest rates, while bonds from high-quality debtors did better than those with lower credit ratings, owing to fears of recession.

Equities contributed –4.1 percentage points to the consolidated overall return of –9.6%. The six main regions all delivered negative returns in 2022. The least worst performers were Pacific ex-Japan (partially currency-hedged) with –6%, followed by Japan (partially currency-hedged) with –8%. The lowest equity return was seen in the North America portfolio (partially currency-hedged) with –19%. Some of the best-known US growth stocks were hit much harder by rising interest rates than the market as a whole.

Real estate once again generated a positive performance in 2022, with directly held Swiss real estate returning 3.9% (including a minimal revaluation) at year-end, while foreign real estate funds delivered 13.9% on a currency-hedged basis. For diversification reasons, PUBLICA invests a portion of its assets in precious metals such as gold and silver. Precious metals made a slightly positive contribution to PUBLICA's portfolio in 2022, returning 0.5%.

PUBLICA's average annual return over the investment horizon from 2000 to 2022 is 2.7%. This is 20 basis points per year above the 2.5% of PUBLICA's benchmark.

Risk management

Risk policy

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

Investment risk management process

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

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

Strategic risks

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

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

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

To control qualitative risks that could have negative financial consequences for the invested assets over the medium to long term, PUBLICA conducts a strategic risk analysis process which covers ESG (environmental, social and governance) risks and, since 2020, systemic risks. In 2022, PUBLICA analysed dependency on electricity supply. It continued to examine the issues of inadequate adjustment to climate change and the conflict between the US and China. PUBLICA is publishing its first responsible investment report covering the year 2022, which will be available on the website publica.ch. This replaces the various individual measures that PUBLICA previously used to report on this topic. The report is designed to create transparency and explain what responsible investment means, and where progress has been achieved.

Tactical risks

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

Implementation risks

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

Operational risks

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

Actuarial risk

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

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

Risk result – active members

The risk result for active members shows an overall gain of CHF 31.3 million (prior year: CHF 48.9 million).

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

2018 to 2022, in CHF mn, number or percent

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

2021	Units	Risk premiums	Claims	Total gain (+) loss (–)	Number
Disability cases (incl. increases in degree of disability)	CHF mn	79.5	–29.0	50.5	101
Deaths	CHF mn	5.1	–6.7	–1.6	48
Total	CHF mn	**84.6**	**–35.7**	**48.9**	**149**
Insured salary	CHF mn	5 494	5 494		
Statutory required risk premium	Percent	1.54%	0.65%		

Historical trend	Units	Risk premiums	Claims
2022	Percent	1.53%	0.97%
2021	Percent	1.54%	0.65%
2020	Percent	1.54%	0.99%
2019	Percent	1.54%	0.70%
2018	Percent	2.07%	1.20%

Our staff

A responsible and attractive employer

PUBLICA can only deliver high-quality services if its employees are highly qualified and motivated. In all, between 20% and 30% of PUBLICA's staff are from the baby boomer generation, meaning that they were born prior to 1964 and will retire by 2029. At the same time, the shortage of specialist staff is worsening. It is essential that PUBLICA can continue to count on a sufficient number of capable employees in future. We aim to achieve this through targeted organisational and staff development. Systematically planning our staff requirements enables us to see in good time how many new employees we need to recruit, and what capabilities they need to bring with them. As an employer, PUBLICA fosters a corporate culture in which different generations work together in partnership, do meaningful work, enjoy flexibility when it comes to deciding when and where they work, receive professional development that matches their needs, and benefit from an attractive office infrastructure. Social networks are used for recruitment purposes. Where necessary, we employ active sourcing to target candidates we believe to be suitable.

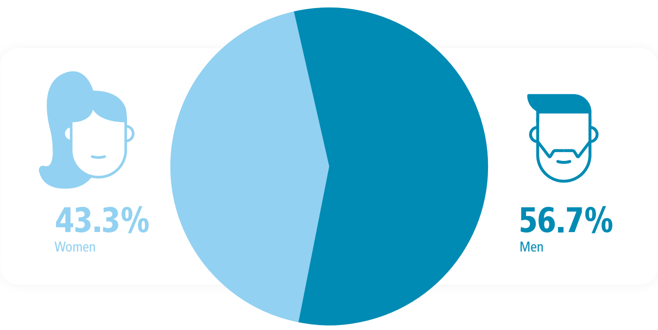
New professional apprenticeships at PUBLICA: media and technology specialist, and ICT specialist

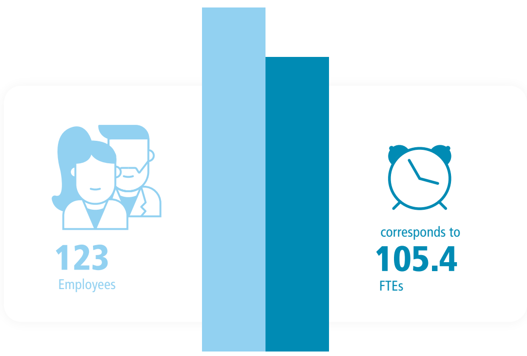
Since summer 2022, PUBLICA has been training its first apprentice media and technology specialist. An aspiring ICT specialist will begin her training in summer 2023. These two career paths complement the commercial apprenticeship that PUBLICA has already offered for a long time. However, the support that PUBLICA offers these young professionals extends beyond their basic training to include flexible follow-up solutions. Two apprentices who completed their commercial apprenticeships in 2022, for example, took their Federal Vocational Baccalaureate during their part-time employment at PUBLICA. The graduate internship offering has also been expanded.

Office refurbishment completed

PUBLICA has completed the refurbishment of its offices. There are now different types of zones, some for concentrated working, for example, and others for joint work on projects.

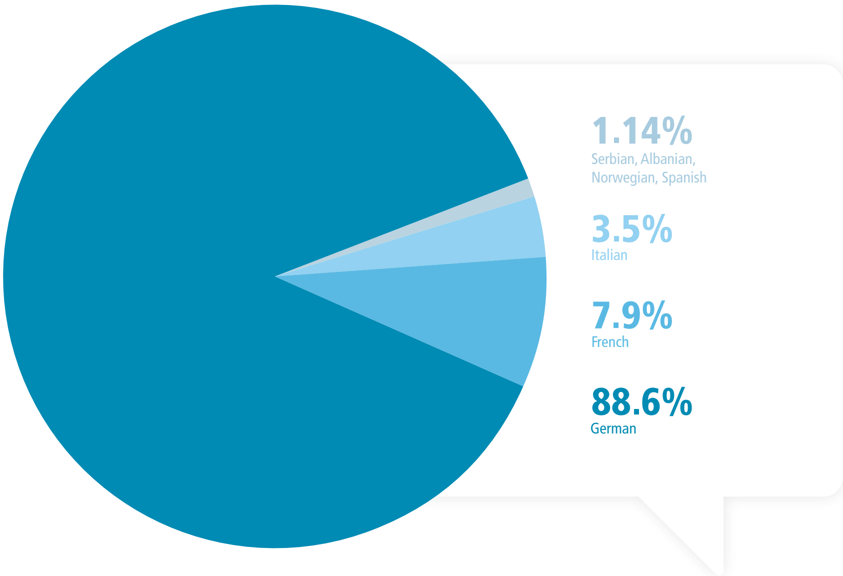
What are the proportions of men and women, full- and part-time staff at PUBLICA?





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

What languages are represented at PUBLICA?



Headcount (including apprentices and graduate interns) rose by 1 year on year, to 123, and by 1.8 to 105.4 on a full-time equivalent (FTE) basis. In total, 14.7% of men work part time (prior year: 16.4%), while the figure for women is 67.3% (prior year: 69.1%).

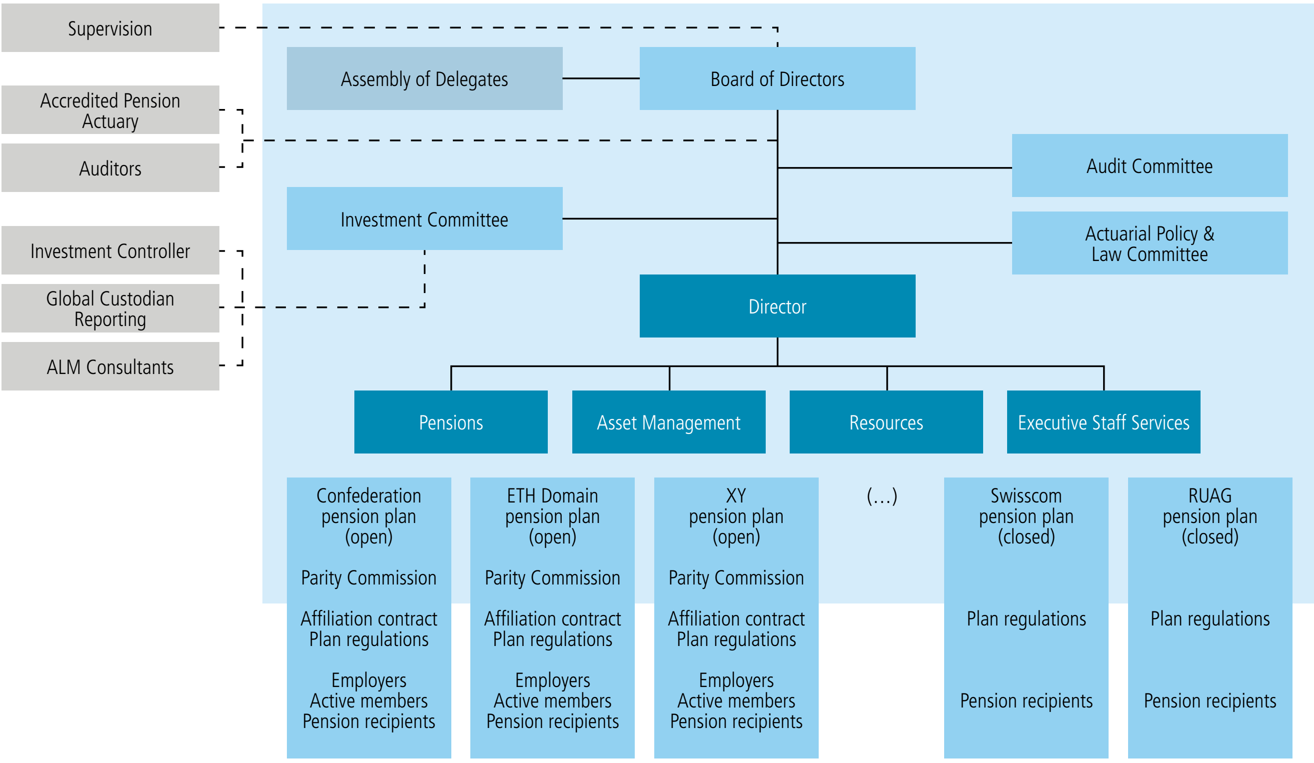
Women account for 43.3% of the workforce, 1.6 percentage points fewer than in the prior year. The percentage of women in management positions declined by 1.3 percentage points, to 22.2%. PUBLICA is making efforts to increase this figure through specific measures such as a newly established women’s network.

Four employees retired in 2022, while another four left PUBLICA for other jobs. This corresponds to a net staff turnover of 3.4% (prior year: 1.7%).

In the new Cucina PUBLICA, staff meet for coffee, lunch or ad hoc discussions.

As one of Switzerland's largest pension funds, we attach great importance to training and continuing education for our management bodies.

Organisational structure



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

Board of Directors

Elections and terms of office

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

The Chair and Vice-Chair of the Board of Directors consist of one employer representative and one employee representative. They alternate as Chair and Vice-Chair every two years. At the start of the new term of office on 1 July 2021 Jorge Serra, representing the employees, was appointed Chair and Kaspar Müller, representing the employers, was appointed Vice-Chair.

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

The Board of Directors set up a temporary committee on adjustments to the technical parameters in the year under review. This examined the analysis of current retirement pension benefit levels as well as an overview of adjustments to PUBLICA's pension offering. The committee met on eight occasions.

The Board of Directors met seven times in the year under review, the Investment Committee six times. There were seven meetings of the Audit Committee and five of the Actuarial Policy and Law Committee. The members of the Board of Directors and the committees spent 26.5 days attending various training courses on strategic topics related to occupational pensions. Since 2022, members of the Board of Directors have been offered a systematic further training programme known as Investment Competence Plus. This is based on competence profiles for the members and comprises both in-house and external courses.

Investment Competence Plus further training programme

As one of Switzerland's largest pension funds, we attach great importance to training and continuing education for our management bodies. In addition to external training opportunities, members of the Board of Directors and the parity commissions are offered a wide-ranging in-house further training programme. A number of PUBLICA's specialists gave talks on asset management, asset classes, real estate investments and actuarial practice. Some 80% of Board members attended an in-house or external training course in 2022.

