

# Investment Report as at December 31, 2011

## Financial markets

The debt crisis in Europe and the US again led to high volatility on the financial markets in the fourth quarter of 2011. Once again, the main reasons for the turbulence were to be found in Greece. Following the long discussions that saw the EU agree to measures to reduce the Greek debt burden, Greek Premier George Papandreou surprised everyone by announcing a referendum on the summit's decisions. The financial markets reacted by sharply losing value.

Soon after, Italy also came under market scrutiny. Silvio Berlusconi was forced out as prime minister after losing his absolute majority in parliament and caused risk markups on Italian treasury bonds to rise to record highs. Berlusconi was succeeded by one-time EU commissioner Mario Monti as head of state.

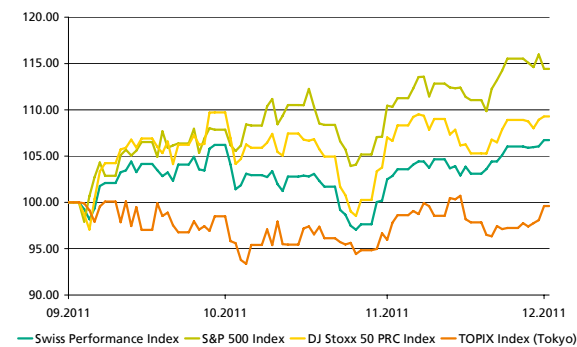


Chart: Stock market performance in CHF

Doubts about a solution to the European sovereign debt crisis were again raised when an auction of German treasuries turned out disappointingly, bringing what is considered to be one of Europe's last safe havens under pressure.

At the end of November the Swiss National Bank and the central banks of the US (Federal Reserve), the Eurozone (ECB), Japan and other states joined forces on the money markets to raise banks' liquidity and ease tension

on the markets. Global stock markets began to recover as a result.

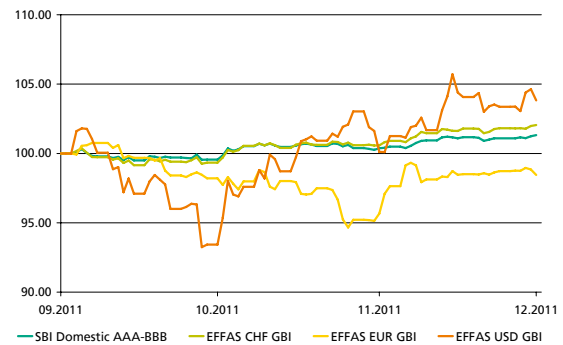


Chart: Bond market performance in CHF

While the search went on in December for recipes to manage the euro crisis at a further EU summit in Brussels, rating agency Standard & Poor's caused an upset by announcing its intention of examining the credit standing of Germany and other EU states, given political, financial and monetary risks.

Notably Germany and France sought to bring about an amendment of the EU treaty. Deficit nations should have sanctions imposed on them sooner, which would serve to create greater budgetary discipline and stability in the monetary union. British Prime Minister David Cameron opposed the agreements, however, in a bid to retain his country's independence from Brussels.

The results of the summit were initially welcomed by the markets. However, subsequent doubts were cast on a recovery.

## Portfolio return (4th quarter)

The final quarter of the year was the best. After a first half-year without returns and negative returns in the third quarter, the fourth quarter was almost able to recoup the losses. The gross return for the months of October to December amounted to 2.47%.

The return for the whole of 2011 was -0.74%.

Equities were the clear winners this quarter. Thus the corresponding portfolio generated 9.07%. US and sustainable equities generated a convincing 14.74% and 11.28% respectively. The only investments with a return below 6% were Japanese equities that generated -0.09%. On the positive side, the portfolio manager was able to outperform the Japanese market index TOPIX by in excess of 1%. Overall, equities contributed 1.84% to the portfolio return.

Convertible bonds were also able to benefit in the wake of positive stock yields, generating returns of 5.38%. However, in terms of returns, the vast majority of the bonds carried in the low single-digit region. Swiss bonds generated 1.11%, and corporate bonds 1.61%. The only investment with a negative return was foreign bonds denominated in CHF, which closed at -0.29. The combined performance stood at 0.69%.

