

Investment Report as at September 30, 2011

Financial markets

It has been a turbulent third quarter. In July further measures to bail out Greece were hotly debated at a special summit in Brussels in an effort to contain the risk of trouble spreading to other Eurozone countries. The Euro countries finally agreed on a € 109 billion rescue package backed in part by private-sector creditors, thereby accepting the possibility of a partial default. Meanwhile, the US Congress' week-long fight over the crucial raising of the debt ceiling stirred up much anxiety.

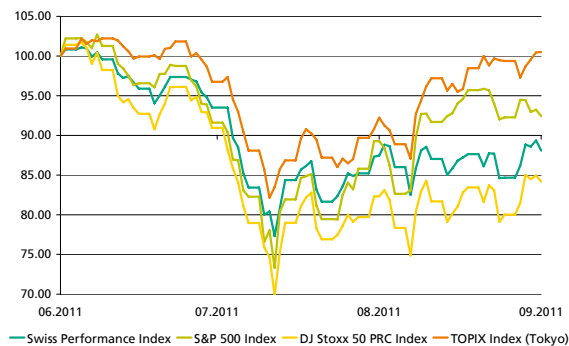


Chart: Stock market performance in CHF

The increasingly skittish capital markets reacted suddenly when rating agency Standard & Poor's downgraded the US credit rating in early August, triggering sharp selling on global equity markets. This "flight to safety" intensified when other economically powerful countries like Japan and Italy were downgraded as well. The price of gold was especially volatile in this environment. After hitting a new high of over USD 1,900, prices soon retreated by 15%.

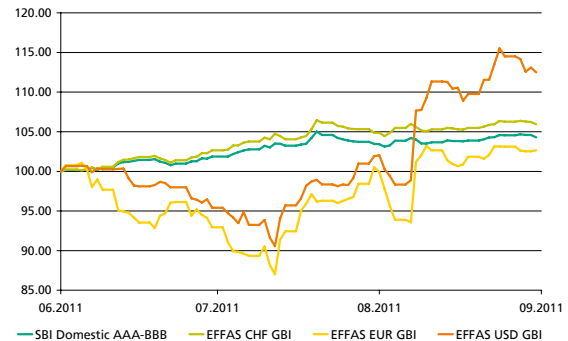


Chart: Bond market performance in CHF

While the Federal Reserve launched a new monetary policy program to buy long-term government bonds and announced its intention to leave its key lending rates unchanged until mid-2013, the ECB's strategy is harder to predict. Faced with softening economic data and mixed indicators, the ECB has left the key lending rates for the euro zone unchanged. Continuing debate over disbursing additional credit tranches to Greece kept the markets excited. The German Bundestag's approval of expansion of the European Financial Stability Facility (EFSF) removed a major hindrance to combating the crisis.

In a surprise move however the Swiss National Bank (SNB) came out in favor of keeping the franc exchange rate versus the euro above 1.20. The steadily strengthening franc had recently approached parity with the euro. The negative impact of a strong currency on the country's heavily export-dependent economy had been clearly observed in recent studies and economic reports.

Portfolio return (3rd quarter)

The 3rd quarter continued the disappointing streak from the previous three months. Plummeting stock valuations once again made equities the biggest drag on portfolio performance. Japanese equities performed the best at 2.41%. Most equities, however, closed the quarter in the negative double digits. Emerging market equities, for example, closed -15.46% and European equities -19.47%. Total equity performance averaged out to -11.98%, bringing Vita's overall performance to -2.60%.

Falling interest rates gave bonds a lift. Except for global convertibles, which are tightly correlated with equity performance, all the components earned a positive return. Swiss bonds – the largest component in the bond portfolio at approx. 24.50% – yielded 3.94%. The currency hedge for the bond portfolio, which had been profitable in recent months as the franc strengthened, this time returned a loss, mainly due to the Swiss National Bank's decision to establish an exchange rate floor of CHF 1.20 against the EUR. However, the loss was compensated by a rise in foreign exchange positions in bonds. Bonds and currency hedging contributed 0.59% to overall performance.

