



Collective Foundation Assets

## **Investment regulations**

Columna Collective Foundation - Client Invest, Winterthur

# Objectives and principles

## **Purpose of the investment regulations**

Par. 1

The “Collective Foundation Assets” investment regulations of the Columna Collective Foundation Client Invest, Winterthur (hereinafter referred to as Foundation) lay out the objectives and principles as well as the execution and control procedures for the investment of the Foundation’s assets, provided that these are not reinsured under a group insurance contract with AXA Life Ltd or invested by the occupational benefits fund commissions (OBFC) for their own account and at their own discretion. The investment regulations are issued by the Board of Trustees.

The investment and management of pension assets are governed by the applicable provisions of the Federal Law on Occupational Retirement, Survivors’ and Disability Pension Plans of June 25, 1982 (BVG) and the Ordinance on Occupational Retirement, Survivors’ and Disability Pension Plans of April 18, 1984 (BVV 2).

## **Objective of the investment policy**

Par. 2

The assets must be invested in a manner that ensures that the Foundation earns a competitive return on its investments within the limits of its risk capacity while guaranteeing that it can fulfill its nominal long-term pension obligations.

## **Definition of pension assets**

Par. 3

Pension assets are defined for the purpose of these regulations as the total assets reported in the balance sheet, before deduction of any losses carried forward. Pension assets may also include refunds derived from group insurance contracts.

The following provisions do not apply to the practice of reinsuring the savings process or to those assets that are invested by the occupational benefits fund commissions for their own account and at their own discretion.

## **Risk capacity**

Par. 4

The risk capacity is determined by the Foundation’s financial circumstances, its liabilities and its ability to recover its financial equilibrium if it should suffer a shortfall in coverage.

## **Investment strategy**

Par. 5

Pension assets must be invested by taking into consideration aspects relating to security, adequate risk distribution, sufficient return, and liquidity guarantees as well as the Foundation’s risk capacity. Furthermore, it must be spread over different asset classes, regions and economic sectors.

The Board of Trustees determines the investment strategy by means of a written resolution and defines the asset classes and their bandwidths (Appendix 1).

## **Asset classes**

Par. 6

The permissible investments and the limits that apply to the individual investments are governed by the provisions of BVV 2.

The following investments are not permissible:

- Securities that are not listed on a Swiss or foreign stock exchange or traded on another regulated market open to the public
- Debt acknowledgments that are not documented in the form of a security
- Cooperative share certificates
- Direct investments in real estate and land
- The granting of mortgages directly
- Direct investments in financial futures
- Loans to affiliated employers and insured persons
- Direct investments in infrastructure

The broadening of the asset classes as defined in Art. 50 par. 4 BVV 2 will not be used, with the following exceptions:

In amendment of Art. 55c BVV 2, the Board of Trustees may increase the real estate quota to a maximum of 35% (of which a maximum of one third abroad) of total assets, provided that it meets the requirements of Art. 50 paras. 1 to 3 BVV 2 and presents them conclusively (Notes to the annual financial statements).

The hedging of foreign currency risks is permissible at the exclusion of short selling.

### **Investment vehicles**

Par. 7

The Foundation can implement the investment strategy by using direct investments as well as collective investments or derivative financial instruments, provided that provisions of BVV 2 are observed.

The following conditions apply to alternative investments:

Alternative investments are permitted within the scope of the provisions of BVV 2. Only diversified collective investments may be used in the implementation. Investments in limited partnerships are not permitted.

The following conditions apply to derivative financial instruments:

The use of derivative financial instruments is regulated on the one hand by BVV 2 and on the other by the Act on Financial Market Infrastructure and Market Behavior in Securities and Derivatives Trading (Financial Market Infrastructure Act, FinfraG).

OTC derivative transactions are only permitted for foreign currency hedging of deliverable foreign currencies. The transactions concluded may not be subject to any reporting obligations to be fulfilled by the Foundation pursuant to Art. 104 et seq. FinfraG or risk mitigation obligations pursuant to Art. 107 et seq. FinfraG.

The transaction is concluded exclusively via central counterparties approved or recognized by FINMA.