The composition of the Board of Directors as at 31 December 2022 is as follows:

Albisser Eliane

Occupation: Managing director, PK-Netz

Qualifications: Masters in law and sociology

Board member since: 01.07.2021

Committee: Actuarial Policy and Law Committee since 01.07.2021

Alvarez Cipriano

Occupation: Head of Legal Section, Federal Office for Housing

Qualifications: Lawyer

Board member since: 01.07.2013

Committee: Investment Committee since 01.07.2013

External mandates: Member of the Operating Committee of the Construction and Housing Policy Fund

Aslan Mahide

Occupation: Head of the "Women in the Army and Diversity" unit

Qualifications: Masters in law, MBA, MPA

Board member since: 01.07.2021

Committee: Actuarial Policy and Law Committee since 01.07.2021

Lagger Valentin

Occupation: Head of Training, Unemployment Insurance Office

Qualifications: Masters in political science

Board member since: 01.07.2021

Committee: Audit Committee since 01.07.2021

Maurer Stalder Petra | Chair of the Audit Committee

Qualifications: Diploma in Business Administration,
MAS in Corporate Communication Management

Board member since: 01.07.2009

Committee: Audit Committee since 01.07.2021

Schmidt Nicolas

Occupation: Specialist in sustainable consumption and products, FOEN

Qualifications: Masters in social science and public administration

Board member since: 01.07.2021

Committee: Investment Committee since 01.07.2021

External mandates: Treasurer, Federal Staff Association

Serra Jorge | Chair of the Board of Directors

Occupation: Secretary General and CFO of VPOD

Qualifications: Masters degree, federally certified staff pensions expert

Board member since: 01.07.2013

External mandates: Member of the Federal Occupational Pensions Commission, General manager, VPOD pension fund, Vice-Chair of the Board of Trustees, City of Zurich Pension Fund, Vice Chair, PK-Netz, Vice-Chair of the Board of Trustees, Substitute Occupational Benefit Institution, Administrator, VPOD holiday association foundation, Administrator, VPOD interpreters' assistance fund, Administrator, VPOD death benefit fund foundation

Wey Natascha

Occupation: General Secretary, VPOD

Qualifications: Masters degree, historian

Board member since: 01.07.2021

Committee: Audit Committee since 01.07.2021

Badrutt Gian Andrea

Occupation: Deputy Director of the Directorate for Resources, FDFA

Qualifications: Attorney-at-law

Board member since: 01.07.2021

Committee: Audit Committee since 01.07.2021

Häfliger Hans

Occupation: Chair of the Executive Board, réservesuisse cooperative

Qualifications: Doctorate in science, ETH

Board member since: 01.06.2022

Committee: Actuarial Policy and Law Committee since 01.06.2022

Künzli Dieter

Occupation: Head of Finance and HR, ETH Board

Qualifications: Doctorate in science

Board member since: 01.07.2017

Committee: Audit Committee since 01.07.2021

External mandates: Chair of the Board, Zentrum Passwang, Mayor of Breitenbach, Solothurn, Member of the Board of Directors, VEBO Genossenschaft

Müller Kaspar | Vice-Chair of the Board of Directors

Occupation: Deputy General Secretary, DETEC

Qualifications: Degree in business administration

Board member since: 01.03.2016

Parnisari Bruno

Occupation: Deputy Director, FSIO

Qualifications: Doctorate in economics

Board member since: 01.07.2017

Committee: Investment Committee since 01.07.2017

External mandates: AHV/IV/EO Compensation Fund Compenswiss: representative of the FSIO on the Board of Directors

Schwendener Peter

Occupation: Deputy Director, FDF

Qualifications: Doctorate in political science

Board member since: 01.07.2021

Committee: Audit Committee since 01.07.2021

External mandates: Member of the Board of Directors, BLS Netz AG, Board member, Verein Surprise

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

Occupation: Director of the Federal Staff Office EPA

Qualifications: Doctorate in history

Board member since: 01.07.2021

Committee: Actuarial Policy and Law Committee since 01.07.2021

External mandates: Board member, Association Pro Aventico, Member of the Advisory Board, University of Bern, Executive MPA

Weber Matthias | Chair of the Investment Committee

Occupation: Owner, alpha-optimum GmbH, Hedingen

Qualifications: Masters in economics, University of St. Gallen, EMBA International Wealth Management

Board member since: 01.07.2018

Committee: Investment Committee since 01.07.2018

Investment Committee

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

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

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

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

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

Actuarial Policy and Law Committee

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

Audit Committee

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

Information and control instruments

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

Quality management

PUBLICA has a well-developed quality management system designed to ensure delivery of high-quality operational services to PUBLICA's stakeholders over the long term. Internal processes are also continually reviewed and optimised. The system was successfully recertified in 2022 by PUBLICA's independent quality assessor in accordance with the ISO 9001:2015 standard.

Internal control system

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

Compliance

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

Finance and management information system

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

Assembly of Delegates

The Assembly of Delegates (AD) is made up of 80 employees from the employers affiliated to PUBLICA. The AD elects eight individuals to represent the employees on the Board of Directors during each four-year term of office. It met twice in 2022, once in May and once in November. The delegates have the right to submit proposals to the Board of Directors, and did so once in 2022. The Assembly of Delegates is newly elected every four years, most recently in November 2020 using e-voting. The names of all the delegates and the constituency they represent are published on publica.ch.

As at 31 December 2022, the Chair and Vice-Chair of the PUBLICA Assembly of Delegates are as follows:

Wüthrich Marcel

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

Morard-Niklaus Jacqueline

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

Director, Deputy and Executive Board

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

As at 31 December 2022, the Executive Board comprises the following members:

Bianchi Doris

Function	Director
Qualifications	LL.D.

Beiner Stefan

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

Imhof Tristan

Function	Head of Pensions
Qualifications	Masters in law, lawyer

Zaugg Markus

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

As at 31 December 2022 the Extended Executive Board comprises the following additional members:

Kobel Roger

Function	Head of IT
Qualifications	FTS technician

Rychen Beatrice

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

Compensation

Compensation policy

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

Compensation-setting process

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

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

Level of compensation paid to the Board of Directors

The total compensation plus flat-rate travel expenses paid by PUBLICA either directly or indirectly to the members of the Board of Directors and its committees was CHF 312,947 (prior year: CHF 286,000).

Compensation of members of the Board of Directors and committees

2022 with prior-year comparison, in CHF, excluding departures

		31.12.2021	31.12.2022
Albisser Eliane		5 500	15 500
Alvarez Cipriano		18 000	19 500
Aslan Mahide		5 500	10 000
Badrutt Gian Andrea		6 000	13 000
Eggenberger Urs		8 500	7 000
Häfliger Hans*		0	6 833
Künzli Dieter		11 000	12 500
Lagger Valentin		7 000	18 500
Loepfe Andreas		7 500	9 000
Maurer Stalder Petra	Chair of the Audit Committee	14 000	17 000
Müller Kaspar	Vice-Chair of the Board of Directors	18 000	24 000
Parnisari Bruno		11 000	11 500
Schmidt Nicolas		8 500	13 500
Schwendener Peter		6 000	16 500
Serra Jorge	Chair of the Board of Directors	23 500	36 000
von Kaenel Rahel	Chair of the Actuarial Policy and Law Committee	6 500	18 000
Weber Matthias	Chair of the Investment Committee	50 000	50 000
Wey Natascha		4 500	13 000

* Joined during the year under review

Level of compensation paid to the Executive Board

The average compensation (gross salary including all allowances and employer's pension contributions) paid to members of the Executive Board (including the Director and Deputy) was CHF 301,780 (prior year: CHF 303,010). The total compensation paid to the Executive Board was CHF 1,207,121 (prior year: CHF 1,135,986). The Director's compensation was CHF 320,108 (prior year: CHF 320,108). This includes employer's pension contributions of CHF 45,108 (prior year: CHF 45,108).

PUBLICA does not pay bonuses.

Statutory Auditors

The Statutory Auditors KPMG AG are licensed as a state-supervised audit firm by the Swiss Federal Audit Oversight Authority FAOA. Erich Meier is the lead auditor. The total audit fee for 2022 was CHF 231,017 (prior year: CHF 240,710). KPMG received additional fees totalling CHF 110,515 (prior year: CHF 58,930) for tax consultancy services in 2022. The Statutory Auditors reported to the Audit Committee on the planning and results of their audits at two meetings. In the interests of good corporate governance, PUBLICA invites tenders for the audit mandate at least every seven years.

Pension Actuary

The Pension Actuary since 1 January 2016 is Allvisa AG, with Christoph Plüss as lead actuary. Allvisa AG is licensed as a pension actuary by the Federal Occupational Pension Supervisory Commission (OPSC). The total fee paid to Allvisa AG in 2022 was CHF 353,294 (prior year: CHF 218,100). The Pension Actuary attended a number of meetings of the Board of Directors and its committees. In the interests of good corporate governance, PUBLICA puts the Pension Actuary mandate out to tender after a maximum of nine years.

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

Balance sheet and income statement

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

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

Consolidated balance sheet

2022 with prior-year comparison, in CHF

Assets	Note	31.12.2021	31.12.2022
Cash & cash equivalents		61 491 696	62 866 111
Receivables		131 145 126	134 125 775
Money market		1 163 311 272	1 524 724 910
Swiss government bonds		2 686 914 122	2 594 503 924
Non-government bonds CHF		4 347 509 494	3 372 795 872
Government bonds developed markets ex Switzerland		3 398 566 520	2 843 015 614
Inflation-linked government bonds		2 743 367 401	1 909 404 464
Public corporate bonds ex CHF		3 813 115 528	3 285 096 989
Private corporate debt		1 430 583 158	1 140 995 112
Private infrastructure debt		1 368 156 748	1 111 283 161
Private real estate debt		1 196 654 988	1 106 751 445
Government bonds emerging markets hard currencies		1 362 998 632	1 083 458 550
Government bonds emerging markets local currencies		2 017 899 179	1 288 810 818
Equities Switzerland		1 363 731 020	1 721 443 350
Equities developed markets ex Switzerland		6 768 153 111	6 176 134 568
Equities emerging markets		3 155 192 151	2 693 366 439
Precious metals		983 795 061	984 913 932
Real estate investments Switzerland		3 297 260 680	3 436 579 117
Real estate investments international		2 708 796 264	2 962 524 759
Investments	**6.4**	**43 998 642 152**	**39 432 794 911**
Operating assets	**7.1**	**16 736 980**	**16 258 631**
Prepaid expenses and accrued income		**917 992**	**120 518**
Total assets		**44 016 297 125**	**39 449 174 061**

Consolidated balance sheet

2022 with prior-year comparison, in CHF

Liabilities	Note	31.12.2021	31.12.2022
Vested benefits and pensions		93 595 003	109 271 704
Other liabilities		8 376 003	9 626 448
Operating liabilities	7.1	2 559 742	1 912 695
Liabilities		**104 530 748**	**120 810 847**
Accrued expenses and deferred income		**4 883 042**	**4 590 601**
Employers' contribution reserve	**6.11**	**42 280 415**	**45 153 199**
Non-technical provisions	**7.3**	**194 435 109**	**192 290 390**
Pension fund capital – active members	5.2	18 880 431 975	19 242 808 071
Pension fund capital – pension recipients	5.4	20 275 703 028	20 089 886 366
Technical provisions	5.5	1 279 363 778	1 302 948 912
Pension fund capital and technical provisions		**40 435 498 780**	**40 635 643 349**
Fluctuation reserve	**6.3**	**3 138 054 007**	**25 461 642**
Uncommitted funds / underfunding of pension plans	1.6	–1 710 779	–1 594 170 100
Uncommitted funds / underfunding Reinsurance	5.1	13 331 563	5 048 198
Working capital – PUBLICA Operations and Reinsurance	5.1/7.1	84 994 238	14 345 936
Uncommitted funds / underfunding / working capital		**96 615 023**	**–1 574 775 966**
Total liabilities		**44 016 297 125**	**39 449 174 061**

Change in uncommitted funds / underfunding / working capital

2022 with initial status

	Uncommitted funds (+) / underfunding (–)		Working capital – PUBLICA Operations and Reinsurance
	Pension plans	Reinsurance	
Opening balance sheet	**–1 710 779**	**13 331 563**	**84 994 238**
Expenditure (–) / income (+) surplus	–1 592 459 322	–8 283 365	–70 648 302
Closing balance sheet	**–1 594 170 100**	**5 048 198**	**14 345 936**

