

## Investment Regulations

### 1 Purpose

- 1.1 The Foundation board issues these Investment Regulations based on article 6 of the statutes of the finpension Vested Benefits Foundation (hereinafter referred to as the Foundation) and article 49a of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV2) and articles 19 and 19a of the Ordinance on Vested Benefits (FZV). They define the objectives and principles as well as the implementation and monitoring of the investments.
- 1.2 Assets are invested in accordance with the applicable provisions of the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG) and BVV2.

### 2 Investment objectives and principles

- 2.1 The primary focus of the investments is the financial interests of the insured persons.
- 2.2 The Foundation determines investment strategies which, in accordance with articles 50 to 52 BVV2, aim for investment security and an appropriate return and ensure that risk is diversified and that the expected liquidity requirements are met.
- 2.3 The pension fund member selects one of the strategies offered by the Foundation, taking into account his/her risk capacity, and by his/her choice declares his/her willingness to take risks to the Foundation. He/she has the option of choosing an investment strategy with a higher risk than recommended by the determined risk capacity.
- 2.4 At the pension fund member's request, the investment of assets may be delegated to a legally qualified asset manager, who must also comply with the investment objectives and principles.
- 2.5 The investment strategies offered by the Foundation may be expanded pursuant to the provisions of article 50(4) BVV2. If the pension fund member opts for an investment strategy with extended investment ranges, increased requirements will apply to the pension fund member's risk capacity and risk tolerance.

### 3 Investment guidelines

- 3.1 The following are permitted as investments:
  - a) Cash;
  - b) The following receivables which are for a fixed monetary amount:
    1. postal cheques and bank balances,
    2. money market investments with a term of up to 12 months,
    3. medium-term bonds,
    4. bonds, including those with conversion or option rights,
    5. secured bonds,
    6. Swiss mortgage titles,
    7. promissory notes from Swiss public-law entities,
    8. surrender values of collective insurance agreements,
    9. in the case of investments based on a standard, broadly diversified and broadly used bond index: the receivables contained in the index;
  - c) Solely or jointly owned real estate, including buildings under leasehold and building land;
  - d) Participatory interests in companies, such as equities and participation certificates, similar securities such as profit participation certificates, and cooperative share certificates; participations in companies and similar securities are permitted if they are listed on a

stock exchange or traded on another regulated market that is open to the public;

- e) Alternative investments with no additional funding obligations, such as hedge funds, private equity, insurance-linked securities, commodities, infrastructure and other receivables not specified in b), but only in the form of diversified collective investments, diversified certificates or diversified structured products.
- 3.2 For implementation of the investment strategy pursuant to article 3(1)(a)–(d), collective investments within the scope of article 56 BVV2 are permitted. Direct investments may only be used as part of the securities solution with delegated asset management.
- 3.3 A maximum of 10% of the total assets from a single debtor may be invested in receivables pursuant to article 53(1)(b) BVV2. This upper limit does not apply to any postal cheque and bank balances denominated in a fixed amount of money at a bank subject to the Swiss Financial Market Supervisory Authority (FINMA).
- 3.4 Investments in participations pursuant to article 53(1)(d) BVV2 must not exceed more than 5% of total assets.
- 3.5 The following category restrictions also apply to pension fund members and at the Foundation level:
  - a) 50% for investments in equities
  - b) 30% for investments in real estate, with a maximum of one-third outside Switzerland
  - c) 15% for alternative investments
  - d) 30% for foreign currencies with no currency hedging
- 3.6 The category restrictions in accordance with article 3.3 to 3.5 may be exceeded if the pension fund member's risk capacity and risk tolerance permit this.
- 3.7 Investments may only be made in assets that can be liquidated within one month. An extension of this deadline requires the prior consent of the Foundation and is only possible if the risk capacity and risk tolerance of the pension fund member permit it.
- 3.8 The use of derivative financial instruments is permitted within the scope of the respective risk capacity and risk tolerance subject to the provisions of article 56a BVV2. The use of directly held derivative financial instruments is not permitted.
- 3.9 Securities lending is not permitted if doing so makes it impossible to exercise voting rights.
- 3.10 Transferred vested benefits are invested on the trading day in the investment strategy chosen by the pension fund member.