Transactions with a counterparty domiciled abroad (Art. 104 par. 2c FinfraG) are not permitted.

The Foundation qualifies as a financial counterparty (FC) according to Art. 93 para. 2 letter g, FMIA. As it fails to reach the threshold value (average gross positions of all outstanding OTC derivative transactions according to Art. 100, FMIA and Arts. 88ff., FMIO), it qualifies as a small financial counterparty (FC-).

### **Securities lending and repurchase agreements**

Par. 8

Securities lending and repurchase agreements are permitted only as part of collective investments and if in compliance with the Federal Act on Collective Investment Schemes and its implementation provisions. In the case of repurchase agreements, the Foundation may exclusively act as transferee.

### **Valuation principles**

Par. 9

The provisions as defined under Swiss GAAP FER 26 apply. Valuation of the investments takes place with the applicable current values on the balance sheet date without incorporating any smoothing factors.

# Organization, procedures and monitoring

## Board of Trustees

Par. 10

The Board of Trustees is responsible for the investment of the assets, unless the investment activities are reinsured under a group insurance contract with AXA Life Ltd or invested by the occupational benefits fund commission for its own account and at its own discretion.

As far as asset management is concerned, the Board of Trustees in particular has the following tasks and duties:

- Determine the investment strategy
- Set the target value for the fluctuation reserve
- Decide on how to implement the investment strategy
- Conclude the necessary discretionary management and consultancy contracts
- Monitor the investments
- Take the necessary measures if the Foundation suffers a shortfall in coverage

## Asset management

Par. 11

Banks and asset managers that meet the requirements as per Art. 24 FinIA, Art. 48f (2) and (4) OPO 2 and the requirements in Par. 12 may be considered asset managers.

The Board of Trustees has delegated management of the collective foundation assets to Credit Suisse (Switzerland) Ltd. (asset manager). For this purpose it has entered into an asset management contract that defines the rights, obligations, competencies and reporting procedures.

The delegation of asset management does not release the Board of Trustees from its responsibilities, tasks and obligations.

## Sustainable investment

Par. 12

The Board of Trustees ensures a long-term, sustainable investment of assets in the interest of the beneficiaries and attaches importance to sustainability and responsible action. Compliance with

ESG (environment, social, and governance) criteria throughout the investment process is also important to the Board of Trustees, especially in terms of implementing the investment strategy and controlling. In awarding asset management mandates, asset managers are selected who actively deal with ESG topics and can demonstrate membership in related organizations (e.g. UN Principles of Responsible Investing (PRI), Swiss Sustainable Finance (SSF), etc.). The Board of Trustees may require asset managers and other service providers to report regularly on the sustainability criteria and their implementation.

## Monitoring the investments

Par. 13

The Board of Trustees monitors the investments and their performance, their compliance with the provisions of the applicable laws and ordinances, as well as with the investment strategy and the asset management agreement. It evaluates the asset manager's results.

It reviews periodically

- the investment strategy (asset classes and their bandwidths)
- harmonization of the investment with the investment strategy and the investment regulations
- harmonization of the investments with obligations in the medium and long term and makes adjustments as needed.

It records the result of its review in writing.

# Other provisions

## Account management and safekeeping account management

Par. 14

The accounts and safekeeping accounts are managed by Credit Suisse (Switzerland) Ltd.

## Integrity and loyalty of the asset manager

Par. 15

1. Persons and institutions that have been entrusted with investing and managing pension assets
  - must have the powers and organizational resources to be able to guarantee compliance with the provisions of Art. 51b, par. 1, BVG, and Art. 48g to 48l BVV 2 as well as with the provisions of these regulations;
  - must have a good reputation and offer assurance that they will execute their responsibilities correctly. They must ensure that no conflict of interest arises on account of their personal and business relations.
2. They must act in the interest of the Foundation, and in particular may not
  - exploit knowledge gained from Foundation orders to own advantage to carry out an advance, a parallel or an immediately ensuing transaction (i.e. front running, parallel running, after running);
  - trade in a security or an investment for as long as the Foundation trades with this security or investment and on condition that the Foundation is not disadvantaged as a result; participation in different forms of such transactions is deemed to be the same as trading;
  - restructure the Foundation's safekeeping accounts without an economic reason that lies in its interest.
3. They also must
  - enter the ways and methods of remuneration and amounts in an unambiguous written agreement. They must pass on all pecuniary advantages to the Foundation that they receive above and beyond this amount from their activities on behalf of the Foundation;
  - disclose their interests annually to the Board of Trustees. This includes, in particular, holding a stake in companies that have a business relationship with the Foundation. The Board of Trustees will forward this information to the auditor;