Consolidated income statement

2022 with prior-year comparison, in CHF

	Note	2021	2022
Savings contributions – employees	5.2	541 142 665	553 594 530
Risk premiums – employees		8 600 457	8 566 611
Cost premiums – employees		208 850	204 550
Employee contributions		549 951 973	562 365 691
Savings contributions – employers	5.2	869 512 219	888 043 030
Risk premiums – employers		75 966 755	77 323 936
Cost premiums – employers		11 966 854	11 260 920
Employer contributions		957 445 828	976 627 886
Removal from employers' contribution reserve to finance contributions		–783 992	–1 939 945
Contributions from third parties	5.1	4 010 095	71 830 039
Lump-sum payments and buy-ins – active members	5.2	125 712 149	121 837 269
Buy-outs of pension reductions and pension buy-ins	5.4	28 889 989	20 922 712
Lump-sum payments and buy-ins		154 602 138	142 759 982
Payments to employers' contribution reserve		5 740 000	5 123 174
Contributions to the OPA Guarantee Fund		62 003	32 184
Ordinary and other contributions and payments		**1 671 028 045**	**1 756 799 011**
Vested benefits received		396 491 379	457 974 108
Home ownership and divorce payments received		28 939 749	28 391 385
Payments on takeover of member portfolios	1.6 / 9.3	9 423 617	141 866 073
Entrance benefits	**5.2**	**434 854 746**	**628 231 566**
Inflow from contributions and entrance benefits		**2 105 882 791**	**2 385 030 577**
Retirement pensions		–1 244 028 294	–1 238 708 292
Survivors' pensions		–303 430 510	–303 054 329
Disability pensions		–26 695 047	–27 073 420
Other statutory benefits		–40 865 144	–33 760 736
Lump-sum benefits upon retirement		–280 917 057	–339 076 941
Lump-sum benefits in case of death/disability		–8 304 841	–12 397 720
Benefits from divorce		–2 406 722	–3 528 581
Statutory benefits	**5.4**	**–1 906 647 615**	**–1 957 600 019**
Vested benefits paid on departure		–443 958 981	–537 260 665
Early withdrawals for home ownership / divorce		–73 198 012	–78 694 816
Transfer of additional funds on collective departure	1.6 / 9.3	–9 636 090	–126 875 607
Vested termination benefits	**5.2**	**–526 793 083**	**–742 831 088**
Outflow for benefits and early withdrawals		**–2 433 440 697**	**–2 700 431 107**
Formation (–) / release (+) of pension fund capital – active members	5.2	–338 043 234	–194 669 876
Formation (–) / release (+) of pension fund capital – pension recipients	5.4	–80 168 121	185 816 662
Formation (–) / release (+) of technical provisions	5.5	–173 007 554	–23 585 133
Interest on savings capital	5.2	–277 803 627	–167 706 221
Formation (–) / release (+) of employers' contribution reserve	6.11	–6 069 518	–2 872 783
Formation (–) / release (+) of pension fund capital, technical provisions and contribution reserves		**–875 092 054**	**–203 017 352**
Shares in surpluses for pension plans from internal Reinsurance	5.1	2 549 497	5 253 320
Shares in surpluses for pension plans from PUBLICA internal Operations		917 992	646 687
Pension plans		**3 467 489**	**5 900 007**
Risk premium received – internal Reinsurance, gross	5.1	4 561 533	4 270 593
Cost premium received – PUBLICA internal Operations, gross		12 175 704	11 465 470
PUBLICA Operations and PUBLICA Reinsurance		**16 737 237**	**15 736 064**
Income from insurance benefits		**20 204 726**	**21 636 071**
Risk premiums paid by pension plans for internal Reinsurance	5.1	–4 561 533	–4 270 593
Cost premiums paid by pension plans for PUBLICA Operations		–12 175 704	–11 465 470
Corrective invoicing to pension plans from PUBLICA Operations		–4 584 085	–5 424 126
Contributions to Guarantee Fund		–5 007 167	–4 869 367
Pension plans		**–26 328 489**	**–26 029 556**
Repayment of shares in surplus from PUBLICA Reinsurance	5.1	–2 549 497	**–5 253 320**
Result from shares of surplus and corrective invoicing from PUBLICA Operations		3 666 093	**4 777 438**
PUBLICA Operations and PUBLICA Reinsurance		**1 116 596**	**–475 882**
Insurance expenses		**–25 211 893**	**–26 505 438**
Net insurance income		**–1 207 657 128**	**–523 287 249**

Consolidated income statement

2022 with prior-year comparison, in CHF

	Note	2021	2022
Net income from cash & cash equivalents	6.8	–201 720	–474 258
Net income from receivables	6.8	0	47 442
Net income from liabilities	6.8	–797 585	–984 142
Net income from money market	6.8	–6 981 997	–3 871 659
Net income from Swiss government bonds	6.8	–54 342 284	–212 947 284
Net income from non-government bonds CHF	6.8	–62 756 036	–438 750 806
Net income from government bonds developed markets ex Switzerland	6.8	–136 117 542	–448 563 898
Net income from inflation-linked government bonds	6.8	134 469 832	–326 218 861
Net income from public corporate bonds ex CHF	6.8	–69 285 737	–491 284 359
Net income from private corporate debt	6.8	–32 810 396	–239 103 371
Net income from private infrastructure debt	6.8	–9 200 838	–229 834 668
Net income from private real estate debt	6.8	18 196 462	–133 048 592
Net income from government bonds emerging markets hard currencies	6.8	–39 645 397	–278 082 604
Net income from government bonds emerging markets local currencies	6.8	9 368 574	–98 754 141
Net income from equities Switzerland	6.8	287 912 095	–226 191 365
Net income from equities developed markets ex Switzerland	6.8	1 279 084 033	–943 750 868
Net income from equities emerging markets	6.8	243 375 422	–544 194 392
Net income from precious metals	6.8	–18 758 050	10 631 513
Net income from real estate investments Switzerland	6.8	165 620 645	134 204 478
Net income from real estate investments international	6.8	244 772 233	413 041 313
Asset management expenses	6.10	–104 857 921	–117 891 336
Net investment income	**6.8**	**1 847 043 791**	**–4 176 021 860**
Formation (–) / release (+) of non-technical provisions	**7.3**	**935 162**	**2 144 719**
Other income		**341 103**	**1 902 009**
Other expenses		**–412 946**	**–72 424 047**
General administration	7.2	–15 350 441	–15 598 873
Marketing and advertising	7.2	0	0
Brokerage	7.2	0	0
Statutory Auditors	7.2	–240 710	–231 017
Pension Actuary	7.2	–223 701	–363 294
Supervisory authorities	7.2	–104 253	–103 742
Administrative expenses	**7.2**	**–15 919 104**	**–16 296 925**
Expenditure (–) / income (+) surplus before formation / release of fluctuation reserve		**624 330 878**	**–4 783 983 354**
Formation (–) / release (+) of fluctuation reserve	**6.3**	**–624 491 140**	**3 112 592 365**
Expenditure (–) / income (+) surplus		**–160 262**	**–1 671 390 989**
Expenditure (–) / income (+) surplus – pension plans		1 345 207	–1 592 459 322
Expenditure (–) / income (+) surplus – Reinsurance	5.1	–1 691 216	–8 283 365
Expenditure (–) / income (+) surplus working capital – PUBLICA Operations and Reinsurance	5.1/7.2	185 747	–70 648 302
Expenditure (–) / income (+) surplus		**–160 262**	**–1 671 390 989**

Notes

1 Fundamentals and organisation

1.1 Legal form and purpose

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

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

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

1.2 OPA registration and Guarantee Fund

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

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

1.3 Legal basis

- PUBLICA Act of 20 December 2006 (status as at 1 January 2023)
- Contracts of affiliation of the employers affiliated to PUBLICA, consisting of the following components:
  - Pension Plan Regulations or Framework Pension Plan Regulations with the Pension Plan Type
  - Service Level Agreement on Services
  - Partial Liquidation Regulations
- Framework Pension Plan Regulations of the Federal Pension Fund PUBLICA of 26 March 2015 (status as at 1 January 2021)
- Corporate and Organisational Regulations of the Federal Pension Fund PUBLICA of 25 August 2015 (status as at 20 June 2019 and 26 August 2021)
- Investment Guidelines of the Federal Pension Fund PUBLICA (PUBLICA Investment Guidelines) of 15 April 2010 (status as at 25 October 2022)
- Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance of 22 November 2016 (status as at 31 December 2022)
- Compliance Regulations of 23 August 2012 (status as at 10 April 2014)
- Regulations governing the Risk Policy and Internal Control System of 11 April 2013 (status as at 28 March 2019)
- PUBLICA policy document on hardship cases of 25 November 2010 (status as at 23 June 2016)
- Regulations governing the Handling of Personal Data at the Federal Pension Fund PUBLICA of 22 November 2016
- Cost Regulations for the Active Members and Pension Recipients of the Federal Pension Fund PUBLICA of 21 February 2008 (status as at 1 January 2022)
- Regulations governing the Remuneration of Members of the Board of Directors of the Federal Pension Fund PUBLICA of 26 November 2009 (status as at 3 May 2022)
- Regulations governing the Audit Committee of PUBLICA of 13 October 2011 (status as at 26 August 2021)
- Regulations governing the Actuarial Policy and Law Committee of PUBLICA of 22 November 2012 (status as at 26 August 2021)
- Regulations governing the Election of the Assembly of Delegates of the Federal Pension Fund PUBLICA of 17 November 2015 (status as at 28 November 2017)
- Business Regulations of the PUBLICA Assembly of Delegates of 12 March 2009
- Regulations of the PUBLICA Assembly of Delegates regarding the Election of Employee Representatives to the PUBLICA Board of Directors of 24 January 2017
- Regulations of the Delegates of Constituency I of the PUBLICA Assembly of Delegates regarding the Election of Employee Representatives to the Parity Commission of the Confederation Pension Plan of 24 August 2016
- Business Regulations of the Parity Commission of the PUBLICA Pension Plan of 22 October 2009 (status as at 21 November 2013)
- Regulations of the Board of Directors of PUBLICA governing the Staff of the Federal Pension Fund PUBLICA of 6 November 2009 (status as at 1 October 2016)


LE TEMPS
Tesla, la voiture qui vous espionne sans vergogne
Der Bund
Italiens Premier Draghi bietet seinen Rücktritt an

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

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

1.5 Pension Actuary, Statutory Auditors, supervisory authority, consultants

Pension Actuary	Contracting partner: Allvisa AG Thurgauerstrasse 54 8050 Zurich Lead actuary: Christoph Plüss	allvisa.ch
Statutory Auditors	KPMG AG Bahnhofplatz 10a 3011 Bern	kpmg.com
Supervisory authority	Bernische BVG- und Stiftungsaufsicht (BBSA) Belpstrasse 48 3007 Bern	aufsichtbern.ch
Property Valuer	Jones Lang LaSalle Ltd Prime Tower, Hardstrasse 201 8005 Zurich	joneslanglasalle.ch
Investment Controller	PPCmetrics AG Badenerstrasse 6, P.O. Box 8021 Zurich	ppcmetrics.ch
ALM Consultant	ORTEC Finance (Switzerland) AG Poststrasse 4 8808 Pfäffikon	ortecfinance.com
	c-alm AG Vadianstrasse 25a 9000 St. Gallen	c-alm.ch

1.6 Affiliated employers
As at 31 December 2022, the PUBLICA collective institution included 18 mutually independent pension plans (prior year: 19), of which seven were closed, pensioner-only plans. The pension plans have their own accounts and are managed by their own parity commissions.

New affiliations
There were no new affiliations in the year under review.

Departures
Obviam Investing for Impact left the Affiliated Organisations pension plan.

Liquidations

The Swiss Federal University for Vocational Education and Training SFUVET pension plan was liquidated with effect from 1 January 2022 and integrated into the Confederation pension plan. See section 9.3. for further details.

1.6.1 Open pension plans

Open pension plans

2022 with prior-year comparison, in CHF, number or percent

Pension plans with one employer		Units	31.12.2021	31.12.2022
ETH Domain	Active members	Number	21 161	21 350
	Pension recipients	Number	5 945	6 037
	Total active members and pension recipients	Number	**27 106**	**27 387**
	Available assets	CHF	8 193 090 030	7 423 759 187
	Pension fund capital & technical provisions	CHF	7 496 584 743	7 639 181 334
	Funded ratio as per OPP 2	Percent	**109.3%**	**97.2%**
	Economic funded ratio	Percent	96.5%	96.5%
IPI	Active members	Number	316	312
	Pension recipients	Number	76	82
	Total active members and pension recipients	Number	**392**	**394**
	Available assets	CHF	166 401 134	155 930 767
	Pension fund capital & technical provisions	CHF	150 513 512	154 645 891
	Funded ratio as per OPP 2	Percent	**110.6%**	**100.8%**
	Economic funded ratio	Percent	101.1%	101.3%
Swissmedic	Active members	Number	488	540
	Pension recipients	Number	170	176
	Total active members and pension recipients	Number	**658**	**716**
	Available assets	CHF	324 646 496	302 769 441
	Pension fund capital & technical provisions	CHF	290 064 123	305 921 207
	Funded ratio as per OPP 2	Percent	**111.9%**	**99.0%**
	Economic funded ratio	Percent	99.0%	98.2%
Swiss Federal University for Vocational Education and Training SFUVET Integrated into the Confederation pension plan as of 01.01.2022	Active members	Number	287	n/a
	Pension recipients	Number	66	n/a
	Total active members and pension recipients	Number	**353**	**n/a**
	Available assets	CHF	126 093 165	n/a
	Pension fund capital & technical provisions	CHF	116 696 212	n/a
	Funded ratio as per OPP 2	Percent	**108.1%**	**n/a**
	Economic funded ratio	Percent	96.7%	n/a
Federal Audit Oversight Authority	Active members	Number	28	30
	Pension recipients	Number	5	7
	Total active members and pension recipients	Number	**33**	**37**
	Available assets	CHF	17 643 318	16 319 921
	Pension fund capital & technical provisions	CHF	15 895 714	16 592 120
	Funded ratio as per OPP 2	Percent	**111.0%**	**98.4%**
	Economic funded ratio	Percent	102.3%	98.0%
FINMA	Active members	Number	584	602
	Pension recipients	Number	88	91
	Total active members and pension recipients	Number	**672**	**693**
	Available assets	CHF	330 595 499	319 020 350
	Pension fund capital & technical provisions	CHF	296 934 567	324 586 548
	Funded ratio as per OPP 2	Percent	**111.3%**	**98.3%**
	Economic funded ratio	Percent	102.1%	98.3%
Federal Nuclear Safety Inspectorate	Active members	Number	160	165
	Pension recipients	Number	66	71
	Total active members and pension recipients	Number	**226**	**236**
	Available assets	CHF	156 230 567	142 708 600
	Pension fund capital & technical provisions	CHF	142 607 487	145 370 871
	Funded ratio as per OPP 2	Percent	**109.6%**	**98.2%**
	Economic funded ratio	Percent	95.0%	96.3%

