

# Annual Report

2020

**AVENA**  
Fondation BCV 2<sup>e</sup> pilier





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# message from

## the Chairman of the Pension Board



In 2020, the Covid-19 pandemic upended our lives, bringing with it numerous challenges to overcome.

It was a year full of ups and downs, as lockdown restrictions were tightened and eased. After a strong start to 2020, everything soon ground to a halt.

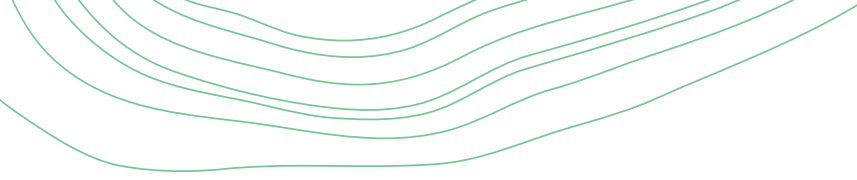
We quickly made arrangements for the companies hit hardest by the crisis, enabling them to postpone significant cash outflows until they could find solutions to this unprecedented situation. For example, we developed a payment plan that allowed our member companies to suspend their monthly pension contributions and encouraged them to draw on their employer contribution reserves.

The pandemic was not the only significant event for us in 2020. Our fund manager, BCV, rolled out streamlined IT software in line with current standards in our field and our members' needs. At the same time, the 12-seat Pension Board welcomed six new members, five of whom are women.

Even in the most challenging of circumstances, BCV's fund management and sales teams remained flexible and proactive, continuing to provide everyday services with the professionalism our insured members expect and deserve. I would like to take this opportunity to thank them for their unwavering commitment.

The public-health crisis provided extra incentive to expand our digital services. Many more employers requested access to our online platform, and we rolled out a dedicated portal for insured members. And, naturally, the Pension Board took advantage of videoconferencing technology to hold its committee and board meetings remotely.





Despite the challenging economic environment, the Fund delivered excellent results in 2020. As in previous years, very few member companies left the Fund. Financial markets rebounded quickly after their first-quarter crash and posted impressive gains for the three remaining quarters, allowing us to successfully maintain our long-lasting, stable performance.

On behalf of the Pension Board, I would like to thank each and every one of you for your unfailing support of the Fund throughout 2020.

Alexandre Pahud



# The Fund

at a glance

Member companies

**1,016**



Fund members

**15,025**

of which currently  
working



Total assets

CHF **2.4** billion



Experience in the field

**42** years



Pension board

**42%** women



Funded status

**109%**



# BCV employees

## on AVENA in 2020

Banque Cantonale Vaudoise (BCV) founded AVENA - Fondation BCV 2e pilier in 1978 and is responsible for managing the fund. Members of BCV's occupational pensions team share their thoughts below on the challenges of the past year.

AVENA would like to thank the entire BCV team for their steadfast commitment throughout 2020.

*Frédéric Wuest,  
Head of Pension Fund  
Management, adapted his  
business and management  
processes to provide solutions to  
member companies.*



" The pandemic brought me closer to my team. We shared our day-to-day, our fears, and were simply together more. By working as a team, we were able to quickly adapt and forge ahead. "

" There was a lot of uncertainty throughout the pandemic, both at work and at home. We had to prioritize requests and put out fires, all while juggling our various personal and professional constraints. "

*Nathalie Dapples Bonnefoy,  
Pension Fund Relationship  
Manager, is responsible for  
benefits payments and  
coordinating AVS, LAA, and LAI  
insurance.*





*Philippe Brizzi,  
Head of AVENA's Broker  
Channel, is in regular contact  
with the Fund's partner firms.*



" It was a very strange year. Not being able to sit down with our partners certainly made it harder to do business. But thanks to the solid relationships we'd built – and to videochat technology – we were able to stay in regular contact for day-to-day matters and onboard new member companies. "

*Stéphanie Circelli,  
Pension Fund Relationship  
Manager, is in regular contact  
with Fund members.*



" I was doing a diploma program during the pandemic, so I had to work harder on all fronts. In spite of the chaos and stress, you have to know how to be flexible and adapt. "