- provide the Board of Trustees annually with a written statement to confirm that it has complied with the provisions defined in Art. 48f to 48l BVV 2.

## Shareholders' rights

Par. 16

The Board of Trustees must vote with a view to preserving the interests of insured persons and the long-term prosperity of the Foundation. In order to safeguard the interests of insured persons, it must consider the return on equity as well as the security, liquidity and sustainability of the stock corporation in question.

The Board of Trustees exercises its voting rights as follows:

- In the case of listed shares by Swiss companies, its vote is subject to para. 3 in accordance with the voting recommendation of Ethos. The voting positions of Ethos are based on the "Guideline on exercising voting rights" as well as the "Principles of corporate governance".
- In the case of the other voting rights that are tied to equity holdings, its vote is subject to para. 3 in accordance with the motions submitted by the Directors.

The Chairperson or at least two of the Directors can convene the Board for the purpose of consulting and reaching a decision on a recommendation by Ethos or if the Board of Trustees is petitioned to exercise its voting rights differently.

The Board of Trustees has mandated the general manager to implement the casting of the votes.

The Foundation informs the insured persons annually about how it has voted.

## Fluctuation reserve

Par. 17

The Foundation must form a fluctuation reserve in order to protect the assets against price fluctuations. The fluctuation reserve serves as a hedge against price losses on invested assets and ensures that the financial equilibrium is maintained.

The target fluctuation reserve is determined using the value-at-risk method.

With the value-at-risk method, the fluctuation reserve can be calculated on the basis of the investment strategy's earnings and risk aspects so as to achieve 99% accuracy in determining the financial balance over a two-year time horizon. The target fluctuation reserve to be applied is expressed as a percentage of the invested pension capital and technical provisions.

The Board of Trustees has set the target fluctuation reserve to be applied at 23.4%.

### **Shortfall in coverage**

Par. 18

If the Foundation experiences a shortfall in coverage, the Board of Trustees must review and, if necessary, adjust the investment strategy and introduce appropriate measures to eliminate the gap in coverage.

### **Entry into force**

Par. 19

The "Collective Foundation Assets" investment regulations enter into force on November 1, 2024 and replace the version of December 31, 2021.

# Appendix 1

## Investment strategy:

The Board of Trustees has determined the following investment strategy, effective as of November 1, 2024:

Asset class	Strategic investment structure %	Tactical bandwidths	
		Min. %	Max. %
Liquidity/Money market	1	0	20
Mortgages	4	0	10
Bonds CHF	7		
Bonds CHF Switzerland	6		
Bonds (forex) govt. (hedged) in CHF	4	10	40
Corp. bonds (forex) (hedged) in CHF	4		
<b>Nominal values total</b>	<b>26</b>	<b>0</b>	<b>60</b>
Swiss equities	15	10	20
equities world DM	18	13	23
equities world DM Small Caps	2	0	5
Equities from emerging markets (EM)	2	0	5
<b>Total equities</b>	<b>37</b>	<b>25</b>	<b>45</b>
Real estate in Switzerland (investment foundation)	15	10	30
Real estate in Switzerland (funds)	5	0	10
Real estate abroad	7	0	10
<b>Total real estate</b>	<b>27</b>	<b>10</b>	<b>35</b>
<b>Infrastructure</b>	<b>4</b>	<b>0</b>	<b>8</b>
Insurance-linked strategies	1	0	5
Senior loans incl. private credit investments	2	0	5
Private equity	3	0	7
Hedge funds	0	0	2
<b>Alternative investments in total</b>	<b>6</b>	<b>0</b>	<b>15</b>
<b>Total</b>	<b>100</b>		
<b>Foreign currencies in total</b>	<b>22</b>	<b>10</b>	<b>30</b>

This Appendix enters into force on November 1, 2024, and replaces the version of July 1, 2021.