Open pension plans

2022 with prior-year comparison, in CHF, number or percent

Pension plans with one employer		Units	31.12.2021	31.12.2022
PUBLICA	Active members	Number	118	118
	Pension recipients	Number	65	67
	Total active members and pension recipients	Number	**183**	**185**
	Available assets	CHF	90 628 372	81 717 368
	Pension fund capital & technical provisions	CHF	81 946 104	82 297 560
	Funded ratio as per OPP 2	Percent	**110.6%**	**99.3%**
	Economic funded ratio	Percent	98.9%	99.0%
Swiss National Museum SNM	Active members	Number	300	312
	Pension recipients	Number	84	86
	Total active members and pension recipients	Number	**384**	**398**
	Available assets	CHF	88 628 394	81 364 476
	Pension fund capital & technical provisions	CHF	80 062 467	81 710 475
	Funded ratio as per OPP 2	Percent	**110.7%**	**99.6%**
	Economic funded ratio	Percent	97.2%	98.0%
METAS	Active members	Number	239	249
	Pension recipients	Number	104	105
	Total active members and pension recipients	Number	**343**	**354**
	Available assets	CHF	167 919 439	153 459 869
	Pension fund capital & technical provisions	CHF	154 917 042	159 614 926
	Funded ratio as per OPP 2	Percent	**108.4%**	**96.1%**
	Economic funded ratio	Percent	96.3%	95.8%
Joint pension plans				
Confederation	Active members	Number	40 732	41 271
	Pension recipients	Number	26 468	26 749
	Total active members and pension recipients	Number	**67 200**	**68 020**
	Available assets	CHF	29 959 248 674	27 000 078 081
	Pension fund capital & technical provisions	CHF	27 931 641 544	28 268 582 706
	Funded ratio as per OPP 2	Percent	**107.3%**	**95.5%**
	Economic funded ratio	Percent	93.7%	94.0%
Affiliated Organisations	Active members	Number	2 449	2 566
	Pension recipients	Number	990	1 018
	Total active members and pension recipients	Number	**3 439**	**3 584**
	Available assets	CHF	1 072 071 391	983 330 334
	Pension fund capital & technical provisions	CHF	953 216 803	978 503 806
	Funded ratio as per OPP 2	Percent	**112.5%**	**100.5%**
	Economic funded ratio	Percent	97.1%	98.7%
Total open pension plans	Active members	Number	66 862	67 515
	Pension recipients	Number	34 127	34 489
	Total active members and pension recipients	Number	**100 989**	**102 004**
	Available assets	CHF	40 693 196 477	36 660 458 395
	Pension fund capital & technical provisions	CHF	37 711 080 319	38 157 007 445
	Funded ratio as per OPP 2	Percent	**107.9%**	**96.1%**
	Economic funded ratio	Percent	94.5%	94.8%

1.6.2 Closed pension plans

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

Closed pension plans

2022 with prior-year comparison, in CHF, number or percent

Pension plans with one employer		Units	31.12.2021	31.12.2022
Pensioners only – voluntarily insured Pension entitlement from 01.06.2003	**Pension recipients**	Number	**286**	**283**
	Available assets	CHF	99 373 963	84 917 644
	Pension fund capital & technical provisions	CHF	101 084 742	95 643 833
	Funded ratio as per OPP 2	Percent	**98.3%**	**88.8%**
	Economic funded ratio	Percent	92.9%	97.1%
Pensioners only – Confederation	**Pension recipients**	Number	**562**	**539**
	Available assets	CHF	111 893 450	92 924 472
	Pension fund capital & technical provisions	CHF	109 744 455	101 276 322
	Funded ratio as per OPP 2	Percent	**102.0%**	**91.8%**
	Economic funded ratio	Percent	98.2%	99.6%
Pensioners only – Swisscom Pension entitlement before 01.01.1999	**Pension recipients**	Number	**4 453**	**4 184**
	Available assets	CHF	1 515 439 372	1 254 932 358
	Pension fund capital & technical provisions	CHF	1 459 657 364	1 322 314 313
	Funded ratio as per OPP 2	Percent	**103.8%**	**94.9%**
	Economic funded ratio	Percent	100.6%	103.3%
Pensioners only - RUAG Switzerland Ltd Pension entitlement before 01.07.2001	**Pension recipients**	Number	**1 478**	**1 377**
	Available assets	CHF	534 018 836	448 271 819
	Pension fund capital & technical provisions	CHF	489 917 281	441 730 539
	Funded ratio as per OPP 2	Percent	**109.0%**	**101.5%**
	Economic funded ratio	Percent	105.3%	110.6%
Pensioners only – SRG SSR idée suisse Pension entitlement before 01.01.2003	**Pension recipients**	Number	**792**	**754**
	Available assets	CHF	399 115 730	333 631 062
	Pension fund capital & technical provisions	CHF	367 609 522	334 716 655
	Funded ratio as per OPP 2	Percent	**108.6%**	**99.7%**
	Economic funded ratio	Percent	104.5%	108.1%
Pensioners only – PUBLICA Administration	**Pension recipients**	Number	**73**	**69**
	Available assets	CHF	73 502 421	64 232 612
	Pension fund capital & technical provisions	CHF	62 604 938	59 106 990
	Funded ratio as per OPP 2	Percent	**117.4%**	**108.7%**
	Economic funded ratio	Percent	114.8%	113.8%
Joint pension plan				
Pensioners only – Affiliated Organisations	**Pension recipients**	Number	**239**	**223**
	Available assets	CHF	82 765 633	68 660 959
	Pension fund capital & technical provisions	CHF	80 577 924	72 625 018
	Funded ratio as per OPP 2	Percent	**102.7%**	**94.5%**
	Economic funded ratio	Percent	98.5%	102.2%
Total closed pension plans				
	Pension recipients	Number	**7 883**	**7 429**
	Available assets	CHF	2 816 109 405	2 347 570 925
	Pension fund capital & technical provisions	CHF	2 671 196 227	2 427 413 669
	Funded ratio as per OPP 2	Percent	**105.4%**	**96.7%**
	Economic funded ratio	Percent	101.9%	105.2%

2 Active members and pension recipients

2.1 Active members

Individuals who are only insured for the risks of death and disability are included among active members. More than one insurance situation may apply to each person.

Active members
2022 with prior-year comparison, in number of insurance situations

31.12.2020	**66 329**
Admissions	9 616
Departures	–9 083
31.12.2021	**66 862**
Admissions	10 619
Departures	–9 966
31.12.2022	**67 515**

2.2 Pension recipients

The figure for pension recipients does not include retirement bridging pensions or IV/AI replacement pensions. A pension recipient is listed as a member more than once if they are insured with a number of employers and/or appear in different pension categories.

Pension recipients
2022 with prior-year comparison, in number of insurance situations

	Retirement pensions	Retired person's child's pensions	Divorce pensions	Disability pensions	Disabled person's child's pensions	Surviving spouse/life partner's pensions	Orphan's pensions	Total pension recipients
31.12.2020	**29 830**	**481**	**65**	**914**	**195**	**10 335**	**246**	**42 066**
Admissions	1 474	186	12	64	24	604	55	2 419
Departures	–1 496	–147	–1	–85	–29	–678	–39	–2 475
31.12.2021	**29 808**	**520**	**76**	**893**	**190**	**10 261**	**262**	**42 010**
Admissions	1 272	240	17	93	59	736	87	2 504
Departures	–1 363	–198	–2	–107	–58	–783	–85	–2 596
31.12.2022	**29 717**	**562**	**91**	**879**	**191**	**10 214**	**264**	**41 918**

A total of 988 retirement bridging pensions (prior year: 1,187) and 46 IV/AI replacement pensions (prior year: 47) were paid.

3 Implementation of the purpose

3.1 Note on the pension plan types

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

PUBLICA undertakes to provide the statutory (mandatory) pension benefits as a minimum and at the same time makes provision for extra-mandatory benefits significantly in excess of the OPA minimum. The insured salary comprises the annual salary less the coordination offset of 30% of the annual salary, but no more than CHF 25,095 (status as at 31 December 2022).

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

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

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

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

3.2 Financing, method of financing

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

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

3.3 Further information on pension activities

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

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

4 Valuation and accounting principles, consistency

4.1 Confirmation of financial reporting as per Swiss GAAP ARR 26
The financial statements are compiled in accordance with the Swiss GAAP ARR 26 accounting standards.

4.2 Accounting and valuation principles
4.2.1 General principles
Accounts are kept in accordance with the commercial principles of the Swiss Code of Obligations. The annual financial statements include the entire collective institution consisting of the pension plans, PUBLICA Reinsurance 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, mortgages and liabilities, employers’ contribution reserve
Cash and cash equivalents, receivables, mortgages and liabilities as well as the employers’ contribution reserve are recorded at their nominal value. Allowances are created as necessary to cover expected defaults on receivables and mortgages.

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

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

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

4.2.7 Private corporate, infrastructure and real estate debt ex Switzerland

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

4.2.8 Private real estate debt Switzerland

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

4.2.9 Real estate investments Switzerland

Directly held real estate is revalued annually and recognised at the market value. The market value is calculated by Jones Lang LaSalle Ltd using the discounted cash flow (DCF) method. The discounting is based on the interest on long-term, risk-free investments together with a specific risk premium. The bandwidth for the nominal discount interest rate is between 3.05% and 5.50% (prior year: 2.45% and 5.10%). The average capital-weighted nominal discount interest rate across the valued portfolio is 3.74% (prior year: 3.37% on a like-for-like basis).

4.2.10 Real estate investments international

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

4.2.11 Deferred taxes

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

4.2.12 Pension fund capital and technical provisions

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

4.3 Changes to principles concerning valuation, accounting and reporting

The method used to calculate the target value of the fluctuation reserve in section 6.3 has been adjusted.

The costs incurred for the collective investments are now reported separately under asset management expenses in section 6.10.

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

5 Actuarial risks, risk coverage, funded ratio

5.1 Form of risk coverage, reinsurance

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

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

Balance sheet – PUBLICA Reinsurance
2022 with prior-year comparison, in CHF

	31.12.2021	31.12.2022
Operating assets – PUBLICA Reinsurance	**152 935 203**	**71 757 857**
Liabilities and deferrals	6 250 513	7 804 089
Technical provisions	53 222 235	51 222 235
Fluctuation reserve	9 313 891	7 683 335
Working capital – Reinsurance	70 817 000	0
Uncommitted funds	13 331 563	5 048 198
Liabilities and available risk capital – PUBLICA Reinsurance	**152 935 203**	**71 757 857**

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

The result for PUBLICA Reinsurance shows a loss of CHF 8.3 million (prior year: CHF 1.7 million) and is reported in the income statement for the collective institution.

The working capital of Reinsurance was liquidated by resolution of the Board of Directors dated 25 October 2022. The approximately CHF 71 million were shared out among the individual pension plans on 31 December 2022 on a pro-rata basis in accordance with the pension fund capital for active members and credited to the funded ratio.

5.2 Development of pension fund capital for active members

The balance sheet item "Pension fund capital – active members" corresponds to the total statutory vested termination benefits for active members of CHF 19.2 billion (prior year: CHF 18.9 billion). The interest rate on retirement assets was between 0.9% and 1.0% (prior year: 1.0% and 2.0%) during the year in review. The following table shows the development in pension fund capital during the period under review.

Pension fund capital – active members

2022 with prior-year comparison, in CHF mn

	2021	2022
Pension fund capital 1 January	**18 265**	**18 880**
Savings contributions – employees and employers	1 433	1 449
Lump-sum payments and buy-ins – active members	126	122
Vested pension benefits received	396	458
Vested benefits received on takeover of member portfolios*	7	72
Home ownership and divorce payments received	29	28
Interest on savings capital	278	168
Vested benefits paid on departure	–444	–537
Vested benefits transferred on collective departure**	–7	–72
Reduction of compensation deposit resulting from departure	–2	0
Early withdrawals for home ownership / divorce	–73	–79
Retirement pensions	–1 098	–1 212
Release on death	–27	–33
Release on disability leading to pension	–24	–27
Creation of pension fund capital as a result of reintegration under disability insurance	24	29
Other changes	–2	–3
Total pension fund capital 31 December	**18 880**	**19 243**

* see section 9.2
** see section 9.3

The other changes include corrections, bookings relating to other periods and exceptional bookings from the previous year. The vested benefits in the event of collective departure and entry are shown in the income statement item "Transfer of additional funds – collective departure and entry".

