



# Investment Regulations

## Vita Classic

Vita Collective Foundation, Zurich

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# Investment Regulations 2024

Based on Art. 4 of the foundation deed, the Foundation Board issues the following investment regulations:

## Policies and general guidelines

### 1. Purpose

These Investment Regulations specify the policies, investment guidelines, duties and powers involved in managing the assets of the Vita Collective Foundation (hereinafter referred to as the "Foundation").

### 2. Investment principles

Asset management is performed with fiduciary care and exclusively in the interest of the Foundation's beneficiaries. When investing the assets, the Foundation ensures that the retirement provision purpose is fulfilled and that the Foundation can comply with its regulatory obligations to pay benefits at all times. It diversifies its investments and investment risk using different investment categories, regions and economic sectors. The financial equilibrium of the Foundation should be sustainably guaranteed and strengthened in this way.

As a responsible investor, the Foundation takes into account environmental, social and governance criteria (ESG criteria).

### 3. Basic principles

The asset investment is based on the statutory provisions of the Occupational Pensions Act (BVG) (Federal Law of June 25, 1982 on Occupational Retirement, Survivors' and Disability Pension Plans) and the Occupational Pension Ordinance (BVV2) (Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans).

For the rules of conduct applying to all persons involved in the management and administration of the assets, the Act (BVG), the Ordinance (BVV2) and the Governance Regulations are decisive.

### 4. Investment strategy

The definition of the investment strategy takes account of the Foundation's risk capacity and the expected long-term return and risk properties of the various investment categories. An overall return in line with the market is aimed at, which is based on the Foundation's target return and which enables adequate reserves and provisions to be formed.

The Foundation's risk capacity and the target return to be aimed at with an appropriate level of security are determined based on an asset/liability management study.

Foreign currency risk should be hedged to a large extent. The aggregate non-hedged foreign currency ratio is defined in Annex I.

For every investment category, a comprehensible and customary market index is specified as the benchmark.

The investment strategy is reviewed annually and altered when necessary. The current investment strategy is defined in Annex I.

### 5. Sustainability

The Foundation focuses on the long-term financial interests of its insured and guarantees their benefits. In this context, the Foundation acts as an active and responsible investor and expressly takes into account ecological (E), social (S) and corporate governance aspects (G) in the implementation of the investment strategy and in the risk management of the Foundation.

The Foundation is an active investor and systematically exercises its voting rights with respect to direct and indirect equity investments as far as possible both in Switzerland and abroad. The Foundation Board decides on the details of the procedure, particularly in the case of collective investments, and the voting right policy that is to be pursued.

The Foundation invests part of its assets in the environment, society and infrastructure with an emphasis on creating an impact.

It continuously analyzes its portfolio and sets itself goals that are measurable. All sustainability endeavors are continuously monitored and reported.

The Foundation seeks to work with different sustainability organizations and experts and actively exchanges experiences with them. The Foundation is also a signatory to the United Nations "Principles for Responsible Investment" (UNPRI).

## Investment guidelines

### 6. Investment vehicles

The Foundation can invest by means of direct and collective investments.

### 7. Investment style

The Foundation can invest in actively or passively managed investments.

### 8. Investment categories

The Foundation may invest in the following investment categories:

Cash and cash equivalents  
Cash and cash equivalents are balances of account deposits, time deposits, bonds with a short term as well as any other money market instruments.

Bonds (including convertibles and option bonds)

Bond investments can namely take place in bonds from the following issuers: states, cantons, municipalities, provinces, issuers of government-guaranteed bonds, companies, lenders ("private debt"). Investments in bonds can be made in and outside Switzerland.

Equities

Equity investments can be made in companies which are listed on a stock exchange in or outside Switzerland.

## Real estate

Real estate investments can be made in the context of collective investments in real estate companies, real estate investment funds or real estate investment foundations. Direct investments in real estate require the express consent of the Foundation Board.

## Mortgages and loans

The Foundation can invest in mortgages and loans. A direct allocation of loans requires the previous consent of the Foundation Board.

## Alternative investments

The Foundation invests in different forms of alternative investments, including hedge funds and private equity. Alternative investments with an additional payment liability are not permitted.

## Derivative financial instruments

The use of derivative financial instruments is permitted, in compliance with the provisions of Art. 56a BVV2 as well as the Swiss Federal Law on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinfraG) and its associated ordinance (FinfraV). The derivatives must not exert any leverage on the overall assets. The special recommendations of the FSIO (Federal Social Insurance Office) are to be taken into account. The Foundation is classified under FinfraG as a "small financial counterparty."

## Foreign currencies

The Foundation invests internationally for reasons of diversification, which entails foreign currency exposure. The majority of this foreign currency risk should be hedged.

The hedging of foreign currency risk takes place by means of derivatives.

Temporary net short positions in foreign currencies due to exchange rate movements (passive) are permitted but are regularly resolved by means of rebalancing.