# Appendix 2

## Responsibilities in asset management

Tasks	ExB	BT	AM
Issue investment regulations	I	D	
Determine the investment strategy		D, C	
Investment and administration (investment activities by the asset manager)		D, C	I, C
Conclude discretionary portfolio management agreements		D, I, C	
Monitor the investments		I, C	I
Manage securities accounting and the annual financial statements	I	D, C	
Take measures if the Foundation suffers a shortfall in coverage	I	D, C	I
Exercise shareholders' rights	I	D, C	

**D** Decision

**I** Implementation

**C** Controlling

**ExB** AXA Life Ltd (Executive Board)

**BT** Board of Trustees

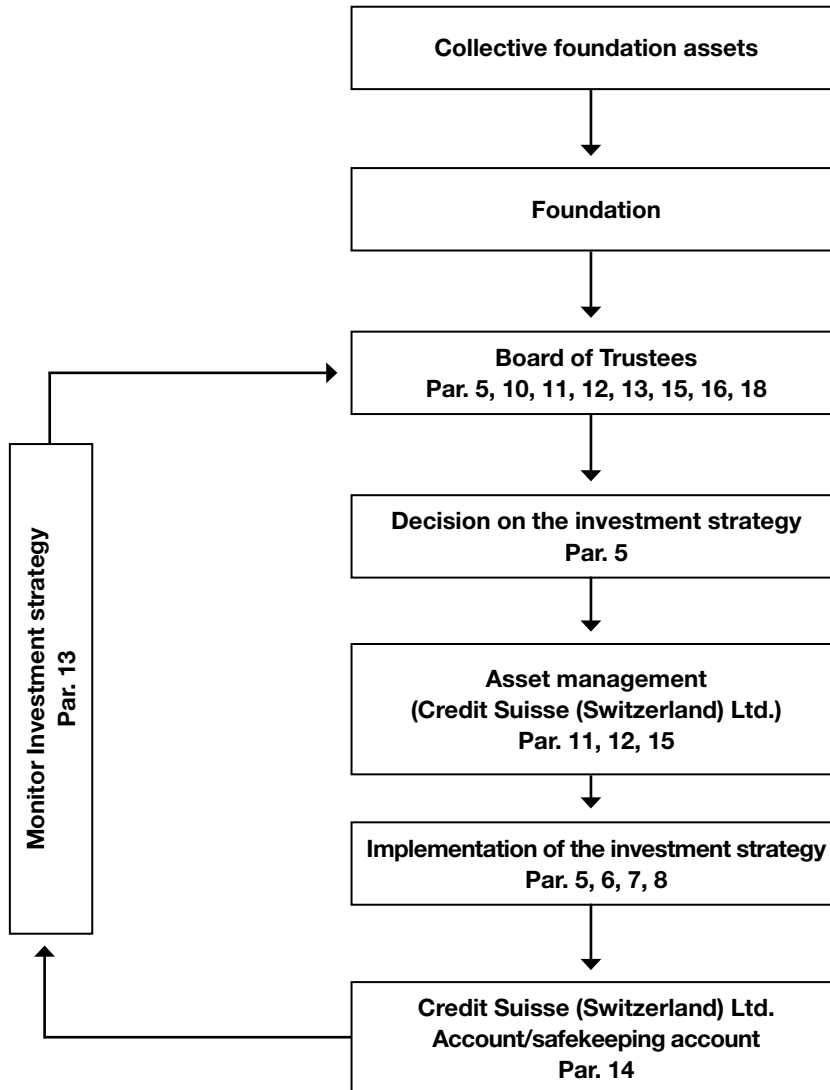
**AM** Credit Suisse (Switzerland) Ltd. (asset manager)

This Appendix enters into force on July 1, 2014, and replaces the version of January 1, 2012.



# Appendix 3

## General overview of the investment organization



This Appendix enters into force on November 1, 2024, and replaces the version of July 1, 2014.