



AXA Foundation for Occupational Benefits,
Principality of Liechtenstein

Investment Regulations

AXA Foundation for Occupational Benefits, Principality of Liechtenstein

1. Principles

The present Investment Regulations specify the objectives, principles, guidelines, duties and authorities which apply when managing the assets of the AXA Foundation for Occupational Benefits, Principality of Liechtenstein (hereinafter referred to as the "Foundation").

The primary focus of managing the assets is solely to serve the interests of the beneficiaries.

All persons entrusted with general management and asset management are obliged to comply with the requirements in respect of the integrity and loyalty of the persons responsible as well as with any additional regulations relevant to the Foundation.

2. General investment guidelines

Compliance is required at all times with all statutory provisions, including in particular the investment rules pursuant to the BPVG and BPVV, and the directives and recommendations of the responsible supervisory authorities. If the option to broaden the scope of possible investments defined in Art. 31 BPVV is utilized, the reasons required for such broadening must be presented.

Within the scope of Art. 17 para. 3 BPVG, the Foundation adopts an investment strategy (Strategic Asset Allocation) which is tailored to the risk capacity in accordance with investment policy and which takes account of the long-term return and risk characteristics of the various asset classes.

Periodically, or when exceptional events so require, the investment strategy is reviewed by the Foundation and, if necessary, modified.

3. Duties and powers

The Foundation's investment organization comprises the following levels:

- Board of Trustees
- Investment Committee (where deployed)
- Management Company
- Independent External Investment Controller
- Asset Manager

3.1. Board of Trustees

The main duties and powers of the Board of Trustees in the area of investment based on Art. 6.5 of the deed of foundation comprise in particular:

3.1.1. Duties and powers in connection with the investment strategy

The Board of Trustees:

- approves the long-term investment, the Investment Guidelines, and decides on any broadening thereof pursuant to Art. 31 BPVV.
- is responsible for presenting conclusive account of any broadening of the scope of investments pursuant to Art. 31 BPVV in the annual report.
- reviews the long-term investment strategy, taking Art. 21 BPVV into account, on a regular basis or as required by exceptional events.
- monitors the correct implementation of the long-term investment strategy and compliance with the Investment Guidelines.

3.1.2. Duties and powers in connection with implementation

The Board of Trustees:

- may, within the scope of the principles, objectives and guidelines, delegate the authority to implement the investment strategy to an Investment Committee, a Global Custodian (central depository), or to an Asset Manager, and defines the requirements for these individuals and institutions.
- decides on the admissibility of securities lending and repurchase agreements.
- decides on the Asset Manager with whom the Foundation is to work, and regulates said Asset Manager's activities by means of a clearly defined asset management mandate and specific Investment Guidelines.
- ensures that transparent arrangements are agreed with the Asset Manager regarding third-party benefits (e.g. retrocessions, rebates, discounts, non-pecuniary benefits, etc.).
- monitors compliance with the requirements regarding conflicts of interest and the handling and surrender of pecuniary benefits.
- monitors implementation of the disclosure obligation.
- may issue further guidelines on the management of individual asset classes or investment instruments.
- verifies that asset management costs are in line with the market on a regular basis.

3.1.3. General duties and powers

The Board of Trustees:

- bears overall responsibility (within the scope of Art. 15a BPVG) for management of the assets and carries out the nontransferable and inalienable duties.

- decides on the scope of the fluctuation reserves in accordance with the investment strategy, at the request of the Investment Committee.
- appoints Independent External Investment Controller and, where required, the members and chair of the Investment Committee.

3.2. Investment Committee

Where the Board of Trustees appoints an Investment Committee, the main duties and powers of the Investment Committee are set out below. If the Board of Trustees decides to waive this option, it will perform the duties specified itself.

3.2.1. Duties and powers in connection with the investment strategy

The Investment Committee:

- monitors implementation by the Asset Manager of the strategic asset structure defined by the Board of Trustees.
- requests modifications to the long-term investment strategy and prepares the basis for decisions regarding the definition of the long-term investment strategy.

3.2.2. Duties and powers in connection with implementation

The Investment Committee:

- recommends to the Board of Trustees the permissible extent of securities lending and repurchase agreements provided that these are allowed.
- monitors the Asset Manager, investment activities and investment performance and recommends corrective measures to the Board of Trustees where necessary.
- monitors the liquidity and investment plan drawn up by the Management Company and recommends measures to the Board of Trustees where required.