## 9. Securities lending

Securities may be lent for a fee. Exact requirements must be defined and documented regarding the counterparty's creditworthiness and the collateral type and quality. The provisions of investment fund legislation (Art. 55 sub-paragraph 1 sec. (a) of the KAG (Collective Investment Schemes Act; CISA), Art. 76

of the KKV (Collective Investment Schemes Ordinance; CISO), Art. 21 ff. of the KKV-FINMA (Ordinance of the Swiss Financial Market Supervisory Authority from December 21, 2006, on Collective Investment Schemes; CISO-FINMA)) apply analogously.

## 10. Expansion of the investment universe

An expansion of the investment universe is permitted as per Art. 50 BVV2. The Foundation Board must ensure that the requirements regarding managerial responsibility (Art. 49a BVV2) and security (Art. 50 BVV2) remain fulfilled in the event of an expansion of the investment universe. Compliance with the required conditions as per Art. 50 paragraph 1 – 3 BVV2 is presented conclusively in the annex to the annual financial statement.

The Foundation Board ensures that the properties of an investment, especially of an alternative investment, and its potential impact on the Foundation's financial situation have been fully examined.

## Duties and powers

### 11. Management structure

The Foundation Board may establish various committees to perform its duties.

The management structure for asset investments is as follows:

- Foundation Board
- Investment Committee
- Executive Management

#### Foundation Board

As part of its overall responsibility, the Foundation Board has the following non-delegable duties, responsibilities and powers:

- to establish the asset investment policies and objectives
- to adopt the investment strategy with the corresponding strategic bandwidths (see Annex I)
- to pass resolutions regarding the expansion of the investment universe pursuant to BVV2 Art. 50 para. 4
- to adopt these investment regulations
- to establish the investment organization and investment processes

- to appoint the external investment controller
- to decide about the receipt of an asset management agreement and a custodian agreement
- to determine the target value of the value fluctuation reserves
- to determine how shareholder voting rights should be exercised and to exercise them (see Art. 1.8 above)

#### Investment Committee

The Investment Committee realizes the powers assigned to it by these Investment Regulations. The Investment Committee's duties include the following:

- development of a suggestion for the investment strategy including strategic bandwidths
- monitoring and managing the investments within the investment strategy
- decisions about the implementation of the investment strategy or of the detailed investment strategy
- implementation of tactical viewpoints within the strategic bandwidths
- development of basic principles for new investment categories
- determination of reporting
- determination of the benchmarks relevant for performance assessment
- development of investment regulations and investment policy statements
- decisions about external service suppliers, such as investment managers and custodian bank
- decisions about client guidelines for investment managers

#### Executive Management of the Foundation

The Executive Management has the following tasks, responsibilities and competencies within asset investments:

- monitoring of asset investments and support of the Foundation Board and of the Investment Committee in their duties
- development of decision-making principles for the Foundation Board and the Investment Committee
- responsibility for liquidity planning and control-
- execution of rebalancing
- responsibility for the management of securities accounting
- selection of external service suppliers, such as investment managers and custodian bank

- information to the Foundation's beneficiaries on the performance of the asset investments
- participation in the meetings of the Investment Committee

## 12. Other governing bodies and third parties

### Investment managers

Investment managers are responsible for the portfolio management of individual investment categories or subcategories within the constraints of asset management mandates. Persons and institutions may only be entrusted with asset management if they meet the requirements set out in BVV2 Art. 48f and/or 48g.

If investment managers are used for asset investments, each investment manager must sign a written agreement on the investment guidelines.

### Investment controller

The investment controller supports the Investment Committee and/or the Foundation Board with complying with internal and external regulations and develops suggestions for improvement.

### Audit department

The Audit department audits all of the Foundation's investment activities annually. It also monitors compliance with the loyalty regulations in asset management.

## Value fluctuation reserve

### 13. Principle

Based on Art. 65b BVG and Art. 48e BVV2, the Foundation forms a value fluctuation reserve. The value fluctuation reserve is intended to absorb the market-specific risks underlying the asset investments (over a certain time horizon). In accordance with Swiss GAAP ARR 26, the target value fluctuation reserve is calculated using financial and economic considerations and current circumstances (e.g. capital market trends, asset investment allocation, investment strategy, structure and development of pension capital and underwriting reserves, desired return target and confidence level). The calculations must be performed consistently.

### 14. Target value fluctuation reserve and calculation methods

The target value fluctuation reserve is determined according to the financial and economic method and is expressed as a percentage of obligations.

The target value fluctuation reserve is reviewed periodically – or when extraordinary events require this – and adjusted if necessary.

The target value fluctuation reserve is stated in the annex to the annual financial statement. A confidence level of 96% over one year is aimed at. Changes to the basic principles are to be outlined in the annex to the annual financial statement, taking into account the provisions of Swiss GAAP FER 26.

The current value of the target value fluctuation reserve is 14%.

