



Investment Regulations

VZ Vested Benefits Foundation

Effective 1 February 2024



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B. Regulations

Article 1 Purpose of these regulations

1. These regulations set out the objectives and principles of asset management as well as the implementation and supervision of asset management within the VZ Vested Benefits Foundation (hereinafter «foundation»).
2. Asset management is governed by the applicable provisions of the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision of 25 June 1982 (OPA) and the Ordinance on Occupational Old Age, Survivors' and Invalidity Pension Provision of 18 April 1984 (OPO 2).

Article 2 Objectives and principles of asset management

1. The financial interests of the beneficiaries are of primary importance in the field of asset management.
2. Asset management must be carried out in such a way that a return on investment commensurate with the investment risk can be achieved.
3. Asset management shall be carried out in accordance with the statutory provisions including, in particular, article 71(1) OPA and articles 49 to 56a OPO 2.

Article 3 Asset management guidelines

1. Liquidity:
Benefits must be paid on time; the securities used must be traded on regulated markets and be capable of being liquidated within a reasonable period.
2. Individual investment strategy:
The beneficiary shall determine his/her investment strategy in consultation with a consultant of VZ VermögensZentrum AG, taking into account their individual risk capacity, risk appetite and overall asset situation.
The foundation shall examine the risk capacity and risk appetite in a manner that takes appropriate account of the beneficiary's overall asset situation.
3. Diversification:
Risk diversification must be guaranteed and must be taken into consideration at all times.
4. Investment risk/value fluctuations/price losses:
Investments in securities may result in value fluctuations and price losses. The beneficiary bears sole responsibility for the performance of its investments. The foundation accepts no liability for price losses.
5. Exercise of voting rights:
The shareholder voting rights associated with shares that are held directly by the foundation in Swiss companies listed in Switzerland or abroad, as well as with shares held indirectly in collective investment schemes for which the pension funds are granted a voting right, shall be exercised in the interests of the insured persons, particularly with regard to the following motions:
 - a. Election of the members of the board of directors, the chair of the board of directors, the members of the compensation committee, and the independent representative of voting rights
 - b. Provisions of the articles of association governing compensation
 - c. Compensation of the board of directors, the executive management and the advisory board

Article 4 Individual asset management

1. The foundation offers a fixed-interest «vested benefits account» through VZ Depository Bank Ltd. The vested benefits account enjoys bankruptcy privilege (second class of creditors) within the meaning of the Federal Act on Banks and Savings Banks.
2. The foundation offers OPO 2 compliant «asset mixes» via the VZ Investment Foundations. From these asset mixes, beneficiaries can select the one that suits their individual needs and requirements, and they can also combine together several asset mixes.
3. In collaboration with the asset manager, the foundation offers an «individual pension scheme». This enables the beneficiary to implement alternative, individual investment strategies, irrespective of the asset mixes offered by the VZ Investment Foundations.
4. The foundation shall open a separate vested benefits account with VZ Depository Bank Ltd for each beneficiary and – if necessary – a separate securities custody account.
5. The beneficiary must notify the foundation in writing of his/her decisions concerning asset management and the investment strategy (initial selection, changes).
6. The foundation shall decide upon whether the investment decision can be implemented.



Article 5
Asset management
with asset mixes
offered by the
VZ Investment
Foundations

1. Purchase and sale orders must be notified to the foundation in good time. The corresponding deadlines depend on the particular asset mixes.
2. Purchase orders may only be placed if the necessary liquid assets are available.
3. Unless otherwise instructed in writing by the beneficiary, the foundation shall routinely purchase new units in the asset mix last selected by the beneficiary.
4. The fees and the settlement thereof shall be determined in accordance with the provisions set forth in the fee regulations.
5. Acquired units in asset mixes shall be credited to the beneficiary's custody account. The execution price shall be determined by VZ Depository Bank Ltd on the reference date. Proceeds from the sale of units shall be credited to the beneficiary's vested benefits account.
6. The foundation declines any and all liability for late or non-executed orders of any kind.
7. Statements of account shall be prepared by VZ Depository Bank Ltd and sent to the beneficiary by post or electronically.