" Our team had some turnover last year. Managing everything remotely isn't easy to begin with, and it became that much harder since I didn't know everyone very well. The main thing was staying in constant communication and training our new teammates. Thanks to the new tools in place, we made it work. "

*Nicolas Colozier,  
Head Actuary, helped set up  
AVENA's new pension  
management tool.*



*Ivan Lee Chang,  
Occupational Pensions Advisor,  
draws up offers and membership  
agreements and monitors sales.  
He joined the business  
development team  
in October 2020.*



" I was new to BCV last year, so I had to adapt not only to the Covid measures, but also to the job in general. I'd say we navigated the crisis by being flexible and proactive. "



" The solidarity of my team – and the occupational pensions department as a whole – was the key to our success last year. We managed to meet our objectives because we were all working toward the same goal. That's what makes a team stronger. "

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*Fabrice Aegerter,  
Head of Accounting,  
is responsible for  
AVENA's financial  
statements, reconciliation,  
and billing.*

" The most challenging part was not letting anything fall through the cracks while we were all working from home. We had to be a well-oiled machine and ensure the same service quality as if we were all on site. Plus, we were on a tight deadline to roll out our new digital services for insured members. "

*José Marco,  
Actuary, is responsible  
for deploying IT systems  
and digital platforms.*



*Frédéric Berney,  
Pension Fund Relationship  
Manager, is in regular contact  
with Fund members.*



" Even though we had a ton of work and were just getting used to the new IT system, we still managed to handle our clients' requests and meet their needs quickly. "



*Patricia Milocco,  
Accountant, manages  
reconciliation, account  
statements, and process  
implementation.*

" Since it was hard to anticipate what the next measures would be, we had to be very reactive. With each new announcement, we quickly reorganized everything and found solutions to any problems that came up. Prioritizing effectively was crucial. "

" Despite all the changes in our personal and professional lives, my coworkers remained fully committed and showed incredible team spirit during this difficult year. I cannot thank them enough. They took initiative, powered through, and built an even stronger team in the process. I'm proud that we overcame the tough times together and laid a solid foundation for our future. "

*Francis Bouvier,  
Director of AVENA.*





## External entities

<b>Administrative and actuarial management</b>	Banque Cantonale Vaudoise, Lausanne
<b>Pension actuary</b>	Stéphane Riesen, Pittet Associés
<b>Auditor</b>	Fiduciaire FIDAG SA, Martigny
<b>Pension fund supervisory authority</b>	Autorité de Surveillance LPP et des fondations de Suisse Occidentale, Lausanne
<b>Asset manager and custodian bank</b>	Banque Cantonale Vaudoise, Lausanne
<b>Real estate expert</b>	CBRE, Lausanne

# Pension

## Board

Alexandre Pahud	Chairman Employee representative	Governance Committee Marcom Committee
Catherine Vogt	Deputy Chair Employer representative	Governance Committee Marcom Committee
Anne-Marie Auriault	Employee representative Chair of the Real Estate Committee	Real Estate Committee Investment Committee
Giovanni Chiusano	Employer representative Chairman of the Audit Committee	Audit Committee Governance Committee
Claude Rey	Employee representative Chairman of the Governance Committee	Governance Committee Investment Committee Audit Committee
Dominique Blanchard	Employer representative Chairman of the Investment Committee	Investment Committee Real Estate Committee
François Pugliese	Employer representative Chairman of the Marcom Committee	Marcom Committee Investment Committee
Cosette Hausammann	Employee representative	Real Estate Committee Marcom Committee
Marcellino Meleddu	Employee representative	Investment Committee Audit Committee
Claudine Imhof	Employee representative	Governance Committee Marcom Committee
Yvan Henzer	Employer representative	Real Estate Committee Governance Committee
Carine Wick	Employer representative	Investment Committee Marcom Committee





# Main Pension

## Board decisions



In 2020, AVENA's Pension Board and each of its committees were elected. Although some Board meetings had to be canceled, most committee and Board meetings were held via videoconference or conference call. Despite those constraints, several major topics were dealt with during the year. The activities of the various committees are summarized below.