## Monitoring and reporting

### 15. Custody account management / global custody

The depository for all securities must be based in Switzerland. The mandatory or global custodian must be internally organized in such a way as to assure compliance with the loyalty provisions (see Art. 19 ff.).

### 16. Securities accounting

Securities accounting must be carried out properly in accordance with Swiss GAAP ARR 26. This task may be assigned to an independent third party.

### 17. Valuation of investments

Investments are valued at their current prices (essentially their fair values). The Swiss accounting and reporting recommendations set out in Swiss GAAP ARR 26 apply in all other regards ("true and fair view").

Direct investments in real estate are valued using a recognized method in conformity with statutory valuation requirements.

All other investments for which current market values are not available are valued at their net asset value (e.g. private equity) or at their nominal value, less any necessary value adjustments (e.g. mortgages).

### 18. Reporting

The Investment Committee is responsible for issuing regular written investment reports that are tailored to the Foundation Board.

## Loyalty in asset management

### 19. Mandated persons

Mandated persons are understood to mean all persons tasked with investing and managing pension assets. For the purposes of these Investment Regulations, this includes:

- investment managers (natural persons and legal entities) with a mandate from the Foundation
- the members of the Investment Committee
- the members of the Foundation Board
- the Executive Management
- other third parties tasked with investment activities

### 20. Requirements for Executive Management and asset management (Art. 48f BVV2)

The mandated persons defined in Art. 19 can only be natural persons or legal entities authorized to perform this task and organized in such a way that they satisfy the requirements set out in Art. 51b para. 1 BVG and the provisions of Art. 48g – 48l BVV2. The additional details of the requirements in Art. 21 – 26 must also be taken note of. Furthermore, the appropriate provisions within the organizational regulations apply.

### 21. Avoidance of conflicts of interest (Art. 48h BVV2)

External persons mandated with asset management or beneficial owners of companies mandated with these tasks may not be represented in the Foundation Board. Asset management contracts must be releasable after five years at the latest without any disadvantages for the Foundation.

Art. 19 – 23 of the Governance Regulations apply to the disclosure of interests.

## **22. Transactions with related parties (Art. 48i BVV2)**

Transactions with related parties are permitted if they serve the financial interests of all insured.

Art. 16 – 18 of the Governance Regulations apply to the award of contracts as well as conditions and disclosure.

## **23. Principal transactions (Art. 48j BVV2)**

All persons and institutions tasked with handling the Foundation's assets agree to satisfy the statutory principles of integrity and loyalty in asset management.

Art. 11 – 14 of the Governance Regulations apply to private investing.

## **24. Relinquishing pecuniary gains (Art. 48k BVV2)**

Every year, the mandated persons within the meaning of Art. 19 must certify in writing that they have not received any additional pecuniary gains

(retrocessions, sales commissions, holding commissions, etc.) in connection with their work for the Foundation other than the compensation stipulated in the written agreement or, if they have received such pecuniary gains, that they have paid them over to the Foundation in full. Art. 6 – 9 of the Governance Regulations apply.

## **25. Disclosure (Art. 48l BVV2)**

Art. 18 – 22 of the Governance Regulations apply to disclosure.

## **26. ASIP Charter**

The mandated persons defined in Art. 19 must also abide by the ASIP Charter. If individual investment managers within the meaning of Art. 19 are subject to stricter regulations, the stricter regulations shall apply.

## **27. Organization of the Investment Committee**

The organizational structure of the Investment Committee is specified in the

Organizational Regulations of the Foundation.

## **28. Effective date**

These Regulations come into effect on January 1, 2024. They replace the previous Investment Regulations of January 1, 2022.

They can be modified by the Foundation Board at any time.

Zurich, March 12, 2024

Vita Collective Foundation

The Foundation Board

**In the event of any inconsistency between this translation and the original German text, only the German version is legally binding.**

# Annex I: Investment strategy

## Investment strategy as of January 1, 2026

The investment strategy is gradually developed. This especially applies to alternative investments.

	Min., in %	Target weight, in %	Max., in %
Liquidity	0.00	<b>1.00</b>	10.00
Bonds, CHF	12.00	<b>15.00</b>	18.00
Bonds, foreign currencies	7.00	<b>10.00</b>	13.00
Equity Switzerland	4.00	<b>6.00</b>	8.00
Foreign equities	26.00	<b>31.00</b>	36.00
Real estate Switzerland	7.00	<b>13.00</b>	19.00
Foreign real estate	2.00	<b>5.00</b>	8.00
Mortgages	2.00	<b>5.00</b>	8.00
Infrastructure	2.00	<b>5.00</b>	8.00
Private debt (SSL & MMDL)	2.00	<b>6.00</b>	10.00
Private equity	0.00	<b>3.00</b>	6.00
<b>Total</b>		<b>100.00</b>	

Currency exposure:

CHF	79.00	<b>84.00</b>	89.00
Foreign currencies (after hedging)	11.00	<b>16.00</b>	21.00