### 4 Selection and implementation of the investments

- 4.1 The Foundation offers the following investment solutions:
  - Account solution: The Foundation's funds must be invested as savings deposits at a bank subject to FINMA.
  - Securities solution with collective investment instruments: The Foundation may offer investment strategies using collective investment instruments which are subject to Swiss monitoring or licensed for distribution in Switzerland or which have been set up by a Swiss investment foundation.
  - Securities solution with delegated asset management: Individually compiled portfolios are offered by the Foundation as part of an asset management contract with legally qualified asset managers, banks subject to FINMA, securities traders and fund management companies.

- 4.2 The personal risk capacity is determined electronically or using a form provided by the Foundation. The result of the risk capacity assessment does not constitute a recommendation for the choice of an investment strategy. It is only a risk level which the pension fund member must not exceed based on the information provided. The risk capacity may be reassessed by the pension fund member at any time.
- 4.3 The pension fund member decides on the use of an investment strategy while aware of the risk capacity determined for him/her, thus demonstrating his/her risk tolerance. The investment risk of the selected investment strategy must not exceed the risk capacity at the time of the selection of the investment strategy. In addition, it is the client's responsibility to reassess the risk capacity and the choice of investment strategy in the event of a changed life situation (e.g. divorce, shortened investment horizon). At least every five years, the pension fund member is requested via both the web access and the app to answer the questions for determining the risk capacity again and to reconfirm the choice of strategy (risk tolerance).
- 4.4 By choosing a strategy, the pension fund member confirms that he/she has been informed about the associated risks and costs.
- 4.5 In a securities solution with delegated asset management, the asset manager is responsible for risk disclosure and compliance with investment regulations.
- 4.6 A personal account is kept for each pension fund member, from which the current vested benefit capital can be seen. All income and changes in value are credited or debited to the pension fund member's individual account.
- 4.7 If a securities investment cannot be liquidated at the time of withdrawal (e.g. in the event of liquidation of an ETF or redemption stop of a fund), the securities investment forms part of the withdrawal benefit. If the new pension fund does not enable this item to be carried forward, the illiquid portion of the termination benefit is transferred after the securities investment has been liquidated. No default interest can be claimed against the Foundation on the portion of the illiquid investments (any continuing market risk must be borne by the insured person). In the event of a cash payment or pension provision case, the Foundation is entitled to transfer these securities to the private custody account of the pension fund member or his/her surviving dependants at the relevant market value at the time of withdrawal as part of the withdrawal benefit.
- 4.8 The investment strategy may be changed free of charge at any time. The adjustment of the portfolio to the new strategy is arranged regularly (rebalancing). The Foundation shall inform the insured persons in an appropriate manner about the trading days. For the strategy adjustment to be taken into account on the trading day, the strategy must be implemented by the day before the trading day. The Foundation assumes no liability for orders that are late or not carried out.
- 4.9 If strategy adjustments are made on the trading day, it cannot be predicted whether the changes will be implemented on the same trading day or not.
- 4.10 The Foundation has the right to exchange the securities as part of the chosen investment strategy.

## 5 Exercising the Foundation's shareholder rights

- 5.1 Voting rights are to be exercised as far as possible.
- 5.2 Voting rights are exercised by the asset managers, unless

the Foundation board orders otherwise in individual cases. The exercise of voting rights may also be assigned to shareholder services of institutional investors.

- 5.3 If there are no special reasons, voting rights will be exercised as proposed by the board of directors.
- 5.4 In the event of extraordinary circumstances (in particular takeovers, mergers, opposition to the proposals of the board of directors), the Foundation board will decide how voting rights are to be exercised and issue the necessary instructions.