### INVESTMENT COMMITTEE

**Committee chair:** Dominique Blanchard

The Investment Committee carefully monitored the financial markets in 2020. With the heightened market volatility in March, the Committee stayed in very close contact with BCV for updates on the Fund's portfolio and the latest market news throughout the second quarter.

The Committee also discussed the Fund's cash holdings, as well as the possibility of investing in funds of other cantonal banks in French-speaking Switzerland and adding a portfolio invested solely in index funds to diversify management styles.

Last year, AVENA participated in the PACTA climate compatibility test, which looked at the sustainability and ESG ratings of the investments in our portfolio. You can find the results of that test in our April 2021 newsletter. There were certain limitations to this test, since it only assessed the equities and bonds in our portfolio based on specific climate criteria. Nevertheless, the results for AVENA's portfolio were positive.

## GOVERNANCE COMMITTEE

Committee chair: Claude Rey

The Governance Committee looked at AVENA's reinsurance system as part of its regular discussions on whether to maintain its current policy or change to another form of reinsurance.

The Committee also followed changes in the technical and conversion rates in order to strike the right balance between the interests of members and the Fund's actuarial situation.

It addressed general organizational matters as part of managing the Fund's major risks.

Finally, the Committee looked at various pieces of legislation and legal changes that are likely to come into force in the next few years and that could affect both the Fund's performance and the way it operates.

And in light of the extraordinary situation last year, it continues to closely track the status of employer's contribution payments.

## REAL ESTATE COMMITTEE

Committee chair: Anne-Marie Auriault

The Real Estate Committee monitored the progress made on the construction of a development in Tolochenaz. The project is running behind schedule due to work slowdowns caused by Covid-19, but should be completed in mid-2022.

The Committee also looked at how the pandemic-related decrease in activity would impact the Fund's income from its real-estate assets.

Additionally, it conducted an overview of the real-estate market in French-speaking Switzerland and drew up its property-purchasing strategy for 2021 and beyond.

## AUDIT COMMITTEE

Committee chair: Giovanni Chiusano

The Audit Committee kept a watchful eye on the Fund's accounts, liaising with the auditor and the Fund's management team.

It also monitored the IT migration carried out by BCV in 2020 and the changes made to the Fund's digital services (i.e., its platforms for employers and Fund members), particularly procedures that needed to be updated after the migration was complete.

## MARCOM COMMITTEE

Committee chair: François Pugliese

The newly created Marcom Committee examined the impact of Covid-19 on the Fund's sales and prospecting, given that it was difficult to meet with existing and potential clients.

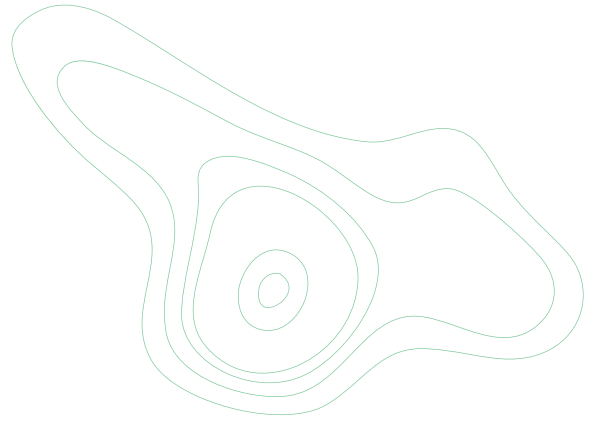
Covid-related updates were posted on the Fund's website to keep members apprised of any measures that had been adopted.

We informed our members about maintaining coverage under Article 47a of the LPP and about the amendments to the Fund's regulations, which both came into force on 1 January 2021.

A special notice was sent to insured members who were eligible to make voluntary contributions.

The Committee also developed a communications plan for 2021.