Article 6
Asset management –
individual pension
schemes

1. Individual pension schemes are implemented within the framework of an individual asset management agreement concluded between the foundation and the asset manager. The custodian bank is VZ Depository Bank Ltd.
2. By signing the «Pension agreement», the beneficiary authorises the foundation to disclose to the asset manager any data necessary for the performance of asset management tasks.
3. The contract documents define the investment strategy according to which the individual vested benefits are to be invested and the ranges within which the weighting of the individual risk or investment classes may vary.
4. The asset manager shall issue its purchase and sale orders directly to VZ Depository Bank Ltd and shall receive the statements of account from the same.
5. The fees and the settlement thereof shall be determined in accordance with the provisions set forth in the fee regulations.
6. The asset manager is VZ Depository Bank Ltd. The foundation council may decide to approve other asset managers. The asset manager must acknowledge these investment regulations and agree to comply with them.
7. At the beneficiary's request, the beneficiary may assume the asset management himself/herself. In such case, the investment universe is limited to the investments referred to under article 19a(3)(a) and (b) of the Ordinance on the Vesting of Occupational Old Age, Survivors' and Invalidation Benefits (VBO). For the capital investments referred to under article 19a(3)(b), the foundation shall maintain a selection list based on the Swiss collective investment schemes approved by FINMA, the foreign collective investment schemes for which sale in Switzerland has been approved by FINMA, and the Swiss investment foundations supervised by the Occupational Pension Supervisory Commission (OPSC). The beneficiary may select his/her investments only from this selection list. The foundation shall be responsible for ensuring, in cooperation with the asset manager, that the beneficiary complies with articles 49 to 58 OPO 2 in terms of the capital investments they select.
8. The beneficiary may invest in a self-mortgage (*Eigenhypothek*) as part of an individual pension scheme. For the purposes thereof, the foundation is the mortgagee and the beneficiary is the mortgagor. Only variable mortgages are permitted. No more than 10% of the vested benefit may be invested in the form of a self-mortgage. The foundation council sets the interest rate annually. The interest rate shall be based on the interest rate levels for variable mortgages set by the largest cantonal banks.
9. Insured persons may arrange for payments, within the meaning of the Pension Regulations to be made either in cash or in the form of securities.
10. The foundation declines any and all liability for late or non-executed orders of any kind.



Article 7 Expansion of investment possibilities

1. The mixed assets offered by the foundation through the VZ Investment Foundations may have recourse to the expansion provision under article 50(4) of the OPO 2.
2. In the context of the individual pension scheme, recourse may be made to the expanded investment possibilities provided for under article 50(4) of the OPO 2. The foundation envisages the following possibilities for expansion in the area of category limitations and the limits on individual debtors:
 - a. A maximum of 65% of the existing vested benefit may be invested in foreign currencies without currency hedging.
 - b. The average rating of the debtors must be at least equivalent to an «A» rating from S&P or Moody's or a comparable rating.
 - c. Investments in collective real estate investments (investment funds, investment foundations) may not exceed 50% of the available vested benefit. A maximum of 1/3 of such investments may be accounted for by foreign investments.
 - d. Investments in shares or similar securities and participations may not exceed 95% of the available vested benefit.
- e. Alternative investments may not exceed 35% of the available vested benefit. Alternative investments include hedge funds, insurance linked securities, commodities, private equity and similar investments. Alternative investments may be made only in collective form and without any obligation to make additional contributions.
- f. The limits on individual debtors and real estate investments under article 54 et seq. of the OPO 2 must be complied with. No more than 15% of total assets may be invested in individual equity interests in companies.
3. If the beneficiary decides to expand the investment guidelines, heightened requirements apply to the individual risk capacity, risk appetite and overall asset situation of the beneficiary.
4. Direct securities lending by VZ Depository Bank Ltd is prohibited – indirect securities lending, conducted within a collective investment scheme in which the foundation invests, cannot be excluded.