Real estate performance was mixed. International indirect real estate investments, which had handily outperformed equities by mid-year, returned -16.00%, while direct investments in Swiss real estate returned approx. 1.50% on average. Overall, real estate and mortgages contributed -0.32% to performance.

Alternative investments offset the equity slump somewhat, but failed to compensate for it completely. The hedge fund (-4.05%) and commodities (-11.14%) also delivered a negative return. They contributed -0.63% to Vita's quarterly performance.

The 3rd quarter return for the entire portfolio is -2.96%, based on the contributions from all asset classes.

| | Vita Portfolio | Benchmark | Deviation |
|--------------------------|----------------|---------------|---------------|
| 1st halfyear 2011 | -0.15% | -0.05% | -0.10% |
| 07.11 | -1.26% | -1.67% | 0.40% |
| 08.11 | -1.32% | -1.24% | -0.08% |
| 09.11 | -0.40% | 0.18% | -0.57% |
| 3rd quarter 2011 | -2.96% | -2.72% | -0.24% |
| Year 2011 (TTWR) | -3.10% | | |
| Year 2011 (MWR) | -3.21% | | |

TTWR 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.

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

Asset structure

The percentage of capital held in equities was trimmed even more in the 3rd quarter. It amounted to 20.00% at the end of September (-3.00%; includes stocks and private equity). The reduction was mainly concentrated among European and Swiss equities. Bond holdings were increased from 44.45% to 46.80% (+2.35%). This increase applied to all bond components except convertibles. Real estate and mortgages rose slightly and closed the quarter at 22.70% (+0.85%). Commodities holdings were scaled back slightly and closed Q3 at 2.10% (-0.65%). The remainder (+0.45%) was tactically allocated to the current account.

Asset allocation as of 30.09.2011

| | in % | Strategie | | |
|--------------------------------------|---------------|--|-------------|-------------|
| | | Ziel | Min | Max |
| Equities Switzerland | 5.14 | 5.50 | 2.00 | 10.00 |
| Equities Europe | 2.94 | 4.00 | 1.50 | 7.00 |
| Equities USA | 6.12 | 5.00 | 1.50 | 9.00 |
| Equities Japan | 1.51 | 1.50 | 0.50 | 3.00 |
| Equities Emerging Markets | 2.76 | 3.00 | 0.50 | 5.50 |
| Equities Sustainable Global | 1.59 | 2.00 | 1.00 | 3.00 |
| Total Equities | 20.05 | 21.00 | | |
| Bonds CHF Domestic | 25.78 | 24.00 | 18.00 | 31.00 |
| Bonds CHF Foreign | 3.77 | 3.50 | 2.50 | 4.50 |
| Bonds Credit 100 | 10.47 | 10.00 | 6.00 | 14.00 |
| Collateralised Loan Obligations USD | 0.42 | strategically attributed to Credit 100 | | |
| Bonds Euro | 2.04 | 2.00 | 2.00 | 3.00 |
| Convertibles Global | 4.42 | 5.00 | 2.00 | 8.00 |
| Total Capital Market | 46.90 | 44.50 | | |
| Swiss Real Estate | 7.58 | 7.00 | 6.00 | 9.00 |
| Foreign Real Estate | 2.80 | 3.00 | 1.50 | 5.00 |
| Total Real Estate | 10.38 | 10.00 | | |
| Mortgages | 9.47 | 10.00 | 9.00 | 11.00 |
| Total Mortgages | 9.47 | 10.00 | | |
| Sarasin Commodity Diversified (CHF) | 1.81 | 2.00 | 1.00 | 3.00 |
| Private Equity | 0.10 | 2.00 | 0.50 | 3.50 |
| Hedge Fund CHF | 10.14 | 10.00 | 0.07 | 13.00 |
| Total Alternative Investments | 12.06 | 14.00 | | |
| Current account | 1.15 | | | |
| Total Liquidity | 1.15 | 0.50 | 0.00 | 0.00 |
| Total | 100.00 | 100.00 | 0.00 | 0.00 |

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