5.3 Total OPA retirement assets

OPA retirement assets

2022 with prior-year comparison, in CHF mn and percent

	Units	31.12.2021	31.12.2022
Total OPA retirement assets	CHF mn	5 755	5 856
in % of pension fund capital – active members	Percent	30.5%	30.4%
OPA minimum interest rate, set by Federal Council	Percent	1.0%	1.0%

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

5.4 Development of pension fund capital for pension recipients

The pension fund capital for pension recipients corresponds to the net present value of current pensions including associated deferred annuities, and decreased by CHF 186 million from the prior-year figure.

Pension fund capital – pension recipients

2022 with prior-year comparison, in CHF mn

	2021	2022
Pension fund capital 1 January	**20 196**	**20 276**
Statutory benefits	–1 907	–1 958
Lump-sum payments and buy-ins (buy-outs of pension reductions and pension buy-ins)	29	21
Retirements	1 098	1 212
Disability cases leading to pension	24	27
Change to technical parameters	391	0
Technical interest rate*	357	366
Deaths and other changes	87	146
Total pension fund capital 31 December	**20 276**	**20 090**

*Approximate calculation

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

5.5 Composition, development and explanation of technical provisions

The technical provisions increased by CHF 23.6 million year on year.

Technical provisions

2022 with prior-year comparison, in CHF

Pension plans	**31.12.2021**	**Formation**	**Release**	**31.12.2022**
Provision for change to technical parameters – active members	735 968 678	80 817 111	–4 570 630	812 215 159
Provision for change to technical parameters – pension recipients	36 553 478	0	0	36 553 478
Provision for transitional arrangements on change to technical parameters	97 911 771	2 727 003	–56 411 621	44 227 152
Provision for fluctuations in the membership of closed pension plans	62 813 538	1 150 632	0	63 964 170
Provision for outstanding claims (IBNR)	195 000 000	1 000 000	0	196 000 000
Provision for death and disability	72 000 000	1 197 251	–197 251	73 000 000
Provision for administrative expenses and cost-of-living adjustment	25 657 617	601	–115 443	25 542 776
Provision for administrative expenses and risk premium	236 461	169	–12 688	223 942
Total technical provisions – pension plans	**1 226 141 543**	**86 892 766**	**–61 307 633**	**1 251 726 677**
Reinsurance				
Provision for outstanding claims (IBNR)	16 000 000	4 270 593	–6 270 593	14 000 000
Provision for death and disability	12 000 000	0	0	12 000 000
Provision for hardship cases – active members / pension recipients	14 096 845	0	0	14 096 845
Provision for hardship cases – pension plans	11 125 390	0	0	11 125 390
Total technical provisions – Reinsurance	**53 222 235**	**4 270 593**	**–6 270 593**	**51 222 235**
Total technical provisions	**1 279 363 778**	**91 163 360**	**–67 578 226**	**1 302 948 912**

5.5.1 Technical provisions – pension plans

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

Provision for changes to technical parameters

At the end of 2021, PUBLICA switched from static actuarial tables to generational tables in its financial statements, but did not adjust the conversion rate in its regulations. This results in retirement losses which are taken into account in the provision for changes to technical parameters. For active members who reached the age of 55 by 31 December 2022, the provision rate is 5.3%; for all others it is 2.1%. The annual addition to the provision is calculated exactly on the basis of the difference between the actuarially correct conversion rate and the conversion rate set out in the regulations, and corresponds on average to an annual increase of 0.3%. The provision can be additionally increased to wholly or partially cushion the impact on the benefits of active members and pension recipients resulting from any reduction in the conversion rate due to a change to the technical parameters.

Provision for transitional arrangements on change to technical parameters

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

Provision for fluctuations in the membership of closed pension plans

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

Provision for outstanding claims (IBNR)

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

Provision for death and disability

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

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

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

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

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

5.5.2 Technical provisions – Reinsurance

Provision for outstanding claims (IBNR)

Like the pension plans, PUBLICA Reinsurance maintains a provision for outstanding claims. This is funded by the risk premium for the reinsured pension plans.

Provision for death and disability

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

Provision for hardship cases

The prerequisites for granting voluntary benefits from Reinsurance are set out in the PUBLICA policy document on hardship cases.

5.6 Results of the latest actuarial assessment

In its report dated 31 December 2022, the Pension Actuary confirms that the regulatory insurance provisions regarding the benefits and financing comply with the statutory rules. It also confirms that, as at 31 December 2022, PUBLICA has sufficient collateral to meet its actuarial obligations. Accordingly, PUBLICA meets the requirements of Art. 52*e* para. 1 OPA. The confirmation from the Pension Actuary can be found in section 12.

5.7 Actuarial tables and other actuarial assumptions

As of 31 December 2022, the policy reserves for pension recipients were calculated using the BVG 2020 (loaded) actuarial tables (generational tables). The technical interest rate is 2.0% for the open pension plans and 0.5% for the closed pension plans.

A first part of the provision regulations was revised in 2022, and the revision is scheduled to be completed in 2023. In particular, the technical provision for death and disability and the provision for outstanding claims (IBNR) are to be reviewed and revised as necessary. For this reason, the existing parameters were used to calculate these provisions as at the end of 2022.

5.8 Funded ratio as per Art. 44 OPO 2

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

Funded ratio as per Art. 44 OPO 2
2022 with prior-year comparison, in CHF

	31.12.2021	31.12.2022
Actuarially required pension fund capital	40 435 498 780	40 635 643 349
Fluctuation reserve	3 138 054 007	25 461 642
Uncommitted funds (+) / underfunding (–) / working capital (+)	96 615 023	–1 574 775 966
Available assets	**43 670 167 810**	**39 086 329 025**
Funded ratio as per Article 44 OPO 2	**108.0%**	**96.2%**

5.9 Economic funded ratio

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

The corresponding calculations produced an economic funded ratio across all 18 pension plans and PUBLICA Reinsurance of 95.4% (prior year: 95.2%).

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 on an "enhanced passive" or semi-active basis, allowing for active elements subject to relatively tight tracking error requirements in order to avoid the disadvantages of fully replicating capitalisation-weighted bond indices. Illiquid asset classes such as Swiss and international real estate or private corporate, infrastructure and real estate debt are actively managed, endeavouring to replicate comparable indices as far as possible.

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

The following institutions were entrusted with the management of PUBLICA's assets as at the balance sheet date of 31 December 2022:

Asset management

2022

Mandate	Asset manager	Licensing authority	Benchmark	Investment style	Retrocessions: Date of regulation	Retrocessions: Received
Swiss government bonds	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	SBI Domestic Swiss Government	Semi-active	–	prohibited
Non-government bonds CHF	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	SBI AAA-A foreign borrowers (40%) and domestic borrowers (60%)	Semi-active	–	prohibited
Non-government bonds CHF	Pictet et Cie	Swiss Financial Market Supervisory Authority FINMA[2]	SBI AAA-A foreign borrowers (40%) and domestic borrowers (60%)	Semi-active	08.12.11	prohibited
Government bonds EUR	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI Germany (50%), France (33%) and Netherlands (17%)	Enhanced passive	–	prohibited
Government bonds USD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI USA	Enhanced passive	–	prohibited
Government bonds GBP	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI UK	Enhanced passive	–	prohibited
Government bonds CAD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI Canada	Enhanced passive	–	prohibited
Government bonds AUD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI Australia	Enhanced passive	–	prohibited
Government bonds SEK	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	JPM GBI Sweden	Enhanced passive	–	prohibited
Inflation-linked government bonds EUR	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	80% Barclays Euro Government EMU HICP-Linked Bond Index 1–10 Years 20% Barclays Euro Government EMU HICP-Linked Bond Index > 10 Years	Enhanced passive	–	prohibited
Inflation-linked government bonds USD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	80% Barclays US Government Inflation-Linked Bond Index 1–10 Years 20% Barclays US Government Inflation-Linked Bond Index > 10 Years	Enhanced passive	–	prohibited
Currency hedging inflation-linked government bonds	Russell Implementation Services Ltd	Financial Conduct Authority (UK)[4]	Difference in relevant portfolio benchmark hedged vs. unhedged	Enhanced passive	30.06.20	prohibited
Public corporate bonds EUR[7]	Union Investment Institutional GmbH	Federal Financial Supervisory Authority (DE)[4]	Barclays EUR Corporate	Enhanced passive	20.06.11	prohibited
Public corporate bonds EUR[7]	abrdn Investments Limited	Financial Conduct Authority (UK)[4]	Barclays EUR Corporate ex Financials	Enhanced passive	25.08.11	prohibited
Public corporate bonds USD[7]	PIMCO Europe Ltd	Financial Conduct Authority (UK)[4]	Barclays USD Corporate Intermediate	Enhanced passive	04.05.11	prohibited
Public corporate bonds USD[7]	BlackRock Institutional Trust Company	Office of the Comptroller of the Currency (US)[4]	Barclays USD Corporate Intermediate ex Financials	Enhanced passive	04.05.11	prohibited
Private corporate debt	MetLife Investment Management Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	29.09.15	prohibited
Private corporate debt	PGIM Private Capital Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	29.09.15	prohibited
Private infrastructure debt	MetLife Investment Management Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	29.09.15	prohibited
Private infrastructure debt	Vantage Asset Management (UK) Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	02.09.15	prohibited
Private real estate debt	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	SBI Domestic AAA-BBB 1 -3Y	Direct investments	–	prohibited
Private real estate debt	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	SBI Domestic A Yield Custom	Direct investments	–	prohibited
Private real estate debt	CPGIM Real Estate (UK) Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	15.11.19	prohibited
Private real estate debt	Baring International Investment Limited	Financial Conduct Authority (UK)[4]	Barclays Global Agg Corp Composite Custom	Direct investments	29.01.20	prohibited
Currency hedging corporate bonds foreign currency	Record Currency Management Limited	Financial Conduct Authority (UK)[4]	Difference in relevant portfolio benchmark hedged vs. unhedged	Enhanced passive	30.06.20	prohibited
Government bonds emerging markets hard currencies[7]	UBS Asset Management	Swiss Financial Market Supervisory Authority FINMA[3]	JPM EMBIG Diversified Investment Grade (USD)	Enhanced passive	26.02.16	prohibited
Government bonds emerging markets local currencies	Ashmore Investment Management Limited	Financial Conduct Authority (UK)[4]	JPM GBI-EM Global Diversified	Active	21.02.13	prohibited
Government bonds emerging markets local currencies	Ninety One Asset Management	Financial Conduct Authority (UK)[4]	JPM GBI-EM Global Diversified	Active	21.02.13	prohibited
Government bonds emerging markets China	Manulife Investment Management	Financial Conduct Authority (UK)[4]	JPM GBI-EM China Unhedged LOC	Enhanced passive	18.03.19	prohibited
Government bonds emerging markets China	UBS Asset Management	Swiss Financial Market Supervisory Authority FINMA[2]	JPM GBI-EM China Unhedged LOC	Enhanced passive	18.03.19	prohibited