3.2.3. General duties and powers

The Investment Committee:

- convenes at least four times per year and may be convened by one member at any time if necessary.
- keeps minutes of the decisions taken at each meeting, with a copy sent to the Board of Trustees.

3.3. Management Company

The main duties and powers of the Management Company in the area of the investment of assets comprise, in accordance with Art. 8.1 of the insurance contract, in particular:

3.3.1. Duties and powers in connection with the investment strategy

The Management Company:

- monitors compliance with the provisions of the Regulations and the requirements of the law in the implementation of the investment activity and informs the Board of Trustees of any inconsistencies.

3.3.2. Duties and powers in connection with implementation

The Management Company:

- is responsible for allocating the available resources to the Asset Manager within the requirements specified by the Board of Trustees.
- procures liquid resources from the Asset Manager as instructed by the Investment Committee.
- is responsible for drawing up the budget and for planning and control of liquidity, and optimizes liquidity.

3.3.3. General duties and powers

The Management Company as represented in the person of the registered Manager:

- prepares the meetings of the Investment Committee and takes part in them.
- is the point of contact for the Global Custodian, the Fund Manager and the Asset Manager.

3.4. Independent External Investment Controller

The main duties and powers of the Independent External Investment Controller are set out in a written mandate agreement and comprise, in particular, the review of the implementation of the investment strategy and investment activity.

The Independent External Investment Controller:

- monitors the Asset Manager's investment activities.
- reports to the Board of Trustees on the investment activities of the Asset Manager.

3.5. Asset Manager

Only persons and institutions that satisfy the requirements of Art. 19 BPVV are entrusted with asset management.

3.5.1. Main duties and powers

The Asset Manager:

- is responsible for management of the investment assets within the scope of a clearly defined management mandate.
- conducts investment activities on the basis of agreed guidelines and requirements.
- reports regularly to the Investment Committee and/or the Board of Trustees on the performance of the investments. For this purpose, the Asset Manager draws up a report on the activities during the reporting period and, as required, reports verbally to the Investment Committee and/or the Board of Trustees.

3.5.2. Principles for monitoring

The Asset Manager is monitored on an ongoing basis as part of the investment controlling process. The necessary information is provided by the Asset Manager, the Global Custodian, and the Independent External Investment Controller.

The market conformity of the asset management mandate is regularly monitored by the Board of Trustees.

3.6 Global Custodian

The global custodian is responsible for the proper execution of basic global custody services.

The duties of the global custodian are regulated in a written mandate agreement.

4. Governance

4.1. General provisions

The Foundation takes appropriate organizational measures to implement the following governance requirements and ensure an appropriate internal control system.

4.2. Integrity and loyalty

All persons involved in asset management for the Foundation must, as set out in Art. 15b BPVG,

enjoy a good reputation and provide assurance of proper business conduct. They are under a strict obligation to maintain confidentiality.

Furthermore, they are subject to fiduciary due diligence obligations and must act in such a way as to safeguard the interests of the Foundation's insured persons when performing their activities. Accordingly, the investment of assets must solely serve the interests of the Foundation. To this end, they must ensure that no conflicts of interests arise on account of their personal and business relations.

4.3. Avoidance of conflicts of interest on concluding legal transactions

Legal transactions concluded by the Foundation must comply with market conditions.

Persons and institutions entrusted with asset management must act in the interests of the Foundation and, in particular, may not:

- exploit knowledge of orders placed by the institution in order to carry out advance, parallel, or immediately subsequent own-account trading (i.e. front running, parallel running, after running).
- trade in a security or an investment for as long as the institution trades with this security or investment and insofar as the institution could be disadvantaged as a result; participation in different forms of such transactions is deemed to be the same as a trading.
- restructure the institution's custody accounts without an economic reason that lies in its interest.

4.4. Compensation; surrender of pecuniary benefits

The compensation of persons and institutions entrusted with the management of the Foundation's assets must be clearly identifiable and conclusively regulated in a written agreement.

Pecuniary benefits which they have additionally received in connection with the exercise of their activities on behalf of the Foundation must be surrendered to the Foundation in full, i.e. all persons and institutions involved in the management of the Foundation's assets are expressly forbidden from accepting any form of retrocessions, kickbacks, rebates, gifts and the like.

Any external persons and institutions charged with the brokerage of legal transactions must provide information about the type and origin of all compensation received for their brokerage activities

from the first time they contact the client. The type and method of compensation must be stipulated in a written agreement which must be disclosed to the Foundation and the employer. It is not permitted to pay or receive additional volume- or growth-based compensation.