Article 8 Reporting and control

1. The asset manager shall provide the management with quarterly individual evaluations of the «individual pensions scheme» mandates, on 31 March, 30 June, 30 September and 31 December respectively. This evaluation shall contain details of performance and the return and risk ratios, as well as a custody account statement.
2. The VZ Investment Foundations are to provide the management with a quarterly report on the performance, return, and investment risk of the asset mixes, which is to be submitted on 31 March, 30 June, 30 September and 31 December respectively.
3. In the case of individual pension schemes, the management shall ensure that the investment strategy agreed with the beneficiary is being complied with and that it conforms with the BVV 2 or the regulations. In this respect, the management is to be provided with a quarterly report on 31 March, 30 June, 30 September and 31 December.
4. The management shall ensure that the foundation council receives a quarterly, needs-based controlling report on 31 March, 30 June, 30 September and 31 December.
5. The beneficiary shall receive an overall evaluation at least once per year, which must include details of performance, return and risk ratios, as well as deposits and disbursements within the meaning of the pension fund regulations.

Article 9 Duties and powers of the foundation council

- The foundation council has the following duties:
- a. issuing these regulations and the implementing provisions
 - b. definition and delegation of duties and powers
 - c. issuance of asset management mandates
 - d. monitoring of the targeted asset management activities by approving the controlling reports referred to in article 8(4)

Article 10 Duties and powers of management

1. The management shall be entitled to reject investment decisions of the beneficiary and make counter-proposals, as well as to order the sale of securities at the expense of the beneficiary if, in the case of individual pension schemes, the upper ranges of the agreed investment strategy are exceeded, or the expansion provisions provided for under article 7 are breached.
2. The management shall ensure that the specified reports are delivered to the relevant recipients in a timely manner.
3. The management shall exercise continuous oversight to ensure compliance with these regulations.
4. The foundation informs the beneficiary about the risks of the investment.



Article 11 Duties and powers of the asset manager in the case of individual pension schemes	<ol style="list-style-type: none"> 1. The consultant shall be responsible for advising and supporting the beneficiary in connection with the securities portfolio. 2. The asset manager shall have, inter alia, the following duties in connection with the individual pension scheme: <ol style="list-style-type: none"> a. strategic and tactical research services such as market, industry and sector selection, securities and fund selection, securities and fund monitoring and short-term risk management b. portfolio management, such as the structuring, individual adjustment and monitoring of the asset allocation 	<ol style="list-style-type: none"> c. the calculation of risk and return ratios d. implementation of the instructions of the management and the foundation council <ol style="list-style-type: none"> 3. In the case of individual pension schemes, the bank shall prepare the reporting and the extended reporting. 4. If the beneficiary undertakes asset management himself in accordance with article 6(7) of these regulations, read in conjunction with article 19a(3)(a) and (b) VBO, the beneficiary shall himself/herself be responsible for the selection of securities, portfolio composition and monitoring.
Article 12 Accounting principles	Cash and cash equivalents, fixed-term deposits and receivables are posted at their nominal value, while all other asset classes are posted at their market value.	
Article 13 Powers of representation	<ol style="list-style-type: none"> 1. The foundation exercises the shareholder rights associated with share investments primarily in accordance with financial criteria in the interest of the beneficiaries. 2. In the case of routine transactions, voting rights shall generally be exercised in accordance with the proposals of the relevant board of directors. 	<ol style="list-style-type: none"> 3. In the case of proposals that could have a lasting impact on the interests of the beneficiaries (mergers, reorganisations, disposals of sub-areas, changes to the capital or voting rights structure etc.), the foundation council may decide that the voting rights are to be exercised in a manner that deviates from the proposals of the relevant board of directors.
Article 14 Loyalty in asset management	All persons and institutions entrusted with the management of the assets or the management of the foundation undertake to comply with the provisions	on integrity and loyalty set forth in articles 48f to 48l OPO 2.
Article 15 Language of the regulations	The foundation shall draw up these regulations in German, French, Italian and English. Only the German version of the regulations is authoritative.	
Article 16 Amendments to the regulations	<ol style="list-style-type: none"> 1. The foregoing shall be without prejudice to changes to supervisory and statutory provisions underlying these regulations. They shall also apply to these regulations from the date of their entry into force. 	<ol style="list-style-type: none"> 2. The foundation council shall have the right to amend these regulations at any time. An amendment to the regulations takes effect as of its entry into force and replaces the previous provisions. 3. The regulations and any amendments must be brought to the attention of the competent supervisory authority.
Article 17 Entry into force	These regulations come into force on 1 February 2024 and supersede all previous editions.	