## 6 Organisation and procedures

- 6.1 The Foundation board
- determines the investment objectives and principles;
  - monitors compliance annually with the investment principles, and in particular compliance with the investment requirements pursuant to article 71(1) BVG, articles 49 to 58 BVV2;
  - is responsible for disclosing any investment expansions pursuant to article 50(4) BVV2 in the annual report;
  - it determines annually the interest rate to be paid by the pension fund member on mortgages. In doing so, the Foundation board is guided by the usual market interest rates of the cantonal banks and big banks in the area of variable mortgages;
  - takes appropriate organisational measures for the implementation of the integrity and loyalty conditions.
- 6.2 The asset manager
- informs the pension fund member about the opportunities and risks of the investment strategies;
  - only invests pension assets if the pension agreement signed by the client is available and the Foundation has received a signed form confirming the investment strategy including risk and cost information;
  - is responsible for implementing the investment strategy determined;
  - is responsible for complying with the investment guidelines;
  - reports semi-annually on compliance with the investment guidelines to the Foundation;
  - provides insured persons on request, but at least once a year, with an overall assessment containing performance and investment details as well as information regarding compliance with investment guidelines;
  - submits to the Foundation board at least every six months, and on request, an overall evaluation containing the performance, costs, investment details and compliance with the investment guidelines per vested benefits custody account/account.
- 6.3 Management
- informs the pension fund member about the opportunities and risks of the investment strategies, unless implementation of the investment is delegated to a legally qualified asset manager;
  - reviews compliance with the investment guidelines twice a year.

## 7 Asset management integrity and loyalty

- 7.1 All persons or institutions entrusted with the Foundation's asset management must meet the conditions of asset management loyalty pursuant to article 48(f)–(i) BVV2.
- 7.2 The following requirements and rules of conduct apply for internal and external bodies of the Foundation:
- a) They have the specialist knowledge, professional background and reputation to carry out the tasks

- assigned to them in the best interests of the insured persons.
- b) Legal transactions with affiliates are permitted if they serve the financial interests of all insured persons. They must be approved individually by the Foundation board and submitted to the auditor together with the annual accounts.
  - c) All own transactions with the same securities as the Foundation which exploit knowledge of the transactions carried out by the Foundation for personal gain and enrichment are prohibited. This includes front, parallel and after running.
  - d) All pecuniary advantages must be transferred to the Foundation. Small gifts that do not exceed a total of CHF 2,000 per year are exempted.
  - e) Private interests must be disclosed to the Foundation board. The bodies are subject to a strict duty of confidentiality.
  - f) All persons and institutions involved are obliged to maintain strict confidentiality about confidential matters of which they become aware in the course of carrying out their activities.

## **8 Accounting principles**

- 8.1 Cash and cash equivalents, fixed-term deposits and accounts receivable will be recognised at par value; all other asset classes will be recognised at market value.
- 8.2 The assets and liabilities will be valued in accordance with the accounting recommendations of Swiss GAAP FER 26.

## **9 Additional provisions**

- 9.1 Changes to supervisory and statutory provisions which serve as the basis for these Regulations remain reserved. Such changes will apply to these Regulations once they enter into force.
- 9.2 The Foundation board has the right to amend these Regulations at any time. Amendments to the Regulations will apply once they enter into force and replace all previous provisions. The competent supervisory authorities must be notified of the Regulations and any amendments thereto.
- 9.3 Cases related to the investment of assets not governed by these Regulations will be handled in accordance with the instructions of the Foundation board in faithful application of and pursuant to the statutory requirements. German is the applicable language for interpreting the Regulations.
- 9.4 These Investment Regulations enter into force on 1 July 2021. A transitional period of one year applies for the operational implementation of the new rules.

Schwyz, 20 July 2021

Foundation board of valuepension – Vested Benefits Foundation

## Annex

The Foundation board permits investment strategies within the following ranges:

	<b>Liquidity</b>	<b>Bonds</b>	<b>Equities</b>	<b>Real Estate</b>	<b>Alt. Investments</b>	<b>Foreign Currency</b>
Very low	0-100%	0-100%	0-10%	0-10%	0-10%	0-15%
Low	0-100%	0-100%	0-30%	0-30%	0-20%	0-30%
Medium	0-100%	0-100%	0-45%	0-30%	0-40%	0-40%
High	0-100%	0-100%	0-60%	0-50%	0-60%	0-60%
Very high	0-100%	0-100%	0-100%*	0-50%	0-60%	0-100%

The investment options may be expanded if all of the following conditions are met:

- the pension fund member shows a corresponding risk tolerance;
- the assets are invested in a diversified manner (through collective investment vehicles or through a mandate to an asset manager).

\*An equity share of more than 85% is only permissible if the insured person invests less than 85% of his vested benefit assets in equities on a consolidated basis across all his vested benefit relationships.