# Fund members

Fund members (including for 82 self-employed lawyers and notaries)	1,016
Average age of working members	48.5 years
Average pension assets per working member	CHF 107,652
Average age of pension recipients	73.2 years
Average annual pension income	CHF 23,640

Working members	
Men	6,977
Women	4,933
<b>Total</b>	<b>11,910</b>

Number of times pension funds used to help finance the purchase of a home	91
Average amount withdrawn to help finance the purchase of a home	CHF 115,103
Number of new pension recipients	220
Number of members who withdrew part of capital upon retiring	87
Average amount of capital withdrawn	CHF 272,567

Pension recipients	
Retired members	1,871
Disabled members	375
Spouses	577
Bridging pensions	21
Children	271
<b>Total</b>	<b>3,115</b>









# 2020 economic overview

## **A year of extremes**

- The Covid-19 pandemic drove financial markets and the global economy to unprecedented extremes.
- China has already recovered its losses, and the US will likely follow suit this summer.

The biggest surprise of 2020 was not just the staggering stock market crash caused by a near halt in global activity at the onset of the Covid-19 pandemic, but also the speed of the recovery that followed. Over just eight weeks from April to May, when the world was still in lockdown, global indices made up three-quarters of their March losses, climbing from -30% to around -8%.

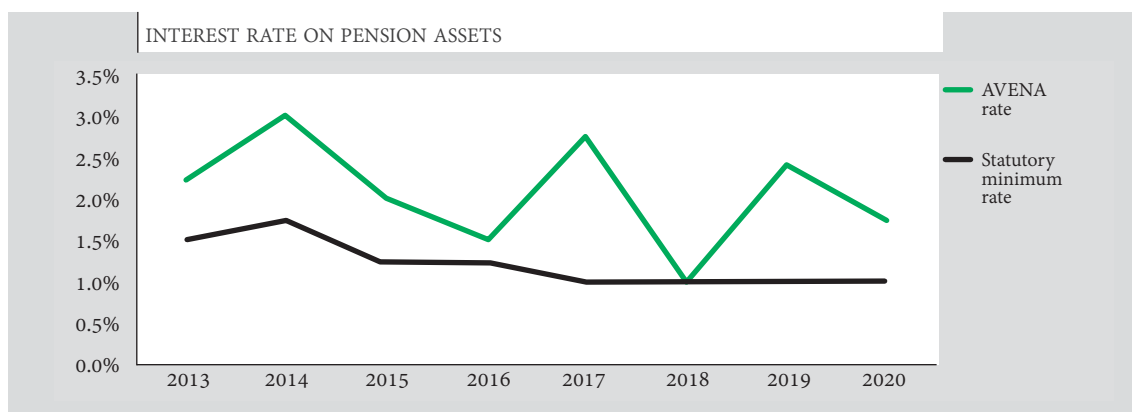
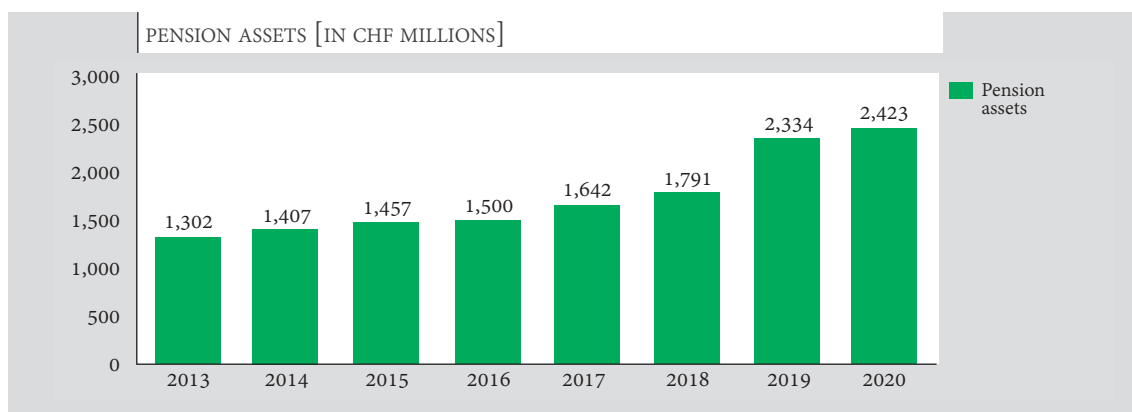
## **Unprecedented interventions**

