

Investment reporting as at 31 March 2010

Financial markets

Having posted virtually nothing but gains during the last nine months of the past year, the stock markets underwent a significant correction in January. Mixed reports on economic recovery brought about a decline in investor confidence, with some countries struggling to beat the recession. The hoped-for recovery in the US labor market failed to materialize. In addition, President Obama's announcement of tighter financial market regulation caused some confusion, especially among banks. However, compared to last year's surge, the correction was moderate and the markets were able to level off at 2009 levels as early as February. This was due in part to the encouraging annual financial statements of many companies.

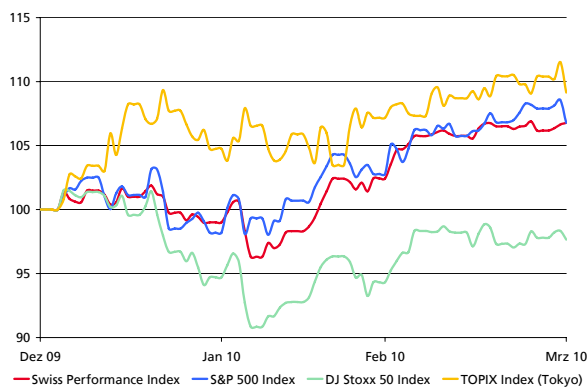


Chart: CHF-based development of the stock markets in the first quarter of 2010

The national credit risks of various European countries was a key issue during the first months of the year, with countries such as **P**ortugal, **I**taly, **I**reland, **G**reece and **S**pain thrust into the spotlight. These so-called PIIGS countries are seen as the weakest links in the Eurozone and even as a risk to the stability of the euro. The focus of market participants is primarily on debt to GDP ratios as well as on national deficit to GDP ratios. These are exceptionally high in the PIIGS states. Greece got the ball rolling when it admitted fabricating various economic data in order to gain membership to the European Union. Various rating agencies subsequently downgraded Greece's solvency rating. The EU's decision to support Greece in an extreme emergency eased the situation slightly. However, this was not enough to put a marked end to the euro's sharp decline. Compared to the Swiss franc and the dollar, it posted

distinct losses in March in particular. Some European banks paid the price for investing heavily in the PIIGS countries.

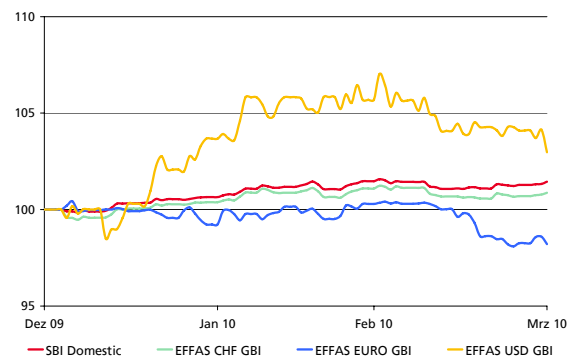


Chart: CHF-based development of the bond markets in the first quarter of 2010

Some countries have already taken initial steps toward a more restrictive monetary policy. In doing so, they are responding to the relaxed lending policy of banks and increased inflationary pressure. Thus, for example, China increased the minimum reserve requirements for banks twice within the space of only a few weeks. But the 0.25% hike in the US discount interest rate also marks an initial step toward a more restrictive monetary policy. Opinions are divided as to when the time might be ripe for a more restrictive monetary policy. Taking such measures too early could dampen economic recovery or even nip it in the bud. Owing to the high liquidity channeled into the system in the course of economic stimulus packages, economies would be unwise to wait too long, as they could run the risk of rising inflation.

Portfolio return

During the first quarter of 2010, the Vita Joint Foundation posted a positive return of 2.32 percent. Luckily, the stock market slump in January did not have any long-term effects. With the exception of Europe equities (-0.82%) – which were placed under further strain by the weak euro – all equity investments of relevance to the Vita Joint Foundation posted positive returns. Supported by a revaluation of the yen, Japan posted the strongest returns (10.60%). But Swiss equities and sustainable equities, for instance, also proved surprisingly positive (6.61% and 5.83% respectively).

Bonds are also able to look back on a further stable quarter – at least as far as returns are concerned. Both corporate bonds and convertible bonds posted convincing returns of around 3 percent, while Swiss franc bonds generated 1.49 percent (domestic bonds) and 2.40 percent (foreign bonds), respectively. Virtually all bond investments were able to outperform their benchmark.

Overall, equities fell slightly short of their benchmark, which was primarily due to the underperformance of US and sustainable equities. In the case of US equities, this is mainly due to a weak selection of securities in the energy, healthcare and information technology industries. Furthermore, the portfolio is still suffering from the fact that small, low-quality securities are recovering faster than high-quality large-caps. In the case of sustainable equities, some of the primary underperformers were victims of the financial crisis in Southern Europe. Due to the haphazard approach, even solid and well-financed businesses with a solid cash flow were affected.

Swiss real estate put in its usual solid performance, but even foreign real estate posted considerable gains, enabling an overall return on real estate of 2.34 percent. Hedge fund investments again performed positively (1.80%), while commodities closed the quarter down slightly. Overall, the Vita portfolio outperformed its benchmark (2.32% vs. 2.19%). In addition to the successful selection of securities by the majority of managers, the overweighting of Swiss equities and convertible bonds in particular made a positive contribution to performance.

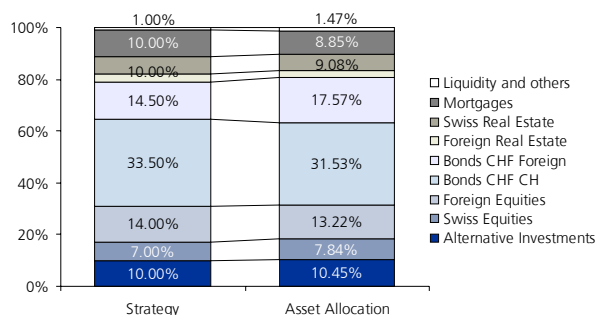
	Vita Portfolio	Benchmark	Deviation
Year 2009 (TWR)	12.74%	12.77%	-0.03%
Jan 10	-0.23%	-0.20%	-0.04%
Feb 10	1.20%	1.15%	0.05%
Mar 10	1.34%	1.23%	0.12%
1st quarter 2010	2.32%	2.19%	0.13%
2010 (TWR)	2.32%	2.19%	0.13%

TWR Time Weighted Rate of Return; Portfolio performance disregarding the inflow and outflow of capital during the reporting period. Since 2010, this calculation has been based on daily weightings which are geometrically linked.

Asset structure

All asset classes lay within their bandwidths as of March 31, 2010. For the most part, shifts occurred due to market movements, but also due to some changes in tactical asset allocation. Among other areas, this is apparent in small switches from bonds to equities. After the economy finally got on course for recovery at the start of the year, it was decided to raise the equity asset allocation to neutral. Swiss franc bonds were cut back slightly. Swiss real estate is still underweighted, and this is unlikely to change

in the near future owing to a lack of attractive investment opportunities. At the end of March, the equity weighting was almost exactly on par with the strategy, while bonds are still slightly overweighted owing to the overweighting of corporate and convertible bonds.



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