Asset management

2022

Mandate	Asset manager	Licensing authority	Benchmark	Investment style	Retrocessions	
					Date of regulation	Received
Equities Switzerland	Credit Suisse AG	Swiss Financial Market Supervisory Authority FINMA[2]	MSCI (gross) Switzerland[5]	Indexed	01.12.08	prohibited
Equities Switzerland	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA[2]	MSCI (gross) Switzerland[5]	Indexed	02.12.08	prohibited
Equities developed markets ex Switzerland[7]	Credit Suisse Funds AG	Swiss Financial Market Supervisory Authority FINMA[3]	MSCI (gross) Europe ex Switzerland (25%)[6], North America (50%)[6], Japan (10%)[6] and Pacific ex Japan (15%)[6]	Indexed	09.11.05	prohibited
Equities developed markets ex Switzerland[7]	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA[3]	MSCI (gross) Europe ex Switzerland (25%)[6], North America (50%)[6], Japan (10%)[6] and Pacific ex Japan (15%)[6]	Indexed	01.05.21	prohibited
Equities developed markets ex Switzerland[7]	Northern Trust Global Investments Limited (UK)	Financial Conduct Authority (UK)[4]	MSCI (gross) Europe ex Switzerland (25%)[6], North America (50%)[6], Japan (10%)[6] and Pacific ex Japan (15%)[6]	Indexed	01.05.21	prohibited
Currency hedging equities developed markets ex Switzerland	Russell Implementation Services Ltd	Financial Conduct Authority (UK)[4]	Difference in relevant portfolio benchmark hedged vs. unhedged	Enhanced passive	30.06.20	prohibited
Equities emerging markets[7]	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA[2]	MSCI (net) Emerging Markets[6]	Indexed	19.08.10	prohibited
Equities emerging markets[7]	UBS Asset Management	Swiss Financial Market Supervisory Authority FINMA[2]	MSCI (net) Emerging Markets[6]	Indexed	19.08.10	prohibited
Precious metals	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	S&P GSCI TR Precious Metals	Enhanced passive	02.11.09	prohibited
Precious metals	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	London Gold Price PM Auction USD	Direct investments	20.05.15	prohibited
Real estate investments Switzerland	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH)[1]	KGAST Immo Index	Direct investments	–	prohibited
Real estate investments Switzerland	LIVIT AG	n/a	n/a	Direct investments	23.11.11	prohibited
Real estate investments Switzerland	Von Graffenried AG Liegenschaften	n/a	n/a	Direct investments	27.06.16	prohibited
Real estate investments Switzerland	Privera AG	n/a	n/a	Direct investments	27.06.16	prohibited
Real estate investments Switzerland	Apleona GVA AG	n/a	n/a	Direct investments	01.07.14	prohibited
Real estate investments Switzerland	Sidenzia AG	n/a	n/a	Direct investments	01.07.14	prohibited
Real estate investments Switzerland	Régie Duboux SA	n/a	n/a	Direct investments	04.08.22	prohibited
Real estate investments Switzerland	Reasco AG	n/a	n/a	Direct investments	19.04.22	prohibited
Real estate investments international APAC	M&G Luxembourg S.A.	Commission de Surveillance du Secteur Financier (CSSF)	ANREV ODCE (Open End Diversified Core Equity) Fund Index	Real estate funds	10.05.16	prohibited
Real estate investments international APAC	Nuveen Alternatives Europe S.à.r.l	Commission de Surveillance du Secteur Financier (CSSF)	ANREV ODCE (Open End Diversified Core Equity) Fund Index	Real estate funds	01.10.18	prohibited
Real estate investments international Australia	AMP Capital Funds Management Limited	Australian Securities and Investments Commission (ASIC)	ANREV Australia Core Open End Fund Monthly Index	Real estate funds	01.11.15	prohibited
Real estate investments international Australia	Dexus Wholesale Property Limited	Australian Securities and Investments Commission (ASIC)	ANREV Australia Core Open End Fund Monthly Index	Real estate funds	07.06.18	prohibited
Real estate investments international Australia	GPT Funds Management Limited	Australian Securities and Investments Commission (ASIC)	ANREV Australia Core Open End Fund Monthly Index	Real estate funds	29.11.17	prohibited
Real estate investments international Europe	AEW S.à.r.l.	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	13.12.19	prohibited
Real estate investments international Europe	AXA CoRE Europe GP S.à.r.l.	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	01.01.18	prohibited
Real estate investments international Europe	Hines Luxembourg Investment Management Sàrl	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	07.02.20	prohibited
Real estate investments international Europe	PGIM Real Estate Luxembourg S.A.	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	01.07.19	prohibited
Real estate investments international USA	LaSalle Property Fund, L.P.	U.S. Securities and Exchange Commission (SEC)	NCREIF Fund Index Open End Diversified Core Equity	Real estate funds	01.03.16	prohibited
Real estate investments international USA	PRISA Fund Manager LLC	U.S. Securities and Exchange Commission (SEC)	NCREIF Fund Index Open End Diversified Core Equity	Real estate funds	19.09.17	prohibited
Real estate investments international USA	RREEF America LLC	U.S. Securities and Exchange Commission (SEC)	NCREIF Fund Index Open End Diversified Core Equity	Real estate funds	19.06.17	prohibited

1 Art. 48*f* para. 4 let. a. OPO 2 registered pension plans under Article 48 OPA
2 Art. 48*f* para. 4 let. d. OPO 2 banks under the Banking Act
3 Art. 48*f* para. 4 let. f. OPO 2 fund management companies
4 Art. 48*f* para. 4 let. h. OPO 2 financial intermediaries operating outside Switzerland that are subject to supervision by a foreign supervisory authority
5 100% MSCI Switzerland IMI capital-weighted climate-efficient index
6 Each 50% MSCI CEC capital-weighted, 16.6% MSCI CEC Minimum Volatility, 16.6% MSCI CEC Small Caps and 16.6% MSCI CEC Enhanced Value climate-efficient indices
7 Mandate in single-investor fund

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

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

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

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

The alternative asset classes "private corporate debt" amounting to CHF 1,141 million (prior year: CHF 1,431 million) and "private real estate debt ex Switzerland" amounting to CHF 1,107 million (prior year: CHF 1,027 million) are implemented via diversified mandates. They do not constitute collective investments within the meaning of Art. 53 para. 4 OPO 2, so that the extension provided for in Art. 50 para. 4 OPO 2 is utilised. A specialised investment team is responsible for the diligent selection, management and monitoring of these alternative asset classes. Reliable achievement of the pension objectives is ensured by regularly conducted asset and liability studies. Direct investments are permitted as set out in Art. 25 of the PUBLICA Investment Guidelines and appropriate risk diversification within the asset classes is ensured.

6.3 Target size and calculation of the fluctuation reserve

Owing to the negative operating result, fluctuation reserves amounting to CHF 3.1 billion had to be liquidated.

Target size and calculation of the fluctuation reserve
2022 with prior-year comparison, in CHF

	2021	2022
Fluctuation reserve 01.01	**2 513 562 866**	**3 138 054 007**
Change in fluctuation reserve debited (+) / credited (–) to income statement	624 491 140	–3 112 592 365
Total fluctuation reserve 31.12	**3 138 054 007**	**25 461 642**
Fluctuation reserve deficit 31.12	6 738 837 187	6 847 370 945
Target fluctuation reserve	**9 876 891 194**	**6 872 832 587**
Fluctuation reserve in % of target size	31.8%	0.4%
Target size of fluctuation reserve in % of pension fund capital and technical provisions	24.4%	16.9%

The target value of the fluctuation reserve is calculated in accordance with the Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance such that the total loss incurred on the investments in a year is covered, with a minimal residual probability. This is defined by the one-year Value at Risk (VaR) with a confidence level of 97.5% (as in the previous year) for the open pension plans. The target value is 17.0% (prior year: 24.4%) and is determined as the ratio of the pension fund capital to the technical reserves. For the closed pension plans and PUBLICA Reinsurance, the confidence level is 99.0% (prior year: 97.5%), giving a target value of 15.0% (prior year: 24.4%).

6.4 Assets by asset class

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

Of the total CHF 39.1 billion of investments (excluding cash and cash equivalents, receivables, operating assets, prepaid expenses and accrued income, and taking account of deferred taxes), CHF 36.7 billion are invested in the strategic asset allocation for the open pension plans and CHF 2.3 billion in the allocation for the closed pension plans. The remaining investments of CHF 0.1 billion have been invested in accordance with the lower-risk strategic asset allocation of PUBLICA Reinsurance. The composition of the investments in the individual asset classes is set out in detail in the balance sheet and in section 6.9.

Strategic asset allocation – open pension plans

2022, in percent

Asset class	Allocation at 31.12.2022	Pro-rata strategy	Long-term strategy	Tactical bandwidths as a % of strategy weighting	
				Minimum	Maximum
Money market	4.0%	**3.0%**	**3.0%**	**0%**	**200%**
Swiss government bonds	5.9%	**6.5%**	**7.0%**	**80%**	**120%**
Non-government bonds CHF	8.3%	**7.5%**	**5.0%**	**80%**	**120%**
Government bonds EUR currency hedged	2.2%	2.5%	2.5%	50%	150%
Government bonds USD currency hedged	1.5%	1.5%	1.5%	50%	150%
Government bonds GBP currency hedged	1.0%	1.0%	1.0%	0%	200%
Government bonds CAD currency hedged	0.8%	1.0%	1.0%	0%	200%
Government bonds AUD currency hedged	1.0%	1.0%	1.0%	0%	200%
Government bonds SEK currency hedged	0.8%	1.0%	1.0%	0%	200%
Government bonds developed markets ex Switzerland	7.3%	**8.0%**	**8.0%**	**80%**	**120%**
Inflation-linked government bonds EUR currency hedged	1.2%	1.2%	1.0%	50%	150%
Inflation-linked government bonds USD currency hedged	3.7%	3.6%	2.0%	50%	150%
Inflation-linked government bonds	4.9%	**4.8%**	**3.0%**	**80%**	**120%**
Public corporate bonds EUR currency hedged	3.8%	4.1%	2.5%	50%	150%
Public corporate bonds USD currency hedged	4.3%	4.1%	2.5%	50%	150%
Public corporate bonds ex CHF	8.1%	**8.3%**	**5.0%**	**80%**	**120%**
Private corporate debt	3.1%	**3.5%**	**3.0%**	**50%**	**150%**
Private infrastructure debt	3.0%	**3.5%**	**3.0%**	**50%**	**150%**
Private real estate debt	2.8%	**3.0%**	**3.0%**	**50%**	**150%**
Government bonds emerging markets hard currencies	2.6%	**2.8%**	**2.0%**	**80%**	**120%**
Government bonds emerging markets local currencies	3.5%	**3.8%**	**2.0%**	**80%**	**120%**
Equities Switzerland	4.5%	**4.0%**	**6.0%**	**50%**	**150%**
Equities Europe partially currency hedged	4.2%	4.4%	6.0%	50%	150%
Equities North America partially currency hedged	8.4%	8.4%	10.0%	50%	150%
Equities Pacific partially currency hedged	3.8%	4.0%	4.0%	50%	150%
Equities developed markets ex Switzerland partially currency hedged	16.4%	**16.8%**	**20.0%**	**50%**	**150%**
Equities emerging markets	7.3%	**8.0%**	**6.0%**	**50%**	**150%**
Precious metals partially currency hedged	2.5%	**2.3%**	**3.0%**	**80%**	**120%**
Real estate investments Switzerland direct	7.6%	**7.0%**	**9.0%**	**80%**	**120%**
Real estate investments international indirect	8.1%	**7.5%**	**9.0%**	**80%**	**120%**
Infrastructure equity	0.0%	**0.0%**	**3.0%**	**50%**	**150%**
Total	**100.0%**	**100.0%**	**100.0%**		
Total not currency hedged	15.8%	16.6%	14.0%		
Total currency hedged	84.2%	83.4%	86.0%		
Total in CHF mn	**36 698**				

The Swiss government bonds amounting to CHF 2,595 million (prior year: CHF 2,687 million) are investments in the employer; see section 6.11.

In the case of equity investments from developed markets other than Switzerland, currency risks were hedged between 60% and 90%, depending on the currency pair, using a rules-based, dynamic process. The currency risks on bonds were once again 100% hedged using currency forwards. For economic reasons, currencies of emerging nations are not hedged. Derivative financial instruments are reported under the associated asset classes.

Strategic asset allocation – closed pension plans

2022, in percent

Asset class	Allocation at 31.12.2022	Pro-rata strategy	Long-term strategy	Tactical bandwidths as a % of strategy weighting	
				Minimum	Maximum
Money market	3.1%	3.0%	3.0%	0%	200%
Swiss government bonds	18.1%	20.3%	20.0%	80%	120%
Non-government bonds CHF	12.2%	11.0%	11.0%	80%	120%
Government bonds EUR currency hedged	1.9%	2.2%	2.2%	50%	150%
Government bonds USD currency hedged	1.3%	1.3%	1.3%	50%	150%
Government bonds GBP currency hedged	0.9%	0.9%	0.9%	0%	200%
Government bonds CAD currency hedged	0.7%	0.9%	0.9%	0%	200%
Government bonds AUD currency hedged	0.9%	1.0%	0.9%	0%	200%
Government bonds SEK currency hedged	0.7%	0.9%	0.8%	0%	200%
Government bonds developed markets ex Switzerland	6.4%	7.0%	7.0%	80%	120%
Inflation-linked government bonds EUR currency hedged	1.0%	1.3%	1.3%	50%	150%
Inflation-linked government bonds USD currency hedged	4.1%	3.8%	3.8%	50%	150%
Inflation-linked government bonds	5.1%	5.0%	5.0%	80%	120%
Public corporate bonds EUR currency hedged	6.0%	6.5%	6.5%	50%	150%
Public corporate bonds USD currency hedged	6.9%	6.5%	6.5%	50%	150%
Public corporate bonds ex CHF	12.9%	13.0%	13.0%	80%	120%
Private real estate debt	2.8%	2.8%	3.0%	80%	120%
Government bonds emerging markets hard currencies	4.8%	5.0%	5.0%	80%	120%
Equities Switzerland	3.0%	3.0%	3.0%	50%	150%
Equities Europe partially currency hedged	1.7%	1.8%	1.8%	50%	150%
Equities North America partially currency hedged	3.5%	3.5%	3.5%	50%	150%
Equities Pacific partially currency hedged	1.6%	1.8%	1.8%	50%	150%
Equities developed markets ex Switzerland partially currency hedged	6.8%	7.0%	7.0%	50%	150%
Precious metals partially currency hedged	3.3%	3.0%	3.0%	80%	120%
Real estate investments Switzerland direct	21.5%	20.0%	20.0%	80%	120%
Total	100.0%	100.0%	100.0%		
Total not currency hedged	3.6%	3.4%	3.4%		
Total currency hedged	96.4%	96.6%	96.6%		
Total in CHF mn	2 357				

The Swiss real estate portfolio held directly by PUBLICA comprises 77 properties (prior year: 76) and 5 properties in development / under construction (prior year: 4). The portfolio is made up of 65% residential properties, 20% commercial properties and 15% mixed residential and commercial properties (based on the market value as at 31 December 2022).

