



Investment Regulations

Tellco Vested Benefits Foundation

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Based on the Articles of Association, the Board of Trustees passes the following Investment Regulations:

1 **Basic principles**

These investment regulations set out the principles that apply to asset investment by the Tellico Vested Benefits Foundation (hereinafter the "Foundation"). They will be reviewed at least annually and, where appropriate, adjusted. The sole focus is on the financial interests of the insured.

2 **Principles governing asset management**

The Foundation offers its clients account and securities solutions.

2.1 Account solution

The Foundation's monies must be deposited in a savings account at a bank subject to the Swiss Banking Act (*Bankengesetz*). The monies must be deposited in the Foundation's name and are deemed to be the savings of individual investors.

2.2 Securities solution

The Foundation offers the following investment opportunities:

2.2.1 Standard asset management through Tellico Ltd

Tellico Ltd offers its own investment products that comply with the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision ("OPA" – *Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge, BVG*). Investment strategies are implemented in accordance with Articles 49 to 58 of the OPO 2.

2.2.2 Other asset management services

Investments within the framework of an asset management agreement concluded by the vested benefits foundation with banks, securities dealers, fund managers or managers of collective assets subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA) in accordance with Article 24 of the Federal Act of 15 June 2018 on Financial Institutions; the determination, purchase and redemption of units in such investments, the interest of the participating insured persons and the coverage of the unit rights must be guaranteed at all times in a comprehensible manner; the asset management agreement must expressly document compliance with Articles 49 to 58 of the OPO 2.

2.2.3 Fund investments

The Foundation offers various individual investment funds. Only funds in the form of collective investment schemes that are supervised by the Swiss Financial Market Supervisory Authority (FINMA) or have been admitted for distribution in Switzerland by the FINMA or have been set up by Swiss investment foundations are permitted. In the case of fund investments, Articles 49 to 58 of the OPO 2 apply mutatis mutandis.

2.2.4 Bonds and fixed-term deposits

The insured may invest his or her vested benefits in the following bonds and time deposits: bonds with a direct or indirect federal or cantonal guarantee, Swiss mortgage bonds, medium-term notes and time deposits from banks subject to FINMA supervision; debt instruments must be denominated in Swiss francs; there are no limits on the number of individual borrowers. In the case of bonds and time deposits, Articles 49 to 58 of the OPO 2 apply mutatis mutandis.

2.2.5 The client alone bears the investment risk. Investments in securities can also result in price losses. For that reason, the Foundation recommends investing in securities only to clients with a corresponding risk profile and a medium- to long-term investment horizon.

- 2.2.6 Each client selects and confirms at least one risk profile. The risk profile takes into account risk appetite, risk capacity, risk awareness, investment experience and the investment horizon of the client. A risk class is assigned to the risk profile. The client selects an investment strategy that corresponds to the risk class assigned to their risk profile.
- 2.2.7 The Foundation ensures that the Investment Regulations and the provisions in Article 71(1) of the OPA, Articles 49 to 58 of the OPO 2 and Articles 19 to 19a of the Swiss Vested Benefits Ordinance (VBO; *Freizügigkeitsverordnung – FZV*) are complied with at all times and reviewed at regular intervals. In addition, it periodically monitors the performance and costs of the investment products.
- 2.2.8 The Foundation may in principle alter the risk profile and the investment strategy at any time.
- 2.2.9 Pension assets pledged in connection with financing home ownership may not be invested in securities without the consent of the pledgee.
- 2.2.10 Where a vested benefits account is closed or a part of the balance is withdrawn, namely upon request from the insured in the case of the purchase of additional retirement benefits, in the case of an advance withdrawal to finance home ownership, in the case of termination and cash disbursement and (without a request) in the case of payment of retirement benefits where the insured reaches pension age and in the case of divorce where the insured is required by a judicial notice to transfer pension assets to a spouse (Article 22 of the Swiss Vested Benefits Act (“VBA” – *Freizügigkeitsgesetz, FZG*)), and if the insured does not request delivery of the securities or they cannot be delivered to him or her, the Foundation will sell securities to the necessary degree in advance. The Foundation will sell the securities when the above payment is made. The proceeds of sale will be credited to the vested benefits account to be used accordingly.

3 Extension of investment options

- 3.1 Based on Article 50(4) of the OPO 2, the Foundation also offers the insured an extension of the permissible investments subject to compliance with Art. 3 to 5 of these Investment Regulations. The Foundation will determine the conditions under which investment options can be extended in each case in keeping with the investment strategy and risk profile selected by the insured.
- 3.2 If the extended investment option pursuant to Art. 3.1 is utilised, the Foundation, the adviser or the asset manager will explain the specific risks to the insured.
- 3.3 The Foundation will confirm in its annual financial statements pursuant to Article 50(4) of the OPO 2 that it has complied with the provisions on security and risk diversification pursuant to Article 50(1–3) of the OPO 2.

4 Permissible extensions of investment options

- 4.1 Where the strategy and the risk profile of the insured have been established and documented in writing and, in addition, an agreement has been concluded between an adviser or asset manager on the one hand and the Foundation on the other hand, the following extended investment options are available subject to compliance with the principles of diversification.
- 4.2 Investments in diversified foreign currencies:
Investments in foreign currencies may be increased to a maximum of 70%.