4.5. Disclosure obligations

Individuals and organizations entrusted with general management or asset management functions must disclose their interest annually to the highest-level governing body and must submit a written statement to this body each year to confirm that they have surrendered all pecuniary benefits.

The names and functions of any experts, investment advisors and asset managers who are engaged must be stated in the Foundation's annual report.

5. Final provisions

These Regulations enter into force on October 1, 2024, and replace the version of June 1, 2021.

Appendix 1 Strategic asset structure

1. Long-term strategy

AXA Foundation for Occupational Benefits, Principality of Liechtenstein	Investment strategy	min.	max.
Liquidity CHF	1%	0%	10%
CHF bonds and CHF mortgages	20%	16%	24%
FC bonds (hedged)	18%	15%	21%
High yield bonds (hedged)	0%	0%	5%
Emerging market bonds (hedged)	0%	0%	5%
Swiss equities	5%	3%	7%
Global equities	7%	5%	9%
Global equities (hedged)	15%	12%	18%
Emerging market equities	3%	1%	5%
Alternative Credit - CLO & private debt (hedged)	5%	3%	7%
Private equity	2%	0%	5%
Swiss real estate listed	20%	15%	30%
Global real estate (hedged)	4%	0%	7%
Total	100%		
Total foreign currencies (not hedged)	12%	6%	19%
Total equities	30%	21%	39%
Total bonds	38%	31%	55%
Total real estate	24%	15%	37%

In order to verify the BPVV maximum limits, the investments are assigned to the relevant asset classes pursuant to Art. 24 BPVV.

2. Strategic benchmark

Asset class	Benchmark index (in CHF incl. dividends)	Ticker
Liquidity CHF	FTSE Eurodeposit 3 M	SBWMSF3L
CHF bonds and CHF mortgages	SBI AAA-BBB	SBR14T
FX bonds (hedged)	Bloomberg Global Aggregate hedged in CHF	LEGATRCH
High yield bonds (hedged)	Bloomberg Global High Yield hedged in CHF	LG30TRCH
Emerging market bonds (hedged)	Bloomberg EM USD Aggregate	H00014CH Index
Swiss equities	Swiss Performance Index	SPI
Global equities	MSCI World ex Switzerland Index net	M1CXCSAQ
Global equities (hedged)	MSCI World ex Switzerland Index (hedged in CHF)	MACXCSLA
Emerging market equities	MSCI Emerging Markets Index	M1EF
Alternative Credit - CLO & private debt (hedged)	SARON Overnight +2%	SARONSN (+2% p.a.)
Private equity	MSCI World TR (net)	NDDUWI
Swiss real estate	SXI Real Estate Funds Index	SWIIT
Global real estate (hedged)	KGAST	SWIIT

3. Benchmarking for foreign currency hedging

- The non-currency-hedged benchmarks may be applied to assess performance at asset class level.
- At total assets level, performance is measured with the inclusion of foreign currency hedging.

Appendix 2 Fluctuation reserves

To offset value fluctuations on the assets side and to guarantee the necessary interest payments on liabilities, value fluctuation reserves are formed on the liabilities side of the commercial balance sheet.

The necessary target value of the fluctuation reserves is determined using the value-at-risk method. A two-stage procedure is applied. By combining historic risk characteristics (volatility, correlation) with expected returns (risk-free interest rate + risk premiums) for the asset classes, and on the basis of the Foundation-specific investment strategy, the necessary fluctuation reserve is determined so as to enable, with adequate certainty, a required minimum interest rate on the tied pension capital. The target amount of the fluctuation reserve is expressed as a percent of liabilities (i.e. of the autonomously invested pension capital for active insured members and pensioners and the technical provisions).

When establishing the basis for calculating fluctuation reserves, the principle of constancy must be taken into account as well as the current situation on the capital markets.

The appropriateness of the target value is reviewed by the Board of Trustees periodically, or when exceptional events so require, and, if necessary, adjusted and recorded. The target value determined is stated in the Notes to the annual financial statements. A level of certainty of 97.5% over a period of one year is aimed for. Changes in the basis for the calculation are to be explained in the Notes to the annual financial statements, taking into account the provisions of Swiss GAAP FER 26.

As at October 1, 2024, a fluctuation reserve of 13.0% is required over a period of one year with a level of certainty of 97.5%.