6.5 Current (open) derivative financial instruments

As at 31 December 2022, the following derivative positions are open:

Current (open) derivative financial instruments and collateral

2022 with prior-year comparison, in CHF

31.12.2022	Net replacement value	Underlying equivalent exposure-increasing derivatives in mn	Underlying equivalent exposure-reducing derivatives in mn	Collateral received	Collateral pledged
Interest-rate swaps	2 448 110	75	0	2 682 000	0
Precious metal swaps	9 576 710	217	0	9 730 000	0
Currency forwards	445 695 346	167	–20 240	415 961 685	0
Equity futures	–1 667 158	86	0	0	0
Bond futures	–6 124 902	248	–30	0	0

31.12.2021	Net replacement value	Underlying equivalent exposure-increasing derivatives in mn	Underlying equivalent exposure-reducing derivatives in mn	Collateral received	Collateral pledged
Interest-rate swaps	9 906 600	75	0	10 042 919	0
Precious metal swaps	7 747 953	270	0	4 070 000	0
Currency forwards	359 086 813	232	–22 993	303 327 082	0
Equity futures	1 330 714	111	0	0	0
Bond futures	743 441	189	–24	0	0

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

PUBLICA employs a prime brokerage set-up to ensure the efficient management of counterparty risks in its currency hedging programmes. As at end-2022, HSBC and Deutsche Bank are the two FX prime brokers. The currency managers act on a competitive basis with a wide range of banks. They pass the transactions to one of PUBLICA's two FX prime brokers, which then settles all currency forward transactions as central counterparty in return for a fee. The only counterparty risk is therefore in respect of the two FX prime brokers. This is covered by collateral in the form of government bonds that are exchanged daily in order to keep the counterparty risk low.

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

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

6.6 Open capital commitments

The following capital commitments are open as at 31 December 2022:

Open capital commitments by asset class

2022 with prior-year comparison, in CHF

Asset class	31.12.2021	31.12.2022
Private corporate debt	45 548 045	0
Private infrastructure debt	60 733 629	32 869 271
Private real estate debt	26 627 662	2 889 063
Real estate investments international	8 289 600	0
Total open capital commitments	**141 198 936**	**35 758 334**

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

6.7 Securities lending

PUBLICA has concluded a securities lending agreement for foreign securities with J.P. Morgan, under which J.P. Morgan acts as an agent. The borrowers are first-class counterparties that are carefully selected and constantly monitored. PUBLICA accepts only government bonds with a high credit rating as collateral. As at 31 December 2022, securities valued at CHF 1,355 million were on loan (compared with CHF 1,777 million as at 31 December 2021).

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

6.8 Net investment income

The composition of the net income from the individual asset classes is set out in detail in the income statement.

6.9 Performance

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

Net performance

2022 in CHF and percent, after deduction of all asset management expenses

	Portfolio performance	Benchmark performance	Difference	Investments[1] CHF mn
Money market	**–0.97%**	**–0.40%**	**–0.57%**	**1 525**
Swiss government bonds	**–8.02%**	**–8.21%**	**0.19%**	**2 595**
Non-government bonds CHF	**–10.43%**	**–10.74%**	**0.31%**	**3 373**
Government bonds EUR	–11.26%	–12.12%	0.86%	849
Government bonds USD	–13.75%	–14.68%	0.93%	591
Government bonds GBP	–25.38%	–25.47%	0.09%	311
Government bonds CAD	–10.83%	–11.22%	0.39%	389
Government bonds AUD	–12.25%	–12.17%	–0.08%	403
Government bonds SEK	–11.46%	–11.73%	0.27%	300
Government bonds developed markets ex Switzerland	**–13.55%**	**–14.17%**	**0.62%**	**2 843**
Inflation-linked government bonds	**–13.27%**	**–13.54%**	**0.27%**	**1 909**
Public corporate bonds EUR	–18.10%	–17.81%	–0.29%	1 527
Public corporate bonds USD	–11.59%	–11.96%	0.37%	1 754
Public corporate bonds ex CHF	**–12.85%**	**–13.07%**	**0.22%**	**3 285**
Private corporate debt	**–16.54%**	**–16.11%**	**–0.43%**	**1 141**
Private infrastructure debt	**–16.71%**	**–17.37%**	**0.66%**	**1 111**
Private real estate debt	**–10.75%**	**–12.89%**	**2.14%**	**1 107**
Government bonds emerging markets hard currencies	**–20.04%**	**–22.28%**	**2.24%**	**1 083**
Government bonds emerging markets local currencies	**–6.04%**	**–8.06%**	**2.02%**	**1 289**
Equities Switzerland	**–16.49%**	**–16.44%**	**–0.05%**	**1 721**
Equities developed markets ex CH	**–13.88%**	**–13.87%**	**–0.01%**	**6 176**
Equities emerging markets	**–17.53%**	**–17.58%**	**0.05%**	**2 693**
Precious metals	**0.52%**	**–0.23%**	**0.75%**	**985**
Real estate investments Switzerland[2]	**3.85%**	**5.40%**	**–1.55%**	**3 123**
Real estate investments international	**13.92%**	**13.10%**	**0.82%**	**2 963**
Total	**–9.63%**	**–10.09%**	**0.46%**	**39 079**
Total without currency hedging	–9.77%	–10.12%	0.35%	38 629
Open pension plans	–9.73%	–10.22%	0.49%	36 698
Closed pension plans	–8.07%	–8.24%	0.17%	2 357
Reinsurance	–10.43%	–10.74%	0.31%	24

1 Excluding cash & cash equivalents, receivables, operating assets, prepaid expenses and accrued income
2 Including deferred taxes

6.10 Asset management expenses

With a cost transparency level of 100%, total asset management expenses as per the OPSC minimum requirements stand at 21.1 basis points (prior year: 17.6 basis points). Asset management expenses are made up of the main items listed in the following table:

Asset management expenses

2022 with prior-year comparison, in CHF

	2021	2022	Basis points**
External asset managers – securities	–14 270 231	–12 961 629	3.1
External asset managers – real estate	–5 724 875	–5 879 687	1.4
External asset managers – mortgages	–1 740 805	–2 745 451	0.7
Internal asset managers – securities	–3 223 580	–3 316 223	0.8
Internal asset managers – real estate	–2 516 470	–2 576 529	0.6
Custody fees and management	–4 068 167	–4 033 686	1.0
Direct asset management expenses	**–31 544 128**	**–31 513 206**	**7.6**
Total of all key cost figures reported in the income statement in CHF for collective investment schemes	**–34 438 898**	**–45 513 084**	**10.9**
Total direct asset management expenses (TER costs)	**–65 983 026**	**–77 026 291**	**18.5**
Stamp duty	–3 645 314	–5 331 126	1.3
Withholding tax (not reclaimable)	–1 137 239	–716 790	0.2
Taxes	**–4 782 553**	**–6 047 916**	**1.4**
Trading fees, commissions, other costs	–4 553 713	–4 416 308	1.1
Transaction expenses	**–4 553 713**	**–4 416 308**	**1.1**
Transaction expenses and taxes for collective investment schemes	**–28 870 014**	**–29 695 290**	**7.1**
Total transaction expenses and taxes (TTC costs)	**–38 206 280**	**–40 159 514**	**9.6**
Investment Controller	–178 782	–178 782	0.0
Other consultancy (legal, tax, ALM etc.)	–489 833	–526 749	0.1
Other expenses	**–668 615**	**–705 531**	**0.2**
Total other expenses (SC costs)	**–668 615**	**–705 531**	**0.2**
Total asset management expenses in basis points reported in the income statement for the cost-transparent investments	**–104 857 921**	**–117 891 336**	**28.3**
less transaction expenses and taxes in collective investment schemes (TTC costs)	**28 870 015**	**29 695 290**	**–7.1**
Total PUBLICA asset management expenses according to OPSC minimum requirements*	**–75 987 908**	**–88 196 046**	**21.1**
Average cost-transparent investments	43 241 068 502	41 715 718 520	
Cost transparency level	**100%**	**100%**	

* This is the total asset management expenses reported in the income statement less the TTC costs for the collective investment schemes. The OPSC requirements have been supplemented to further improve transparency.
** Figures in basis points for the average cost-transparent investments

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

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

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

PUBLICA books collective investment schemes such as single-investor funds in a fully cost-transparent manner, and takes full account of the associated transaction and tax expenses. When comparing with pension funds that have invested in collective investment schemes and calculate asset management expenses solely on the basis of the TER in their income statements, reduced asset management expenses on a TER basis of 18.5 basis points (prior year: 15.3 basis points) should be applied. With regard to the collective investment schemes, these incurred costs were reported separately for the first time and the previous year's presentation adjusted.

Asset management expenses do not include the custodian fees in connection with securities lending amounting to CHF 1.4 million (prior year: CHF 1.0 million), which are offset directly against income. Transaction expenses in relation to foreign currency transactions, chiefly in currencies that are not freely tradable, are likewise not included. They are included by the custodian in the spread and amount to CHF 0.3 million (prior year: CHF 0.5 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 OPO 2 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 the employers' contribution reserve take account of the surpluses resulting from the good risk results of PUBLICA Reinsurance, among other factors. This relates to the pension plans that have matching reinsurance for their risks. In addition, deposits were made into the employers' contribution reserve following decisions by the parity commissions. In total, CHF 1,939,945 (prior year: CHF 783,992) were withdrawn from the reserve (employers' contributions, inflation and partial liquidation). Following decisions by the parity commissions, CHF 7,552,310 (prior year: CHF 795,426) were liquidated (restructuring contributions and partial liquidation).

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

Employers' contribution reserve

2022 with prior-year comparison, in CHF

	2021	2022
Employers' contribution reserve 01.01.	**36 210 897**	**42 280 415**
Payments	5 740 000	8 025 484
Payment – Reinsurance surplus concept	1 908 936	4 339 554
Allocations	**7 648 936**	**12 365 038**
Withdrawals to finance contributions	–783 992	–1 939 945
Financing for changes to technical parameters	–795 426	–7 552 310
Utilisation	**–1 579 418**	**–9 492 255**
Interest	**0**	**0**
Total employers' contribution reserve 31.12	**42 280 415**	**45 153 199**

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

7.1 Operating assets, working capital and liabilities – Operations

The operating assets of PUBLICA Operations comprise the following:

Operating assets, working capital and liabilities – PUBLICA Operations

2022 with prior-year comparison, in CHF

	31.12.2021	31.12.2022
Current assets	12 080 942	8 654 613
Investment assets	4 656 038	7 604 018
Operating assets – PUBLICA Operations	**16 736 980**	**16 258 631**
Liabilities	2 559 742	1 912 695
Working capital	14 177 238	14 345 936
Working capital and liabilities – PUBLICA Operations	**16 736 980**	**16 258 631**

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

7.2 Administrative expenses – Operations

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

Administrative expenses

2022 with prior-year comparison, in CHF

	2021	2022
Personnel expenses	–17 622 672	–18 223 397
General administrative expenses	–8 100 115	–8 205 775
Financial expenses	–1 627	–1 810
Apportionments to Asset Management	10 373 974	10 832 109
General administration	**–15 350 441**	**–15 598 873**
Marketing and advertising	**0**	**0**
Statutory Auditors	**–240 710**	**–231 017**
Pension Actuary	**–223 701**	**–363 294**
Supervisory authority	**–104 253**	**–103 742**
Total administrative expenses	**–15 919 104**	**–16 296 925**
Expenditure (–) / income (+) surplus working capital – PUBLICA Operations	**–185 747**	**–168 698**
Administrative expenses	**–16 104 851**	**–16 465 623**
No. of active members	66 862	67 515
No. of pension recipients	42 010	41 918
Total active members and pension recipients	**108 872**	**109 433**
Administrative expenses per active member / pension recipient	**148**	**150**

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

7.3 Non-technical provisions

Non-technical provisions

2022 with prior-year comparison, in CHF

	31.12.2021	31.12.2022
Provision for cost fluctuations	40 065 526	35 335 915
Deferred taxes	154 369 583	156 954 475
Non-technical provisions	**194 435 109**	**192 290 390**

The cost premiums paid by employers are compared with the administrative costs actually caused. The shortfall from administrative expenses amounting to CHF 4.7 million (prior year: CHF 3.7 million) was charged to the non-technical provisions of the pension plans.

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

Deferred taxes on the directly held real estate portfolio increased by CHF 2.6 million (prior year: CHF 2.7 million) in the year under review. Changes are made via the corresponding account in the income statement.

8 Requirements of the supervisory authority

No special requirements have been imposed by the supervisory authority.