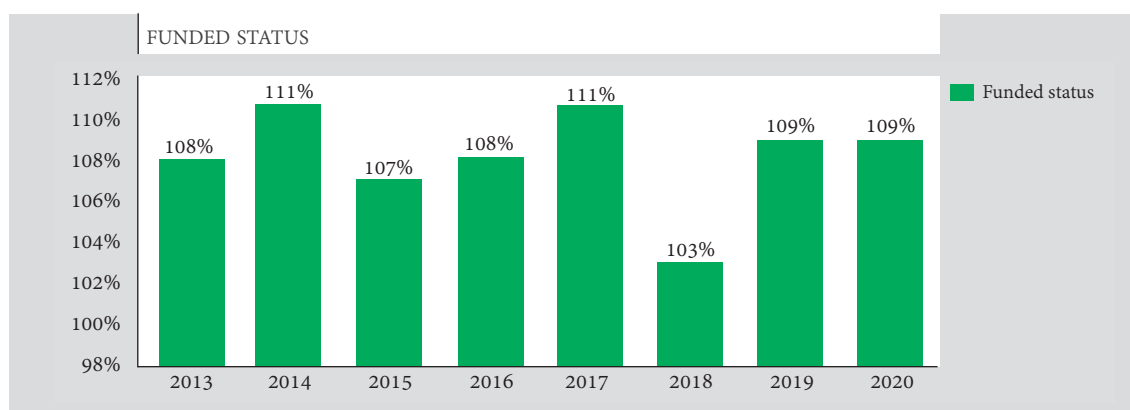
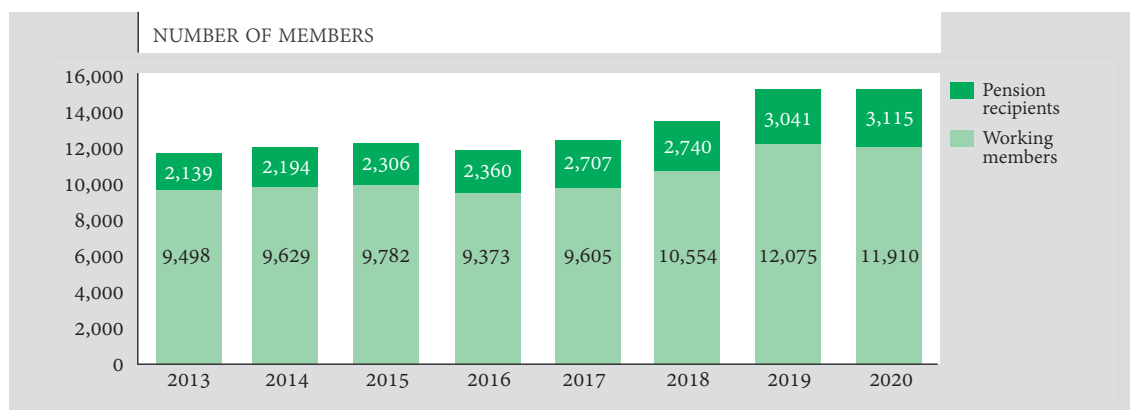
This striking recovery was largely due to the extraordinary stimulus measures taken by the world's main central banks and governments. In total, an estimated 21 trillion dollars were pumped into the global economy – more than size of the US economy in 2019 (USD 19 trillion).

Like the financial markets, the economy rebounded thanks to various fiscal and monetary interventions, including liquidity injections, easier access to credit, asset purchases – including high-risk debt – subsidies, fiscal measures, and even stimulus checks sent directly to households, as in the US. There, GDP fell by 33% on an annualized basis in the second quarter, but gained back 31% in the third quarter.

