

Independent Pension Foundation 3a Zurich

Investment Regulations

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Investment Regulations

Based on Article 6 of the statutes of the Independent Pension Foundation 3a Zurich ("Foundation"), the Foundation Board enacts the following investment regulation.

Art. 1 Purpose

These Regulations set out the rules and principles to be observed in the management and investment of pension assets and regulate the organisation of asset management. The Foundation shall comply with these Regulations at all times. These Regulations shall be reviewed at least once a year and adapted as necessary.

Art. 2 General

1. In addition to account solutions, the Foundation offers the following types of securities solutions:
 - a. **"Execution only"**: The client invests his pension assets in investment foundation claims and/or shares of BVG-compliant investment funds as in Annex 1 subsection 1 of these Investment Regulations.
 - b. **"Advisory"**: The client invests his pension assets in investment foundation claims and/or shares of BVG-compliant investment funds as in Annex 1 subsection 1 of these Investment Regulations. The Foundation, an advisor contractually affiliated with the Foundation or an asset manager contractually affiliated with the Foundation provides the relevant investment advisory services. The client decides on the implementation of investment recommendations either actively by consent or passively by not objecting. It shall be noted in the benefits agreement whether consent has to be active or passive.
 - c. **"Asset Management Mandate"**: Pension assets are managed on a discretionary basis by the Foundation or by an asset manager pursuant to the provisions of the benefits agreement and those set out in the two Annexes to these Investment Regulations.
2. Currently available securities are listed (in a non-exhaustive list) in the Annex 1 to these Investment Regulations. The foundation reserves the right to change the selection of securities offered at any time.
3. Compensation for the safekeeping and management of asset investments is presented transparently in the benefits agreement. Fees are calculated based on a fee schedule.
4. The persons and institutions entrusted with asset management shall meet the requirements stipulated in Art. 48f (2) BVV 2. The foundation requires an annual statement from the persons involved in asset management confirming that the regulations governing the integrity and loyalty of responsible parties have been complied with pursuant to Art. 48f–48l BVV 2.

Art. 3 Asset management and investment principles

1. *Liquidity*: The Foundation must be capable of disbursing promised benefits punctually and at all times.

2. *Security*: In consultation with the Foundation, the advisor or the asset manager, the client shall decide on an investment strategy which is based on his risk check and risk profile and is consistent with his capacity and tolerance for risk.
3. *Diversification*: Risk diversification rules shall be observed at all times and compliance shall be conclusively demonstrated and documented. The debtor risk in collective investments shall correspond to risk of the base value of the collective investment.

Art. 4 Extended investments

1. Based on Art. 50(4) BVV 2, the Foundation offers the client extended investment options in accordance with Art. 5 and 6 of these Investment Regulations
2. The principles for extended investments shall be defined by the Foundation in agreement with the client, consultant or asset manager within the framework of the client's chosen investment strategy (Annex 2).
3. If a client avails himself of the extended investment options, the Foundation, consultant or asset manager shall make him aware of the specific risks inherent in the extended investments and shall also provide advice and guidance.
4. The Foundation shall demonstrate compliance in its financial statements (prepared in accordance with Article 50(4) BVV 2) with the security and risk diversification requirements pursuant to 50(1) to (3) BVV 2.

Art. 5 Authorised extended investments

The following extended investments are available, subject to compliance with diversification principles, provided that the client's investment strategy and capacity for risk has been established in writing and secured. An assessment of the capacity for risk shall be repeated periodically.

1. *Investments in money-market funds in foreign currency without currency hedging:*

Investments are allowed in Euros, US dollars, Japanese yen, British pounds, Canadian dollars, Australian dollars, New Zealand dollars, Swedish krona and Danish krone.

2. *Investments in bond funds in foreign currency without currency hedging:*

Investments are allowed in Euros, US Dollars, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, New Zealand Dollars, Swedish Krona and Danish Crowns.