- 4.3 Investments in shares, similar securities and other holdings:
Where investments in shares are increased to a maximum of 85%, investments may only be made in collective investment schemes, listed investment companies whose net asset value (NAV) is calculated regularly, or diversified certificates (long only, with no hedge). Diversified certificates are limited to a maximum of 10% of the pension assets.
- 4.4 Investments in real estate:
Investments in real estate must be made through collective investment schemes or listed investment companies whose NAV is calculated regularly.
- 4.5 Alternative investments without an obligation to make additional contributions:
These include, among others, hedge funds, investments in commodities, investments in infrastructure, private equity and other similar investments. Alternative investments must be made through collective investment schemes or listed investment companies, whose market value or NAV is calculated regularly.

5 **Category limits in the case of extended investment options**

For the investment of existing pension assets, the following limits apply in the case of the individual categories of extended investment options pursuant to Article 4:

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|---|-----|
| a) Overall investments in foreign currencies | 70% |
| b) Investments in shares, similar securities and other holdings | 85% |
| c) Investments in real estate, with a maximum of one-third abroad | |
| d) Alternative investments | 20% |
| Non-diversified assets per fund | 5% |

6 **Loyalty in asset management**

- 6.1 Persons and institutions entrusted with the investment and management of pension assets are permitted to engage in personal account dealing, provided such dealing has not been expressly prohibited by the responsible governing bodies and the provisions of Article 48j of the OPO 2 are met.
- 6.2 Persons and institutions entrusted with the investment and management of pension assets must submit a written declaration to the Foundation each year indicating whether they have gained any personal financial benefit in connection with the performance of their work for the pension fund and, if so, provide details of it. Low-value and occasional gifts do not have to be reported. Occasional gifts are defined as one-time gifts amounting to no more than CHF 200.00 per gift and amounting to no more than CHF 2,000.00 per year. Persons and institutions that are subject to the Banking Act are not required to submit the annual written declaration.
- 6.3 All persons entrusted with asset management are obliged to keep confidential matters strictly confidential. In addition, these persons will follow the code of conduct which the Foundation has adopted.

7 **Stock market orders**

- 7.1 Orders for the purchase or sale of securities must always be issued in writing or via an electronic platform.
- 7.2 Securities may not be purchased until after the vested benefits have been credited to the Foundation's account and it has been possible to definitively allocate them to the insured.



8 Organisation

8.1 The Board of Trustees

The Board of Trustees is responsible, in particular, for:

- a) adopting the Investment Regulations;
- b) selecting the asset managers;
- c) monitoring changes in assets;
- d) adopting risk-control instruments and procedures.

8.2 The Executive Board

The tasks of the Executive Board are:

- a) Monitoring of the statutory framework conditions and those set forth in the regulations
- b) Compliance with the Investment Regulations of the Foundation and implementation of the investment strategy in accordance with the instructions of insured persons who are not managed within the framework of an asset management mandate
- c) Conclusion of agreements with asset managers and custodians
- d) Monitoring of changes in assets
- e) Monitoring of custodians
- f) Periodic reporting to the Board of Trustees
- g) Implementation of risk-control instruments and procedures.

8.3 Asset managers

The Foundation only entrusts the investment and management of pension assets to persons and institutions authorised and organised such that they can guarantee compliance with the provisions of Articles 48f and 48g of the OPO 2. The Board of Trustees decides on whether to authorise an asset manager.

The tasks of the asset managers are:

- a) Implementation of the investment strategy based on the insured person's instructions
- b) Compliance with statutory framework conditions and those set forth in the regulations

8.4 Auditors

The auditor audits the investments. The nature of their tasks is subject to Article 52c of the OPA and the recommendations of EXPERTsuisse.

8.5 Exercise of shareholders' voting rights

- a) Voting rights should be exercised whenever possible.
- b) Voting rights are exercised by the asset managers provided that the Board of Trustees does not issue any instruction to the contrary in individual cases. The right to vote may also be assigned to shareholder services of institutional investors.
- c) If there are no special circumstances and unless instructed otherwise by the Board of Trustees, voting rights should be exercised in accordance with the proposals of the Board of Directors.
- d) In special circumstances (in particular takeovers, mergers, important personnel changes on the Board of Directors or the Executive Board or opposition to the proposals of the Board of Directors), the Board of Trustees decides how voting rights should be exercised and issues the necessary instructions.
- e) Should the Foundation hold a significant interest in any particular company, it is permitted to protect this interest by dispatching a representative to the company's board of directors.

9 **Principles governing securities investments and controlling**

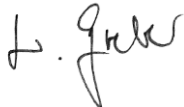
- a) Where the securities investment model is selected, the Board of Trustees ensures in the case of all of the investment products that the investment provisions in Article 71(1) of the OPA, Articles 49 to 58 of the OPO 2 and Article 19 and Article 19a of the VBO are complied with at all times and reviewed at periodic intervals.
- b) The Foundation monitors the mandates on a quarterly basis. The Board of Trustees may delegate its monitoring duties to an external investment controller.
- c) No loans may be made.
- d) Real estate investments must be made in collective investment schemes.
- e) Securities lending is not permitted.

10 **Entry into force**

These Investment Regulations were approved by the Board of Trustees on 12 April 2023 and will enter into force on 1 May 2023. They replace all previous versions of the Investment Regulations.

Schwyz, 12 April 2023

Tellico Vested Benefits Foundation
Board of Trustees



Daniel Greber
Chairman



Daniel Gresch
Member