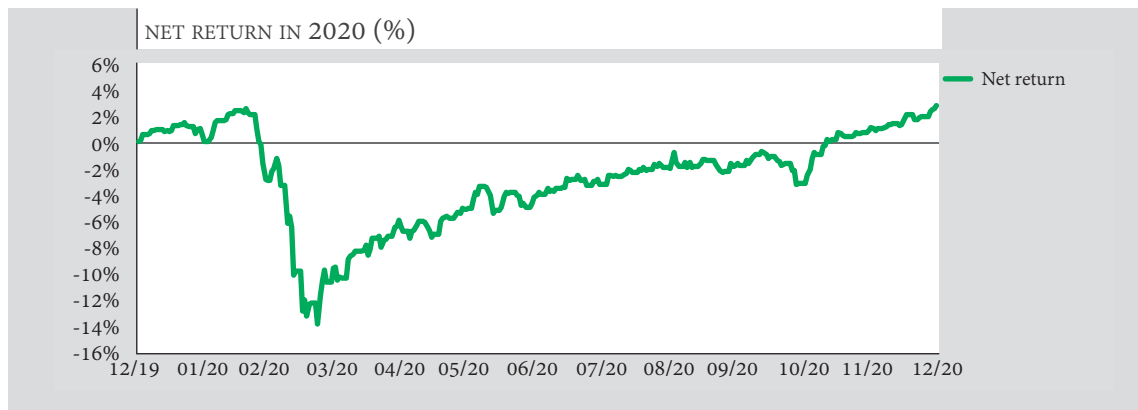
At end-2020, the Fund's portfolio turned in a net performance of 2.45%, in a remarkable recovery from its March lows.

# Key figures





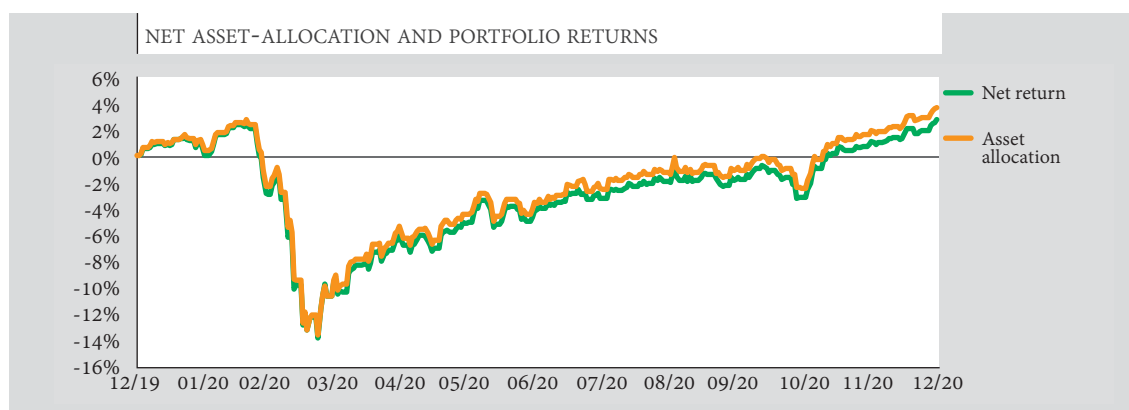
# Net portfolio return in 2020 (%)



# Fund holdings

at 31 December 2020

Asset class	Allocation at 31 December 2020	Strategic allocation
Cash and cash equivalents (including fiduciary investments)	15.44%	6.00%
CHF bonds	18.18%	24.50%
Non-CHF global bonds	5.41%	6.50%
Non-CHF emerging-market bonds	1.86%	2.00%
Swiss equities	13.07%	14.00%
Foreign equities	16.91%	17.00%
Swiss real estate (including direct real estate)	16.01%	13.00%
Hedge funds	8.41%	10.00%
Commodities (only indirect investment)	4.39%	5.00%
Private equity	0.32%	2.00%
	100.00%	100.00%