3. *Investments in equity funds without currency hedging:*

Investments are allowed in Euros, US Dollars, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, New Zealand Dollars, Swedish Krona or Danish Crowns.

4. *Investments in real estate:*

Investment in real estate is restricted to collective investment funds with a net asset value (NAV) calculated on a weekly basis (at least).

5. *Alternative investments without additional payment obligations:*

Alternative investments include hedge funds, commodities, and private equity. Alternative investments are restricted to collective investment funds with a net asset value (NAV) calculated on a weekly basis (at least). Non-diversified collective investments (e.g. gold ETF) may not exceed 50% of a client's assets.

Art. 6 Extended investment limits per category

For individual categories of extended investments, the following limits apply, in relation to the available pension assets

1. Investments in foreign currencies (without currency hedging)	50%
2. Investments in equity funds, similar shares and other investments	100%
3. Investments in real estate funds of which max. one third abroad	30 %
4. Alternative investments max. 5% per non-diversified investment	20%

Art. 7 Investment guideline compliance and monitoring

1. The Foundation shall ascertain that all investment options offered to the client are consistent with the investment guidelines stipulated in Art. 71(1) BVG, Articles 49–58 BVV 2 and Art. 5 BVV 3, with the proviso of possible modifications pursuant to Art. 4 ff. of these Investment Regulations.
2. On behalf of the Foundation Board, the persons entrusted with asset management shall ensure that the investment strategies agreed with the client are respected and comply with applicable investment regulations. The Foundation ensures that compliance is periodically checked. If the guidelines are not complied with for any reason, the persons entrusted with asset management shall, of their own accord, promptly restore due legal and contractual compliance. Moreover, the Foundation shall undertake to make any necessary adjustments to the respective portfolio.

Art. 8 Model portfolios

1. The persons entrusted with asset management shall maintain a model portfolio for each of the investment strategies offered by the Foundation. The model portfolio shall be checked by the Foundation beforehand with regard to compliance with statutory provisions and with the investment limits defined in these Investment Regulations, and must be approved by the Foundation prior to implementation. Modifications to the model portfolio (including the substitution of securities) also require the prior approval of the Foundation.
2. Client deposits are invested in accordance with the respective current model portfolio, and not according to the value of the respective securities account.
3. Rebalancing is assessed on a quarterly basis and then carried out as necessary.

Art. 9 Individual investment strategies for asset management mandates

1. If the benefits agreement permits individual investment strategies for asset management mandates, the client may deviate from the model portfolio laid down in the respective investment strategy within the framework of the provisions set out in the benefits agreement (individual portfolio). Model portfolio securities may only be substituted by securities approved for the respective strategy by the Foundation. The Annex 1 to these Regulations contains a (non-exhaustive) list of securities approved by the Foundation.
2. Individual portfolios must adhere to the investment limits stipulated for the respective investment strategy in these Investment Regulations.
3. In the case of individual portfolios, deposits are made in accordance with the individual portfolio, not according to the value of the respective securities account.
4. Rebalancing is assessed on a quarterly basis and then carried out as necessary.

Art. 10 Accounting principles

1. Cash, time deposits and claims are stated at nominal value; all other investments are stated at market value.
2. The Foundation decides on the price, rate and NAV providers for evaluating securities deposits.

Art. 11 Authoritative language

Should variations occur between language versions of this regulation, the German language version is considered authoritative.

Art. 12 Omissions

In the event that this regulation lacks provisions on a specific point, the Foundation Board will adopt a regulation that is appropriate to the purposes of the Foundation.

Art. 13 Amendments

The Foundation Board may amend this investment regulation at any time. The currently valid version of the regulation is freely available to clients at www.uvzh.ch or can be requested from the Foundation.

Art. 14 Validity

The present investment regulations were amended by means of a Circular resolution of the Foundation Board in May 2021 and will enter into force on 1st of July 2021. It replaces the previous investment regulation.

Zurich, May 2021

Foundation Board, Independent Pension Foundation 3a Zurich