

Pro Zukunftsfonds Schweiz Foundation:

Investing in the Jobs of the Future – for the Benefit of Future Generations and the Swiss Economy

Basel, October 13, 2016. Numerous figures from the worlds of politics and business have got involved in Pro Zukunftsfonds Schweiz, a Swiss investment foundation established on October 6. Fathi Derder (FDP national councilor, Vaud) has taken on the role of president and the Foundation Board includes Dr. Henri B. Meier (initiator of the foundation), Calvin Grieder (Chairman of the Board, Bühler Group), Beat Jans (SP national councilor, Basel-Stadt), Karl Reichmuth (Reichmuth Bank), and Professor Andrea Schenker-Wicki (Rector, University of Basel).

The Pro Zukunftsfonds Schweiz foundation aims to create a fund of funds, which will make it possible for pension funds, insurances, and similar institutional investors to finance Swiss start-ups at the forefront of technological development with investments over several years so that these can develop their innovative products right up until they are launched on the market. A small proportion of long-term Swiss savings is therefore to be returned to the real employment-generating economy to create jobs with a great degree of added value in future key technologies for future generations.

The foundation is also advocating accompanying measures which will improve the framework conditions for Swiss start-ups. It is therefore calling for the implementation of the Graber motion, which was passed by the National Council and Council of States in February 2014 and transferred to the Federal Council.

In terms of public spending on education and spending on research and development, Switzerland is an international leader and has a constantly high level of innovation potential. However, it falls quite a way below the OECD average – and significantly behind countries such as Sweden, the USA, Canada, and Israel – when it comes to implementing its ideas and patents in products and services. Direct investments in the value-creating, employment-generating economy have been declining for decades. The problem is not with start-up finance, but rather with follow-up finance. Recurring investments need to be made for years so that the highly innovative but complex products and services can be made into something marketable. Without political countermeasures and a changing in thinking with regard to institutional investors, such as pension funds, this will lead to a painful decline in employment and income in Switzerland.

The main reason behind this investment malaise is that over half of Swiss savings are channeled into collective savings pools. From here, they very rarely flow back into the real value-creating economy. The savings rate for Swiss households is one of the highest in the world. More than half of these savings end up in pension funds and other collective savings pools. These funds are primarily used to finance debts, with “safety” as the buzzword. A small proportion of these is also used to buy shares on the stock market. However, the focus here is not on growth, but rather on investing in large, liquid stocks. Only a fraction of a percent of the pension funds is invested in venture capital and therefore in the future of the country.

There are two factors missing which are required to feed long-term savings back into the real employment-generating economy: *the necessary risk capital and sufficient highly professional intermediaries*. State councilor Konrad Grader therefore submitted a motion entitled “Long-term investment of pension funds in promising technologies and a future fund in Switzerland” in December 2013. It was passed unanimously across all parties by the National Council and Council of States in February 2014 and transferred to the Federal Council.

In the USA, pension funds invest around 5 percent of their resources in venture capital,

whereas in Switzerland, this is a fraction of a percent. Over 30 years, US pension funds have achieved average returns of 12 to 18%. The major growth drivers of the US economy, such as Intel, Google, Genentech, Amgen, HP, etc., were all financed by venture capital. Swiss pension funds are generally too small to employ highly specialized intermediaries with expert knowledge and – most importantly – to spread the risk sufficiently. This is why the Swiss future fund (“Zukunftsfonds Schweiz”) is needed. It is to invest in highly specialized venture capital funds organized by the private sector in the fields of energy and green technology, new materials/material technology, nanotechnology, IT and robotics, biotechnology, and medical technology in Switzerland (50%) and Europe.

Purpose of the Pro Zukunftsfonds Schweiz Foundation:

The foundation aims to support measures to create opportunities to invest Swiss savings from collective savings pools in the real employment-generating Swiss economy at the forefront of technological progress.

The main aims of the foundation are as follows:

- To accelerate the founding of a Swiss future fund within the sense of the Graber motion;
- To improve the fiscal and accounting framework conditions to make it possible to invest pension funds and collective pension schemes in the real value-creating, employment-generating economy at the forefront of technological development;
- To initiate and support measures to fund training for risk capital intermediaries and to make Switzerland more attractive for these intermediaries;
- To evaluate and if necessary implement other political and economic measures which make it possible to return a proportion of long-term savings as value-creating, employment-generating investments in Switzerland.

The Graber Motion of December 2013:

Long-Term Investment of Pension Funds in Promising Technologies and Creation of a Future Fund in Switzerland

The Federal Council is requested to suggest changes to statutory provisions and investment policies based on the idea that pension funds will be in position to invest in long-term, future-oriented assets in the future. Furthermore, the Federal Council is invited to initiate a Swiss future fund organized and held by the private sector, which will take care of promising assets on the request of the pension funds.

Pro Zukunftsfonds Schweiz Foundation Board

President of the Foundation Board: **Fathi Derder** (FDP national councilor, Vaud)

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