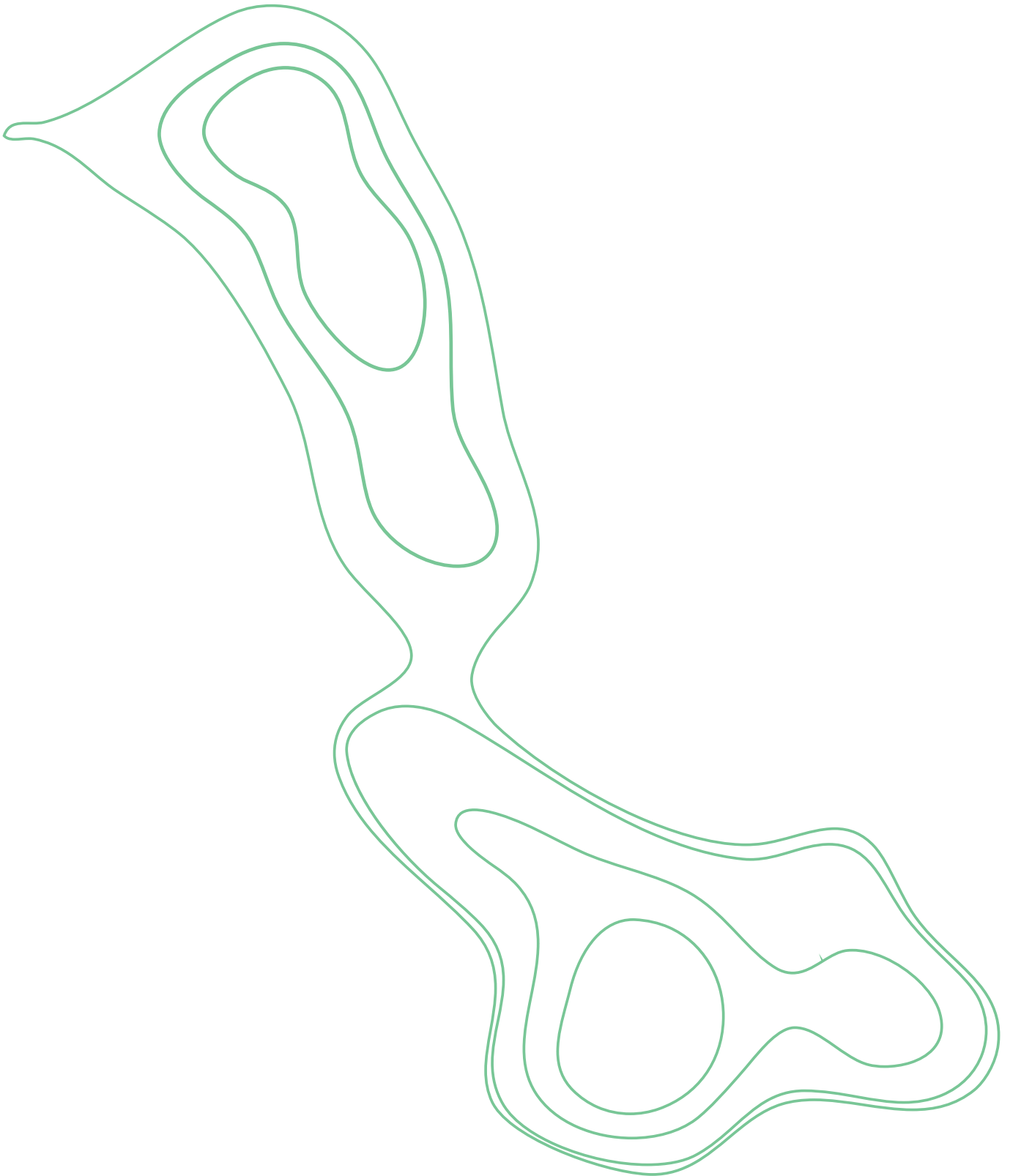
			Tactical		
		31/12/2020	Strategy	min.	max.
Type of holdings	CHF	%			
Cash and cash equivalents					
Cash at bank in CHF	344,129,412	14.20%	6.0	0.0	20.0
Cash at bank in foreign currencies	1,696,510	0.17%			
Units in money-market funds	0	0.00%			
Other assets	28,270,624	1.17%			
Total cash and cash equivalents	374,096,547	15.44%			
Bonds (including accrued interest)					
Mortgage-backed bonds	30,602,659	1.26%			
Swiss bonds	269,242,174	11.11%			
Foreign CHF bonds	140,699,929	5.81%			
Total CHF bonds	440,544,763	18.18%	24.5	15.5	34.5
Non-CHF bonds	131,078,647	5.41%	6.5	3.25	9.75
Emerging-market non-CHF bonds	45,080,334	1.86%	2.0	0.0	4.0
Total bonds	616,703,745	25.45%			
Equities					
Swiss equities	315,930,698	13.05%			
Shares in the Fund's founder	834,632	0.03%			
Total Swiss equities	316,765,330	13.07%	14.0		
Foreign equities	409,639,341	16.91%	17.0		
Total equities	726,404,671	29.98%	31.0	25.0	43.0
Real estate					
Residential properties and investments in real-estate companies	30,260,277	1.25%			
Units in real-estate funds	357,717,698	14.76%			
Total real estate	387,977,976	16.01%	13.0	6.5	19.5
Hedge funds					
Total hedge funds	203,725,661	8.41%	10.0	5.0	15.0
Commodities					
Total commodities	106,338,606	4.39%	5.0	0.0	7.5
Private equity					
Total private equity	7,825,080	0.31%	2.0	0.0	5.0
TOTAL ASSETS	2,423,072,290	100.00%	100.0		