9 Further information concerning the financial situation

9.1 Underfunded pension plans

As at 31 December 2022, the following the pension plans were underfunded as per the regulations:

Underfunded pension plans
2022 with prior-year comparison, funded ratio as per Art. 44 OPO 2 in %

Open pension plans with one employer	31.12.2021	31.12.2022
ETH Domain	109.3%	97.2%
Swissmedic	111.9%	99.0%
Swiss Federal Audit Oversight Authority	111.0%	98.4%
FINMA	111.3%	98.3%
Swiss Federal Nuclear Safety Inspectorate	109.6%	98.2%
PUBLICA	110.6%	99.3%
Swiss National Museum	110.7%	99.6%
METAS	108.4%	96.1%
Open joint pension plans		
Confederation	107.3%	95.5%
Closed pension plans with one employer		
Pensioners only – Voluntarily Insured	98.3%	88.8%
Pensioners only – Confederation	102.0%	91.8%
Pensioners only – Swisscom	103.8%	94.9%
Pensioners only – SRG SSR idée suisse	108.6%	99.7%
Closed joint pension plans		
Pensioners only – Affiliated Organisations	102.7%	94.5%

Open pension plans

As at the end of 2022, the open pension plans have regulatory funded ratios of between 95.5% (Confederation pension plan) and 100.8% (IPI pension plan). Nine of the eleven open pension plans are underfunded.

Closed pension plans

The seven closed pension plans have regulatory funded ratios of between 88.8% (Pensioners only – Voluntarily Insured pension plan) and 108.7% (Pensioners only – PUBLICA Administration pension plan). Five of the seven pension plans are underfunded.

When reviewing the annual financial statements, the Pension Actuary examines whether the underfunding of each pension plan is structural or attributable to other factors. PUBLICA then notifies the parity commissions of the underfunding and its cause. On the basis of the Pension Actuary's analysis, the parity commissions of the open pension plans decide on the measures appropriate to them, having already discussed the restructuring plans. The Board of Directors decides on the parity commissions' restructuring plans. Restructuring of the closed pension plans is conducted in accordance with Art. 24*a* of the Federal Act on the Federal Pension Fund (PUBLICA Act of 20 December 2006, status as at 1 January 2023). If the actuarial review of a pension plan with a closed membership (closed pension plan) reveals an underfunding in accordance with the OPA of 5% or more, the Confederation will pay restructuring contributions to the pension plan until the underfunding has been eliminated.

9.2 Funds transferred on collective entry

The Swiss Federal University for Vocational Education and Training SFUVET pension plan was integrated into the Confederation pension plan with effect from 1 January 2022. The Swiss Competence Centre for the Execution of Criminal Penalties in the Affiliated Organisations pension plan also absorbed the staff and pensioners of the Office of Education in the Execution of Criminal Penalties, with effect from 1 January 2022. The General Secretariat of the Federal Department of Finance in the Confederation pension plan absorbed the active members and pension recipients of the Swiss Conference on Informatics with effect from 1 January 2022.

The impact on the income statement resulting from the liquidation is set out below.

Funds transferred on collective entry
2022, in CHF

	31.12.2022
Special measures transferred	1 564 844
Provisions for pension benefits transferred	4 115 182
Fluctuation reserves transferred	11 016 628
Employers' contribution reserves transferred	2 902 310
Pension fund capital transferred – pension recipients	50 041 936
Vested benefits received on collective entry	72 225 173
Total	**141 866 073**

9.3 Funds transferred on collective departure

The Swiss Federal University for Vocational Education and Training SFUVET pension plan was liquidated with effect from 1 January 2022 and integrated into the Confederation pension plan. The impact on the income statement resulting from the liquidation is set out below.

Funds transferred on collective departure
2022, in CHF

	31.12.2022
Provisions for pension benefits transferred	3 221 214
Fluctuation reserves transferred	8 530 602
Employers' contribution reserves transferred	2 902 310
Pension fund capital transferred – pension recipients	39 996 308
Vested benefits transferred on collective departure	72 225 173
Total	**126 875 607**

9.4 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.

9.5 Ongoing legal proceedings

There are currently no substantive ongoing legal proceedings.

10 Post-balance sheet events

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

11 Report by the Statutory Auditors

KPMG AG
Bahnhofplatz 10a
PO Box
CH-3001 Bern

+41 58 249 76 00
kpmg.ch

Report of the Statutory Auditor to the Board of Directors of the Swiss federal pension fund PUBLICA, Bern

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of the Swiss federal pension fund PUBLICA, which comprise the balance sheet as at 31 December 2022, the operating accounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the scheme regulations.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Occupational benefit scheme in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

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

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

Swiss federal pension fund PUBLICA, Bern
Report of the Statutory Auditor
to the Board of Directors

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

Responsibilities of the Expert in Occupational Benefits for the Audit of the Financial Statements
For the audit the Board of Directors appoints a statutory auditor as well as an expert in occupational benefits. The expert in occupational benefits is responsible for evaluating the reserves necessary for underwriting insurance-related risk, consisting of pension liabilities and actuarial reserves. Assessing the evaluation of the pension liabilities and actuarial reserves is not one of the tasks of the statutory auditor pursuant to Art. 52c para. 1 let. a of the Swiss Occupational Pensions Act (OPA). Pursuant to Art. 52e para. 1 OPA, the expert in occupational benefits also evaluates whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all insurance-related provisions regarding benefits and funding in the scheme regulations comply with the legal requirements.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the occupational pension scheme.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, other than pension liabilities and actuarial reserves evaluated by the expert in occupational benefits.

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

Swiss federal pension fund PUBLICA, Bern
Report of the Statutory Auditor
to the Board of Directors

Report on additional legal and other requirements

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

We have assessed whether

- the organization 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 Occupational benefit scheme;
- the investment of assets complies with legal and regulatory requirements;
- the occupational pension accounts OPA comply with legal requirements;
- measures have been taken to ensure loyalty in fund management and whether the governing body has ensured to a sufficient degree that duties of loyalty are fulfilled and interests are disclosed;
- the non-committed funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- in the event of an underfunding, the occupational benefit scheme has taken the necessary measures to restore full coverage;
- the legally required information and reports have been issued to the supervisory authority;
- the Occupational benefit scheme’s interests are safeguarded in disclosed transactions with related parties.

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

The overall funding ratio of the Swiss federal pension fund PUBLICA is 96.2% as of December 31, 2022. The Swiss federal pension fund PUBLICA comprises 18 pension funds, of which 14 pension funds are underfunded. This includes one pension fund that was already underfunded in the previous year. For an overview of the funding ratios of the pension funds, please refer to the information in the notes of the financial statement.

For pension funds with a funding ratio of less than 100%, it is determined based on Art. 35a para. 2 OPO 2 whether the investments of each pension fund are in line with the risk capacity. In our opinion,

- the Board of Directors with the involvement of the parity commission of the open pension plan fulfills its management role in a clear and comprehensible manner in its choice of an investment strategy appropriate to the given risk capacity, as described in the notes to the financial statements under para 9.1;
- when investing funds, the Board of Directors with the involvement of the parity commission of the open pension plan complies with the legal requirements and in particular has determined the risk capacity having assessed all assets and liabilities in accordance with the actual financial situation, as well as the scheme's structure and expected developments in the number of insured persons;
- the investments with employers are legally compliant;
- taking the above into consideration, the investment of assets is in compliance with the provisions of Art. 49a and Art. 50 OPO 2;
- in the case of the closed pension fund, which was already underfunded in the previous year, Art. 24a of the Federal Act on Federal Pension Fund will apply from January 1, 2023 with regard to the elimination of the underfunding (cf. para. 9.1. in the Notes) and the information requirements have been complied with;
- The Board of Directors has assured us that it will monitor the effectiveness of the measures taken to remedy the underfunding and adapt the measures as required.

Other Matter

We draw your attention to the fact that the Board of Directors, with the involvement of the parity commission of the open pension plan, is in the process of drawing up the necessary measures to restore full coverage for the newly underfunded pension funds. Accordingly, these have not yet been decided and implemented. In this context, we refer to the explanations in the notes under para. 9.1.

Swiss federal pension fund PUBLICA, Bern
Report of the Statutory Auditor
to the Board of Directors

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

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

KPMG AG

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

Erich Meier Licensed Audit Expert Auditor in Charge	Andreas Schneider Licensed Audit Expert

Bern, 20 March 2023

12 Confirmation from the Accredited Pension Actuary

ALLVISA VORSORGE

Mandate

Allvisa AG was mandated by the Board of Directors of the Swiss Federal Pension Fund PUBLICA (hereinafter referred to as the "Pension Fund") to prepare an actuarial report as at 31 December 2022 as defined by art. 52e of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG).

Confirmation of independence

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

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

Available documents and reference date

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

Calculation of required actuarial pension capital

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

– Total pension capital of insured	CHF	19,242,808,071
– Total pension capital of pensioners	CHF	20,089,886,366
– Total technical provisions	CHF	1,302,948,912

1

ALLVISA VORSORGE

Confirmation by pension actuary

In compliance with our duties as pension actuary, we confirm as at **31 December 2022** that we are of the opinion that

- the BVG 2020 (GT 2026) actuarial tables applied to the Pension Fund are appropriate;
- the consolidated funding ratio pursuant to art. 44 BVV 2 is 96,2 % and thus there is no value fluctuation reserve;
- the consolidated economic funding ratio is 95,4 %;
- the funding ratio pursuant to art. 44 BVV 2 of the open pension plans is 96,1 %, while the funding ratios of the individual open pension plans range from 95,5 % to 100,8 %;
- nine open pension plans report a funding deficiency and two open pension plans have a very limited risk capacity;
- the funding ratio pursuant to art. 44 BVV 2 of the closed pension plans is 96,7 %, while the funding ratios of the individual closed pension plans range from 88,8 % to 108,7 %;
- five closed pension plans report a funding deficiency and two closed pension plans have a very limited risk capacity;
- the technical provisions comply with the reserve regulations pursuant to art. 48e BVV 2 and the Pension Fund has sufficient reinsurance measures in place as defined in art. 43 BVV 2;
- the regulatory insurance provisions regarding the benefits and financing comply with the statutory rules (art. 52e para. 1 (a) BVG);
- the measures implemented to cover the actuarial risks (old age, death and disability) are sufficient.

As at 31 December 2022, the Pension Fund applies a technical interest rate of 2,00 % for the open pension plans and 0,50 % for the closed pension plans. In consideration of the new Standard (FRP) 4 of the Swiss Chamber of Pension Actuaries, the interest rates that are currently applied are appropriate.

Recommendations

As at 31 December 2022, nine open pension plans suffer a funding deficiency. According to art. 65c BVG a temporary funding deficiency is permitted if it is certain that the benefits can be paid when they fall due and that measures have been taken to remedy the funding deficiency within an appropriate period.

If there is a funding deficiency, the pension actuary has to prepare a report in compliance with art. 41a BVV2 to confirm the effectiveness of the measures that were taken and assess whether they comply with the provisions of art. 65d BVG. When preparing the rehabilitation reports, not only is the effectiveness of the current rehabilitation concept analysed for each pension plan, but the minimum rehabilitation measures that are required are identified.

A recommendation about the next steps is also provided, which sets out the consequences as well as the advantages and disadvantages of the various options. Particular attention should be paid to which party has to bear the costs associated with the relevant measures.

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

ALLVISA VORSORGE

As at 31 December 2022, five closed pension funds also suffer a funding deficiency. For the following reasons we do not believe that urgent action needs to be taken:

- There is a guarantee issued by the Federal government for the closed pension plans (art. 24a of the PUBLICA law);
- The technical interest rate is low at 0,5 % (in particular in view of the Federal guarantee). If the obligations of the closed pension plans are measured economically, another two pension plans ('NR Bund' and 'NR Freiwillig Versicherte') report a funding deficiency with funding ratios of 99,6 % and 97,1 % respectively.
- The closed pension plans will be merged on 1 January 2024. As part of this merger, certain technical provisions can be released or reduced, which will have a positive impact on the funding ratio.

Once the closed pension plans have been merged, we would recommend reviewing the technical interest rate. Given the substantial increase in interest rates and the Federal guarantee, it would be possible in this case to increase the technical interest rate.

The AHV 21 reform will enter into force on 1 January 2024 and will also ring in changes for the second pillar insurance. We advise the Board of Directors to review the effects of these changes on the pension regulations and to introduce the required amendments in good time.

Zurich, 20 March 2023

Pensionskassen-Experte SKPE
Allvisa AG, 20.03.2023
Qualifizierte elektronische Signatur · Schweizer Recht

Christoph Plüss
Dr. phil. II
SKPE Pension Actuary
Executive Pension Actuary

Pensionskassen-Expertin SKPE
Allvisa AG, 20.03.2023
Qualifizierte elektronische Signatur · Schweizer Recht

Brigitte Terim
Dr. sc. math. ETH
SKPE Pension Actuary

3

Publication data

Publisher
Swiss Federal Pension Fund PUBLICA
Eigerstrasse 57
3007 Bern

Concept and editing
Swiss Federal Pension Fund PUBLICA
pomona innovation, Visp

Design
pomona innovation, Visp

Photos and illustrations
Mario Burgherr, Itten+Brechbühl AG
Loris von Siebenthal
Morningstar Sustainalytics (2022)
Stücheli Architekten
Yanis Wälti, PUBLICA
Ruben Wyttenbach

Bern, April 2023

Thank you for your interest.

Swiss Federal Pension Fund PUBLICA
Eigerstrasse 57
3007 Bern

Tel. +41 58 485 21 11
Fax +41 58 485 21 13
info@publica.ch
publica.ch