Swiss real estate and mortgages demonstrated their customary stability, generating returns of around 1.20% (Swiss real estate) and 0.72% (mortgages). The global real estate investment, which invests indirectly in real estate, generated a handsome return of 5.10%. Real estate investments contributed 0.31% to the total return.

Alternative investments were unconvincing. Thus the hedge fund generated a return of -0.76% and commodities -4.62%. Overall, alternative investments performed below expectations, generating -0.16%.

The currency hedge of nominal values such as European bonds and convertible bonds generated a negative return of -0.21%.

	Vita Portfolio	Benchmark	Deviation
<b>Q1 - Q3 2011</b>	<b>-3.13%</b>	<b>-2.83%</b>	<b>-0.29%</b>
10.2011	1.82%	1.66%	0.16%
11.2011	-0.44%	-0.06%	-0.39%
12.2011	1.09%	1.12%	-0.04%
<b>4rd quarter 2011</b>	<b>2.47%</b>	<b>2.74%</b>	<b>-0.28%</b>
<b>Year 2011 (TTWR)</b>	<b>-0.74%</b>	<b>-0.17%</b>	<b>-0.57%</b>
Year 2011 (MMR net)	-0.92%		

**TTWR** True Time Weighted Rate of Return: performance of a portfolio without accounting for fund inflows and outflows during the valuation period; since 2010 this calculation is based on daily weightings that are combined geometrically.

**MMR** Money Weighted Rate of Return: performance of a portfolio after accounting for fund inflows and outflows during the valuation period.

## Asset structure

The equity exposure was increased slightly in the fourth quarter. The equity underweighting of 3.00% was reduced by half in November (from 20.00% to 21.50%). European equities benefitted most from this, and to a lesser extent Swiss and emerging markets equities. The estimated, at least short-term recovery on the equity markets was corroborated in December. The investment committee decided to increase the exposure in Europe and the US in order to be able to benefit from a potential stabilization in the Eurozone. Furthermore, they also shared the view that interest rates in the Eurozone were more likely to rise than fall. As a result European, US and sustainable equities were increased by a total of 0.95%, so that by the end of the year equity exposure totaled 22.45%.

Global convertible bond exposure was also increased.

CHF bond exposure (Swiss bonds and foreign bonds denominated in CHF) was reduced from 29.50% to 27.30%.

Placements par catégories de placement au 31.12.2011

	in %	Strategie		
		Ziel	Min	Max
Actions Suisse	5.04	5.50	2.00	10.00
Actions Europe	4.27	4.00	1.50	7.00
Actions USA	6.45	5.00	1.50	9.00
Actions Japon	1.38	1.50	0.50	3.00
Actions Emerging Markets	3.18	3.00	0.50	5.50
Actions Durabilité Global	1.66	2.00	1.00	3.00
<b>Total Actions</b>	<b>21.98</b>	<b>21.00</b>		
Obligations Suisse	23.48	24.00	18.00	31.00
Obligations CHF Etranger	3.30	3.50	2.50	4.50
Obligations Crédit 100	10.21	10.00	6.00	14.00
Collateralised Loan Obligations USD	0.41	0.00	0.00	0.00
Obligations Euro	1.48	2.00	2.00	3.00
Obligations Convertibles Global	4.47	5.00	2.00	8.00
<b>Total Marché des capitaux</b>	<b>43.35</b>	<b>44.50</b>		
Immobilier Suisse	7.37	7.00	6.00	9.00
Immobilier Etranger	3.06	3.00	1.50	5.00
<b>Total Immobiliers</b>	<b>10.43</b>	<b>10.00</b>		
Hypothèque	9.14	10.00	9.00	11.00
<b>Total Hypothèques</b>	<b>9.14</b>	<b>10.00</b>		
Sarasin Commodity Diversified (CHF)	1.02	2.00	1.00	3.00
ZIF Commodity	0.90			
Private Equity	0.09	2.00	0.50	3.50
Hedge Fund CHF	9.66	10.00	0.07	13.00
<b>Total Placements alternatifs</b>	<b>11.66</b>	<b>14.00</b>		
Compt courant	3.44			
<b>Total Liquidité</b>	<b>3.44</b>	<b>0.50</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Vita</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

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