# Balance sheet

at 31 December 2020

	31/12/2020	31/12/2019
	CHF	CHF
<b>Assets</b>		
<b>Investments</b>		
CHF current accounts	344,129,413	323,933,573
Non-CHF current accounts	1,696,510	3,392,520
Securities	2,018,715,465	1,951,569,215
Real estate	30,260,278	27,007,100
<b>Total investments</b>	<b>2,394,801,665</b>	<b>2,305,902,407</b>
Accruals	28,270,625	27,727,521
<b>TOTAL ASSETS</b>	<b>2,423,072,290</b>	<b>2,333,629,929</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Termination benefits and pension benefits	73,590,594	54,826,133
Banks and insurance companies	37,952	134,848
Other	2,136,428	1,356,188
<b>Total liabilities</b>	<b>75,764,974</b>	<b>56,317,169</b>
<b>Deferrals</b>	<b>20,829,793</b>	<b>27,452,969</b>
<b>Employer contribution reserve</b>	<b>26,338,063</b>	<b>27,179,015</b>
Pension capital for working members	1,305,803,889	1,269,298,439
Pension capital for pensioners	705,609,400	667,929,920
Actuarial reserves	89,432,830	87,723,736
Non-committed funds belonging to members	10,254,700	20,924,870
<b>Total pension capital and actuarial reserves</b>	<b>2,111,100,820</b>	<b>2,045,876,964</b>
<b>Value fluctuation reserve</b>	<b>189,038,641</b>	<b>176,803,812</b>
<b>Fund capital, free assets</b>		
Opening balance	0	0
<b>Total Fund capital, free assets</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,423,072,290</b>	<b>2,333,629,929</b>



# Income

## statement

	2020	2019
	CHF	CHF
Ordinary and other contributions	143,062,148	142,021,654
Transfers-in	164,996,624	415,990,885
Inflow from contributions and transfers-in	308,058,772	558,012,538
Regulatory benefits	-87,199,898	-67,913,588
Non-regulatory benefits	-5,785	-5,785
Termination benefits	-200,333,061	-159,296,669
Outflow for benefits and early withdrawals	-287,538,744	-227,216,041
Release/creation of pension capital, actuarial reserves, and contribution reserves	-64,382,904	-425,428,578
Income from insurance benefits	20,483,080	20,563,304
Insurance expenses	-13,187,172	-12,146,700
Net income from insurance components	-36,566,968	-86,215,476
Net return on investments	57,818,258	229,055,354
Other income	238,635	432,789
Expenses	-9,255,097	-9,172,261
Income/(expense) surplus before creation/release	12,234,829	134,100,406
Change in value fluctuation reserve	-12,234,829	-134,100,406
Net income/(expense)	0	0

# AVENA

Fondation BCV 2<sup>e</sup> pilier

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